

Fall 2011, Issue 2

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Executive Corner
Message from the PSC Director

Welcome to the Fall issue of *Service Matters*, PSC's quarterly customer newsletter!

I'm pleased to report that our **SMART** (Save, Manage and Assess our Resources Together) Initiative has been a great success. Through SMART, PSC generated \$11.1 million in savings to federal agency customers in fiscal year 2011. We also have reduced our fiscal year 2012 operating budget by \$32.2 million (8.2 percent).

We established SMART to carefully manage our internal resources in light of the budget challenges facing federal agencies. We are well aware and understand these stormy conditions, so we wanted to pass the cost savings on to you. Our staff have worked diligently through our own rigorous budget exercises.

SMART is designed to strengthen PSC's service performance by empowering "business owners" who take responsibility for budgeting as well as operations. It enables the leadership to set priorities and make strategic decisions for budget reduction. I believe SMART truly adds value to the services we provide to our customers.

I also am excited to tell you that we are ready to share our new SMART Toolkit with agencies interested in conducting a similar process in their organization. You can read more about this toolkit by clicking [here](#).

Thank you for your support.

Cordially,
Paul S. Bartley

Feature

How does PSC develop its rates? SMART-ly

PSC has a history of keeping rates low despite increases in rent, utilities, contracts and other operating costs. And this year, we went even further.

As a proactive step to address federal budget challenges facing our customers, we established an initiative called SMART (Save, Manage and Assess our Resources Together). PSC designated 24 Service Managers who helped the leadership devise strategies toward substantial cost reductions, maintain customer service quality, and identify unique and innovative opportunities in our processes and systems. We also took a closer look at the service rates to uncover any potential cost savings.

Just how does PSC develop its rates? PSC follows a structured, automated process to develop its rates, ensuring full transparency of all costs and no markup on services. For the past six fiscal years, PSC has followed this process, automated by the Fee-for-Service System (FFSS). The process involves the following steps:

- Cost center managers allocate labor and nonlabor costs to each cost center they support.
- Overhead costs are based upon revenue to determine total annual cost for each service.
- Along with historical data, PSC managers and customers collaborate on usage/demand estimates to arrive at the numbers of total work units.
- Total costs are divided by total work units to arrive at a break-even unit price/rate for each service.

PSC presents projected cost details, usage estimates and proposed rates to the Service and Supply Fund (SSF) Work Group for review and to the SSF Board for approval. (Each HHS Operating Division [OpDiv] has representatives on both the Work Group and the Board.) Upon the Board's approval, the PSC Business Office prepares Service Level Agreements and distributes them to each OpDiv for signature.

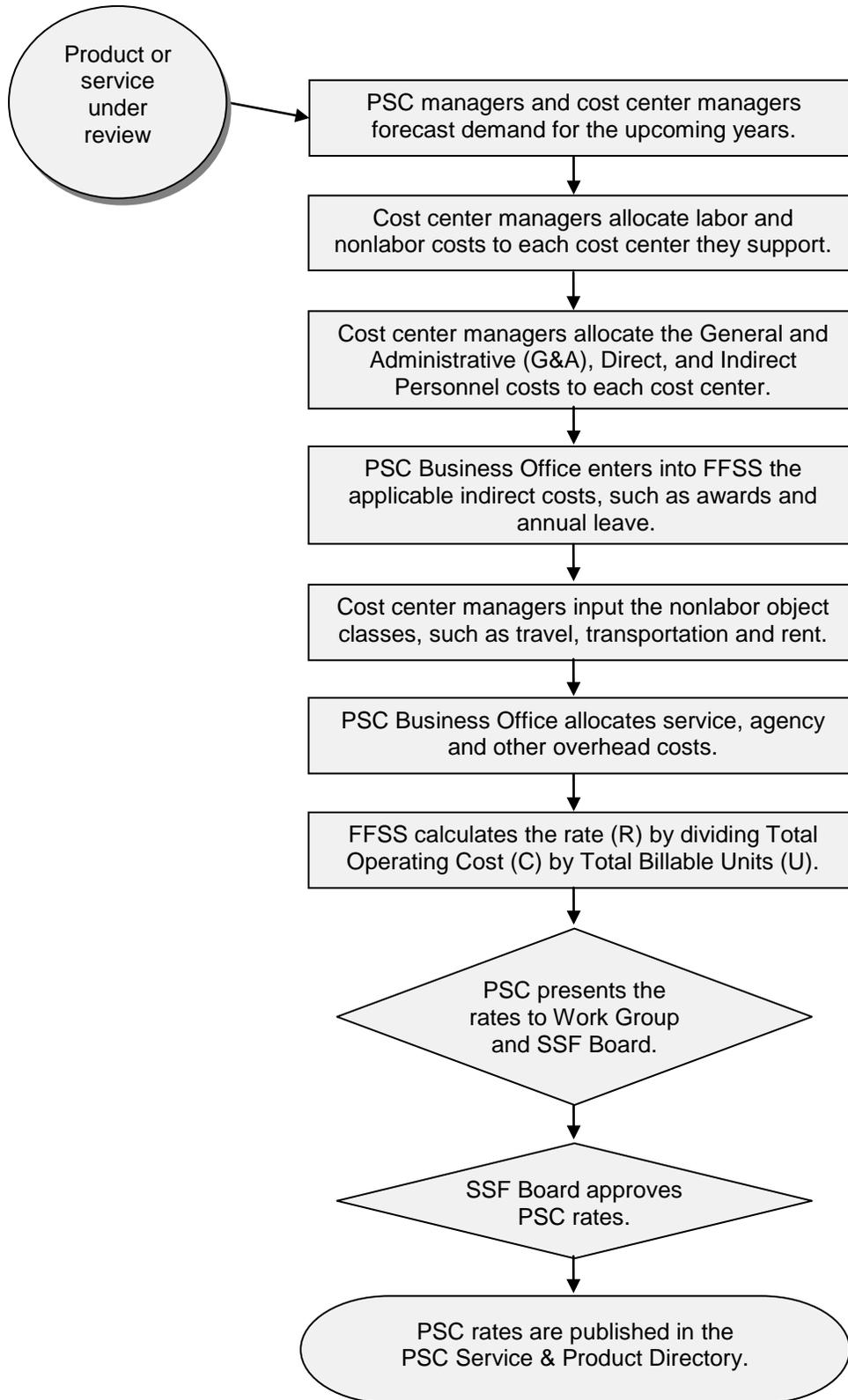
The rates are then published in the annual PSC Service & Product Directory, which is available online at <http://www.psc.gov>. The directory also indicates the performance standards for service quality and timeliness for each service or product. Hard copies of this directory can be obtained by contacting the PSC Office of Communications at PSCcommunications@hhs.gov.

Through aggressive cost management and increased external business, PSC was able to hold constant or reduce rates. For fiscal year 2012, 56 PSC services accounting for approximately 80 percent of PSC's total revenue are projected to achieve rate or operating cost reductions. Six services that in total constitute only 1 percent of the total fiscal year 2012 revenue are projected to have rate increases. These rate increases occur in our smaller services where they do not necessarily benefit from economies of scale. The remaining four PSC services, which account for 20 percent of our fiscal year 2012 revenue, will maintain their current rates.

PSC will continue to manage its rates to ensure that our customers receive the best value in all of our services and products.

(A rate development flowchart follows this article.)

Rate Development Flowchart



Service in the Spotlight

EAP and Work/Life roll out FY 2012 rate reductions and new service options

Many people are familiar with the Employee Assistance Program (EAP) as a free, confidential resource for federal employees, managers and their families.

It's an agency-paid benefit that helps employees effectively address and manage issues like stress, relationship concerns, grief, addictions, financial distress, legal concerns, health problems and workplace difficulties. An added value over the past several years has been Work/Life services, which aid employees in matters related to dependent care and daily life. Whether it's finding reliable child care and elder care resources for employees' families or managing pet care, appliance breakdowns and relocation services, Work/Life consultants can assist employees and their families.

The FOH EAP and Work/Life Program serves 400 customer agencies in the federal government. Recently, the program completed an outreach and communications campaign to notify them of substantial rate reductions for fiscal year 2012.

Through PSC's Save, Manage and Assess our Resources Together (SMART) Initiative, the EAP Division undertook an exhaustive review of its cost drivers and secured efficiencies and cost savings as a result. These savings will be returned to customers in the form of significant rate reductions for fiscal year 2012.

EAP Division Director Jeffrey Dunlap noted, "We're excited about doing this for our customers, especially in light of the current budget environment. Now more than ever, we believe EAP and Work/Life services are essential for employees who are facing a number of daunting stressors that can impair their health, wellness and productivity. We need our entire federal workforce to be as healthy and productive as possible."

"We're proud of the fact that over the past six years in the face of health care inflation — averaging 6-8 percent a year — we've been able to hold our rates constant for EAP while actually reducing them for Work/Life. We're constantly refining our model and leveraging significant economies of scale as we have grown the number of covered lives. We're a market leader within the federal sector. We don't cut corners and our quality is unsurpassed: 99.5 percent of EAP clients would recommend EAP to others, and 96 percent of our customer agencies are satisfied with our service."

For more information, contact 1-800-457-9808; fohportal@psc.hhs.gov or visit <http://www.foh.hhs.gov>.

Did You Know?

PSC supports the Warfighter mission at Army Depot

Did you know that PSC is supporting a U.S. Army Depot that does critical maintenance work and protects the lives of American troops overseas?

PSC is delivering contract services for the Letterkenny Army Depot (LEAD), headquartered in Chambersburg, Pa. LEAD provides maintenance, manufacturing and logistics lifecycle support and service worldwide to the Joint Warfighter (troops in Afghanistan and Iraq) and our allied nations. LEAD is known as the Army's Capabilities Based Depot and comprises more than 18,000 acres. As the largest employer in Franklin County, with more than 3,600 employees, the Depot fuels more than a quarter of a billion dollars annually into the region through payroll and contracts.



Recently, the Joint Warfighter's mission was in jeopardy because of potential contract issues. PSC was brought in to write a new contract and provide services to ensure that LEAD could continue its critical work. This support resulted in cost savings to the customer estimated at \$6 million. The business development is expected to increase PSC revenue by \$60 million in fiscal year 2012. PSC can support the Warfighter and, at the same time, reduce costs for the Department of Defense.

Letterkenny directly supports the Warfighter by leveraging contractors to do the maintenance work. The Depot has a facility that looks like a General Motors assembly plant. At the facility, all types of Warfighter equipment are repaired and returned to the Warfighter. For example, they repair Humvees that come back from the desert, take them apart, and put them back together. They also are adding a special metal armor plate under the Humvees to help protect troops from IEDs (improvised explosive devices). In addition, they work on Patriot missiles and electronics. Much of the staff consists of mechanics, who repair vehicles, and electronic technicians. There are about 25 labor categories, each with specific duties, such as painting vehicles.

The CASUs specialize in assisting government entities in acquisition planning, filling out the statement of work, and assisting with acquisition plans that the contracting officer needs.

A contingent of PSC employees visited the Army Depot to meet with the base commander and other officials. The PSC team included Administrative Operations Service Director Tim Stitely; Division of Support Services Director Jamie Cooke; Mid-America CASU Director Ken Truax (Kansas City), Division of Acquisition Management-B Director Valerie Pickett; and Strategic Acquisition Service Contract Specialist Gary Rizzolo (Kansas City).

"For Letterkenny, our team approach worked very well," said Stitely. "Having a senior executive sponsor, division managers and first-line managers, as well as those staff doing the heavy lifting for actually creating the contract and getting it executed, was really helpful. We had a good exchange of information with an open dialogue. It will foster a partnership that we hope to sustain."

A dedicated CASU staff person will be on site. "That was really an idea that kind of bubbled up from discussions with the customer," said Truax. "The idea was to provide this person working on behalf of the

CASU to go and be on site periodically. The staff person would be very hands-on and would be seen every day, especially during those first few weeks.”

Truax said the Depot visit was truly inspiring. “It literally gave me goose bumps to go through the facility knowing what their mission is,” he said. “I remembered all the news stories at the height of the Iraq War and the devastation it caused. Seeing firsthand the Letterkenny Depot’s work to support the troops was a moving experience.”

PSC’s Begis selected ‘Federal Property Person of the Year’

The Office of Personnel Management has selected a PSC employee as the “Federal Property Person of the Year.” OPM and the National Property Management Association (NPMA) recognized James “Jim” Begis for this prestigious award. Jim was presented the honor at NPMA’s national education seminar in Las Vegas on July 25. NPMA is the world’s largest association for asset property management professionals.

Indeed, our customers benefit from Jim’s vast property management experience. As Director of Logistics Policy and Programs for the PSC Administrative Operations Service, he oversees all property that the U.S. Department of Health and Human Services owns, manages or controls. This property includes more than \$2 billion of accountable property and another \$2 billion plus in personal property in the hands of contractors, grantees and cooperative agreements. He also oversees approximately 4,000 motor vehicles and the use of charter aircraft and watercraft that HHS owns or uses. He is responsible for transportation management policy and oversight regarding shipments of commodities and goods, including household goods.

Jim has been a leader for property management and has added tremendous value to the profession. He has served on many property committees, on task forces for GSA, and at meetings with other government agencies. Jim is a certified Professional Property Manager and Consulting Fellow, the highest recognition bestowed on its members by NPMA. As a member of NPMA’s Governing Board for Certification, he continues to make and suggest improvements to the property certification process. He has contributed tremendously in the methodology and the educational process.

Jim also has taught property management courses for the USDA Graduate School and undergraduate and graduate courses, including strategic planning and organizational behavior, for Strayer University at its Rockville campus. He has more than 40 years of federal service. Congratulations, Jim!



Lynn Brown (NPMA) presents the Federal Property Person of the Year Award to PSC’s Jim Begis.

2012 PSC Service & Product Directory coming soon!

PSC's 2012 Service & Product Directory will be published in October.

The directory showcases the lines of business offered by PSC and includes specific points of contact, rate information and performance standards.

The directory is a ready reference on PSC service information.

- Service offerings are organized by function to make it easy for customers to find what they need.
- Reference tables show services and products grouped by type and Service Area. These helpful pages include rates, cost center codes, and page numbers for each description.
- Service and product offerings are described in detail with the benefits, quality and value.



This publication will be available online at <http://www.psc.gov> in HTML and PDF formats by October 1, 2011. To request hard copies, please contact PSCcommunications@hhs.gov.

Your timely feedback is valuable

Did you know about PSC's Customer Comment Survey? The online survey is accessible as a link on the bottom of email correspondence.

The survey only takes a minute to complete and it's a valuable way in which we receive real-time feedback from our customers. The results of the survey are a key component of our overall customer satisfaction ratings. You can take this brief survey at anytime but preferably after you have received a specific service from PSC.

PSC is refining its survey tool using the American Customer Satisfaction Index methodology perfected by ForeSee Results. The ACSI is the methodology recognized and recommended by the Office of Management and Budget as an accurate and consistent measure of customer satisfaction. We hope to launch an enhanced Customer Comment Survey at the beginning of FY 2012. Stay tuned!

Thank you for visiting our site. You have been randomly selected to take part in this survey to help us know what we are doing well and where we need to improve. Please take a minute or two to give us your opinion. The feedback you provide will help us enhance our site. All results are strictly confidential.

1) Please rate the quality of information on this site.
10=Poor 10=Excellent Don't Know
1 2 3 4 5 6 7 8 9 10

2) Please rate the freshness of content on this site.
10=Poor 10=Excellent Don't Know
1 2 3 4 5 6 7 8 9 10

3) Please rate the convenience of the services on this site.
10=Poor 10=Excellent Don't Know
1 2 3 4 5 6 7 8 9 10

4) Please rate the ability to accomplish what you wanted to on this site.
10=Poor 10=Excellent Don't Know

FOH celebrates 65th anniversary

2011 marks the 65th anniversary of Federal Occupational Health, an integral part of PSC!

On Aug. 8, 1946, the 79th Congress enacted Public Law 658, enabling departments and agencies of the federal government to provide health service programs to their employees. Back then, FOH was established when President Truman signed a bill to create health clinics and health programs in federal agencies. By 1967, FOH operated 62 employee health units serving more than 100,000 federal employees.

Today, FOH serves more than 360 federal agencies and reaches 1.8 million federal employees in the U.S. and abroad. FOH provides comprehensive occupational health, safety and wellness services to federal employees. Whether it's giving flu shots at clinics, health risk assessments, FedStrive, employee assistance programs or environmental health, FOH positively impacts employees in so many ways.



To celebrate the occasion, FOH will host a ceremony and health fair on Oct. 19 at the Great Hall of the Hubert H. Humphrey Building. Invited speakers include FOH Director Gene Migliaccio and Assistant Secretary for Administration Ned Holland. More details will be communicated at <http://www.foh.hhs.gov>.

The anniversary is a chance to celebrate the past and look toward the future. "Come celebrate with us and take advantage of products and programs we offer," said Migliaccio. "We will share our mission, vision and values."

Throughout the year, FOH has paid tribute to this milestone. FOH organized a national conference in Towson, Md., on May 9 to 13. More than 130 people from around the country attended, including former Surgeon General Richard Carmona who spoke at this event.

FOH has evolved from the first cornerstone of FOH services — the on-site health unit. From the birth of FOH's EAP and that program's tremendous growth in the 1970s, to the dramatic relief efforts of FOH's environmental health experts after 9/11, FOH has many stories to tell.

Visit the FOH website to check out some historic images and a link about the anniversary at <http://www.foh.hhs.gov>. Please join us in recognizing FOH as we celebrate the past and look forward to a bright future!

The Scoreboard: PSC's Performance

PSC is carefully tracking its performance indicators and feedback from our customers. The key performance indicators are as follows:

- **Customer Satisfaction Target:** 90 percent of customers responding to PSC Comment Cards indicate excellent/good ratings for satisfaction of services.
- **Service Quality Target:** 95 percent of cost centers are achieving quality targets.

Our goal every month is to exceed these targets. We believe it is important to develop strong relationships with our customers and a working knowledge of our services so that we can better communicate with others across government about PSC.

For Customer Satisfaction, we achieved 96 percent in May. For Service Quality, we achieved 95 percent in July.

PSC Services

For detailed information including service descriptions, rates, performance standards and contact information, please visit <http://www.psc.gov>.

- **Acquisition Services**
 - Negotiated Contracts and Simplified Acquisitions
 - Purchase Card Management
- **Commissioned Corps Support Services**
 - Compensation
 - Board for Corrections
 - Medical Affairs
 - Commissioned Corps Systems
- **Customer Contact Centers**
 - ONE-DHHS Contact Center
 - Payroll
- **Financial Services**
 - Accounting
 - Cost Allocation/Indirect Cost Negotiations
 - Debt Collection
 - Financial Reporting
 - Payment Management (Grant)
 - Payroll Accounting
- **Information Management Services**
 - Freedom of Information Act
 - Operations and Management of Enterprise Systems
 - Information Security
- **Logistics Services**
 - Storage
 - Labor and Moving
 - Mail Management and Policy
 - Medical Supply
 - Product Distribution
- **Occupational Health Services**
 - Clinical
 - Employee Assistance Program
 - Work/Life Services
 - Wellness/Fitness
 - Automated External Defibrillator
 - Environmental Health
- **Project Management Services**
- **Property Management Services**
 - Building Management
 - Employee Child Care
 - Asset Management
 - Property Disposal
 - Real Property
 - Space Acquisition and Alterations
 - Shredding
- **Regional Support Services**
- **Security Services**
 - Background Investigations
 - Digital Fingerprinting and Special Agency Checks
 - HSPD-12 Badge Issuance & Recertification
 - Physical Security
- **Telecommunications Services**
- **Transportation, Travel and Telework Services**
 - Travel
 - Relocation
 - Vehicle Rental
 - Telework Strategy Solutions
 - Subsidized Mass Transit Tickets (Transhare) and GO!card™
- **Visual Media Services**
 - Departmental Forms Management
 - Graphic Arts
 - Printing Procurement

PSC *Service Matters* is published by the PSC Office of Communications. To ask questions, provide comments or add news, please contact the editor, John Moynihan, at john.moynihan@psc.hhs.gov or call 301-492-4650. Learn more about PSC by visiting <http://www.psc.gov>.