OVERSIGHT OF GSA'S GOVERNMENT PERFORMANCE AND RESULTS ACT STRATEGIC PLAN

HEARING

BEFORE THE

SUBCOMMITTEE ON GOVERNMENT MANAGEMENT, INFORMATION, AND TECHNOLOGY

OF THE

COMMITTEE ON GOVERNMENT REFORM AND OVERSIGHT HOUSE OF REPRESENTATIVES

ONE HUNDRED FIFTH CONGRESS

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OVERSIGHT OF GSA'S GOVERNMENT PERFORMANCE AND RESULTS ACT STRATEGIC PLAN

WEDNESDAY, OCTOBER 8, 1997

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON GOVERNMENT MANAGEMENT,
INFORMATION, AND TECHNOLOGY,
COMMITTEE ON GOVERNMENT REFORM AND OVERSIGHT,
Washington, DC.

The subcommittee met, pursuant to notice, at 2:47 p.m., in room 2203, Rayburn House Office Building, Hon. Stephen Horn (chairman of the subcommittee) presiding.

Present: Representatives Horn and Maloney.

Staff present: J. Russell George, staff director and chief counsel; Robert Alloway, professional staff member; Mark Brasher, senior policy director; Matthew Ebert, staff assistant; Andrea Miller, clerk; Mark Stephenson, minority professional staff member, and Ellen Rayner, minority chief clerk.

Mr. HORN. Let me apologize for being late, but when we have votes on the floor, we have to answer the call because that's why our electorate sent us here. I appreciate your patience.

What I'm going to do is divide this into two hearings, and, Mr. Fischer, you came the longest way, so you're the lucky one. You get to be in a rearranged panel one. And then Mr. Early, as Director of the Budget, is accompanying you. So I think this way we can have at least an hour, and if it breaks earlier, we'll get to part of the next panel.

But please proceed. I've got to swear you in first. You probably know the routine, both of you, that at the Government Reform Committee we swear in all witnesses except Members.

[Witnesses sworn.]

Mr. HORN. You'll note for the record that both witnesses have affirmed the oath.

And please proceed.

STATEMENT OF DENNIS J. FISCHER, CHIEF FINANCIAL OFFICER, GENERAL SERVICES ADMINISTRATION, ACCOMPANIED BY WILLIAM B. EARLY, DIRECTOR OF BUDGET, GENERAL SERVICES ADMINISTRATION

Mr. FISCHER. Thank you, sir. I have a statement for the record. I will just highlight a couple of things about it.

We've been grappling with implementing the Results Act, and I think we have gained a lot of insight into what we are and how

we should be. It has refined and sharpened the discussions we've had with our stakeholders. We've had an awful lot of tremendously assistive consultation, and particularly with the staff of this subcommittee. They have just been invaluable and given us a sounding board back and forth, and I think we've come a good way on the journey to where we need to be, but we know we still have some things we need to improve upon.

We've tried to focus on four major goals for the agency. As an organization that does both governmentwide policy and has several major responsibilities there, as well as runs major operations, we tried to thread that through the four goals. The first is to promote responsible asset management. That's both managing those assets which we control and providing policies to manage those assets that are under the control of other departments and agencies. The second is to compete effectively in the marketplace. We do sell only to the Federal Government, but we feel we need to provide not only low-cost, but best-value products and services to our customers, and we put the competitive imperative right upfront.

Third is our Administrator's very strong belief that we have to excel at customer service, and not just satisfy the customer. As he uses the term, "thrill the customer," and we set that as our third goal and imperative. And, finally, to try to anticipate the future work force needs of the Federal Government—the technology, telecommuting, work at home, a whole arena there to try to get where we should be to develop a government that really, truly does work better and cost less.

We also have had, as I mentioned, a lot of valuable consultation, and think that this is an extension of that. I appreciate the opportunity to be here and look forward to answering the questions, sir.

[The prepared statement of Mr. Fischer follows:]

MR. CHAIRMAN, WE APPRECIATE THE OPPORTUNITY TO DISCUSS OUR STRATEGIC PLAN WITH YOU THIS AFTERNOON. WE HAVE FOUND THE DISCUSSIONS WITH YOUR STAFF AND THOSE OF OTHER CONGRESSIONAL COMMITTEES TO BE INVALUABLE IN EXAMINING OUR LEGISLATIVE RESPONSIBILITIES AND TRANSLATING THEM INTO A MISSION STATEMENT THAT CAPTURES WHAT THE GENERAL SERVICES ADMINISTRATION (GSA) DOES, ITS RELATIONSHIPS WITH ITS DIRECT CUSTOMERS (FEDERAL AGENCIES), AND THE BENEFIT IT PROVIDES TO THE ULTIMATE CUSTOMER OF GOVERNMENT SERVICE, THE AMERICAN TAXPAYER.

FOR THE MOST PART, GSA DOES NOT PROVIDE SERVICE DIRECTLY TO THE CITIZENS. WE DO, HOWEVER, CREATE A TANGIBLE BENEFIT BY PROVIDING THE WORKPLACE INFRASTRUCTURE, POLICIES AND PROCEDURES NEEDED BY FEDERAL AGENCIES TO ENABLE AGENCIES TO OPERATE WITH MAXIMUM ECONOMY AND EFFICIENCY. THE BETTER WE ARE AT DOING OUR JOB, THE BETTER THEY CAN BE AT SERVING THEIR CUSTOMERS.

OUR MISSION:
WE PROVIDE EXPERTLY MANAGED SPACE,
PRODUCTS, SERVICES AND SOLUTIONS,
AT THE BEST VALUE, AND POLICY LEADERSHIP,
TO ENABLE FEDERAL EMPLOYEES TO
ACCOMPLISH THEIR MISSIONS.

TO FULFILL THIS MISSION, WE HAVE FOCUSED ON FOUR MAJOR GOALS. SOME MAY ARGUE THAT SOME OF THE GOALS ARE REALLY STRATEGIES, NOT GOALS IN AND OF THEMSELVES. WHAT IS IMPORTANT IS NOT SEMANTICS BUT THAT FEDERAL AGENCIES UNFLINCHINGLY ADDRESS THOSE GOALS, OBJECTIVES, STRATEGIES, ISSUES, OR CONCERNS THAT ARE CENTRAL TO RETURNING TRUE VALUE TO THE TAXPAYERS. WE BELIEVE THAT THESE FOUR GOALS ARE CRITICALLY IMPORTANT TO ACHIEVING GSA'S MISSION. IF WE DO NOT DIRECT OUR EFFORTS TOWARD ACHIEVING ALL FOUR OF THESE GOALS, WE WILL FAIL TO MEET YOUR EXPECTATIONS AND OUR OWN.

GOAL 1: PROMOTE RESPONSIBLE ASSET MANAGEMENT. WE ARE DIRECTLY RESPONSIBLE FOR MANY SIGNIFICANT FEDERAL ASSETS. WE MUST SAFEGUARD THESE ASSETS AND ENSURE THAT WE OBTAIN THE BEST RETURN POSSIBLE ON THE FEDERAL INVESTMENT. WE WILL PRESERVE THE ASSETS UNDER OUR CARE FOR FUTURE GENERATIONS, OR DISPOSE OF PARTICULAR ASSETS APPROPRIATELY IF THERE IS NO LONGER A FEDERAL NEED FOR THEM. WE WILL ALSO PROVIDE THE POLICIES AND BEST PRACTICES THAT OTHER AGENCIES ENTRUSTED WITH FEDERAL ASSETS SHOULD FOLLOW TO SAFEGUARD OR RECEIVE THE MAXIMUM BENEFIT FROM THE ASSETS UNDER THEIR CONTROL. THIS STEWARDSHIP RESPONSIBILITY IS TAKEN VERY SERIOUSLY AT GSA.

GOAL 2: COMPETE EFFECTIVELY IN THE FEDERAL MARKET. GSA IS FOCUSED ON PROVIDING TRUE VALUE, TO OUR DIRECT CUSTOMERS AND THOSE WHO USE OUR PROCUREMENT VEHICLES. WE ENSURE THIS BY MAKING EASILY AVAILABLE THE RIGHT PRODUCTS AND SERVICES, AT THE BEST VALUE, CONSISTENTLY. SINCE THE VAST MAJORITY OF OUR OPERATIONS ARE FUNDED DIRECTLY FROM THE SALES OF GSA PRODUCTS AND SERVICES, WE PAY ATTENTION TO OUR COSTS OF DOING BUSINESS. WE WORK HARD AT NEGOTIATING GREAT DEALS WITH OUR VENDORS FOR THE ITEMS NEEDED BY OUR CUSTOMERS. AND WE ARE CONTINUOUSLY STREAMLINING OUR OPERATIONS TO IMPROVE EFFICIENCY AND DRIVE OVERHEAD COSTS DOWN. WHEN CHANGES IN THE MARKETPLACE OR TECHNOLOGY DICTATE CHANGES IN THE WAY WE DO BUSINESS, WE REASSESS OUR BUSINESS ACTIVITY AND MAKE THE NECESSARY CHANGES, EVEN IF IT MEANS RADICALLY REDESIGNING OR EVEN WITHDRAWING A PRODUCT OR SERVICE FROM OUR PORTFOLIO.

THE STRATEGIC PLANNING PROCESS FOCUSES FEDERAL AGENCIES ON DETERMINING THEIR PRIMARY FUNCTIONS AND DEVELOPING THOSE ACTIVITIES THAT ARE CRITICAL TO AGENCY SUCCESS. IN MANY AGENCIES THIS ASSESSMENT PROCESS HAS EXTENDED TO CONSIDERING THE TOTAL COST OF OBTAINING GOODS AND SERVICES. BY STREAMLINING THE

PROCUREMENT PROCESS, GSA HAS SIMPLIFIED THE WORK REQUIRED BY AGENCY PERSONNEL TO BUY FROM GSA OFF OUR MANY GSA SCHEDULE CONTRACTS, THEREBY LOWERING THE OVERALL COST OF FEDERAL PROCUREMENT. SINCE MOST OF THE GOODS AND SERVICES PROCURED THROUGH GSA ARE PROVIDED VIA CONTRACTS WITH THE PRIVATE SECTOR, REDUCING THE IN-HOUSE AGENCY PROCESSING COST OF A PROCUREMENT MEANS LESS WASTE OF FEDERAL DOLLARS AND MORE MONEY AVAILABLE TO BUY THE GOODS AND SERVICES NEEDED TO ACCOMPLISH AGENCY PROGRAM INITIATIVES.

GOAL 3: EXCEL AT CUSTOMER SERVICE. IN ADDITION TO HELPING FEDERAL AGENCIES SAVE MONEY, WE MUST SATISFY CUSTOMERS WITH EXCELLENT CUSTOMER SUPPORT AND APPROPRIATE POLICIES. IN OTHER WORDS, WE MUST *THRILL* OUR CUSTOMERS. IF WE DON'T, THEY WILL SHOP ELSEWHERE, EVEN PAYING HIGHER PRICES TO GET THE VALUE THEY DEMAND IN EXCHANGE FOR THEIR BUDGETARY RESOURCES.

OUR EMPLOYEES UNDERSTAND THE ABSOLUTE IMPERATIVE OF GREAT CUSTOMER SERVICE AND REFLECT THEIR UNDERSTANDING IN THEIR DAILY DECISIONS AND INTERACTIONS WITH CUSTOMERS. BASED ON THE RESPONSES WE HAVE RECEIVED FROM THE CUSTOMERS WHO HAVE REVIEWED OUR DRAFT STRATEGIC PLAN, THEY LIKE KNOWING THAT WE ARE

FOCUSED ON THEM AND THEIR NEEDS AND EXPECTATIONS. THIS COMMITMENT IS NO LONGER JUST WORDS SPOKEN ACROSS A TABLE OR FROM A PODIUM—IT IS IN WRITING, AND OUR CREDIBILITY RESTS ON THIS PROMISE.

GOAL 4: ANTICIPATE FUTURE WORKFORCE NEEDS. THE FEDERAL GOVERNMENT THAT EXISTED WHEN GSA WAS ESTABLISHED IN 1949 IS NOT THE ONE WE SERVE TODAY. THE RATE OF CHANGE IN THE FEDERAL WORKPLACE AND THE FEDERAL WORKFORCE WILL CONTINUE, EVEN ESCALATE. THE FEDERAL GOVERNMENT HAS TO LEARN TO ANTICIPATE THESE CHANGES AND PREPARE FOR THEM. WE NEED TO DEVELOP WINNING STRATEGIES TO HELP THE FEDERAL COMMUNITY TAKE ADVANTAGE OF THE COMING CHANGES. LOOKING INTO THE FUTURE ISN'T EASY OR COMFORTABLE. BUT FEDERAL AGENCIES CANNOT CONTINUE STEERING THE FEDERAL GOVERNMENT BY LOOKING IN THE REARVIEW MIRROR. GSA RECOGNIZES WE NEED TO STOP LOOKING TO THE PAST FOR OUR SOLUTIONS. WE MUST QUESTION, PREDICT, PLAN FOR AND CREATE A MORE EFFECTIVE FEDERAL GOVERNMENT.

LOOKING TO THE FUTURE WILL ALSO BENEFIT SOCIETY IN GENERAL. GIVEN THE WIDE DIVERSITY OF PROGRAMS, LOCATIONS, EMPLOYEES AND CLIENTS, THE FEDERAL GOVERNMENT OFTEN MUST TAKE THE LEAD IN MAKING NEW TECHNOLOGY WORK IN THE BUSINESS ENVIRONMENT. BY EXAMINING WHAT THE FUTURE FEDERAL WORK ENVIRONMENT WILL LOOK LIKE, WE CAN PROVIDE A BENEFIT FOR ALL AMERICAN WORKERS AND EMPLOYERS. IF WE CAN MAKE THE SHIFT TO THE WORKPLACE OF THE FUTURE SMOOTHLY, WE WILL HAVE DEVELOPED A NATIONAL CORPORATE ADVANTAGE IN THE GLOBAL MARKETPLACE.

IN CLOSING, WE WOULD LIKE TO THANK THE CONGRESSIONAL MEMBERS AND STAFF, AND THE REPRESENTATIVES FROM OMB, GAO AND OTHER FEDERAL AGENCIES WHO HAVE REVIEWED OUR STRATEGIC PLAN AND PROVIDED US COMMENTS AND SUGGESTIONS. THE GSA STRATEGIC PLAN IS A DOCUMENT THAT WE WANT PEOPLE TO READ WILLINGLY AND UNDERSTAND QUICKLY. WE WANT THEM TO FOCUS ON OUR GOALS AND APPRECIATE WHY THESE GOALS ARE CRITICAL TO ASSESSING OUR PROGRESS. FOR THESE REASONS, WE HAVE WORKED TO CREATE A PLAN THAT IS SIMPLE AND SHORT. WE RECOGNIZE THAT WE CAN ALWAYS EXPAND OUR DISCUSSION OF A PARTICULAR POINT TO IMPROVE CLARITY AND PROVIDE ADDITIONAL EXAMPLES. WE NEED TO HAVE OUR PLAN READ AND UNDERSTOOD. THEREFORE, WE ACCEPT THAT WE COULD HAVE ADDED MORE DETAIL TO

THE PLAN. NEVERTHELESS, OVER THE NEXT YEAR WE WILL BE MODIFYING OUR PLAN TO REFLECT WHAT WE HAVE LEARNED THROUGH THE PURSUIT OF OUR GOALS. WE WELCOME EVERY OPPORTUNITY TO MEET AND DISCUSS THE PLAN'S CONTENTS. STRATEGIC PLANNING WILL ONLY BE A SUCCESS IF THE PLANS ARE USED.

THANK YOU, MR. CHAIRMAN, FOR THE OPPORTUNITY TO ADDRESS YOU THIS AFTERNOON. WE WELCOME ANY QUESTIONS OR COMMENTS YOU MAY HAVE ON OUR STRATEGIC PLAN OR OTHER MATTERS.

Mr. HORN. Mr. Early, do you have any comments to make?

Mr. EARLY. No, sir.

Mr. HORN. Does the ranking member have any questions? Would you like to proceed now?

Mrs. MALONEY. No, I'd just like to have my opening statement put in the record.

Mr. HORN. Yes, both of ours will be put in as if read.

[The prepared statements of Hon. Stephen Horn and Hon. Carolyn B. Maloney follow:]

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"GSA's Results Act Strategic Plan"

October 8, 1997

OPENING STATEMENT
REPRESENTATIVE STEPHEN HORN (R-CA)

Chairman, Subcommittee on Government Management, Information, and Technology

This is the fifth in a continuing series of oversight hearings on the Government Performance and Results Act of 1993, commonly known as the Results Act. The Results Act is the first time Federal Government agencies are required by law to develop:

(1) a results-oriented strategic plan,
(2) a performance plan that establishes measurable goals, and
(3) an annual report of actual versus planned performance measures.

Done correctly, agency management, the President, the Congress, and the American people will have the facts to judge program and agency success. A historic first; worthy of our efforts to ensure that the Results Act is done correctly.

The Results Act requires Federal agencies to answer some common sense questions just as every business has been doing for years: What is the agency's mission and, in specific, what are its goals and objectives? What strategies and resources will achieve them? What are the measurable results targets for each program? And, what are the actual results achieved? This annual comparison of planned and actual results enables all interested parties -- citizens, public interest groups, corporations, unions, agencies, the President, and Congress - to evaluate "bang for the buck."

The Results Act seeks major improvements in Federal performance. It, therefore, requires continual oversight, especially of GSA which enables improvements in other agencies. Congress intends the Results Act to significantly improve measurable performance results throughout the government. This subcommittee expects to see leveraged benefits from GSA

improvements in other agencies.

GSA is more like a private sector business than most agencies. GSA provides services in competition with private sector companies. If there is anywhere in the Federal Government where we should see typical business goals, objectives and performance measures – GSA's strategic plan is it.

There are also, of course, a few areas where clarification is needed. There appear to be some issues of over-reach in objectives. There are some questions regarding balance of performance measures. And, some especially high standards need to be clarified. We will discuss these issues with GSA here today.

On the other hand, GSA's strategic plan contains a "Matrix Linking General Goals and Objectives to Performance Goals" that is very useful – an exemplar. We would recommend that other agencies consider using this format because of its clarity. We also recommend GSA's attached legislative authorities and its list of program evaluations.

We will ask that GSA provide Congress with its lessons learned for improving the strategic planning process, content, guidance, and legislation. Further we ask GSA to look forward to the next steps of performance planning and performance reporting and make any relevant suggestions.

The leadership in Congress has made an extraordinary commitment to this effort. All of us are serious about changing the quality of management in the Federal Government. Management needs to be much more results-oriented. The highest levels of the Legislative and Executive Branches of the Federal Government need to work in partnership to implement the Results Act successfully. Only with actual results, instead of fancy promises, will the public know that improvements are finally taking place in the performance of their Federal Government.

This morning we will hear from Bernard L. Ungar, who is Director for Government Business Operations Issues at the General Accounting Office and Dennis J. Fischer who is the Chief Financial Officer at the General Services Administration.

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STATEMENT OF THE HONORABLE CAROLYN B. MALONEY
ON THE
GENERAL SERVICES ADMINISTRATION
STRATEGIC PLAN

October 7, 1997

Thank you Mr. Chairman. The General Services Administration provides the logistical support that enables our government to work. Last year federal agencies spent over $65 million on good and services procured through the GSA supply schedule. The agency also manages over 260 million square feet in 7,800 public and private buildings that housing government employees. GSA also contracts for services from telephone lines to software consultants.

When President Clinton took office six years ago the GSA was a bloated and inefficient agency. One of the National Performance Review's first projects was to reform GSA. Today, as a result of those efforts, the agency is nearly a third smaller, more efficient, and provides agencies greater flexibility in procuring goods and services.

The strategic plan before us today is the first effort to meet the requirements of the Government Performance and Results Act, and it is a good first effort. It lays out the goals and objectives of the agency and describes the performance goals needed to meet those objectives.

I look forward to the testimony today which should provide us an objective evaluation of this plan and where it can be improved. I am especially interested in what comes next in the process -- measuring our progress towards meeting these goals, and the improved service to the public that implies.

Thank you Mr. Chairman.

Mrs. MALONEY. I have no questions at this point. I'm proud of this bill. It was the first bill I managed on the floor.

Mr. HORN. Let me go over some of the goals and just ask general questions. I commend you for separating the policymaking function in 1996, when you created that Office of Governmentwide Policy, and I hope it will help both aspects of the issue.

The first aspect is policy improvement. In GSA's 1949 enabling legislation, it states, "Provide a system," not "deliver services." The GSA does not have to actually deliver the services, just provide for an effective and efficient system. Am I wrong in that reading of the law? Or what's your feeling on it?

Mr. FISCHER. Well, that is correct, sir. We do view those policy responsibilities seriously. Importantly, the Office of Governmentwide Policy, which as you indicate was formed a year and a half ago, has, I think, really picked up steam and is going forward. We just brought up a new book collaboratively on disposing of real property, and while the transactions in that arena, like Governor's Island, get a lot of the attention, working the process and getting people at what is the best way to do that, I think is a good example of that.

I can't also let go the opportunity to thank this subcommittee again for their support of the travel reform legislation, which was done cooperatively with the Joint Financial Management Improvement Program. As chief financial officer, I had a hand in that, and I think it's something that is just the epitome of the way we should develop policy.

Mr. HORN. Well, I agree with you, and both Mrs. Maloney and I are most grateful to the great energy that senior civil servants have put into this.

Mr. FISCHER. Thank you.

Mr. HORN. And with your vast experience, I think it's very important that we have that experience and not have courses and laws which go down the line and just don't do what we all thought they were going to do. So we're grateful for that contribution you've made.

Mr. FISCHER. Thank you.

Mr. HORN. I understand that about 10 percent of all Federal buildings are operated by the General Services Administration. Hence, the policy on the buildings is especially important because of the leverage on the other 90 percent. Is this right? And, is GSA focusing significant improvement efforts on policy as such?

Mr. FISCHER. Yes, sir, we are. We—and I'm not sure of the percentage of the Government buildings; I know that we have about 8,000 Government buildings and house about 40 percent of the civilian work force. Within the Office of Governmentwide Policy there is an office headed by a gentleman named David Bibb, and that office focuses on real property policy. The beauty of David Bibb being there is that he had previously been the Deputy Commissioner of the Public Buildings Service. So he is a person who has been grounded in the building business, if you will. He's had an awful lot of very good contacts with people in the agencies.

They formed a real property management council that is focusing and bringing the agencies in, because I think, as we operate in the governmentwide policy arena, that you cannot just establish and

dictate a policy, but you have to develop it collaboratively with all the stakeholders. You have to get it together, do the right kind of consultation here, and that's the kind of policy that really works. That's the model that David and Marti Wagner, our Associate Administrator, are following on all of the aspects of governmentwide policy.

Mr. HORN. The second aspect of this issue regarding policy is the so-called level playing field question. My understanding is that the agencies are now free to rent buildings from commercial sources, as well as from GSA; is that correct?

Mr. FISCHER. That is correct, sir. I think they have to come to us first to be sure that we do not have a federally owned asset that is available and suitable.

Mr. HORN. So, in other words, if they saw a good deal on the private market and you had the asset, you would want them to rent GSA space?

Mr. FISCHER. Yes, sir, we would.

Mr. HORN. And do the regulations permit that? Or is it the law——

Mr. FISCHER. The regulations, as I understand them, bring them to us, and if we look at it and say we have nothing that really fits you, and you wish to do your own leasing, then they are free to do that.

Mr. HORN. I had the situation when I was elected in 1992—I looked at what space my predecessor had. Glenn Anderson had the building named after him; it's the Glenn Anderson Federal Building, and you can partly get there on the Glenn Anderson Freeway. There's also a Glenn Anderson Bridge, and so forth. But he had his offices on the third floor of what I think in Long Beach is—it's a very new Federal building—probably seven or eight floors. On the top was the FBI, the Coast Guard, et cetera, partly for security reasons.

I looked at the cost. He was paying about $80,000 a year for the space. I said, that can't be right. So I picked up the report of the Clerk of the House, thumbed through every Member to see what are they paying in rent. And in some of your older buildings, of course, they were paying what I had hoped to be paying, even though it isn't my money; it's the taxpayers' money, but I want to husband it, shall we say. In San Francisco it was roughly $30,000, and so forth. And I said, no, I'm not going to go here in that Federal building.

I've got a lot of friends who live on Ocean Boulevard, and they're very active, et cetera, in what I do in Congress, in getting here—not what I do so much, as just getting me here. But the fact was the building had not been planned for a Member of Congress to be in it. You need space for people to come and park, and of course you could park at the neighboring hotel and pay $8, $10 or $15, depending on the mood of the air quality control board as to how much they want to gouge you on parking to solve the air problem.

So we went out and looked in the private market. I have absolutely fantastic quarters in the private market. I pay $30,000 a year for them. I have 400 parking spaces that are all free, and there's always space in the lot there right outside my office. I look out on a green-covered golf course and can even be hit by the golf

balls of a public country club that the public, county of Los Angeles, took over. And I saved $50,000 for the taxpayers. Now if somebody had said, hey, we've got this big Federal asset; you've got to move in there, I would have been one unhappy constituent. And I take it we don't force them in, but——

Mr. FISCHER. That's correct.

Mr. HORN [continuing]. That price was off the wall. Now I'm sure if you go analyze the marble, the granite, and everything else they put in that Federal building, it probably is absolutely right on $80,000 a year. Do you have a feel for that? Are there some places where they seem a little exorbitant and have no basis in reality for that?

Mr. FISCHER. Well, we would hope not, but I think with 8,000 buildings and with the number of tenants we have, there have to be some. And, very clearly, the economics for the agencies bear on those kind of housing decisions, and you often run into what we might refer to as suboptimization, where people will be coming out of a lease, owned space will be available, and you really have to look with the agency at the total cost to the taxpayer.

We're dealing with one right now in St. Louis with the Drug Enforcement Administration, and there is a lot of pull back and forth for that. But we really have, and I think this illustrates it, a dilemma in putting together a strategic plan. We have to both thrill that customer and properly manage the asset, and sometimes that requires compromise, pull back and forth. Hopefully, we'd never put anybody in a situation that you were put in.

Mr. HORN. Well, you reminded me when you mentioned the Drug Administration, we just approved the reauthorization for it out of the full committee. Is there a feeling or experience with GSA that when the Drug Administration or the FBI are in a Federal building that you try to protect them from surrounding buildings, either by having to do extra things, so they can't be spied upon and all the rest of it—almost like what we did with our Embassy in Moscow in the years when there was a Soviet Union? You had beams going through there.

Mr. FISCHER. There's a very real aspect to that, and it's obviously been heightened since the tragedy in Oklahoma City.

Mr. HORN. Yes.

Mr. FISCHER. And each case just has to stand on its own merits.

Mr. HORN. If there's Federal land nearby, now generally you're the custodian of that land, aren't you?

Mr. FISCHER. In many cases, yes, sir, where there are surrounding buildings that we operate, yes.

Mr. HORN. Are there situations where maybe, since they feel they've had too much Federal land—they don't need it all in the foreseeable future—are there situations you're aware of where private hotels and others would seek a lease from the Federal Government to utilize part of that land next to a Federal building?

Mr. FISCHER. We have situations like that, yes, and we're constantly looking at the right use of that asset. Some will be high profile, like Governor's Island; some will be much lower profile.

Mr. HORN. Are any of those situations, over the years, are they with a Federal building already established, people in it, and then the land, you say, "well, gee, I don't think we'll need another Fed-

eral building for 40 years; let's make some money out of this thing." So it's leased to a developer or a hotel, or whatever? Is there then a worry to make sure—let's say if it's a hotel or an office building, that you wouldn't have control over who's in it, does that bother the Drug Administration, the FBI, the Coast Guard, all the law enforcement agencies that are often in a Federal building?

Mr. FISCHER. I would think it would. I have to be very honest that I do not know of specific circumstances on that——

Mr. HORN. OK, I was just curious——

Mr. FISCHER [continuing]. But I think that's certainly something we would have to take into account——

Mr. HORN. Yes.

Mr. FISCHER [continuing]. In those asset decisions.

Mr. HORN. So that might affect whether you even put the land out for lease, I take it?

Mr. FISCHER. Absolutely.

Mr. HORN. Yes, you'd have to weigh the cost of what does it take to remedy and mediate and mitigate in the sense of who's already in the building, so they're happy; they're your Federal tenants. And you might have to forgo some of the money that you're letting go when you don't lease.

Mr. FISCHER. The other thing we run into from time to time, too, is that the surrounding community likes having the land unused. So there's that to consider, as well. As is the economic value and use of the existing assets that are already there.

Mr. HORN. Now I understand that General Services Administration real estate leasing policies sort of stack the deck, I think as the staff put it, by narrowly circumscribing acceptable practices in a 100-page RFP. Is that really fair to the agencies? Is that how much the acceptable practices are? Is there a way to minimize those or get to the essences of them in simple English?

Mr. FISCHER. Well, I'm not terribly familiar with the details of it, but one of the overarching efforts of the Office of Governmentwide Policy is to try to take all of our regulatory guidance and write it in plain English. I know the travel regulations, I have reviewed those and they're very close to coming out, and my anticipation would be we'd do the same thing with these real estate policy regulations, leasing regulations. If we don't, we have not thrilled our customer who is out there saying, "I need to do this and I need to house my people to serve the taxpayers."

Mr. HORN. Yes, I think we should create some sort of an award system for the agency that has the best simple English brochures and regulations for the year. We should honor them like we do people in the humanities and the arts, with a full south lawn function.

Now if your agency's creating the policies that restrain trade, how can Congress be assured that market competition is having its desired effect? In other words, if all these regulations just discourage people, what kind of fair test is that?

Mr. FISCHER. Well, I guess I would say there are several avenues for surface problems. Clearly, an agency that felt like we had stacked the deck in some sense on a transaction would let their stakeholders know up here. I know that we would hear about it.

We also try very hard to involve them in governmentwide policymaking bodies. My sense from having been involved with the Chief

Financial Officers' Council most heavily is that if you treat an agency badly with a transaction, you hear about it in a lot of different places. I know also that Dave Barram, chairing the President's Management Council, is open there and has said to his colleagues, if you feel that on a transaction or on a policy we are not dealing with you the way we should, I need to know about it right away, so we can get at it and get it fixed. And in most cases that I'm aware of where those have come up, we've been able to work it out.

Interestingly, in St. Louis with the Drug Enforcement Administration, the Justice Department was very supportive of the GSA position. So it was somewhat within the Department of Justice as well as a GSA issue. Get to the right place with our housing.

I think the duality of our role of setting up policy and operating the buildings or other activities that we do really suggests the strength of the organizational move to make the Office of Governmentwide Policy separate as opposed to having real estate policy under the Public Buildings Service, information technology policy under the Federal Technology——

Mr. HORN. That's an interesting point. In other words, you feel there's less of a personnel or institutional conflict of interest here, if you have an overview of the total agency——

Mr. FISCHER. I believe there really is. Because if two components are knocking heads, there's an Administrator there to resolve it and hear it out, as opposed to having it pushed a level down in the organization. I don't think we've had any knocking heads situations, but we've had issues where people came with different perspectives, and they got worked out, hopefully to the benefit of——

Mr. HORN. Do any of those issues ever rise to the level of the Secretary or Deputy Secretary's attention, or is it all resolved right in that Office of Governmentwide Policy?

Mr. FISCHER. Particularly when we're dealing with an agency, in some cases it has to go up. Generally, our Administrator would take it to the Deputy Secretary, because they're both sitting on the President's Management Council, and one to one try to resolve it.

Mr. HORN. No surprises?

Mr. FISCHER. Hopefully not.

Mr. HORN. Goal 1, objective 3, I think we have a problem, one could say, with mission creep in a number of these areas, and it's probably a very good idea to have the more ergonomic tools, but when did it become the role of a purchasing agent to develop products, as that was read? There are several technology companies with esoteric computer science Ph.D.-types who develop hardware and software for vision-impaired users. Why should GSA compete with them, rather does it make any sense to stay attuned to new developments? Is this just getting GSA into the R&D business? And, is that competition with the private sector? It sounds like prison industries almost.

Mr. FISCHER. That certainly is not our intent. I think what we try to do in every one of our operational areas is to work with and leverage industry to develop solutions and buy their solutions, and bring them forward and make them available to our customers.

As an example—perhaps we'll even compete with them amongst ourselves—our Federal Supply Service runs an office supply busi-

ness, and we recently competed and brought in two additional office product distributors under our schedules, so that a customer had the choice of really buying from us, or buying from a private sector entity. So we attempt to bring that to bear much, much more than trying to say we're going to develop any new technology. We really, frankly, don't have the capacity to do anything like that. We think about it, but we just don't have that kind of capacity. We're very, very dependent upon finding it in best practice and bringing it in from the private sector to offer it to our customers.

Mr. EARLY. We've fostered it in many cases such as electric vehicles or alternative-fueled vehicles or major purchases of air bags before air bags finally became common; it was on the basis of GSA purchase demand that they became commercially viable products.

Mr. HORN. You're familiar with the Clinger-Cohen Act and what it has to say about information technology. Now, as I understand it, one aspect of that act was to transfer the responsibilities for information technology from GSA over to OMB. Now, according to your strategic plan, it looks like OMB has delegated this responsibility back to GSA. Is that true? How do we explain all that?

Mr. FISCHER. I don't think that's exactly where they are. I think they have certainly asked us to be executive agents for certain things. They have also asked us to support them in policymaking roles that they undertake, but particularly the vestiges of the Brooks Act authorities, where, for example, an agency is told, because they have not made adequate progress in the year 2000, that these are the consequences. Those are very much OMB actions as opposed to things that they have turned to us for.

My sense of where that is sorted out is to keep us in some of the operational businesses we were in, providing contractual support for other Federal agencies to have access to in order to solve their information technology problems. We're not in a regulatory oversight kind of role that was really our role prior to Clinger-Cohen.

Mr. HORN. Speaking of regulatory oversight role, one could argue—and I don't want you to respond as a chief financial officer for the agency—I'm just wondering, you, Dennis Fischer, expert on organization after all these years, what is your experience, I want to benefit from it.

Here we have the Office of Personnel Management; we have GSA; and we have OMB. These are basic crosscutting agencies, and rightly so. So the President can get a handle on the executive branch. The question to me is, Should they be combined in any way? Should certain things be delegated to the departments and should they not worry about it at the central level? What's your personal experience, how do you feel about this?

Mr. FISCHER. Well, personally, I think there's a lot of value in that; that there is—and I've been at GSA a little more than 5 years, after having been in departments for the rest of my career—a lot of synergy amongst parts of these agencies on issues and the closer that synergy can become, I think the more effective it's going to be. At the same time, I look at a number of the things that GSA does with the bulk of our people, that providing customers choice and providing them access to the private sector is something that's valuable to do. It strikes me that just devolving GSA's operations

back to the agencies would end up in many cases costing the taxpayers a lot of money.

The flip side: A closer collaboration around the policy I think is something we strive for and we work very closely with the Office of Personnel Management. We're on the CFO Council with them, trying to retain financial people and get the right kind of people there. That kind of collaboration is possible under existing models. My personal feeling is it would probably be improved under something that brought them more closely together.

Mr. HORN. Well, I can see the economies, obviously, and that was the whole reason the Hoover Commission recommended a General Services Administration. You have vast purchasing, tremendous quantities, and you can get a discount on those to help the taxpayers and help the agencies with this budget.

How about your experience on the personnel side, just as a person that's had to utilize it for any job you've been in? Is there a way something there could be delegated more to the agencies and out of OPM?

Mr. FISCHER. Well, I think OPM has done a lot over the last 5 years, and I really have to give them a lot of credit that they, in my own personal transactions of trying to get people, have gotten much more out of the way. Not being that close, I don't know how much more they could do. But it strikes me that one of the premises of the National Performance Review that is imparted to all of us, and it's affected us at GSA and OPM and other agencies that particularly provide common services is that you have to offer the customers choices; you have to offer them value. And if you can't compete under those kind of circumstances, you don't deserve to be in business. I think that applies whether it's a pure business, like much of our stuff, or whether it's providing personnel referral services. I'd certainly give OPM a lot of credit for what they've done with the investigative services. That seems——

Mr. HORN. What have they done?

Mr. FISCHER. Well, they basically took the part of their organization that did background checks on all of us and privatized it, sold it to the employees. We received a briefing on the Chief Financial Officers' Council a couple of weeks ago that value had almost doubled, and the business was up. They also devolved a lot of their training responsibilities to the Agriculture Department Graduate School, which is not really an instrumentality of the Department of Agriculture. It has some governance from them, but it's really an independent entity.

Mr. HORN. It sort of started in the basement as a convenience and has grown into quite an institution.

Mr. FISCHER. It did, and I have the honor of sitting on their General Administration Board, and they are doing extremely well in the business environment. They are very competitive and freed from some of the rules that are out there that inhibit us all.

Mr. HORN. Who knows, they might even have kept some of the Washington tuitions down that exist in this town.

Mr. FISCHER. I know they haven't raised their prices in 5 years, which many people can't say.

Mr. HORN. That's right.

Is there an area you see where there should be a crosscutting agency that does not exist? Is there an area of policy that neither OMB, OPM, and GSA don't really cover? Is there some area there that we're missing?

Mr. FISCHER. Well, one that's very close to me is the financial arena, and I think what has happened over the last 3 to 5 years is that, as OMB and Treasury have downsized, the Chief Financial Officers' Council has stepped up and picked up the slack. An awful lot of the overarching policy that has developed in the financial arena is actually developed by people from the agencies working under the aegis and leadership of the Chief Financial Officers' Council.

I have to give OMB a great deal of credit because that's not an easy model to work with sometimes, but they have done, I think, an excellent job of using us, not abusing us, and putting together policy that can work. I think it's a model, for example, for the chief information officers as they gear up and get going to step up not only as operating entities within an organization brought together, but as people that say, if we want to change the policy and make it what it ought to be, we need to invest in that, work with it, fight for it. I know we can't lobby for it, but we can certainly work and say, hey, this is a good piece of legislation, change, or whatever. And I think that's a model that I really see evolving and becoming very successful in the financial arena, and would see other opportunities—procurement, personnel, and a lot of the other crosscutting management areas——

Mr. HORN. Well, along the lines that you're talking, one of the things that I think Congress wants to make sure occurs, and I'm sure everybody in the executive branch does, and that's the appropriate training or education. Individuals need as they either adapt to rapid change in a Governmental agency, or they have new technologies with which they have to deal, or just personal growth, because you want a rounded person as they go up that hierarchy and not someone ground down by never having had a new idea or never having been asked to implement a new idea.

Do you feel that the Chief Financial Officers' Council and its counterparts in inspectors general and the chief information officers—are they ever consulted by OMB as to what are the training needs in the areas that you cover? You have to educate a lot of people to government accounting methods. They come out of college not necessarily exposed to that.

Mr. FISCHER. Absolutely.

Mr. HORN. And there's a need for various types of training. Does anybody listen to your group on this or are they thinking strictly on what the agency wants rather than a whole that cuts across all the agencies?

Mr. FISCHER. Actually, I think it's probably the reverse, that it's really incredibly focused around what all of us collectively see we need. One of the most active parts of the Chief Financial Officers' Council is the Human Resources Committee, which puts on best practices sessions. They're cheap and they're free. We just take an auditorium and put subjects up there. We are beginning a fellows' program, where we're going to try to get people some career mobility from developmental assignments.

Mr. HORN. You ought to loan a few of them up here once in a while, so they go back with a better understanding of Congress.

Mr. FISCHER. We would love that opportunity.

Mr. HORN. Yes.

Mr. FISCHER. There's a congressional fellows program——

Mr. HORN. Right.

Mr. FISCHER [continuing]. And some others that have been in existence for a while, but that—I simply look at it and say, I would like us to develop our people on the civilian side in the financial community the way the military develops uniformed personnel.

Mr. HORN. You're absolutely right. The military does the best job, without question. It has done so for 35 to 40 years. They care and they invest in their people.

Mr. FISCHER. And we are working for that, but we—I would say in that arena, with training and development and people, the CFO Council I really think has the lead on it in the financial arena. I mean, we get a lot of support from the Treasury Department, but it's them sitting there as customers saying: We need this; this is what our people need; and we need it together, to collaborate. That really makes it happen.

Mr. HORN. I'm curious, I think I remember from the budget that came up last year that started October 1st that there was a shortage of training money available to agencies. Maybe I'm wrong on that. We'll put something in the record to get the right figure.

That was procurement training. That's right.

Mr. FISCHER. Yes.

Mr. HORN. And that, obviously, affects everybody, and I felt very strongly that we need to isolate some of the critical areas, where they're subject to private industry buyout. We lose a lot of talent. Is there a way in the executive branch where either we can rotate people between private industry and the executive branch on, say, a 1-year sabbatical or something? They could learn maybe some additional best practices. GAO constantly gives us that advice with the beginning of any new Congress, as to what are some of the best practices in particular areas, and we did feel there was a real shortage in the procurement training. And I wonder, has there ever been a survey in financial management training as to what the needs are out there? Anybody ever ask the question——

Mr. FISCHER. I'm not sure there's a comprehensive one that I could put my hands on.

Mr. HORN. OPM should be doing this, in my humble opinion, and I wondered if they are.

Mr. FISCHER. I have not seen anything. In the arena of procurement training, one of the things, the responsibilities, that we at GSA have is operating something called the Federal Acquisition Institute——

Mr. HORN. Right.

Mr. FISCHER [continuing]. And we fund it and support it. They're doing some fascinating work with that Bill and I saw just a few weeks ago with Internet-based training, and they have a virtual-type university. With the rapid pace of change in procurement rules, laws, regulations, and decisions, I have a feeling that is going to be something that's just going to take off like a rocket. Our model is to make the course materials available to the private sec-

tor to provide the training, but we're also making them available through the Internet for a lot of self-paced training. Because training funds are always tight and difficult, and, frankly, the largest part of the cost of training is often travel.

Mr. HORN. Right, when you can bring it to them through special televisions and they can look at it as many times as they want, until they understand it.

Mr. FISCHER. Yes, sir. So we're doing a lot of that, and they've not had a virtual beer garden in the student union yet, but they're working on making it really, truly a university-type experience. [Laughter.]

That's very impressive.

Mr. HORN. In the various executive positions you've held in the Federal Government, when you've had a problem, let's say, that you see as a management problem, and that problem involves personnel matters, too—training of people, and so forth—where do you look to for guidance on management questions?

Mr. FISCHER. Well, increasingly now, particularly with the CFO Council, I'll sit down and talk to my peers. Obviously, talking within the organization——

Mr. HORN. Sure.

Mr. FISCHER [continuing]. And when I've got somebody like Bill Early working with me, I feel like I have the cream of the crop. But——

Mr. HORN. He's saying that in lieu of a pay raise, so don't get too excited. [Laughter.]

Mr. FISCHER. Well, we're hoping the pay raise holds, sir, which we do, indeed, appreciate. [Laughter.]

Mr. HORN. Yes, we're with you. We're with you. I only have one nasty letter from the last pay raise. [Laughter.]

Mr. FISCHER. But there's an awful lot of collaboration, and I do feel that we have the capacity, at least in the financial arena, to go to OMB for help when we need it. We get a hearing. We don't always get what we want, but it's one of those things that you have to go ask, push, and try——

Mr. HORN. What type of skills does the typical executive—let's limit it to financial management—what type of skills do you need to draw on when you're solving financial management structural questions and where are they above—I mean, you've got your peers; you're absolutely correct. Of all the groups I've been in, why, either it was saving a lot of psychiatric money, but at least you could let your hair down and say, "Gee, Joe," or "Sally, do you have this problem or what can I do about it?"

Mr. FISCHER. Well, there are an awful lot of very talented people in firms in the private sector that we go to——

Mr. HORN. Sure.

Mr. FISCHER [continuing]. And some of it is pro bono. Some of it's consulting support. The Treasury Department is an excellent source for people, but I think that the biggest thing is——

Mr. HORN. Is this in their Financial Management Service?

Mr. FISCHER. In their Financial Management Service and in their Office of the Secretary. They have some excellent people and they are routinely made available to work on governmentwide efforts that we need, we know, to get at. Be they policy or operations,

I think it's a good cadre to draw from, and when we need the force of OMB, which is very rare, but when we do need it, we feel like we can go and get it.

Mr. HORN. We've been thinking over the last few months on the relationship between the balance sheets we'll eventually get and what they show in relation to the goals and the strategies and the tactics. I wonder on cost accounting, when you benchmark against the private sector in the Federal Operations Review Model [FORM], it had promising results, where is the cost-or activity-based accounting objective? Should there be one in the plan?

Mr. FISCHER. Well, there is one. We are running a number of pilot projects in activity-based cost, activity-based management. One of them is in the business area we talked to earlier, the leasing area. We can know what our costs are and we can establish a benchmark, so that when someone says, "I want to do my own," we can say, "Well, this is what our costs are," and "This is what you should expect the cost to be, at or below." It all fits in at the agency to coming up with an agencywide approach to cost accounting. We've trained about 1,000 of our managers in what it all means, and I think have got a pretty good handle on what our costs are, down to pretty discrete activities.

Mr. HORN. Could an executive, the Secretary, the Deputy Secretary, the Assistant Secretary, or management; could they look at some of this work and make actual optional choices about payoffs based on cost? Do you feel it really is something that helps a manager? Or is it just something that helps accountants put reports out?

Mr. FISCHER. Oh, no, in fact, the activity-based costing and activity-based management really is aimed away from the accountants and at the person that looks at results. Interestingly, in our first pilot, which was on leasing, we looked at the cost of leasing buildings in each of GSA's 11 regions, and there were some dramatic differences, and a great deal of work was done to define all the steps, the cost elements, and everything.

Mr. HORN. What were the differences besides cost of living, which is obvious in some?

Mr. FISCHER. It was basically just efficiency and process, and when we started opening that up and kept turning the rocks over we saw people saying, "Well, oh, I thought I still had to do these four unnecessary steps because headquarters required it." You'd say, "No, no, that was changed a year ago or longer."

People's capability drives it to a certain point, but when you do that properly, you get a tremendous comparison base to then go back and look to the responsible managers and say, "Why can't you be as good as that manager who's over in the next region?" And there's a tremendous competitive imperative amongst our regional activities, and my sense is that's one of the main things that's going to drive us to continue to be more and more competitive, keep our costs down, and continue to lower them, because our people are benchmarked against themselves, as well as against the private sector.

Mr. HORN. When you develop this cost accounting system and this Federal operations review model, when you've done all that work, are you pleased or are you disappointed at the use of it or

lack of use of it and maybe having it ignored by managers? And then what is the reason? Is it because they don't understand a table of numbers or is there another reason? Are they just too busy and they don't want to take the time to go through a 50-page report or a 100-page report, whatever it is? What's your reaction?

Mr. FISCHER. Well, in terms of the followup from the form analysis and the other cost studies that we've done and we've pushed out there, I have never felt as Chief Financial Officer that they've ignored it, or that we've had to really work on people to pay attention to the studies and make the changes that are necessary, because the competitive imperative that's out there operates. In the two parts of GSA that are really funded from revolving funds, our business is totally at risk, and if NIH can do contracting for computer support better than the Federal Technology Service, people are going to go there and the Federal Technology Service is going to go away. The same thing with the Federal Supply Service.

In the Public Building Service, though it's a revolving fund that is also appropriated, the pressures there have been so intense for money to maintain our assets that we've just looked for every possible way to squeeze the cost out. Much of this internal benchmarking, as well as a lot of benchmarking on our performance measures externally, tells us where we need to go.

And I look, frankly, at GSA as an ideal kind of Government entity because it is so financially focused. It makes my job as Chief Financial Officer much easier than when I was in a department that got appropriations for programmatic or policy kinds of activities.

Mr. HORN. As a Chief Financial Officer, have you and your colleagues had a chance to look at what Oregon is doing in their benchmarking project and whether or not there's a cost accounting relationship behind those various measures?

Mr. FISCHER. I have seen some of the stuff that Oregon has done. It's very impressive because it seems to me it takes big parts of government services and lays them out there and says, this is what our process is and this is what our costs are. The direct applicability to a lot of Federal operations probably does not exist. The greater gain from it I think is to then say, well, how does the State of California or the State of Washington do this? And for those Federal departments, particularly my former Department, Health and Human Services, to say, if it costs this much to handle the Medicaid recipients and give them this level of care in Oregon, why can't we do the same thing in Idaho or wherever?

Mr. HORN. How about New Zealand and Australia? Anybody looked at that situation and how they're handling it?

Mr. FISCHER. We have done that extensively and looked at the systems they use, and, in fact, some of the things that we're doing drive off of that, particularly the Australian example in the public buildings area. We say to our customers in leasing: You have a choice. In building alterations, we say: Not only do you have some choice, but we back up our promise and our schedule, that if we don't deliver, we'll give you 5 percent of your money back. So there's that kind of activity that we're trying to pick up those models to deal with.

Mr. HORN. Good example. It leads me to goal 2, objective 1, where we can say, "good job and keep it up," talking about your efforts in GSA on the Visa cards for small purchases. I would think that's helped quite a bit, and it's a good example of innovation. Has that been well received by the various agencies?

Mr. FISCHER. I think it has. We in the Chief Financial Officers' Council have adopted a governmentwide goal of having 90 percent of all purchases under $2,500 accomplished through the purchase card, I think by the year 2001. And some agencies, like the Department of Veterans' Affairs, went from 5 percent of their purchases to 95 percent of the purchases in about 15 months.

Mr. HORN. So it saves some of the paper transactions, put it on somebody else's paper?

Mr. FISCHER. We, in the financial community, we won't survive without that. The new procurement that's out there, although it won't be in place until November 1998, I think it's going to do a couple of other things for us that will really be good. We right now have one card. Last night in San Diego when I pulled it out to buy my ticket, which costs $112 as opposed to the cheapest fare I could find on the Internet of $868, and I had to get that plug in—[laughter.]

Mr. HORN. Listen, I praise you all every day on the airfares from Dulles to LAX. [Laughter.]

You can't beat $199 round trip.

Mr. FISCHER. In fact, I think the new one, after the 1st of October, has even gone down further.

Mr. HORN. And we also praise you for your 2-cents-a-minute telephone rates. [Laughter.]

Mr. FISCHER. Thanks. But I think that that new procurement approach is going to give agencies a choice among a small number of cards, I guess three to five, with the ability to not be locked into them for 10 years. So that if you're working with one and they're not producing and performing the way you want, there's a competitive imperative there. I think it will also make introduction of new technology much, much easier than it has been in the past with the procurement approach.

Mr. HORN. One of the things that's concerned me over the years—and I've badgered both Roger and David about it—I don't know, maybe you're still doing it; maybe you're not. I think our district office in Lakewood gets a lot of its supplies from St. Louis, GSA, and with it always comes a four- or five-page billing operation. My problem is, I'd only send them one page, and if we need extra copies, let's go to our Xerox machine. Why is GSA sending us five pages? Because we throw all four out, and we send one back here to have the Office of Finance pay the bill. It would save you a lot of money if you just gave them one. If they need more and they're a bunch of bureaucrats, let them take it out of their own Xerox account.

Mr. FISCHER. Hopefully, we're doing that, because after a couple of those transactions, that is in my area of responsibility, and I got the forms, went back to our folks and said, look, send one.

Mr. HORN. Right.

Mr. FISCHER. So if it's not, I'd appreciate a notice, and I've got to go pound on somebody, thrill our customer by sending one copy.

Mr. HORN. Yes, that's right. Thrill this customer; that's for sure.

On goal 2, objective 2, "compete effectively for the Federal market," your objective 2 talks about opening up to marketplace competition where appropriate. Where is competition not appropriate?

Mr. FISCHER. Well, there may be some circumstances where, by pooling the Government's volume, we get prices that you just can't beat, even though you have a competitive marketplace——

Mr. HORN. You don't need it, but you want to buy it because it's such a deal?

Mr. FISCHER. Yes. For example, the airline fares and the overnight package delivery, I mean, we get a rate out of Fed Ex that is around $3. The individual walkup rate is around $12. We get that because we pool all that volume. And it strikes me in a few places like that we need to gain that leverage. More often, though, I think, we need to look at the areas where the marketplace can compete and continue to drive our prices down. And each area that we're looking to acquire support for our customers, we have to sort of take a look at and then not be stuck to the paradigms of the past.

I know that long distance telephone service, the last set of contracts were mandatory. In the new contracts, there will be choice I think some of that is because of the way the industry is evolving, the way we're planning to bid it. It's just you have to look at each area, I think, to make that judgment of what is out there, but our overarching—I don't want to say bias; that's too strong a word—but the overarching lean is to say, find that marketplace competition, make it work for our customers and the taxpayers.

Mr. HORN. On goal 2, objective 3, market penetration sounds good, but it's also a means not an end. The end is lower prices, as you've been suggesting here, as in your objective 1, in an open market, as in your objective 2. So we get lower cost to the agencies and really lower total cost to the American taxpayers as your real objective. Back to GSA's 1949 legislation of provide a system, not deliver services. Why did you choose market penetration?

Mr. FISCHER. Well, that one is probably my personal fault, too, if there's one there, because I have been pushing each of our business activities after the FORM analysis, where we showed that we were as competitive or more competitive than alternative sources, to focus on getting us marketed to the people who are decision-makers to try to save them money. In fact, I may make this next statement with some peril since GAO follows me, but in talking with the Associate General Counsel just the other day, as I'm moving to the position of the Commissioner of the Federal Technology Service——

Mr. HORN. I congratulate you on that.

Mr. FISCHER. Thank you. I said to him, "Gene, I think that you guys may not be buying local telephone service from us, and I'm going to want to come talk to you, because I think we can save you some money." And he said, "Well, my budget is relentlessly getting smaller and I need that. So come on up."

I would turn that around and say, well, that is me trying to get, in that business, an increased market share because it's really going someplace else. If I can do it at a lower cost, that's really the aim and intention of that. So we use that as a proxy. And in each

of our businesses we have varying market shares: civilian agencies, Defense Department, just all over the place. But it's really a marketing imperative or marketing proxy, I guess.

Mr. HORN. On your goal 3, I like the emotion of that goal, "Excel at customer service."

Mr. FISCHER. Thank you.

Mr. HORN. Maybe we'll loan you to the IRS. [Laughter.]

I assume that you're talking, when you use the word "excel," you're talking within reasonable cost?

Mr. FISCHER. Absolutely. That's one of the things with these general goals; they interrelate and interact, and we can give great customer service, but if we're losing money, or at least not breaking even, which is our imperative, then we're not effective. If we've got services and situations that allow people to squander money, then we don't have the right policy in place and we're not managing our assets properly. So a lot of the transactions in individual areas where we work, these goals have an interaction that we felt made them good ones to pick.

Mr. HORN. What about those services where there is no effective market competition? The agencies do not have to pay for extra services, do they?

Mr. FISCHER. Well, we attempt to get competition in every area we can, whether we bring it in and, in effect, buy competition from someplace else to compete with ourselves or get competing vendors, and my sense of it is that there are very, very few situations where an agency in dealing with us is just flat not given a choice. The biggest possible area—and it pounds up against the asset management imperative, because if we let everybody out of all the Federal buildings, we've got a lot of assets that are going unused and underutilized. Generally, our experience is once those buildings are named, it is very difficult to dispose of them.

Mr. HORN. You're right, although we could always change that by law. We did that recently at a Trinity Lake situation. We did change it. The names weren't appropriate. Congress changed it.

On goal 3, objective 2, I'm a little confused. You say, "Over 98 percent of GSA's products and services are delivered through contracts with private sector vendors" and "47 percent of GSA's contract dollars are obligated for small, women, and minority-owned businesses." Now does that mean that the 44 percent of GSA's expenditures go to set-aside providers? How do you clarify that?

Mr. FISCHER. I don't think it's necessarily set aside, but we have a very, very aggressive outreach program to try to reach small and minority-owned businesses. And many of the activities of the agency lend themselves to that——

Mr. HORN. Yes.

Mr. FISCHER [continuing]. Cleaning services and guard services, and those kinds of contracts that are localized and relatively labor-intense. The labor is available there, but we're very mindful of not doing set-asides that cost the taxpayers dollars.

Mr. HORN. Yes. Well, I'm all for that program. I'm glad to see it's that successful.

On goal 3, objective 3, basically, it's the same question I've asked the General Accounting Office regarding difficulties they have had with data reliability and GSA's appointment of a new chief meas-

urement officer in the Public Buildings Service—interesting. Do you recommend that GSA have such an officer in their other services or what can be done there?

Mr. FISCHER. Well, I think they probably, in essence, do; they have not named them. And I think that in the PBS arena it was a master stroke to not only do it, but then appoint a person from a regional office, a senior executive, to do that and to provide that lead.

Mr. HORN. What are some of the things that individual does?

Mr. FISCHER. Well, they basically drop back, I think, and look at the business, and all of the aspects of the business, and try to say, if I'm successful in managing this business, what are the measurements that I need to look at that determine whether my customers are satisfied, my assets are used, et cetera.

Mr. HORN. Yes.

Mr. FISCHER. And they're also strongly focused on what external benchmarks are out there, and there are some good data in building operation, building customer satisfaction, that we can benchmark against, both cleaning services and the like, but I think the beauty of the PBS approach was, rather than having them imposed from Washington upon the operating entities, they said to the operating entities, "Get together and tell us what you think are the right measures." And, obviously, the Commissioner, Bob Peck, is to look at that and say, "These all make sense. This one does; this one doesn't." But having it accepted by the people that are there——

Mr. HORN. I think it's a fascinating idea. Is there any other agency in the Government that has a chief measurement officer?

Mr. FISCHER. I'm not aware of any, and I just have not——

Mr. HORN. It's a very interesting move, I think, because it's very difficult to figure out how you can put into words, and then implement. Like the benchmark project, how you can let the rest of the people, in setting goals, know that this is one we think important, and this is how we'll know we've been successful. Or, if we've only gone halfway, we haven't been successful. And, I think there's a great skill there to be learned and shared with a lot of managers and executives around the country.

Mr. FISCHER. There is, and the same thesis behind this process is what the Office of Governmentwide Policy is doing with the stakeholders around in the various policy arenas, because ultimately the policies that GSA puts out in real property asset management are going to be successful when they're accepted, benchmarkable, and when agencies benchmark against them. Then decisions are made, and they say, "well, why is it so much more expensive for this agency to manage 100,000 acres of land than this one, when it looks about the same?" And so it strikes me that that same approach of bringing in the people that are actually operating and working through that, as sometimes tortuous as it may be, because it takes time to reach those kind of consensus positions, ultimately it has a tremendous payoff for us across every part of our governmentwide policy responsibilities.

Mr. HORN. Do you think that the inspector generals in the various agencies, chief financial officers, chief information officers, would benefit from this? How do we get what that chief measure-

ment officer is doing spread around to other agencies? Is there a way in your various councils or OMB to communicate that?

Mr. FISCHER. I think there is. We've grappled with it in the Chief Financial Officers' Council, not as a chief measurement officer, but as the idea of benchmarking. Several of the agencies, including GSA, have benchmarked their financial operations with the American Institute of Certified Public Accountants, which has a data base of about 6,000 financial operating entities. I'm very pleased——

Mr. HORN. Which includes the measures they use to weigh performance?

Mr. FISCHER. Yes. For like $5,000, you submit what seems like a mountain of data about your operation, but you get back a very targeted report. I was very pleased with the one we got back in GSA—we were the first ones to do it—that we were generally in the top 40 to 50 percent of the top quartile of their analysis. Interestingly, the one area where we're not as competitive was that in some cases we paid higher salaries than our counterparts in the private sector for certain types of financial activities.

Mr. HORN. Interesting. What else do you think GSA should do about their measurement data reliability problem? Anything else to be done there?

Mr. FISCHER. Well, I think we have to continually try to get better. We ask the inspector general each year, as part of their audit of our financial statements, to also audit the performance measures that we use, and we ask them to select which ones they wish. That, I think, has been very successful, and they go over them very thoroughly. They said, wait a minute, you have good support for this one but the data looks shaky here. I think we need to do more of that. We need to ask ourselves, are we getting the right data, and is the data supported, and are we getting data that is readily benchmarked, so that we're really making an apples-to-apples comparison.

Mr. HORN. Let me ask you this—this has been a long-term interest to me, coming from California, which has major air pollution problems, particularly where I live in southern California, although we push it out to other neighborhoods—On the cost of alternative-fueled vehicles, goal 4 says, "GSA plans on having 75 percent of the vehicle fleet use alternative fuels by Fiscal Year 1999." That isn't too far off. I just wonder, how high is that target? Is that an achievable target, in your judgment? And have they looked at what California has done? They've sort of been a leader in this area of alternative fuels.

In fact, a number of friends of mine are now riding around in electric vehicles, sort of testing them, and they've given them to leading publishers, editors, so forth, to see how those work. And, I'm just curious what GSA thinking is. One, is it an achievable goal? And does it cost more to achieve the goal than if you just rolled up to your friendly gasoline pump?

Mr. FISCHER. Well, I don't think there's any doubt it costs more.

Mr. HORN. Yes.

Mr. FISCHER. We're not really in a position to judge the societal cost, but there is legislation, as recently, I think, as a couple of years ago—the Energy Policy Act established goals for us. We oper-

ate our Federal fleet on the basis, also, of a customer choice, and we push to the customers. The policy within OMB, as I understand it, is that each agency that uses vehicles, whether they get them from us, the commercial sector, they operate themselves, has to meet those standards. And so part of our expectation is that our customers will meet them; we'll provide the wherewithal for them to do that. But we do not, to my knowledge, subsidize them in any way, the cost of the alternative-fueled vehicles; there's a cost to the agency. There is a differential, but everybody there needs to comply with the law.

Mr. HORN. I've got maybe two more questions, and then I have to leave for a meeting, and you, I'm aware, have a flight. So you'll make it, be sure.

One of the acts that I think this committee usefully recommended, and the Congress overwhelmingly agreed, and the President signed into law, is our improved debt collection legislation. About 2 years ago, we tucked it away in the train that was leaving the station; namely, the Omnibus Appropriations bill. I'm curious, GSA has about $33 million in debts, as I remember, owed to the agency, and it's been delinquent for at least 180 days. I'm curious if the entire amount has been referred to the Department of the Treasury. You mentioned them, and I gather you've got high praise for the Financial Management Service; we certainly do. And I'm curious why that just isn't referred to the Treasury for collection and action and offset.

Mr. FISCHER. We are pushing as much of that as rapidly as we can. We had a CFO Council-sponsored meeting with the Department of Treasury a week and a half ago, where we sort of went from soup to nuts around the Debt Collection Improvement Act, because we and other agencies had not referred as much debt as we should have.

Mr. HORN. Yes. I should say I'm planning to hold hearings in about 3 months with maybe the best case and the worst case as witnesses.

Mr. FISCHER. We would love to be in the former and hope to avoid the latter. [Laughter.]

Mr. HORN. Good. Spread the word at the next meeting of the Chief Financial Officers' Council.

Mr. FISCHER. I shall. The characteristic of a lot of our debt is it's when someone damages Government property——

Mr. HORN. Yes.

Mr. FISCHER [continuing]. And then we have to go after somebody that caused an accident that totaled one of our fleet vehicles or that kind of thing. Those kinds of collections are not particularly easy.

Mr. HORN. Yes.

Mr. FISCHER. Fortunately, the bulk of our business is very easily collectible because Federal agencies are generally good risks in paying. Sometimes we'd like a few of them to pay a little faster, but we still work on that with them.

Mr. HORN. Well, I want to say you've done a splendid job. I get a good feel for the organization from you. You're a marvelously, competent witness. Mr. Early, I hope you're the one that did all the prepping of it, because he learned his lines. If this were Broadway,

he gets a higher rate than you do because you haven't said a word. Is there anything you'd like to say for the record? [Laughter.]

Mr. EARLY. I need to add nothing; thank you.

Mr. HORN. OK. Well, that's sometimes the best thing to say, Mr. Early. I can see you've advanced very rapidly. [Laughter.]

But we thank you all.

And is there a staff list here of people I can thank? Where's my staff list, folks? That's the most important thing after the witnesses. Thank you.

OK, J. Russell George, staff director and chief counsel, down there next to the clerk, who is Andrea Miller, and the person directly responsible for this hearing is on my left, your right, Robert Alloway, professional staff member; Mr. Brasher, who spends most of his life dealing with GSA, an expert on surplus property—he'll be forever in demand when he leaves the Hill.

Mr. FISCHER. Yes. [Laughter.]

Mr. HORN. Mark Brasher, senior policy director; John Hynes I guess is not here, professional staff member. And then Matthew Ebert—where's our staff assistant? He does most of the work now that they've got him. There he is. OK, Matthew. [Laughter.]

And Serica Brown, an intern.

Mark Stephenson, professional staff member for the minority; Ellen Rayner, chief clerk for the minority; and the court reporters are Diane Nelson and Ruth Sheridan.

Thank you very much. And with that, we are in recess until we can stage the rest of this hearing.

[Whereupon, at 3:58 p.m., the subcommittee adjourned subject to the call of the Chair.]

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