

U.S. DEPARTMENT OF COMMERCE
DEPARTMENTAL MANAGEMENT



FY 2014 CONGRESSIONAL SUBMISSION

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Department of Commerce
 Departmental Management
 Budget Estimates, Fiscal Year 2014
 Congressional Submission

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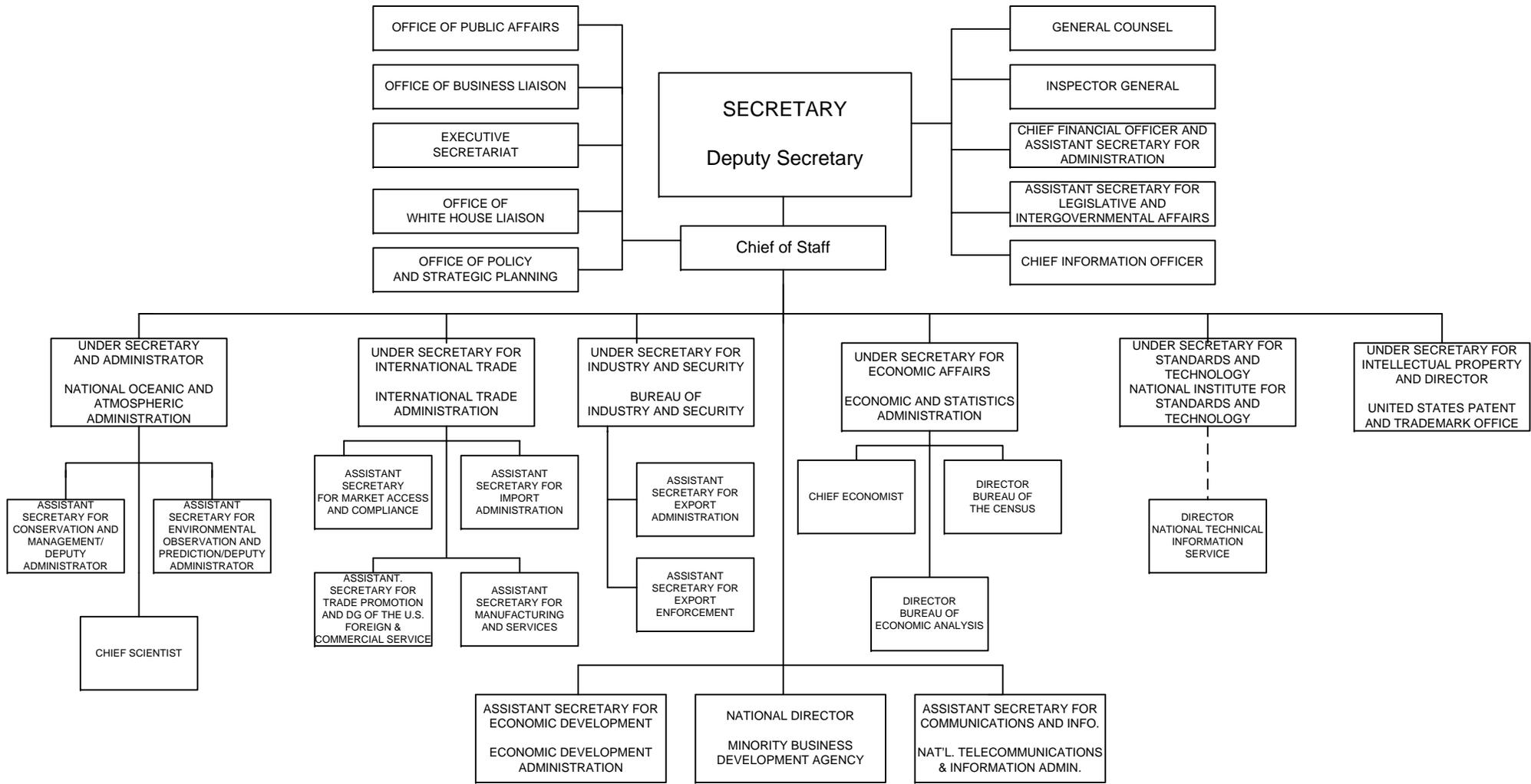
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U.S. DEPARTMENT OF COMMERCE



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Department of Commerce Departmental Management

Executive Summary

The Department of Commerce's mission is to promote job creation, economic growth, sustainable development, and improved living standards for all Americans by working in partnership with businesses, universities, communities and workers to: 1) Build for the future and promote U. S. competitiveness in the global marketplace, by strengthening and safeguarding the Nation's economic infrastructure; 2) Keep America competitive with cutting-edge science and technology and an unrivaled information base; and 3) Provide effective management and stewardship of our Nation's resources and assets to ensure sustainable economic opportunities. Commerce's business and industry-related programs can help realize the priority goals of the President in the areas of trade, technology, telecommunications networks and infrastructure, environmental infrastructure, economic development, and minority business.

Departmental Management's (DM) objective is to develop and provide policies and procedures for administrative planning, oversight, coordination, direction, and guidance to ensure implementation of the Department's mission.

Departmental Management is comprised of the following:

- The **Salaries and Expenses** appropriation provides funding for two program activities; Executive Direction and Departmental Staff Services. Executive Direction funds the development and implementation of Departmental policies and coordinates the Bureaus' program activities to accomplish the Departmental mission. Departmental Staff Services funds the development and implementation of the Department's internal policies, procedures, and other administrative guidelines. In FY 2014, DM is seeking an increase to begin implementation of the Business Application Solutions Modernization and Development effort to initiate configuration of the Department's integrated suite of financial management and business applications. Also, the Department continues support of program evaluation functions to develop a collaborative approach for conducting objective evaluation of programs, processes, administrative functions, initiatives, and other activities to identify opportunities for enhancing efficiency and effectiveness, and to ensure consistency with the objectives and goals established in the Department's strategic plan. In addition, the Department continues to support the Commerce Cost Reduction project, an extremely effective strategic sourcing project. Also, the Department plans to redirect IT investments to a Department-wide project that is critical to the mission of the Department – the Personal Identity Verification program. This funding will be used to accelerate planning, implementation, training and oversight of the Department-wide effort to meet 75 percent PIV card compliance by the end of FY 2014. This program will operate through DM's Advances and Reimbursements account.
- The **Working Capital Fund** is a reimbursable fund, providing necessary centralized services to the client Bureaus. These services fall under two program activities; Executive Direction and Departmental Staff Services. Executive Direction funds the General Counsel, the Chief Information Officer, and Public Affairs. The Departmental Staff Services funds the Security Office, Human Resource Management, Civil Rights, Financial Management, Administrative Services, Acquisition Management, Office of Privacy and Open Government, and the Office of Program Evaluation and Risk Management. For FY 2014, the WCF plans to provide centralized services supporting, Building Management Division Fan Coil Units, Maintenance of Emergency Generators and Underground Fuel Tanks, Herbert C. Hoover Building Maintenance and Repair, Mission Critical Threat Expansion, Herbert C. Hoover Building Guard Contract,

Time and Attendance Migration, Human Resources Management System, Acquisition Workforce, Financial Assistance Program, Acquisition Program Risk Management, an Enterprise Risk Management Information System and a Freedom of Information Act Module. In addition, the Department requests funding for Department-wide projects that are critical to the mission of the Department and operate them through the Working Capital Fund. These projects are the Business Application Solutions and the Enterprise Security Operations Center. The Business Application Solutions program requested funding will be used to conduct a Department of Commerce (DOC)-wide effort to adopt a solution that will result in an integrated suite of financial management and business applications. The Enterprise Security Operations Center requested funding will provide Department-wide, 24x7, near real-time security status information to enable timely decision-making.

- The **Herbert C. Hoover Building Renovation and Modernization** account provides no year funding for the expenses associated with the modernization of the Herbert C. Hoover Building (HCHB). The planned renovation of the Department's headquarters by the General Services Administration (GSA) will extend the building's useful life through infrastructure upgrades, major security upgrades, and historic preservation of some features. The FY 2014 request reflects the Department's continued focus to improve major building infrastructure components including information technology/telecommunications, emergency power requirements and fire and life safety improvements that are operating beyond their useful life and deteriorating.
- The **Emergency Steel Guaranteed Loan Program and the Emergency Oil and Gas Guaranteed Loan Program** are subsidized loan programs that were enacted in 1999 to assist the steel and the oil and gas industries. Authority for the Emergency Oil & Gas Guaranteed Loan Program expired in 2001 and the Emergency Steel Loan Guarantee Board expired December 31, 2011.

Other Required Information

The Department of Commerce, along with its operating units, supports and is an active participant in the Government-wide E-Government Initiatives and Lines of Business. Each initiative or Line of Business is managed by another federal agency, such as the General Services Administration, and was implemented in part to avoid redundancy and duplication of government-side activities such as rulemaking, human resource servicing, financial management, grants management, etc. The e-Government initiatives and Lines of Business play a key role in Commerce's enterprise architecture, particularly for Department-wide administrative systems. These initiatives and Lines of Business promote internal Commerce efficiency in acquisition and other administrative activities. Commerce's external customers benefit from a single source for grant postings; grant application submission and applying for Commerce benefit programs. Commerce's e-government participation provides better services to the citizen, promotes transparency, and actively supports our stakeholders in the business community.

The Administration is continuing its pursuit of an aggressive government-wide effort to curb non-essential administrative spending. As a result, the Department of Commerce continues to seek ways to improve the efficiency of programs without reducing their effectiveness. Building on Departmental Management's administrative savings planned for FY 2012 (\$2.8 million) and FY 2013 (\$.66 million), an additional \$0.17 million in savings is targeted for FY 2014 for a cumulative three-year savings of \$3.7 million.

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Executive Summary

Departmental Management – SUMMARY OF REQUESTED APPROPRIATIONS
 (Dollar amounts in thousands)

<u>Appropriation</u>		2013		2014		Increase (+) Decrease (-)	
		CR (Annualized)		Estimate			
		<u>Personnel</u>	<u>Amount</u>	<u>Personnel</u>	<u>Amount</u>	<u>Personnel</u>	<u>Amount</u>
Salaries and Expenses	Pos./ Approp.	195	57,349	198	59,595	3	2,246
	FTE	154		157		3	
HCHB Renovation and Modernization	Pos./ Approp.	5	5,031	5	14,803	0	9,772
	FTE	5		5		0	
Total Budget Authority	Pos./ Approp.	200	62,380	203	74,398	3	12,018
	FTE	154		162		3	

FY 2014 Annual Performance Plan / Exhibit 3A

Departmental Management

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Agency Information

The Department of Commerce creates the conditions for economic growth and opportunity by promoting innovation, entrepreneurship, competitiveness, and stewardship. The organizations that make up Departmental Management (DM) support the Office of the Secretary and support and monitor the activities of bureaus and operating units.

Cross-Agency Priority Goals

DM does not lead any cross-agency priority goals, though the Office of the Chief Information Officer (OCIO) is fully engaged in the Federal Data Center Consolidation (FDCCI) Initiative and has active membership on the FDCCI Task Force.

Corresponding DOC Strategic Theme(s) and Goal(s)

DM's activities apply to the following three themes all focusing on the management of the Department, by supporting the management infrastructure needed to carry out the Department's mission: Customer Service, Organizational Excellence, and Workforce Excellence.

DM is the central source for development of policies and procedures that guide the administrative management of the Department. The DM budget includes funding to support policy development and centralized services in the areas of security, information management, human resources, civil rights, financial management, administrative services, acquisitions, legal matters, and organizational management. DM's oversight of this infrastructure serves the interests of the American public by assuring judicious acquisition, oversight, and management of the resources that are essential to the accomplishment of the Department's varied missions, and by enhancing the efficiency with which the operating units administer their programs.

Strategic Objectives

Within the themes of Customer Service, Organizational Excellence and Workforce Excellence are nine corresponding objectives:

- Customer Service – Create a culture of outstanding communication and services to our internal and external customers

- Establish BusinessUSA as the lead for customer service oversight and integration
 - Provide an integrated and efficient process for connecting U.S. businesses and America's exporters to access the full range of government programs and services without having to waste effort navigating their way through Federal bureaucracy.
 - Implement a single point of contact assistance for customers through Business.USA.gov and a one-stop contact center via 1-800-FED-INFO.
 - Expand the Business.USA.gov network by establishing Federal, state and local partnerships that drive customers to available business resources.
 - Promote information access and transparency through the use of technology, through understanding of customer requirements, and new data products and services that add value for customers
 - Provide a high level of customer service to our internal and external customers
- Organizational Excellence – Create a high performing organization with integrated, efficient and effective service delivery
 - Strengthen financial and non-financial internal controls to maximize program efficiency, ensure compliance with statutes and regulations, and prevent waste, fraud, and abuse of government resources
 - Re-engineer key business processes to increase efficiencies, manage risk, and strengthen effectiveness
 - Create an IT enterprise architecture that supports mission-critical business and programmatic requirements, including effective management of cyber security threats
 - Workforce Excellence – Develop and support a diverse, highly qualified workforce with the right skills in the right job to carry out the mission
 - Recruit, grow, develop, and retain a high-performing, diverse workforce with the critical skills necessary for mission success, including the next generation of scientists and engineers
 - Create an optimally-led Department by focusing on leadership development, accountability, and succession planning
 - Provide an environment that empowers employees and creates a productive and safe workplace

Priorities and Management Challenges

The Department continues to strengthen leadership skills through enhanced leadership development programs and comprehensive identification of competencies for mission-critical occupations. The results of these efforts will be used to refine and evaluate succession plans to maintain appropriate levels of critical workforce skill sets. These products will enable us to expeditiously fill mission-critical positions and continue to close existing competency gaps. Implementation of the Federal Equal Opportunity Recruitment Program and Disabled Veterans Affirmative Action Program plans continues to be another important priority. The Department has developed these plans in order to sustain existing diversity in the Commerce workforce and to continue our progress towards increasing the representation of minority and disabled candidates in applicant pools. Information security is another critical issue, and the Department continues its focus on implementing effective certification and accreditation practices for the information technology systems that support our work.

The Department's efforts are likewise focused on the effective use of competitive sourcing and on furthering the public's electronic access to the Department's products and services. With Commerce spending approximately \$3 billion of its budget through contracts, effective acquisition management is fundamental to the Department's ability to accomplish its mission. The Department is working to develop more effective processes for performing major systems acquisitions by integrating the program management capabilities within the Department. The new process will be implemented through a shared framework with clearly identified and substantiated decision points for major programs that is scalable to all programs and projects within the Department. The measures associated with the DM performance goals, noted above, reflect these challenges and priorities.

Performance Goals and Other Indicators

Theme – Customer Service							
Create a culture of outstanding communication and services to our internal and external customers							
Objectives	19 Provide streamlined services and a single point of contact assistance for customers, improving interaction and communication through CommerceConnect, partnerships, and other means of stakeholder involvement 20 Promote information access and transparency through the use of technology, thorough understanding of customer requirements, and new data products and services that add value for customers 21 Provide a high level of customer service to our internal and external customers through effective and efficient functions implemented by empowered employees						
		FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Target	FY 2013 Target	FY 2014 Target
4a Contact Center - Customer satisfaction per quarter.		N/A	N/A	N/A	N/A	90% approval or better	90% approval or better
4b Website – Number of unique visitors with quarter over quarter increase		N/A	N/A	N/A	N/A	10%	10%
4c Website – Customer satisfaction per quarter– “customer ability to complete purpose”		N/A	N/A	N/A	N/A	70% approval or better	70% approval or better
4d Website – Customer satisfaction per quarter – “customer experience”		N/A	N/A	N/A	N/A	70% approval or better	70% approval or better
4e Website – Number of referrals to other sites with quarter over quarter increase		N/A	N/A	N/A	N/A	10%	10%
Description: BusinessUSA identified 5 key external performance measures and targets that focus on customer impact/satisfaction and rate of acceleration. A baseline will be established by January 30, 2013. The baseline will account for nearly 12 months of website and contact center activities and ensure fair and equitable metrics are derived							
Comments to changes to targets: The original measures identified under CommerceConnect were changed in late FY 2012 to reflect BusinessUSA objectives. The items listed in the table above identify newly implemented BusinessUSA measures and targets.							
Relevant Program Change(s)	CommerceConnect was identified as the Department of Commerce’s leading initiative in FY 2012. During this period CommerceConnect transitioned to becoming BusinessUSA a Federal-wide initiative supported by DOC. BusinessUSA expanded CommerceConnect’s scope and shifted the service level from providing one-on-one assessment and referrals to implementation and maintenance of online services and supporting contact/call center. The new Business.USA.gov website was launched on February 17, 2012 with preliminary Contact Center services initiated in early Q4 FY2012.						
Validation and Verification							
Data Source	Frequency	Data Storage	Internal Control Procedures		Data Limitations	Actions to be Taken	
Contact Center customer interaction, webtrend analytics, and 4Q online survey	Quarterly	Data will be stored in a cloud-based solution	Quarterly validation process		None	Capture, analyze and report initial activities; review findings and establish baseline	

Theme – Organizational Excellence

Create a high-performing organization with integrated, efficient, and effective service delivery

Objective		22 Strengthen financial and non-financial internal controls to maximize program efficiency, ensure compliance with statutes and regulations, and prevent waste, fraud, and abuse of government resources					
		FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Target	FY 2014 Target
5a Provide accurate and timely financial information to conform to federal standards, laws, and regulations governing accounting and financial management		One significant deficiency was not eliminated Completed FY 2009 assessments	One significant deficiency was not eliminated Completed FY 2010 assessments	Eliminated significant deficiency Completed FY 2011 A-123 assessment	FY 2012 Audit identified one material weakness and one significant deficiency. Complete FY 2012 A-123 assessment of internal controls	Eliminate the material weakness from the financial statement audit from 2012. Complete FY 2013 A-123 assessment of internal controls	Eliminate any significant deficiency within 1 year of determination that there is a significant deficiency Complete FY 2014 A-123 assessment of internal controls
Description: These measures ensure that the Department of Commerce is accountable to the American people, and that no Significant Deficiencies, formerly known as "Reportable Conditions," (i.e. deficiencies in the design or operation of internal controls) remain unaddressed. To determine if financial information is being provided in a timely and accurate manner, the Department will assess whether those individuals who can best use the information are receiving it within timeframes that render it relevant and useful in their day-to-day decisions.							
Comments to changes to targets: No changes							
Relevant Program Change(s)		None					
Validation and Verification							
Data Source	Frequency	Data Storage	Internal Control Procedures	Data Limitations	Actions to be Taken		
Consolidated financial statements and Office of Inspector General (OIG) reports	Annual	Bureau or department financial reports	OIG Audits	None	Continue to comply with Federal Financial Management Improvement Act of 1996 (FFMIA)		

Objectives		22 Strengthen financial and non-financial internal controls to maximize program efficiency, ensure compliance with statutes and regulations, and prevent waste, fraud, and abuse of government resources 23 Re-engineer key business processes to increase efficiencies, manage risk, and strengthen effectiveness					
		FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Target	FY 2013 Target	FY 2014 Target
5b	For each administrative / business system, reduce the number of instances	New	New	New	1	1	1
5c	For each administrative / business system, reduce the number of data calls and consolidate efforts to streamline the data through one source.	New	New	New	1	1	1
5d	Unqualified Audit Opinion	New	New	New	Unqualified	Unqualified	Unqualified
5e	For each administrative / business system, maintain compliance and alignment with OMB initiatives.	New	New	New	Compliance	Compliance	Compliance
<p>The first measure represents the number count of instances (separate and distinct financial and acquisitions production databases belonging to each bureau/office that is the system of record for accounting/acquisition information and data) in the current environment versus the number count of instances in the target environment. The goal is to reduce the number of locations that house DOC's financial and acquisition systems resulting in efficient and effective administration and business management. Currently, DOC maintains multiple redundant system environments replicated with variations across the Department, resulting in significant system and operational inefficiencies and redundancies, one being cost, across DOC. For the Commerce Business Systems (CBS – DOC's financial system of record in 12 of the 14 bureaus), there are three production instances located at each of the production Bureaus (Census, NIST and NOAA) along with their supporting testing and training environments. For the C.Suite acquisition system, there are four production instances at Census, NIST, NOAA and the Office of the Secretary along with their supporting testing and training environments.</p> <p>The second measure reflects the number of data calls that must be performed in each production environment (three for the financial system and four for the acquisition system) for financial and acquisition-related data and information versus the number of data calls performed in the target environment. Currently, when a data call is issued, the data is pulled from multiple sources/data warehouses. A manual data reconciliation process has to occur because the data elements have different definitions and characters that result in a large manual consolidation reporting effort. The goal is to eliminate the need to consolidate data and information from multiple sources with the target of "1" referring to the number of data sources. Currently, the significant system and operational inefficiencies and redundancies across DOC result in a lack of sufficient Departmental Managerial reporting. Data calls must be issued to each bureau/office that maintains the instance and the information and data submitted must be consolidated manually. The BAS project will improve analytical reporting quality through Department-wide centralized application and data standardization and will provide more timely access to accurate data for management decision making at the departmental reporting level.</p> <p>The third measure reflects the result of the Financial Statement Audit. The goal is to receive an "unqualified" audit opinion. There are several types of audit opinions: (1) unqualified, in which the Auditor concludes that the Financial Statements give a true and fair view in accordance with the financial reporting framework used for the preparation and presentation of the Financial Statements; (2) qualified, in which Auditor encounters a situation that does not comply with generally accepted accounting principles, however the rest of the financial statements are fairly presented; and (3) disclaimer, which is issued when the Auditor cannot form, and consequently refuses to present, an opinion on the financial statements.</p> <p>The fourth measure reflects the requirement to maintain compliance and alignment with OMB initiatives, including the guiding principles reflected in the OMB system modernization requirements (split projects into smaller, simpler segments with clear deliverables; focus on most critical needs first; and provide ongoing, transparent project oversight) data center consolidation requirements, and cloud computing requirements (Infrastructure as a Service; Software as a Service).</p>							
Comments to changes to targets: These are new measures beginning in FY 2012 reflecting a proposed program initiative.							
Relevant Program Change(s)	None						
Validation and Verification							
Data Source	Frequency	Data Storage	Internal Control Procedures	Data Limitations	Actions to be Taken		
TBD	TBD	TBD	TBD	TBD	TBD		

Objective		23 Re-engineer key business processes to increase efficiencies, manage risk, and strengthen effectiveness					
		FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Target	FY 2013 Target	FY 2014 Target
5f Percent of dollars awarded using high-risk contracting authorities.		New	New	New	Reduce by 10 percent the share of dollars obligated under new contract actions that are awarded with high-risk contracting authorities	Maintain 10 percent reduction in share of dollars obligated under new contract actions using high-risk contracting authorities	Maintain 10 percent reduction in share of dollars obligated under new contract actions using high-risk contracting authorities
Description: High-risk contracting authorities such as noncompetitive contracting, cost-reimbursement contracts, and time-and-materials and labor-hour contracts pose special risks of overspending. While these contract authorities are important tools when used appropriately, GAO and OIG oversight reviews indicate that they are often used without an appropriate basis or sufficient management and oversight to limit taxpayer risk. This element will measure the Department's progress in managing risk through reducing the use of high-risk contracting authorities.							
Comments to changes to targets: This is a new measure beginning in FY 2012							
Relevant Program Change(s)	None						
Validation and Verification							
Data Source	Frequency	Data Storage	Internal Control Procedures		Data Limitations	Actions to be Taken	
Federal Procurement Data System	Annual	Federal Procurement Data System	Quarterly independent verification and validation process		None	None	

Objective		23 Re-engineer key business processes to increase efficiencies, manage risk, and strengthen effectiveness					
		FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Target	FY 2013 Target	FY 2014 Target
5g Savings achieved through more effective acquisition practices.		New	New	New	Save 1.5 percent of contract spending.	Save \$18M	Save \$18M
Description: Sound acquisition practices help guard against inefficiency and waste and improve the ability to obtain quality supplies and services that are on time and within budget. There are many ways to achieve savings through more effective acquisition practices, including: ending contracts that do not meet program needs; negotiating more favorably priced contracts; developing more strategic acquisition approaches; and reengineering ineffective business processes. This element will measure the Department's progress in reducing spending through more effective acquisition practices.							
Comments to changes to targets: This is a new measure beginning in FY 2012.							
Relevant Program Change(s)	None						
Validation and Verification							
Data Source	Frequency	Data Storage	Internal Control Procedures		Data Limitations	Actions to be Taken	
DOC procurement data systems	Annual	DOC procurement data systems	Quarterly independent validation process		Manual data collection process	None	

Objective		24 Create an IT enterprise architecture that supports mission-critical business and programmatic requirements, including effective management of cyber security threats					
		FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Target	FY 2013 Target	FY 2014 Target
5h Deliver effective management of information technology resources including cyber security		Cost/ schedule overruns and performance shortfalls averaged under 10%.	IT investments had cost/schedule overruns and performance shortfalls averaging less than 10%. Completed security and vulnerability assessments for all operating units. Submitted findings and recommendations to operating units and OCIO for review.	All I investments within 10% of cost and schedule Perform IT Security Compliance reviews	All investments within 10% of cost and schedule. Performed IT Security Compliance reviews	IT investments have cost /schedule overruns and performance shortfalls averaging less than 10%. Percentage of systems in production with valid Accreditation and Authorization (A&A) is 100%	IT investments have cost /schedule overruns and performance shortfalls averaging less than 10%. Percentage of systems in production with valid Accreditation and Authorization (A&A) is 100%
		CSAM & C&A enhancements were deployed. IT security compliance in all operating units and five FISMA systems in CSAM were reviewed.	Implemented Cyber Security Development Program and graduated 20 candidates from the Department's first class. Enrolled candidates in the program's second class. More than 8 candidates have obtained or are planning to obtain security related certifications. Deployed National Security and Emergency Network in the development environment. Received official approval to connect from Defense Intelligence Agency.	89% completion rate of security training for privileged users (role-based). NCS D 3-10 did not receive funding	Increased security training completion rate to 80% for privileged users (role-based). Deployed 50% of the required NCS D 3-10 Communications capabilities. Expand cyber intelligence communications channel to all operating unit Computer Incident Response Teams.	Perform IT Security compliance review of all OUs and 30 assessments Percentage of moderate / high impact systems with "top 5" security controls fully implemented is 100%	Perform IT Security compliance review of all OUs and 30 assessments Percentage of moderate / high impact systems with "top 5" security controls fully implemented is 100%
<p>Description: The Department's significant annual investment in information technology (IT) requires careful management and monitoring. Through the use of Earned Value Management and Operational Analysis systems in the development and/or operational phases are monitored to ensure the required functionality is delivered on schedule and at the cost projected. Program offices regularly report on the progress and status of their efforts against the cost, schedule, and performance goals. DOC has changed the wording of this measure from "Improve the management of information technology," to better reflect an objective measure as opposed to a goal.</p> <p>The successful implementation of each program critical to the Department's missions depends on the adequacy and security of the Department's information technology systems. If systems security were to be compromised, the effective accomplishment of the Department's mission would be in jeopardy. To ensure that these systems are adequately protected, certification and accreditation (C&A) requirements have been established. Certification represents the complete testing of all management, operational, and technical controls that protect a system. These controls are documented in the Department's security plan. By approving the plan, the system owner warrants that the existing controls provide adequate protection for the system. A compliance review process for continuous security monitoring, vulnerability assessment and remediation, and IT security workforce improvement has been established to ensure adequate security.</p>							
Comments to changes to targets: No Changes made							
Relevant Program Change(s)		Commerce Enterprise Security Operations Center (ESOC)					
The ESOC will expand the current cybersecurity capabilities of the Department to mirror the strategy being implemented in several other Federal Departments by leveraging best-in-breed cybersecurity efforts underway within the civilian, defense, and intelligence sectors. In addition, with the implementation of monitoring and remediation technologies, the Department plans to establish a multifunction cybersecurity center that will be responsible for security operations, assisting in incident handling and reporting, intelligence gathering, and threat/risk assessment/analysis to ensure the confidentiality, integrity, and availability of the Department's information and information systems.							
Validation and Verification							
Data Source	Frequency	Data Storage	Internal Control Procedures	Data Limitations	Actions to be Taken		
Bureau IT Offices	Annual	Bureau IT offices, bureau files, and DM CIO files	Departmental and outside reviews by GAO, OMB, and contractors, IT research organizations (e.g., Gartner), and various universities	None	Review bureau processes to assess need for action; review security certification and accreditation packages for completeness and conformance with National Institute of Standards and Technology SP 800-53.		

Theme – Workforce Excellence

Develop and support a diverse, highly qualified workforce with the right skills in the right jobs to carry out the Department’s mission

Objective 25 Recruit, grow, develop, and retain a high-performing, diverse workforce with the critical skills necessary for mission success, including the next generation of scientists and engineers

	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Target	FY 2013 Target	FY 2014 Target
6a Average number of calendar days to complete hiring actions	133	105	83	80	80	80
6b Percentage of employees with approved Individual Development Plans	New	New	New	New	TBD	TBD
6c Number of participants trained via Careers in Motion	New	181	382	180-200	300	TBD
6d Attrition rate of permanent employees (excluding VERA/VSIP and RIF)	New	New	New	New	11%	TBD

Description: These measures represent a combination of indicators focusing on strategic recruitment, training and development, retention, and the Department’s efforts to achieve and maintain a diverse, productive workforce. These indicators permit a comprehensive assessment of the Department’s efforts to strategically manage its human capital. Such an assessment is critical to ensure that the workforce contains the necessary skill sets to carry out the Department’s mission.

Comments to changes to targets: Most measures are new beginning in 2013. FY 2014 targets are to be determined. 6d has changed due to 2-year retention no longer being tracked by OPM on the End-to-End Systems, Standards, and Metrics chart and the recently implemented HRstat pilot within DOC tracking the attrition rate of permanent employees.

Relevant Program Change(s) None

Validation and Verification

Data Source	Frequency	Data Storage	Internal Control Procedures	Data Limitations	Actions to be Taken
6a Servicing HR Office (SHRO) Hiring Action Tracking Systems			6a Quarterly DOC data review		
6b OPM Federal Employee Viewpoint Survey (FEVS)	6a Quarterly 6b Annual	6a SHRO Hiring Action Tracking Systems 6b OPM FEVS	6b 3-month data review and report preparation	6a 6d: None	6a 6d: None
6c Commerce Learning Center (CLC) Learning Management System (LMS)	6c Monthly 6d Quarterly	6c CLC LMS 6d NFC database	6c Monthly Program Manger review 6d Quarterly DOC data review		
6d National Finance Center (NFC) database					

Objective		26 Create an optimally-led Department by focusing on leadership development, accountability, and succession planning					
		FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Target	FY 2013 Target	FY 2014 Target
6e	Number of participants trained via EEP, SES CDP, ELDP, and ALDP	New	New	New	New	65	TBD
6f	Percentage of SES CDP, ELDP, and ALDP graduates promoted or selected for leadership position	New	New	New	New	5	TBD
6g	Results-oriented performance culture index	New	60	61	New	63	TBD
6h	Number of Human Capital Assessment and Accountability Framework audits conducted	New	New	New	New	5	TBD
<p>Description: These measures represent a combination of indicators focusing on strategic recruitment, training and development, retention, and the Department's efforts to achieve and maintain a diverse, productive workforce. These indicators permit a comprehensive assessment of the Department's efforts to strategically manage its human capital. Such an assessment is critical to ensure that the workforce contains the necessary skill sets to carry out the Department's mission.</p> <p>Calculations: The following items provide more detailed information concerning certain measures, as requested:</p> <ul style="list-style-type: none"> Results-Oriented Performance Culture Index: One of the Human Capital Assessment and Accountability Framework indices computed by the Office of Personnel Management (OPM) based upon the Federal Employee Viewpoint Survey results. Includes 13 survey items directly or indirectly related to performance management. 							
Comments to changes to targets: Measures are new beginning in FY 2013. FY 2014 targets are to be determined							
Relevant Program Change(s)	None						
Validation and Verification							
Data Source	Frequency	Data Storage	Internal Control Procedures	Data Limitations	Actions to be Taken		
6e CLC LMS	6e Annual	6e CLC LMS	6e Program Manager review	6e None	6e – 6h: None		
6f CLC LMS and NFC database	6f Annual (SES CDP Biennial)	6f CLC LMS and NFC database	6f Program Manager review	6f Difficult to assess for separated graduates			
6g OPM FEVS	6g Annual	6g OPM FEVS	6g 3-month data review and report preparation	6g None			
6h Office of HR Accountability (OHRA) audit schedule and reports	6h Annual	6h OHRA audit schedule and reports	6h Office Director review	6h None			

Objective		27 Provide an environment that empowers employees and creates a productive and safe workplace					
		FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Target	FY 2013 Target	FY 2014 Target
6i	Percentage of employees feeling personally empowered with work processes	New	51	52	New	54	TBD
6j	Total injury case rate – number of work-related injuries and illnesses per 100 employees	NA	1.71	1.38	New	2.3	TBD
Description: These measures represent a combination of indicators focusing on strategic recruitment, training and development, retention, and the Department's efforts to achieve and maintain a diverse, productive workforce. These indicators permit a comprehensive assessment of the Department's efforts to strategically manage its human capital. They also reflect an indication of the safety of the Department's work environment.							
Comments to changes to targets: Measures are new beginning in FY 2013. FY 2014 targets are to be determined							
Relevant Program Change(s)		None					
Validation and Verification							
Data Source	Frequency	Data Storage	Internal Control Procedures		Data Limitations	Actions to be Taken	
6i OPM FEVS	6i Annual	6i OPM FEVS	6i 3-month data review and report preparation		6i None	6i None	
6j DOL Protecting our Workers and Ensuring Reemployment (POWER) Tracking System	6j Quarterly	6j DOL POWER Tracking System	6j Quarterly data review		6.j Based upon workers' comp claims info	6.j Collect data for annual review of Dept. and Bureaus	

Resource Requirements Table

	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Enacted	FY 2014 Base	Increase / Decrease	FY 2014 Estimate
Customer Service								
Objective 19	0.0	0.0	0.9	2.4	2.4	3.6	0.0	3.6
Objective 20	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Objective 21	7.7	7.0	8.4	6.8	6.8	6.9	-0.2	6.7
Total, Customer Service	7.7	7.0	9.3	9.2	9.2	10.5	-0.2	10.3
Organizational Excellence								
Objective 22	25.8	30.0	25.2	24.6	25.5	25.6	1.3	26.9
Objective 23	4.0	3.6	3.9	3.8	3.5	3.5	0.3	3.8
Objective 24								
Salaries and Expenses	9.3	11.9	13.7	13.7	13.9	14.0	-0.3	13.7
* Enterprise Cyber Security								
Total, Organizational Excellence	39.1	45.5	42.8	42.1	43.2	43.1	1.3	44.4
Workforce Excellence								
Objective 25	6.0	5.4	5.4	4.9	4.9	4.9	0.0	4.9
Objective 26	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Objective 27	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total, Workforce Excellence	6.0	5.4	5.4	4.9	4.9	4.9	0.0	4.9
SubTotal								
Salaries and Expenses	52.8	57.9	57.5	56.2	57.3	58.5	1.1	59.6
*Enterprise Cybersecurity								
Total	52.8	57.9	57.5	56.2	57.3	58.5	1.1	59.6
FTE	164	179	173	151	154	154	3	157

*Beginning in FY 2013, Enterprise Cybersecurity was moved into the Working Capital Fund.

¹ All funding amounts are Salaries and Expenses unless otherwise noted

Agency Priority Goals / Measures

None of the Department's Priority Goals appear under Departmental Management and instead appear in the budgets of ITA, NOAA, USPTO, and NTIA.

Other Information

Management Reviews

Beginning in FY 2010, in order to better manage its programs, the Department adopted a Balanced Scorecard (BSC) approach by emphasizing aspects of budget and finance; incorporating customer and internal business processes; and, learning and growth perspectives into management activities. A council of Human Resource (HR) principals within DOC and the bureaus review a set of BSC metrics each quarter including measurements for the Department, by bureau and by performance goal. The group

discusses and analyzes trends and elevates an issue/metric to the bureau Performance Review platform as appropriate. All bureau BSCs contain Workforce Excellence Measures. Currently, all BSCs include the 80 day hiring metric and some have other HR metrics to support their mission targets. In FY 2013 the Department will be working to tighten the linkage between the HR metrics on the bureau BSCs and key mission targets. Metrics from the HRStat process will probably be run for specific job series and units that are responsible for PGs.

Apart from themes and perspectives, what distinguishes BSC from other performance measurement systems is that it is a performance management system. Central to the approach are regular meetings to review progress and collaborate on actions needed to capitalize on a successful trend in the data or take corrective action when the data indicates that targets will not be achieved. Performance Review meetings between the Deputy Secretary and the head of each bureau are held quarterly. During these meetings the bureau leadership briefs the Deputy Secretary on recent accomplishments and challenges, trend data on BSC performance measures, and progress on critical initiatives. These meetings are a high priority and will be rescheduled only because of a conflict in the Deputy Secretary's, or bureau principal's schedule.

Cross Agency Collaborations

Concerning cross agency collaborations, within Departmental Management, the Office of the Chief Information Officer (OCIO) is fully engaged in the Federal Data Center Consolidation (FDCCI) Initiative and has active membership on the FDCCI Task Force. OCIO is also represented on the Digital Government Strategy Working Group and is working with the Office of Management and Budget to contribute to and leverage lessons learned in the delivery of our first two milestones. OCIO has engaged with the Department of Justice to have them host the Cyber Security Assessment and Management system as a Software as a Service (SaaS) solution, and OCIO has also engaged GSA to have them host the Electronic Capital Planning and Investment Control system, also as an SaaS solution. Both of these have already been completed and are in full production use.

Program Evaluations

Within the Department, the Commerce Information Technology Review Board (CITRB) is the mechanism used to assess the health and performance of all IT investments by identifying wasteful, duplicative, or low-value investments and driving the IT budget formulation and execution process as mandated by the Clinger Cohen Act of 1996. The CITRB acts as a board of directors and provides advice to the Secretary and Deputy Secretary on critical IT matters. The board oversees IT project, program and portfolio reviews and approves requests for Information Technology Investment Authority prior to contract awards for IT services. Additionally, the CITRB conducts TechStat Accountability Reviews to address critical and/or significant problems with investment initiatives. The CITRB ensures that sound investment criteria, project management methodologies, risk management frameworks and strong cyber security measures are in place to provide the greatest return on investment (ROI) for the taxpayer dollar.

Outside of the OCIO, at the present time, Departmental Management does not have any program evaluations planned for its activities in FY 2013. However, for the FY 2014 budget, the Office of Program Evaluation and Risk Management (OPERM) is proposing the addition of two FTEs to staff the program evaluation function and one contractor. The function is delegated through Department Organization Order 20-30 and is specifically responsible for: (1) Developing and overseeing implementation of a collaborative approach for conducting objective evaluation of programs, processes, administrative functions, initiatives, and other activities to identify opportunities for enhancing efficiency and effectiveness, and to ensure consistency with the objectives and goals established in the Department's strategic plan. The contractor will provide advisory services for the development and implementation of a Program Evaluation function.

In addition, the Procurement Performance Excellence Office (PPEO) is specifically requesting FY2014 funding to add one junior FTE and \$47,000 in contract support. The PPEO's vision is to maintain the momentum of the Commerce Cost Reduction Project, sustain savings achieved to date, and implement new initiatives to drive additional efficiencies over time. In order to meet these objectives the PPEO will need the additional FTE and contract support.

The FY 2012 PAR includes in the Secretary's Statement, an assessment of the reliability and completeness of the Department's performance data

FY 2013 Annual Performance Plans (APPs) that appear as Exhibit 3A for each of the bureaus can be access via the Department of Commerce website at :
<http://www.osec.doc.gov/bmi/budget/FY13CBJ.html>.

Lower-priority program activities for FY 2013 can be found in *The Cuts, Consolidations and Savings* volume of the President's, available at: <http://www.whitehouse.gov/omb/budget/CCS>

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Department of Commerce
 Departmental Management
 Salaries and Expenses
 SUMMARY OF RESOURCE REQUIREMENTS
 (Dollar amounts in thousands)

	Positions	FTE	Budget Authority	Direct Obligations
2013 CR (annualized)	195	154	57,349	57,389
less: Obligations from prior years			0	(40)
plus: 2014 Adjustments to base			1,178	1,178
2014 Base	195	154	58,527	58,527
less: Administrative Savings	0	0	(174)	(174)
plus: 2014 Program Changes	3	3	1,242	1,242
2014 Estimate	198	157	59,595	59,595

		2012 Actual		2013 CR (annualized)		2014 Base		2014 Estimate		Increase/(Decrease) Over 2014 Base	
		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
Executive Direction	Pos./BA	111	36,186	111	32,941	111	34,321	111	33,873		(448)
	FTE/Obl.	87	35,461	90	32,981	90		90			
Departmental Staff Services	Pos./BA	84	24,259	84	24,408	84	24,206	87	25,722	3	1,516
	FTE/Obl.	64	24,153	64	24,408	64		67		3	
TOTALS	Pos./BA	195	60,445	195	57,349	195	58,527	198	59,595	3	1,068
	FTE/Obl.	151	59,614	154	57,389	154		157		3	
Adjustments to Obligations:											
Recoveries											
	Unobligated balance, start of year		(40)		(40)						
	Unobligated balance, transferred										
	Unobligated balance, rescission										
	Unobligated balance, end of year		40								
	Unobligated balance, expiring		831								
Financing from Transfers:											
	Transfer from other accounts (-)		(3,445)								
	Transfer to other accounts (+)										
Appropriation			57,000		57,349		58,527		59,595		1,068

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Department of Commerce
 Departmental Management
 Salaries and Expenses
 SUMMARY OF REIMBURSABLE OBLIGATIONS
 (Dollar amounts in thousands)

		2012 Actual		2013 CR (annualized)		2014 Base		2014 Estimate		Increase/(Decrease) Over 2014 Base	
		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
2013 CR (annualized)											
Reimbursable Program	Pos./BA	76		76		76		76		0	
	FTE/Obl.	57	76,544	56	92,807	56	92,807	57	97,796	1	4,989
1/ COMMITS	Pos./BA			0		0		0		0	
	FTE/Obl.		1,145	0	990	0		0	0	0	0
TOTALS	Pos./BA	76		76		76		76		0	
	FTE/Obl.	57	77,689	56	93,797	56	92,807	57	97,796	1	4,989
Adjustments to Obligations:											
	Recoveries (COMMITTS)		(818)								
	Unobligated balance, start of year (COMMITTS)		(1,317)		(990)						
	Unobligated balance, transferred										
	Unobligated balance, end of year		990								
	Unobligated balance, expiring										
Financing from Transfers:											
	Transfer from other accounts (-)										
	Transfer to other accounts (+)										
Reimbursable Authority			76,544		92,807		92,807		97,796		4,989

1/ Commerce Information Technology Solutions - Transferred COMMITTS to GSA October 2007 and remains active until contracts are outlaid.

Department of Commerce
 Departmental Management
 Salaries and Expenses
 SUMMARY OF FINANCING
 (Dollar amounts in thousands)

	2012 Actual	2013 CR (annualized)	2014 Base	2014 Estimate	Increase/ (Decrease) Over 2014 Base
Total Obligations	137,303	151,186	151,334	157,391	6,057
Offsetting collections from:					
Federal funds	(76,544)	(92,807)	(92,807)	(97,796)	(4,989)
Trust funds					
Non-Federal sources					
Recoveries	(818)				
Unobligated balance, start of year	(1,357)	(1,030)			
Unobligated balance, transferred	0				
Unobligated balance, end of year	1,030				
Unobligated balance, expiring	831				
Budget Authority	60,445	57,349	58,527	59,595	1,068
Financing:					
Transfer from other accounts (-)	(3,445)	0	0	0	0
Transfer to other accounts (+)	0	0	0	0	0
Appropriation	57,000	57,349	58,527	59,595	1,068

Department of Commerce
 Departmental Management
 Salaries and Expenses
 JUSTIFICATION OF ADJUSTMENTS TO BASE
 (Dollar amounts in thousands)

	FTE	Amount
<u>Adjustments:</u>		
Export.gov resource realignment to BusinessUSA (BUSA) Non-recurring adjustment		1,000 <u>(1,349)</u>
 Other Changes:		
Pay Raises		33
 Annualization of FY 2013 Pay Raise		
Pay raise of 0.5% assumed to be effective January 1, 2013.		
Total cost in FY 2014 of the FY 2013 pay increase	33,333	
Less amount requested in FY 2013	0	
Amount requested in FY 2014 for FY 2013 pay increase	33,333	
 FY 2014 Pay Raise		
A general pay raise of 1% is assumed to be effective January 1, 2014.		
Total cost in FY 2014 of pay increase	204,000	266
Payment to Working Capital Fund	62,000	
Amount requested in FY 2014 for FY 2014 pay increase	266,000	
 Civil Service Retirement System (CSRS)		
The cost of agency contributions for CSRS will decrease slightly due to the decrease in the number of employees covered by CSRS from 10.9% in FY 2013 to 8.6% in FY 2014. The contribution rate will remain the same at 7.00% for FY 2013 and FY 2014.		
FY 2014 (\$22,124,000 x .0860 x .0700)	133,186	
FY 2013 (\$22,124,000 x .109 x .0700)	168,806	
Total adjustment to base	(35,620)	(36)
 Federal Employees' Retirement System (FERS)		
The cost of agency contributions for FERS will increase from 89.1% in FY 2013 to 91.4% in FY 2014 due to the increase in the number of employees covered. The contribution rate will increase slightly from 11.7% in FY 2013 to 11.9% in FY 2014.		
FY 2014 (\$22,124,000 x .914 x .119)	2,406,339	
FY 2013 (\$22,124,000 x .891 x .117)	2,306,361	
Total adjustment to base	99,978	100

Department of Commerce
 Departmental Management
 Salaries and Expenses
 JUSTIFICATION OF ADJUSTMENTS TO BASE
 (Dollar amounts in thousands)

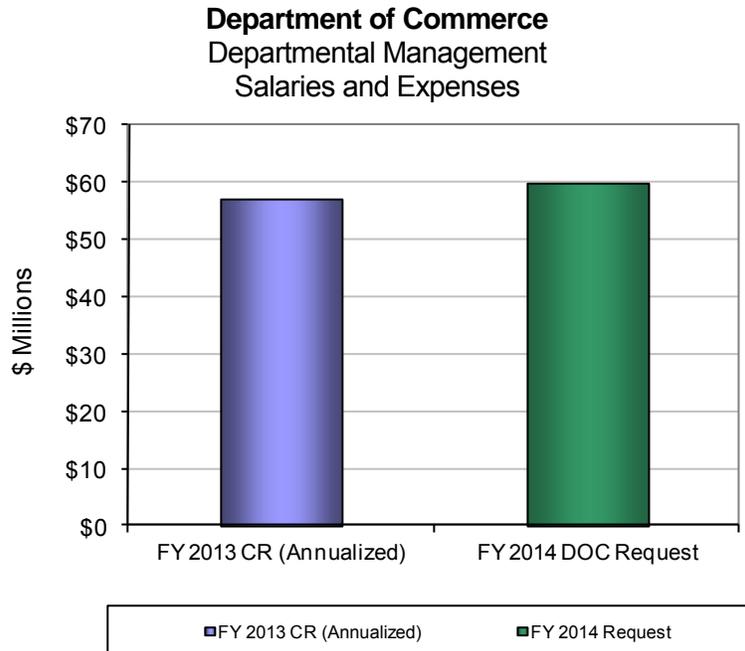
<u>Adjustments:</u>	<u>FTE</u>	<u>Amount</u>
Thrift Savings Plan (TSP)		21
<p>The cost of agency contributions for TSP will increase from 89.1% in FY 2013 to 91.4% in FY 2014 due to the increase in the number of employees covered. The contribution rate is 4.1% for both fiscal years.</p>		
FY 2014 (\$22,124,000 x .914 x .0410)	829,075	
FY 2013 (\$22,124,000 x .891 x .0410)	808,212	
Total adjustment to base	20,863	
 Federal Insurance Contributions Act (FICA) - OASDI		 45
<p>The OASDI tax rate remains the same 6.2% in FY 2014. The annual salary subject to the OASDI tax will increase from \$113,100 in FY 2013 to \$119,100 in FY 2014. The percent of salaries below the cap will increase from 88.7% in FY 2013 to 90% in FY 2014. The total salaries taxable by OASDI will increase from 89.1% in FY 2013 to 91.4% in FY 2014. The combination of the above adjustments results in a net increase of \$45,562.</p>		
FERS payroll subject to FICA tax in FY 2014 (\$22,124,000 x .914 x .900 x .062)	1,128,351	
FERS payroll subject to FICA tax in FY 2013 (\$22,124,000 x .891 x .887 x .062)	1,084,068	
Subtotal	44,283	
 Other payroll subject to FICA tax in FY 2014 (\$568,000 x .914 x .900 x .062)	28,969	
Other payroll subject to FICA tax in FY 2013 (\$568,000 x .891 x .887 x .062)	27,832	
Subtotal	1,137	
Total adjustment to base	45,420	
 Health Insurance		 55
<p>Effective January 2012, the cost of the U.S. Government's contribution to the Federal employee's health insurance premium increased by 3.9%. Applied against the FY 2013 estimate of \$1,418,000 the additional amount required is \$55,302.</p>		
 Employee Compensation		 15
<p>The Employees Compensation Fund is based on an actual billing from the Department of Labor.</p>		
 Travel, Mileage		 1
<p>The mileage reimbursement rate for privately-owned automobiles increased from 51.0 cents to 55.0 cents, or 7.8% on April 17, 2012. An increase of \$546 is required to adjust this fund.</p>		

Department of Commerce
 Departmental Management
 Salaries and Expenses
 JUSTIFICATION OF ADJUSTMENTS TO BASE
 (Dollar amounts in thousands)

	<u>FTE</u>	<u>Amount</u>
<u>Adjustments:</u>		
Rental Payments to GSA GSA rates are projected to increase in FY 2014. An additional increase of \$855,000 is required to fund this increase.		855
Printing and Reproduction GPO has provided an estimated rate increase of 1.5%. This percentage was applied to the FY 2013 estimate of \$109,000 to arrive at an increase of \$1,853.		2
Utilities, Pepco The average decrease for PEPCO electricity is projected to be -18%. This percentage was applied to the 2013 electricity estimate of \$760,000 for an decrease of \$137,000.		(137)
Utilities, Water The increase for DCWASA is projected to be 66%. This percentage was applied to the 2013 water estimate of \$61,000 for an increase of \$40,000.		40
National Archives and Records Administration Storage Costs The National Archives and Records Administration (NARA) costs are expected to increase from \$58,100 in FY 2013 to \$62,973 in FY 2014.		5
Other Services:		
Working Capital Fund An additional \$752,000 is required to fund cost increases in Departmental Management's Working Capital Fund.		752
Personal Identity Verification (PIV) A \$596,000 increase is required to fund accelerated planning, implementation, training and oversight of the Department-wide efforts to meet 75 percent PIV compliance by the end of FY 2014. This effort will be executed via the Departmental Management's Advances and Reimbursements Fund.		596
General Pricing Level Adjustment This request applies OMB economic assumptions for FY 2014 of 1.7% to sub-object classes where the prices that the Government pays are established through the market system. Factors are applied to communications, utilities, and miscellaneous charges (excluding postage & FTS) (\$8,177); other services (\$196,129); supplies and materials (\$4,998); equipment (\$9,707).		219
Subtotal, Other Changes	0	2,832
Less amount absorbed		(1,305)
Total FY 2014 Adjustments to Base	0	1,178

Department of Commerce
 Departmental Management
 Salaries and Expenses
 PROGRAM AND PERFORMANCE: DIRECT OBLIGATIONS
 (Dollar amounts in thousands)

Compare by activity:		2012 Actual		2013 CR (annualized)		2014 Base		2014 Estimate		Increase/(Decrease) Over 2014 Base	
		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
Executive Direction	Pos./BA	111	36,186	111	32,941	111	34,321	111	33,873	0	(448)
	FTE/Obl.	87	35,461	90		90	0	90	0	0	0
Departmental Staff Services	Pos./BA	84	24,259	84	24,408	84	24,206	87	25,722	3	1,516
	FTE/Obl.	64	24,153	64		64	0	67	0	3	0
TOTALS	Pos./BA	195	60,445	195	57,349	195	58,527	198	59,595	3	1,068
	FTE/Obl.	151	59,614	154	57,389	154		157		3	



APPROPRIATION ACCOUNT: SALARIES AND EXPENSES (S&E)

BUDGET PROGRAM: EXECUTIVE DIRECTION & DEPARTMENTAL STAFF SERVICES

For FY 2014, Departmental Management requests a net increase of \$ 1,068,175 and 3 FTE from the FY 2014 base for a total of \$59,595,175 and 157 FTE for Executive Direction and Departmental Staff Services.

BASE JUSTIFICATION FOR FY 2014:

The Salaries and Expenses (\$58.5 million and 154 FTE) budget is organized into 2 activities:

EXECUTIVE DIRECTION Overview

Executive Direction (\$34.3 million and 90 FTE) provides overall leadership, policy direction, and coordination of bureau programs in furtherance of the Department’s mission (i.e. CFO, BUSA, OPA, and OGC). Provide administrative oversight and operational support in the development, acquisition, deployment, operation and security of information technology, including Cybersecurity, used to support the Department’s mission. These services are provided by the Office of Chief Information Officer. BusinessUSA (BUSA) links American businesses to a portfolio of DOC and other Federal, state and local partner resources that enable client companies to become globally competitive.

DEPARTMENTAL STAFF SERVICES Overview

The Departmental Staff Services (\$24.2 million and 64 FTE) activity is composed of 10 sub-programs which include the Office of Security, the Office of Human Resources Management, the Office of Civil Rights, the Office of Financial Management, the Office of Administrative Services, the Office of Acquisition, the Office of Program Evaluation and Risk Management, the Office of Privacy and Open Government, the Office of Budget and the Office of Small and Disadvantaged Business Utilization.

SIGNIFICANT ADJUSTMENTS-TO-BASE (ATBs):

Departmental Management requests a net increase of 0 FTE and \$1.5 million to fund adjustments for the FY 2014 pay raise, the Working Capital Fund program increase charges to the Salaries and Expenses account, the increase for the Personal Identity Verification program and Worker's Compensation. Departmental Management plans to absorb \$1.3 million and 0 FTEs in increases to fund adjustments to current programs for Salaries and Expenses activities. These adjustments cover inflationary increases including annualization of the 2013 Federal pay raise of .5 percent and non-labor activities, including service contracts, utilities and rent charges from the General Service Administration (GSA). DM identified \$1.3 million in non-recurring adjustments in FY 2013 by reducing non-critical contracts such as administrative support and technical support. DM also reflects a base realignment of \$1 million to integrate the Export.gov capabilities with the BUSA capabilities to support businesses.

SUB-PROGRAM:

EXECUTIVE DIRECTION

The objectives of the Executive Direction are to:

Provide overall leadership, policy direction, and coordination of bureau programs in furtherance of the Department's mission. In addition the OCIO office provides administrative oversight and operational support in the development, acquisition, deployment, operation and security of information technology.

DEPARTMENTAL STAFF SERVICES

The objectives of the Departmental Staff Services are to:

Provide administrative oversight and operational support to ensure effective management of fiscal resources and business processes by which the Department carries out its responsibilities; the security of the facilities and property used to administer the Department's programs; and, the recruitment, training, retention, and management of a diverse and highly effective workforce with the skills and abilities required to achieve the Department's mission.

PROGRAM CHANGES:

Administrative Savings (- \$174,000, - 0 FTEs): The Administration is continuing its pursuit of an aggressive government-wide effort to curb non-essential administrative spending. As a result, the Department of Commerce continues to seek ways to improve the efficiency of programs without reducing their effectiveness. Building on the Departmental Management's savings in FY 2012 (\$2.8 million) and FY 2013 (\$0.66 million), an additional \$0.17 million in savings is targeted for FY 2014 for a total savings in FY 2014 of \$3.7 million.

Management Efficiencies (- \$387,000, - 0 FTEs): Departmental Management requests this decrease as part of the consolidated savings effort to reduce cost and increase efficiencies. In an effort to support the objective to reduce non-security discretionary spending, Departmental Management assessed the priorities and programs within the organization to identify areas for reduction over and above the administrative savings listed above. The reductions include

reclassifying positions, further reducing travel, training and non-critical contracts such as administrative and technical support.

Statement of Need and Economic Benefits – Cost Benefit Analysis

The proposed budget cuts will put a strain on existing programs. The Department continues to find alternative solutions to work smarter with less while increasing efficiency with existing resources.

Base Resources Assessment

Base Resource Amount: 58,527,000	Base FTE: 154
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Departmental Management continues to fund Executive Direction which provides policy oversight for the Department and Departmental Staff Services which oversees the day-to-day operations of the Department. Within base resources the Department continues to support the BUSA initiative. The Department continues to pursue saving efforts to reduce costs and increase efficiencies with existing resources.

Performance Goals and Measurement Data:

Performance goals will continue to be met in each of the programs within Departmental Management.

PROGRAM CHANGE DETAIL BY OBJECT CLASS

(Dollars in thousands)

Budget Program: EXECUTIVE DIRECTION & DEPARTMENTAL STAFF SERVICES

Sub-program:

Program Change: Administrative Savings

Object Class		2014 Increase
11	Personnel compensation	
11.1	Full-time permanent	(\$80)
11.3	Other than full-time permanent	0
11.5	Other personnel compensation	0
11.8	Special personnel services payments	0
11.9	Total personnel compensation	<u>(80)</u>
12	Civilian personnel benefits	0
13	Benefits for former personnel	0
21	Travel and transportation of persons	(25)
22	Transportation of things	0
23.1	Rental payments to GSA	(30)
23.2	Rental Payments to others	0
23.3	Communications, utilities and miscellaneous charges	(10)
24	Printing and reproduction	0
25.1	Advisory and assistance services	0
25.2	Other services	(351)
25.3	Purchases of goods & services from Gov't accounts	(60)
25.4	Operation and maintenance of facilities	0
25.5	Research and development contracts	0
25.6	Medical care	0
25.7	Operation and maintenance of equipment	0
25.8	Subsistence and support of persons	0
26	Supplies and materials	0
31	Equipment	(5)
32	Lands and structures	0
33	Investments and loans	0
41	Grants, subsidies and contributions	0
42	Insurance claims and indemnities	0
43	Interest and dividends	0
44	Refunds	0
99	Total obligations	<u>(561)</u>

DEPARTMENTAL MANAGEMENT

APPROPRIATION ACCOUNT: SALARIES AND EXPENSES (S&E)

BUDGET PROGRAM: DEPARTMENTAL STAFF SERVICES

For FY 2014, Departmental Management requests an increase of \$1,000,000 and 0 FTE from the FY 2014 base for a total of \$1,000,000 and 0 FTE for Business Application Solutions (BAS) Modernization and Development.

BASE JUSTIFICATION:

Office of Financial Management Overview

Departmental Management requests an increase of \$1 million and 0 FTE for a total of \$1 million and 0 FTE to conduct a Department of Commerce (DOC)-wide effort to adopt a solution that will result in an integrated suite of financial management and business applications. This funding will support the Shared Service Provider (SSP) initiation of system configuration activities, including beginning the development of business process designs, business solution architecture, and data models. This will enable DM to begin implementation of the systems modernization improvements needed to meet the Office of Management and Budget (OMB) IT mandates, address significant system and operational inefficiencies and redundancies across the Department, and resolve a lack of sufficient departmental managerial reporting capabilities. Key critical business needs that will be met by the BAS project include:

- 1) Improvement of analytical reporting quality through Department-wide centralized application and data standardization
- 2) Gain IT operational efficiencies by taking full advantage of cloud-based solutions, and reduce operational risks
- 3) Timely access to accurate data for management decision making at a departmental reporting level
- 4) Achievement of consistent availability of information for management decisions and continue the Department's clean audit opinion on its production systems, especially during transition
- 5) Reduction of redundancy by consolidating interfaces and feeder systems to increase emphasis on more efficient and effective administrative and business management.

PROGRAM CHANGES:

Business Application Solutions (+ \$1,000,000; + 0 FTE)

The BAS project will modernize the Department's financial and business systems environment, in accordance with the following strategic goals and objectives:

- Provide access to timely and accurate data for management decision making at a departmental reporting level.
- Improve analytical reporting quality through department-wide centralized application and data standardization. Shift operational paradigm from transaction processing and reconciliation activities to information analysis and decision making.
- Assess different approaches for the Department to increase data standardization, identify IT operational efficiencies, and reduce operational risks moving forward.
- Increase emphasis on more efficiency and effective financial and administrative management approaches, information transparency, and dynamic reporting requirements.

- Determine alignment approaches with e-Gov initiatives, including travel, acquisitions, and grants.
- Improve support of strategic technology plans for a wide range of administrative business application environments.

The functional areas (and the supporting systems) included within the BAS systems modernization review included:

- Core Financials (CBS)
 - Core Financial System (CFS)
 - Interfaces, Financial and Management Reporting, Data Warehouses, and Portal Applications
- Acquisitions (Comprizon Suite)
 - C.Suite (C. Request, C.Award)
- Grants
 - Grants Management Information System (GMIS)
 - Grants On Line (GOL)
- Property: Personal
 - Automated Property Management System (APMS)
 - Oracle Assets
 - Sunflower
- Property: Real
 - Federal Real Property Management System (FRPM)
- Fleet
 - Sunflower

For increases:

The BAS project plans to commence the project initiation and detailed planning phases during FY 2013. The following are the activities planned for FY 2013: select an SSP; develop an interagency agreement (IIA); develop detailed service level agreement(s); develop a project management plan; develop detailed requirements; develop operational capability demos; conduct fit-gap analysis; and develop gap remedy plan(s).

This request will support SSP initiation of system configuration activities, the development of business process designs, business solution architecture, and data models.

Base Resources Assessment

Base Resource Amount: 0	Base FTE: 0
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Schedule and Milestones:

Notional schedule with key milestones:

Activity/Milestone	Start	Finish
Business Process Design	TBD	TBD
Business Solution Architecture	TBD	TBD
Data Model	TBD	TBD

Deliverables:

The completion of these activities and associated deliverables are tied to the DOC-wide joint effort to adopt a solution that will result in an integrated suite of financial management and business applications and is dependent on the FY 2014 funding.

PROGRAM CHANGE DETAIL BY OBJECT CLASS
(Dollars in thousands)

Budget Program: DEPARTMENTAL STAFF SERVIES
Sub-program: Office of Financial Management
Program Change: Business Application Solutions (BAS) Modernization and Development

Object Class		2014 Increase
11	Personnel compensation	
11.1	Full-time permanent	\$0
11.3	Other than full-time permanent	0
11.5	Other personnel compensation	0
11.8	Special personnel services payments	0
11.9	Total personnel compensation	0
12	Civilian personnel benefits	0
13	Benefits for former personnel	0
21	Travel and transportation of persons	0
22	Transportation of things	0
23.1	Rental payments to GSA	0
23.2	Rental Payments to others	0
23.3	Communications, utilities and miscellaneous charges	0
24	Printing and reproduction	0
25.1	Advisory and assistance services	0
25.2	Other services	1,000
25.3	Purchases of goods & services from Gov't accounts	0
25.4	Operation and maintenance of facilities	0
25.5	Research and development contracts	0
25.6	Medical care	0
25.7	Operation and maintenance of equipment	0
25.8	Subsistence and support of persons	0
26	Supplies and materials	0
31	Equipment	0
32	Lands and structures	0
33	Investments and loans	0
41	Grants, subsidies and contributions	0
42	Insurance claims and indemnities	0
43	Interest and dividends	0
44	Refunds	0
99	Total obligations	1,000

DEPARTMENTAL MANAGEMENT

APPROPRIATION ACCOUNT: SALARIES AND EXPENSES (S&E)

BUDGET PROGRAM: DEPARTMENTAL STAFF SERVICES

For FY 2014, the Departmental Management requests an increase of \$430,816 and 2 FTEs from the FY 2014 base for a total of \$430,816 and 2 FTEs for Departmental Staff Services.

BASE JUSTIFICATION:

DEPARTMENTAL STAFF SERVICES Office of Program Evaluation and Risk Management (OPERM) Overview

The Program Evaluation (PE) function is currently unstaffed and OPERM is incapable of executing the function without the proper level of expertise and skill. Program Evaluation is a newly formed mission critical function by the Chief Financial Officer and Assistant Secretary for Administration (CFO/ASA) and is a result of the 2010 re-organization of the Office of Management Operations (OMO). OPERM's authority is delegated through Department Organization Order 20-30 and is specifically responsible for developing and overseeing implementation of a collaborative approach for conducting objective evaluation of programs, processes, administrative functions, initiatives, and other activities to identify opportunities for enhancing efficiency and effectiveness, and to ensure consistency with the objectives and goals established in the Department's strategic plan.

Empirical evidence is an essential ingredient for assessing government programs and their ability to achieve their intended outcomes and guide continuous improvement. The current administration has emphasized the need to use evidence and rigorous evaluation in budget, management, and policy decisions to make government work effectively. This need has only grown in the current fiscal environment. The administration posits that where "evidence" is strong, it should be acted on. Where evidence is suggestive, it should be considered. However, where evidence is weak, knowledge should be built upon to support better decisions in the future.

The administration recommends strengthening agency evaluation capacity by identifying a high-level official who is responsible for program evaluation that can: develop and manage the agency's research agenda, conduct or oversee rigorous and objective studies, provide independent input to agency policymakers on resource allocation and to program leaders on program management. There is growing expectation from the current administration that agencies propose ways to strengthen the agency's evaluation capacity within tight resource constraints via budget documents. A solution to this problem is to staff the OPERM Program Evaluation function.

PROGRAM CHANGES:

Program Evaluation (+\$430,816, +2 FTE):

OPERM is proposing the recruitment of 2 FTEs to staff the program evaluation function and 1 contractor. The function is delegated through Department Organization Order 20-30 and is specifically responsible for developing and overseeing implementation of a collaborative approach for conducting objective evaluation of programs, processes, administrative functions, initiatives, and other activities to identify opportunities for enhancing efficiency and effectiveness, and to ensure consistency with the objectives and goals established in the Department's Strategic Plan. The

contractor will provide advisory services for the development and implementation of a Program Evaluation function.

Program Evaluation is a priority for bureaus, as the first attempt at developing a Budget Formulation Improvement Process (BFIP) inclusive of the program evaluation function took place in 2010. At that time, a preliminary set of PE instructions and process map for conducting evaluation was developed with widespread support from the bureaus. This request builds on the prior work initiated in 2010 but also satisfies a growing expectation from external stakeholders that evidence-driven budget requests become a routine part of the fiduciary process.

If not approved, Commerce could be at risk of losing key investments into mission driven projects and programs that promotes job creation, economic growth, sustainable development and improved standards of living for all Americans by working in partnership with businesses, universities, communities and our nation's workers.

For example, without the inclusion of empirical evidence to substantiate the impact of the SelectUSA program, much needed funding for supporting the program could be jeopardized; adversely affecting the strategic objectives of the Department of Commerce.

Specific risks to not funding the FY 2014 increase include **Performance risk**, where the lack of investment could cause a failure to meet DOC goals or have a significant impact to mission critical areas aligned with the Department's strategy. Secondly, a regulatory **Compliance risk** could be realized given the drive toward evidence-based budgeting as noted and directed by the current administration.

OPERM initiated discussions with other Bureaus that sought information on the development of program evaluation processes and tools. Specifically, OPERM included staff from the NOAA Program Evaluation office and included the Department's Performance Excellence Director in initial discussions regarding the development of a Program Analysis handbook. OPERM also hired a contractor for FY 2012 to develop a preliminary draft PE Handbook and initial PE process to serve as the foundation for building out the PE function until a staffed expert is hired to carry out further design and implementation.

Base Resources Assessment

Base Resource Amount: \$0	Base FTE: 0
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Current activities are focused on the Enterprise Risk Management Program, Office of Inspector General/General Accountability Office liaison activities, and coordination of the annual Federal Manager's Financial Integrity Act report. There is currently not a Program Evaluation (PE) process in place. However, previous PE activities conducted during a preliminary program evaluation exercise with the Bureaus in FY 2010-FY 2011 showed promise in projecting cost savings for programs linked to strategic budget objectives. The PE function is currently unstaffed and OPERM is incapable of executing the function without the proper level of expertise and skill. In addition, the current administration has emphasized the need to use evidence and rigorous evaluation in budget, management, and policy decisions to make government work effectively and recommends that agencies identify an evaluation expert to oversee this area. This administration advocates that where

program performance evidence is weak, knowledge should be built upon to support better decisions in the future.

Schedule and Milestones:

Milestones will be determined once program strategy is developed.

Deliverables:

- Program Analysis Handbook
- Establishment of agency-wide Program Evaluation Community of Practice
- Development of rigorous PE tools, methods, templates and process model
- Development and delivery of agency-wide Program Evaluation training courses
- Independent Program Analysis and feedback
- PE Roadmap and Strategic Plan of Action

Performance Goals and Measurement Data:

Performance Goal:	FY	FY	FY	FY	FY	FY	FY
Measure 1	2012	2013	2014	2015	2016	2017	2018
	Est.	Target	Target	Target	Target	Target	Target
With Change			TBD	TBD	TBD	TBD	TBD
Without Change			TBD	TBD	TBD	TBD	TBD
Description: Increase of program evaluations. Estimated number of program evaluations has not yet been determined and will be determined once program strategy is developed.							

PROGRAM CHANGE PERSONNEL DETAIL
(Dollars in thousands)

Budget Program: DEPARTMENTAL STAFF SERVICES
Sub-program: Office of Program Evaluation and Risk Management
Program Change: Program Evaluation Services

Title:	Location	Grade	Number of Positions	Annual Salary	Total Salaries
Program/Management Analyst	Washington, D.C.	13	1	\$100,904	\$100,904
Program/Management Analyst	Washington, D.C.	14	1	\$119,238	\$119,238
Subtotal			<u>2</u>		<u>\$220,142</u>
Total Full-time permanent:			2		\$220,142
2013 Pay Adjustment	0.5%				\$1,101
2014 Pay Adjustment	1.0%				\$2,212
Subtotal			2		<u>\$223,455</u>
TOTAL					<u>\$223,455</u>

Personnel Data	Number
Full-time Equivalent Employment	
Full-time permanent	2
Other than full-time permanent	0
Total	<u>2</u>
Authorized Positions:	
Full-time permanent	2
Other than full-time permanent	0
Total	<u>2</u>

PROGRAM CHANGE DETAIL BY OBJECT CLASS

(Dollars in thousands)

Budget Program: DEPARTMENTAL STAFF SERVICES
Sub-program: Office of Program Evaluation and Risk Management
Program Change: Program Evaluation Services

Object Class		2014 Increase
11	Personnel compensation	
11.1	Full-time permanent	\$223
11.3	Other than full-time permanent	0
11.5	Other personnel compensation	0
11.8	Special personnel services payments	0
11.9	Total personnel compensation	223
12	Civilian personnel benefits	55
13	Benefits for former personnel	0
21	Travel and transportation of persons	6
22	Transportation of things	0
23.1	Rental payments to GSA	18
23.2	Rental Payments to others	0
23.3	Communications, utilities and miscellaneous charges	4
24	Printing and reproduction	1
25.1	Advisory and assistance services	0
25.2	Other services	102
25.3	Purchases of goods & services from Gov't accounts	0
25.4	Operation and maintenance of facilities	0
25.5	Research and development contracts	0
25.6	Medical care	0
25.7	Operation and maintenance of equipment	0
25.8	Subsistence and support of persons	10
26	Supplies and materials	2
31	Equipment	10
32	Lands and structures	0
33	Investments and loans	0
41	Grants, subsidies and contributions	0
42	Insurance claims and indemnities	0
43	Interest and dividends	0
44	Refunds	0
99	Total obligations	431

DEPARTMENTAL MANAGEMENT

APPROPRIATION ACCOUNT: SALARIES AND EXPENSES (S&E)

BUDGET PROGRAM: DEPARTMENTAL STAFF SERVICES

For FY 2014, Departmental Management requests an increase of \$198,359 and 1 FTE from the FY 2014 base for a total of \$399,359 and 2 FTE for Departmental Staff Services.

BASE JUSTIFICATION:

DEPARTMENTAL STAFF SERVICES Office of Acquisition Management Overview

In response to OMB's requirement on strategic sourcing, and to become more efficient stewards of taxpayer dollars, DOC conducted an opportunity assessment across over \$4 billion of spend on goods and services in late 2011 to identify cost reduction opportunities. Several potential cost reduction initiatives were identified across \$1.2B in "strategically sourceable" spend. In March 2011, the Commerce Cost Reduction Project was launched with a first wave of five cost reduction initiatives: Cellular Services, Office Supplies, Personal Computers (PCs) & Accessories, Print Management & Energy, and Small Package Delivery. The successful implementation of these strategies resulted in \$5.4M in cost savings in FY 2011 – surpassing original targets by more than double, and \$15.4M in FY 2012 savings. The success of this first wave led to multiple new initiatives including numerous software products, networking equipment, shared services, and a reverse auction platform. In addition to the quantifiable cost savings from this project, there has been substantial cost avoidance and reduction in man-hours for redundant contracting actions.

The Commerce Cost Reduction Project was initially managed by a Project Manager and several "virtual" teams who were working on the project part-time. In addition, program governance was provided by senior executives who had many other responsibilities, including the Deputy Chief Financial Officer (DCFO), Chief Information Officer (CIO), Senior Procurement Executive (SPE), large Bureau Contracting Procurement Officers (CPOs), and the Deputy Secretary. To maintain the momentum, sustain the cost reduction savings achieved to date, and implement new initiatives to drive additional efficiencies over time, a Procurement Performance Excellence Office (PPEO) of one FTE was established.

The new PPEO was launched in the fall of 2011. The organization is under the Senior Procurement Executive in the Office of Acquisition Management, and has dotted-line reporting to the Department's CFO (Finance) and Deputy Secretary (Operations). The PPEO is currently staffed with one FTE and targeted consulting support.

PROGRAM CHANGES:

Strategic Sourcing (+198,359, +1 FTE):

The PPEO is specifically requesting FY 2014 funding to add one FTE and \$48,000 in contract support. The PPEO's vision is to maintain the momentum of the Commerce Cost Reduction Project, sustain savings achieved to date, and implement new initiatives to drive additional efficiencies over time. As the program has grown in scale and complexity additional resources are needed to successfully implement and manage them. A matrix management system and virtual team effectively identified the most readily available reduction items, but this model is not sustainable over time. In order to meet these objectives the PPEO will need the additional FTE and contract support.

The PPEO is comprised of several key stakeholder groups, including the DCFO, CIO, SPE, large Bureau CPO and the Deputy Secretary. The PPEO supports each of the 12 Bureaus in their cost savings efforts.

Originally, the PPEO was managed by a Project Manager and several “virtual” teams who were working on the project part-time. The PPEO is currently staffed with one FTE as well as contractors who provide consulting support. The consulting support contract is one-time relief and is not included as part of OAM’s base budget. In order to sustain the cost reduction savings generated by this office, DoC must begin to develop internal strategic sourcing capabilities. Additional savings opportunities and sourcing initiatives have been identified by the team, but will require FTE and contract support to execute.

Statement of Need and Economic Benefits – Cost Benefit Analysis

The Cost Reduction office of PPEO, has led multiple DOC-wide initiatives which have resulted in lowering costs of Personal Computers and Accessories for end users, has reduced the consumption/volume of paper, toner, and energy through the Print Management initiative, improved operational efficiency and DOC-performance against socio-economic goals.

In FY 2011, the DOC Cost Reduction initiatives resulted in \$5.4M in cost savings, surpassing original targets by more than double. The Cost Reduction project has achieved \$15.4M savings in FY 2012, and is on target to achieve \$20.5M savings in FY 2013. The projected DOC-wide 3-year ROI for the Cost Reduction investments is over 10 times, and will be even higher over time as all of the initiatives fully ramp up.

Base Resources Assessment

Base Resource Amount: \$201,000	Base FTE: 1
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The PPEO is responsible for sustaining cost reduction savings and implementing initiatives to achieve additional efficiencies by providing direction for Department-wide cost reduction initiatives including strategic sourcing, demand management, etc. The PPEO is also responsible for driving change management through strategic communications, assuming accountability for achieving cost savings targets by tracking savings and compliance, maintaining momentum of cost reduction initiatives to build upon successes, and identifying new opportunities to grow the program. Given the number of initiatives that have been launched, and the new initiatives on the horizon, the PPEO needs internal resources to manage category costs, implement and sustain category strategies, develop communications strategies, and lead new category initiatives through team facilitation.

Schedule and Milestones:

The major program milestones are tied to the launch of new strategic sourcing initiatives, and the rate and speed at which these new initiatives will be launched are dependent on the FY 2014 funding.

Deliverables:

The major program deliverables are administrative cost savings to the Bureaus, which are tracked and reported on a monthly basis.

Performance Goals and Measurement Data:

Performance Goal:	FY	FY	FY	FY	FY	FY	FY
Measure 1	2012	2013	2014	2015	2016	2017	2018
	Est.	Target	Target	Target	Target	Target	Target
With Change	N/A	N/A	\$26.1M	\$28.6M	\$30.7M	\$32.3M	\$34.6M
Without Change	\$15.4M	\$24.1M	\$24.1M	\$24.1M	\$19.4M	\$15.4M	\$6.9M
Description: Capture savings through demand management and better pricing on strategically sourced contracts.							
Performance Goal:	FY	FY	FY	FY	FY	FY	FY
Measure 2	2012	2013	2014	2015	2016	2017	2018
	Est.	Target	Target	Target	Target	Target	Target
With Change	N/A	N/A	70%	70%	70%	70%	70%
Without Change	0	0	0	0	0	0	0
Description: Reduce the total number of contracts through consolidation of targeted products and services.							

PROGRAM CHANGE PERSONNEL DETAIL
(Dollars in thousands)

Budget Program: DEPARTMENTAL STAFF SERVICES
Sub-program: Office of Acquisition Management
Program Change: Strategic Sourcing Cost Reduction Oversight

Title:	Location	Grade	Number of Positions	Annual Salary	Total Salaries
Program Analyst	Washington, D.C.	ZA-0343-3/3	1	\$97,333	\$97,333
			0		\$0
			0		\$0
			0		\$0
Subtotal			<u>1</u>		<u>\$97,333</u>
Total Full-time permanent:			1		\$97,333
2013 Pay Adjustment	0.5%				\$487
2014 Pay Adjustment	1.0%				\$978
Subtotal			1		<u>\$98,798</u>
TOTAL					<u>\$98,798</u>

Personnel Data

	Number
Full-time Equivalent Employment	
Full-time permanent	1
Other than full-time permanent	0
Total	<u>1</u>
Authorized Positions:	
Full-time permanent	1
Other than full-time permanent	0
Total	<u>1</u>

PROGRAM CHANGE DETAIL BY OBJECT CLASS
(Dollars in thousands)

Budget Program: DEPARTMENTAL STAFF SERVICES
Sub-program: Office of Acquisition Management
Program Change: Strategic Sourcing Cost Reduction Oversight

Object Class	2014 Increase
11 Personnel compensation	
11.1 Full-time permanent	\$99
11.3 Other than full-time permanent	0
11.5 Other personnel compensation	1
11.8 Special personnel services payments	0
11.9 Total personnel compensation	100
12 Civilian personnel benefits	25
13 Benefits for former personnel	0
21 Travel and transportation of persons	3
22 Transportation of things	0
23.1 Rental payments to GSA	9
23.2 Rental Payments to others	0
23.3 Communications, utilities and miscellaneous charges	2
24 Printing and reproduction	0
25.1 Advisory and assistance services	0
25.2 Other services	48
25.3 Purchases of goods & services from Gov't accounts	5
25.4 Operation and maintenance of facilities	0
25.5 Research and development contracts	0
25.6 Medical care	0
25.7 Operation and maintenance of equipment	0
25.8 Subsistence and support of persons	0
26 Supplies and materials	1
31 Equipment	5
32 Lands and structures	0
33 Investments and loans	0
41 Grants, subsidies and contributions	0
42 Insurance claims and indemnities	0
43 Interest and dividends	0
44 Refunds	0
99 Total obligations	198

Department of Commerce
 Departmental Management
 Salaries and Expenses
 SUMMARY OF REQUIREMENTS BY OBJECT CLASS
 (Dollar amounts in thousands)

Object Class	2012 Actual	2013 CR (annualized)	2014 Base	2014 Estimate	Increase/ (Decrease) Over 2014 Base
11 Personnel compensation:					
11.1 Full-time permanent	20,096	22,124	22,297	22,539	242
11.3 Other than full-time permanent	0	0	0	0	0
11.5 Other personnel compensation	729	703	703	704	1
11.9 Total personnel compensation	20,825	22,827	23,000	23,243	243
12.1 Civilian personnel benefits	5,701	5,786	5,845	5,925	80
13 Benefits for former personnel	54	79	79	79	0
21 Travel and transportation of persons	595	712	712	696	(16)
23.1 Rental payments to GSA	3,577	4,068	4,932	4,929	(3)
23.2 Rental payments to others	9	23	31	31	0
23.3 Communication, utilities and miscellaneous charges	1,084	2,288	2,288	2,284	(4)
24 Printing and reproduction	42	109	109	110	1
25.1 Consulting services	1,164	120	120	120	0
25.2 Other services	8,060	9,102	7,975	8,774	799
25.3 Purchase of goods and services from Gov't accounts	17,489	11,410	12,569	12,524	(45)
26 Supplies and materials	372	294	296	299	3
31 Equipment	642	571	571	581	10
32 Land Structures	0	0	0	0	0
99 Total obligations	59,614	57,389	58,527	59,595	1,068
Less prior year recoveries	0				
Unobligated balance, start of year	(40)	(40)			
Unobligated balance, transferred	0				
Unobligated balance, end of year	40				
Unobligated balance, expiring	831				
Transfers from other accounts	(3,445)	0			
TOTAL BUDGET AUTHORITY	57,000	57,349	58,527	59,595	1,068

Department of Commerce
 Departmental Management
 Salaries and Expenses
 SUMMARY OF REQUIREMENTS BY OBJECT CLASS
 (Dollar amounts in thousands)

Personnel Data	2012 Actual	2013 CR (annualized)	2014 Base	2014 Estimate	Increase/ (Decrease) Over 2014 Base
Full-Time Equivalent Employment:					
Full-time Permanent	111	114	114	117	3
Other than full-time permanent	40	40	40	40	0
Total	151	154	154	157	3
Authorized Positions:					
Full-time permanent	145	145	145	148	3
Other than full-time permanent	50	50	50	50	0
Total	195	195	195	198	3

Note: Other than full-time permanent FTE and positions include political appointees classified as full-time temporary.

Department of Commerce
Departmental Management
Salaries and Expenses
Appropriation Language and Code Citation

FY 2014:

Salaries and Expenses

1. For expenses necessary for the Departmental Management of the Department of Commerce provided for by law.

15 U.S.C. 1501

15 U.S.C. 1501 provides that: "There shall be...the Department of Commerce, and a Secretary of Commerce, who shall be the head thereof..." The sections which follow 15 U.S.C. 1501 establish various Assistant Secretaries and define general powers and duties of the Department.

2. Including not to exceed \$4,500 for official entertainment.

No Specific Authority

5 U.S.C. 5536 prohibits additional pay or allowance to employees unless the appropriation therefore specifically states that it is for the additional pay or allowance.

Department of Commerce
 Departmental Management
 Salaries and Expenses
 Consulting and Related Services
 (Dollar amounts in thousands)

	<u>2012</u> Actual	<u>2013</u> CR (annualized)	<u>2014</u> Estimate
Consulting services	0	0	0
Management and professional services	1,164	120	120
Special studies and analyses	0	0	0
Management and support services for research and development	0	0	0
Total	<u>1,164</u>	<u>120</u>	<u>120</u>

Department of Commerce
 Departmental Management
 Salaries and Expenses
 Periodicals, Pamphlets, and Audiovisual Products
 (Dollar amounts in thousands)

	<u>2011 Actual</u>	<u>2012 Actual</u>	<u>2013 CR (annualized)</u>	<u>2014 Estimate</u>
Periodicals	0	0	0	0
Pamphlets	0	8	8	10
Audiovisuals	<u>0</u>	<u>0</u>	<u>5</u>	<u>8</u>
Total	0	8	13	18

Department of Commerce
 Departmental Management
 Salaries and Expenses
 Average Grade and Salaries

	2012 <u>Actual</u>	2013 <u>CR (annualized)</u>	2014 <u>Estimate</u>
Average ES Grade	0.00	0.00	0.00
Average GS/GM Grade	12.69	12.70	12.71
Average GS/GM Salary	\$102,342	\$103,160	\$102,135

Department of Commerce
 Departmental Management
 Working Capital Fund
 SUMMARY OF RESOURCE REQUIREMENTS
 (dollars in thousands)

	Positions	FTE	Budget Authority	Reimbursable Obligations
Operating Plan, FY2013	635	542		160,131
less: Unobligated balance, start of year	0	0		0
plus: 2014 Adjustments to base	0	0		562
2014 Base	635	542		160,693
less: Administrative Savings	0	0		(447)
plus: Program increases	35	35		27,834
2014 Estimate	670	577		188,080

		2012 Actual		2013 Operating Plan		2014 Base		2014 Estimate		Increase/(Decrease) Over 2014 Base	
		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
Comparison by activity:											
Executive Direction	Pos./BA	279		277		277		278		1	
	FTE/Obl.	242	57,551	240	65,428	240	65,691	241	68,722	1	3,031
Departmental Staff Services	Pos./BA	418		358		358		392		34	
	FTE/Obl.	362	95,523	302	94,703	302	95,002	336	119,358	34	24,356
TOTALS	Pos./BA	697		635		635		670		35	
	FTE/Obl.	604	153,074	542	160,131	542	160,693	577	188,080	35	27,387
Adjustments to Obligations:											
Recoveries			(2,283)								
Unobligated balance, start of year			(7,813)	(13,337)							
Unobligated balance, end of year			13,337								
Total Reimbursable Authority			156,315	146,794		160,693		188,080		27,387	

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Department of Commerce
 Departmental Management
 Working Capital Fund
 (Dollar amounts in thousands)

	<u>FTE</u>	<u>Amount</u>
Adjustments:		
Reallocation of Network Costs	0	0
<p>A revised cost model was developed to realistically allocate Herbert C. Hoover Building network costs tied to services provided. This resulted in reallocation of costs amongst the bureaus. The bureau base reflects this reallocation adjustment.</p>		
Other Changes:		
Pay Raise		662
Annualization of FY 2013 Pay Raise		
<p>The 2013 President's Budget assumes a pay raise of .5% to be effective January 1, 2013.</p>		
Total cost in FY 2014 of the FY 2013 pay increase	400,000	
Less amount requested in FY 2013	<u>(300,000)</u>	
Amount requested in FY 2014 for FY 2013 pay increase	100,000	
FY 2014 Pay Raise		
<p>A general pay raise of 1.0% is assumed to be effective January 1, 2014.</p>		
Total cost in FY 2014 of pay increase	562,000	
Payment to Working Capital Fund	<u>0</u>	
Amount requested in FY 2014 for FY 2014 pay increase	562,000	
Civil Service Retirement System (CSRS)		(91)
<p>The cost of agency contributions for CSRS will decrease slightly due to the decrease in the number of employees covered by CSRS from 10.9% in FY 2013 to 8.8% in FY 2014 for regular employees. The contribution rate will remain the same at 7.00% for regular employees and 7.5% for law enforcement employees.</p>		
Regular:		
FY 2014 (\$61,979,114 x .088 x .07)	381,791	
FY 2013 (\$61,979,114 x .109 x .07)	<u>472,901</u>	
Total adjustment to base	(91,110)	
Law Enforcement:		
FY 2014 (\$897,886 x .0 x .075)	0	
FY 2013 (\$897,886 x .0 x .075)	<u>0</u>	
Total adjustment to base	0	
Total adjustment to base	(91,110)	

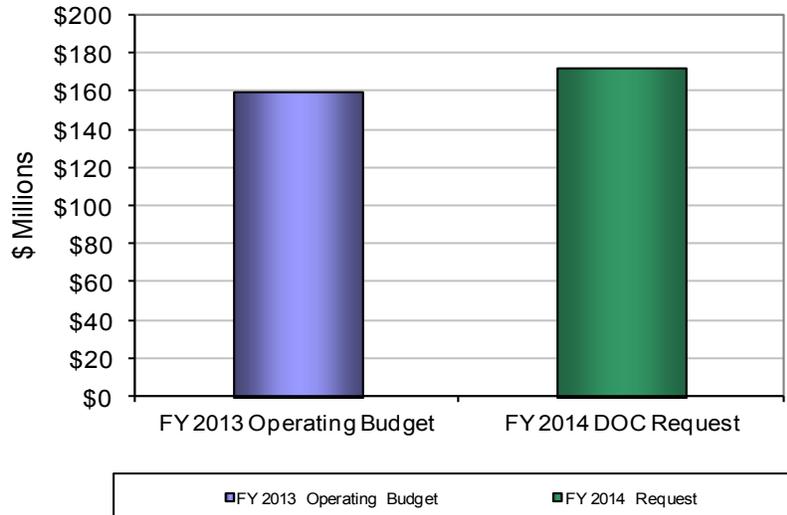
Department of Commerce
 Departmental Management
 Working Capital Fund
 (Dollar amounts in thousands)

	<u>FTE</u>	<u>Amount</u>
Federal Employees' Retirement System (FERS)	501	
The cost of agency contributions for FERS will increase due to the increase in the number of employees covered by FERS from 89.1% in FY 2013 to 91.2% in FY 2014 for regular employees. The estimated percentage of payroll for law enforcement employees covered by FERS will increase from 0% in FY 2013 to 100% in FY 2014. The contribution rate will increase to 11.9% for regular employees and 26.3% for law enforcement employees.		
Regular:		
FY 2014 (\$61,979,114 x .912 x .119)	6,726,469	
FY 2013 (\$61,979,114 x .891 x .117)	<u>6,461,137</u>	
Total adjustment to base	265,333	
Law Enforcement:		
FY 2014 (\$897,886 x 1.0 x .263)	236,144	
FY 2013 (\$897,886 x .0 x .263)	<u>0</u>	
Total adjustment to base	236,144	
Total adjustment to base	501,477	
Thrift Savings Plan (TSP)	44	
The cost of agency contributions to the Thrift Savings Plan will increase slightly due to the number of employees covered increasing from 89.1% in FY 2013 to 91.2% in FY 2014 for regular employees and from 0% in FY 2013 to 100% in FY 2014 for law enforcement employees. The contribution rates will remain the same.		
Regular:		
FY 2014 (\$61,979,114 x .912 x .02)	1,130,499	
FY 2013 (\$61,979,114 x .891 x .02)	<u>1,104,468</u>	
Total adjustment to base	26,031	
Law Enforcement:		
FY 2014 (\$897,886 x 1.0 x .02)	17,958	
FY 2013 (\$897,886 x .0 x .02)	<u>0</u>	
Total adjustment to base	17,958	
Total adjustment to base	43,989	
Federal Insurance Contributions Act (FICA) - OASDI	183	
As the percentage of payroll covered by FERS rises, the cost of OASDI contributions will increase. In addition, the percent of salaries below the cap will increase from 91.1% in FY 2013 to 92.7% in FY 2014. The OASDI tax rate will remain 6.2% in FY 2014.		
Regular:		
FERS payroll subject to FICA tax in FY 2014 (\$61,979,114 x .912 x .927 x .062)	3,248,715	
FERS payroll subject to FICA tax in FY 2013 (\$61,979,114 x .891 x .911 x .062)	<u>3,119,128</u>	
Subtotal	129,588	

Department of Commerce
 Departmental Management
 Working Capital Fund
 (Dollar amounts in thousands)

	<u>FTE</u>	<u>Amount</u>
Law Enforcement:		
FERS payroll subject to FICA tax in FY 2014 (\$897,886 x 1.0 x .927 x .062)	51,605	
FERS payroll subject to FICA tax in FY 2013 (\$897,886 x .0 x .911 x .062)	0	
Subtotal	51,605	
Other Salaries:		
Other payroll subject to FICA tax in FY 2014 (\$1,026,000 x .912 x .927 x .062)	53,779	
Other payroll subject to FICA tax in FY 2013 (\$1,026,000 x .891 x .911 x .062)	<u>51,634</u>	
Subtotal	<u>2,145</u>	
Total adjustment to base	<u>183,338</u>	
Health Insurance. . . . .	...	150
Effective January 2011, the cost of the U.S. Government's contribution to the Federal employee's health insurance premium increased by 3.6%. Applied against the FY 2014 estimate of \$4,155,000, the additional amount required is \$149,580.		
Mileage. . . . .	...	1
The mileage reimbursement rate for privately-owned automobiles increased from 51.0 cents to 55.0 cents, or 7.8% on April 17, 2012. A increase of \$\$1,014 is required.		
Rental Payments to GSA. . . . .	...	124
GSA rates are projected to increase in FY 2014. An additional increase of \$124,000 is required to fund this increase.		
Commerce Business System . . . . .	...	222
Costs associated with the Commerce Business System will increase from \$11,124,000 in FY 2013 to \$11,346,000 in FY 2014. This results in an increase of \$222,000.		
Postage. . . . .	...	24
Effective January 22, 2012, the Governors of the Postal Service implemented a rate increase of 4.6% for shipping. This percentage was applied to the FY 2013 estimate of \$532,000 to arrive at an increase of \$24,472.		
General Pricing Level Adjustment. . . . .	...	1,062
This request applies OMB economic assumptions for FY 2014 of 1.5% to sub-object classes where the prices that the Government pays are established through the market system. Factors are applied to transportation of things (\$2,839); rental payments to other (\$0); communications (\$22,525); printing (\$2,890); other services (\$852,023); supplies and materials (\$55,216) and equipment (\$126,208).		
Subtotal, Other Changes	<u>0</u>	2,882
Less amount absorbed	<u>0</u>	<u>(2,320)</u>
Total FY 2014 Adjustments to Base.	0	562

Department of Commerce
 Departmental Management
 Working Capital Fund



ACCOUNT: DEPARTMENTAL MANAGEMENT – WORKING CAPITAL FUND

BUDGET ACTIVITY: EXECUTIVE DIRECTION & DEPARTMENTAL STAFF SERVICES

For FY 2014, Departmental Management requests a increase of \$27,387,000 and 35 FTE (35 POS) over the FY 2014 base program for a total of \$188,080,000 and 577 FTE for the Working Capital Fund (WCF).

BASE JUSTIFICATION FOR FY 2014:

Working Capital Fund Overview:

The Working Capital Fund is a non-appropriated account which finances, on a reimbursable basis, Department-wide administrative functions that are more efficiently and economically performed on a centralized basis.

The Working Capital Fund (\$188,080,000 and 577 FTE) account budget is organized into 2 activities:

- The Executive Direction activity in the WCF (\$68,722,000 and 241 FTE) is composed of 4 offices that include the Office of General Counsel (OGC), the Office of Public Affairs (OPA), the Office of the Chief Information Officer (CIO) and the Office of the Chief Financial Officer (CFO).
- The Departmental Staff Services activity (\$119,358,000 and 336 FTE) is composed of 8 offices which include that include the Office of Security (OSY), the Office of Human Resource Management (OHRM), the Office of Civil Rights (OCR), the Office of Financial Management (OFM), the Office of Administrative Services (OAS), the Office of Acquisition Management (OAM), the Office of Program Evaluation and Risk Management (OPERM), and the Office of Privacy and Open Government (OPOG).

Significant Adjustments-to-Base (ATBs):

- Departmental Management requests an increase of \$562,000 to fund the FY 2014 pay raise (\$562,000) and reflects a net zero reallocation of OCIO network costs. Departmental Management plans to absorb \$2,323,000 and 0 FTE that would fund adjustments to current programs for Working Capital Fund (WCF) activities. This absorption will be determined in the year of execution.

ACTIVITY: EXECUTIVE DIRECTION

The objectives of the Executive Direction are to:

Provide overall leadership, policy direction, and coordination of bureau programs in furtherance of the Department's mission (i.e. CFO, OPA, and OGC). Provide administrative oversight and operational support in the development, acquisition, deployment, operation and security of information technology, including cybersecurity, used to support the Department's mission. These services are provided by the Office of Chief Information Officer.

ACTIVITY: DEPARTMENTAL STAFF SERVICES

The objectives of the Departmental Staff Services are to:

Provide overall leadership, policy direction, and coordination of bureau programs in furtherance of the Department's mission. Provide administrative oversight and operational support in the recruitment, training, retention, and management of a diverse and highly effective workforce with the skills and abilities required to achieve the Department's mission. These services are provided by the Office of Human Resource Management and Office of Civil Rights. Provide administrative oversight and operational support to ensure effective management of fiscal resources and business processes by which the Department carries out its responsibilities. These services are provided by the Office of Budget, Office of Financial Management, Office of Acquisition Management, Office of Small and Disadvantaged Business Utilization and Office of Program Evaluation and Risk Management and the Office of Privacy and Open Government. Provide administrative oversight and operational support to ensure the effective management and security of the facilities and property used to administer the Department's programs. These services are provided by the Administrative Office and Security Office.

PROGRAM CHANGES:

Administrative Savings (- \$447,000, 0 FTEs): The Administration is continuing its pursuit of an aggressive government-wide effort to curb non-essential administrative spending. As a result, the Department of Commerce continues to seek ways to improve the efficiency of programs without reducing their effectiveness. Building on the Departmental Management's Working Capital Fund administrative savings planned for FY 2012 (\$6.3 million) and FY 2013 (\$2.6 million), an additional \$.447 million in savings is targeted for FY 2014 for a total savings in FY 2014 of \$9.4 million.

Management Efficiencies (-\$1,050,000, 0 FTEs): Departmental Management Working Capital Fund requests this decrease as part of the consolidated savings effort to reduce cost and increase efficiencies. In an effort to support the objective to reduce non-security discretionary spending, Departmental Management assessed the priorities and programs within the organization to identify areas for reduction over and above the administrative savings listed above. The reductions include reducing salaries, travel, training, non-critical contracts such as administrative and technical support, supplies and equipment.

Statement of Need and Economic Benefits – Cost Benefit Analysis

The proposed budget cuts will put a strain on existing WCF programs. The Department continues to find alternative solutions to work smarter with less while increasing efficiency with existing resources.

Base Resources Assessment

Base Resource Amount: 160,693,000	Base FTE: 542
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With base resources, Departmental Management’s Working Capital Fund core mission to provide centralized services to the Department’s bureaus would continue. The Department’s Working Capital Fund continues to pursue saving efforts to reduce costs and increase efficiencies with existing resources. Additional resources are requested for Departmental Management’s Working Capital Fund to accomplish DOC’s evolving overall mission to promote job creation, economic growth and sustainable development. In addition, the Department plans to redirect IT investments to Department-wide projects that are critical to the mission of the Department. These projects are the Business Application Solutions and the Enterprise Security Operations Center. The Business Application Solution funding will be used to conduct a Department of Commerce (DOC)-wide effort to adopt a solution that will result in an integrated suite of financial management and business applications. The Enterprise Security Operations Center funding will provide Department-wide, 24x7, near real-time security status information to enable timely decision-making.

Performance Goals and Measurement Data

Performance goals will continue to be met in each of the programs within Departmental Management.

PROGRAM CHANGE DETAIL BY OBJECT CLASS
(Dollars in thousands)

Budget Program: EXECUTIVE DIRECTION & DEPARTMENTAL STAFF SERVICES
Sub-program:
Program Change: Administrative Savings/Management Efficiencies

Object Class		2014 Increase
11	Personnel compensation	
11.1	Full-time permanent	(\$228)
11.3	Other than full-time permanent	0
11.5	Other personnel compensation	0
11.8	Special personnel services payments	0
11.9	Total personnel compensation	(228)
12	Civilian personnel benefits	0
13	Benefits for former personnel	0
21	Travel and transportation of persons	(45)
22	Transportation of things	0
23.1	Rental payments to GSA	(170)
23.2	Rental Payments to others	0
23.3	Communications, utilities and miscellaneous charges	(43)
24	Printing and reproduction	(7)
25.1	Advisory and assistance services	0
25.2	Other services	(600)
25.3	Purchases of goods & services from Gov't accounts	0
25.4	Operation and maintenance of facilities	0
25.5	Research and development contracts	0
25.6	Medical care	0
25.7	Operation and maintenance of equipment	0
25.8	Subsistence and support of persons	0
26	Supplies and materials	(290)
31	Equipment	(114)
32	Lands and structures	0
33	Investments and loans	0
41	Grants, subsidies and contributions	0
42	Insurance claims and indemnities	0
43	Interest and dividends	0
44	Refunds	0
99	Total obligations	(1,497)

DEPARTMENTAL MANAGEMENT

ACCOUNT: WORKING CAPITAL FUND

BUDGET ACTIVITY: DEPARTMENTAL STAFF SERVICES/OFFICE OF FINANCIAL MANAGEMENT/BUSINESS APPLICATION SOLUTIONS (BAS)

For FY 2014, Office of Financial Management requests an increase of \$15,000,000 and 29 FTE from the FY 2014 base for a total of \$15,000,000 and 29 FTE for Business Application Solutions (BAS).

PROGRAM CHANGES:

Business Application Solutions (+ \$15,000,000; + 29 FTE)

Departmental Management requests an increase of \$15 million and 29 FTE to conduct a Department of Commerce (DOC)-wide effort to adopt a solution that will result in an integrated suite of financial management and business applications. The Department will begin the Phase I implementation, which includes Census Core Financials, Acquisitions, and Property (Real, Personal, and Fleet) activities, with Grants Management activities in a future phase, for the BAS project to modernize the Department's financial and business systems environment. This current funding request is needed to begin implementation of systems modernization improvements needed to meet the Office of Management and Budget (OMB) IT mandates, address significant system and operational inefficiencies and redundancies across the Department, and resolve a lack of sufficient departmental managerial reporting capabilities. Key critical business needs that will be met by the BAS project include:

1. Improvement of analytical reporting quality through Department-wide centralized application and data standardization;
2. Gain IT operational efficiencies by taking full advantage of cloud-based solutions, and reduce operational risks;
3. Timely access to accurate data for management decision making at a departmental reporting level;
4. Achievement of consistent availability of information for management decisions and continue the Department's clean audit opinion on its production systems, especially during transition; and
5. Reduction of redundancy by consolidating interfaces and feeder systems to increase emphasis on more efficient and effective administrative and business management.

The BAS project will modernize the Department's financial and business systems environment, in accordance with the following strategic goals and objectives:

- Provide access to timely and accurate data for management decision making at a departmental reporting level.
- Improve analytical reporting quality through department-wide centralized application and data standardization. Shift operational paradigm from transaction processing and reconciliation activities to information analysis and decision making.
- Assess different approaches for the Department to increase data standardization, identify IT operational efficiencies, and reduce operational risks moving forward.
- Increase emphasis on more efficiency and effective financial and administrative management approaches, information transparency, and dynamic reporting requirements.
- Determine alignment approaches with e-Gov initiatives, including travel, acquisitions, and grants.

- Improve support of strategic technology plans for a wide range of administrative business application environments.

The functional areas (and the supporting systems) included within the BAS systems modernization review included:

- Core Financials (CBS)
 - Core Financial System (CFS)
 - Interfaces, Financial and Management Reporting, Data Warehouses, and Portal Applications
- Acquisitions (Comprizon Suite)
 - C.Suite (C. Request, C.Award)
- Grants
 - Grants Management Information System (GMIS)
 - Grants On Line (GOL)
- Property: Personal
 - Automated Property Management System (APMS)
 - Oracle Assets
 - Sunflower
- Property: Real
 - Federal Real Property Management System (FRPM)
- Fleet
 - Sunflower

The BAS project plans to commence the project initiation and detailed planning phases during FY 2013. The following are the activities planned for FY 2013: select a Shared Service Provider (SSP); develop an interagency agreement (IIA); develop detailed service level agreement(s); develop a project management plan; develop detailed requirements; develop operational capability demos; conduct fit-gap analysis; and develop gap remedy plan(s).

The funding requested for FY 2014 will support implementation kick-off and detailed approach finalization activities, which include project team on-boarding and ramp-up, baseline project management plan, final implementation approach, organizational change management (OCM) approach, and Phase I operations & maintenance (O&M) transition planning.

Statement of Need and Economic Benefits – Cost Benefit Analysis

Please see the following table for a summary of the most recent ROI and payback calculations for the BAS program. The development costs contained in the Status Quo option represent costs to refresh the technical infrastructure of the legacy system and to enhance the system to make it 508 compliant.

BAS FY2013-FY2022 Total Costs, Payback, and ROI		
Cost Component	Status Quo	BAS Program
Planning Phase	\$ -	\$ 3,900,000
Development Phase*	\$ 10,765,504	\$ 156,952,669
Total DME¹	\$ 10,765,504	\$ 160,852,669
Total O&M²	\$ 677,976,787	\$ 522,850,545
Grand Total³	\$ 688,742,291	\$ 683,703,215
BAS O&M Savings Relative to Maintaining Status Quo ⁴	n/a	\$ (165,891,746)
Payback period (in years) ⁵	n/a	9.90
ROI % in Year 10 ⁶	n/a	103%

* Status Quo Development Phase includes mandatory CBS Technology Upgrade & 508 Compliance Enhancements.

¹ Total DME = Planning Phase + Development Phase.

² Total O&M = Total Operations & Maintenance Costs for both Status Quo and BAS through project completion.

³ Grand Total = Total DME + Total O&M.

⁴ BAS O&M Savings Relative to Maintaining Status Quo = Status Quo Grand Total - BAS Total O&M.

⁵ Payback Period = Point (in years) when Total DME - BAS O&M Savings Relative to Maintaining Status Quo = 0. 14.48 Years = FY2027 (End of March 2027).

⁶ ROI % in Year 10 = BAS O&M Savings Relative to Maintaining Status Quo / Total DME.

Base Resources Assessment

Base Resource Amount: \$3,900,000	Base FTE: 1
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In FY 2014, the Department plans to redirect IT investments to the Business Application Solutions to conduct a Department of Commerce (DOC)-wide joint effort to adopt a solution that will result in an integrated suite of financial management and business applications.

Schedule and Milestones:

See the notional schedule below with key milestones:

Activity/Milestone	Start	Finish
Project Team On-Boarding and Ramp Up	TBD	TBD
Baseline Project Management Plan	TBD	TBD
Final Implementation Approach	TBD	TBD
Organization Change Management Approach	TBD	TBD
Phase I Operations and Maintenance Transition Planning	TBD	TBD

Deliverables:

The major program deliverables and outputs include: Baseline Project Management Plan, Detailed Implementation Plan and Work Breakdown Structure (WBS); Organizational Change Management Approach.

Business Application Solutions Performance Goals and Measurement Data

Performance Goal:	FY	FY	FY	FY	FY	FY	FY 2018
Measure 1	2012	2013	2014	2015	2016	2017	Target
	Est.	Target	Target	Target	Target	Target	
With Change	NA	NA	NA	NA	11	7	2
Without Change	NA	Multiple	Multiple	Multiple	Multiple	Multiple	Multiple
<p>Description: For each administrative/business system, reduce the number of instances. *This measure is contingent on funding in FY 2013 and FY 2014, with the results not expected before FY 2016. Therefore, for FY 2013-2015, the target is NA.</p> <p>This performance measure represents the number count of instances (separate and distinct financial, acquisitions, property and grants production databases belonging to each bureau/office that is the system of record for that specific information and data) in the current environment versus the number count of instances in the target environment.</p> <p>The goal is to reduce the number of locations that house DOC's financial and acquisition systems, as well as property (personal and real), grants, and fleet management, resulting in efficient and effective administration and business management. Currently, DOC maintains multiple redundant system environments replicated with variations across the Department. This results in significant system and operational inefficiencies and redundancies, one being cost, across DOC.</p> <p>For the Commerce Business Systems (CBS – DOC's financial system of record in 12 of the 14 bureaus), there are three production instances within each of the production Bureaus (Census, NIST and NOAA) along with their supporting testing and training environments.</p> <p>For the C.Suite acquisition system, there are four production instances within Census, NIST, NOAA and the Office of the Secretary along with their supporting testing and training environments.</p> <p>For personal property systems, there are three production instances within the Office of the Secretary, Census, and NIST.</p> <p>For real property systems, there are three production instances within the Office of the Secretary, NOAA, and NIST.</p> <p>For fleet management, there is one production instance within the Office of the Secretary.</p> <p>For grants management, there are two production instances within NOAA and NIST.</p>							
Performance Goal:	FY	FY	FY	FY	FY	FY	FY 2018
Measure 2	2012	2013	2014	2015	2016	2017	Target
	Est.	Target	Target	Target	Target	Target	
With Change	NA	NA	NA	NA	11	7	2
Without Change	Multiple	Multiple	Multiple	Multiple	Multiple	Multiple	Multiple
<p>Description: For each administrative/business system, reduce the number of data repositories from which data must be extracted to respond to data calls. *This measure is contingent on funding in FY 2013 and 2014, with the results not expected before FY 2016. Therefore, for FY 2013-2016, the target is NA.</p> <p>This performance measure reflects the number of data repositories that must be queried to gather the necessary data to respond to data calls (three for the financial system, four for the acquisition system, three for</p>							

personal property, three for real property, and two for grants) for financial and administrative related data and information versus the number of repositories in the target environment that must be queried to respond to data calls. The goal is to eliminate the need to consolidate data and information from multiple sources. Currently, the significant system and operational inefficiencies and redundancies across DOC result in a lack of sufficient departmental managerial reporting. Data calls for information and data must be issued to each bureau/office that maintains the instance and the information and data submitted must be consolidated manually. This manual data reconciliation process has to occur because the data elements have different definitions and characters that result in a large manual consolidation reporting effort. The BAS project will improve analytical reporting quality through Department-wide centralized application and data standardization and will provide more timely access to accurate data for management decision making at the departmental reporting level.

Performance Goal: Measure 3	FY 2012 Est.	FY 2013 Target	FY 2014 Target	FY 2015 Target	FY 2016 Target	FY 2017 Target	FY 2018 Target
With Change	NA	NA	NA	NA	90%	95%	98%
Without Change	90%	90%	80%	70%	60%	50%	40%

Description: % Chance of Receiving an Unqualified Audit Opinion.

This measure reflects the percent chance of receiving an “unqualified” audit opinion as a result of the Financial Statement Audit. The audit includes a review of the Department’s consolidated balance sheets as of the end of a fiscal year and the related consolidated statements of net cost and changes in net position, and combined statements of budgetary resources for the years then ended. In addition, a key aspect of the financial statement audit is an assessment of the IT general controls, as IT systems significantly facilitate the Department’s financial processing activities and maintain important financial data. The goal is to receive an “unqualified” audit opinion. There are several types of audit opinions: (1) unqualified, in which the Auditor concludes that the Financial Statements give a true and fair view in accordance with the financial reporting framework used for the preparation and presentation of the Financial Statements; (2) qualified, in which the Auditor encounters a situation that does not comply with generally accepted accounting principles, however the rest of the financial statements are fairly presented; and (3) disclaimer, which is issued when the Auditor cannot form, and consequently refuses to present, an opinion on the financial statements.

The Department currently incurs higher than necessary annual O&M cost because of multiple redundant application instances, interfaces, and feeder systems. If we stay on the existing system, it will become more challenging financially to incorporate evolving Federal financial accounting functionality, interfaces and reporting requirements, leading to the potential that DOC will not obtain an “unqualified” audit opinion. In addition, with the current legacy system composed of multiple instances there is the necessity to have redundant IT controls, which decreases the likelihood that that Department will receive a “unqualified” audit opinion. The BAS system will reduce the number of instances that have to be maintained, thus increasing the likelihood that the Department will receive an “unqualified” audit opinion.

Performance Goal: Measure 4	FY 2012 Est.	FY 2013 Target	FY 2014 Target	FY 2015 Target	FY 2016 Target	FY 2017 Target	FY 2018 Target
With Change	NA	NA	NA	NA	Partial Compliance	Partial Compliance	Partial Compliance
Without Change	NA	Non-Compliance	Non-Compliance	Non-Compliance	Non-Compliance	Non-Compliance	Non-Compliance

Description: For each administrative/business system, maintain compliance and alignment with OMB initiatives.

This measure reflects the requirement to maintain compliance and alignment with OMB initiatives, including the guiding principles reflected in the OMB system modernization requirements (leveraging SSPs, split projects into smaller, simpler segments with clear deliverables; focus on most critical needs first; and provide ongoing, transparent project oversight) data center consolidation requirements, and cloud computing requirements.

PROGRAM CHANGE PERSONNEL DETAIL
(Dollars in thousands)

Budget Program: Office of Financial Management
Sub-program: Commerce Business Systems Solutions Center
Program Change: Business Application Solutions

PROGRAM CHANGE PERSONNEL DETAIL
(Dollar amount in thousands)

Activity:

Subactivity:

Title:	Location	Grade	Number of Positions	Annual Salary	Total Salaries
Various	Gaithersburg, MD	Various	29	\$136,146	\$3,948,234
					\$0
					\$0
					\$0
Subtotal			<u>29</u>		<u>\$3,948,234</u>
Less Lapse	0%		<u>0</u>		<u>\$0</u>
Total Full-time permanent:			29		\$3,948,234
2013 Pay Adjustment	0.5%				\$19,741
2014 Pay Adjustment	1.0%				\$39,680
Subtotal			29		<u>\$4,007,655</u>

TOTAL \$4,007,655

Personnel Data

	Number
Full-time Equivalent Employment	
Full-time permanent	29
Other than full-time permanent	0
Total	<u>29</u>
Authorized Positions:	
Full-time permanent	29
Other than full-time permanent	0
Total	<u>29</u>

PROGRAM CHANGE DETAIL BY OBJECT CLASS
(Dollars in thousands)

Budget Program: Office of the Secretary/Office of Financial Management
Sub-program: Commerce Business Systems Solutions Center
Program Change: Business Application Solutions (BAS)

Object Class		2014 Increase
11	Personnel compensation	
11.1	Full-time permanent	\$4,008
11.3	Other than full-time permanent	0
11.5	Other personnel compensation	0
11.8	Special personnel services payments	0
11.9	Total personnel compensation	<u>4,008</u>
12	Civilian personnel benefits	1,328
13	Benefits for former personnel	0
21	Travel and transportation of persons	30
22	Transportation of things	0
23.1	Rental payments to GSA	0
23.2	Rental Payments to others	0
23.3	Communications, utilities and miscellaneous charges	0
24	Printing and reproduction	0
25.1	Advisory and assistance services	0
25.2	Other services	9,634
25.3	Purchases of goods & services from Gov't accounts	0
25.4	Operation and maintenance of facilities	0
25.5	Research and development contracts	0
25.6	Medical care	0
25.7	Operation and maintenance of equipment	0
25.8	Subsistence and support of persons	0
26	Supplies and materials	0
31	Equipment	0
32	Lands and structures	0
33	Investments and loans	0
41	Grants, subsidies and contributions	0
42	Insurance claims and indemnities	0
43	Interest and dividends	0
44	Refunds	0
99	Total obligations	<u>15,000</u>

DEPARTMENTAL MANAGEMENT

ACCOUNT: Working Capital Fund (WCF)

BUDGET ACTIVITY: EXECUTIVE DIRECTION

For FY 2014, Departmental Management requests an increase of \$4,243,000 and 1 FTE for Enterprise Security Operations Center (ESOC).

PROGRAM CHANGES:

Enterprise Security Operations Center (ESOC) (+\$4,243,000 +1 FTE):

OMB memorandum [M-10-15](#), "FY 2010 Reporting Instructions for the Federal Information Security Management Act and Agency Privacy Management", requires agencies to "continuously monitor security-related information from across the enterprise in a manageable and actionable way". While some Commerce operating units have their own security operations centers (SOC), a Commerce-wide SOC currently does not exist. OMB memorandum [M-11-29](#), "Chief Information Officer Authorities", grants the Commerce CIO the authority and primary responsibility to implement this program.

Although the Department currently has investments that support decentralized cybersecurity technologies and operations, with the exception of some tracking, reporting, oversight and policy functions, the Department lacks centralized enterprise-wide cybersecurity capabilities necessary to provide Department-level situational awareness, a single, common operating picture of security for the Department's systems, remediation and response, and other centralized functions necessary to monitor and manage the Department's cybersecurity posture. This initiative supports the Administration's cybersecurity priorities, as well as [DOC FY11-16 Strategic Plan](#) Objective #24, "Create an IT enterprise architecture that supports mission-critical business and programmatic requirements, including effective management of cyber security threats."

It is anticipated the impact of a fully-operational ESOC will improve the cybersecurity posture for the entire Department, provide a near real-time Commerce-wide view of cybersecurity threats and significantly reduce the amount of time between threat detection and threat mitigation for enterprise-wide threats.

The requested full-time equivalent (FTE) position will provide information security project management and inter-operating unit coordination during the ESOC implementation and operational and maintenance management and oversight during the ESOC operations and maintenance phase. The requested funding will provide the hardware, software, telecommunications, failover data center space, supplies and travel for this initiative.

The planned ESOC will expand the current cybersecurity capabilities of the Department to mirror the strategy being implemented in several other Federal Departments by leveraging best practice cybersecurity efforts underway within the civilian, defense, and intelligence sectors. In addition, with the implementation of monitoring and remediation technologies, the Department plans to establish a multifunction cybersecurity center that will be responsible for security operations, assisting in incident handling and reporting, intelligence gathering, and threat/risk assessment/analysis to ensure the confidentiality, integrity, and availability of the Department's information and information systems.

High-level mitigation strategies have been developed to reduce the budget and performance risks of this project to levels acceptable to the Department. Frequent risk analysis and refining of risk mitigation strategies should keep the risks at acceptable levels throughout planning, acquisition, implementation and operations.

Departments and agencies of similar size, scope and complexity as the Department of Commerce have successfully implemented similar enterprise-wide security operations centers. Additionally, some Commerce operating units already have this capability within their organizations; specifically, the Bureau of Industry and Security, Census, the National Oceanic and Atmospheric Administration and the Patent and Trademark Office, and have expressed interest in extending their service offerings to the rest of the Department.

The status quo of relying on operating units that had enough technical and funding critical mass to develop and operate their own security operations centers was considered but this approach fails to provide a scalable solution that includes all DOC operating units. Discussions have been held with Commerce operating units that have expressed an interest in providing security operations center services to the Department. However, the lack of detailed functional, operational and technical requirements at this time limits their ability to assess whether they will be able to provide this service. As part of this investment, detailed functional, operational and technical requirements will be developed and it is hoped that one of these interested Commerce operating units or another federal agency will be able to compete for the opportunity to provide this service.

This project is tightly coupled to the successful implementation of the Enterprise Cybersecurity Monitoring and Operations (ECMO) initiative. ECMO will provide a baseline of continuous monitoring data feeds from which the ESOC will collect, consolidate, analyze and produce actionable reports. As other automated continuous monitoring efforts are undertaken at Commerce, every effort shall be taken to ensure that those monitoring efforts are able to provide additional feeds to the ESOC, further strengthening the overall Commerce cybersecurity posture.

Statement of Need and Economic Benefits – Cost Benefit Analysis

Successful cybersecurity attacks that result in the disclosure of personally identifiable information, the theft of intellectual property and decreased user productivity present tangible, quantifiable economic costs to the Department. The successful implementation of a Commerce-wide security operations center, while not guaranteed to prevent these attacks, will give us some degree of protection and may reduce the costs associated with successful cybersecurity attacks.

Specific cost savings for the ESOC cannot be provided at this time as this program change is meant to develop a new capability, not optimize or consolidate existing capabilities.

While a detailed return on investment cannot be provided at this time, it can be demonstrated that the costs associated with preventing or minimizing the impact of a cybersecurity incident are significantly lower than the costs associated with the remediation of those incidents.

Base Resources Assessment

Base Resource Amount: \$0	Base FTE: 0
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While there is no base funding for the ESOC initiative, ESOC does build upon the IT Cyber program which has a base resource amount of \$5,062,000 and 7 FTEs.

Schedule and Milestones:

ESOC has the following major milestones and associated schedule and estimated costs:
 Planning: FY14Q1, \$582,598, Requirements Definition: FY14Q2, \$943,750,
 Development/Acquisition: FY14Q4, \$2,401,750, and Implementation: FY15Q1, \$315,000

Deliverables:

The program will deliver Commerce-wide cybersecurity situational awareness and produce actionable information (threat mitigation recommendations, Commerce-wide cybersecurity event correlation, customized intrusion detection signatures, etc.) for the Commerce Chief Information Officer (CIO), Commerce Chief Information Security Officer (CISO) and operating unit CIOs and CISOs.

Performance Goals and Measurement Data:

Performance Goal:	FY	FY	FY	FY	FY	FY	FY
Commerce-Wide Cybersecurity Situational Awareness Dashboard Elements	2012	2013	2014	2015	2016	2017	2018
	Est.	Target	Target	Target	Target	Target	Target
With Change			3	5	5	5	5
Without Change			0	0	0	0	0
Description: This performance measure is the unique number of Commerce-wide cybersecurity situational awareness dashboard elements that will be provided by the ESOC. It is anticipated that the first three dashboard elements will include the top network vulnerabilities, the number of endpoints not following a government-approved configuration baseline and the number of endpoints without an up-to-date antivirus signature.							
Performance Goal:	FY	FY	FY	FY	FY	FY	FY
Directly actionable cybersecurity reports for Commerce CIOs and CISOs	2012	2013	2014	2015	2016	2017	2018
	Est.	Target	Target	Target	Target	Target	Target
With Change			4	12	24	24	24
Without Change			0	0	0	0	0
Description: This performance measure is the unique number of actionable cybersecurity reports that will be issued by the ESOC for immediate remediation by the Commerce CIO, Commerce CISO, OU CIO and OU CISO. It is expected that the initial operating capability established in FY14 Q4 will be able to produce 4 directly actionable cybersecurity reports, ramping up to 12 by FY15 as the implementation is completed and finally reaching 24 during full operations and maintenance phase.							

PROGRAM CHANGE PERSONNEL DETAIL
(Dollars in thousands)

Budget Program: Executive Direction
Sub-program:
Program Change: Enterprise Security Operations Center (ESOC)

Title:	Location	Grade	Number of Positions	Annual Salary	Total Salaries
IT Specialist (INFOSEC)	Washington, D.C.	GS-13	1	\$100,904	\$100,904
					\$0
					\$0
					\$0
Subtotal			<u>1</u>		<u>\$100,904</u>
Less Lapse	25%		<u>0</u>		<u>(\$25,226)</u>
Total Full-time permanent:			1		\$75,678
2013 Pay Adjustment	0.5%				\$378
2014 Pay Adjustment	1.0%				\$761
Subtotal			1		<u>\$76,817</u>
TOTAL					<u>\$76,817</u>

Personnel Data	Number
Full-time Equivalent Employment	
Full-time permanent	1
Other than full-time permanent	0
Total	<u>1</u>
Authorized Positions:	
Full-time permanent	1
Other than full-time permanent	0
Total	<u>1</u>

PROGRAM CHANGE DETAIL BY OBJECT CLASS
(Dollars in thousands)

Budget Program: Executive Direction
Sub-program: Office of the Chief Information Officer
Program Change: Enterprise Security Operations Center (ESOC)

Object Class		2014 Increase
11	Personnel compensation	
11.1	Full-time permanent	77
11.3	Other than full-time permanent	0
11.5	Other personnel compensation	0
11.8	Special personnel services payments	0
11.9	Total personnel compensation	<u>77</u>
12	Civilian personnel benefits	23
13	Benefits for former personnel	0
21	Travel and transportation of persons	37
22	Transportation of things	0
23.1	Rental payments to GSA	9
23.2	Rental Payments to others	0
23.3	Communications, utilities and miscellaneous charges	52
24	Printing and reproduction	1
25.1	Advisory and assistance services	0
25.2	Other services	2,287
25.3	Purchases of goods & services from Gov't accounts	1
25.4	Operation and maintenance of facilities	200
25.5	Research and development contracts	0
25.6	Medical care	0
25.7	Operation and maintenance of equipment	75
25.8	Subsistence and support of persons	5
26	Supplies and materials	16
31	Equipment	1,460
32	Lands and structures	0
33	Investments and loans	0
41	Grants, subsidies and contributions	0
42	Insurance claims and indemnities	0
43	Interest and dividends	0
44	Refunds	0
99	Total obligations	<u>4,243</u>

DEPARTMENTAL MANAGEMENT

ACCOUNT: Working Capital Fund

BUDGET ACTIVITY: Departmental Staff Services/Departmental Freedom of Information Act (FOIA) Module

For FY 2014, Office of Privacy and Open Government (OPOG) requests an increase of \$175,000 from the FY 2014 base for a total of \$175,000 for the operation and management (O&M) of the FOIA Module.

PROGRAM CHANGES:

Freedom of Information Act (FOIA) Module (\$175,000, 0 FTE)

Over the years, the FOIA module and related business processes have gone through significant changes. The previous process lacked the functionality to electronically identify and release the requested FOIA documents in a timely manner. The Department of Commerce (DOC) Office of the Secretary (OS) and National Oceanic Atmospheric Administration (NOAA) relied primarily on a paper-based process that was slow, labor-intensive, and inefficient. The Department in conjunction with their partners Environmental Protection Agency (EPA) and the National Archives and Records Administration (NARA) deployed the fully developed FOIA system in late FY 2012. DOC and its operating units and bureaus now benefit from a comprehensive centralized technology solution that automates the FOIA process. This automated process enables the Department to manage, monitor, track, and, store FOIA requests. This platform establishes a transparent method to improve customer satisfaction, reporting, and meet regulatory and compliance guidelines.

The FOIA Module will create efficiencies and consistency, which will reduce response times for FOIA requests. It has the ability, due to the multi-developmental on-line FOIA repository, to communicate across agencies in a secure environment. The system will also improve functionality for the FOIA professionals by providing information electronically, essentially reducing the reproduction of documents; respond to data calls expediently; standardize a central repository that enables both FOIA processors and our customers to easily access information; and, has a scalable, flexible platform to meet new requirements as they evolve. Other advantages of the Module are: it meets Federal guidelines for reporting; enables operating units and bureaus to consult or refer requests electronically; supports President's Obama's "Freedom of Information Act Memorandum;" has no usage limit; no license requirement; calculates and tracks fees; includes technical support via help-desk; and, meets the personal identifiable information security requirements. Furthermore, the system enables participating agencies to store FOIA requests and responses for reuse or generating annual reports.

This request will enable Commerce to continue its partnership with EPA and NARA on the FOIA Module. This recurring cost may decrease in the outyears as additional partners join the FOIA Module.

Commerce is partnering with EPA and NARA on a multiagency FOIA Module that offers substantial cost savings and enhances capabilities over other Government FOIA systems. The FOIA Module provides a single interface through which the public can submit requests to any participating agency, eliminating the need to find the contact information for multiple agencies. The system automatically assigns tracking numbers to requests, which the requester can use to automatically view the status of the request, eliminating the need to wait for manual replies from agencies. Agencies are also able

to generate e-mails to requesters through the system to seek clarifying information or send invoices for fees, reducing mail delays and postage costs. When an agency identifies records responsive to a request, it has the ability to add them to the system. Consultations and referrals to other agencies occur within the system for participating agencies, reducing the need to send e-mail documents. Because the consultation and referral process is a frequent source of delays and dead-ends for FOIA requests, improvements in timeliness here are very welcome. Released documents can be uploaded to a public website, and the requester can be notified of their availability. This critical feature improves transparency by making released documents fully available to the general public, rather than delivered only to the requester. It also stops agencies from processing multiple requests for the same materials over and over. The FOIA module supplies the participating agencies a fully compliant records management system, the ability to collect metrics throughout the workflow process as defined by the agency, and it generates full Department of Justice Annual Report automatically.

The FOIA Module is a priority for the Commerce Chief FOIA Officer and the Commerce FOIA Officers. As this project is Commerce-wide in nature, all operating units are impacted by its implementation. The only exception initially was USPTO who will evaluate implementation at the proper point within their existing commercial off-the-shelf (COTS) product lifecycle. External stakeholders, namely FOIA requestors and other transparency advocates, are strongly in favor of time-saving technological solutions to ease the FOIA process, and of the FOIA Module in particular. Commerce has received wide praise for our role to date. This was the first budget request cycle since the project inception.

Through the development of the FOIA module the Department of Commerce has been an integral managing partner with EPA. This partnership includes reviewing the development throughout its lifecycle to include requirements collection, program design and documentation, and test development. In partnering with EPA, the Department has been able to ensure all concerns of FOIA processing have been addressed and fully documented within the lifecycle management processes.

This initiative fits in multiple portions of the strategic plan for the Department of Commerce. The primary strategic initiative being covered is customer service. The ability to automate the departmental FOIA process enables the Department to more efficiently and cost-effectively respond to FOIA requests. The time savings and increased transparency greatly improves our relationship with them, reduces frequent duplicate requests that slow our processing even more, and prevents litigation, the costs of which must be paid from appropriated funds under FOIA.

This initiative has been coordinated across all Commerce operating units and bureaus. We have also briefed to the Chief Financial Officers Council and Chief Information Officers Council. With our partners at EPA and NARA, we continue our outreach with several other agencies and Departments. We have worked closely with DOJ, DHS, Treasury, Social Security, VA, and DOD on some of the requirements and aggressively pursue partnerships to expand use and decrease Commerce's relative share of operations.

The long-term costs/savings is outlined below:

Cost Estimates and ROI				
Cost Estimates	NOAA Investment	DME	O&M	Total Costs
FY2012/2013	\$250,000	\$200,000		\$450,000
FY2014		\$72,000	\$103,000	\$175,000
FY2015		\$43,910	\$106,090	\$150,000
FY2016		\$40,727	\$109,273	\$150,000
5 Year Total	\$250,000	\$431,637	\$418,363	\$1,100,000

Cost Estimates and ROI					
Cost Estimates	Cumulative Costs	Cost Avoidance	Annual Benefit	Cumulative Benefit	ROI
FY2012 / 2013	\$450,000	\$2,849,973	\$2,399,973	\$2,399,973	533%
	\$625,000	\$3,160,963	\$2,985,963	\$5,385,936	862%
FY2014	\$800,000	\$3,519,077	\$3,344,077	\$8,730,012	1091%
FY2015	\$950,000	\$3,932,829	\$3,782,829	\$12,512,841	1317%
FY2016	\$1,100,000	\$5,621,294	\$5,471,294	\$17,984,135	1635%
5 Year Total	\$1,100,000	\$19,084,135	\$17,984,135	\$17,984,135	1635%

Base Resources Assessment

Base Resource Amount: 0	Base FTE: 0
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Schedule and Milestones:

Production/Operation & Maintenance – The system will be in live operations and maintenance.

Deliverables:

FOIA Automated Tracking and Document Management Shared Service (Production O&M) - The system moves into the sustainment and production phase of the program lifecycle.

Performance Goals and Measurement Data:

Performance Goal:	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Measure 1	Est.	Target	Target	Target	Target	Target	Target
With Change	N/A	N/A	100%	100%	100%	100%	100%
Without Change	N/A	N/A	30%	30%	30%	30%	30%
Description: Automated Tracking and Reporting of Department FOIA processing.							

PROGRAM CHANGE DETAIL BY OBJECT CLASS
(Dollars in thousands)

Budget Program: Departmental Staff Services
Sub-program: Office of Privacy and Open Government
Program Change: FOIA Module

Object Class		2014 Increase
11	Personnel compensation	
11.1	Full-time permanent	\$0
11.3	Other than full-time permanent	0
11.5	Other personnel compensation	0
11.8	Special personnel services payments	0
11.9	Total personnel compensation	<u>0</u>
12	Civilian personnel benefits	0
13	Benefits for former personnel	0
21	Travel and transportation of persons	0
22	Transportation of things	0
23.1	Rental payments to GSA	0
23.2	Rental Payments to others	0
23.3	Communications, utilities and miscellaneous charges	0
24	Printing and reproduction	0
25.1	Advisory and assistance services	0
25.2	Other services	175
25.3	Purchases of goods & services from Gov't accounts	0
25.4	Operation and maintenance of facilities	0
25.5	Research and development contracts	0
25.6	Medical care	0
25.7	Operation and maintenance of equipment	0
25.8	Subsistence and support of persons	0
26	Supplies and materials	0
31	Equipment	0
32	Lands and structures	0
33	Investments and loans	0
41	Grants, subsidies and contributions	0
42	Insurance claims and indemnities	0
43	Interest and dividends	0
44	Refunds	0
99	Total obligations	<u>175</u>

DEPARTMENTAL MANAGEMENT

ACCOUNT: WORKING CAPITAL FUND

BUDGET ACTIVITY: DEPARTMENTAL STAFF SERVICES

For FY 2014, Office of Program Evaluation and Risk Management (OPERM) requests an increase of Operation and Maintenance (O&M) funds of \$ 60,000 from the FY 2014 base for a total of \$889,000 for the Risk Management Information System (RMIS).

PROGRAM CHANGES:

Risk Management Information System (+\$60,000, 0 FTE)

The purpose of this request is to develop a user friendly risk management information system for Department-wide access that will automate current paper-based Enterprise Risk Management (ERM) processes, provide enhanced capability for risk analysis, and provide collaboration and document sharing tools for the ERM practitioners. Creating a common information system for Department-wide ERM would improve quality and timeliness of data; enhance risk analysis and reporting, and facilitate risk-informed strategic decision making at the Department and Bureau-levels. This initiative involves CFO/ASA offices, OS offices, all Bureaus as stakeholders and beneficiaries of the system. A major dependency of the RMIS is alignment with the Department's Shared Services Initiative.

The RMIS links to other ERM programs being established in various bureaus. The RMIS is part of the overall deployment of ERM across the Department. Due to the varying sizes of the Bureaus and availability of resources; the establishment of individual RMIS' are already in progress at a few advanced bureaus. A majority of the bureaus are without such as system, but the need for a RMIS as part of proper risk management execution is inevitable. Therefore, this increase will reduce the need for separate and multiple IT investments for RMIS's. This is an immediate and long-term cost savings. It will also support and reinforce ERM standardization across the Department.

This increase is based on the assumption that Microsoft Share point Services will be used to build the RMIS. Initial business case analysis has been conducted, but due to many uncertainties regarding the Department's Shared Services Initiatives, access to the current technological environment (i.e. Share Point pilot) could change, impacting the overall cost.

Statement of Need and Economic Benefits – Cost Benefit Analysis

- The Department-wide RMIS will reduce the costs associated with the implementation and design of multiple RMIS's across bureaus.
- RMIS is a part of full ERM deployment, therefore, establishment is inevitable in order to gauge risk management maturity and standardization.
- Given the number of technological assumptions, an in-depth return on investment and calculation of cost savings cannot be estimated because there is the need to assess the current technologies in place at Commerce. However, the O&M is based on common elements associated with any RMIS selected, though the costs may vary.

Base Resources Assessment

Base Resource Amount: \$829,000	Base FTE: 4
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OPERM activities include: Risk Management liaison services to the bureaus for establishing individual ERM programs; establishment of ERM Framework; policy development of ERM; ad-hoc risk management assessments for bureaus; manages ERM-Council; and, provides technical assistance to project managers regarding risk reporting.

The overwhelming collection of risk management data from across the Department's bureaus requires an RMIS to serve as the primary repository for storing Department-wide risk data. Over 100 risk management events and statements were extracted and are currently maintained in Excel spreadsheets. Currently, the Department does not have the capacity to automate this function in a secure data environment.

Schedule and Milestones:

- The schedule is to spend FY 2012 building the business case and using access to the OCIO Share Point Pilot environment to test the functionality of the technology to support the ERM Framework, the framework workflow and the ERM program requirements. During this time, a more precise requirements document will be developed, with stakeholder input, describing future systems needs. OPERM will have access to the OCIO Share Point pilot environment from June 1, 2012 to February 2013. This is based on the assumption that OCIO will continue to support Share Point technology as they move to define and execute the Department's Shared Services Initiative.

Deliverables:

- Major program deliverables during the Business Case Analysis includes an Assessment of the current Share Point Pilot environment and how it can support the ERM Framework workflow.
- Mapping of the ERM framework workflow in the Share Point Pilot environment.
- Assessment of existing technological systems that could support the ERM Program framework workflow.

Performance Goals and Measurement Data:

Performance Goal:	FY	FY	FY	FY	FY	FY	FY
Measure 1	2012	2013	2014	2015	2016	2017	2018
	Est.	Target	Target	Target	Target	Target	Target
With Change			TBD	TBD	TBD	TBD	TBD
Without Change			TBD	TBD	TBD	TBD	TBD
Description: Request is for operations and maintenance costs. Performance goals will be determined once the system is implemented. Performance Goal are not yet available.							

PROGRAM CHANGE DETAIL BY OBJECT CLASS

(Dollars in thousands)

Budget Program: Departmental Staff Services
Sub-program: Office of Program Evaluation and Risk Management
Program Change: Enterprise Risk Management Information System (RMIS)

Object Class		2014 Increase
11	Personnel compensation	
11.1	Full-time permanent	\$0
11.3	Other than full-time permanent	0
11.5	Other personnel compensation	0
11.8	Special personnel services payments	0
11.9	Total personnel compensation	0
12	Civilian personnel benefits	0
13	Benefits for former personnel	0
21	Travel and transportation of persons	0
22	Transportation of things	0
23.1	Rental payments to GSA	0
23.2	Rental Payments to others	0
23.3	Communications, utilities and miscellaneous charges	0
24	Printing and reproduction	0
25.1	Advisory and assistance services	0
25.2	Other services	60
25.3	Purchases of goods & services from Gov't accounts	0
25.4	Operation and maintenance of facilities	0
25.5	Research and development contracts	0
25.6	Medical care	0
25.7	Operation and maintenance of equipment	0
25.8	Subsistence and support of persons	0
26	Supplies and materials	0
31	Equipment	0
32	Lands and structures	0
33	Investments and loans	0
41	Grants, subsidies and contributions	0
42	Insurance claims and indemnities	0
43	Interest and dividends	0
44	Refunds	0
99	Total obligations	60

DEPARTMENTAL MANAGEMENT

APPROPRIATION ACCOUNT: WORKING CAPITAL FUND

BUDGET ACTIVITY: DEPARTMENTAL STAFF SERVICES

For FY 2014, the Assistant Secretary for Administration, Office of Administrative Services requests an increase of \$842,940 and 0 FTE from the FY 2014 base for a total of \$1,622,940 and 0 FTE for Phase III Fan Coil Units, Blast/Storm Window and Historical Window maintenance.

PROGRAM CHANGES:

Phase III Fan Coil Units, Blast/Storm Window and Historical Window Maintenance (+ \$842,940, +0 FTE)

OAS is responsible for operations and maintenance of the Department of Commerce Headquarters Building, Herbert C. Hoover Building (HCHB), a 1.8 million square foot, historic, National Landmark building housing approximately 3,100 employees.

The HCHB is undergoing an eight phase systems renovation. In Phase III, 880 new fan coil units are being installed, replacing radiation heat, 543 historic windows are being refurbished to become operable and 543 new operable blast/storm windows are being installed inside of the historic windows to protect HCHB occupants in the event of a serious incident.

An increase is needed to maintain the additional new fan coil units (which provide heating, ventilation, and air conditioning), operable blast windows, and newly operable historic windows in the Herbert C. Hoover Building (HCHB) Phase III area. The maintenance of these mechanical systems and equipment is required by GSA and the manufacturers. While the Office of Administrative Services currently employs in-house staff to provide building maintenance services, the office lacks sufficient personnel to assume the additional duties required for these new mechanical systems and equipment. The Office of Administrative Services considered requesting additional FTEs, but concluded that it would be more cost-efficient to employ a contractor as needed.

The steam radiator heating equipment being replaced by GSA, requires infrequent maintenance while the fan coil units requires regular maintenance which includes the following tasks: quarterly air filter changes, inspection of the blower and heat exchanger units, verification of operational controls for blower units, examination of systems control functions, and repair of all worn or defective components. An analysis of the actual hours spent to perform the maintenance of existing fan coil units in the HCHB Phase I swing space along with manufacturer's recommendations, and GSA standard time data has concluded that each fan coil unit requires 7 dedicated maintenance tasks per year, taking a total time of 8.4 hours. Market research by Commerce determined that the contract cost would be \$85 per hour or an annual cost of \$628,320 which includes parts and labor.

The historic windows are being refurbished by GSA to become operable and additional operable blast/storm windows are being installed to protect the HCHB occupants. The historic window preventative maintenance includes inspection of gaskets and panes, cycling of both sets of upper and lower casement windows, cleaning and lubing the raceway and confirming operation of the counterweights and replacement or repair of defective items such as counterweights, handles, gaskets and broken panes. Each historic window requires five dedicated maintenance tasks per year, taking a total time of 3.15 hrs. Market research by Commerce determined that the contract cost would be \$85 per hour or an annual cost of \$145,390 which includes parts and labor. New

blast/storm window preventative maintenance tasking includes verification of security lock integrity and window locking mechanisms, cleaning and lubing of window hinges, cleaning and lubing of locking mechanism, cycling of the imbedded blinds and repair of defective parts such as locks, blinds and hinges. Each of the new blast/storm windows requires three dedicated maintenance tasks per year, taking 1.5 hrs. Market research by Commerce determined that the contract cost would be \$85 per hour or an annual cost of \$69,230 which includes parts and labor. The preventive maintenance task time required on the new windows is based on GSA standard time data and tasking for maintenance of historic double hung windows and the manufacture's recommended preventative maintenance schedule for the new blast/storm windows.

All the new equipment being installed by GSA must be properly maintained to provide basic heating and cooling services, ensure tenant safety, and make certain the equipment has a normal operational life.

Statement of Need and Economic Benefits – Cost Benefit Analysis

Protect HCHB employees and visitors

Blast resistant windows are a key factor in mitigating injuries in the event of an explosion. The Window Blast Hazard Mitigation Study for the Herbert C. Hoover Building (HCHB), dated February 2003, concluded that “the HCHB is vulnerable to hazardous window failure from an Interagency Security Committee (ISC) medium design threat located at curbside. The windows, therefore, require an upgrade to achieve ISC Medium Protection Level.” The new interior blast windows have been designed to deal with this threat.

Compliance with HCHB Delegation Agreement

GSA owns the Herbert C. Hoover Building (HCHB) and the Department of Commerce is delegated with responsibility for the building maintenance and operations. The delegation agreement, signed August 11th 1994, requires Commerce to adhere to the building operations and maintenance standards as outlined in the *GSA Customer Guide to Real Property* which includes preventive and routine maintenance, inspection and servicing of all windows, doors, and mechanical systems such as Heating, Ventilation and Air-Conditioning (HVAC). The guides' instructions for preventative maintenance of windows includes visual inspection of gaskets and panes, cycling of both sets of upper and lower casement windows, cleaning and lubing the raceway and confirming operation of the counterweights and replacement or repair of defective items such as counterweights, handles, gaskets and broken panes. For HVAC systems the guides' instructions include the following tasks: annual start-up; system balancing; periodic filter change; motor, fan and compressor lubrication; and fan, motor and compressor replacement. In addition, the HCHB preventative maintenance program must be approved by GSA and be in accordance with industry/manufacture standards.

Failure by Commerce to perform the required maintenance would have the following consequences:

- premature failure of fan coil units,
- inoperable of historic and blast/storm windows,
- damaged windows from water condensation or other visual impairment issues
- more costly and time consuming emergency repairs
- employees and visitors would lack normal heating and cooling in their offices

- Commerce would violate the delegation agreement and have financial liability for replacement of the systems and equipment*

* The delegation agreement stipulates that if Commerce conducts a proper preventative maintenance program, GSA will be responsible to fund the replacement of the systems and equipment at the end of their life cycle, e.g., the life cycle for the fan coil units is ten years.

Base Resources Assessment

Base Resource Amount: \$780,000	Base FTE: 0
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The base resources will fund a contract to maintain the new fan coil units, operable blast windows, and newly operable historic windows in the HCHB Phase III area. The maintenance of this equipment is necessary for employee safety, provide heating and cooling service, and ensure DOC compliance with GSA building delegation guidelines.

Schedule and Milestones:

Phase III (October 2013) - Operation of 880 new fan coil units and 543 historic / blast windows
 Phase IV – Funding requested in FY 2014 budget

Deliverables:

A new contract with a base year four option years has been requested for FY 2013 to allow Commerce to maintain the new window and fan coil assets in compliance with GSA delegation guidelines and provide an acceptable environment with respect to natural lighting and temperature control for HCHB tenants. Phase III equipment will come online in early FY 2014.

Performance Goals and Measurement Data:

Performance Goal:	FY 2012 Est.	FY 2013 Target	FY 2014 Target	FY 2015 Target	FY 2016 Target	FY 2017 Target	FY 2018 Target
With Change		Commerce maintains 692 Fan Coil Units (FCUs) and 1,450 windows in the HCHB	Commerce maintains 692 + 880 new FCUs and 1,450 + 1,086 new windows in the HCHB	Commerce maintains 1,572 FCUs and 2,536 windows in the HCHB	No Change (assuming renovation stops at Phase III)	No Change (assuming renovation stops at Phase III)	No Change (assuming renovation stops at Phase III)
Without Change		The 692 new FCUs and 1,450 windows are not maintained	The 692 + 880 FCUs and 1,450 + 1,086 windows are not maintained	No Change (assuming renovation stops at Phase III)	No Change (assuming renovation stops at Phase III)	No Change (assuming renovation stops at Phase III)	No Change (assuming renovation stops at Phase III)

Description: With the funding increase the contract will add in the maintenance for the Phase III window and fan coil assets. Without the increase the Phase III window and fan coil assets will not be maintained. The Department of Commerce will be in breach of its Delegation Agreement with GSA, assets will deteriorate impacting tenant habitability (heating and cooling), and deferred maintenance costs and liabilities will accrue for the Department of Commerce.

PROGRAM CHANGE DETAIL BY OBJECT CLASS
(Dollars in thousands)

Budget Program: Departmental Staff Services
Sub-program: OAS/Departmental Facilities
Program Change: Fan Coil Units, Blast/Storm Window & Historical Window maintenance

Object Class		2014 Increase
11	Personnel compensation	
11.1	Full-time permanent	\$0
11.3	Other than full-time permanent	0
11.5	Other personnel compensation	0
11.8	Special personnel services payments	0
11.9	Total personnel compensation	0
12	Civilian personnel benefits	0
13	Benefits for former personnel	0
21	Travel and transportation of persons	0
22	Transportation of things	0
23.1	Rental payments to GSA	0
23.2	Rental Payments to others	0
23.3	Communications, utilities and miscellaneous charges	0
24	Printing and reproduction	0
25.1	Advisory and assistance services	0
25.2	Other services	843
25.3	Purchases of goods & services from Gov't accounts	0
25.4	Operation and maintenance of facilities	0
25.5	Research and development contracts	0
25.6	Medical care	0
25.7	Operation and maintenance of equipment	0
25.8	Subsistence and support of persons	0
26	Supplies and materials	0
31	Equipment	0
32	Lands and structures	0
33	Investments and loans	0
41	Grants, subsidies and contributions	0
42	Insurance claims and indemnities	0
43	Interest and dividends	0
44	Refunds	0
99	Total obligations	843

DEPARTMENTAL MANAGEMENT

ACCOUNT: WORKING CAPITAL FUND

BUDGET ACTIVITY: DEPARTMENTAL STAFF SERVICES/OFFICE OF ADMINISTRATIVE SERVICES

For FY 2014, the Assistant Secretary for Administration, Office of Administrative Services requests an increase of \$169,000 and 0 FTE from the FY 2014 base for a total of \$4,764,000 and 30 FTE for the maintenance of new emergency generators and underground fuel tanks.

PROGRAM CHANGES:

Emergency Power Generation and Underground Storage Tank Maintenance (+ \$169,000, +0 FTE)

OAS is responsible for operations and maintenance of the Department of Commerce Headquarters Building, Herbert C. Hoover Building (HCHB), a 1.8 million square foot, and historic National Landmark building housing approximately 3,100 employees.

The HCHB is undergoing a major renovation by GSA which includes installation of three new Diesel Generators, one underground fuel storage tank, three day tanks, associated pumps, motors, controls and emissions devices to provide emergency power to critical elements of the building.

Maintenance of the emergency power system, which is valued at \$12,000,000, is a new requirement for OAS which currently lacks the funds, personnel or expertise to perform the necessary maintenance.

An increase is needed to maintain three new Diesel Generators, one underground storage tank, three day tanks, associated pumps, and motors, controls and emissions devices to provide emergency power to critical elements of the building. This equipment is new and is above and beyond the current operations and maintenance budget.

Commerce is responsible for the maintenance in accordance with manufacturer and GSA instructions as well as environmental laws and regulations. Maintenance per the manufacturer and GSA instructions includes quarterly minor planned maintenance and annual major planned maintenance on the three diesel generators and associated components.

While the Office of Administrative Services currently employs in-house staff to provide building maintenance services, the office lacks sufficient personnel and expertise to assume the additional duties required for these new mechanical systems and equipment. The Office of Administrative Services considered requesting additional FTEs, but concluded that it would be more cost-efficient to employ a contractor as needed.

Statement of Need and Economic Benefits – Cost Benefit Analysis

Protect HCHB employees and visitors

An emergency electrical system is essential to mitigating accidents and injuries in the event of power failure. In addition, the biannual GSA Operational Assessment for the HCHB states that emergency power generation is required and the Anti-Terrorism Risk Assessment report of the

HCHB dated October 18, 2011 states that emergency power is required for all sections of the building.

Compliance with HCHB Delegation Agreement

GSA owns the Herbert C. Hoover Building (HCHB) and the Department of Commerce is delegated with responsibility for the building maintenance and operations. The delegation agreement, signed August 11th 1994, requires Commerce to adhere to the building operations and maintenance standards as outlined in the *GSA Customer Guide to Real Property* which includes preventive and routine maintenance, inspection and servicing of all building mechanical systems which includes generators, fuel tanks, and associated equipment

Failure by Commerce to perform the required maintenance would have the following consequences:

- inoperable generators and/or fuel tanks
- permanent failure of generators
- lack emergency electrical service
- liability for replacement of the \$12,000,000 system
- violation of the HCHB delegation agreement*

* The delegation agreement stipulates that if Commerce conducts a proper preventative maintenance program, GSA will be responsible to fund the replacement of the system and associated equipment at the end of their life cycle.

Base Resources Assessment

Base Resource Amount: \$4,595,000	Base FTE: 30
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GSA began installation of the generators, tanks, and associated equipment in FY 2012. Only minor maintenance is required in FY 2013. Normal maintenance will be necessary when the system is fully operational in FY 2014.

Schedule and Milestones:

- June 2012 - GSA begins commissioning and delivery of emergency power system which includes generators, underground storage tanks, associated pumps, motors, controls and emission devices
- October 2012 - DOC assumes responsibility for operation, maintenance, and repair of emergency power system

Deliverables:

A new contract to maintain the HCHB emergency power system which includes generators, underground storage tanks, associated pumps, motors, controls and emission devices.

Performance Goals and Measurement Data:

Performance Goal:	FY 2012 Est.	FY 2013 Target	FY 2014 Target	FY 2015 Target	FY 2016 Target	FY 2017 Target	FY 2018 Target
With Change	N/A	N/A	Commerce maintains the HCHB emergency power system.				
Without Change	N/A	N/A	The HCHB emergency power system is not maintained.	The HCHB emergency power system is not maintained.	The HCHB emergency power system is not maintained.	The HCHB emergency power system is not maintained.	The HCHB emergency power system is not maintained.
<p>Description: With the funding increase, a contractor will provide maintenance for the diesel generators and allow compliance of the underground storage tanks. Without a maintenance contract, Commerce will be in breach of the HCHB Delegation Agreement with GSA, the emergency power system will quickly become inoperable, HCHB tenants will lack emergency power, and Commerce will be responsible for repair and/or replace of the system which is valued at \$12,000,000.</p>							

PROGRAM CHANGE DETAIL BY OBJECT CLASS
(Dollars in thousands)

Budget Program: Departmental Staff Services
Sub-program: OAS/Departmental Facilities
Program Change: Maintenance of new emergency generators and underground fuel tanks

Object Class		2014 Increase
11	Personnel compensation	
11.1	Full-time permanent	\$0
11.3	Other than full-time permanent	0
11.5	Other personnel compensation	0
11.8	Special personnel services payments	0
11.9	Total personnel compensation	0
12	Civilian personnel benefits	0
13	Benefits for former personnel	0
21	Travel and transportation of persons	0
22	Transportation of things	0
23.1	Rental payments to GSA	0
23.2	Rental Payments to others	0
23.3	Communications, utilities and miscellaneous charges	0
24	Printing and reproduction	0
25.1	Advisory and assistance services	0
25.2	Other services	169
25.3	Purchases of goods & services from Gov't accounts	0
25.4	Operation and maintenance of facilities	0
25.5	Research and development contracts	0
25.6	Medical care	0
25.7	Operation and maintenance of equipment	0
25.8	Subsistence and support of persons	0
26	Supplies and materials	0
31	Equipment	0
32	Lands and structures	0
33	Investments and loans	0
41	Grants, subsidies and contributions	0
42	Insurance claims and indemnities	0
43	Interest and dividends	0
44	Refunds	0
99	Total obligations	169

DEPARTMENTAL MANAGEMENT**ACCOUNT: WORKING CAPITAL FUND****BUDGET ACTIVITY: DEPARTMENTAL STAFF SERVICES/OFFICE OF ADMINISTRATIVE SERVICES**

For FY 2014, the Assistant Secretary for Administration, Office of Administrative Services requests an increase of \$850,000 and 0 FTE from the FY 2014 base for a total of \$5,445,000 and 30 FTE for additional maintenance and necessary repairs to the Herbert C. Hoover Building's deteriorating mechanical, electrical, and plumbing systems.

The Office of Administrative Services (OAS) is responsible for operations and maintenance of the Department of Commerce Headquarters Building, Herbert C. Hoover Building (HCHB), a 1.8 million square foot, historic National Landmark building housing approximately 3,100 employees.

The HCHB is undergoing a renovation to replace failing building mechanical, electrical, and plumbing systems. The project is divided into 8 phases. Phases I, II and III are funded with construction completed and/or underway.

PROGRAM CHANGES:**Additional HCHB Maintenance and Repair with Suspension or Cancellation of Renovation Project (\$850,000 and +0 FTE)**

An increase would be needed to maintain and repair the HCHB if the renovation project is suspended or canceled.

The HCHB is undergoing an 8 phase renovation to replace failing building mechanical, electrical, and plumbing systems. If GSA and DOC do not receive funding to continue the project after Phase III or if the project suffers a hiatus for several years, the un-renovated sections, approximately 71% of the building, will retain the existing mechanical, electrical and plumbing systems, which are beyond the end of their designed life cycle and are failing at an increasing rate.

Three major plumbing failures in the last calendar year have forced unscheduled shutdowns of entire corridors of restrooms from the basement through to the seventh floor. On four occasions, steam system failures have impacted the heating for the entire HCHB. Corroded rain leaders and chilled water piping have caused flooding to an ever increasing number of office and mechanical spaces throughout the HCHB. In the last year OAS building management personnel have discovered and made temporary repairs to deteriorated and failing electrical main connection points for building power risers in corridors four, five, six and on the main building wide HVAC power feed. Steam coils have had to be replaced in three fan rooms this year and over 80% of the actuators for in room forced air are beyond economical life and in need of replacement. In addition to the deteriorating systems, without the renovation, deteriorating lead paint and asbestos will need to be abated, especially as more invasive repairs are being required.

The OAS building management personnel have responded with increased inspections to critical equipment to detect failures before tenants are seriously impacted. Also, staff are identifying and implementing system patches to extend the life of assets by replacing pumps, motors, controls and other critical components.

In addition, the new automated and energy efficient systems being installed by GSA in Phases I, II, and III have a higher cost of maintenance, which further places a strain on existing budgets and resources. For example, the new lighting systems are 277 volts and although more electrically efficient, the cost of the replacement lamps are three times greater than the old lamp. The new ballast and controllers are solid state and ten to twelve times more expensive than the replaced units. The higher voltage requires that all repairs on the equipment are conducted when the system is de-energized, necessitating overtime maintenance when the offices are unoccupied. The additional complexity of the sensors and control points drives up the maintenance costs. New major additional components in the HVAC system include a chiller economizer (heat exchanger), a hot water heating plant (to replace the steam system when it is phased out at the end of Phase VIII), and three steam condensate systems (two of which will be phased out at the end of Phase VIII). Three green roofs and a building wide sprinkler system also need to be maintained and serviced. The additional complexity of maintaining this new technology while extending the life of the deteriorating legacy systems; the skill sets, spare parts and integration issues, further drive up the maintenance cost of the facility.

OAS is strained to manage the existing and growing planned maintenance requirement, which is being supplemented by new operations and maintenance contracts for automated building controls, new fan coil units, windows, diesel generators, and underground storage tanks. Without the continuation of the HCHB renovation project, selective systems which have had their maintenance deferred will need to be replaced or maintained. The new minor system replacement projects, the additional planned maintenance and the increasing emergency and reactive maintenance is not resourced within the current FTE complement or budget for operations and maintenance for the HCHB.

Statement of Need and Economic Benefits – Cost Benefit Analysis

Biannually or more frequently at the discretion of GSA regional management, GSA conducts an operational analysis of building systems and equipment, as well as renders an account of the Agency's preventive maintenance program and records. At the conclusion of the review GSA provides a report giving the condition of the equipment selected for assessment. The report identifies all problems of the selected equipment. The Agency must analyze the condition reports and take corrective action as necessary to restore equipment to proper working order, ensure proper future operation of building systems and provide for overall stewardship of the asset. Agency action plans must be coordinated with the appropriate GSA regional representatives.

The Department of Commerce Delegation Agreement with GSA signed August 11th 1994 and in agreement with the current draft Department of Commerce Delegation Agreement with GSA, the Agency is required to adhere to the operations and maintenance standards as outlined in the *GSA Customer Guide to Real Property*. The Agency shall follow a preventive maintenance program approved by GSA for all building operating equipment. The Agency shall provide all maintenance, including inspections, in accordance with industry, manufacturer, and GSA standards or, if approved, by a contractor's recommendation based on the contractor's knowledge and experience. Per the Department of Commerce Delegation Agreement with GSA, preventive and routine maintenance includes but is not limited to inspection and servicing of exterior apertures (windows, doors, shutters), fire doors, conveying systems (elevators, wheelchair lifts, escalators), plumbing and mechanical systems (heating, air-conditioning, fire and safety).

The Building Management Division is only staffed to manage the existing planned maintenance requirement for the building. As new equipment is added maintenance contracts are being implemented to accommodate the additional workload, such as contracts for automated building controls, new fan coil units, windows, diesel generators, and underground storage tanks. Without the continuation of the HCHB renovation project, legacy systems which have had their maintenance deferred and are failing at an accelerated rate, will need to be replaced or maintained. The new minor system replacement projects (per the table below), the additional planned maintenance of new equipment not covered in new maintenance contracts and the increasing emergency and reactive maintenance is not resourced within the current operations and maintenance budgets.

Additional Annual Maintenance Requirements If HCHB Renovations Stops After Phase III

System	Task	Additional Maintenance	Additional Cost	Comments
Heating	Maintain old steam system in addition to new hot water system	Repair/replace failing valves, traps, pipes, lagging	\$55,000/year	Sections of building and offices without heating for extended periods of time.
Cooling	Repairs and replacement	Repair/replace failing valves, pipes, lagging on old chilled water system. Estimate one catastrophic failure per year.	\$20,000/year	Sections of building and offices without cooling for extended periods of time.
Ventilation	Repairs and replacement	Replace 1 old air handler per year	\$177,000/year	Catastrophic failure could result in a section of the building being inhabitable
		Repair stand alone A/C units	\$10,000/year	
		Repair/replace old duct work	\$8,000/year	
		Repair/replace 4 fan motors per year	\$10,000/year	
HazMat	Lead based paint Removal	Throughout building	\$35,000/year	Health issues
	Asbestos removal/containment	Mechanical rooms, above false ceilings	\$85,000/year	Health issues
Water	Repairs and replacement	Replace failed potable water valves	\$25,000/year	Health issues
		Replace/repair catastrophic failure of supply and discharge pipes	\$65,000/year	Most discharge pipes are corroded and over 80 years old. Restrooms closed.
		Replace/repair 3 failed rain leaders per year	\$16,000/year	Leaks in offices
		Maintain temporary sprinklers	\$5,000/year	
Electrical	Fuse panel maintenance	10 per year Catastrophic failure of at least one panel per year expected.	\$20,000/year	Legacy fuse panels are reaching the end of their serviceable life. Failure of fuse panel will result in power outages.
	Wiring replacement	20 circuits per year	\$32,000/year	Wiring is reaching end of serviceable life. Failure will result in power outages.

Exterior	Windows	Paint/refurbish/seal 50 windows per year	\$75,000/year	
	Lighting	Repair/replace old lighting fixtures and wiring	\$15,000/year	Existing lighting fixtures are reaching the end of serviceable life
Flooring	Repair/replace cracked terrazzo	100 ft per year	\$45,000/year	Sections of flooring require repair
Restrooms	Refurbishment	2 bathrooms per year	\$42,000/year	Tile repair, ventilation, fixtures
Mechanical Rooms	Refurbishment	2 rooms per year	\$30,000/year	Pipes are corroded, lagging requires replacement, painting.
Painting	Cyclical painting	Repair cracked and peeling paint	\$80,000/year	Corridors, stairwells

Failure to perform the required planned maintenance in the absence of the renovation will put the HCHB in breach of the DOC Delegation Agreement with GSA. An extended period of no or suboptimal preventive maintenance will result in premature failure of critical facility infrastructure which is already past its economical life. This will result in numerous interruptions to the tenants abilities to perform their missions and may make some areas of the building uninhabitable.

A systematic plan to refurbish and extend the life of critical systems is the only means of complying with the GSA Delegation Agreement, to address the accelerating emergency and reactive maintenance requirements of legacy systems in 5/7's of the building and to provide a suitable and productive working environment for the occupants.

Base Resources Assessment

Base Resource Amount: \$4,595,000	Base FTE: 30
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This requirement is above and beyond the currently funded operations and maintenance programs for the HCHB. The continued deterioration of existing mechanical, electrical and plumbing systems throughout the un-renovated areas of the building will cause an increasing amount of reactive and emergency maintenance, at the detriment of planned maintenance. Selective minor asset replacement is required for the deteriorating old equipment not being replaced in Phases IV through VIII, to reduce the emergency and reactive maintenance, allowing resources to be applied to planned maintenance on the existing systems, as well as the new and more complex systems in the Phases I, II and III of the building.

The current FTE allocation and budget for operations and maintenance is insufficient to absorb the additional maintenance in the renovated sections of the building, as well as accommodate minor systems replacement and increased emergency and reactive maintenance. This request does not include additional expenses for major capital equipment replacement, which should be addressed by GSA under their BA54 projects in accordance with the DOC/GSA Delegation Agreement.

Schedule and Milestones:

Phase III HCHB Renovation Project - complete October 2013

Phase IV HCHB Renovation Project – funding requested in FY 2014 President’s budget

Deliverables:

Funds will be utilized to contract out one time minor system replacement projects, such as refurbishing mechanical rooms, restrooms, flooring, lighting systems, heating, ventilation and cooling systems, electrical infrastructure and for the abatement of asbestos and lead based paint, as required.

Performance Goals and Measurement Data:

Performance Goal:	FY 12 Est.	FY 2013 Target	FY 2014 Target	FY 2015 Target	FY 2016 Target	FY 2017 Target	FY 2018 Target
With Change	N/A	Reactive maintenance lowered by 10%	Reactive maintenance lowered by further 10%	Reactive maintenance lowered by further 12%	Reactive maintenance lowered by further 12%	Reactive maintenance lowered by further 12%	Reactive maintenance lowered by 10%
		Planned maintenance increased by 500 hrs/yr	Planned maintenance increased by additional 450 hrs/yr	Planned maintenance increased by additional 400 hrs/yr	Planned maintenance increased by additional 350 hrs/yr	Planned maintenance increased by additional 325 hrs/yr	Planned maintenance increased by 500 hrs/yr
		Critical failures <10 /yr	Critical failures <9/yr	Critical failures <8/yr	Critical failures <7/yr	Critical failures <5/yr	Critical failures <10 /yr
Without Change	N/A	Reactive maintenance increased by 10%	Reactive maintenance increased by further 10%	Reactive maintenance increased by further 15%	Reactive maintenance increased by further 15%	Reactive maintenance increased by further 20%	Reactive maintenance increased by 10%
		Planned maintenance decreased by 500 hrs/yr	Planned maintenance decreased by additional 500 hrs/yr	Planned maintenance decreased by 500 hrs/yr			
		Critical failures >10 /yr	Critical failures >12 /yr	Critical failures >13 /yr	Critical failures >15 /yr	Critical failures >17 /yr	Critical failures >10 /yr
Description: With the funding increase, minor systems replacement projects will decrease emergency and reactive maintenance, resulting in more planned maintenance. This will result in higher system reliability and availability of services and less critical system failures. Without additional funding, increasing emergency and reactive maintenance will result in more deferred maintenance and lower system reliability and availability of services. Increasing critical infrastructure failures will impact the mission of the tenants and may make some areas of the building uninhabitable.							

PROGRAM CHANGE DETAIL BY OBJECT CLASS
(Dollars in thousands)

Budget Program: Departmental Staff Services
Sub-program: OAS/Departmental Facilities
Program Change: Additional maintenance & necessary repairs to HCHB

Object Class		2014 Increase
11	Personnel compensation	
11.1	Full-time permanent	\$0
11.3	Other than full-time permanent	0
11.5	Other personnel compensation	0
11.8	Special personnel services payments	0
11.9	Total personnel compensation	0
12	Civilian personnel benefits	0
13	Benefits for former personnel	0
21	Travel and transportation of persons	0
22	Transportation of things	0
23.1	Rental payments to GSA	0
23.2	Rental Payments to others	0
23.3	Communications, utilities and miscellaneous charges	0
24	Printing and reproduction	0
25.1	Advisory and assistance services	0
25.2	Other services	850
25.3	Purchases of goods & services from Gov't accounts	0
25.4	Operation and maintenance of facilities	0
25.5	Research and development contracts	0
25.6	Medical care	0
25.7	Operation and maintenance of equipment	0
25.8	Subsistence and support of persons	0
26	Supplies and materials	0
31	Equipment	0
32	Lands and structures	0
33	Investments and loans	0
41	Grants, subsidies and contributions	0
42	Insurance claims and indemnities	0
43	Interest and dividends	0
44	Refunds	0
99	Total obligations	850

DEPARTMENTAL MANAGEMENT

ACCOUNT: WORKING CAPITAL FUND

BUDGET ACTIVITY: DEPARTMENTAL STAFF SERVICES

For FY 2014, **Office of Human Resources Management** requests an increase of \$ 2,549,000 and 0 FTE from the FY 2014 base for a total of \$9,763,000 and 4 FTE for Departmental Staff Services.

PROGRAM CHANGES:

Human Resources Management System (HRMS) (+ \$2,549,000, +0 FTE)

The Office of Human Resources Management requests an increase of \$2,549,000 to continue implementation of the Human Resources Management System (HRMS). The HRMS leverages the Human Resource (HR) Connect technology solution of the U.S. Department of Treasury; an Office of Personnel Management (OPM) certified provider under the Human Resources Line of Business (HR LOB). When fully deployed, the HRMS will provide an enterprise-wide system that enables managers and employees to easily manage personnel information and make strategic decisions while reengineering the core personnel processes provided by HR professionals. Self-service functionality will dramatically transform and streamline how employees, managers and HR staff perform their work.

The HRMS will be deployed in a phased approach; consistent with OMB's capital planning guidance to define milestones that deliver useful components/modules (i.e., *an economically and programmatically separate component of a capital investment that provides a measurable performance outcome for which the benefits exceed the costs*) within each fiscal year. The migration of nine DOC bureaus/offices, totaling 27,900 employees, will be completed in FY 2012. Employees of NIST, NTIS and OIG will be migrated to the system in FY 2013. Employees of NOAA will be migrated in FY 2014.

The FY 2014 requested increase is consistent with the phased deployment strategy and provides for the completion of migration all bureaus/offices to the HRMS, including 13,300 employees. Completion of the migration of all employees to the HRMS is a stakeholder priority and directly supports DOCs published FY 2011-2016 Strategic Plan.

Statement of Need and Economic Benefits – Cost Benefit Analysis

The Department is one of the only cabinet level agencies that does not have an integrated system supporting its HR functions, processes and activities. As a result, the activities supporting HR functions and processes are primarily manual and the development of non-standardized systems developed in house or purchased systems that the Department bought to supplement existing systems - has proliferated throughout the various bureaus. Deployment of an HR LOB solution is critical to address the labor intensive and non-standardized HR processes across the enterprise that result in increased costs, increased risk of loss of privacy data, and inefficient organizational management.

The heavy reliance on paper and redundant data entry increases cycle times and error rates for all processes. The proliferation of these labor intensive and non-standardized processes creates an

environment of increased complexity and security risk. The manually intensive and non-standardized HR processes that currently exist throughout the Department's various bureaus and offices result in increased costs, increased risk of loss of privacy data, and inefficient organizational management. The HRMS provides an agency-wide, modern, cost-effective, standardized, and interoperable HR solution that delivers common, core functionality to support the strategic management of human capital and address the manual and inefficient processing of HR transactions across the Agency.

The Agency will realize substantial benefits and efficiencies in each of the 45 defined HR processes and 218 supporting activities. The resulting organizational transformation will significantly expand the availability of real-time information for management decision-making and deliver cost efficiencies and process improvements to the Department. In addition to the substantial qualitative benefits, the Department will realize quantitative benefits in both cost avoidance and true cost savings. It is anticipated that the cost savings realized by deploying a Department-wide HR LOB solution provides for investment payback half-way through FY 2015 (the first year of steady state operations) and a return on investment of 21.6% by the end of FY 2016. It is anticipated that the quantitative benefits and return on investment will be substantially higher once the full benefit of process standardization and data consistency has been realized. Full realization of the benefits is dependent of the migration of all DOC bureaus/offices at the current phase schedule.

Base Resources Assessment

Base Resource Amount: \$7,215,000	Base FTE: 4
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The following activities are currently being conducted the program's base resources:

Program Management, Assessment and Migration

- Program Management
- Project Support Analyst
- NIST, OIG - PeopleSoft License Acquisition
- NIST, OIG - Migration
- NIST, OIG - Post Go-Live Support
- ITM Deployment - NIST Funding
- Census Decennial - PeopleSoft License Acquisition
- Census Decennial - Migration Planning
- Census Decennial - Migration
- NOAA - Fit-Gap Analysis

Operations Support

- O&M Support from Treasury
- DOC Operations Support Center
- PeopleSoft License Maintenance - Census
- PeopleSoft License Maintenance - DOC

Anticipated savings and efficiencies described in the competed cost/benefits analysis and business case include:

AVOIDANCE / SAVINGS TYPE	COST AVOIDANCE		COST SAVINGS				TOTAL
	GOV'T LABOR HOURS RECLAIMED	TOTAL LABOR COST AVOIDANCE	CONTRACT LABOR HOURS SAVINGS	CONTRACT LABOR COST SAVINGS	CONTRACT SERVICES COST SAVINGS	TOTAL CONTRACT COST SAVINGS	
Personnel action processing	35,700	\$2,731,400	6,300	\$846,100	0	\$846,100	\$3,577,500
System maintenance	34,800	\$2,657,000	5,600	\$748,000	\$2,165,900	\$2,913,900	\$5,570,900
Interface Maintenance	26,100	\$1,994,100	18,600	\$2,493,700	\$0	\$2,493,700	\$4,487,800
Services Contracts	NA	NA	NA	NA	\$540,000	\$540,000	\$540,000
Human Capital Reporting	2,700	\$208,000	2,700	\$365,200	\$0	\$365,200	\$573,200
TOTAL	99,300	\$7,590,500	33,200	\$4,453,000	2,705,900	\$7,158,900	\$14,749,400

Full realization of the estimated quantitative benefits is dependent on completion of migration of all bureaus and offices to the HRMS. The requested FY 2014 increase is required to complete the migration. The following activities are planned for FY 2014:

Planned Program Management, Assessment and Migration

- Program Management
- Project Support Analyst
- NOAA - PeopleSoft License Acquisition
- NOAA - Migration
- NOAA - Post Go-Live Support

Incremental Increase Operations Support

- O&M Support from Treasury
- DOC Operations Support Center
- PeopleSoft License Maintenance

Schedule and Milestones:

The phased deployment schedule for the HRMS includes the following key milestones:

- Phase 1 – FY 2011 (Completed)
 - Readiness Assessments and Gap Analyses – Census, DOC Human Resource Operation Center (DOCHROC), Patent and Trademark Office (PTO), International Trade Administration (ITA)/ Foreign Commercial Services (FCS)
- Phase 2 – FY 2012 (Completed)
 - Deploy Workforce Analytics – All
 - Deploy HR LOB Shared Service Center (SCC) – Census, DOCHROC, PTO, ITA/FCS
 - Readiness Assessment and Gap Analysis – National Institute of Standards and Technology (NIST), Office of Inspector General (OIG)
- Phase 3 (In Process)– FY 2013

- Deploy HR LOB SSC – NIST, OIG
- Readiness Assessments and Gap Analyses – National Oceanic and Atmospheric Administration (NOAA)
- Phase 4 – FY 2014
 - Deploy HR LOB SSC – NOAA
- FY 2015+
 - Operations and Maintenance – Steady State

Deliverables:

- Phase 2 – FY 2012
 - DOC HR Service Centers Migrated to HR Connect - Census, DOCHROC, USPTO, ITA/CS/FS
 - Readiness Assessment and Gap Analysis – National Institute of Standards and Technology (NIST), Office of Inspector General (OIG)
 - IPsec Tunnel Between DOC and HR Connect
 - Interface of DOC Monster Government Solutions Data with HR Connect
 - Interface of DOC Learning Management System Data with HR Connect
- Phase 3 – FY 2013 (In Process)
 - DOC HR Service Centers Migrated to HR Connect – NIST, OIG
 - DOC HR Service Centers Migrated to HR Connect Performance Management Module – Census, DOCHROC, PTO, ITA/CS/FS, NIST, OIG
 - Readiness Assessments and Gap Analyses – National Oceanic and Atmospheric Administration (NOAA)
- Phase 4 – FY 2014
 - DOC HR Service Centers Migrated to HR Connect – NOAA
 - DOC HR Service Centers Migrated to HR Connect Performance Management Module – NOAA

Performance Goals and Measurement Data:

Performance Goal:	FY 2012 Target	FY 2013 Target	FY 2014 Target	FY 2015 Target	FY 2016 Target	FY 2017 Target	FY 2018 Target
With Increase	29%	43%	65%	83%	94%	95%	95%
Without Increase	29%	29%	29%	29%	29%	29%	29%
<p>Description: Percent of personnel transactions processed electronically from initiation through submission (end-to-end processing). This is a measure of both operational efficiency and customer service. The measure reflects the opportunity for process improvement and it indicates the health of the process to transition from manually to electronic processing. The HRMS will transform the manually intensive processing of personnel actions across the enterprise, resulting in more efficient and effective electronic processing, decreased labor costs, and increased data confidence.</p>							

Performance Goal:	FY 2012 Target	FY 2013 Target	FY 2014 Target	FY 2015 Target	FY 2016 Target	FY 2017 Target	FY 2018 Target
With Increase	15%	12%	10%	5%	5%	5%	5
Without Increase	20%	20%	20%	20%	20%	20%	20%
Description: Percentage of retroactive payroll adjustments as compared to total number of payroll transactions. This is a measure of both quality and operational efficiency. The measure reflects the effectiveness of the payroll transaction processing operation. The HRMS will deliver performance improvements in all Compensation Management activities including the administration of bonus and award programs and the processing of pay and leave.							
Performance Goal:	FY 2012 Target	FY 2013 Target	FY 2014 Target	FY 2015 Target	FY 2016 Target	FY 2017 Target	FY 2018 Target
With Increase	50%	55%	60%	65%	65%	65%	65%
Without Increase	25%	25%	25%	25%	25%	25%	25%
Description: Of the total personnel transactions available through self-service, the percent of personnel transactions actually initiated in self-service. This is a measure of operational efficiency and customer service. This measure will be particularly relevant during the initial stages of deployment within each bureau as the self-service capability is a significant source of cost avoidance. The HRMS will provide the opportunity for employees or managers to access system, input data, make changes, or update information that will allow users to initiate and edit personnel actions in a secure automated solution.							

PROGRAM CHANGE DETAIL BY OBJECT CLASS
(Dollars in thousands)

Budget Program: Departmental Staff Services
Sub-program: Office of Human Resources Management
Program Change: Human Resources Management System (HRMS)

Object Class		2014 Increase
11	Personnel compensation	
11.1	Full-time permanent	\$0
11.3	Other than full-time permanent	0
11.5	Other personnel compensation	0
11.8	Special personnel services payments	0
11.9	Total personnel compensation	0
12	Civilian personnel benefits	0
13	Benefits for former personnel	0
21	Travel and transportation of persons	0
22	Transportation of things	0
23.1	Rental payments to GSA	0
23.2	Rental Payments to others	0
23.3	Communications, utilities and miscellaneous charges	0
24	Printing and reproduction	0
25.1	Advisory and assistance services	0
25.2	Other services	2,549
25.3	Purchases of goods & services from Gov't accounts	0
25.4	Operation and maintenance of facilities	0
25.5	Research and development contracts	0
25.6	Medical care	0
25.7	Operation and maintenance of equipment	0
25.8	Subsistence and support of persons	0
26	Supplies and materials	0
31	Equipment	0
32	Lands and structures	0
33	Investments and loans	0
41	Grants, subsidies and contributions	0
42	Insurance claims and indemnities	0
43	Interest and dividends	0
44	Refunds	0
99	Total obligations	2,549

DEPARTMENTAL MANAGEMENT

ACCOUNT: WORKING CAPITAL FUND

BUDGET ACTIVITY: Departmental Staff Services

For FY 2014, Office of Human Resources Management requests an increase of \$2,120,000 and 0 FTE from the FY 2014 base for a total of \$2,743,000 and 0 FTE for Time and Attendance Migration.

The current program involves maintaining current automated time and attendance software operations, as well as planning for the eventual obsolescence of the Department's current product, which is a locally-installed database instance of "Webta".

PROGRAM CHANGES:

Time and Attendance Migration (+\$2,120,000 + 0 FTE):

The programmatic increase request is directed towards funding for the migration to a new software system and a new operations provider relationship. This transition would require certain standard activities, such as information technology-related labor hours to establish a new database, firmware, middleware, and a configured application layer. The budget estimates are based on a strategy that would move future operations to a different federal agency, which is a human resources shared services center, as designated by the Office of Personnel Management (OPM).

The program increase request is important because the Department's current time and attendance software application will become unsupported by the manufacturer on December 31, 2014. This situation has allowed the Department to evaluate its entire operation, including infrastructure and network operations, and reach a determination that the future of this functional area would be easier to manage and operationally less risky if it were to be outsourced to an OPM-approved Federal shared service provider or center, such as the Department of Agriculture or the Treasury Department.

A capital investment in a replacement electronic time and attendance system is essential because the Department's current legacy software application will become unsupported during FY 2015. The product's discontinuance was a strategic decision made by that software vendor, and outside of the control of the Department. The migration to the WebTA 4.x will ensure continuity of DOC's business critical time and attendance, payroll and leave management functions.

The actions proposed would involve establishing the transfer of responsibility and functions to a designated Federal shared services center. The relationship would also provide for installation and configuration activities, and all other information technology-related activities involved with setting up the hosting solution (including hardware, firmware, middleware, and software) at the other agency to support the department, as well as ensuring that the service center is able to handle the departmental-related call volume to its helpdesk support network.

Statement of Need and Economic Benefits – Cost Benefit Analysis

The possible economic benefits that could be realized through the proposed strategy of moving time and attendance information technology operations to a federal shared service center include:

- Cost avoidance of slightly over \$247,000 to the Office of Financial Management due to moving the hosting arrangement from DOT/FAA to a different federal provider;
- Cost avoidance of approximately \$100,000 in reduced support necessary by contractors to the Office of Financial Management because database management would be moved to a designated federal shared services provider;
- Ability to remove up to \$387,000 in fully-loaded staff labor costs if 3 federal positions are reverted and not back-filled when they become vacant.
- Following full implementation, ongoing operational costs are expected to be between \$650,000 to \$850,000, depending on the software solution chosen, and the specific internal cost structure of the chosen federal shared services provider. It is likely that this approach will yield (starting in FY 2016) a small positive return on investment over current baseline operational costs, as currently estimated.

Any overall cost savings to the bureaus would include:

- *U.S. Census Bureau’s Information Systems Branch under the Human Resources division could eliminate its existing time and attendance Helpdesk and reallocate two FTE with a cost avoidance of \$207,000/year.*
- *Office of the Secretary reallocates one FTE with cost avoidance of \$180,000 per year.*
- *Consolidation of multiple license contracts – decreases contract management costs and provides better pricing given the economies of scale realized with a larger license agreement.*
- *Opportunity to eliminate historic customizations that may now be available “out of the box” in the 4.x version reducing annual maintenance costs.*
- *Reduction in LOE associated with HR service center provision of Tier 1 help desk and corresponding cost avoidance*
- *Reduction in costs associated with the deployment of customizations, organizational changes, interfaces and reporting given new open architecture platform and configurability options at by administrators.*

Base Resources Assessment

Base Resource Amount: \$623,000	Base FTE: 0
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FY2014 activities would include information technology-related work, installations and configuration at the work sites chosen by the designated federal shared services center.

The developer of the WebTA software has announced that it will stop providing support for the current version of WebTA 3.8 used by the Department, according to the following timeline:

- *December 31, 2013: Contractor will cease providing technical, consulting, and project management support via a fixed price basic maintenance contract and limited warranty. Support may be through a time-and-materials arrangement until December 31, 2014;*
- *December 31, 2014: WebTA will no longer be available to the Department, since it will be considered an unsupported product.*

Schedule and Milestones:

- September 2012: Transmit an interagency MOU, or amendment to existing MOU (if Treasury or USDA is selected).
- October 2012: IPAC funds under the new MOU or amended MOU to cover for preparation consulting activities, which entails functional gap analysis and the authoring of a migration plan.
- November 2012 – April 2013: Preparation activities, including a written gap analysis are completed. Initial database architecture and network operations activities are begun, using remaining FY 2013 funds.
- April 2013 – February 2014: Application layer configuration, hosting architecture, database administrator training, and Helpdesk training are completed.
- March 2014 – September 2014: System functionality is extensively tested and the Commerce Department’s employee, supervisor, and local timekeeper population are provided with training.
- October 2014: The new system is placed into operations at the chosen federal shared services center.

Deliverables:

There are various tangible outputs, including:

- A written gap analysis, used for software migration planning with the chosen federal shared services provider and their chosen private sector software manufacturer.
- Training documents prepared by the federal shared services provider to facilitate calendar year 2014 training of employees, supervisors and local timekeepers.
- A new data system and available Helpdesk established at the chosen federal shared services center.

Performance Goals and Measurement Data:

Performance Goal:	FY	FY	FY	FY	FY	FY	FY
Measure 1	2012	2013	2014	2015	2016	2017	2018
	Est.	Target	Target	Target	Target	Target	Target
With Change		-	50%	45%	40%	35%	30%
Without Change		5%	10%	0%	-	-	-

Description: Percentage improvement in software navigation performance and timecard record build processing time.

The current database that runs the department’s legacy software contains employee records for the past 13 years, since 1999, though many of the individuals have left the agency’s service. Establishing a new database instance will include only the current employees on the rolls at the time of the system installation, greatly reducing the size of the application’s database and therefore dramatically improving the system’s performance. Performance speed would improve by more than 50% due to the reduction in records volume that the replacement application would have to handle during processing. With the current legacy system, there are some strategies that could be employed to incrementally improve processing speed, such as modifying the “build size” of FTP files transmitted to the current payroll provider, as well as building an archival database for storage of obsolete employee records description.

PROGRAM CHANGE DETAIL BY OBJECT CLASS
(Dollars in thousands)

Budget Program: Departmental Staff Services
Sub-program: Office of Human Resources Management (OHRM)
Program Change: Time and Attendance Migration

Object Class		2014 Increase
11	Personnel compensation	
11.1	Full-time permanent	\$0
11.3	Other than full-time permanent	0
11.5	Other personnel compensation	0
11.8	Special personnel services payments	0
11.9	Total personnel compensation	0
12	Civilian personnel benefits	0
13	Benefits for former personnel	0
21	Travel and transportation of persons	0
22	Transportation of things	0
23.1	Rental payments to GSA	0
23.2	Rental Payments to others	0
23.3	Communications, utilities and miscellaneous charges	0
24	Printing and reproduction	0
25.1	Advisory and assistance services	0
25.2	Other services	2,120
25.3	Purchases of goods & services from Gov't accounts	0
25.4	Operation and maintenance of facilities	0
25.5	Research and development contracts	0
25.6	Medical care	0
25.7	Operation and maintenance of equipment	0
25.8	Subsistence and support of persons	0
26	Supplies and materials	0
31	Equipment	0
32	Lands and structures	0
33	Investments and loans	0
41	Grants, subsidies and contributions	0
42	Insurance claims and indemnities	0
43	Interest and dividends	0
44	Refunds	0
99	Total obligations	2,120

DEPARTMENTAL MANAGEMENT**ACCOUNT: WORKING CAPITAL FUND****BUDGET ACTIVITY: DEPARTMENTAL STAFF SERVICES/Investigations & Intelligence Division**

For FY 2014, the Office of Security requests an increase of \$1,534,000 and 4 FTE from the FY 2014 base for a total of \$3,561,000 and 16 FTE for the Investigations & Intelligence Division Mission Critical Threat Expansion.

The Department exists to promote the Nation's economic development, advance technology, and ensure stewardship of the environment. Mission-critical threats emanate from foreign intelligence services, sophisticated criminal organizations, and violent extremists whose actions impact Departmental personnel, assets, and activities in furtherance of their own economic, technological, or environmental agendas. The Office of the Director of National Intelligence (ODNI) characterized the economy, technological advancement, and the environment as strategic challenges to national security. Specifically, ODNI has emphasized the importance of restoring strong economic growth and maintaining the US scientific and technological edge; and judged that global climate change will have important implications over the next 20 years. The Department, as specified by the main tenants of the 2011-2016 Strategic Plan: Economic Growth, Science and Information, and Environmental Stewardship – is at the crux of these strategic issues.

A mission critical threat is a person, entity, or circumstance that would either have a significant impact on the Department's ability to execute its mission or otherwise adversely affect United States Government interest's. The Office of Security, through the Investigations and Intelligence Division (IID), is the only operating unit specifically chartered to protect the Department from these types of threats, as well as the only governmental entity functioning in this capacity that is directly focused on the Department.

Using a strategic approach to proactively identify, assess, and manage these threats, IID has uncovered matters associated with the Department's economic, technological, and environmental missions that went unrecognized by other government agencies. IID also supports key national strategies, including the National Intelligence Strategy, National Counterintelligence Strategy, Law Enforcement Strategy to Combat International Organized Crime, National Strategy for Homeland Security, and National Strategy for Global Supply Chain (also mandated by PL 112-55-Nov.18, 2011); leads significant portions of the Department's efforts on Executive Order 13587 "Structural Reforms to Improve the Security of Classified Networks and the Responsible Sharing and Safeguarding of Classified Information"; and is engaged in important collaboration within the Intelligence and Law Enforcement Communities.

IID is authorized with 12 FTE (10 Criminal Investigators, 1 Intelligence Analyst, and 1 Management Analyst). Currently, these personnel are only assigned to the National Capital Region (NCR) while supporting a diverse Department mission with assets spread across a large geographic footprint (including overseas).

PROGRAM CHANGES:**Investigations & Intelligence – Mission-Critical Threat Expansion (+\$1,534,000, + 4 FTE):**

An increase of \$1,534,000 and 4 FTE (total of \$3,561,000 and 16 FTE) will address IID's current inventory of cases that are triaged due to staffing shortages and workload constraints. Additional personnel are expected to directly reduce the existing backlog of mission-critical threat cases and new investigative intake; expand IID's ability to address mission-critical threats across the Department of Commerce enterprise through proactive strategic investigations; devote resources to requirements levied by Executive Order 13587, PL 112-55-Nov.18, 2011 (Congressional mandate for supply chain risk management), national strategies for transnational organized crime and counterintelligence; and to address the recommendations made in the FY 2011 ONCIX Mission Review.

IID is currently working investigations that have implications which fall in the mid to upper levels of likelihood and consequence on the Department's Risk Scoring Template and has forged strategic partnerships with internal and external partners on items of mutual interest to include the DOC OCIO for cyber security and the Office of Acquisition Management (OAM) for supply chain risk management; and externally with entities such as Intergovernmental Policy Committees on transnational organized crime hosted by National Security Staff and the National Counterintelligence Operations Board.

Statement of Need and Economic Benefits – Cost Benefit Analysis

This increase is anticipated to directly reduce the impact of hostile intelligence activities on Departmental policy and research developments, which may ultimately result in weakened American competitiveness; sophisticated criminal activity that can leverage the Department to divert policy objectives, corrupt markets, or destabilize United States geopolitical interests; and persons motivated by ideologically or psychologically driven violence whose actions may result in loss of life or destruction of property. Without funding, near term objectives (such as the Department's roles in cyber security including effectively promoting American products, services and ideas domestically and internationally), midterm objectives (including strengthening our Nation's ability to compete in the global economy through free and fair trade, and producing cutting edge, reliable science), and long term objectives (involving understanding climate change and protecting the global ecosystem) are vulnerable if left without dedicated, proactive, and consistent protection from mission-critical threats.

Base Resources Assessment

Base Resource Amount: \$2,027,000	Base FTE: 12
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IID has funding for just 10 centrally located criminal investigators and two headquarters support staff conducting intelligence research and program/management analyses to counter a threat spectrum that impacts approximately 60,000 personnel, 860 worldwide facilities, and an array of high profile/cost programs. These 10 investigators manage a significant caseload of sensitive and complex investigations involving Commerce personnel, assets, or activities, and perform both headquarters and field functions, as well as all enabling, supervisory, and administrative tasks. Additionally, they are responsible for representing the Department through regular intergovernmental liaison with national and regional offices, centers, and working groups to coordinate threat management strategies, and monitor and disseminate daily intelligence reporting with a Commerce security nexus. These investigators have limited field deployment,

and lack an appropriate degree of infrastructure (including basic supervisory and administrative support, and information technology support) comparable to other existing Departmental investigative components with national security or law enforcement responsibilities. Recently, a limited amount of resources were requested to begin the initial phase of a multi-part expansion to address mission-critical threats. Initial fund allocations were used to begin recruiting additional staff and deploy investigators as residents at major Departmental facilities of concern, as well as providing for necessary infrastructure to support coordinated headquarters and field operations. The FY 2014 request serves to reinstate remaining portions of the initial expansion, and address both the backlog of cases that currently exists and future reactive case intake.

Schedule and Milestones:

4 FTE will be recruited in FY 2014 which will serve to continue the previously approved multi-phase implementation plan. Upon full implementation of the FY 2014 increase, future needs will be determined by further evaluation and analysis.

Deliverables:

Full implementation is anticipated within one year from budget receipt. Assuming receipt of funding by 10/01/2013, the full program implementation will be completed 09/30/2014.

Performance Goals and Measurement Data:

Performance Measure:	FY 2012 Target	FY 2013 Target	FY 2014 Target	FY 2015 Target	FY 2016 Target	FY 2017 Target
With Increase	99	147	51	3	-	-
Without Increase	99	147	147 +	147 +	147 +	147 +
Description:						
<p>The addition of 4 FTE is expected to significantly reduce the backlog of mission-critical threat cases that currently exists. While the addition of required resources will have an immediate benefit, it is expected that the backlog will not be fully erased within the first year and will likely span into FY 2015. Additional assets deployed to the western portion of the United States will also translate into greater responsiveness for time sensitive leads or evidentiary concerns and provide more rapid determinations of threat as well as more expeditious threat management implementation.</p> <p>IID currently has an existing backlog of 99 cases and averages 14 new cases per month intake which equals 168 cases per year. Overlaying our average case intake of 168 cases per year with our current backlog of 99 cases, we project that our caseload for FY 2014 would be approximately 267 of which 120 could be addressed by on-board FTE; leaving a balance of 147. The 4 additional FTE are projected to further reduce this total to 51 by the end of FY 2014. (This projection only includes reactive case intake and does not include strategic proactive investigations)</p>						

PROGRAM CHANGE PERSONNEL DETAIL
(Dollars in thousands)

Budget Program: Departmental Staff Services
Sub-program: Office of Security
Program Change: Investigations & Intelligence Division /Mission-Critical Threat Expansion

Title:	Location	Grade	Number of Positions	Annual Salary	Total Salaries
Investigator	Seattle, WA	ZA-IV	1	116,924	116,924
Investigator	Boulder, CO	ZA-IV	1	117,606	117,606
Investigator	Boulder, CO	ZA-IV	1	117,606	117,606
Analyst	Boulder, CO	ZA-IV	1	117,606	117,606
Total			<u>4</u>		<u>469,742</u>
less Lapse		0%	<u>0</u>		<u>0</u>
Total full-time permanent (FTE)			4		469,742
2013 Pay Adjustment	0.5%				2,349
2014 Pay Adjustment	1.0%				4,721
TOTAL					<u>476,812</u>

Personnel Data

	<u>Number</u>
Full-Time Equivalent Employment	
Full-time permanent	4
Other than full-time permanent	<u>0</u>
Total	4
Authorized Positions:	
Full-time permanent	4
Other than full-time permanent	<u>0</u>
Total	4

PROGRAM CHANGE DETAIL BY OBJECT CLASS
(Dollars in thousands)

Budget Program: Departmental Staff Services
Sub-program: Office of Security
Program Change: Investigations & Intelligence Division /Mission-Critical Threat Expansion

Object Class		2014 Increase
11	Personnel compensation	
11.1	Full-time permanent	\$477
11.3	Other than full-time permanent	0
11.5	Other personnel compensation	251
11.8	Special personnel services payments	0
11.9	Total personnel compensation	728
12	Civilian personnel benefits	188
13	Benefits for former personnel	0
21	Travel and transportation of persons	39
22	Transportation of things	14
23.1	Rental payments to GSA	6
23.2	Rental Payments to others	0
23.3	Communications, utilities and miscellaneous charges	22
24	Printing and reproduction	0
25.1	Advisory and assistance services	18
25.2	Other services	18
25.3	Purchases of goods & services from Gov't accounts	501
25.4	Operation and maintenance of facilities	0
25.5	Research and development contracts	0
25.6	Medical care	0
25.7	Operation and maintenance of equipment	0
25.8	Subsistence and support of persons	0
26	Supplies and materials	0
31	Equipment	0
32	Lands and structures	0
33	Investments and loans	0
41	Grants, subsidies and contributions	0
42	Insurance claims and indemnities	0
43	Interest and dividends	0
44	Refunds	0
99	Total obligations	1,534

DEPARTMENTAL MANAGEMENT

ACCOUNT: WORKING CAPITAL FUND

BUDGET ACTIVITY: DEPARTMENTAL STAFF SERVICES/ HCHB Security

For FY 2014, the Office of Security (OSY) requests an increase of \$421,000 from the FY 2014 base for a total of \$3,954,000 for the HCHB Security Program to support prevailing wage increases associated with the HCHB Guard contract.

Department of Commerce Organization Order (DOO) 20-6 delegates the Director for Security as the Security Officer for the Office of the Secretary ensuring the security of the personnel, facilities, property, information and assets of their respective facilities in accordance with applicable laws, regulations, Executive Orders, and directives. OSY’s HCHB security program, in addition to providing for contract guard services, is responsible for access control to Department’s Headquarters, coordinating in-processing of new employees, vetting foreign national visitors, and facilitating locksmith/K-9 services among others.

PROGRAM CHANGES:

Contract Guard Escalation (+ \$421,000, 0 FTE):

The Office of Security requests an increase of \$421,000 to support prevailing wage increases associated with the HCHB Guard Contract. Without this increase, access to the Department’s Headquarters could be curtailed. Further, the Department could falter on the obligations required for a facility to provide for minimum security standards for staffing access control to protect Department of Commerce assets by preventing workplace incidents and personal crimes, providing emergency response and controlling environmental health issues from decreased mail/delivery screening functions.

Historic review of Department of Labor Wage rates and trend analysis determined the estimated escalation rate and required costs to maintain the level of service provided in prior fiscal years.

Recent policy change recommended by the Office of Acquisition Management in Procurement Memorandum 2012-02, “Prescribes the active pursuit of reasonable cost-saving measures that can be accomplished through solicitation, negotiation and award of contracts that eliminate or significantly limit labor hour escalation costs or pricing,” by including specific language to offerors in Section L of Requests for Proposals, however, the current Guard Contract award is through Fiscal Year 2014.

Statement of Need and Economic Benefits – Cost Benefit Analysis

The increase will prevent increased risk to DOC assets by assuring funding for the continuation of the base level of services provided in prior fiscal years.

Base Resources Assessment

Base Resource Amount: \$3,533,000	Base FTE: 4
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OSY’s HCHB security program, in addition to providing for contract guard services, is responsible for access control to Department’s Headquarters, coordinating in-processing of new

employees, vetting foreign national visitors, and facilitating locksmith/K-9 services among others.

Schedule and Milestones:

- 11/30/12 – Current Collective Bargaining Agreement Expires
- 9/1/13 – Notice to vendor to exercise final option period of contract.
- 10/1/13 – Performance starts for option 4 of the contract.

Deliverables:

11/30/12 – Current Collective Bargaining Agreement Expires; 9/1/13 – Notice to vendor to exercise final option period of contract; 10/1/13 – Performance starts for option 4 of the contract.

Performance Goals and Measurement Data:

Performance Measure:	FY 2012 Target	FY 2013 Target	FY 2014 Target	FY 2015 Target	FY 2016 Target	FY 2017 Target
With Increase	18	18	18	18	18	18
Without Increase	18	18	19	19	19	19
Description: The Office of Security is responsible for security services to safeguard DOC personnel, assets and critical information by measuring the reduction of counterespionage and anti-terrorism risks as well as increased emergency management effectiveness. Guarding against criminal events is a key function of the HCHB Guard Program. Without maintaining the present service levels, risk can be expected to increase by some 5.6% as vulnerabilities tied to criminal events increase due to potentially reduced services aimed at meeting minimum standards for staffing access control, emergency response and mail/delivery screening functions.						

PROGRAM CHANGE DETAIL BY OBJECT CLASS
(Dollars in thousands)

Budget Program: Departmental Staff Services
Sub-program: Office of Security
Program Change: HCHB Guard Contract

Object Class		2014 Increase
11	Personnel compensation	
11.1	Full-time permanent	\$0
11.3	Other than full-time permanent	0
11.5	Other personnel compensation	0
11.8	Special personnel services payments	0
11.9	Total personnel compensation	0
12	Civilian personnel benefits	0
13	Benefits for former personnel	0
21	Travel and transportation of persons	0
22	Transportation of things	0
23.1	Rental payments to GSA	0
23.2	Rental Payments to others	0
23.3	Communications, utilities and miscellaneous charges	0
24	Printing and reproduction	0
25.1	Advisory and assistance services	0
25.2	Other services	421
25.3	Purchases of goods & services from Gov't accounts	0
25.4	Operation and maintenance of facilities	0
25.5	Research and development contracts	0
25.6	Medical care	0
25.7	Operation and maintenance of equipment	0
25.8	Subsistence and support of persons	0
26	Supplies and materials	0
31	Equipment	0
32	Lands and structures	0
33	Investments and loans	0
41	Grants, subsidies and contributions	0
42	Insurance claims and indemnities	0
43	Interest and dividends	0
44	Refunds	0
99	Total obligations	421

DEPARTMENTAL MANAGEMENT**ACCOUNT: WORKING CAPITAL FUND****BUDGET ACTIVITY: DEPARTMENTAL STAFF SERVICES**

For FY 2014, the Office of Acquisition Management requests an increase of \$274,324 and one FTE from the FY 2014 base for a total of \$475,324 and one FTE for Departmental Staff Services.

The Department of Commerce (DOC) directed Acquisition Improvement Study of 2010 investigated issues contributing to problems in several high profile acquisitions. The results of the study identified the need for a more comprehensive and corporate approach for overseeing and managing acquisitions, particularly with regard to requirements development and management, and acquisition project management processes.

A follow-on Department-wide Acquisition Improvement Project (AIP) was aimed at creating the approaches and infrastructure to sustain a healthy acquisition system, with special emphasis on high profile projects that merited Department-level oversight. The AIP developed the Scalable Acquisition Project Management Framework (the Framework) for use in managing future acquisition projects.

A support contractor was used to assist senior management in developing, reviewing and vetting an acquisition framework for the Department. Three senior staff members were brought in to the organization to develop the policy and processes; oversee policy implementation; conduct analytical reviews; assist bureau in program management activities; and ensure training opportunities for the appropriate acquisition community of practice. The contractor support ended effectively on June 2012, thus moving the full burden for implementation and development activities onto the limited government staff.

PROGRAM CHANGES:**DOC Acquisition Program Risk Management (+ \$274,324, +1 FTE):**

The funding is for a combination of \$150K in contractor support and one FTE. The staff will be hired at the beginning of FY14 to provide support for minimally adequate high-profile program/project reviews and the workshop outreach across the Department. Failure to fund will result in policy that has limited rigor in implementation. Success in implementing the acquisition framework needs to balance the policy development and bureau framework assistance with implementation, while still overseeing high profile milestones, conducting reviews of high profile programs, and developing the PM workforce. This is a critical risk for headquarters as they implement the tenants of the milestone review process within their organizations. The benefit to the Department from this sustained investment is vast as we avoid making the mistakes of the past.

The management and oversight of high-profile programs and projects is critical to the mission and strategic plan of the Department. As validated in the initial Acquisition Improvement Project (AIP) study and reinforced from recent OIG and GAO findings, the need for a milestone review process has been well documented. Headquarters fiduciary and acquisition responsibilities requires oversight of the milestone framework independent of how much of the process is implemented at the Bureau or headquarter levels. The Department's track record on high profile programs highlighted the need for the policy and implementation of the framework as well as analytical abilities at headquarters to

ensure Bureau success and minimize risk to Departmental objectives, reputation and budget authority. The acquisition framework has been linked to the planning and budgeting process. OAM has also reached out across bureaus for the framework development and benefits of other Federal Agencies experience.

Statement of Need and Economic Benefits – Cost Benefit Analysis

The acquisition milestone process and oversight is about risk avoidance. Directly attributing a specific review or analysis to cost savings would just be speculative since these are avoided costs; however, it has been demonstrated that several of the multi-billion dollar acquisition programs had cost and schedule issues that resulted in multi-millions of dollars unnecessary overruns from poor program decision making. Greater emphasis on the policy and review process as dictated by the milestone framework could avoid these costs and pay for the investment several times over.

Base Resources Assessment

Base Resource Amount: \$201,000	Base FTE: 0
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Schedule and Milestones:

- May 2013 Plan for FY 2014 High Profile program reviews and PM outreach events
- Jun 2013 Initiate Hiring process for FTE
- Aug 2013 Develop requirements for contractor support
- Oct 2013 Award Contract

Deliverables:

The additional staff will allow the Department to support more high-profile program reviews, provide more assistance to the Bureaus, conduct more PM outreach functions, and be more proactive to reduce acquisition risk in the Department.

Performance Goals and Measurement Data:

Performance Goal:	FY	FY	FY	FY	FY	FY	FY
Measure 1	2012	2013	2014	2015	2016	2017	2018
	Est.	Target	Target	Target	Target	Target	Target
With Change	N/A	N/A	2	2	2	2	2
Without Change	3	1	1	1	1	1	1
Description: Conduct workshop outreach functions in the Department							
Performance Goal:	FY	FY	FY	FY	FY	FY	FY
Measure 2	2012	2013	2014	2015	2016	2017	2018
	Est.	Target	Target	Target	Target	Target	Target
With Change	N/A	N/A	6	6	6	6	6
Without Change	4	3	3	3	3	3	3
Description: Conduct High-Profile program/project reviews.							

PROGRAM CHANGE PERSONNEL DETAIL
(Dollars in thousands)

Budget Program: Departmental Staff Services
Sub-program: Office of Acquisition Management
Program Change: DOC Acquisition Program Risk Management

PROGRAM CHANGE PERSONNEL DETAIL
(Dollar amount in thousands)

Activity:

Subactivity:

<u>Title:</u>	<u>Location</u>	<u>Grade</u>	<u>Number of Positions</u>	<u>Annual Salary</u>	<u>Total Salaries</u>
Cost Analyst	Washington, D.C.	ZP-1515-3/3	1	\$97,333	\$97,333
					\$0
					\$0
					\$0
Subtotal			<u>1</u>		<u>\$97,333</u>
Less Lapse	25%		<u>0</u>		<u>(\$24,333)</u>
Total Full-time permanent:			<u>1</u>		<u>\$73,000</u>
2013 Pay Adjustment	0.5%				\$365
2014 Pay Adjustment	1.0%				\$734
Subtotal			<u>1</u>		<u>\$74,099</u>
TOTAL					<u>\$74,099</u>

Personnel Data

	<u>Number</u>
Full-time Equivalent Employment	
Full-time permanent	1
Other than full-time permanent	<u>0</u>
Total	<u>1</u>

Authorized Positions:

Full-time permanent	1
Other than full-time permanent	<u>0</u>
Total	<u>1</u>

PROGRAM CHANGE DETAIL BY OBJECT CLASS
(Dollars in thousands)

Budget Program: Departmental Staff Services
Sub-program: Office of Acquisition Management
Program Change: DOC Acquisition Program Risk Management

Object Class		2014 Increase
11	Personnel compensation	
11.1	Full-time permanent	\$74
11.3	Other than full-time permanent	0
11.5	Other personnel compensation	1
11.8	Special personnel services payments	0
11.9	Total personnel compensation	75
12	Civilian personnel benefits	22
13	Benefits for former personnel	0
21	Travel and transportation of persons	3
22	Transportation of things	0
23.1	Rental payments to GSA	9
23.2	Rental Payments to others	0
23.3	Communications, utilities and miscellaneous charges	2
24	Printing and reproduction	0
25.1	Advisory and assistance services	0
25.2	Other services	151
25.3	Purchases of goods & services from Gov't accounts	5
25.4	Operation and maintenance of facilities	0
25.5	Research and development contracts	0
25.6	Medical care	0
25.7	Operation and maintenance of equipment	0
25.8	Subsistence and support of persons	0
26	Supplies and materials	1
31	Equipment	6
32	Lands and structures	0
33	Investments and loans	0
41	Grants, subsidies and contributions	0
42	Insurance claims and indemnities	0
43	Interest and dividends	0
44	Refunds	0
99	Total obligations	274

DEPARTMENTAL MANAGEMENT

ACCOUNT: WORKING CAPITAL FUND

BUDGET ACTIVITY: DEPARTMENTAL STAFF SERVICES

For FY 2014, the Office of Acquisition Management requests an increase of \$445,800 and 0 FTE from the FY 2014 base for a total of \$578,800 and one FTE for Departmental Staff Services

The DOC acquisition workforce serves as the Department's business leaders, providing strategic business advice to agency leaders for spending and managing billions of taxpayers' dollars annually. As business leaders, they focus on outcomes and performance, partner with customers and industry, and effectively leverage technology and commercial best practices to facilitate innovative, streamlined, and flexible business arrangements that result in program and mission success. A vast array of federal regulations have placed increased demands on the acquisition workforce. The volume and complexities of performance-based acquisitions and the call for more customer and results oriented service all demand new skills and competencies of the acquisition workforce.

The Office of Acquisition Management has established formal training, development, and certification programs for acquisition personnel, which is the result of legislation and policies issued over the last several years that have focused on improving the professionalism of the Federal Government's acquisition workforce. 41 U.S.C. 1703 & 1704 requires the head of each executive agency to set forth separately in their budget the funding levels required for educating and training the acquisition workforce. Office of Federal Procurement Policy Letter 05-01 gives the Chief Acquisition Officer (CAO) responsibility for identifying their acquisition workforce and ensuring training and development to include all GS-1102s, warranted Contracting Officers, GS-1105s, Contracting Officer Representatives (CORs), program and project managers, and any other acquisition-related positions identified by the CAO.

A quality workforce is required to conceptualize the Department's vision and accomplish its mission. A well-trained and competent workforce will enable effective support of DOC programs, produce greater savings, better service, and faster delivery, provide innovative solutions, and better use of resources. The Acquisition Career Management Program is designed to create a quality workforce. Investment within the career management program is designed to provide performance-based and result-driven accomplishments that meet and/or exceed overall mission requirements. The lack of skilled acquisition personnel to manage and oversee acquisitions will result in significant contracting failures and hinder the achievement of the Department's mission.

The current funding level for the Acquisition Career Management Program is \$133,000 and includes one FTE to manage the acquisition career management program.

PROGRAM CHANGES:

Acquisition Workforce (+\$445,800, 0 FTE):

Funding increase of \$370,800 (\$1,800 per course for 206 employees) is requested to contract with various training vendors to provide formal training and education for the DOC acquisition workforce. The base enhancement will be used to ensure the acquisition workforce has the requisite knowledge, skills, competencies, and tools required to manage the Department's resources and meet the requirements of the Federal certification programs as outlined in the OFPP Policy Letter 05-01. This

represents approximately 10% of the projected 2014 DOC acquisition workforce, totaling 2,087 employees, to be incrementally trained on an annual basis. In addition, a funding increase of \$75,000 will be used to maintain and update existing DOC developed web-based courses.

Successful acquisition outcomes are a direct result of having well trained and developed personnel to plan, acquire, manage and oversee acquisitions. The acquisition workforce program is a means to strengthen the Department’s acquisition workforce and improve acquisition outcomes. Failure to provide education, training and development to the acquisition workforce will result in the inability to execute mission critical programs which will expose the Department to potential strategic, operational, financial, reputation, and/or political risk. In addition, the Department would not be able to address recommendations in recent OIG and GAO reports that have identified acquisition as an area of high risk. The lack of skilled acquisition personnel to manage and oversee acquisitions will result in significant contracting failures and hinder the achievement of the Department’s mission.

Statement of Need and Economic Benefits – Cost Benefit Analysis

The funding will be managed centrally by OAM and will be used to increase the availability of appropriate acquisition training Department-wide. The centralized training will focus on specific competencies required by the government-wide certification programs and DOC specific competency gaps. The end result will enable DOC to maximize economies of scale, and increase efficiency by avoiding duplication and ensure continuity of standards. Historically, the Department has been able to achieve savings of up to 25% by centralizing group training.

Base Resources Assessment

Base Resource Amount: \$133,000	Base FTE: 1
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Base resources consist of \$133,000 for one FTE to manage the acquisition workforce program.

Schedule and Milestones:

- May 2013 Conduct Acquisition Workforce Competency Gap Analysis
- Aug 2013 Analysis Gap Analysis Results
- Sept 2013 Develop Strategy to Close Competency Gaps
- Oct 2013 Develop Requirements Documents
- Nov 2013 Issue RFP and Evaluate Proposal
- Dec 2013 Award Contracts
- Jan-Sep 2014 Holding Courses

Deliverables:

The program will allow the Department to execute the requirements of 41 U.S.C. 1704 by providing the training, education, and development to the acquisition workforce.

Performance Goals and Measurement Data:

Performance Goal: Measure 1	FY 2012 Est.	FY 2013 Target	FY 2014 Target	FY 2015 Target	FY 2016 Target	FY 2017 Target	FY 2018 Target
With Change	N/A	N/A	63%	68%	71%	75%	80%
Without Change	62%	60%	57%	54%	51%	49%	46%
Description: Close competency gaps identified in the acquisition competency survey by ensuring that all acquisition workforce members have appropriate training and are certified at the appropriate level.							
Performance Goal: Measure 2	FY 2012 Est.	FY 2013 Target	FY 2014 Target	FY 2015 Target	FY 2016 Target	FY 2017 Target	FY 2018 Target
With Change	N/A	N/A	65	81	102	127	159
Without Change	52	53	54	55	57	59	60
Description: Improve Management and Oversight of Departmental Programs/Project by ensuring that all Departmental program and project managers are identified and are certified at the appropriately level.							

PROGRAM CHANGE DETAIL BY OBJECT CLASS
(Dollars in thousands)

Budget Program: Departmental Staff Services
Sub-program: Office of Acquisition Management
Program Change: Acquisition Workforce

Object Class		2014 Increase
11	Personnel compensation	
11.1	Full-time permanent	\$0
11.3	Other than full-time permanent	0
11.5	Other personnel compensation	0
11.8	Special personnel services payments	0
11.9	Total personnel compensation	<u>0</u>
12	Civilian personnel benefits	0
13	Benefits for former personnel	0
21	Travel and transportation of persons	0
22	Transportation of things	0
23.1	Rental payments to GSA	0
23.2	Rental Payments to others	0
23.3	Communications, utilities and miscellaneous charges	0
24	Printing and reproduction	0
25.1	Advisory and assistance services	0
25.2	Other services	446
25.3	Purchases of goods & services from Gov't accounts	0
25.4	Operation and maintenance of facilities	0
25.5	Research and development contracts	0
25.6	Medical care	0
25.7	Operation and maintenance of equipment	0
25.8	Subsistence and support of persons	0
26	Supplies and materials	0
31	Equipment	0
32	Lands and structures	0
33	Investments and loans	0
41	Grants, subsidies and contributions	0
42	Insurance claims and indemnities	0
43	Interest and dividends	0
44	Refunds	0
99	Total obligations	<u>446</u>

DEPARTMENTAL MANAGEMENT

ACCOUNT: WORKING CAPITAL FUND

BUDGET ACTIVITY: DEPARTMENTAL STAFF SERVICES

For FY 2014, the Office of Acquisition Management requests an increase of \$200,000 and 0 FTE from the FY 2014 base for a total of \$712,000 and three FTEs for Departmental Staff Services.

The DOC is mandated by law (the Federal Grants and Cooperative Agreements Act of 1978) to maintain an independent, non grants-processing unit separate from the OIG and OGC to develop standard common grants/cooperative agreements policy and to maintain oversight of grants offices and their compliance with government-wide and DOC policies. The DOC has more than 75 programs authorized to award grants amounting to over \$1.4 billion and 1,324 awards and 2,783 grants amendments in FY 2011. This volume of activity is carried out by approximately 60 grants officers and specialists, over 1,000 grants program personnel, and just three FTEs authorized for oversight. The shortfall in oversight personnel has repeatedly resulted in high volume of GAO and OIG audit findings indicative of a weakness in the DOC grants management responsibilities.

PROGRAM CHANGES:

DOC Federal Financial Assistance Program (+\$200,000, 0 FTE):

A funding increase of \$200,000 is requested to contract with a qualified grants support organization to enhance the capability of the GMD to carry out its statutory duties oversight, compliance, and policy generation.

Not implementing the grants improvements for enhanced tracking, compliance, analysis, and policy oversight will increase the risk of not meeting mission needs and further adverse audit findings that might harm the reputation of the Department and budget support with OMB and Congress.

The additional resources will provide the GMD with expertise to create an integrated oversight program that focuses on financial tracking and ensuring that grants achieve their intended purpose. These resources will also expand the grants management function to include a fully-integrated grants lifecycle approach which includes grants program management, performance monitoring, data quality assurance, risk management, and tracking, policy updates, and timely closeout.

Statement of Need and Economic Benefits – Cost Benefit Analysis

Key components will (1) include more Recovery Act like tracking and data analysis to inform constructive policy development and implementation, and (2) avoid grants program issues and risks to maximize DOC's granting effectiveness and efficiency for the \$1.4 billion annual investment (which includes over \$11 billion in outstanding grants).

Base Resources Assessment

Base Resource Amount: \$512,000	Base FTE: 3
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Schedule and Milestones:

- Aug 2013 Develop requirements for contractor support
- Oct 2013 Award Contract

Deliverables:

Contractor support for the Grants Management Division will increase analysis capability to identify shortfalls in grants management policy and the gaps among the three grants IT systems and their interface with the Commerce Business System and recommend remediation. This will provide Department senior management with greater transparency into the grants program effectiveness.

Performance Goals and Measurement Data:

Performance Goal:		FY	FY	FY	FY	FY	FY
Measure 1		2012	2013	2014	2015	2016	2017
		Est.	Target	Target	Target	Target	Target
With Change		N/A	N/A	1	1	1	1
Without Change		0	0	0	0	0	0
Description: Conduct annual Grants Workshop; assumes sustained increase in requested funding							
Performance Goal:		FY	FY	FY 2014	FY 2015	FY 2016	FY 2017
Measure 2		2012	2013	Target	Target	Target	Target
		Est.	Target				
With Change		N/A	N/A	1/3 of programs	1/3 of programs	1/3 of programs	1/3 of programs
Without Change		0	0	0	0	0	0
Description: Analytical sampling review of grants programs applied to DOC-specific policy development; assumes sustained increase in requested funding.							

PROGRAM CHANGE DETAIL BY OBJECT CLASS
(Dollars in thousands)

Budget Program: Departmental Staff Services
Sub-program: Office of Acquisition Management
Program Change: DOC Federal Financial Assistance Program

Object Class		2014 Increase
11	Personnel compensation	
11.1	Full-time permanent	\$0
11.3	Other than full-time permanent	0
11.5	Other personnel compensation	0
11.8	Special personnel services payments	0
11.9	Total personnel compensation	<u>0</u>
12	Civilian personnel benefits	0
13	Benefits for former personnel	0
21	Travel and transportation of persons	0
22	Transportation of things	0
23.1	Rental payments to GSA	0
23.2	Rental Payments to others	0
23.3	Communications, utilities and miscellaneous charges	0
24	Printing and reproduction	0
25.1	Advisory and assistance services	0
25.2	Other services	200
25.3	Purchases of goods & services from Gov't accounts	0
25.4	Operation and maintenance of facilities	0
25.5	Research and development contracts	0
25.6	Medical care	0
25.7	Operation and maintenance of equipment	0
25.8	Subsistence and support of persons	0
26	Supplies and materials	0
31	Equipment	0
32	Lands and structures	0
33	Investments and loans	0
41	Grants, subsidies and contributions	0
42	Insurance claims and indemnities	0
43	Interest and dividends	0
44	Refunds	0
99	Total obligations	<u>200</u>

Department of Commerce
Departmental Management
SUMMARY OF REQUIREMENTS BY OBJECT CLASS
(Dollar amounts in thousands)

Object Classes	2012 Actual	2013 Operating Plan	2014 Base	2014 Estimate	Increase/ (Decrease) Over 2014 Base
11 Personnel compensation:					
11.1 Full-time permanent	58,737	62,288	62,850	67,275	4,425
11.3 Other than full-time permanent	697	589	589	589	0
11.5 Other personnel compensation	<u>1,395</u>	<u>1,026</u>	<u>1,026</u>	<u>1,281</u>	<u>255</u>
11.9 Total personnel compensation	60,829	63,903	64,465	69,145	4,680
12.1 Civilian personnel benefits	17,899	18,374	18,374	19,915	1,541
13 Benefits for former personnel	516	0	0	0	0
21 Travel and transportation of persons	455	525	525	589	64
22 Transportation of things	83	167	167	181	14
23.1 Rental payments to GSA	6,035	7,770	7,770	7,977	207
23.2 Rental payments to others	0	0	0	0	0
23.3 Communication, utilities and miscellaneous charges	2,068	2,150	2,150	2,183	33
24 Printing and reproduction	342	170	170	164	-6
25.1 Consulting services	691	809	809	827	18
25.2 Other services	36,128	37,768	37,768	56,738	18,970
25.3 Purchase of goods and services from Gov't accounts	15,402	17,823	17,823	18,330	507
25.7 Operation and maintenance of equipment	0	0	0	280	280
25.8 Subsistence and support of persons	0			0	
26 Supplies and materials	3,098	3,248	3,248	2,975	-273
31 Equipment	9,527	7,424	7,424	8,776	1,352
41 Grants, subsidies and contributions	0	0	0	0	0
43 Interest and dividends	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
99 Total obligations	153,074	160,131	160,693	188,080	27,387
Prior year recoveries	(2,283)	0			
Unobligated balance, start of year	(7,813)	(13,337)	0	0	0
Unobligated balance, end of year	<u>13,337</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL REIMBURSABLE AUTHORITY	156,315	146,794	160,693	188,080	27,387

Department of Commerce
 Departmental Management
 SUMMARY OF REQUIREMENTS BY OBJECT CLASS
 (Dollar amounts in thousands)

<u>Personnel Data</u>	<u>2012 Actual</u>	<u>2013 Operating Plan</u>	<u>2014 Base</u>	<u>2014 Estimate</u>	<u>Increase/ (Decrease) Over 2014 Base</u>
Full-Time Equivalent Employment:					
Full-time permanent	570	508	508	543	35
Other than full-time permanent	34	34	34	34	0
Total	<u>604</u>	<u>542</u>	<u>542</u>	<u>577</u>	<u>35</u>
Authorized Positions:					
Full-time permanent	653	591	591	626	35
Other than full-time permanent	44	44	44	44	0
Total	<u>697</u>	<u>635</u>	<u>635</u>	<u>670</u>	<u>35</u>

Department of Commerce
 Departmental Management
 Working Capital Fund
 DIRECT COST BY OFFICE
 (Dollar amounts in thousands)

	2012 Actual			2013 Operating Plan			FY 2014 Estimate		
	POS	FTE	Amount	POS	FTE	Amount	POS	FTE	Amount
Offices:									
Human Resources Management	90	78	19,516	82	70	21,778	82	70	26,456
Civil Rights	27	23	3,158	15	11	2,630	15	11	2,640
Financial Management	48	42	18,552	42	36	21,160	71	65	36,201
Security	119	103	19,490	91	75	18,765	95	79	20,594
Administrative Services	99	86	24,263	96	76	22,289	96	76	24,223
Acquisition Management	25	22	9,158	24	28	6,516	25	29	7,436
Office of Privacy and Open Government	4	3	613	4	3	740	4	3	919
Office of Program Evaluation and Risk Management	6	5	773	4	3	825	4	3	889
Subtotal, Departmental Staff Services	418	362	95,523	358	302	94,703	392	336	119,358
General Counsel	226	196	34,855	229	199	42,572	229	199	41,852
Chief Information Officer	39	34	20,619	38	33	20,818	39	34	24,824
Chief Financial Officer/Commerce Connect	3	3	589	-	-	-	-	-	-
Public Affairs	11	9	1,488	10	8	2,038	10	8	2,046
Total Working Capital Fund	697	604	\$153,074	635	542	\$160,131	670	577	188,080

Department of Commerce
 Departmental Management
 Working Capital Fund
 DISTRIBUTION BY BUREAU
 (Dollar amounts in thousands)

	2012 Actual	2013 Operating Plan	2014 Estimate
Office of the Secretary	\$10,553	10,283	11,092
International Trade Administration	32,852	29,893	30,219
Economic Development Administration	3,267	3,103	3,469
National Telecommunications and Information Administration	5,602	5,235	5,954
National Technical Information Service	457	517	518
Bureau of the Census	25,843	30,898	38,779
Economic and Statistics Administration	2,696	2,628	2,634
National Oceanic and Atmospheric Administration	38,472	39,767	52,035
National Institute of Standards and Technology	11,691	15,923	18,206
Patent and Trademark Office	7,437	6,663	8,591
Minority Business Development Agency	1,897	2,838	3,037
Bureau of Industry and Security	9,410	10,170	11,015
Office of Inspector General	2,307	2,045	2,363
Total Commerce Bureaus	\$152,484	159,963	187,912
Other Agencies	590	168	168
Total	\$153,074	\$160,131	\$188,080

Department of Commerce
 Departmental Management
 Working Capital Fund
 Consulting and Related Services
 (Dollar amounts in thousands)

	<u>2012 Actual</u>	<u>2013 Operating Plan</u>	<u>2014 Estimate</u>
Consulting services	691	809	827
Management and professional services	0	0	0
Special studies and analyses	0	0	0
Management and support services for research and development.	<u>0</u>	<u>0</u>	<u>0</u>
Total	691	809	827

The Department plans to implement a Human Resources Management System (HRMS) that is based on a Human Resources Line Of Business. The vision of the HRMS is to provide an Agency-wide, modern, cost-effective, standardized, and interoperable HR solution that delivers common, core functionality to support the strategic management of human capital and addresses the manual and inefficient processing of HR transactions across the Department. Consulting services will be necessary to provide project management support for the planned phased deployment.

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Department of Commerce
Departmental Management
Franchise Fund

APPROPRIATION ACCOUNT: DEPARTMENTAL MANAGEMENT

BUDGET ACTIVITY: FRANCHISE FUND

The Department closed the Office of Computer Services (OCS) at the beginning of FY 2011. The building lease expired on September 30, 2010 and all hosting services have moved to other providers. Although OCS services will no longer exist, the franchise fund's authority remains.

BASE JUSTIFICATION FOR FY 2014:

SUBACTIVITY: Office of Computer Services

The goal of the Commerce Franchise Fund is to promote entrepreneurial business activities in common administrative services across the Federal Government.

Congress established the Franchise Fund Pilot Program in the Government Management Reform Act (GMRA) of 1994 to allow market forces to improve the delivery of common administrative services. In 1996, Department of Commerce's (DOC) Office of Computer Services (OCS) began operating as a Federal franchise fund, providing Information Technology (IT) support services to organizations within DOC and other federal agencies. In FY 2004, Commerce's authorization to operate a Federal franchise fund was made permanent.

Department of Commerce
 Departmental Management
 Franchise Fund
 SUMMARY OF REQUIREMENTS BY OBJECT CLASS
 (Dollar amounts in thousands)

Object Classes	2012 Actual	2013 Operating Budget	2014 Base	2014 Estimate	Increase/ (Decrease) Over 2014 Base
11 Personnel compensation:					
11.1 Full-time permanent	0	0	0	0	0
11.3 Other than full-time permanent	0	0	0	0	0
11.5 Other personnel compensation	0	0	0	0	0
11.9 Total personnel compensation	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
12.1 Civilian personnel benefits	0	0	0	0	0
13 Benefits for former personnel	0	0	0	0	0
21 Travel and transportation of persons	0	0	0	0	0
22 Transportation of things	0	0	0	0	0
23.1 Rental payments to GSA	0	0	0	0	0
23.2 Rental payments to others	0	0	0	0	0
23.3 Communication, utilities and miscellaneous charges	0	0	0	0	0
24 Printing and reproduction	0	0	0	0	0
25.1 Consulting services	0	0	0	0	0
25.2 Other services	118	0	0	0	0
25.3 Purchase of goods and services from Gov't accounts	0	0	0	0	0
26 Supplies and materials	0	0	0	0	0
31 Equipment	0	0	0	0	0
41 Grants, subsidies and contributions	0	0	0	0	0
43 Interest and dividends	0	0	0	0	0
99 Total obligations	<u>118</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Rescission of Unobligated Balances	0	0	0	0	0
Unobligated Balance, start of year	(2,835)	(2,909)	(2,909)	(2,909)	0
Unobligated balance, end of year	2,909	2,909	2,909	2,909	0
Unobligated Balance, withdrawn	0	0	0	0	0
Less prior year recoveries	0	0	0	0	0
TOTAL REIMBURSABLE AUTHORITY	<u>192</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

Department of Commerce
 Departmental Management
 Emergency Steel Guaranteed Loan Program
 SUMMARY OF RESOURCE REQUIREMENTS
 (Dollar amounts in thousands)

	Positions	FTE	Budget Authority	Direct Obligations
Currently Available 2013	0	0	0	0
less: Obligations from prior years	0	0	0	0
less: Mandatory appropriations	0	0	0	0
less: Unobligated balances	0	0	0	0
plus: Unobligated balances, end of year	0	0	0	0
plus: 2014 Adjustments to Base	0	0	0	0
2014 Base	0	0	0	0
less: Program change	0	0	0	0
2014 Estimate	0	0	0	0

Comparison by activity:	2012 Actual		2013 Currently Available		2014 Base		2014 Estimate		Increase/(Decrease) Over 2014 Base	
	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
Guaranteed Loan Limit	0	0	0	0	0	0	0	0	0	0
Loan Subsidy										
Pos./BA	0	(343)	0	0	0	0	0	0	0	0
FTE/Obl.	0	0	0	0	0	0	0	0	0	0
Administrative Expenses										
Pos./BA	0	(357)	0	0	0	0	0	0	0	0
FTE/Obl.	0	0	0	0	0	0	0	0	0	0
Modification Costs										
Pos./BA	0	0	0	0	0	0	0	0	0	0
FTE/Obl.	0	0	0	0	0	0	0	0	0	0
Credit Reestimates										
Pos./BA	0	0	0	0	0	0	0	0	0	0
FTE/Obl.	0	0	0	0	0	0	0	0	0	0
TOTALS										
Pos./BA	0	(700)	0	0	0	0	0	0	0	0
FTE/Obl.	0	0	0	0	0	0	0	0	0	0

Adjustments to Obligations:										
Mandatory Appropriations										
Recoveries/Refund		(260)		0		0		0		0
Unobligated balance, start of year		(729)		(289)		(289)		(289)		0
Unobligated balance, rescinded		0		0		0		0		0
Unobligated balance, end of year		289		289		289		289		0

Financing from Transfers:										
Transfer from other accounts (-)										
Transfer to other accounts (+)										
Budget Authority (rescission)		(700) 1/		0		0		0		0

1/ Pursuant to Public Law 112-55, Section 528(a), rescinds \$700,000 from the Emergency Steel, Oil and Gas Guaranteed Loan Program. An unobligated balance of \$289,085 remains in the account under administrative expenses. All subsidy balances have been rescinded.

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Department of Commerce
 Departmental Management
 Emergency Steel Guaranteed Loan Program
 SUMMARY OF FINANCING
 (Dollar amounts in thousands)

	<u>2012 Actual</u>	<u>2013 Currently Available</u>	<u>2014 Base</u>	<u>2014 Estimate</u>	<u>Increase/ (Decrease) Over 2014 Base</u>
Total Obligations (includes Discretionary and Mandatory balances)	0	0	0	0	0
Offsetting collections from:					
Federal funds	0	0	0	0	0
Trust funds	0	0	0	0	0
Recoveries/Refund	(260)	0	0	0	0
Mandatory Appropriations	0	0	0	0	0
Unobligated balance, start of year	(729)	(289)	(289)	(289)	0
Unobligated balance, end of year	289	289	289	289	0
Budget Authority/(Rescission)	<u>(700)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

Department of Commerce
 Departmental Management
 Emergency Steel Guaranteed Loan Program
 SUMMARY OF REQUIREMENTS BY OBJECT CLASS
 (Dollar amounts in thousands)

Object Classes	2012 Actual	2013 Currently Available	2014 Base	2014 Estimate	Increase/ (Decrease) Over 2014 Base
11 Personnel compensation:					
11.1 Full-time permanent	0	0	0	0	0
11.3 Other than full-time permanent	0	0	0	0	0
11.5 Other personnel compensation	0	0	0	0	0
11.9 Total personnel compensation	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
12.1 Civilian personnel benefits	0	0	0	0	0
13 Benefits for former personnel	0	0	0	0	0
21 Travel and transportation of persons	0	0	0	0	0
22 Transportation of things	0	0	0	0	0
23.1 Rental payments to GSA	0	0	0	0	0
23.2 Rental payments to others	0	0	0	0	0
23.3 Communication, utilities and miscellaneous charges	0	0	0	0	0
24 Printing and reproduction	0	0	0	0	0
25.1 Consulting services	0	0	0	0	0
25.2 Other services	0	0	0	0	0
25.3 Purchase of goods and services from Gov't accounts	0	0	0	0	0
26 Supplies and materials	0	0	0	0	0
31 Equipment	0	0	0	0	0
41 Grants, subsidies and contributions	0	0	0	0	0
43 Interest and dividends	0	0	0	0	0
99 Total obligations	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Mandatory Appropriations	0	0	0	0	0
Recoveries/Refund	(260)	0	0	0	0
Unobligated balance, start of year	(729)	(289)	(289)	(289)	0
Plus Unobligated Balance End of Year	<u>289</u>	<u>289</u>	<u>289</u>	<u>289</u>	<u>0</u>
TOTAL BUDGET AUTHORITY/(RESCISSION)	(700)	0	0	0	0

Department of Commerce
 Departmental Management
 Renovation and Modernization
SUMMARY OF RESOURCE REQUIREMENTS
 (Dollar amounts in thousands)

	Positions	FTE	Budget Authority	Direct Obligations
2013 CR (annualized)	5	5	5,031	5,031
less: Obligations from prior years			0	0
less: 2013 Adjustment to Base: Non-recurring Construction Costs	0	0	(4,142)	(4,142)
2014 Base	5	5	889	889
plus: Program funding			13,914	13,914
2014 Estimate	5	5	14,803	14,803

		2012 Actual		2013 CR (annualized)		2014 Base		2014 Estimate		Increase/(Decrease) Over 2014 Base	
		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
Comparison by activity:											
HCHB Renovation	Pos./BA	5	5,000	5	5,031	5	889	5	14,803	0	13,914
	FTE/Obl.	5	5,416	5	6,043	5	889	5	0	0	0
TOTALS	Pos./BA	5	5,000	5	5,031	5	889	5	14,803	0	13,914
	FTE/Obl.	5	5,416	5	6,043	5	889	5	0	0	0
Adjustments to Obligations:											
Recoveries			(1,220)								
Unobligated balance, start of year			(208)	(1,012)							
Unobligated balance, end of year			1,012								
Financing from Transfers:											
Transfer from other accounts (-)											
Transfer to other accounts (+)											
Appropriation			5,000	5,031		889		14,803		13,914	

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Department of Commerce
 Departmental Management
 Renovation and Modernization
 SUMMARY OF FINANCING
 (Dollar amounts in thousands)

	2012 Actual	2013 CR (annualized)	2014 Base	2014 Estimate	Increase/ (Decrease) Over 2014 Base
Total Obligations	5,416	6,043	889	14,803	13,914
Offsetting collections from:					
Federal funds	0	0	0	0	0
Trust funds	0	0	0	0	0
Non-Federal sources	0	0	0	0	0
Recoveries	(1,220)	0	0	0	0
Unobligated balance, start of year	(208)	(1,012)	0	0	0
Unobligated balance, end of year	1,012	0	0	0	0
Budget Authority	<u>5,000</u>	<u>5,031</u>	<u>889</u>	<u>14,803</u>	<u>13,914</u>
Financing:					
Unobligated balance, rescission	0	0	0	0	0
Transfer from other accounts (-)	0	0	0	0	0
Transfer to other accounts (+)	0	0	0	0	0
Appropriation	<u>5,000</u>	<u>5,031</u>	<u>889</u>	<u>14,803</u>	<u>13,914</u>

Department of Commerce
 Departmental Management
 Renovation and Modernization
 JUSTIFICATION OF ADJUSTMENTS TO BASE
 (Dollar amounts in thousands)

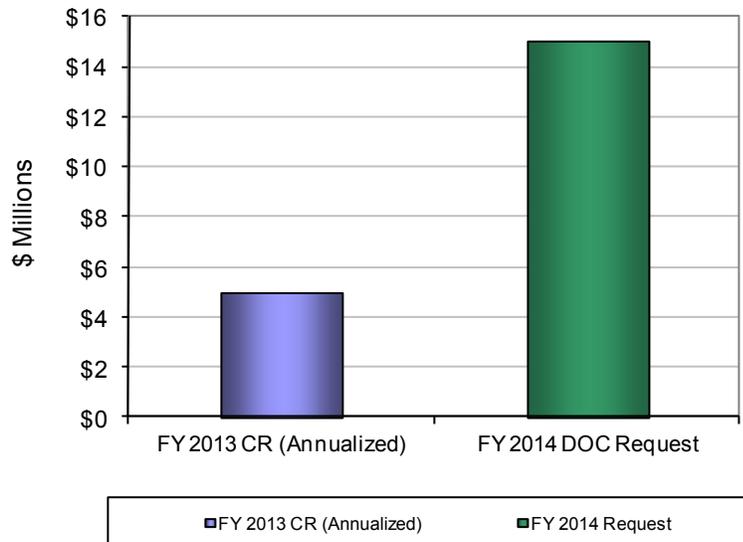
	<u>FTE</u>	<u>Amount</u>
Non-Recurring Adjustments*	0	(4,142)
Total FY 2013 Adjustments to Base	0	(4,142)

* Note: Due to the nature of the renovation and modernization phases, each year this account has non-recurring construction only program costs. Only the personnel funding will be retained in the base.

Department of Commerce
 Departmental Management
 Renovation and Modernization
 PROGRAM AND PERFORMANCE: DIRECT OBLIGATIONS
 (Dollar amounts in thousands)

Comparison by activity:		2012 Actual		2013 CR (annualized)		2014 Base		2014 Estimate		Increase/(Decrease) Over 2014 Base	
		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
HCHB Renovation and Modernization	Pos./BA	5	5,000	5	5,031	5	889	5	14,803	0	13,914
	FTE/Obl.	5	5,416	5	6,043	5	889	5	0	0	0
TOTALS	Pos./BA	5	5,000	5	5,031	5	889	5	14,803	0	13,914
	FTE/Obl.	5	5,416	5	6,043	5	889	5	0	0	0

**Department of Commerce
Departmental Management
Renovation and Modernization**



APPROPRIATION ACCOUNT: RENOVATION AND MODERNIZATION

BUDGET PROGRAM: RENOVATION AND MODERNIZATION

For FY 2014, Departmental Management requests an increase of \$13,913,694 and 0 FTE from the FY 2014 base for a total of \$14,802,923 and 5 FTEs for the Herbert C. Hoover Building (HCHB) Renovation and Modernization Project.

BASE JUSTIFICATION:

HERBERT C. HOOVER BUILDING (HCHB) RENOVATION Overview

The HCHB renovation and modernization plan combines Department of Commerce (DOC) and General Services Administration (GSA) solutions to address major building systems (mechanical, electrical, plumbing, heating, ventilation, air conditioning, and life safety systems) that are beyond their useful life and deteriorating. The GSA 8-phase modernization project provides a solution that will target new, more efficient mechanical, electrical, and plumbing systems; and new, improved life safety systems; security improvements and historic restoration. The FY 2014 request is critical to the Department’s portion of the HCHB Phase IV design and construction activities. This reflects the Department’s continued focus to remain in sync with GSA’s HCHB Systems Replacement Project.

PROGRAM CHANGES:

**Renovation and Modernization Project (+\$13,913,694, +0 FTE):
Proposed Actions:**

DOC Construction Cost/Equipment & Furniture	6,641
Security	952
IT/Telecommunications	2,575
Relocation and Planning	2,571
Blast Windows	1,043
Other	132
Total	13,914

DOC Construction Cost/Equipment and Furniture:

Build-out Phase 4 office spaces, storage areas and special purpose spaces,(e.g. a new fitness center, a section of the new health care unit, and office/storage spaces gained or lost due to relocation of mechanical rooms, security office, Office of Civil Rights, Office of the Secretary area, International Trade Administration classified secure spaces, Office of Security Secure room, restrooms and utility closets, associated special swing spaces). This also includes costs for Phase 4 furniture disassemble and office equipment.

Security:

Funding is necessary for removal of security equipment from Phase 4 construction site and rewiring and installation of the Phase 4 security systems.

Information Technology (IT/Telecommunications):

Funding is requested for the rewiring of IT/Telecommunications networks.

Relocation and Planning:

Funding is requested for Phase 4 move planning, transition schedule, communications plan, furniture/equipment inventory management, move coordination, staff checkout, on-site move services to move 880 employees in and out of swing spaces, and post move services. Funds are also requested for the design, technical reviews, and the test and evaluation of systems prior to government acceptance.

Blast Windows:

Funding is requested for the procurement and installation of Phase 4 perimeter blast windows and building door entrances.

Other:

Funding is requested to support increases to five FTE benefits as well as increases in rent, utilities, supplies, and training.

Both the Department and GSA have a strong interest in the success of the HCHB renovation project. Each agency is committed to continue with this project and has agreed to submit a FY 2014 budget request. This program change is necessary in FY 2014 to continue the Department's portion of the total project to fulfill its commitment to complete this project by FY 2021.

Statement of Need and Economic Benefits – Cost Benefit Analysis

Driving factors for this project are fire and life safety compliance, deficient building systems (heating, ventilation, air-conditioning, and lighting), security improvements (perimeter security and blast resistant windows) and the recapturing of space in courtyard 6. Even though alteration of the building was determined to be a higher cost alternative than leasing or new construction, the HCHB is an important asset in the GSA inventory and the headquarters of the Department since 1932. It is in the best interest of the both agencies to renovate and maintain this landmark Federal Triangle property. The funds requested for FY 2014 will enable the Department to remain in lockstep with GSA's phased funding effort to continue focusing on modernizing the building.

Base Resources Assessment

Base Resource Amount: \$889,000	Base FTE: 5
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Continued support of the FTEs is crucial to the operation of the renovation project. These positions (Engineering Technician, IT Project Manager, Architect, Administrative Officer, and Public Affairs Officer) perform functions such as providing assistance to management on program and operations efficiency and productivity, serving as project managers for IT and space planning, assisting with communication, and acting as the Contracting Officer's Representative (COR) for the HCHB support contracts.

Schedule and Milestones:

- Phase 4 - October 2013 to March 2015
- Phase 5 - March 2015 to October 2016
- Phase 6 - October 2016 to May 2018
- Phase 7 - May 2018 to November 2019
- Phase 8 - November 2019 to May 2021

Deliverables:

- Revised tenant improvement construction drawings
- Furniture inventory & installation drawings
- Move schedule, checklists and "Personnel to Seat" database
- Space utilization rates
- "Existing Conditions" floor plans
- Risk management plan
- Tenant improvement project plans
- Technical review of submittals
- Construction documentation review and analysis
- Tenant improvement cost estimating and analysis

Performance Goals and Measurement Data:

Performance Goal: Measure 1	FY 2012 Est.	FY 2013 Target	FY 2014 Target	FY 2015 Target	FY 2016 Target	FY 2017 Target	FY 2018 Target
With Change	100%	100%	100%	100%	100%	100%	100%
Without Change	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Description: Manage the DOC role in the HCHB Renovation Project to ensure the project is completed on schedule. The performance measurement is to have 100% of project milestones meet target completion dates each quarter.							
Performance Goal: Measure 2	FY 2012 Est.	FY 2013 Target	FY 2014 Target	FY 2015 Target	FY 2016 Target	FY 2017 Target	FY 2018 Target
With Change	0%	0%	0%	0%	0%	0%	0%
Without Change	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Description: Manage the DOC role in the HCHB Renovation Project to ensure the project is completed within budget. The performance measurement is to have no unit costs exceed the fiscal year budget.							

PROGRAM CHANGE DETAIL BY OBJECT CLASS

(Dollars in thousands)

Budget Program: RENOVATION AND MODERNIZATION

Sub-program:

Program Change: Renovation and Modernization

Object Class		2014 Increase
11	Personnel compensation	
11.1	Full-time permanent	\$0
11.3	Other than full-time permanent	0
11.5	Other personnel compensation	5
11.8	Special personnel services payments	0
11.9	Total personnel compensation	5
12	Civilian personnel benefits	7
13	Benefits for former personnel	0
21	Travel and transportation of persons	1
22	Transportation of things	0
23.1	Rental payments to GSA	10
23.2	Rental Payments to others	0
23.3	Communications, utilities and miscellaneous charges	1
24	Printing and reproduction	2
25.1	Advisory and assistance services	0
25.2	Other services	13,886
25.3	Purchases of goods & services from Gov't accounts	0
25.4	Operation and maintenance of facilities	1
25.5	Research and development contracts	0
25.6	Medical care	0
25.7	Operation and maintenance of equipment	0
25.8	Subsistence and support of persons	0
26	Supplies and materials	1
31	Equipment	0
32	Lands and structures	0
33	Investments and loans	0
41	Grants, subsidies and contributions	0
42	Insurance claims and indemnities	0
43	Interest and dividends	0
44	Refunds	0
99	Total obligations	13,914

Department of Commerce
 Departmental Management
 Renovation and Modernization
 SUMMARY OF REQUIREMENTS BY OBJECT CLASS
 (Dollar amounts in thousands)

Object Classes	2012 Actual	2013 CR (annualized)	2014 Base	2014 Estimate	Increase/ (Decrease) Over 2014 Base
11 Personnel compensation:					
11.1 Full-time permanent	513	552	552	552	0
11.3 Other than full-time permanent	0	0	0	0	0
11.5 Other personnel compensation	10	20	20	25	5
11.9 Total personnel compensation	<u>523</u>	<u>572</u>	<u>572</u>	<u>577</u>	<u>5</u>
12.1 Civilian personnel benefits	159	166	166	173	7
13 Benefits for former personnel	0	0	0	0	0
21 Travel and transportation of persons	0	5	5	6	1
22 Transportation of things	0	0	0	0	0
23.1 Rental payments to GSA	42	119	119	129	10
23.2 Rental payments to others	0	0	0	0	0
23.3 Communication, utilities and miscellaneous charges	138	9	9	10	1
24 Printing and reproduction	0	1	1	3	2
25.1 Consulting services	0	0	0	0	0
25.2 Other services	2,722	5,154	0	13,887	13,887
25.3 Purchase of goods and services from Gov't accounts	1,593	0	0	0	0
26 Supplies and materials	16	13	13	14	1
31 Equipment	223	4	4	4	0
41 Grants, subsidies and contributions	0	0	0	0	0
43 Interest and dividends	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
99 Total obligations	5,416	6,043	889	14,803	13,914
Less prior year recoveries	<u>(1,220)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Unobligated balance, start of year	(208)	(1,012)			
Unobligated balance, end of year	1,012	0			
TOTAL BUDGET AUTHORITY	5,000	5,031	889	14,803	13,914

Department of Commerce
 Departmental Management
 Renovation and Modernization
 SUMMARY OF REQUIREMENTS BY OBJECT CLASS
 (Dollar amounts in thousands)

Personnel Data	2012 Actual	2013 CR (annualized)	2014 Base	2014 Estimate	Increase/ (Decrease) Over 2014 Base
Full-Time Equivalent Employment:					
Full-time permanent	5	5	5	5	0
Other than full-time permanent	0	0	0	0	0
Total	5	5	5	5	0
Authorized Positions:					
Full-time permanent	5	5	5	5	0
Other than full-time permanent	0	0	0	0	0
Total	5	5	5	5	0

Department of Commerce
Departmental Management
Renovation and Modernization
Appropriation Language and Code Citations

For expenses necessary for the renovation and modernization of Department of Commerce facilities, \$14,803,000 to remain available until expended. Note.--A full-year 2013 appropriation for this account was not enacted at the time the budget was prepared; therefore, this account is operating under a continuing resolution (P.L. 112-175). The amounts included for 2013 reflect the annualized level provided by the continuing resolution.