



# U.S. General Services Administration

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"Moving from Scandal to Strategy"  
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Good morning Chairman Lieberman, Ranking Member Collins, and Members of the Committee. This past April the President asked me to step in as head of an agency rocked by the results of an IG investigation into a GSA conference held in 2010 known as the Western Regions Conference. In the immediate aftermath, I instituted a series of swift reforms to ensure this type of event could not happen again by centralizing the review of proposed conferences and cutting back on employee travel. Already, that has saved more than \$11 million in taxpayer dollars. We also took immediate action against the officials responsible for these events.

I assembled a team and have spent the past five months conducting a Top to Bottom review of this agency to look at what reforms are needed to both address the root causes of the Western Regions Conference and to improve GSA's operations moving forward. We looked at every aspect of the agency's internal operations and spending practices, as well as assessed the agency's effectiveness in fulfilling its mission.

As a result of this review, we have implemented a number of reforms to prevent waste of taxpayer dollars, increase accountability and make GSA a more efficient organization. We have also implemented a number of cost savings measures. As we plan for Fiscal Year 2014 and beyond, we will be using the data from the Top to Bottom Review to identify additional reforms that will provide increased transparency into the agency's operations, reduce costs, and increase efficiency. These reforms will require the support of Congress, other Federal agencies, GSA's own employees, and the public.

#### *Top to Bottom Review –*

In April, I ordered a Top to Bottom Review of GSA, covering the agency's internal operations, the agency's spending practices, and the agency's effectiveness in carrying out its mission. I want to express my appreciation to this Committee for its oversight, which brought to light many issues that we have looked into as part of our Top to Bottom Review. I also would like to thank our Inspector General, Brian Miller, for his contributions and for offering several recommendations for reforms.

The Top to Bottom review was led by a small team brought together to facilitate the effort and has involved contributions by hundreds of GSA employees and the entire GSA management team. We organized our review along four tracks.

The first track was to engage the more than two dozen major operating units within GSA in an extensive review of strategy, operations, and human capital. Agency leadership met with heads of services and staff offices, and regional administrators to dissect agency role, structure, budget, and services. After a self-assessment by each operating unit, the review team has held more than two dozen review sessions involving nearly every member of GSA's senior executive team and analyzing all available data. The team also had numerous meeting and interviews with employees, stakeholders, and

partner Federal agencies. The team supplemented these in-depth discussions with contributions from employees throughout GSA via the “Great Ideas Hunt,” a month-long effort to solicit ideas for improvement that resulted in hundreds of ideas and thousands of comments.

As a second track, I tasked the review team to conduct interviews with GSA senior executives, business leaders in procurement and real estate from the private sector, and representatives from other federal agencies who use GSA’s services. In all, the team conducted dozens of in-depth interviews to bolster their insights with the perspective of employees stationed in the field, the opinions of those at other agencies, and models used by private businesses.

As a third track, the review team underwent a data-driven analysis of how GSA could find new ways to save money across government. This track involved identifying opportunities in such areas as reducing the federal footprint, buying smarter, consolidating services, and government-wide policies.

For the fourth track, the team conducted an in-depth analysis of data regarding spending, performance, and the current state of GSA’s business lines.

#### *Reforms to Restore Accountability and Improve Oversight –*

As we conducted this first round of what we hope will become a continuous process of Top to Bottom Review, we instituted critical reforms as we found issues that needed to be addressed or issues were brought to our attention.

First, GSA has centralized oversight of our spending, hiring, and IT decisions. We have already announced the realignment of budget functions, previously spread throughout the regions, under the Chief Financial Officer. With reporting lines running to Central Office, responsibility for spending and budgeting decisions now has additional oversight. Once complete, consolidation of the financial management of GSA will ensure that agency leadership, Congress and the taxpayer will have a better understanding of how and where funds are being used.

Additionally, shortly I will be notifying Congress of our intent to consolidate under the Chief Information Officer all IT functions throughout the agency. One of the key findings of our Top to Bottom review was that consolidation of the CIO functions provides an opportunity to improve the performance and cost effectiveness of GSA’s IT portfolio. We have proposed to change the current decentralized structure and improved CIO accountability and oversight. Importantly, centralization of the CFO and the CIO were both crucial reforms that were recommended by the IG.

I will also be notifying Congress of our intent to consolidate hiring responsibilities with the Chief People Officer. Consolidation of hiring responsibilities will increase visibility into hiring decisions and increase efficiencies by eliminating current redundancy within the various organizations within GSA.

We have also focused on the current implementation of the telework policy, and the strength of the business cases to support virtual employees. I have strengthened our telework policy to ensure the program's cost-effectiveness and to make certain that there is a strong business case for employees who work from home full time. Already, the travel policies that I put in place in April have driven down travel costs for all workers, including those who work from home full time.

As you are already aware, we took a hard look at bonuses at GSA. We have already cut Senior Executive Service bonuses substantially. We will go further by reducing the budget for all other performance awards across the agency. We want to ensure that performance awards are being used to reward exemplary public service and we are developing guidelines to ensure cost savings and efficiency goals are integrated into every employee's job responsibilities. GSA will use those guidelines as the basis for individual performance awards. Our primary responsibility is service to our Nation and the agencies with which we work, and high performance in those duties is the basic expectation of every GSA employee.

A critical component of the Top to Bottom Review is assessing the appropriate structure of the agency and the commensurate staffing levels moving forward. Accordingly, I have instituted a hiring freeze across the agency.

Finally, I have put in place new leadership in the Public Buildings Service to reinvigorate this important business line and help refocus our efforts on the core mission of providing quality space to Federal agencies at the lowest cost to the taxpayer.

#### *Reforms to Save Money –*

As we conducted our Top to Bottom Review, we also pursued opportunities to generate savings to taxpayers.

After completing the "Great Ideas Hunt," we immediately implemented a few of the key ideas that were proposed. Implementation of these simple reforms, like cancelling a number of newspaper and magazine subscriptions and eliminating a paper-based tenant satisfaction survey, will save an estimated \$5.5 million per year. Additionally, I announced last month that GSA would freeze the Federal per diem travel reimbursement rates, keeping FY13 reimbursement rates at FY12 levels. This step will result in an anticipated \$20 million in avoided costs in FY13, helping to meet the Administration's directives to reduce government-wide travel costs.

GSA's Federal Acquisition Service (FAS) funding comes from the fees assessed on the purchases made by other agencies, and we believe there are opportunities for savings here as well. Based on our review and reports by the IG and GAO, we are working to determine the appropriate reduction to the current FAS fees and anticipate creating savings for Federal agencies that use GSA services and schedules. We are also

convening an interagency working group to review and develop recommendations on the overall fee structure for the schedules program.

In the area of real property, we have developed new tools to dispose of our unneeded and underutilized properties, allowing us to leverage the equity of some of our older and inefficient buildings in the inventory to get new and highly efficient ones. Already we have put in motion a number of potential real property exchanges that can provide considerable savings to taxpayers. For example, in Miami, we are seeking ideas from members of the development community interested in redeveloping and preserving the David W. Dyer Federal Building and United States Courthouse. Without Federal funding to restore this historic asset, we are now looking to leverage private sector investment to replace, renovate, or exchange the property. In Los Angeles, we announced that we are pursuing the exchange of an outdated Courthouse for a new, highly efficient Federal building. These initiatives are part of a broader effort to more fully utilize all of GSA's existing authorities and realize the benefits to business, government, and communities.

#### *Long-Term Reform –*

While we have already taken aggressive action to increase accountability and improve oversight and have moved quickly on important cost savings initiatives, we believe that additional reforms will be necessary as part of our future fiscal year budget submissions.

We know the core outcomes that we need to achieve. Specifically, reforms need to:

- increase our ability to achieve savings for the federal agencies that we serve,
- simplify and streamline the delivery of core services,
- ensure consistency in how GSA operates across the country,
- establish clear lines of authority, and
- make the most of the talent at GSA

The details of these reforms will be worked out in the months ahead, but they need to be based on three principles:

First, GSA needs to organize around the agencies we serve. GSA does not exist without demand from federal agencies, and these agencies engage in missions ranging from maintaining our nation's security to protecting our public health. Our job is to understand and meet their needs, so they can save money and focus on their core mission. In my conversations with numerous agencies, they mentioned the desire for proactive outreach by GSA to help meet their needs in the current fiscal environment. With that said, we need to remove any unnecessary, organizational barriers within our organization, and apply the best people and resources from anywhere within GSA to meet those needs.

The second principle of reform should be to invest in our core mission and reduce administrative costs. GSA has historically depended on 11 regions which deliver the agency's services, but that also replicates overhead functions and leadership structures. The resources currently allocated to potentially redundant activities could be captured as savings or, where appropriate, invested in improving service to agencies and performance outcomes.

The third principle of reform should be to utilize data to drive better results. Given its broad role, GSA has access to data capable of providing unique insights to improve the performance of federal agencies. Data and technological offerings today enable a transparent, rigorous and far-reaching performance management capability which could not have been imagined when the GSA was formed in 1949. Leveraging available data will save taxpayer dollars, make performance evaluation more transparent to employees and yield better outcomes for the federal government.

*Conclusion –*

I am confident that, with the support of Congress, we can accomplish reforms that will achieve our shared goal: restoring the trust of the American people and refocusing this agency on its core mission to provide quality service to Federal agencies at the lowest cost to the taxpayer.

I welcome the opportunity to be here today to answer any questions you may have. Thank you.