

ORGANIZATIONAL EXCELLENCE

Cost Control



Federal Aviation
Administration

FY 2008 Performance Target

"Approved organizations throughout the FAA will continue to implement cost efficiency initiatives. The agency will also achieve FY 2008 savings towards the four specific targets listed in the Flight Plan."

Flight Plan Objective and Performance Target

Objective 2: Improve financial management while delivering quality customer service.

Performance Target: Organizations throughout the agency will continue to implement cost efficiency initiatives such as:

- 10-15 percent savings for strategic sourcing for selected products and services;
- By the end of FY 2009, reduce leased space for Automated Flight Service Stations from approximately 510,000 square feet to approximately 150,000 square feet;
- 3 percent reduction in help desk operating costs through consolidations; and
- Annual reduction of \$15 million in Information Technology operating costs.

	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Target	NA	Implement Program	1 Activity per Organization	1 Activity per Organization	1 Activity per Approved Org. & Achievement of Targeted Svgs.
Actual	NA	Program Implemented	1 Activity per Organization	1 Activity per Organization	

Definition of Measure

Unit of Measure: At least one cost control activity from the following Lines of Business/Staff Offices: ATO, AVS, ARP, AST, ABA, AIO, ARC, AHR, AGC, API, AEP, ASH.

Computation: A count of the number of organizations involved from those listed above and determination of the targeted savings for FY 2008 achieved from those listed in the performance target.

Formula: N/A

Scope of Measure: Any actions that save money, avoid incurring additional costs or streamline a process could qualify for inclusion. Examples include reduced staffing levels, reduced travel, reduction of contract support, contracts for acquisition of goods and services, and consolidation of similar activities that may have been performed at more than one location within the agency.

Why the FAA Chooses this Measure

FAA's operating costs have increased significantly over the past decade and oversight authorities such as the Office of Inspector General and the Government Accountability Office have raised concerns regarding FAA's escalating costs. In addition, in most fiscal years the agency must fund tens of millions of dollars of unfunded pay raises and absorb millions more in unspecified budget cuts. To address these concerns, the agency is taking aggressive steps to stem the growth of operating costs. Cost Control is a centrally developed and managed initiative under the executive direction of FAA's Chief Financial Officer. It provides the necessary impetus for implementing sustained and successful cost control activities. Organizations' participation and progress is reported to the Administrator and the Executive Management team at monthly Flight Plan meetings.

Source of the Data

Each organization – Line of Business or Staff Office (LOB/SO) – utilizes a financial template designed by the

Office of Financial Services (ABA) to propose cost saving and/or cost avoidance activities. Once submitted, the templates are reviewed by ABA analysts who validate the proposals and associated financial computations. Cost control activities are then tracked and reported on a monthly basis through an Excel spreadsheet maintained by ABA. Organizations provide regular status updates on progress toward their annual goals.

Statistical Issues

None.

Completeness

Each completed template and monthly status spreadsheet is retained on an ABA shared drive.

Reliability

ABA verifies organizations' activities, milestones, and dollars saved/avoided using a template completed by the organizations. In addition to ABA's monthly financial tracking, individual organizations are responsible for maintaining files and spreadsheets containing supporting calculations and documentation on their activities to ensure verification by audit.