

PART 4: PERFORMANCE INFORMATION

(Unaudited — See accompanying Independent Auditors' Report)

This section meets the annual performance reporting requirements set forth in the Government Performance and Results Act and the Reports Consolidation Act. It provides a complete and thorough discussion of OPM's performance in achieving the 28 annual performance goals it pursued during FY 2005 and describes the extent to which, by achieving these annual goals, OPM progressed toward the outcomes envisioned by its three strategic goals and management strategy.

OPM's Strategic Plan FY 2002–2007 and organizational structure are aligned so a single program division is responsible for each of the agency's three strategic goals. To track progress toward a strategic goal, each division establishes annual goals that describe the specific results to be achieved during a given fiscal year. Success in achieving these annual goals is determined by the percentage of performance indicators for which targets have been attained. An annual goal is rated as "Met" when at least 70 percent of the indicators for that goal have been attained during FY 2005. A goal is rated as "Partially Met" when at least 50 percent of the targets have been attained.

To communicate the results for each annual goal in a concise and consistent manner, an Annual Performance Goal Report Card is used to present the rating (Met, Partially Met, or Not Met), the cost expended on the goal during FY 2005, and the performance indicators as a reliable used to assess performance. Historical results are presented for each indicator as available. In addition, the significant accomplishments for each annual goal are summarized in a performance analysis section as available of the report card. When FY 2005 performance targets have not been achieved, a performance improvement plan is included describing the actions planned by OPM to improve performance. In those instances where a target has been substantially exceeded, an explanation is also presented. Finally, additional information is provided that describes the public benefit associated with each annual goal along with other data that may help clarify the goal's status.

STRATEGIC GOAL I

DIVISION FOR STRATEGIC HUMAN RESOURCES POLICY

Strategic Goal 1 sets the expectation that agencies adopt human resources management systems that improve their ability to build successful, high-performance organizations. Legislation, executive orders, and judicial decisions are most often issued with the intent of increasing Federal efficiency and effectiveness while maintaining the merit basis of the Federal human resources system. It is the mission of the Division for Strategic Human Resources Policy (SHRP) to reflect these sources in policy, regulation, and/or guidance.

SHRP advanced toward these outcomes in FY 2005 by, among other things, crafting legislative proposals, regulations, and guidance to encourage the use of recruitment and retention incentives; establishing pay-for-performance system for senior executives; launching the Federal Candidate Development and Student Career Intern programs; and expanding health benefits to include dental and vision care in FY 2006. In addition, it continued to work closely with the DHS and DoD to develop groundbreaking human resources systems that emphasize market-sensitive performance-based pay and create a new framework for performance management as well as new labor relations, adverse actions, and appeals systems and (for DoD only) new staffing and employment and workforce-shaping provisions.

SHRP redesigned its goals and performance measures in FY 2005 and therefore has no performance data to report for prior years.

PART 4: PERFORMANCE INFORMATION

SHRP PERFORMANCE SCORECARD

SHRP Annual Performance Goals	Number of Indicators	Indicators Met	Indicators Dropped for FY 2005	Goal Score
1. Develop regulations and an evaluation plan for the Federal Workforce Flexibility Act policies	3	2	1	Met
2. Improve Federal workforce information by implementing the HR LOB	2	2	0	Met
3. Establish the Senior Executive Service pay-for-performance system	3	2	1	Met
4. Develop an evaluation methodology for Governmentwide leadership development programs	3	3	0	Met
5. Strategically sustain existing human resources systems and policies	2	2	0	Met
6. Assist the DHS and the DoD in implementing new human resources policies as requested and required	2	1	0	Partially Met
7. Consistent with Administration policy and plans, assume a leadership role in modernizing the balance of the Federal civil service	2	1	0	Partially Met
8. Implement a dental/vision benefits policy	3	1	2	Met
9. Address changes needed in law enforcement officer pay and benefits, consistent with Administration plans and the July 2004 OPM report	2	1	0	Partially Met
10. Ensure the competitiveness of Federal employee benefits	9	9	0	Met
11. Ensure competitive Federal pay	3	3	0	Met
12. Strategically sustain existing human resources systems and policies relative to compensation and benefits	2	2	0	Met
13. Implement new hiring flexibilities	2	2	0	Met
14. Assist the intelligence community in implementing human resources policies and authorities	2	2	0	Met
15. Modernize the civil service examination process	2	1	1	Met
16. Strategically sustain existing human resources systems relative to recruitment	2	2	0	Met
TOTALS	44	36	5	13 Met, 3 Partially Met

SHRP Annual Performance Goal 1: Develop regulations and an evaluation plan for the Federal Workforce Flexibility Act policies

Annual Performance Goal Report Card					
Year-End Status: Met			Program Cost: \$0.712M FTE: 6.0		
<p>Performance Analysis: The Federal Workforce Flexibility Act (FWFA) requires OPM to make significant and technically complex changes in pay and leave administration, succession planning, and training. OPM met this goal during FY 2005 as it published regulations addressing (1) new critical pay, pay-setting and recruitment, relocation, and retention authorities; (2) crediting of non-Federal service for leave accrual; (3) a higher SES annual leave accrual rate; (4) compensatory time off for travel; and (5) employee training. The agency then conducted a series of forums for agencies to offer guidance on implementing these regulations. Evaluative feedback from agencies regarding the regulations was generally positive.</p>					
Improvement Plan: Not applicable					
Performance Indicators and Results					
Indicator	FY 2002 Results	FY 2003 Results	FY 2004 Results	FY 2005 Target	FY 2005 Results
FWFA regulation timeliness	No data	No data	No data	Draft regulations published on time	Draft regulations published on time
Annual report timeliness	No data	No data	No data	n/a*	n/a*
FWFA program evaluation results	No data	No data	No data	Positive evaluations	Evaluations generally positive

*The annual report to Congress on agency usage of new flexibilities is due in FY 2006. Therefore, this indicator is not applicable for assessing performance in FY 2005.

Public Benefit: The regulations associated with this goal help agencies recruit and retain skilled employees by providing flexible tools for pay-setting; recruitment, relocation, and retention incentives; modernized leave authority; and training opportunities. The resulting improvement in the Federal workforce leads to a higher level of service to taxpayers. Thus, OPM is helping agencies build a high-quality and diverse Federal workforce that is protected by Merit System Principles.

SHRP Annual Performance Goal 2: Improve Federal workforce information by implementing the Human Resources Line of Business

Annual Performance Goal Report Card					
Year-End Status: Met			Program Cost: \$1.432M FTE: 10.0		
<p>Performance Analysis: OPM met this annual goal as it accomplished all project milestones established for HR LOB policy deliverables in FY 2005 and the HR LOB initiative became operational. OPM published HR LOB business standards in September 2005 so that agencies can begin using them in FY 2006. Also, OPM published and implemented policy dealing with the electronic version of the Official Personnel Folder, along with the first Governmentwide policy on the use of electronic signatures on personnel actions and records. In addition, the agency issued the first Governmentwide competency data standards so that agencies are able to share information with one another on this issue.</p>					
<p>Improvement Plan: Although the standards were not published in time to be used by agencies in FY 2005, action on them has been completed so that they can be used in the first quarter of FY 2006.</p>					
Performance Indicators and Results					
Indicator	FY 2002 Results	FY 2003 Results	FY 2004 Results	FY 2005 Target	FY 2005 Results
Meet project milestones	No data	No data	No data	Milestones are met	All milestones met
Clarity of HR LOB standards	No data	No data	No data	Standards are issued	Three standards published

Public Benefit: The President's initiative to enhance electronic Government is intended to provide quicker and more efficient services to taxpayers through the use of automated systems and information-gathering and reporting techniques. OPM is responsible for a human resources management system that Federal agencies can use to improve their ability to build and maintain a higher quality and high-performing workforce. This system will consolidate many of the essential, but now separate, functions of current systems, including payroll, training, security investigations, recruitment, and enterprise human resources data warehousing. Human resources professionals will thus be able to manage human capital development and human resources administration more effectively and efficiently.

SHRP Annual Performance Goal 3: Establish the Senior Executive Service pay-for-performance system

Annual Performance Goal Report Card					
Year-End Status: Met			Program Cost: \$1.078M FTE: 8.0		
Performance Analysis: OPM met this annual goal as it accomplished the FY 2005 milestones for establishing a Senior Executive Service (SES) pay-for-performance system. OPM published regulations and guidance on the SES pay-for-performance system during the first two quarters of FY 2005, including data submission certification standards. Thirty-two systems in 31 agencies have received provisional or full certification for calendar year 2005.					
Improvement Plan: Not applicable					
Performance Indicators and Results					
Indicator	FY 2002 Results	FY 2003 Results	FY 2004 Results	FY 2005 Target	FY 2005 Results
Timeliness of processing agency applications for SES pay-for-performance systems	No data	No data	No data	90% of applications processed within 14 days	97% of applications were processed within 14 days
New Senior Professional System implementation timeliness	No data	No data	No data	Milestones are met	Initiative postponed*
Agency satisfaction with timely processing	No data	No data	No data	At least 50% positive	No data**

*Implementation of the Senior Professional System has been postponed, but higher aggregate pay maximums have been established for Senior Level and Senior Technical employees.

**OPM was unable to collect reliable data for this indicator. However, the agency processed all acceptable agency applications for SES pay-for-performance system certifications, which OPM believes is a better indication of whether it fully achieved this performance goal.

Public Benefit: The development of a credible pay-for-performance program for senior executives directly supports OPM's mission to help agencies build a high-quality and diverse workforce. Starting at the top sets the stage for making meaningful distinctions in performance, and making pay decisions based on those distinctions, throughout the workforce. The ability to grant larger pay increases to those who perform at a higher level strengthens the Government's ability to attract and retain high-caliber employees.

**SHRP Annual Performance Goal 4:
Develop an evaluation methodology for Governmentwide leadership development programs**

Annual Performance Goal Report Card					
Year-End Status: Met			Program Cost: \$1.014M FTE: 8.0		
<p>Performance Analysis: OPM achieved all project milestones for the Governmentwide leadership development programs. Among these were launching the Federal Candidate Development Program, revising the Presidential Management Fellows Program, and developing the Senior Presidential Management Fellows Program. In addition, OPM published regulations on these programs and created a Governmentwide framework for a leadership development model to grow future leaders. OPM also established an Executive Resources Community of Practice (ERCP) to make it easier to share relevant information among agencies. Feedback from agencies on the development of regulations through a variety of forums, including meetings of the ERCP, is being used to measure the effectiveness of these initiatives.</p>					
Improvement Plan: Not applicable					
Performance Indicators and Results					
Indicator	FY 2002 Results	FY 2003 Results	FY 2004 Results	FY 2005 Target	FY 2005 Results
Meet project milestones	No data	No data	No data	Milestones are met	All milestones met
Feedback on evaluation methodologies by external sources	No data	No data	No data	Positive feedback	Feedback was positive
Usefulness of evaluation results and recommendations	No data	No data	No data	Evaluations useful in assessing program impact	Evaluations ongoing; handoff planned

Public Benefit: The establishment of effective leadership development programs for Federal executives helps agencies build a high-quality and diverse workforce from the top down. These well-trained leaders provide guidance and inspiration for their subordinates and ensure that taxpayer resources are managed wisely.

SHRP Annual Performance Goal 5: Strategically sustain existing human resources systems and policies

Annual Performance Goal Report Card					
Year-End Status: Met			Program Cost: \$1.048M FTE: 8.0		
<p>Performance Analysis: During FY 2005, OPM focused on sustaining existing employee and labor relations systems. This required rulemaking, rules implementation, monitoring, and evaluation of systems. For instance, NoFEAR Act regulations were published in a timely manner. OPM met its response timeliness targets for the Labor Agreement Information System, which operated at nearly 100 percent efficiency and accuracy of data entry, and for reviewing Merit System Protection Board (MSPB) decisions and employee or labor relations grievances. In addition, many meetings were held with employee representative organizations.</p>					
Improvement Plan: Not applicable					
Performance Indicators and Results					
Indicator	FY 2002 Results	FY 2003 Results	FY 2004 Results	FY 2005 Target	FY 2005 Results
Response timeliness	No data	No data	No data	Deadlines are met	All deadlines met
Stakeholders view responses positively	No data	No data	No data	Positive evaluations	Attendees at human resources policy sessions provided positive feedback

SHRP Annual Performance Goal 6: Assist the Department of Homeland Security and the Department of Defense in implementing new human resources policies as requested and required

Annual Performance Goal Report Card					
Year-End Status: Partially Met			Program Cost: \$2.244M FTE: 18.0		
<p>Performance Analysis: OPM partially met this goal as it met the two major milestones related to assisting DHS and DoD implement new human resources management systems. First, OPM and DHS jointly issued regulations for new job evaluation, pay, performance management, adverse actions, appeals, and labor relations systems for that agency. Second, OPM and DoD jointly issued proposed regulations for the National Security Personnel System (NSPS) covering new job evaluation, pay, performance management, staffing, workforce planning, adverse actions appeals, and labor relations systems. The DHS regulations were not implemented during FY 2005 as court action delayed implementation, and the final regulations for the NSPS will not be released until early FY 2006.</p>					
Improvement Plan: Not applicable					
Performance Indicators and Results					
Indicator	FY 2002 Results	FY 2003 Results	FY 2004 Results	FY 2005 Target	FY 2005 Results
Meet project milestones	No data	No data	No data	Milestones are met	All milestones met
Regulations implemented	No data	No data	No data	Regulations applied	Final DHS and proposed DoD regulations published

Public Benefit: When implemented, the new human resources management systems at DHS and DoD will cover more than 40 percent of the Federal civilian workforce, approximately 880,000 employees. Thus, these two homeland security/national security agencies will have human resources management systems that enable them to better meet their respective missions.

“OPM and DoD have been equal partners in developing the NSPS, and we will remain so in any future adjustments to the basic design. We’ve built in regulatory flexibility so the department can tailor NSPS to specific needs in staffing and appointing authorities, in classification of occupations, and in managing pay and performance systems.”

— Dan G. Blair, OPM Deputy Director

SHRP Annual Performance Goal 7:
Consistent with Administration policy and plans, assume a leadership role in modernizing the balance of the Federal civil service

Annual Performance Goal Report Card					
Year-End Status: Partially Met			Program Cost: \$2.217M FTE: 18.0		
<p>Performance Analysis: OPM partially met this annual goal by leveraging lessons learned from its work on the DHS and DoD human resources management systems to develop a legislative proposal to expand and export similar human resources reforms such as pay for performance, recruitment and retention flexibilities, and performance management throughout the rest of the Federal workforce, as agencies are ready for these reforms. To accomplish this, OPM coordinated with OMB and other Federal agencies to draft legislation for a Governmentwide system of human resources management. When enacted, the legislation will implement a results-driven, market-based system of compensation and performance management, with a few targeted changes in labor and employee relations and staffing/workforce shaping.</p>					
Improvement Plan: Not applicable					
Performance Indicators and Results					
Indicator	FY 2002 Results	FY 2003 Results	FY 2004 Results	FY 2005 Target	FY 2005 Results
Meet project milestones	No data	No data	No data	Milestones are met	Draft legislation circulated
Legislation enacted, regulations issued	No data	No data	No data	Legislation enacted	Legislative proposal under review

Public Benefit: When DHS and DoD complete the transformation to their new human resources systems, more than 40 percent of the total Federal workforce will be covered by modern classification, pay, and performance management systems. Over time, employees in other Federal agencies will achieve the opportunity to benefit from similar systems.

SHRP Annual Performance Goal 8: Implement a dental/vision benefits policy

Annual Performance Goal Report Card					
Year-End Status: Met			Program Cost: \$0.418M FTE: 3.0		
<p>Performance Analysis: The Federal Employee Dental and Vision Benefits Enhancement Act of 2004 provided funding for the design and implementation of new benefits programs for Federal employees. OPM met the project milestones for this goal by completing the policy framework for the new program. It is expected to be offered during an open season in FY 2006, consistent with the requirements of the legislation.</p>					
Improvement Plan: Not applicable					
Performance Indicators and Results					
Indicator	FY 2002 Results	FY 2003 Results	FY 2004 Results	FY 2005 Target	FY 2005 Results
Meet project milestones	No data	No data	No data	Milestones are met	All milestones met
Stakeholder approval; carriers sign on	No data	No data	No data	Positive evaluations	n/a
Enrollment statistics for dental/vision benefits program	No data	No data	No data	Enrollments meet or exceed projections	n/a

Dental and Vision options will be offered to Federal employees during an open season in FY 2006. Carriers will sign on at that time. Enrollment statistics will be reported in FY 2006.

Public Benefit: Expanding the Federal Employees Health Benefit Program to include dental and vision benefits provides a benefits package competitive with what is often provided in the private sector. This strengthens the Federal Government's ability to recruit and retain skilled employees and improves the overall health of those covered. Employees value the ability to purchase dental and vision benefits at a group rate and appreciate having these options available as they select health providers and make critical care decisions.

SHRP Annual Performance Goal 9: Address changes needed in law enforcement officer pay and benefits, consistent with Administration plans and the July 2004 OPM report

Annual Performance Goal Report Card					
Year-End Status: Partially Met			Program Cost: \$1.158M FTE: 8.0		
<p>Performance Analysis: OPM partially met this goal as it drafted legislation (the Working for America Act) that would implement a Governmentwide system of human resources management reforms establishing a results-driven, market-based system of compensation and performance management. This package would establish performance and market-based pay for law enforcement officers. However, OPM cannot collect data regarding agency satisfaction with the results of this proposal until legislation is enacted and implemented.</p>					
<p>Improvement Plan: Not applicable</p>					
Performance Indicators and Results					
Indicator	FY 2002 Results	FY 2003 Results	FY 2004 Results	FY 2005 Target	FY 2005 Results
Meet project milestones	No data	No data	No data	Milestones are met	All milestones met
Agency satisfaction with results	No data	No data	No data	Positive evaluations	No data*

*Legislative proposal is under review.

Public Benefit: The pay and performance management systems for law enforcement officers currently vary widely from one agency to another. The proposed legislation would establish a standard pay and performance management system among various types of law enforcement officers, thereby reducing agency turnover and improving the level of service to the American people.

SHRP Annual Performance Goal 10: Ensure the competitiveness of Federal employee benefits

Annual Performance Goal Report Card					
Year-End Status: Met			Program Cost: \$5.880M FTE: 43.0		
<p>Performance Analysis: OPM met this annual goal, as it established baselines for proxy measures pertinent to the competitiveness of the employee benefit programs (retirement, health benefits, and life insurance). During the PART review of Federal benefits programs, OPM developed a new set of performance indicators, most tied to the biannual Federal Benefits Survey. This survey asks Federal employees to compare Federal benefits programs with those available in the private sector. The initial survey results indicate that Federal benefits programs compare well with those offered in the private sector and have a significant effect on the decisions by new hires to take Federal jobs.</p>					
Improvement Plan: Not applicable					
Performance Indicators and Results					
Indicator	FY 2002 Results	FY 2003 Results	FY 2004 Results	FY 2005 Target	FY 2005 Results
Agencies' feedback regarding the usefulness of information and assistance promoting work/life programs	No data	No data	No data	Draft FFWA regulations	Regulations published on schedule
Percent of new hires who say retirement benefits are competitive, a fair value, and important in their decision to accept a job in the Government	No data	No data	No data	Establish baseline	Baseline established - 78
Percent of employees who say retirement benefits are competitive, a fair value, and important in their decision to remain in the Federal Government	No data	No data	No data	Establish baseline	Baseline established - 79
Percent of new hires who say FEHBP benefits are competitive, a fair value, and important in their decision to accept a job in the Federal Government	No data	No data	No data	Establish baseline	Baseline established - 75
Percent of employees who say FEHBP health benefits are competitive, a fair value, and important in their decision to remain in the Federal Government	No data	No data	No data	Establish baseline	Baseline established - 82
Percent of enrollees (Federal employees) satisfied with health benefits	No data	No data	No data	Establish baseline	Baseline established - 60
Percent of new hires who say life insurance benefits are competitive, a fair value, and important in their decision to accept a job in the Federal Government	No data	No data	No data	Establish baseline	Baseline established - 71
Percent of employees who say life insurance benefits are competitive, a fair value, and important in their decision to remain in the Federal Government	No data	No data	No data	Establish baseline	Baseline established - 61
Percent of enrollees (Federal employees) satisfied with life insurance benefits	No data	No data	No data	Establish baseline	Baseline established - 62

“OPM’s job is to help build a high-quality and diverse work force which America needs to guarantee freedom, promote prosperity, and ensure the security of our great Nation. Together, we [health benefit carriers] have made the FEHB the best health benefits program in the world, and a model for all health plans.”

— Dan G. Blair, OPM Deputy Director

Additional Information

OPM has developed a three-pronged approach to evaluating the benefits programs and whether they are meeting their intended purposes. The first stage was the biannual Federal Benefits Survey, which provided consumer perceptions of the benefits programs based on importance, competitiveness, value for the money, and whether the program meets their needs. The second phase was a benefits benchmarking study in FY 2005 that provided a comparative analysis of Federal benefits programs with private sector and non Federal public programs. The third stage is an independent evaluation of these Federal benefits programs. Using information from the Federal Benefits Survey, the benchmarking study, and the findings from the independent evaluation, OPM will then consider next steps regarding changes to the Federal benefits programs to improve their impact on Federal agencies' effort to recruit and retain a high-quality workforce.

Public Benefit: The Federal Government needs to offer a competitive package of employee benefits in order to attract a competent workforce that can deliver quality services to the American public.

SHRP Annual Performance Goal 11: Ensure competitive Federal pay

Annual Performance Goal Report Card					
Year-End Status: Met			Program Cost: \$1.611M FTE: 15.0		
<p>Performance Analysis: OPM met this goal as it achieved all of the performance targets described in the indicators below. For instance, OPM posted new pay tables and guidance within 24 hours after the issuance of the President's Executive order adjusting pay in January 2005. In addition, agency participation in the student loan repayment program increased by 79 percent over the previous year. The agency also published new locality pay area definitions based on the new definitions of metropolitan areas established by the Office of Management and Budget.</p>					
Improvement Plan: Not applicable					
Performance Indicators and Results					
Indicator	FY 2002 Results	FY 2003 Results	FY 2004 Results	FY 2005 Target	FY 2005 Results
Timeliness of updating pay tables	No data	No data	No data	New pay tables posted within 24 hours of Presidential decision	Executive Order issued 12/30, results posted 12/31
Results of evaluations of new pay authorities and flexibilities	No data	No data	No data	Agencies report new pay authorities have been significant in recruitment and retention successes	Agencies report they are pleased with effectiveness of new authorities
Use/success of student loan repayments and recruitment, relocation, and retention authorities	No data	Baseline established	Increased usage over previous year	Increased usage over previous year	Increased usage over previous year

Public Benefit: Ensuring Federal pay rates are accurately established and published in a timely manner in accordance with appropriate law and regulation enables the Federal Government to attract and retain highly skilled employees who can deliver quality services to the American public. In addition, the student loan repayment program assists Federal agencies in recruiting and retaining a capable workforce.

"Agencies are utilizing the student loan repayment program more than they have in the past, but there is more that can be done. The program is an important component of the Federal Government's efforts to offer competitive incentives, and we encourage agencies to use it as a recruitment tool to attract top notch talent into the civil service."

— Linda M. Springer, OPM Director

SHRP Annual Performance Goal 12:
Strategically sustain existing human resources systems and policies relative to compensation and benefits

Annual Performance Goal Report Card					
Year-End Status: Met			Program Cost: \$1.693M FTE: 15.0		
<p>Performance Analysis: OPM met this goal by being timely in its responses to deadlines for publishing new regulations on pay setting, crediting of non-Federal service for leave accrual, compensatory time off for travel, and executive and senior expert annual leave. The agency conducted a series of cost-of-living surveys and provided technical assistance to Congress on developing legislation on civil service modernization.</p>					
<p>Improvement Plan: Not applicable</p>					
Performance Indicators and Results					
Indicator	FY 2002 Results	FY 2003 Results	FY 2004 Results	FY 2005 Target	FY 2005 Results
Timely response	No data	No data	No data	Deadlines are met	All deadlines met
Stakeholders view responses positively	No data	No data	No data	Positive evaluations	Positive reactions at forums

Public Benefit: OPM is helping agencies build a high-quality and diverse Federal workforce that is protected by Merit System Principles. The regulations associated with this goal help agencies recruit and retain skilled employees by providing flexible tools for pay-setting; recruitment, relocation, and retention incentives; modernized leave authority; and training opportunities. The resulting improvement in the Federal workforce leads to a higher level of service to taxpayers.

SHRP Annual Performance Goal 13: Implement new hiring flexibilities

Annual Performance Goal Report Card					
Year-End Status: Met			Program Cost: \$1.502M FTE: 10.0		
<p>Performance Analysis: OPM met the major policy milestones for this goal. These included establishing the Federal Candidate Development Program, which enhances agencies' succession planning initiatives. Other milestones achieved were creating or expanding (1) category rating programs, permitting grouping of job applicants into quality groups instead of using a ranked list; (2) direct hire authority, allowing agencies to appoint individuals to positions for which there is a critical need; and (3) academic degree training, expanding agency authority to pay or reimburse employees for the costs of obtaining academic degrees.</p>					
Improvement Plan: Not applicable					
Performance Indicators and Results					
Indicator	FY 2002 Results	FY 2003 Results	FY 2004 Results	FY 2005 Target	FY 2005 Results
Meet project milestones	No data	No data	No data	Milestones are met	All milestones met
Positive stakeholder feedback	No data	No data	No data	Positive evaluations	Stakeholders applaud the new flexibilities, but some complain that the process is outdated

Additional Information

GAO reported that the bulk of problems in hiring lay in agencies' own outdated internal procedures, rather than in the rapidly evolving standards established by OPM.

Public Benefit: These additional hiring options support the PMA long-term goal of attracting talented people into Government service who will deliver sustained high levels of performance.

SHRP Annual Performance Goal 14: Assist the intelligence community in implementing human resources policies and authorities

Annual Performance Goal Report Card					
Year-End Status: Met			Program Cost: \$1.113M FTE: 8.0		
Performance Analysis: OPM achieved the project milestones for this goal, as it worked with the Federal Bureau of Investigation (FBI) to design a new pay system for intelligence analysts and identified positions for which critical pay should be authorized.					
Improvement Plan: Not applicable					
Performance Indicators and Results					
Indicator	FY 2002 Results	FY 2003 Results	FY 2004 Results	FY 2005 Target	FY 2005 Results
Meet project milestones	No data	No data	No data	Milestones are met	All milestones met
FBI satisfied with results	No data	No data	No data	Positive evaluations	FBI very pleased

Public Benefit: The 50-year-old General Schedule classification and basic pay system has not provided sufficient flexibility to address problems specific to the intelligence community that have been magnified since the events of 9/11. These problems vary by occupation, grade level, location, agency, and area of specific responsibility. OPM continues to work with the intelligence community to develop results-based, market-sensitive pay systems tailored to community members in order to strengthen the human resources management practices of these agencies so that they can better protect the American people.

SHRP Annual Performance Goal 15: Modernize the civil service examination process

Annual Performance Goal Report Card					
Year-End Status: Met			Program Cost: \$1.197M FTE: 9.0		
Performance Analysis: OPM developed a plan and acquisition strategy and secured funding to implement a web-based Administrative Careers with America (ACWA) rating schedule assessment delivery program and initiated a study of best practices in entry-level assessment methodologies.					
Improvement Plan: Not applicable					
Performance Indicators and Results					
Indicator	FY 2002 Results	FY 2003 Results	FY 2004 Results	FY 2005 Target	FY 2005 Results
Meet project milestones	No data	No data	No data	Milestones are met	All milestones met
ACWA identifies qualified applicants	No data	No data	No data	Qualified applicants hired by agencies	n/a*

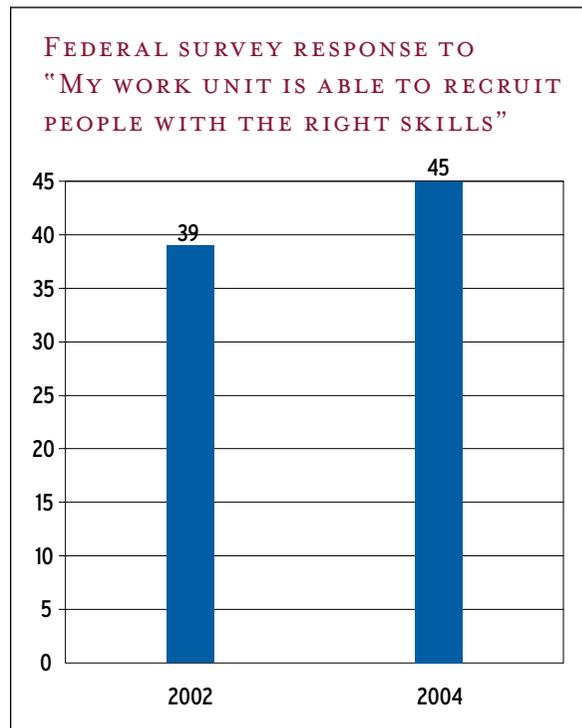
*The redesigned ACWA will be available for agency use in FY 2006. An assessment of the quality of Federal job applicants identified via the ACWA will be performed at that time.

Public Benefit: Improving the initial examining process used by Federal agencies brings about efficiencies for both the job applicant and the hiring agency. It also produces a better fit between the selectee and the vacancy the hiring agency is filling, resulting in lower personnel turnover and better service to customers at all levels.

SHRP Annual Performance Goal 16: Strategically sustain existing human resources systems relative to recruitment

Annual Performance Goal Report Card					
Year-End Status: Met			Program Cost: \$1.195M FTE: 9.0		
Performance Analysis: In FY 2005, OPM initiated classification standard reviews for the intelligence community, issued regulations for the Student Career Intern Program and the Federal Career Intern Program, and provided training support on category rating and other hiring flexibilities. OPM's Federal Human Capital Survey reflected positive evaluations as the percentage of Federal employees who responded positively to the question "My work unit is able to recruit people with the right skills" increased from 39 percent in 2002 to 45 percent in 2004.					
Improvement Plan: Not applicable					
Performance Indicators and Results					
Indicator	FY 2002 Results	FY 2003 Results	FY 2004 Results	FY 2005 Target	FY 2005 Results
Timely responses	No data	No data	No data	Deadlines are met	Deadlines met
Stakeholders view responses positively	No data	No data	No data	Positive evaluations	Positive survey results

Public Benefit: Modernizing the hiring process will make the experience more efficient for both the applicant and the potential employing agency, thus improving the match of the new hire with the vacancy being filled. This will lead to reduced turnover due to employee dissatisfaction and poor skill matches and long-term, better service to Federal Government customers.



STRATEGIC GOAL II

DIVISION FOR HUMAN CAPITAL LEADERSHIP AND MERIT SYSTEM ACCOUNTABILITY

The Division for Human Capital Leadership and Merit System Accountability (HCLMSA) made progress toward this strategic goal during FY 2005 by conducting audits of 120 Delegated Examining Units in Federal agencies to ensure adherence to that Merit System Principles. HCLMSA staff provided technical assistance and outreach to agencies that resulted in, among other things, hiring makeovers at five agencies that significantly reduced the time required to fill vacancies, 60 provisionally and 2 fully approved Senior Executive Service pay-for-performance plans, and training for 2,900 military personnel at 28 facilities in veterans’ rights and benefits in Federal recruitment systems and employment. In addition, it administered the SES Qualifications Review Boards which led to more than 500 SES appointments, as well as the Administrative Law Judges Program which processed more than 500 agency requests for actions.

HCLMSA revised its performance indicators for the Merit System Compliance Program in FY 2005 while conducting a PART analysis. The indicators for the Compliance Program are now more focused on the OPM’s mission and the outcomes directly affected by its efforts. HCLMSA also modified four performance indicators for the Human Capital Leadership Program that draw from OPM’s Federal Human Capital Survey.

HCLMSA PERFORMANCE SCORECARD

HCLMSA Annual Performance Goals	Number of Indicators	Indicators Met	Indicators Dropped in FY 2005	Goal Score
1. Move agencies beyond scoring and into active, comprehensive, and continuous improvement of human capital management	14	10	2	Met
2. Lead the Governmentwide effort to transform human capital management so that agencies are held accountable for managing their workforce effectively, efficiently, and in accordance with Merit System Principles to achieve mission results	4	2	0	Partially Met
TOTAL	18	12	2	1 Met 1 Partially Met

HCLMSA Annual Performance Goal 1: Move agencies beyond scoring and into active, comprehensive, and continuous improvement of human capital management

Annual Performance Goal Report Card

Year-End Status: Met

Program Cost: \$16.566M FTE: 142.0

Performance Analysis: OPM achieved 10 of 12 indicator targets by establishing baseline values for indices tied to the results of the Federal Human Capital Survey and by helping 11 of 26 PMA agencies get to "green" status on the President's Human Capital Scorecard in FY 2005. In September, the agency established a Proud to Be III schedule that upgraded the standards agencies are required to meet to achieve a "green" rating in FY 2006.

OPM provided a wide range of outreach services to customers in FY 2005. These included briefings to 2,900 military personnel at 28 installations across the country on veterans' rights and benefits, opportunities for Federal employment, and helpful techniques for landing those jobs.

The agency also briefed nearly 1,400 Federal managers in 25 cities on hiring flexibilities and emergency preparedness procedures, ensuring that employees all across the Nation had access to the same information.

OPM modified and established new baselines for performance indicators tied to the results of the Federal Human Capital Survey that measure employee attitudes on organizational talent, employee satisfaction/retention, leadership, and performance culture. The results of that survey serve as the baseline against which the responses to future surveys will be compared.

Improvement Plan: OPM will identify the specific training needs for agency benefits officers, develop training programs to address them, and deliver these programs in a conference format during FY 2006. In addition, OPM is developing a retirement readiness index to determine Federal employees' state of readiness for retirement according and identify areas where they need education and assistance with retirement planning.

The customer satisfaction indicators (ratings of training, consulting services and guidance materials) were new in FY 2005, and the targets were quite aggressive. Now that the agency knows more about what its customers are looking for as a result of these surveys, it will be easier to focus on key training and guidance issues in FY 2006.

Performance Indicators and Results

Indicator	FY 2002 Results	FY 2003 Results	FY 2004 Results	FY 2005 Target	FY 2005 Results
Organizational Talent Index (revised)	No data	No data	No data	Establish New Baseline	Baseline established - 56*
Number of PMA agencies making progress toward aggressive hiring time frames	No data	No data	No data	12	19
Management satisfaction with recruitment results (%)	No data	No data	No data	Establish New Baseline	Baseline established - 45
Employee Satisfaction/Retention Index	No data	No data	No data	Establish New Baseline	Baseline established - 61*
Leadership Index (revised)	No data	No data	No data	Establish New Baseline	Baseline established - 55*

"We have all come to recognize the important role telework plays in an agency's ability to continue to perform mission-critical work in times of crisis or calamity. With over 1.8 million non-postal executive branch employees spread across the agencies, we simply must incorporate employee safety with business needs. OPM's goal is to make telework an integral part of agency operations, rather than a 'new' or 'special' program."

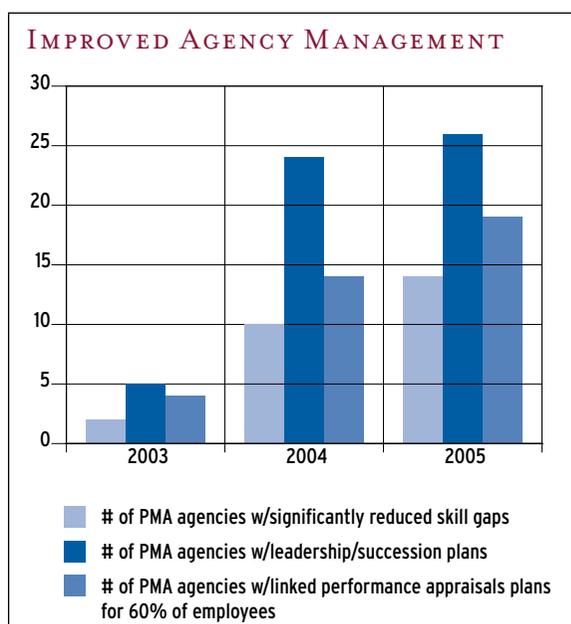
— Marta Brito Perez, OPM Associate Director

PART 4: PERFORMANCE INFORMATION

Performance Indicators and Results (continued)					
Indicator	FY 2002 Results	FY 2003 Results	FY 2004 Results	FY 2005 Target	FY 2005 Results
Number of PMA agencies with linked performance appraisal plans for 60% of employees	No data	4	14	20	20
Number of PMA agencies with significantly reduced skill gaps in mission-critical occupations	No data	2	10	20	14
Performance Culture Index (revised)	No data	No data	No data	Establish New Baseline	Baseline established - 51*
Number of PMA agencies with leadership/succession plans	No data	5	24	26	26
Percent of Benefits Officers trained	No data	No data	No data	No data	No data
Percent of customers who rate satisfaction with consulting services as very satisfactory or better	No data	No data	No data	85	85
Percent of training attendees who rate training as very good or better	No data	No data	No data	85	83
Percent of employees who are at the appropriate stage of retirement planning according to the Retirement Readiness Index	No data	No data	No data	Baseline to be established	Study in progress
Percent of customers rating guidance material at very good or better	No data	No data	No data	85	89

*These indices are derived from responses to multiple questions in the Federal Human Capital Survey.

Public Benefit: OPM's Human Capital Officers work closely with agencies to assist them in designing and adopting human resources management systems that improve their ability to build successful, high-performance organizations that deliver high-quality services to the American people. Federal agencies use these merit-based human capital strategies to create a rewarding work environment that helps them accomplish their missions.



HCLMSA Annual Performance Goal 2: Lead the Governmentwide effort to transform human capital management so that agencies are held accountable for managing their workforce effectively, efficiently, and in accordance with Merit System Principles to achieve mission results

Annual Performance Goal Report Card					
Year-End Status: Partially Met			Program Cost: \$13.579M FTE: 117.0		
<p>Performance Analysis: Although OPM met two of four targets, it did make significant strides in this area. OPM conducted audits of 120 Delegated Examining Units (DEUs) and thereby identified 293 specific action items and 279 recommended actions to improve field operations.</p> <p>Audits are conducted in a different sample of agencies each year. This may result in a significant fluctuation in the number and nature of problems uncovered by the audits. In FY 2005, the number of violations of veterans' preference requirements dropped sharply, to one-half the rate uncovered in FY 2004. This deep reduction may not be repeated when audits are conducted in FY 2006.</p> <p>Improvement Plan: Of the 12 agencies that had been identified during audits as having severe problems in their DEUs, 5 had not fully addressed these issues during re-audits. OPM will take a more aggressive stance toward follow-up with all agencies that have problem DEUs, and ensure agency accountability staff take ownership of problem resolution. Re-audit or some other monitoring activity will be scheduled within a one-year follow-up period.</p> <p>The timeliness of classification and job grading appeal decisions was affected by staffing vacancies. Most of these vacancies have now been filled, and the others are posted. This should improve turnaround time in FY 2006.</p>					
Performance Indicators and Results					
Indicator	FY 2002 Results	FY 2003 Results	FY 2004 Results	FY 2005 Target	FY 2005 Results
Number of agencies that fully implement a system of internal compliance with Merit System Principles and laws, rules, and regulations in accordance with OPM standards	No data	No data	No data	2	2
Percent of agencies with violations of veterans' preference laws, rules, and regulations	58	No data	40	35	18
Percent of agencies with severe problems in one or more DEUs that demonstrate improvement within one year following completion of an audit	66	50	79	80	58
Percent of classification and job grading appeal decisions exceeding target time frames	No data	35	12	10	11

Additional Information

OPM completed the PART process for the Compliance Program in FY 2005 and, as a result, restated the program's purpose and redesigned the performance indicators to reflect this purpose more accurately.

Public Benefit: The civil service system is based on the application of Merit System Principles. Through audits, agencies are held accountable to this standard and the public can be assured that these principles are being properly applied.

STRATEGIC GOAL III

DIVISION FOR HUMAN RESOURCES PRODUCTS AND SERVICES

OPM's Division for Human Resources Products and Services (HRPS) continued progress toward achieving this strategic goal by continuing to provide a wide variety of products and services to its Federal agencies, employees, and retirees in FY 2005, ranging from background investigations of newly hired employees, leadership development, and other training for existing employees, and processing annuity claims for departing employees. Substantial increases in the demand for investigations and in the number of retirements in FY 2005 resulted in deteriorating processing times in both areas, but resources have since been redistributed so as to meet these challenges and get back on target in FY 2006.

HRPS PERFORMANCE SCORECARD

HRPS Annual Performance Goals	Number of Indicators	Indicators Met	Indicators Dropped in FY 2005	Goal Score
1. Support an improved hiring process by performing suitability casework and other investigative services effectively	9	7	0	Met
2. Help meet agencies' needs to recruit, retain, and manage the best talent through expert, high-value, human resources consulting and support services	14	11	0	Met
3. Demonstrate improvement in individual leaders' knowledge and expected/actual performance or that of their organizations as a result of training and developmental services	9	7	0	Met
4. Retirement income security is facilitated by reducing claims processing times while increasing self-service and implementing new technology through the Retirement Systems Modernization project	15	4	0	Not Met
5. Insurance Services Program customers are provided with quality insurance products and services and continue to make informed decisions about their health care	16	14	0	Met
TOTAL	63	43	0	4 Met 1 Not Met

HRPS Annual Performance Goal 1:**Support an improved hiring process by performing suitability casework and other investigative services effectively****Annual Performance Goal Report Card****Year-End Status: Met****Program Cost: \$544.691M FTE: 1197.0**

Performance Analysis: OPM achieved this goal by meeting seven of nine targets in FY 2005. Requests for background investigations have increased dramatically since the events of 9/11. This increased workload has slowed average processing times and reduced the proportion of cases closed within contractual delivery dates. As a result, OPM hired five additional firms to conduct investigative services. Following extensive training, these new investigators began to handle the full range of casework on September 1, 2004, and immediately cut the backlog of cases on hand.

In addition, the agency accepted the transfer of nearly 1,600 employees from DoD's Defense Security Service (DSS). The new employees were trained in OPM's systems and tools and are now beginning to have an impact on caseloads. OPM received and processed 1.4 million cases in FY 2005. The number of old cases, those on hand for more than 18 months, decreased by 48 percent from FY 2004. While these changes were taking place, OPM continued to achieve its target of full cost recovery for investigative products and services.

Improvement Plan: The National Intelligence Directive will impose strict case completion time frames in FY 2006. The new staff brought on in FY 2005 (both contractors and former DSS employees) should substantially improve turnaround time on both suitability determinations and background investigations.

Performance Indicators and Results

Indicator	FY 2002 Results	FY 2003 Results	FY 2004 Results	FY 2005 Target	FY 2005 Results
Percent of applicant suitability determinations completed within contract time frames	99	99	92	95	88
Percent of suitability determinations sustained when appealed to the Merit Systems Protection Board	>99	>99	99.9	>99	100
Percent of background investigations closed within contract delivery date	45	40	17	50	27
Percent of cases returned for correction	0.045	0.18	0.06	<1	0.03
Full cost recovery for investigative products and services	Yes	Yes	Yes	Yes	Yes
Percent of customers satisfied with investigative products and services	92	95	No survey	95	95

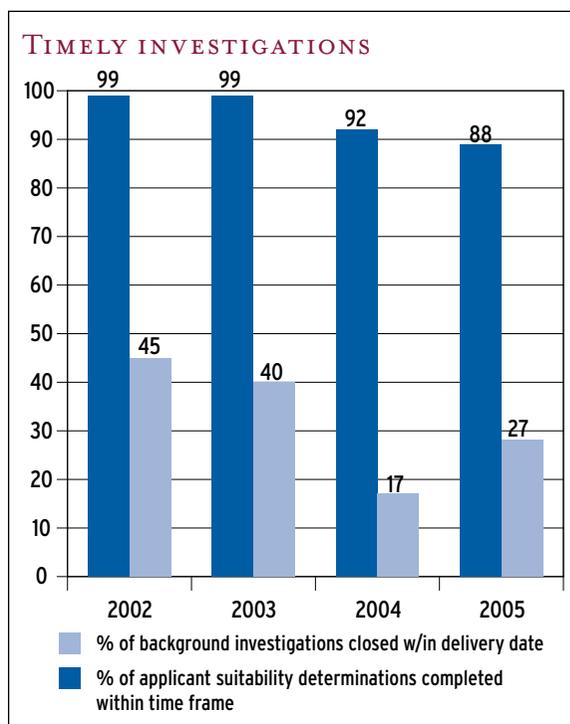
PART 4: PERFORMANCE INFORMATION

Performance Indicators and Results					
Indicator	FY 2002 Results	FY 2003 Results	FY 2004 Results	FY 2005 Target	FY 2005 Results
Number of SF-86 forms submitted through e-QIP and received by the Personnel Investigations Processing System	No data	5,000	2,049	41,550	42,906
Percent of Federal agencies that have deployed e-QIP	No data	10	38	45	62
Percent of files submitted through e-QIP that were rejected	No data	5	0.01	<1	0.93

Additional Information

OPM pricing to DoD following the date of transfer includes an additional 25 percent surcharge in FY 2005 for all cases to defray the increased operating expenses associated with the transfer of DSS to OPM. Revenues and expenses will be closely monitored to determine if this surcharge is adequate to cover expenses. Any additional losses to this fund will be reimbursed by DoD for three years from the date of transfer, which should allow adequate time for OPM to reduce the backlog of casework and improve agent production.

Public Benefit: OPM conducts background investigations for Federal agencies so they can make decisions on appropriate levels of national security clearances and/or suitability determinations for their employees, job applicants, and contractors. Timely, high-quality service to customers allows agencies to reduce the time they take to fill critical positions throughout Government, deliver services to the taxpayer, and secure the Nation from its enemies.



HRPS Annual Performance Goal 2: Help meet agencies' needs to recruit, retain, and manage the best talent through expert, high-value, human resources consulting and support services

Annual Performance Goal Report Card

Year-End Status: Met

Program Cost: \$191.777M FTE: 583.0

Performance Analysis: OPM met 11 of its 14 performance indicators for this goal. OPM provided a wide variety of human resources products and services to agencies in FY 2005, including USAJOBS, a web-based system that matches Federal job vacancies with job applicants, and allows jobseekers to post their resumes. More than 89 million people accessed this site in FY 2005, and there are now more than 1.8 million resumes posted there. OPM provided on-line examining services through USA Staffing, Nationwide testing, workforce, and succession planning, recruiting and branding services, and individual and organizational assessment services. OPM also provided self-service benefits information technology through: (1) Employee Express, reaching over 840,000 non-DoD employees; (2) MyPay for 5.5 million DoD employees, military service members and annuitants; and (3) Services On-line, which is accessible to 2.3 million civilian retirees and annuitants. Through Training and Management Assistance (TMA), OPM provides agencies access to pre-qualified vendors for customized training and HC management assistance, a service that includes contract management and oversight. Ninety-six percent of agency customers said they intended to repurchase these services. In addition, GoLearn courseware allowed federal employees to take a wide variety of job-related training at their own pace and at a time convenient for them. More than 230,000 employees are now registered users of the system.

Improvement Plan: OPM set very aggressive targets for the Percent of Federal Job Applicants Applying Online Using USAJOBS and the Percent Availability of Applicant Status Tracking Data for USAJOBS. While usage has increased fivefold in a single year, it did not reach the targeted level. However, these metrics have increased steadily during the year, and the agency expects this trend to continue throughout FY 2006. In addition, the average number of daily visitors fell slightly short of the projected target, yet overall still reflects a 16% increase over FY04 performance. This positive trend is also expected to continue.

Although the number of GoLearn courses completed has increased significantly, it also has not reached the targeted level. One possible explanation for this is the fact that it is now possible for a user to take a single module of a course without completing the whole course. These partial completions are not counted in the total number of completed courses. GoLearn is in the process of modifying its measures to capture partial course completions.

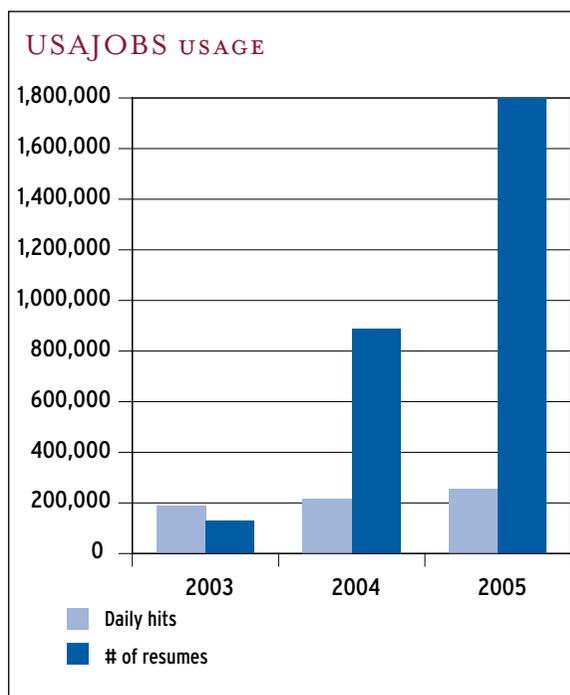
Performance Indicators and Results

Indicator	FY 2002 Results	FY 2003 Results	FY 2004 Results	FY 2005 Target	FY 2005 Results
Full cost recovery maintained over a three-year period for reimbursable services	Yes	Yes	Yes	Yes	Yes
Agency acceptance rate of TMA project deliverables is at least 95 percent (%)	99.0	99.9	95	≥95	99
>90% of customers express repurchase intention (customer loyalty) (%)	No data	95	95	≥90	96
Percent of customers agreeing that OPM's reimbursable services contribute to improving organizational effectiveness	No data	82	83	>80	89
>90 percent of customers satisfied with OPM's products and services (%)	No data	96	96	>90	95
Increased number of eligible (registered) users of GoLearn Web site	No data	180,383	261,154	193,000	242,108

PART 4: PERFORMANCE INFORMATION

Performance Indicators and Results (continued)					
Indicator	FY 2002 Results	FY 2003 Results	FY 2004 Results	FY 2005 Target	FY 2005 Results
Number of participating entities in GoLearn	No data	58	70	75	81
Increased annual number of GoLearn courses completed	No data	136,735	178,207 more	200,000 more	801,950 more
Percent of Federal job applicants applying online using USAJOBS	No data	No data	8	84	44
Percent availability of applicant status tracking in USAJOBS	No data	0	8	84	44
Average number of visitors to USAJOBS website daily	No data	188,226	217,937	272,100	253,323
Number of applications/resumes on file annually in USAJOBS	No data	127,898	885,655	812,00	1,827,583
Customer satisfaction with USAJOBS (index)	No data	71	76	73	77
Percent of customers satisfied with the Federal job application process	No data	50	56	55	65

Public Benefit: OPM provides comprehensive solutions covering the entire human resources cycle, with DHS and DoD being its largest customers. Its services to these agencies include: administering the Armed Services Vocational Aptitude Battery, which tests the skills of potential armed forces recruits; improving the hiring process at the Defense Commissary Agency and the Customs and Border Patrol through a web-based staffing system; replacing the failed automated hiring system at three DHS bureaus, allowing those organizations to fill approximately 350 critical positions; and providing individual and organizational assessment services to help these agencies build a high-quality workforce. These actions provided vital support to agencies responsible for national security.



HRPS Annual Performance Goal 3:

Demonstrate improvement in individual leaders' knowledge and expected/actual performance or that of their organizations as a result of the training and developmental services

Annual Performance Goal Report Card

Year-End Status: Met

Program Cost: \$50.931M FTE: 91.0

Performance Analysis: OPM met this goal by achieving seven of nine targets in FY 2005. Executive leadership training courses consistently received high ratings from participants, and agencies continued to send large numbers of leaders to these sessions. OPM evaluates the performance of its executive leadership training primarily through surveys of how the training sessions affected the performance of attendees. Level 1 surveys measure the reactions of the students, while Level 2 surveys focus on the results of the training; both use a 1-5 scale. Level 1 ratings at the Management Development Centers (MDCs) and Federal Executive Institute (FEI) remained very high, and participation rates in the programs exceeded target levels.

OPM expanded customized executive training programs by 26 percent in FY 2005, including the creation of long-term partnerships with agencies critical to national defense and homeland security. These included workshops on supervisory training, management development, and emerging executive skills.

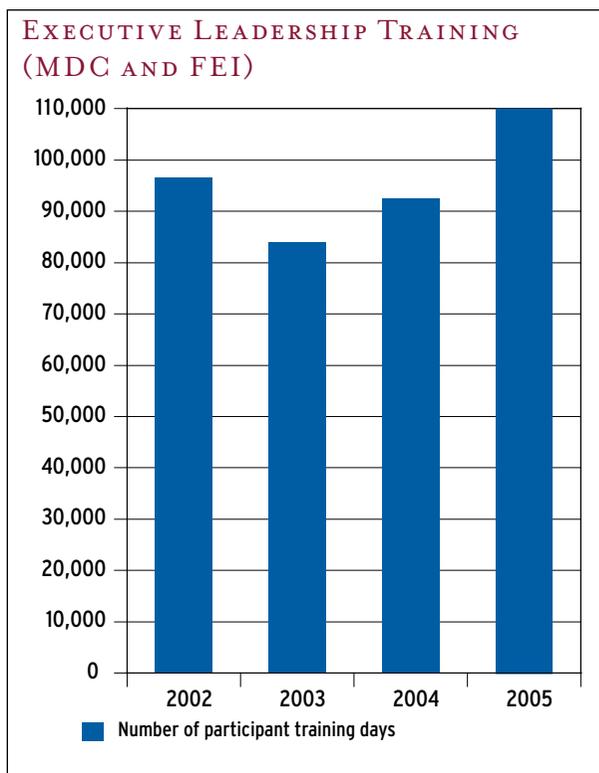
The recently restructured Presidential Management Fellows (PMF) Program attracted 22 percent more nominations from universities around the country. The program has been so successful at attracting top performers that the annual cap of 400 new hires has been lifted.

Improvement Plan: Level 1 ratings for the PMF Program did not increase as much as expected, and the Level 2 ratings did not achieve the target in the first year of measurement. The PMF orientation training Program was revamped during the year to better align course content with candidates' unique developmental requirements. The evaluation form questions were modified to reflect these changes, making comparisons to prior year results somewhat problematic. In both cases, the ratings are expected to improve in FY 2006, as the lessons learned from the inaugural class are applied.

Performance Indicators and Results

Indicator	FY 2002 Results	FY 2003 Results	FY 2004 Results	FY 2005 Target	FY 2005 Results
Evaluation ratings for MDC, FEI, PMF - Level 1, all programs	4.5	4.5	4.6	4.5	4.5
Evaluation ratings - Level 1 PMF	No data	3.9	4.0	4.3	4.1
Evaluation ratings - Level 2 MDC and Center for Executive Leadership	4.2	4.0	4.6	4.3	4.5
Evaluation ratings - Level 2 Leadership for a Democratic Society	4.0	4.0	4.3	4.2	4.6
Evaluation ratings - Level 2 PMF	No data	No data	Baseline developed	4.1	3.9
Number of training sessions	461	356	396	365	429
Number of participants	13,125	10,984	12,071	11,504	12,476
Number of participant training days	96,635	84,049	92,559	93,929	101,784
Full cost recovery for MDCs and FEI	Yes	Yes	Yes	Yes	Yes

Public Benefit: OPM's leadership development programs help Federal managers, supervisors, and executives expand their competencies in the effective use of human resources. Agency-specific custom programs emphasize the critical skills senior agency staff must develop to significantly improve the way agencies approach human resources management at the strategic level. OPM also provides agencies with a high-quality and easily accessible leadership pool through its candidate development and fellows program. These programs support the leadership strategies agencies need to ensure they have the talent with the critical competencies to achieve missions and program goals.



HRPS Annual Performance Goal 4:

Retirement income security is facilitated by reducing claims processing times while increasing self-service and implementing new technology through the Retirement Systems Modernization project

Annual Performance Goal Report Card

Year-End Status: Not Met

Program Cost: \$87.678M FTE: 855.5

Performance Analysis: OPM failed to achieve this goal as average processing times for initial annuity claims did not meet target values in FY 2005, driven in part by an increase in retirements. However, survivor benefits for CSRS claims met processing time targets. The rate of telephone calls answered went down, but the percentage of services handled by annuitants themselves online continued to increase.

Improvement Plan: The Director has identified reducing claims processing times as one of OPM's top priorities, and the agency is developing an improvement plan to focus additional resources toward claims processing activities and streamline business processes and internal procedures to eliminate delays in the key stages of the adjudication process.

Enhancements to the Federal Annuity Claims Expert System, the Federal Employees Retirement System (FERS) annuity calculation system, now allow it to be used to process Civil Service Retirement System (CSRS) claims, and should reduce claims processing times in FY 2006. OPM developed new performance standards that include a production element for claims processing, and aligned individual employee performance plans to these new standards. In late FY 2005, the agency also implemented modifications to its Automated Front End Processing System, which automatically authorizes initial interim payments. These changes led to decreased processing times for initial payments in the fourth quarter. This rate should be maintained in FY 2006.

Performance Indicators and Results

Indicator	FY 2002 Results	FY 2003 Results	FY 2004 Results	FY 2005 Target	FY 2005 Results
Claims processing timeliness - initial annuity payment (days)	1.9	4.4	5.4	5.0	6.3
Claims processing timeliness - CSRS annuity (days)	55	59	73	65	80
Claims processing timeliness - FERS annuity (days)	70	83	97	85	93
Claims processing timeliness - CSRS survivor (days)	31	30	28	29	29
Claims processing accuracy - CSRS annuity (%)	96	93	89	96	90
Claims processing accuracy - FERS annuity (%)	91	98	97*	94	93
Claims processing accuracy - CSRS survivor (%)	97	97	97*	96	100
Claims processing unit cost (\$)	89.53	99.54	91.91	89.00	109.30
Percent of annuitants who received first payment before or when expected	78	72	80	78	81**

*Revised from previous report.

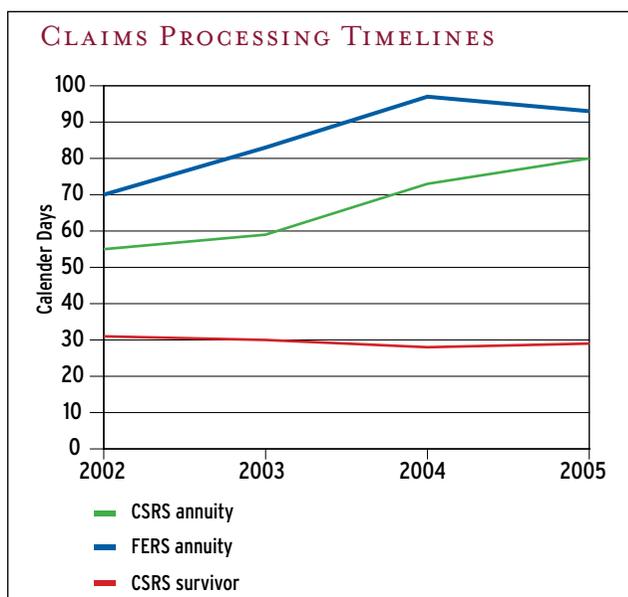
**Customer satisfaction results for 2005 reflect a new survey instrument and thus establish a new baseline for this indicator.

PART 4: PERFORMANCE INFORMATION

Performance Indicators and Results					
Indicator	FY 2002 Results	FY 2003 Results	FY 2004 Results	FY 2005 Target	FY 2005 Results
Number of customer calls handled	1,425,452	1,476,853	1,648,834	1,800,000	1,710,936
Call handling rate (%)	95	96	97	95	91
Customer service unit cost (\$)	6.45	6.07	6.63	6.43	7.36
Percent of services provided online	37	33	53	55	54
Improper payment rate (%)	0.49	0.50	0.38	0.36	0.28
Percent of annuitants satisfied with overall retirement services	93	93	94	93	87*

*Customer satisfaction results for 2005 reflect a new survey instrument and thus establish a new baseline for this indicator.

Public Benefit: The Federal retirement program is a significant recruitment tool for potential and current employees. The Federal Government has made good on its promise in its “employment contract” by providing a stable and dependable retirement benefits program for its employees and an employer of choice.



HRPS Annual Performance Goal 5: Insurance Services Program customers are provided with quality insurance products and services and continue to make informed decisions about their health care

Annual Performance Goal Report Card					
Year-End Status: Met			Program Cost: \$8.716M FTE: 90.5		
<p>Performance Analysis: OPM met this goal by achieving 14 of 16 target values in FY 2005. OPM administers the Federal Employees Health Benefits Program, which covers approximately 8 million customers. This includes negotiating rates with carriers and overseeing the level of service they provide. In FY 2005, OPM introduced High-Deductible Health Plans and their component Health Savings Accounts Health Reimbursement arrangements which provide more cost-effective packages for enrollees.</p> <p>As part of the President's Health Information Technology initiative, the agency informed health care providers about the steps needed to establish electronic medical records that allow doctors to send prescription orders electronically to pharmacists while also respecting enrollee privacy.</p> <p>OPM also implemented an automated certification of life insurance function that enables it to certify coverage for deceased annuitants electronically. This improves processing time and provides better customer service to Federal Employees Group Life Insurance Program (FEGLI) survivors and beneficiaries by reducing errors and lowering improper payment rates.</p>					
Improvement Plan: Not applicable					
Performance Indicators and Results					
Indicator	FY 2002 Results	FY 2003 Results	FY 2004 Results	FY 2005 Target	FY 2005 Results
Percent of accredited FEHBP plans	71	69	74	>74	78
Cholesterol management after acute cardiovascular events (%)	No data	No data	76	>77	79
Overall customer satisfaction scores for enrollees in FEHBP plans meet or exceed industry standard (%)*	FEHBP 62 industry 59	FEHBP 65 industry 61	FEHBP 70 industry 62	FEHBP > industry	FEHBP 73 industry 64
FEHBP improper payment rate (%)	0.49	0.15	0.32	0.31	0.67
Claims processing timeliness (95% or more within 30 days)	No data	No data	95	>95	98
Claims processing accuracy (percent of FEHBP carriers that process 95% or more of claims accurately)	No data	No data	95	>95	98
Enrollee satisfaction with FEHBP Open Season website (%)	No data	No data	No data	76	76
FEGLI paid claims timeliness (days)	6.0	5.2	6.4	10.0	6.5

*Industry standard established by National Committee for Quality Assurance.

“Over the past several years, we have introduced initiatives that give enrollees additional health-care options to meet the insurance needs of their families and keep the program affordable. Through our efforts to control costs and improve benefits choices, we are maintaining a high-quality health care program that provides excellent benefits at a reasonable cost.”

— Linda M. Springer, OPM Director

PART 4: PERFORMANCE INFORMATION

Performance Indicators and Results (continued)					
Indicator	FY 2002 Results	FY 2003 Results	FY 2004 Results	FY 2005 Target	FY 2005 Results
FEGLI paid claims accuracy (%)	99.9	99.6	99.6*	99.5	99.7
FEGLI improper payment rate (%)	0.02	0.23	0.22	0.21	0.17
New approved Federal Long-Term Care Insurance Program applications	No data	200,229	11,023	8,700	8,543
Percent of FLTCIP calls answered within 20 seconds	No data	86	88	85	88
FLTCIP Call Center handling rate (%)	No data	99.5	98.8	97	99
Percent of FLTCIP customers satisfied with overall customer service	No data	90	95	94	98
Participation rate in FSAFEDS	No data	31,000	125,000	160,000	163,115
Percent of "clean" FSAFEDS claims reimbursed within 5 business days	No data	No data	No data	90	91

*Revised from previous report.

Public Benefit: The Federal insurance programs are a significant recruitment and retention tool for potential and current employees. The Government provides a wide variety of benefit programs for consideration by its employees, which outshine those offered by private sector employers. As the Government has delivered on its promises to provide benefit offerings to both eligible employees and retirees, it is the employer of choice.

**HUMAN RESOURCES LINE OF BUSINESS
HR LOB PROGRAM MANAGEMENT OFFICE**

HR LOB creates a framework for Governmentwide, modern, cost-effective, standardized, and interoperable human resources solutions that provide common core functionality and maximize automation of processes to support the strategic management of human capital.

HR LOB PERFORMANCE SCORECARD

HR LOB Annual Performance Goals	Number of Indicators	Indicators Met	Indicators Dropped in FY 2005	Goal Score
Improve the Governmentwide strategic management of human capital; achieve efficiencies in the acquisition, development, implementation, and operation of human resources management systems; achieve or increase cost savings/avoidance from human resources solution activities; and improve customer service by establishing shared service centers that implement the HR LOB common solution. Transition and incorporate the current suite of OPM-managed e-Gov projects into HR LOB.	2	2	0	Met

**HR LOB Annual Performance Goal:
Federal agencies use OPM e-Gov human resources solutions to build successful, high-performance organizations**

Annual Performance Goal Report Card					
Year-End Status: Met			Program Cost: \$16.115M FTE: 13.0		
<p>Performance Analysis: OPM met the HR LOB annual performance goal by achieving or exceeding the targets for the two performance indicators shown below, and by moving forward the HR Line of Business. Most significantly, OPM selected and announced the names of the HR LOB Shared Service Centers: The Department of Agriculture's National Finance Center, DoD, Health and Human Services, the Department of Interior's National Business Center, and the Department of the Treasury. Agency migrations of their HR systems to these centers will improve the management of human capital, increase efficiencies and improve customer service.</p> <p>The Enterprise Human Resources Integration (EHRI) project continued to develop the central data repository for Executive Branch employee records by designing and developing an updated version of the system that includes 167 new data elements and contains historic records on the last 32 years of service for Federal employees. The electronic version of the individual employee personnel folder was implemented in the Department of Health and Human Services, converting records on 65,000 employees from paper files to electronic records. This system is now in the process of being expanded to cover DHS, the Department of Education, and the Department of Agriculture.</p>					
Improvement Plan: Not applicable					
Performance Indicators and Results					
Indicator	FY 2002 Results	FY 2003 Results	FY 2004 Results	FY 2005 Target	FY 2005 Results
Number of agencies for which (EHRI working plan) tool is available	No data	No data	24	25	25
Percent of users judging the EHRI workforce planning tool to be useful	No data	No data	60	70	89

PART 4: PERFORMANCE INFORMATION

Public Benefit: The human resources common solution is a market-driven approach by which service providers competing for Government business are motivated to provide the best services and most innovative solutions at the lowest cost. This ensures that the taxpayer receives the greatest return possible on the dollar, while customers receive a consistently high level of service.

MANAGEMENT STRATEGY

MANAGEMENT SERVICES DIVISION

OPM successfully managed the growth of the agency by more than one-third when DSS was transferred from DoD. OPM's Management Services Division (MSD) integrated the nearly 1,600 new employees into OPM's administrative and operational systems with minimal problems while a high level of support services was maintained for existing organizations and employees, making it possible for the agency to achieve its strategic goals.

MSD PERFORMANCE SCORECARD

MSD Annual Performance Goal	Number of Indicators	Indicators Met	Indicators Dropped in FY 2005	Goal Score
Advance the President's Management Agenda and build the capacity of the agency to meet its goals and carry out its mission	23	18	2	Met

MSD Annual Performance Goal:

Advance the President's Management Agenda and build the capacity of the agency to meet its goals and carry out its mission

Annual Performance Goal Report Card

Year-End Status: Met

Program Cost: \$80.797M FTE: 343.0

Performance Analysis: OPM met this goal by achieving 18 of 23 target values in FY 2005, while the organization responsible for these programs was substantially restructured. This included being responsible for the administration of the integration of nearly 1,600 new employees through the transfer of former DSS workers, adding them to the agency's automated systems and training them in OPM internal procedures and standards so that they quickly became productive workers.

The agency maintained its "green" status rating in both Competitive Sourcing and Human Capital, and achieved the Governmentwide standard for hiring cycle time, while at the same time administering a reduction-in-force that affected more than 150 employees.

Improvement Plan: OPM delayed one commercial activity competition dealing with test administrators until FY 2006, thereby reducing the reportable cost savings due to competitions in FY 2005. The agency for which the service has been performed, DHS, decided not to conduct the tests this year.

MSD was substantially restructured during FY 2005. The internal customer survey was delayed until FY 2006 so that it could be redesigned to fit the new structure. This mid-year restructuring also resulted in the delay of a single equal employment opportunity (EEO) report, which was subsequently published. However, the restructuring also allowed the reallocation of resources so that additional staff could substantially reduce the average time for processing EEO complaints to a rate less than half the figure for FY 2003 and 2004.

The number of completed field office audits greatly exceeded the target because the original estimate did not include audits conducted at DSS field locations.

Performance Indicators and Results

Indicator	FY 2002 Results	FY 2003 Results	FY 2004 Results	FY 2005 Target	FY 2005 Results
Percent of time mainframe available during agreed-upon service hours	No data	99	99	99	99
Timely completion of system support requests (%)	No data	No data	83	92	96
Material security weaknesses	No data	0	0	0	0
Computer security awareness training provided (%)	No data	100	100	100	100
Number of field audits conducted	No data	No data	13	15	40
Number of Continuity of Operations Plan (COOP) readiness exercises conducted	No data	No data	1	2	2
Number of background investigations initiated or completed	No data	No data	726	900	1,258
Number of COOP seminars conducted	No data	No data	No data	3	3

PART 4: PERFORMANCE INFORMATION

Performance Indicators and Results (continued)					
Indicator	FY 2002 Results	FY 2003 Results	FY 2004 Results	FY 2005 Target	FY 2005 Results
Number of COOP personnel trained to relocate to Telework Center	No data	No data	No data	15	17
Percent of field security assessment reports delivered within 14 working days	No data	No data	No data	90	100
End-of-year rating on Competitive Sourcing PMA Scorecard	Red	Yellow	Yellow	Green	Green
Cumulative FTE performing commercial activities completed	No data	104	448	611	632
Cost savings that result from competitions (\$)	No data	2.1 million	2.1 million	1.5 million	0.5 million
Savings on telecommunications (\$)	85,918	17,897	18,000	N/A	Dropped
Percent of contract actions completed	No data	97	97	97	98
Percent of contracts that are performance based	No data	76	76	88	77*
End-of-year rating on Human Capital PMA Scorecard	Yellow	Yellow	Green	Green	Green
Hiring cycle time from closing date of announcement to date job offer made (days)	No data	36	38	45	40
Overall management satisfaction with quality of human resources services (%)	No data	90	90	90	No survey
Percent of EEO and diversity reports completed and delivered on time to required organizations	No data	No data	100	100	94
Number of days to complete EEO investigations	No data	295	295	240	136

Performance Indicators and Results (continued)					
Indicator	FY 2002 Results	FY 2003 Results	FY 2004 Results	FY 2005 Target	FY 2005 Results
Number of days to complete final agency EEO decisions	No data	No data	No data	90	30
Number of days to complete final agency EEO orders (following receipt of Equal Employment Opportunity Commission decision and hearing record)	No data	No data	No data	40	No complaints received

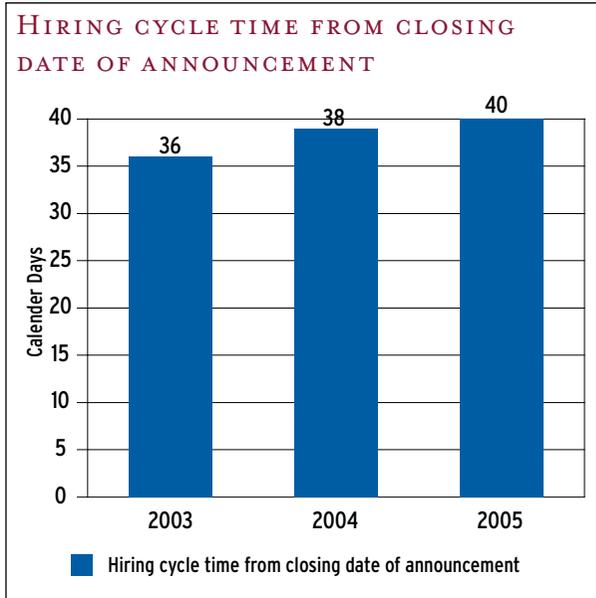
*This figure includes contracts involving DSS while it was still part of DoD in the first third of FY 2005.

Additional Information

A Governmentwide hiring cycle standard of 45 days from the date the vacancy is posted to the date someone is selected was established in FY 2005. This figure replaces individual agency targets that had previously been established.

The FY 2004 figure for cost savings due to competitions has been recalculated to reflect actual savings rather than cost avoidance.

Public Benefit: Efficient management support activities provide critical support to the entire agency and allow it to concentrate its resources on line activities that serve OPM customers, increasing the products and services taxpayers receive for each dollar expended.



**MANAGEMENT STRATEGY
OFFICE OF THE CHIEF FINANCIAL
OFFICER**

OPM continued its long string of unqualified (“clean”) audits and resolved the single material weakness identified by its independent auditor in FY 2004. However, while the Office of the Chief Financial Officer (OCFO) made substantial progress in improving the rapidity with which bills were paid and collected, the aggressive targets identified were not achieved. If the rate of progress achieved in FY 2005 is duplicated in FY 2006, the targets will be substantially overachieved.

OCFO PERFORMANCE SCORECARD

OCFO Annual Performance Goal	Number of Indicators	Indicators Met	Indicators Dropped in FY 2005	Goal Score
Advance the President’s Management Agenda and build the capacity of the agency to meet its goal and carry out its mission	9	5	0	Partially Met

OCFO Annual Performance Goal:

Advance the President's Management Agenda and build the capacity of the agency to meet its goals and carry out its mission

Annual Performance Goal Report Card

Year-End Status: Partially Met

Program Cost: \$38.757M FTE: 161.0

Performance Analysis: OPM partially met this goal by reaching five of nine target values in FY 2005. OPM received a sixth consecutive unqualified audit opinion on its consolidated financial statements from its independent auditor, and has resolved the material weakness identified in the FY 2004 audit. The agency's new Center for Internal Control and Risk Management reviewed 28 OPM business operations and/or work processes and implemented an audit follow-up tracking system which reports on the status of corrective actions for pending audits and reviews; this ensures responses to audit recommendations from multiple sources.

Improvement Plan: While the delinquency rate of accounts receivable did not achieve the aggressive target set for FY 2005, the level of improvement over the FY 2004 figure is substantial, and a similar rate of improvement in FY 2006 will bring the agency down to the level established as the Governmentwide target.

OPM continues to receive "green" progress scores on both the PMA Financial Performance and Budget and Performance Integration initiatives. As the agency implements additional efficiency measures for all programs and continues to correct differences in fund balances with the Department of the Treasury, it expects to achieve "green" status in both areas in FY 2006.

A contractor will be hired to provide support for the development and conduct of internal control and risk management training; the training schedule should be achieved in early FY 2006.

Performance Indicators and Results

Indicator	FY 2002 Results	FY 2003 Results	FY 2004 Results	FY 2005 Target	FY 2005 Results
Percent accounts receivable delinquent (%)	24	36	37	15	23
Payment timeliness (Prompt Payment Act compliance) (%)	No data	83	83	98	99
Unqualified audit opinion	Yes	Yes	Yes	Yes	Yes
Material weaknesses	0	0	1	0	0
End-of-year rating on Financial Performance PMA Scorecard	Yellow	Yellow	Yellow	Green	Red
End-of-year rating on Budget and Performance Integration PMA Scorecard	Red	Red	Yellow	Green	Yellow

PART 4: PERFORMANCE INFORMATION

Performance Indicators and Results (continued)					
Indicator	FY 2002 Results	FY 2003 Results	FY 2004 Results	FY 2005 Target	FY 2005 Results
Implement a Commercial off-the-shelf audit follow-up tracking system that reports status of corrective actions for pending audits and reviews	No data	No data	No data	100% tracking of pending corrective actions	100% tracking of pending corrective actions
Number of internal control reviews of OPM business operations and work processes	No data	No data	No data	Initiate and complete 22 reviews	Initiated and completed 28 reviews
Number of instances of internal control and risk management orientation and training to promote understanding and use of effective tools and techniques	No data	No data	No data	800	153

Additional Information

The FY 2005 target for accounts receivable delinquency has been adjusted to conform to the Governmentwide Chief Financial Officers Council standards.

Public Benefit: OPM's continued unqualified audit opinions demonstrate that the agency is successfully managing the taxpayer resources entrusted to it. The improvement in internal business practices shows that agency financial practices are becoming more efficient, thus allowing resources to be channeled into producing direct services to OPM customers.

**MANAGEMENT STRATEGY
OFFICE OF THE INSPECTOR GENERAL**

The Office of the Inspector General (OIG) provides oversight for agency programs, operations, functions, and activities. During FY 2005, the OIG maintained a high level of return on investment for its operations, reflecting the fact that audit findings and investigative recoveries continue to have a positive financial impact on the Federal Employees Health Benefits Program.

OIG PERFORMANCE SCORECARD

OIG Annual Performance Goal	Number of Indicators	Indicators Met	Indicators Dropped in FY 2005	Goal Score
1. Provide independent oversight of agency programs, functions, and activities	6	2	0	Not Met
2. Detect, investigate, and prevent fraud, waste, and abuse against OPM programs	5	3	0	Partially Met
Totals	11	5	0	1 Met 1 Partially Met

OIG Annual Performance Goal 1: Provide independent oversight of agency programs, functions, and activities

Annual Performance Goal Report Card					
Year-End Status: Not Met			Program Cost: \$12.998 FTE: 98.0		
<p>Performance Analysis: Although OPM achieved only two of six targets and failed to meet this goal, it did make significant accomplishments. The FEHBP audit recovery rate improved dramatically, from 87 percent to 95 percent. In addition, the agency conducted its first audits of pharmacy benefits managers, which represent 26 percent of total benefit payments. Average audit cycle times for FEHBP carriers dropped substantially in FY 2005, ensuring any problems existing with carriers were uncovered in a timely manner. Cycle times have been cut by more than one-third in a two-year period, with the average cycle time dropping by 25 percent during that period. The increasing rapidity of audits may be reducing the positive financial impact of each audit, because problems may be uncovered before they result in major costs.</p>					
<p>Improvement Plan: The positive financial impact of oversight activities was substantially greater than in FY 2003 and 2004, although it failed to meet the very aggressive target established for FY 2005. This figure, which drives the return on investment, varies substantially from year to year, and may continue to increase in FY 2006.</p>					
Performance Indicators and Results					
Indicator	FY 2002 Results	FY 2003 Results	FY 2004 Results	FY 2005 Target	FY 2005 Results
Return on investment per dollar spent(\$)	12.0	4.0	7.0	10.0	8.0
FEHBP audit cycle (years)	4.0	4.0	2.9	2.9	3.0
Average FEHBP unaudited (years)	5.1	5.1	3.5	3.5	3.2
FEHBP audit recovery rate (%)	58	92	87	70-75	95
Positive financial impact (millions of \$)	116.0	40.2	95.2	135.0	121.7
Number of carriers not audited within five-year retention period	135	110	34	33	36

Public Benefit: Conducting frequent audits of FEHBP carriers maintains a high level of public confidence in the program and ensures that enrollees receive high-quality care at minimum cost.

IG Annual Performance Goal 2: Detect, investigate, and prevent fraud, waste, and abuse against OPM programs

Annual Performance Goal Report Card					
Year-End Status: Partially Met			Program Cost: \$4.876M FTE: 42.0		
<p>Performance Analysis: OPM partially met this goal by achieving three of five targets in FY 2005. The OIG continues to investigate reports of waste, fraud, and abuse. It has recently doubled the number of criminal investigators in the field. These new hires will steadily increase their productivity as they complete their training and develop working relationships with local and Federal law enforcement authorities in their jurisdictions.</p>					
<p>Improvement Plan: The OIG extensively redesigned its sanctions program in FY 2005, no longer debaring all health care providers who have been excluded by the U.S. Department of Health and Human Services, but only selecting those persons in medical professions who bill FEHBP directly. Therefore the number of sanctions will not reach the targeted figure. However, since all sanctions efforts are now channeled toward health care providers who represent the most tangible and direct risks to enrollees, the overall effectiveness of the program has increased.</p>					
Performance Indicators and Results					
Indicator	FY 2002 Results	FY 2003 Results	FY 2004 Results	FY 2005 Target	FY 2005 Results
Number of arrests	16	10	7	35	38
Number of indictments	17	14	22	33	43
Number of convictions	24	13	25	33	20
Number of debarments and suspensions	3,380	3,405	3,797	3,500	2,279
Number of debarment inquiries responded to	3,827	2,741	3,731	3,200	5,037

Public Benefit: Carrying out sanctions against those that violate standards of conduct ensure that enrollees in the FEHBP receive appropriate levels of care, and that taxpayers and enrollees are not overcharged for these services.

COMPLETENESS AND RELIABILITY OF PERFORMANCE INFORMATION

The performance information used by OPM in this Performance and Accountability Report for FY 2005 is reasonably complete and reliable, as defined by the Government Performance and Results Act. There are no material inadequacies in the performance information used in this report.

The kinds of performance information used by OPM to assess performance can be characterized in two ways:

- Quantitative, objective indicators based either on program outcomes or outputs; and
- Descriptive indicators based on performing core activities or achieving critical milestones that point toward a program outcome.

Most of OPM's performance indicators are quantitative and aligned to specific program outcomes or outputs, and specific annual targets have been established for them. Descriptive indicators are used on a limited basis and generally are of an empirical nature. As a result, performance data are collected more easily and are more readily verifiable. In addition, a clear determination can be made regarding whether targets have been achieved and whether OPM programs are achieving intended outcomes and producing concrete benefits for the American people.

OPM developed its performance indicators by employing a program logic approach to define OPM's programs and establish clear relationships among program activities, outputs, outcomes, and quantitative performance indicators. OPM adopted this approach in FY 2003 as it developed the FY 2005 performance budget. The program logic approach replaced an outmoded paradigm which relied largely on no quantifiable descriptions of activities. Through the program logic model, OPM articulates outcomes for each of its programs based on the program's mission, and develops a group of quantifiable indicators that assess both efficiency and effectiveness, make it possible to observe trends over time, and more accurately determine the cost of achieving desired outcomes. Because OPM did not begin using the program logic model until FY 2003, there are limited historic data for many of the performance indicators in its policy and human capital leadership activities.

Improvements in Describing Program Outcomes and Performance Indicators

OPM's experiences with completing the PART for the employee benefit programs profoundly affected how it applied the program logic model. As prescribed by the PART, OPM extrapolates outcomes from its programs' founding legislation, regulations, or other charter-forming documents which are researched to describe the program's purpose for the PART. Once outcomes have been articulated, program activities and outputs are defined, and both long-term measures of program effectiveness (outcome-related) and annual performance indicators of program efficiency (activity- or output-related) are developed. Based on these experiences in applying the PART to the Retirement and FEGLI Programs, new performance indicators were established in FY 2004 for all of the benefits programs (retirement, health benefits, and life and long-term care insurance). These indicators assess the impact the programs have on Federal agencies' ability to recruit and retain the employees needed to fulfill their missions. Data for these new indicators have been collected and are incorporated in this report.

In FY 2005, the PART process was extended to cover the Talent Services and Compliance Programs. New performance measures for both programs were established during the year and are included in this year's report, but with limited historic data.

Improving Controls over Data Collection and Reporting

OPM strengthened controls over the collection and reporting of performance information during FY 2005. The agency continued to update and further document its internal procedures for tracking and reporting performance information. These procedures identify data sources and establish data quality standards for OPM's performance indicators and other performance information used in PARs. These policies and procedures will improve the reliability, consistency, and auditability of performance data as they are presented in performance budgets and reports. These procedures include:

1. Developing additional internal controls, such as recalculating figures to ensure their accuracy.
2. Tracing performance data to their supporting documentation.
3. Establishing an automated executive information system that tracks significant agency performance indicators on a regular basis throughout the year. This allows OPM to identify potential problem areas before they become serious, so the agency may redirect resources as needed to deal with the issue.

Data Sources

Generally, OPM collects performance data from four sources: internal work processing and financial systems, feedback from customers and agency stakeholders, contractors and third-party partners, and manual data collections.

OPM has great confidence in the completeness, accuracy, and reliability of the performance data it collects from its *internal work processing systems*. This is the largest category of performance data, representing about 48 percent of the performance indicators established for FY 2005. These data are generally based on ongoing business transactions, much of which are recorded according to long-standing procedures that are well known to responsible staff and

founded on basic accounting principles. These data are primarily used to support performance indicators for Strategic Goals II and III and the management strategy, including e-Gov activities.

Indicators based on *feedback from customers and agency stakeholders* are the second largest category of data and represent 27 percent of the total. This category is the primary data source for OPM human resources policy activities under Strategic Goal I. Customer and stakeholder feedback is also used for indicators for Strategic Goals II and III. These data are collected through surveys and focus groups. All OPM surveys used to collect performance information are developed by trained and experienced survey methodologists. Surveys are delivered to sample populations identified through sound scientific random sampling techniques. Although this kind of performance information is based on people's perceptions and is therefore less reliable and accurate than the data collected from processing systems, OPM is very confident in this information and frequently uses it to make both program and financial decisions.

OPM also has confidence in the data it collects from *contractors and third-party partners*, which represent 13 percent of its indicators. The contractors involved deliver services for the FEGLI and Long-Term Care Insurance programs. Third-party partners include the Office of Management and Budget in scoring the PMA, and independent accrediting organizations that monitor health performance Nationwide.

Manually collected indicators represent the remaining 12 percent of OPM's FY 2005 performance metrics. These indicators generally involve low volumes and are often based on empirical events or are partially automated — e.g., the number of GoLearn courses completed.

Data Verification and Validation

Verification deals with the ability to replicate and document reported data. Third-party evaluators must be able to determine that the data are correct and accurately reflect the real world.

The data *validity* issue centers on the question of whether the measures align with annual performance goals, objectives, and strategic goals. Does success in achieving the target for the indicator accurately reflect the level of success achieved in attaining the goal? The measures should focus on what is most important and should derive data from statistically reliable instruments.

Verification and validation of OPM's performance are accomplished through periodic reviews, certifications, and audits, and are supported by automated systems, external expert analysis, and management reviews. OPM's end-of-year reporting process for the PAR includes certifications from associate directors and heads of offices regarding the accuracy and completeness of reported results.

Results are reviewed by the Strategic Planning, Budget, and PMA Scorecard Group, and are then audited by the Office of the Inspector General. The review process includes (1) tracking historic data to ensure consistency with data reported in previous PARs and Performance Budgets, or providing explanations when there are changes; (2) updating any information in the previous PAR that was incomplete; (3) determining that the data provided fully respond to the indicator and are complete; (4) evaluating the status of achieving each goal; (5) ensuring that explanations are provided if a goal is not met or is substantially exceeded; and (6) verifying that sources of information are clearly identified.

Unreported Performance Data

No performance information is being reported for nine indicators in this PAR, for the reasons stated below:

Annual Performance Goal	Performance Indicator	Reason for Not Reporting
SHRP Goal 1	Annual report timeliness	The annual report to Congress on the implementation of the Federal Workforce Flexibility Act is not due until FY 2006.
SHRP Goal 3	New Senior Professional System implementation timeliness	Implementation of this system has been postponed.
SHRP Goal 8	Stakeholder approval Carriers sign on Enrollment statistics for dental/vision benefits programs	An open season will be held in FY 2006, at which point health carriers will sign up to offer the benefits, and employees will begin to enroll.
SHRP Goal 15	ACWA identifies quality applicants	A new web-based version of the system will go online in FY 2006. The system will be evaluated at that time.
HCLMSA Goal 1	Percent of Benefits Officers trained Percent of employees at appropriate stage of retirement planning	The OPM "Super Conference" in February 2006 will offer extensive training to Benefits Officers. A survey is being conducted in the fourth quarter of FY 2005 to determine the status of retirement planning among current Federal employees. The data from this survey will be available in FY 2006.
MSD Goal	Overall management satisfaction with human resources services	MSD was split off from the Office of the Chief Financial Officer when it was reorganized in FY 2005. The customer survey that was to provide these data was redesigned to deal only with the services provided by this new unit and was postponed until FY 2006.

PROGRAM EVALUATIONS USED DURING FY 2005

OPM's agency-wide Research and Evaluation Plan describes the agency's overall blueprint for performance measurement, evaluation, and research capacity. The plan is intended to strengthen the agency's ability to assess and evaluate its programs and initiatives, carry out ongoing program performance measurement, and conduct forward-looking research in support of human resources policy. Using the evaluation plan, OPM can determine, through objective measurement and systematic analysis, the manner and extent to which its programs achieve intended objectives.

To implement its Research and Evaluation Plan, OPM offices propose research and evaluation projects as a part of both the budget planning process in advance of a specific fiscal year, and when it prepares its operational plans to implement a budget following the actual appropriation of resources. Thus, OPM revisits the planned research and evaluation proposals in its CBJ through its operational planning. This process allows the Director to set reviews and adjust research priorities for the agency.

Program evaluations are conducted by a number of groups: OPM staff, contractors, and/or academic institutions. Additionally, OPM's Inspector General, the GAO, and sometimes — other organizations conduct their own program evaluations independent of the OPM evaluation plan.

In FY 2005, OPM made significant progress on two fronts: beginning to conduct program evaluations of OPM programs and establishing evaluation plans that will continue program evaluation efforts in the future.

In follow-up to the prior year's application of OMB's PART to the Federal benefits programs, OPM contracted for a *Benefits Benchmarking Study*: The study reviewed the features of employer and employee cost sharing for four major Federal employee benefits: FERS, FEHB, FEGLI, and the Government's sick leave program. The Federal benefits programs were compared to benefit plans offered by both the private and public sector. In addition to the benefit features and required employee contributions, the prevalence of providing each of these benefits was also factored into the analysis. This report is not yet available to the public.

In addition to the Benchmarking Study, OPM continued implementing its overall program evaluation plan for the Federal benefits programs. This included contracting for a literature search on evaluation methodologies for benefits programs. The project's main deliverable, due in the third quarter of FY 2006, is an evaluation design that OPM will ask an independent, third-party evaluator to use to assess whether the Federal benefits programs are meeting their intended purposes. The contract for the independent evaluation will be let at the end of FY 2006 or early FY 2007.

During FY 2005, OPM conducted PARTs and developed corresponding evaluation plans for two additional programs: the Center for Talent Services program and the Merit System Compliance program. OPM developed evaluation plans for these programs during the year, with the actual evaluations to commence during FY 2006.

In addition to independent evaluations, OPM pursued efforts to elicit information through customer surveys to determine how well it is meeting customer needs.

OPM conducted its first biannual Federal Benefits Survey. The survey asks new and tenured employees their perception about the extent to which Federal benefits are competitive with what is available in the private sector, and whether these benefits are a factor in their decision to seek, accept, and remain in Federal employment. The second Federal Benefits Survey will be fielded during the third quarter of FY 2006.

In addition to the benefits survey, OPM conducted for the second time another biannual survey, the *Federal Human Capital Survey* (FHCS). The FHCS is a tool that measures employees' perceptions of whether, and to what extent, conditions characterizing successful organizations are present in their agencies. The survey provides general indicators of how well the Federal Government is running its human resources management systems, serves as a tool for OPM to assess individual agencies and their progress toward "green" status on the PMA initiative for the Strategic Management of Human Capital, and gives senior managers critical information to answer the question: "What can I do to make my agency work better?" The survey was administered to full-time, permanent employees of 29 major agencies represented on the President's Management Council and 44 small, independent agencies that accepted an invitation to participate in the survey. For more information on the 2004 FHCS, go to www.fhcs2004.opm.gov.

In addition to the steps OPM has taken to conduct program evaluations and establishing evaluation plans for OPM programs, the GAO conducted several evaluations of OPM programs:

GAO EVALUATIONS

1) Federal Student Loan Repayment Program: *OPM Could Build on Its Efforts to Help Agencies Administer the Program and Measure Results* (GAO-05-762), July 22, 2005. As Federal workers retire in greater numbers, agencies will need to recruit and retain a new wave of talented individuals. Agencies need to determine if the federal student loan repayment program is one of the best ways to make maximum use of available funds to attract and keep this key talent. GAO was asked to identify (1) why agencies use or are not using the program; (2) how agencies are implementing the program; and (3) what results and suggestions agency officials could provide about the program and how they view OPM's role in facilitating its use. Ten agencies were selected to provide illustrative examples of why and how agencies decided to use or chose not to use the program.

2) Equal Employment Opportunity: *The Policy Framework in the Federal Workplace and the Roles of EEOC and OPM* (GAO-05-195), April 29, 2005. The Federal Government has created a framework to provide for equal employment

opportunity (EEO) by prohibiting unlawful discrimination based on such factors as race, color, religion, gender, national origin, age, and disability, and offers redress when discrimination and retaliation have occurred. To further EEO and help bring about a diverse workforce, Federal agencies are required to carry out affirmative employment and minority recruitment programs. The Equal Employment Opportunity Commission (EEOC) and OPM have primary responsibility for ensuring that the Government's policies for a fair, equitable, and inclusive workplace are carried out. In response to a congressional request that GAO provide information on the Federal Government's performance in promoting EEO and managing its diverse workforce, this report provides information on (1) the statutory and policy framework relating to EEO, affirmative employment, and workforce diversity and (2) the roles and responsibilities of EEOC and OPM within the framework and how these agencies carry out these roles and responsibilities.

3) Office of Personnel Management: *Retirement Systems Modernization Program Faces Numerous Challenges* (GAO-05-237), February 28, 2005. OPM manages the systems that process retirement benefits for most federal civilian employees. In FY 2003, over 198,000 claims were processed and over \$50 billion in benefits was paid through OPM's retirement systems. OPM is trying to modernize these systems through a program called RSM. The conference report accompanying the fiscal year 2004 OPM appropriations act directed us to review the management of and challenges facing RSM. Specifically, our objectives were to determine (1) the current status of and plans for OPM's RSM program and (2) the challenges OPM faces in successfully managing the program.

