



LEAD PROTECT

**U.S. OFFICE OF
PERSONNEL
MANAGEMENT**

**Performance and
Accountability
Report for
Fiscal Year 2000**



SAFEGUARD SERVE

U.S. OFFICE OF PERSONNEL MANAGEMENT
Performance and Accountability Report
for Fiscal Year 2000

March 29, 2001

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a message FROM THE DIRECTOR

I am pleased to present our first Performance and Accountability Report. This is our second year of reporting under the Government Performance and Results Act and the first for combining performance reporting with accountability reporting. This Report provides a thorough and complete discussion of our program and financial accomplishments during fiscal year 2000. Equally important, it speaks to our vision for the future not just of our agency, but of the Federal workforce as well.

The Office of Personnel Management is the leader in developing strategic human resources policy for the Federal government and our ultimate objective is that the Federal workforce be citizen centered, results oriented, efficient and effective. The programs we administer support the Federal agencies in areas that include but are not limited to recruitment, performance management and development, executive leadership, labor-management relations, compensation, and employee benefits.

This Report describes our many accomplishments during fiscal year 2000 that strengthened the programs and systems we administer and demonstrate our progress toward achieving our Strategic Goals. We have worked hard to meet the strategic human capital challenges that confront the Federal government as an employer, and while much remains to be done, much progress has been made.

We recognize that the worker of the 21st century has new needs, and also that the American citizens of this new century have greater expectations of their Government. We are committed to addressing those needs and meeting those expectations.



Steven R. Cohen
Acting Director
U.S. Office of Personnel Management





a message FROM THE CHIEF FINANCIAL OFFICER

This is our first Performance and Accountability Report. In it, we have integrated financial and results-oriented performance information about our agency. The Report contains our audited consolidated financial statements, which we prepared to meet the requirements of the *Government Management Reform Act of 1994*, and our annual performance report, as required by the *Government Performance and Results Act of 1993*.

We have been entrusted with more than a half a trillion dollars in assets that belong to our primary stakeholders — Federal employees, retirees and their survivors and dependents. We recognize our accountability for these resources, which encompasses safeguarding them from fraud, waste and mismanagement and providing a timely and accurate accounting of how we use them. Consequently, I am very pleased to be able to report that the independent public accounting firm of KPMG LLP has issued an unqualified or "clean" opinion on both our consolidated financial statements and on the "stand-alone" statements of the Retirement, Health Benefits, and Life Insurance Programs. I believe this accomplishment reflects our commitment to fulfilling our stewardship responsibilities with sound financial management.

I am also pleased to report that we have made significant progress in addressing our material weaknesses in management control and nonconformances with Federal financial systems requirements. During fiscal year 2000, we resolved four material weaknesses and nonconformances relating to the Retirement, Health Benefits and Life Insurance Programs, and one relating to financial management documentation. We also made noteworthy progress toward the resolution of two other issues — Health Benefits Program Enrollment and Premium Reconciliation and Fraud and Abuse in the Health Benefits Program.

While we have made important strides in financial management during the year, we know we have work left to do. We are addressing internal control and financial management systems issues relating to our Revolving Fund Programs and Salaries and Expense account. To resolve these, we are working to implement a new core financial management system in fiscal year 2003 that will meet all Federal requirements. In addition, we are working with our Investigations Service to streamline our processes in order to support the growth in their business volume.

Our accomplishments in financial management during fiscal year 2000, including the preparation of this Report, could not have been possible without the hard work of our financial, actuarial and audit staffs. I very much appreciate their professionalism and dedication.

A handwritten signature in black ink that reads "Kathleen M. McGettigan". The signature is fluid and cursive.

Kathleen M. McGettigan
Chief Financial Officer
U.S. Office of Personnel Management

overview of the

OFFICE OF PERSONNEL MANAGEMENT

Introduction

The U.S. Office of Personnel Management oversees human resources management for the Federal government. As the leader in human resources management, we develop policies, in cooperation with Federal agencies and other stakeholders, so that agencies can recruit, hire, and retain workforces best suited to their missions. We oversee the Governmentwide implementation of these policies so that agencies uphold national values that are embodied in law — including merit principles and veterans' preference. We manage Governmentwide systems that support agencies and their employees by administering retirement, insurance, and other benefit systems for Federal employees and annuitants. Also, we administer Governmentwide compensation systems and maintain automated information systems that are used to inform the public of Federal employment opportunities and provide information to decision makers and the public about the nature and size of the current Federal workforce. In addition, we provide a wide range of human resources management advice, assistance, and other services to the agencies.

As the President's agent and advisor for operating and continuously improving the Government's human resources management (HRM) systems, we have been entrusted by Congress and the public with regulating these systems and administering Governmentwide programs.

Our Current Role

The people at OPM —

- provide leadership to strengthen human resources management throughout the Government
- help set human resources management rules with agencies' involvement
- protect the merit system and veterans' rights through oversight
- help agencies recruit nationwide
- support agencies in merit-based candidate assessment and hiring
- support agencies in workforce restructuring
- ensure the suitability of Federal employees and provide for personnel investigations
- promote executive leadership for a results-oriented Government
- provide Governmentwide human resources development leadership and policy
- deliver executive and management development and training for the Government's leaders
- operate the retirement program for Federal employees, the largest program in the Nation

- manage Federal employee health and life insurance programs
- administer the systems for setting Federal compensation and benefits
- provide tools for effective employee performance management
- promote effective labor-management and employee relations
- enhance the ability of Federal employees to balance work and personal responsibilities
- enhance and administer the Government's family-friendly leave programs
- advance Governmentwide automation of HRM systems
- manage a comprehensive workforce information system
- seek improvement through innovative HRM projects
- provide financial management and oversight of the employee benefit trust funds

progressing

TOWARD OUR STRATEGIC GOALS

Key Accomplishments in FY 2000

During FY 2000, we pushed forward with our agenda to strategically align Federal human resources management with agencies' missions and strategic goals. We ensured that agency human resource management systems operate within the principles of the merit system, delivered our services in a high quality and cost effective manner, and provided competent financial management of the employee benefit trust funds. The Management Discussion and Analysis in this report provides an overview of the Annual Performance Goals we met during FY 2000 and the status of the strategic outcomes we hope to achieve. That overview is supplemented by the detailed analysis of our performance with respect to all of our Annual Performance Goals and indicators in Appendix A. The following is a discussion of our most significant accomplishments and how they are important to achieving our strategic goals.

Our Annual Performance Plan for FY 2000 was developed around the five goals described in our first Strategic Plan, which was published in September 1997. Although we restated our goals in the updated Strategic Plan published in September 2000, we are reporting our accomplishments according to the original five, as follows:

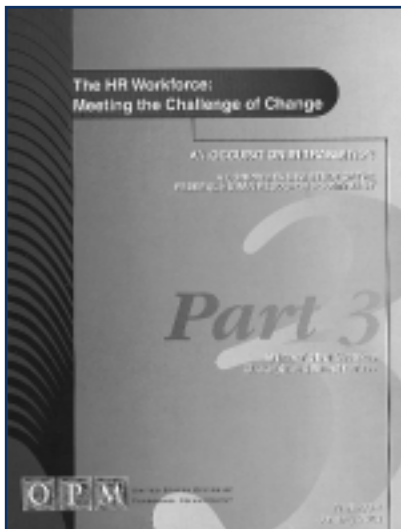
- Goal I Provide policy direction and leadership to recruit and retain the Federal workforce required for the 21st Century.
- Goal II Protect and promote the merit-based Civil Service and the employee earned benefit programs through an effective oversight and evaluation program.
- Goal III Provide advice and assistance to help Federal agencies improve their human resources management programs to effectively operate within the economy, demographics and environment of the 21st Century.
- Goal IV Deliver high-quality, cost-effective human resources services to Federal agencies, employees, annuitants and the public.
- Goal V Establish OPM as a leader in creating and maintaining a sound, diverse, and cooperative work environment.

The outcome we seek under **Strategic Goal I** is that the Federal workforce enables agencies to meet their missions, while reflecting the diversity of the American people. We recognize that we do not and can not directly affect this outcome and that our role is to provide the Federal agencies with the leadership and tools they need to achieve this. In measuring progress toward this outcome, we assess whether we have provided the necessary leadership and delivered the needed tools, as well as whether the agencies are meeting their missions and the American people are being well served.

In FY 2000, we provided agencies with new tools and systems to strengthen their recruitment programs and enhanced the employee benefits package so that they can retain their most talented workers. We moved toward this outcome in many ways during the year, and our most significant accomplishments were as follows.

... we pushed forward with our agenda to strategically align Federal human resources management with agencies' missions and strategic goals...

In FY 2000, we provided agencies with new tools and systems to strengthen their recruitment programs and enhanced the employee benefits package so that they can retain their most talented workers.



Workforce Planning. Workforce planning is a critical component of human capital management and planning as agencies confront the loss of talent and experience presented by the impending retirement of the baby boom generation. Agencies must implement succession planning programs to address the loss of skills needed in the modern workplace. Other observers have also highlighted this issue, including the General Accounting Office (see GAO's publication *High Risk Series, an Update, January 2001*), the National Academy of Public Administration, the International Personnel Management Association, and others. We continued our actions to address these needs during FY 2000 by developing the Workforce Planning and Analysis System and making it available to agencies. We conducted the first annual Workforce Planning Conference and a workshop which introduced "A Guide to Strategically Planning Training and Measuring Results," as part of our effort to lead agencies in aligning human resources with their strategic needs. Finally, we published *The HR Workforce: Meeting the Challenge of Change* in January 2000.

Recruitment and Retention. In separate efforts that complement the Workforce Planning and Analysis System, we strengthened the options that Federal agencies have to offer by debuting the Career Intern Program, publishing proposed regulations for the repayment of student loans (authorized by 5 U.S.C. 5379), and expanding the sick leave program. The Career Intern Program is based on a framework developed by an interagency Career Intern Task Force we convened during the year. The Career Intern Program will help agencies identify and recruit high quality and diverse candidates for mission critical occupations. With the authority to repay student loans for certain Federal employees and new hires, Federal agencies will have another tool to compete for highly qualified individuals and meet changing human resources and agency needs in the 21st century. Under our new expanded leave benefits policy, Federal employees may use up to 12 weeks of earned sick leave to provide care for a family member with a serious health condition. The new benefit is valuable in helping employees both at work and home and is another example of OPM's efforts to make the Federal government a model employer and an employer of first choice. Work/life and wellness programs also hold promise for improving agency abilities to recruit and retain a skilled workforce. Like the private sector, these programs are considered part of the cost of doing business. We have provided agencies with information about the new child care and health initiatives. For employees, these programs are intended to improve their health status and help them better manage their work and personal responsibilities.

Long-Term Care Insurance. With the passage of the Long-Term Care Security Act on September 19, 2000, long-term care insurance became a reality for Federal workers, members of the military, retirees and their families. This program is the first new benefit offered to Federal employees since the inception of the Federal Employees Retirement System, with its Thrift Savings Plan component, in June 1986. We worked closely with staff from the Department of Health and Human Services and congressional staff to develop a benefit package that will reflect current and anticipated market conditions and give the Federal population the opportunity to purchase a quality product at a group discount rate. We have already begun the work to implement the Long-Term Care Insurance Program by October 2002. We have launched a Website for the Program, and are positioning the resources to develop implementing regulations, solicit and review contract proposals, and develop the educational materials for potential program enrollees.

These initiatives put in place tools, systems, and programs the agencies need to recruit and retain a high quality workforce. However, we must also examine whether these actions are effective in terms of our collaboration with the agencies

in developing them and their usefulness. Also, we must determine whether these initiatives are achieving the outcomes we seek: that agencies are aligning human resources management with their missions, and that they are able to recruit and retain a Federal workforce that enables them to meet their missions.

To measure these outcomes, we began laying the foundation for the corporate measurement framework described in our new strategic plan and discussed later in this report. We used existing data collection tools to establish baseline performance levels for several of these measures. The HR Policy Leadership Results shown in the Management Discussion and Analysis section establish baselines against which we will gauge future progress. As shown in that table, the results were generally positive, except that only 45% of the HR Directors indicated that their agency's workforce has the skills needed to meet the mission of their agencies.

This aligns with the belief held by many observers that the Federal government's ability to recruit the kind of workforce it needs remains a great challenge. It also supports the General Accounting Office assessment that the Government's approach to managing its people is "the critical missing link in reforming and modernizing the Federal government's management practices."

To ensure we are addressing this challenge, we established several new objectives in our September 2000 Strategic Plan. These objectives are:

- By 2002, we will attempt to create a flexible, competitive and performance-oriented strategic rewards environment that allows the Government to recruit, manage, and retain a high quality and diverse Federal workforce.
- By FY 2004, the Government's executive resources systems will appropriately distinguish leadership and technical/professional attributes and help agencies develop, select, and manage an exceptional executive corps.
- By FY 2005, Governmentwide selections will be based on assessment tools that are more comprehensive in assessing the full range of competencies needed to perform the jobs of the future.

The programs and tools we put into place during FY 2000, and the initiatives we have planned for the future will not affect the outcome measures immediately. However, we expect to see gradual improvement in the measures over a three to five year span. We have included a thorough discussion of our corporate measurement framework and the measures we will implement in the Performance Measurement section of this report.

Strategic Goal II envisions that we will maintain consistent adherence across agencies to the nine merit principles and be a model of financial management and integrity in our administration of the employee benefit trust funds. We moved closer to both of these outcomes as demonstrated by the following accomplishments.

Unqualified Audit Opinions. We continued to carry out our fiduciary responsibilities regarding our financial management of the Civil Service and Federal Employees Retirement programs, the Federal Employees Health Benefits Program, and the Federal Employees' Group Life Insurance Program. The results we expect to achieve are that these programs will be in full compliance with all Federal financial management standards and protected from waste, fraud, and abuse. We made significant strides toward these outcomes during FY 2000, the most significant being the unqualified audit opinions received during FY 2000 on the FY 1999 financial statements for the trust fund programs and the unqualified opinions received for OPM's consolidated statements for FY 2000.

In addition, our independent auditors identified no new material weaknesses in our financial systems during the audit of the FY 2000 financial statements. Finally, we made progress during FY 2000 toward the elimination of existing material weaknesses. Many of these material weaknesses are listed among our Management Challenges and resolving them represents an important step toward bringing the financial systems into full compliance with the Federal Financial Management Improvement Act.

Continued Vigilance Over the Merit System. In protecting the merit-based Civil Service, we ultimately seek the consistent honoring of and adherence to the nine merit principles in all Federal agencies. However, we are limited in the extent to which we can influence this outcome and measure our results. We believe that our best opportunity to influence this outcome lies in maintaining an active and effective oversight program and our FY 2000 performance goals reflect this concept.

The overall results of our merit system oversight activities, shown in the Management Discussion and Analysis, indicate a fairly positive employee perception about the practice of human resources management in accordance with the nine merit principles in 5 U.S.C. 2301(b).

To strengthen the effectiveness of our oversight program and improve employee perceptions regarding equity and merit in agency HRM programs, we established the following objectives in our revised Strategic Plan.

- By FY 2005, all agencies will have implemented accountability systems that effectively hold responsible officials accountable for their human resources operations and results.
- All agency units that conduct employment examinations under our delegated authority are fully trained, covered by effective internal examining accountability systems, and meet our criteria for recertification.
- Decisions of Federal adjudicatory agencies and decisions of OPM in acting on appeals are consistent with civil service laws, regulations, and policies.

In pursuit of **Strategic Goal III**, we maintained and enhanced our long-standing tradition of providing topnotch advice and assistance to support Federal agencies as they sought to improve their human resources management systems and programs to meet changing mission and workforce needs and to anticipate further changes in the 21st century. Our various programs continued to expand the variety and forms of information and assistance that is available through the OPM Website, and to receive positive feedback from our various customers that this is one of the most effective ways we can provide information and assistance. We were also mindful of the benefits of more direct interaction and networking and continued our series of successful national conferences whereby we foster interagency communications, nurture a sense of community among specialists in particular HRM areas, and bring the best thinkers and doers from the public and private sectors together to share information and ideas. Such conferences included:

- Solutions 2000, which focused on a wide variety of recruitment, hiring, staffing, and workforce restructuring strategies, programs, and services;
- Benefits Interchange 2000, where the benefits officers throughout the Government shared the latest approaches to linking personnel and payroll and assuring that customers get the best services and information available;

- The Symposium on Employee and Labor Relations (SOLER) 2000, which continued to emphasize dispute resolution techniques as well as recent developments and emerging issues in the case law that so directly affects these programs in the agencies; and
- The Strategic Compensation Conference 2000 which shared the latest flexibilities and developments in pay, leave, classification, performance management, and incentive awards, and continued to cultivate the growing community of specialists in the agencies who are responsible for administering an increasing set of compensation options.

Strategic Goal IV describes our intentions to deliver high quality services to our customers (agencies, employees, annuitants, and the public) in a way that is cost effective and meets their evolving needs. We will achieve this outcome by leveraging information technology that will deliver these services on demand, more accurately, more consistently, and at the lowest possible cost. In recent years, we developed the broad designs for these modern support systems. During FY 2000, we defined these designs in more specific terms.

Retirement Systems Modernization. The Retirement Systems Modernization is OPM's central strategy to meet the long-term customer services and financial management objectives for the Civil Service and Federal Employees Retirement Systems. The need to modernize these systems was made more evident by the rising processing times we observed during FY 2000 on claims submitted by retiring Federal employees to collect their retirement annuity from OPM. Although financial hardship is avoided for these beneficiaries by our practice of paying an estimated interim annuity while we process their claims, the higher processing times indicate that the paper-bound business processes and older technology on which our current systems are based are inadequate for providing high quality and cost-effective benefits in the future

The Modernization project met the goals and objectives established for FY 2000. Having developed our vision for the modernized system, during FY 2000 we developed "blue prints" for the six core processes that will make this vision a reality. We completed four of the six core process blueprints — member administration, claim to payment, annuity roll maintenance, and benefits counseling — during the year. We also began a technology blueprint that describes the initial technology architecture for the modernized system. Together, the six core processes and the technology blueprints provide the design of the modernized retirement system. We also developed a performance measurement program this past year that will enable us to measure our progress as we modernize. We are now using these measures to support our corporate performance measures.

Retirement Systems Modernization will share technology with another large modernization effort, the Human Resources Data Network. We are developing plans for how these two large information technology projects will be coordinated, and how they will complement and supplement each other. These projects are part of an ever expanding array of technology implementations that include Employee Express, USAJOBS, and the OPM Website that enable us to deliver high quality and cost-effective human resource services to Federal agencies, employees, annuitants, and the public.

Y2K Roll Over. With respect to **Strategic Goal V**, as in most agencies, preparing for the Year 2000 (Y2K) roll over was one of the largest, most expensive and most complex technical and management tasks ever undertaken by OPM. This multi-year, agencywide effort to address the impact of the Y2K date change

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was highly successful due to extensive planning and coordination. We further ensured success by extensive end-to-end testing and compliance verification. As a result, all OPM systems operated properly on and after January 1, 2000.

Federal Human Resources Management— The Challenges Ahead

In the debate over the future size of Government (particularly a smaller Government) some people make the assumption this translates into less need for attention to recruiting, managing, and retaining a cadre of good Government workers. However, the public still wants the services they have come to expect and demand from Government, which means we must continue to recruit, manage, and retain the people who deliver those services. We must continue to focus attention on strategic human resources management, across Government, and provide the policies, tools, and flexibilities that Federal agencies must have to do this well.

Strategically managing the 1.8 million members of the Federal workforce during the 21st century will have more impact on how well the Government performs than any other action taken by Federal leaders. From January 1993 to January 2000, the Federal government civilian workforce was reduced by 384,000 employees. Many of those who left were among the most experienced professionals in their agencies. Even as the workforce became smaller, new responsibilities and new ways of doing existing work combined to demand new skills. Additional skill losses will occur as the baby boom generation reaches retirement age over the next five years.

We must develop human resources management strategies that are up to the task of recruiting and retaining the high quality and diverse workforce the Government needs. More discretion will be an important element of these strategies, but we must also balance new flexibility with the fundamental fairness and equity issues that are embodied in the laws and principles that govern the Federal civil service, such as respect for the principles of merit-based personnel decisions, veterans' preference and workforce diversity.

This is the framework for all that we are doing to lead strategic human resources management:

- We will continue to redesign the basic Federal systems for recruitment, examining, pay, classification, training, and performance management to provide more flexibility.
- We will continue to use automation to make these systems highly efficient and customer friendly.
- We will increase awareness that initiatives such as strategically planning training, work/life and wellness policies, and cooperative relationships between labor and management will help agencies meet mission goals.
- We have delegated broad authorities for hiring, training, rewards, and performance management to agencies, and will continue to encourage agencies to redelegate them to line managers, so they can introduce and use new approaches in ways that best meet their agency needs.
- As we delegate authorities and increase flexibilities, we will continue our careful oversight to ensure that managers act within the fundamental values of our Federal public service.



- We will continue to send a clear message that if we are to obtain the skills and talents we must have to be successful, we must tap into the rich diversity of American society, including minorities, women, and people with disabilities.
- Where new authority is needed, we will continue to work with Congress to revise the laws that shape our civil service systems. We expect new ideas to emerge as we continue these discussions.

While these challenges are great, we are not alone in resolving them. We will work with senior leaders within the Administration, line managers, and human resources management staffs in individual agencies, and collaborate with other stakeholders, to develop and implement new ideas.

management

DISCUSSION AND ANALYSIS

The U.S. Office of Personnel Management is the President's agent and advisor for managing the Federal government's human resources management systems. How well the Federal government works depends on Federal workers and it is our core belief that the Government's human resources — our 1.8 million dedicated public servants — are our most vital asset. Like the private sector, we must fully engage in the "war for talent" if we are to successfully create the workforce for the 21st century. We must secure, develop, empower, and retain the talented people required to fulfill our mission for the American people. We must give agencies the tools and strategies to meet their unique needs in the new millennium. To accomplish this, we work closely with employing agencies to create systems that enable them to recruit, develop, manage and retain a high-caliber and representative workforce.

Our vision is that the overall quality of Government services, programs and operations will meet or exceed the public's expectations, so that Federal employees will be regarded as knowledgeable, helpful, ethical and committed to quality.

Our Mission and Strategic Goals

Four words — *Lead, Protect, Serve, and Safeguard* — describe how we carry out our responsibilities and provide the framework for our mission.

Our Mission

To support the Federal government's ability to have the best workforce possible to do the best job possible —

We *LEAD* Federal agencies in shaping human resources management systems to effectively recruit, develop, manage and retain a high quality and diverse workforce;

We *PROTECT* national values embodied in law, including merit principles and veterans' preference;

We *SERVE* employing agencies, Federal employees, retirees, their families, and the public through technical assistance, employment information, pay administration, and benefits delivery; and

We *SAFEGUARD* the assets we hold in trust for participants in earned benefit programs.

Our Strategic Goals

In our first strategic plan in September 1997, we described five strategic goals.

Goal I Provide policy direction and leadership to recruit and retain the Federal workforce required for the 21st Century.

Goal II Protect and promote the merit-based Civil Service and the employee earned benefit programs through an effective oversight and evaluation program.

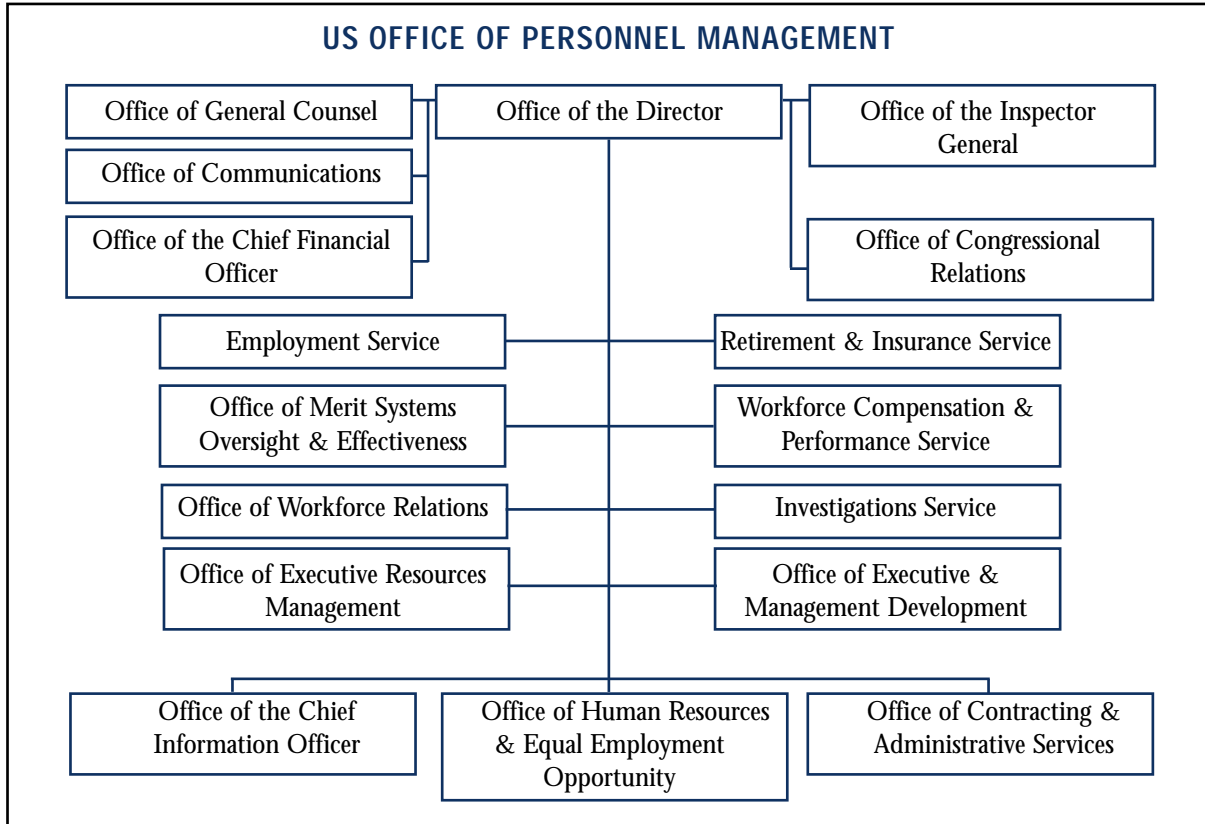
- Goal III Provide advice and assistance to help Federal agencies improve their human resources management programs to effectively operate within the economy, demographics and environment of the 21st Century.
- Goal IV Deliver high-quality, cost-effective human resources services to Federal agencies, employees, annuitants and the public.
- Goal V Establish OPM as a leader in creating and maintaining a sound, diverse, and cooperative work environment.

How We Are Structured to Accomplish Our Mission

We are led by a Director, who is appointed by the President to serve a four-year term and is confirmed by the U.S. Senate. Our Deputy Director is also appointed by the President and confirmed by the Senate. We are organized into the following eight core functional units, each providing Governmentwide policy and services in a specific area of human resources management: the Employment Service; the Investigations Service; the Retirement and Insurance Service; the Workforce Compensation and Performance Service; the Office of Merit Systems Oversight and Effectiveness; the Office of Workforce Relations; the Office of Executive Resources Management; and the Office of Executive Management Development. [See organization chart below.]

We also have four “corporate management” offices — such as our the Offices of the Chief Financial and Chief Information Officers — and several staff offices.

Many of our approximately 3,700 employees are located in our headquarters in Washington, D.C. We also have a field presence in 16 major cities across the country, and two operating centers, in Macon, Georgia, and Boyers, Pennsylvania.



Information about Our Programs

We accomplish our mission and strategic goals through the administration of programs that address the full range of Federal human resources management issues including oversight of the merit system, design and delivery of employee benefits, classification, pay and leave systems, maintenance of personnel security, promoting executive development, and the support of workforce relations.

Retirement Program

The Retirement Program covers essentially all Federal civilian employees. It is comprised of two defined benefit programs: the Civil Service Retirement System (CSRS) and the Federal Employees Retirement System (FERS). The basic benefits of both systems are paid by the Civil Service Retirement and Disability Fund (CSRDF). By law, CSRDF funds may be used to pay all disbursements and operating expenses of both programs.

The Civil Service Retirement System. The Civil Service Retirement System (CSRS) was created by the *Civil Service Retirement Act* in 1920 to provide retirement benefits for Federal employees. The CSRS is a stand-alone pension system — its defined benefits are not intended to be a supplement to or be supplemented by other retirement benefits. The CSRS covers most Federal employees hired before 1984 and provides benefits to the survivors of deceased CSRS annuitants and employees. For all practical purposes, the system was closed to new entrants in 1984.

The Federal Employees Retirement System. The Federal Employees Retirement System (FERS) was established on June 6, 1986, by the *Federal Employees' Retirement System Act of 1986* (P.L. 99-335). FERS is a three-part pension program, using Social Security as a base and providing a defined benefit component and a thrift savings plan. OPM administers the defined benefit component of FERS. The Federal Retirement Thrift Investment Board, an independent agency, administers the thrift savings plan. The FERS covers most employees first hired after December 31, 1983, and provides benefits to the survivors of deceased FERS annuitants and employees.

The table on the following page presents a general comparison of CSRS and FERS provisions:

Retirement Program Participation. FERS membership among active employees overtook CSRS membership in 1995 and by the end of fiscal year 2000 represents 60% of all covered employees. We expect the CSRS population to decline significantly over the next decade, as CSRS participants retire or leave Federal service for other reasons. The following chart shows CSRS and FERS participation among active employees:

	1996	1997	1998	1999*	2000
CSRS	1,343,000	1,272,000	1,189,000	1,009,165	947,918
FERS	1,447,000	1,463,000	1,497,000	1,536,339	1,569,656
Total	2,790,000	2,735,000	2,686,000	2,545,504	2,517,574

* Revised

As the FERS employee population has grown, so too has the FERS annuitant population. As can be seen below, the number of FERS annuitants is still quite small, representing only 5% of the total annuitant population at the end of fiscal year 2000.

Provision	CSRS	FERS
Unreduced annuity	Age 55 with 30 years of service; age 60 with 20 years of service; age 62 with 5 years of service.	Age 55 with 30 years of service gradually increasing until it reaches age 57 for employees born between 1948 and 1970 or later; age 60 with 20 years of service and age 62 with 5 years of service.
Basic annuity formula	High 3 years average salary times 1.5 percent times first 5 years; 1.75 percent times next 5 years and 2 percent times service over 10 years.	High 3 years average salary times 1.0 percent times years of service, or 1.1 percent if retiring on or after age 62 with 20 years of service.
COLAs	Full inflation rate measured by CPI (Consumer Price Index).	None before age 62 for most employees; full CPI at age 62 if CPI is less than 2 percent, 2 percent if CPI is 2 to 3 percent, and CPI less 1 percent if CPI is higher than 3 percent.
Refund options	May choose to withdraw contributions in lump sum when leaving. May redeposit, if not may get actuarially reduced annuity.	May choose to withdraw contributions in lump sum when leaving. Will receive no annuity. Refunded contributions may not be redeposited. Refunds receive market rate interest.
Disability benefits	Benefit generally equal to projected benefit at age 60 or 40 percent of high-3 average salary, whichever is less.	Total FERS and Social Security benefit equal to at least 40% of high-3 salary plus 40% of Social Security disability benefits.
Survivor benefits	Pays benefits to the eligible survivors of employees with at least 18 months of creditable civilian service. If while an active employee, spouse receives 55 percent of accrued benefit. If while retiree, spouse receives 55 percent of annuity.	Pays benefits to the eligible survivors of employees with at least 18 months of creditable civilian service. If while an active employee with less than 10 years of service, spouse receives lump-sum payment plus greater of half of high-3 average pay, or half of annual rate of pay at death. If while an active employee with more than 10 years, spouse will also receive an annuity equal to one-half of accrued Basic Benefit.
Death Benefits	Spouses of employees receive 55 percent of the annuity the employee would have received had the employee retired on disability. Spouses of deceased annuitants generally receive 55 percent of the annuity. Children of annuitants and employees receive a flat monthly amount.	Spouses of employees who die in service after 18 months of service receive \$15,000 plus one-half of the annual pay at death, or one-half of the highest three years average pay at date of death, whichever is higher. If the employee had 10 years of service, the spouse also receives an annuity equaling 50 percent of the accrued retirement benefit. Spouses of annuitants generally receive 50 percent of the annuity. Children of annuitants and employees receive a flat monthly amount, minus the amount of Social Security benefits payable to them.

	1996	1997	1998	1999*	2000
CSRS	2,265,275	2,269,074	2,271,188	2,258,757	2,247,691
FERS	67,875	83,203	98,162	109,360	128,813
Total	2,333,150	2,352,277	2,369,350	2,368,117	2,376,504

* Revised

Health Benefits Program

The Health Benefits Program was established by the *Federal Employees Health Benefits Act of 1959* (P.L. 86-382). The law made basic hospital and major medical protection available to active Federal employees, annuitants, and their families. The law also allows OPM to contract with qualified carriers and establish program-wide eligibility requirements. The Program has several features that make it one of the Nation's leading health benefits plans: participants have an unparalleled choice in the variety of available health plans; they are not required to pass a medical exam in order to enroll; there are no coverage exclusions for pre-existing conditions or waiting periods; and participants are given an opportunity to change their coverage every year during the annual Open Season.

During fiscal year 2000, we implemented an important new benefit: premium conversion. A form of cafeteria plan, it allows enrollees in the Program to elect to have deductions taken from their salaries on a pre-tax basis.

Types of Plans. In fiscal year 2000, 291 health benefits plans participated in the Program. These plans generally are of two types: Fee-for-Service (comprised of the Federal employees plan offered by the Blue Cross and Blue Shield Association and the employee organization-sponsored plans) and health maintenance organizations (HMOs). A Fee-for-Service (FFS) plan is a traditional type of insurance that allows the participant to use any doctor or hospital; they are called FFS because doctors and other providers are paid for each service. An HMO is a health plan that provides care through a network of physicians and hospitals located in particular geographic or service areas.

Health Benefit Program Enrollment. Enrollment in the Program is 4.1 million, or about 86% of the eligible population — 2.2 million enrollees are active employees and 1.9 million are annuitants. Including dependents, the Program covers approximately 9 million individuals. Enrollment in the Health Benefits Program, by type of plan, is presented below. As can be seen below, enrollment in the Program as a whole and by type of plan has remained relatively constant since 1996.

	1996	1997	1998	1999	2000
FFS	2,922,451	2,920,031	2,888,827	2,892,681	2,898,144
HMO	1,219,240	1,212,985	1,230,354	1,229,969	1,185,642
Total	4,141,691	4,133,016	4,119,181	4,122,650	4,083,786

Life Insurance Program

The Life Insurance Program was created in 1954 by the *Federal Employees Group Life Insurance Act* (P.L. 83-598) and covers over 4 million Federal employees and annuitants — about 90% of eligible employees and annuitants. Administered through a contract with the Metropolitan Life Insurance Company (MetLife), it is the largest group life insurance program in the world.

Types of Coverage. The Program provides group term life insurance. As such, it does not build up any cash value or paid-up value. It consists of Basic life insurance coverage and three options:

Basic life insurance is determined by the amount of an employee's annual rate of basic pay, rounded to the next highest thousand, plus two thousand dollars. Most Federal employees are automatically covered by Basic insurance unless they decline.

Standard optional insurance is \$10,000 of coverage an employee can elect in addition to Basic insurance.

Additional optional insurance is coverage an employee can elect based on multiples of his or her basic pay.

Family optional insurance is coverage an employee can elect in multiples of \$5,000 up to a maximum of \$25,000 for spousal coverage, and in multiples of \$2,500 up to a maximum of \$12,500 for each eligible child.

Program Enrollment. The following table shows enrollment in the Life Insurance Program for Basic life insurance and the three optional coverages (in thousands). As can be seen, although enrollment in the Program as a whole has remained generally constant since 1996, Additional and Family coverage has experienced an increase in popularity in the last year or two, while enrollment in Standard has been consistently falling.

	1996	1997	1998	1999	2000 Estimated
Basic	4,024	3,982	3,973	3,953	3,941
Standard	1,394	1,379	1,356	1,352	1,330
Additional	1,304	1,288	1,277	1,294	1,375
Family	1,355	1,226	1,220	1,299	1,347

Insurance-in-Force. Insurance-in-force is the estimated dollar value of all Program coverage, including Basic insurance, and Standard, Additional, and Family optional insurance. As can be seen in the following table, insurance-in-force increased by 11% this year due in large part to decisions made by participants during the open enrollment period last April.

<i>(in Billions)</i>	1999	2000
Basic	\$276.1	\$305.3
Standard	22.1	22.2
Additional	191.6	209.6
Family	9.7	18.5
Total	\$499.5	\$555.6

Life Insurance Claims. MetLife adjudicates and pays the vast majority of claims for the Life Insurance Program. Claims paid by MetLife are, as follows (in \$ millions):

	1996	1997	1998*	1999*	2000
Number of Claims Paid	74,671	73,705	72,314	73,034	78,657
Dollar Value of Claims Paid	\$1,551	\$1,556	\$1,565	\$1,638	\$1,812

* Revised

Human Resources Management Programs

Merit Systems Oversight Programs

Merit Systems and Veterans' Rights Oversight. The administration of a civil service merit system ensures compliance with Federal personnel laws and regulations. Merit principles ensure that Federal agencies invest taxpayers' money

only in employees who are most likely to do a good job, and that they base hiring, pay, promotions, and reductions-in-force on a process that is objective, job-related, and fair. Veterans' rights are an integral part of the merit-based personnel system that we safeguard.

Agency adherence to the merit principles and veterans' rights is assessed by conducting oversight reviews at the Governmentwide, agency, and installation levels. The information gathered from these reviews is used for policy development to ensure compliance with both the merit principles and personnel laws and regulations. Work is conducted with other agencies on demonstration projects to explore potential improvements in personnel systems and better and simpler ways to manage Federal personnel.

Workforce Information System. OPM sets the standards for the maintenance of personnel records at employing agencies and provides instructions for release of personnel data under the Freedom of Information and the Privacy Acts. Data pertaining to the Federal workforce is collected and maintained to support personnel management decision-making. In addition, statistical data on the diversity of the Federal workforce is gathered, analyzed, and maintained and evaluation reports prepared for the Congress.

Employment Services Programs

Employment Policy and Delegated Examining Unit Certification. The authority for most employment examining was delegated to employing agencies in 1994, while responsibility to ensure that they adhere to corporate policies for staffing was retained at OPM. These policies include merit principles, veterans' preference, and a commitment to equal opportunity. To make delegated examining effective, training and reference materials are provided to employing agencies and their examining operations are certified through the Delegated Examining Unit Certification Program.

Workforce Planning Programs. OPM establishes policy, provides guidance and tools, and administers programs for workforce planning, reductions-in-force, separation incentives, and early retirement, as well as provides advice on internal reorganization and career transition initiatives. These activities ensure that agencies can effectively address their strategic human capital needs and maintain diversity in the workforce. Many of these workforce planning services are provided on a reimbursable basis.

Administrative Law Judge Program. The Governmentwide Administrative Law Judges (ALJ) program allows employing agencies to fill those positions in a way that protects public confidence. The program reviews and approves competitive employment actions, classifies positions, and administers the ALJ loan and senior ALJ employment programs.

Employment Information. The employment information program administers a Governmentwide listing of all job vacancies in the competitive service currently open to outside applicants, plus many vacancies outside of the competitive service. This allows employers to quickly reach a wide range of potential employees and provides for open competition from all segments of society. Job seekers find it easy to learn about openings 24 hours a day, seven days a week, through USAJOBS. USAJOBS uses the Internet, telephones, and touch-screen kiosks, to provide the public more information than ever before about job vacancies throughout the Federal government.

Federal Personnel Security Program

The Federal Personnel Security Program ensures the fitness and suitability of applicants for and appointees to positions in the Federal service. To carry out this responsibility, OPM sets Governmentwide investigations policy for the Federal personnel security program and carries out on-site inspections to help ensure that employing agencies are following established policies. Personnel investigations relating to personnel suitability and security also are provided, on a reimbursable basis, through a contractor.

Workforce Compensation and Performance Programs

Classification, Pay and Leave Programs. The standards for classifying Federal jobs, establishing pay scales, and enhancing the Federal government's leave package are governed by several laws, regulations, and executive orders. Through the classification, pay, and leave programs these compensation factors are adjusted for labor markets and to address recruitment and retention issues.

Performance Management and Awards Programs. Performance management and awards programs promote effective performance management and ensure that individual accountability is established and maintained throughout the Federal workforce. The programs set guidelines for evaluating, developing, and rewarding employee performance and also provide agencies with guidance and assistance about how to identify and correct performance problems.

Workforce Relations Programs

Advice and consultation is provided to employing agency officials through a broad range of workforce relations programs to support the development of effective labor-management relations, employee relations practices, life long learning programs, and work/life and wellness programs. These programs help agencies accomplish their missions and develop effective agency policies in these areas. The programs act as a clearinghouse for Governmentwide information on best practices, innovations, data trends and other information on Federal labor-management and employee relations.

Executive Resources Programs

The development, selection, and management of Federal executives are fostered by the executive resources programs. This is accomplished by allocating senior executive position and appointment authorities; establishing critical competencies used to select and develop new executives; administering qualifications review boards and the Presidential Rank Award program; and overseeing the Senior Executive Service (SES) Candidate Development Programs and the SES Performance Management System. In addition, we provide world-class executive and management development programs at three strategically-located OPM training centers.

Our Performance in 2000

We had a strong record of achievement during fiscal year 2000 in terms of our five strategic goals. We increased attention across Government to strategic human resources management and continued to successfully oversee the merit system and administer the employee benefit trust funds. We improved our ability to provide advice and assistance to employing agencies and deliver services to our customers and improved how we manage our own operations, systems, and infrastructure. However, we did not complete all of our ambitious policy leadership agenda and found that we need to improve certain aspects of our customer services.

Our Performance Plan included 117 annual performance goals that described the specific actions and initiatives we planned to accomplish in fiscal year 2000. We met the performance level for 103 of these, which demonstrated significant progress toward fully achieving our Strategic Goals. We dropped four goals before the beginning of the year, since they were not critical to our agenda, or relevant to actual program results. More importantly, our analysis of the goals we did not meet revealed areas where we need to improve and we have developed plans to address these. Also, our analysis led us to improving our goals and measures in 2001 and 2002.

2000 PERFORMANCE SUMMARY

Strategic Goals	Total Annual Goals	Total Goals Met	Total Goals Not Met	Total Goals Dropped
I. Provide policy direction and leadership to recruit and retain the Federal workforce required for the 21 st Century.	47	41	4	2
II. Protect and promote the merit-based Civil Service and the employee earned benefit programs through an effective oversight and evaluation program.	14	14	0	0
III. Provide advice and assistance to help Federal agencies improve their human resources management programs to effectively operate within the economy, demographics and environment of the 21st Century.	16	14	1	1
IV. Deliver high-quality, cost-effective human resources services to Federal agencies, employees, annuitants and the public.	17	12	4	1
V. Establish OPM as a leader in creating and maintaining a sound, diverse, and cooperative work environment.	23	22	1	0
2000 Totals	117	103	10	4

Strategic Goal I. Our fiscal year 2000 Annual Performance Plan described 47 annual performance goals to move us forward in achieving this Goal. We met 41 of these and, in so doing, improved the ability of employing agencies to recruit and retain a workforce that is citizen-centered, results-oriented, and characterized by quality of service.

We developed new workforce planning tools, the Career Intern Program, flexibilities for addressing Y2K staffing needs, regulations to implement student loan repayment, new guidance to support effective diversity recruitment, and revised SES performance management regulations.

We enhanced Federal employee benefits with the passage of the Long-Term Care Security Act, the Expanded Sick Leave program, health benefits premium conversion, and mental health and substance abuse parity in the Health Benefits Program.

As shown in the table on the following page, these data indicate that public satisfaction with Federal government services is comparable to the private sector, and job satisfaction among Federal employees is improving.

HR POLICY LEADERSHIP RESULTS

Measure/Indicator	1998	1999	2000
% of Human Resource Directors who agree:			
<i>OPM collaborates effectively on policy making</i>	<i>No Data</i>	<i>No Data</i>	74%
<i>OPM HRM guidance, programs, and strategies are useful</i>	<i>No Data</i>	<i>No Data</i>	81%
<i>Workforce has skills to meet agencies' missions</i>	<i>No Data</i>	<i>No Data</i>	45%
American Customer Satisfaction Index Results:			
<i>Overall public satisfaction with Federal agency services</i>	<i>No Data</i>	68.6	68.6
<i>Overall customer satisfaction with private sector services</i>	<i>No Data</i>	71.9	71.2
Governmentwide Employee Survey Results:			
<i>Overall job satisfaction</i>	62%	60%	63%
<i>Overall quality of work</i>	72%	72%	72%

However, only 45% of Federal human resources directors believe that their workforce has the skills needed to meet the mission of their agencies. Thus, despite signs of improvement, human resources management remains a challenge for the Government as a whole. The four annual goals we did not achieve were due to missed internal deadlines on revised strategies for system improvements in classification, staffing and personnel recordkeeping. These goals have either since been met or are being addressed in FY 2001.

Strategic Goal II. We continued to maintain active and effective oversight of the merit system and the Federal employee benefit trust funds. In our oversight of the merit system, we completed our scheduled reviews of seven large and eight small agencies and conducted 78 delegated examining audits. The effectiveness of our oversight of the Retirement, Health Benefits, and Life Insurance Programs is evidenced by the unqualified audit opinion we received on these financial statements.

These activities resulted in our achieving all of the 14 goals described in our fiscal year 2000 Performance Plan and in a fairly positive perception by Federal employees about the practice of human resources management in accordance with the nine merit principles in 5 U.S.C. 2301(b), as shown below.

MERIT SYSTEM OVERSIGHT RESULTS

Merit Principle/Measure	1999	2000
1. Recruit, select, and advance on the basis of merit.	62%	64%
2. Treat employees and applicants fairly and equitably.	63%	65%
3. Provide equal pay for equal work and reward excellent performance.	44%	45%
4. Maintain high standards of integrity, conduct and concern for the public interest.	76%	76%
5. Manage employees efficiently and effectively.	54%	54%
6. Retain or separate employees on the basis of their performance.	65%	66%
7. Educate/train employees when it will result in better organizational or individual performance.	58%	57%
8. Protect employees from improper influence.	67%	70%
9. Protect employees against reprisal for lawful disclosure of information.	41%	47%

Our Performance Plan described five goals designed to improve our financial stewardship of the employee benefit programs and ensure that the monies are protected from waste, fraud, abuse, and mismanagement. To achieve these results, we must assure that the financial management systems substantially comply with Federal Financial Management Improvement Act requirements and that an aggressive financial oversight program is maintained. We made significant strides toward these outcomes during fiscal year 2000, meeting all five of our annual goals and achieving the results shown below.

TRUST FUND FINANCIAL MANAGEMENT RESULTS			
Measure/Indicator	1998	1999	2000
Audit Opinions:			Unqualified
<i>Retirement Program</i>	Unqualified	Unqualified	on
<i>Health Benefits Program</i>	Unqualified	Unqualified	Consolidated
<i>Life Insurance Program</i>	Unqualified	Unqualified	OPM
			Financials
Audits completed by Inspector General	53	64	80
Dollars saved from audit activities	\$76.4M	\$51.9M	\$102.5M
Return on investment for audit activities (per \$1 spent)	\$9.00	\$5.92	\$11.30
Timely payment of Retirement benefits (% paid on time)	97%	98%	97%
Administrative cost per annuitant	\$40.94	\$44.47	\$42.42

Strategic Goal III. Our Performance Plan described 16 goals relating to providing advice and assistance to employing agencies. We accomplished 14 of these goals, dropped one from our agenda, and did not meet one. We advanced experiments in human resource flexibility among agencies by assisting them in implementing six human resource management demonstration projects during fiscal year 2000. We assisted in the improvement of human resources management across the Government by conducting organizational assessment surveys. In addition, we enhanced our Website to provide information on the full range of human resource management flexibilities that support accomplishment of agency strategic goals. We conducted well-attended and highly rated conferences that promoted an on-going dialogue with our stakeholders about the most critical issues. Finally, we provided agencies with a broad range of advice and assistance on employee health services and work/life and wellness programs to support the Federal workforce.

Strategic Goal IV. We provide human resource services to employing agencies, employees, retirees, and their families that are high quality, cost effective, and meet their needs. We established 17 annual goals in our fiscal year 2000 Performance Plan that pertained to the delivery of these services and met 12 of them. We did not meet the targets we set for ourselves for four of these goals, and we dropped one from our agenda during the year.

The results of our service delivery activities during fiscal year 2000, shown in the table on the following page, indicate that customer satisfaction with most of our services remained at or near their historically high levels. The use of our USAJOBS Website continues to grow and is an example of how technology can be used to provide services to an increasing number of customers. However, we did not meet the timeliness and accuracy targets we had set for processing retirement

SERVICE DELIVERY RESULTS			
Measure/Indicator	1998	1999	2000
<i>Customer Satisfaction:</i>			
% HR Directors Agreeing Website Services are Convenient	N/A	N/A	98%
% Public Users Satisfied w/Employment Information	91%	92%	91%
% Annuitants Satisfied w/Overall Retirement Services	90%	96%	93%
% Enrollees Satisfied w/Health Benefit Plan – HMOs	N/A	60%	59%
% Enrollees Satisfied w/Health Benefit Plan – FFSs	N/A	70%	70%
<i>Timeliness/Accessibility of Services:</i>			
Website Hits on USAJOBS	8.5 M	13.1 M	15.4 M
CSRS Annuity Claims Timeliness	23 Days	32 Days	44 Days
FERS Annuity Claims Timeliness	93 Days	94 Days	185 Days
<i>Service Quality/Accuracy:</i>			
% HR Directors Agreeing OPM Website Services are Relevant	N/A	N/A	100%
% HR Directors Agreeing OPM Website Services are Sufficient	N/A	N/A	89%
CSRS Annuity Claims Accuracy	92.9%	88.3%	93.5%
FERS Annuity Claims Accuracy	94.5%	92.4%	87.6%
% HB Enrollees Enrolled in Top-Rated Plan	65%	32%	90%
<i>Cost Effectiveness:</i>			
Retirement/Survivor Claims Unit Cost	\$72.46	\$81.82	\$83.52

claims and handling customer service requests. Thus, we need to improve the delivery of these services and have made this a priority for 2001 and 2002.

Strategic Goal V. We recognize that we cannot accomplish our goals without the support of a well-trained, diverse, and motivated workforce at OPM. Thus, we plan to create and maintain a sound, diverse, and cooperative work environment. During fiscal year 2000, we met 22 of the 23 performance goals in this regard. Perhaps, our most significant accomplishments during the year were our successful Y2K rollover and the greater diversity of our own workforce.

Analysis of Our 2000 Financial Performance

These are the first agency-wide consolidated financial statements we have prepared. We are pleased to report that we have received an unqualified (“clean”) opinion from our auditors, KPMG LLP. An unqualified opinion means that our financial statements were fairly stated in all material respects. Moreover, our auditors did not report any material weaknesses in our internal controls over our financial reporting. Since 1997, we have received unqualified opinions on the “stand-alone” financial statements of the Retirement and Life Insurance Programs; and since 1998, on the “stand-alone” financial statements of the Health Benefits Program.

Analysis of Balance Sheet

The Balance Sheet presents the total amounts we have available for our use [*Assets*] against the total amounts we owe [*Liabilities*] and the amount that comprises the difference [*Net Position*].

Assets. We had over \$552 billion in total assets at the end of fiscal year 2000, compared with \$520 billion at the end of fiscal year 1999. The balance sheet separately identifies intragovernmental assets from all other assets. Almost all — about \$551 billion — of our assets are intragovernmental, representing our claims against other Federal agencies.

Our largest asset, *Investments* [\$540.3 billion], represents almost 98 percent of our total assets at the end of fiscal year 2000. As we routinely collect more money than we disburse, our investment portfolio continued to grow in fiscal year 2000. We invest all Retirement, Health Benefits, and Life Insurance Program balances that we do not immediately need for payment, but only in special securities issued by the U.S. Treasury.

Our next largest asset is *Interest Receivable on Investments* at \$8.9 billion. This is the amount of interest owed to us on our investment portfolio by the U.S. Treasury at the end of the year.

Liabilities. We have three very large, long-term liabilities that we categorize on the Balance Sheet as “Actuarial Liabilities.” They are estimated at the end of each year by our actuaries. We report Actuarial Liabilities for each of the earned benefit Programs that we administer: Retirement, Health Benefits, and Life Insurance. In computing the Actuarial Liabilities, our actuaries apply assumptions to historical cost information in order to estimate the future cost of benefits for current and future retirees.

The *Pension Liability*, the actuarial liability for the Retirement Program, is \$1,031.1 billion at the end of fiscal year 2000. This is the first time that we have reported the Pension Liability at over one trillion dollars! The Pension Liability increased \$43 billion (4.3 percent) from the \$988 billion reported at the end of last year [see discussion of Pension Expense below].

The actuarial liability for the Health Benefits Program, the *Postretirement Health Benefits Liability*, is \$192.2 billion at the end of fiscal year 2000, an increase of almost \$17 billion (9 percent) over that at fiscal year-end 1999. The increase in the Postretirement Health Benefits Liability resulted from a large increase in our estimate of future health benefits claims that was not entirely offset by the increase in our estimate of future contributions by and for participants.

The *Actuarial Life Insurance Liability* is different from the Pension and Postretirement Health Benefits Liabilities. Whereas the other two are liabilities for “post-retirement” benefits only, the Actuarial Life Insurance Liability is an obligation for both pre-retirement and post-retirement life insurance benefits. The Actuarial Life Insurance Liability increased by \$1.1 billion in fiscal year 2000 to \$24.7 billion at the year-end, due principally to the coverage changes elected by participants during the open enrollment period last April.

Net Position. *Net Position* is the difference between our total assets and total liabilities. At the end of fiscal year 2000, our Net Position is a negative \$703.4 billion dollars, which means that our liabilities exceed our assets by this amount. At the end of fiscal year 1999, our Net Position was a negative \$674.6 billion. As can be seen on the Statement of Changes in Net Position, our Net Position decreased as a result of our net cost of operations, which was partially offset by a “transfer-in” of \$21.6 billion to the Retirement Program from the U.S. Treasury.

The reason for our negative Net Position is the large Actuarial Liabilities that we report on our Balance Sheet. In fact, our total assets exceed our “non-actuarial” liabilities by \$544.6 billion at the end of fiscal year 2000. The Retirement, Health Benefits, and Life Insurance Programs are funded in a manner that ensures that there will be sufficient assets available to pay claims for benefits well into the future.

Analysis of the Statement of Net Cost

The Statement of Net Cost presents our net cost of operations by our “responsibility segments.” We have defined responsibility segments by the four major types of services we provide and have assigned costs to them. These are the Cost to Provide CSRS, FERS, Health and Life Insurance Benefits.

Net Cost to Provide CSRS Benefits. The Net Cost to Provide CSRS Benefits in fiscal year 2000 is \$32.9 billion, an increase of \$14.7 billion over fiscal year 1999. The increase in the Net Cost to Provide CSRS Benefits can be attributed in large part to a smaller “actuarial gain” component of Pension Expense related to the CSRS in fiscal year 2000; \$3.2 billion versus \$17.1 billion in fiscal year 1999. To the extent that actual experience differs from the assumptions made by our actuary in computing Pension Expense, actual gains or losses will occur. Since actuarial gains reduce Pension Expense, the smaller actuarial gain in fiscal year 2000 resulted in a larger Pension Expense than in fiscal year 1999.

<i>(In Billions)</i>	2000	1999	Difference
Gross Cost	\$70.4	\$55.7	\$14.7
Associated Revenues	37.5	37.5	0
Net Cost	\$32.9	\$18.2	\$14.7

Net Cost to Provide FERS Benefits. The Net Cost to Provide FERS Benefits in fiscal year 2000 is \$883 million. By contrast to the CSRS, the Net Cost to Provide FERS Benefits decreased by \$1.9 billion from fiscal year 1999. This decrease in net cost can be attributed mostly to an increase in revenues; approximately \$850 million in contributions by and for participants and \$840 million in interest on investments.

<i>(In Billions)</i>	2000	1999	Difference
Gross Cost	\$18.0	\$18.2	(\$0.2)
Associated Revenues	17.1	15.4	1.7
Net Cost	\$ 0.9	\$ 2.8	(\$1.9)

Net Cost to Provide Health Benefits. The Net Cost to Provide Health Benefits in fiscal year 2000 is \$21.9 billion, an increase of \$17.5 billion over fiscal year 1999. Most of this increase in net cost (\$16.6 billion) can be attributed to an actuarial loss in the calculation of the Postretirement Health Benefits Expense of \$4.8 billion in fiscal year 2000 versus an actuarial gain of \$11.8 billion in fiscal year 1999.

<i>(In Billions)</i>	2000	1999	Difference
Gross Cost	\$36.5	\$17.9	\$18.6
Associated Revenues	14.6	13.5	1.1
Net Cost	\$21.9	\$ 4.4	\$17.5

Due to accounting and actuarial reporting standards, a portion of certain costs incurred for health benefits claims, premiums to HMOs, and administration are netted against, and thereby reduce, the Postretirement Health Benefits Liability. So that we may provide the reader of the financial statements with information about these costs, they are presented in the table below:

<i>(In Millions)</i>	Disclosed	Applied to PRHB	Total 2000	Total 1999
Health Benefits Claims	\$8,812	\$5,158	\$13,970	\$13,112
Premiums	3,500	1,171	4,671	4,514
Administrative and other	480	580	1,060	993

Net Cost to Provide Life Insurance Benefits. Unlike the other responsibility segments, there is a “negative” Net Cost to Provide Life Insurance Benefits in fiscal year 2000, since the associated revenues exceed gross costs by \$230 million. In fiscal year 2000, however, the amount by which revenues exceeded gross costs was smaller than in fiscal year 1999. This was due in large part to a greater increase in the Actuarial Life Insurance Liability (\$1.1 billion in fiscal year 2000 versus \$0.2 billion in fiscal year 1999), attributable to the open enrollment period last April.

<i>(In Billions)</i>	2000	1999	Difference
Gross Cost	\$2.9	\$1.9	\$1.0
Associated Revenues	3.1	3.0	0.1
Net Excess of Revenue	\$0.2	\$1.1	(\$0.9)

Analysis of the Statement of Budgetary Resources

We may incur obligations and make payments to the extent that we have budgetary resources to cover them. The Statement of Budgetary Resources depicts the budgetary resources that we had available in fiscal year 2000 to cover our obligations and the status of our budgetary resources at year-end.

As can be seen, we had \$93.3 billion available to us in budgetary resources in fiscal year 2000. Our budgetary resources derive from the budgetary resources carried over from last year (\$24.5 billion) as well as the three major sources of new budgetary resources:

- 1 Appropriations (\$5.2 billion)
- 2 Available appropriated receipts (\$45.5 billion)
- 3 Spending authority from offsetting collections (\$18.1 billion).

Appropriations are legislative actions that authorize Federal agencies to incur obligations and to make payments for specified purposes. Our appropriations of \$5.2 billion were principally to fund contributions for retirees and survivors who participate in the Health Benefits Program.

Both Available Appropriated Receipts and *Spending Authority from Offsetting Collections* generally derive from collections. Collections by the Retirement Program, such as earnings on investments and contributions made by and for those participating, are classified as “Appropriated Receipts,” whereas collections by the Health Benefits and Life Insurance Programs are classified as “Spending Authority from Offsetting Collections.”

From the \$93.3 billion in budgetary resources we had available to us in fiscal year 2000, we incurred obligations of \$67.3 billion mainly for benefits for participants in the Retirement, Health Benefits and Life Insurance Programs. The

excess of the budgetary resources we had available in fiscal year 2000 over the obligations we incurred against them is classified as being “unavailable” (for obligation) at year-end.

Systems, Controls and Legal Compliance

Federal Managers’ Financial Integrity Act Compliance

The objective of our management control program is to ensure that we have effective stewardship over the Federal resources that have been entrusted to us. Our stewardship responsibilities include the safeguarding of those resources from fraud, waste, and mismanagement and managing our programs with integrity and in compliance with all applicable laws.

We have evaluated the management controls we have in place, as required by the *Federal Managers’ Financial Integrity Act* (FMFIA). In so doing, we relied on the assessments by our senior executives of their programmatic and administrative functions and on the findings and results of the audit conducted on the 1999 financial statements by our Office of the Inspector General and the independent public accounting firm, KPMG LLP. We can report that, when considered collectively, and with the exception of the items presented below, our management controls are achieving their intended objectives and that our financial management systems conform to Federal requirements. We have established a goal to resolve all material weaknesses and nonconformances cited by our auditors and identified through the FMFIA process in as timely a manner as is technically practicable and economically feasible. We have corrective action plans in place to address each material weakness and nonconformance.

We believe we have made significant progress in resolving our material weaknesses in management controls and nonconformances with Federal financial systems requirements. Five material weaknesses and nonconformances were resolved in fiscal year 2000 and we have made particularly noteworthy progress toward the resolution of two others.

SUMMARY OF MATERIAL WEAKNESSES AND NONCONFORMANCES				
	Beginning of the Year	New	Corrected	End of the Year
2000	10	2	5	7
1999	15	0	5	10

PENDING MATERIAL WEAKNESSES AND NONCONFORMANCES

Target Date For Correction	Description
Health Benefits Program Enrollment and Premium Reconciliation * ★	2001 Our oversight and monitoring of enrollment and premium reconciliations with community-rated carriers participating in the Health Benefits Program needs to be strengthened.
Fraud and Abuse in the Health Benefits Program * ★	2001 We do not have the legal authority to investigate and prosecute fraud and abuse in the Health Benefits Program.
Revolving Fund and Salaries and Expense Account Cash Reconciliation and Control ★	2001 There are inadequate procedures and insufficient controls in place over the reconciliation of the Fund Balance with Treasury and the records of the Revolving Fund and Salaries and Expense account.
Revolving Fund and Salaries and Expense Account Data Reconciliation and Control ★	2001 Controls over transactions entered into the Revolving Fund and Salaries and Expense general ledgers are inadequate.
Systems Development Life Cycle	2001 We do not have a Systems Development Life Cycle process in place for major systems implementation efforts.
General EDP Control Environment	2001 We must strengthen four areas of EDP general control: (1) entity-wide security; (2) access control; (3) control over application changes and systems development; and (4) service continuity planning.
Revolving Fund and Salaries and Expense Account Financial Management System	2002 The financial management system supporting the Revolving Fund and Salaries and Expense account is not compliant with FFMIA requirements.
* See "Noteworthy Progress in 2000" below.	
★ This has been assessed as one of the most serious challenges facing OPM by the Inspector General.	

NOTEWORTHY PROGRESS ON PENDING MATERIAL WEAKNESSES IN 2000

Health Benefits Program Enrollment and Premium Reconciliation	We are working with a contractor to implement a centralized enrollment system that will greatly facilitate the enrollment and premium reconciliation in the Program. The system requirements are being defined and a pilot process is expected to be completed in the next year. Once implemented, the centralized enrollment system will receive enrollment data from employing agencies; build and maintain an enrollment database; process and combine data for dissemination to participating carriers and work jointly with agencies and carriers to reconcile enrollment.
Fraud And Abuse In the Health Benefits Program	We have been working to amend existing law to include language that would afford the Health Benefits Program to investigate and prosecute fraud. Our efforts have succeeded in including the necessary language in several bills, although, to date, none have been reported out of their respective subcommittees.

MATERIAL WEAKNESSES AND NONCONFORMANCES CORRECTED IN 2000

Description/Resolution	
Health Benefit Program Carrier Audit Cycles	This weakness has been resolved by our implementation of an audit guide by which independent public accountants submit reports on Health Benefit Program carrier financial results.
Annuitant Withholdings	This weakness involves the inability of our systems to provide effective controls over the amounts withheld from the annuities of retirees and survivors. Much of the problem has been resolved and the weakness is no longer considered to be material.
Financial Management Policies and Procedures	This material weakness addressed the inadequate documentation of our financial management policies, systems and procedures. We developed policies and procedures in a number of areas and the weakness is no longer considered to be material.
Controls over Investments	There were inadequate controls over the investment process, including a lack of procedures. In view of our installation of major segments of a new automated investment management system, the weakness is no longer considered to be material.
Employee Benefit Program Systems Integration	With the implementation of our new core financial management systems, all feasible automated links with subsystems and other supporting processes have been established.

Federal Financial Management Improvement Act Compliance

Our auditors, KPMG LLP, are required to report on whether our financial management systems comply with the *Federal Financial Management Improvement Act of 1996* (FFMIA). The purpose of the FFMIA is to ensure that our systems generate reliable, timely and consistent financial information, using professionally-accepted accounting standards. To comply substantially with FFMIA, our systems must support the preparation of financial statements and other financial and budget reports; provide reliable and timely financial information for managing our operations; account for assets reliably, so that they are properly protected from loss, misappropriation, or destruction; and meet these requirements in a way that is consistent with Federal accounting standards and the Standard General Ledger.

To gauge our compliance with FFMIA, KPMG LLP performed the tests contained in Office of Management and Budget (OMB) Bulletin No. 01-02. In considering the compliance of our financial management systems with the FFMIA, KPMG LLP assessed individually the systems we use to (1) manage the Retirement, Health Benefits, and Life Insurance Programs and (2) manage the Revolving Fund Programs and Salaries and Expenses.

In its report on the audit of our fiscal year 2000 financial statements, KPMG LLP cited the financial management systems supporting the Revolving Fund Programs and Salaries and Expenses as being substantially noncompliant with the FFMIA. More specifically, they reported the following:

- The financial management systems we use to manage the Revolving Fund Programs and Salaries and Expenses lack a formal budgetary accounting structure, which compromises our ability to comply with budget preparation, execution and reporting requirements.

- The financial management systems used to manage the Revolving Fund Programs and Salaries and Expenses do not provide for the recording of financial events in a manner that is consistent with the Standard General Ledger.
- On an agency-wide level, we do not provide adequate system security in that we do not have coordinated security procedures: lack effective incidence response and monitoring capabilities, do not conduct periodic risk assessments, and have not developed adequate security-related processes to protect our assets from unauthorized access or improper use.

We understand the concerns that KPMG LLP cites and agree with most of them. Nonetheless, we have determined that our financial management systems *as a whole* substantially comply with the FFMIA. We base our determination on our own internal assessment and the fact that the vast majority of our financial management operations are executed by systems that KPMG LLP did not assess as being noncompliant.

KPMG LLP's findings vis-a-vis the financial management systems we use to manage the Revolving Fund Programs and Salaries and Expenses are serious and we are addressing them as such. In fact, we have reported to the President and Congress [see FMFIA above] that they do not materially conform to the requirements of OMB Circular A-127. We reported as well that various processes and procedures supporting the financial management of the Revolving Fund Programs and Salaries and Expenses are material weaknesses in management controls.

We have developed a remediation plan to resolve our noncompliances with the FFMIA. Our major initiative is the complete replacement of the financial management system supporting the Revolving Fund Program and Salaries and Expenses. We anticipate that our new financial management system will be fully operational by fiscal year 2003.

Debt Collection Improvement Act Compliance

The **Debt Collection Improvement Act of 1996** (Public Law 104-134) has had a major impact on the way a Federal entity makes payments and collects monies owed it. The Act enhances debt collection Governmentwide and encourages the use of electronic funds transfer. We comply with the Act in the following ways:

Treasury Offset Program. One important provision of the Act is the requirement that non-tax debts owed that have been delinquent for a period of 180 days be turned over to the Treasury for collection or termination. To date, we have collected over 3,166 payments (\$1.1 million) owed us via the Treasury Offset Program.

Computer Matching. We believe that it is equally important to prevent overpayments in the first place as it is to collect them once they become debts. Thus, we maintain an aggressive and active program integrity function to prevent waste, fraud, and abuse of Retirement Program benefit payments. One of the primary tools supporting this function is the use of computer matching agreements. As such, we exchange payment information with other Federal agencies to identify individuals who have died or are no longer eligible for benefits for other reasons. As can be seen below, in fiscal year 2000, our computer matching activities identified more than \$29 million in overpayments and prevented an additional \$86 million from being overpaid (in \$ millions).

	1996	1997	1998	1999	2000
Overpayments Identified	\$26	\$20	\$16	\$21	\$29
Overpayments Avoided	\$45	\$46	\$44	\$64	\$86

Fraud Investigation Activities. In addition, we continued to aggressively pursue fraud tips and work closely with law enforcement bodies to investigate and terminate criminal fraud activities involving Retirement benefits. During fiscal year 2000, our fraud investigation activities identified more than \$1.0 million in overpayments and prevented an additional \$0.3 million from being overpaid.

Promoting Direct Deposit. The 93 percent of our Retirement Program annuitants participating in direct deposit represent the highest percentage among benefit-paying Federal programs. We believe it may be difficult to convince a great many of the remaining annuitants to enroll, since they are older individuals who may be uncomfortable with the concept of electronic payments and banking. Most of the future growth in the direct deposit participation will come from new annuitants, since the vast majority are already paid their salaries by electronic funds transfer, and by annuitants who live overseas.

	Percentage Paid by EFT
Retirement Program annuitants	93
OPM employees	95
Carriers participating in Health and Life Insurance Programs	100
Other vendors	20

Managing Accounts Receivable. To improve our receivable management program, we implemented a modern receivables management system. The result will be, we are confident, a significant upgrade in our ability to manage effectively our Retirement Program receivables portfolio. The following chart shows our receivables management activity for the Retirement Program.

	1996	1997	1998	1999	2000
Total receivables at year end (in \$ millions)	\$97.5	\$107.3	\$115.5	\$123.7	\$ 145.9
Total delinquent receivables (%)	56.7	29.4	29.8	31.1	27.3
Delinquent under one year (%)	21.3	13.2	11.0	11.8	9.4
Delinquent over one year (%)	35.3	16.2	18.8	19.3	17.9
Uncollectible receivables (%)	38.1	35.4	34.6	32.3	0.4
Installment receivables (%)	22.9	21.7	22.3	22.2	20.3
Total receivables written-off (in \$ millions)	\$3.8	\$5.1	\$4.4	\$9.0	\$2.4
Receivables Collection Rate (%)	53.1	50.8	50.8	48.8	46.0

Inspector General Act of 1978 Compliance

Our Office of the Inspector General (OIG) conducts periodic audits of the records of carriers participating in the Health Benefits Program to determine whether the amounts they have charged to the Program contacts comply with their contracts and Federal procurement regulations. During fiscal year 2000, the OIG issued 50 final reports, which contain recommendations for monetary adjustment in the aggregate amount of \$150.7 million due the Program. There were three reports for which no management decision had been made within six months of issuance; however, resolution of these items has been postponed at the request of the OIG.

	Number of Reports	Questioned Costs (in \$ millions)	Unsupported Costs (In \$ millions)
Reports for which no management decision had been made by October 1, 1999	19	56.1	
Reports issued during 2000	50	150.7	5.8
Reports for which a management decision was made during the reporting period:	50	141.2	
1. Disallowed Costs		101.5	
2. Costs not disallowed		39.7	
Reports for which no management decision has been made by September 30, 2000	19	65.7	
Reports for which no management decision has been made within 6 months of issuance	*3	*8.1	

* Resolution of these items has been postponed at the request of the OIG.

Management Challenges

The following is a brief outline of what we see as the most important currently-known demands, risks, uncertainties, and conditions affecting our agency.

- We must enhance our computer security environment by developing an integrated enterprise-wide program encompassing data security, general support systems, application systems, network operations continuity of operations and data recovery.
- We must implement our Health Benefits Program enrollment and premium reconciliation system, so that we can enhance our control over the payments we make to community rated carriers. This is an area cited by our Inspector General as one of the most serious challenges we face.
- We must continue our Retirement Systems Modernization (RSM) effort. RSM is our strategy to meet our long-term customer service, financial management and business goals for the Retirement Program. It is only through modernization that we can ensure the future delivery of high quality services to our stakeholders. We fully concur with the Inspector General's identification of RSM as one of our most significant, high-risk challenges. We also agree that there exists a degree of uncertainty in any effort of such

size and scope and we are taking all feasible mitigating actions. Our ability to implement RSM functionality on a timely basis is dependent upon the continued availability of necessary funding.

- We must continue to enhance our Government Performance and Results Act process, using performance data to more effectively plan, budget, execute, and evaluate our programs and activities.
- As it continues to be a nation-wide problem, we must obtain the statutory authority to investigate and prosecute health care fraud in the Health Benefits Program. This is an area cited by our Inspector General as one of the most serious challenges we face.
- We must continue to generate consolidated financial statements, as well as stand-alone financial statements for the Retirement, Health Benefit and Life Insurance Programs, that receive unqualified audit opinions. This is not assured, but will depend upon our ability to attract and retain competent accounting personnel at all levels.
- Although we received an unqualified audit opinion on our first consolidated financial statements, we know that much work must yet be done. For instance, our auditors cited five reportable conditions, which represent significant deficiencies in our internal control structure. We must resolve all of our weaknesses in internal controls and noncompliances with FFMIA.
- We must establish fundamental systemic and procedural control over our Revolving Fund and Salaries and Expense account activities. The implementation of our new financial management system would be an enormous step in this direction, as long as funding is available. This is an area cited by our Inspector General as one of the most serious challenges we face.
- We fully recognize the importance of human resource accountability across Government and that we must play a critical role in addressing it. We have already deployed tools and started initiatives that assist employing agencies in developing human resources management and accountability systems. We will tailor our future initiatives to the priorities of the new Administration, as we proceed in this area. This is an area cited by our Inspector General as one of the most serious challenges we face.

U.S. OFFICE OF PERSONNEL MANAGEMENT

CONSOLIDATED FINANCIAL STATEMENTS

For Fiscal Year 2000

CONSOLIDATED FINANCIAL STATEMENTS

U.S. OFFICE OF PERSONNEL MANAGEMENT
CONSOLIDATED BALANCE SHEET
As of September 30, 2000
(Dollars in Millions)

ASSETS

Intragovernmental:	
Fund Balance with Treasury	\$544
Investments, Net [Note 2]	540,297
Accounts Receivable, Net:	
Benefit Contributions for Participants	983
Interest on Investments	8,943
Other Receivables	100
Total Intragovernmental	<u>550,867</u>
Accounts Receivable, Net:	
Benefit Contributions by Participants	617
Other Receivables	186
Assets Held by Insurance Carriers	441
Property and Equipment	10
TOTAL ASSETS	<u><u>552,121</u></u>

LIABILITIES

Intragovernmental	149
Benefits Due and Payable	6,072
Premiums Due and Payable	410
Actuarial Liabilities:	
Pension Liability [Note 4]	1,031,100
Postretirement Health Benefits Liability [Note 5]	192,217
Actuarial Life Insurance Liability [Note 6]	24,662
Other	939
Total Liabilities	<u>1,255,549</u>

Net Position:

Unexpended Appropriations	13
Cumulative Results of Operations	(703,441)
Total Net Position	<u>(703,428)</u>

TOTAL LIABILITIES AND NET POSITION	<u><u>\$552,121</u></u>
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The accompanying notes are an integral part of the financial statements.

U.S. OFFICE OF PERSONNEL MANAGEMENT

CONSOLIDATED STATEMENT OF NET COST

For the Year Ended September 30, 2000
(Dollars in Millions)

		Provide CSRS Benefits	Provide FERS Benefits	Provide Health Benefits	Provide Life Insurance Benefits	Provide Human Resource Services	Consolidated
Cost to Provide Benefits and Services		\$70,417	\$17,989	\$36,553	\$2,937	\$359	\$128,255
Less: Earned Revenues		37,534	17,106	14,643	3,167	242	72,692
Net Cost of Operations (Excess of Earned Revenues over Cost)		\$32,883	\$883	\$21,910	(\$230)	\$117	\$55,563

The accompanying notes are an integral part of the financial statements.

U. S. OFFICE OF PERSONNEL MANAGEMENT

CONSOLIDATED STATEMENT OF CHANGES IN NET POSITION

For the Year Ended September 30, 2000

(Dollars in Millions)

Net Cost of Operations	(\$55,563)
Financing Sources (other than earned revenues)	
Appropriations Used	5,174
Transfer-in	21,556
Imputed Financing	8
	<hr/>
Net Results of Operations	(28,825)
Prior Period Adjustments	40
	<hr/>
Net Change in Cumulative Results of Operations	(28,785)
Decrease in Unexpended Appropriations	(31)
	<hr/>
Change in Net Position	(28,816)
Net Position, Beginning of Year	(674,612)
	<hr/>
Net Position, End of Year	<u>(\$703,428)</u>

The accompanying notes are an integral part of the financial statements.

U.S. OFFICE OF PERSONNEL MANAGEMENT
CONSOLIDATED STATEMENT OF BUDGETARY RESOURCES
For the Year Ended September 30, 2000
(Dollars in Millions)

BUDGETARY RESOURCES

Appropriations		\$5,173
Total Appropriated Receipts	\$76,136	
Less: Increase in Temporarily Unavailable Appropriated Receipts [Note 10]	30,634	
Available Appropriated Receipts		45,502
Spending Authority from Offsetting Collections		18,088
Unobligated Balance, Beginning of Year, as Restated [Note10]		24,541
Other		(6)
Total Budgetary Resources		93,298

STATUS OF BUDGETARY RESOURCES

Obligations Incurred		67,295
Unobligated Balances, Available		120
Unobligated Balances, Unavailable		25,883
Total Status of Budgetary Resources		93,298

OUTLAYS

Obligations Incurred		67,295
Less: Spending Authority from Offsetting Collections		18,088
Subtotal		49,207
Obligated Balance, Net - Beginning of Year		6,076
Less: Obligated Balance, Net - End of Year		6,373
Total Outlays		\$48,910

The accompanying notes are an integral part of the financial statements.

U.S. OFFICE OF PERSONNEL MANAGEMENT
CONSOLIDATED STATEMENT OF FINANCING
For the Year Ended September 30, 2000
(Dollars in Millions)

Obligations and Nonbudgetary Resources	
Obligations Incurred	\$67,295
Less: Spending Authority from Offsetting Collections	18,088
Less: Total Appropriated Receipts	76,136
Other Financing Sources	21,558
Exchange Revenue Not in the Budget	(220)
Other	6
Total Obligations, as Adjusted, and Nonbudgetary Resources	(5,585)
Resources That Do Not Fund Net Cost of Operations	(5)
Costs That Do Not Require Resources	106
Financing Sources Yet to be Provided	
Change in Pension Liability	43,100
Change in Postretirement Health Benefits Liability	16,852
Change in Actuarial Life Insurance Liability	1,087
Other	8
Total Financing Sources Yet to be Provided	61,047
Net Cost of Operations	\$55,563

The accompanying notes are an integral part of the financial statements.

U.S. OFFICE OF PERSONNEL MANAGEMENT
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2000

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

The U.S. Office of Personnel Management (OPM) is the Federal government's human resources agency and was created as an independent agency of the Executive Branch of government on January 1, 1979. Many of the functions of the former U.S. Civil Service Commission were transferred to OPM at that time. The accompanying consolidated statements present OPM's financial position, net cost of operations, change in net position, status of budgetary resources, and a reconciliation of the net cost of operations to budgetary obligations as required by the Chief Financial Officers Act of 1990 and the Government Management Reform Act of 1994. The financial statements include all accounts -- appropriations, trust funds, and revolving funds - under OPM's control. The financial statements do not include the effect of any other centrally-administered assets and liabilities related to the Federal government as a whole, which may in part be attributable to OPM.

The financial statements comprise five major OPM Programs:

1. Retirement Program

The Program is comprised of two defined-benefit pension plans administered by OPM: the Civil Service Retirement System (CSRS) and the Federal Employees' Retirement System (FERS). These plans cover substantially all full-time, permanent civilian Federal employees. Both plans are operated through the Civil Service Retirement and Disability Fund (CSRDF), a trust fund. The CSRS, implemented in 1921, is a stand-alone plan, providing benefits to most Federal employees hired before 1984. The FERS, established in 1986, uses Social Security as its base and provides an additional defined benefit and a voluntary thrift savings plan to employees first entering Federal service after 1983. OPM administers the defined benefit portion of the FERS only.

On the Consolidated Statement of Net Cost, the full cost of the Retirement Program is assigned to two responsibility segments: *Provide CSRS Benefits* and *Provide FERS Benefits*.

2. Health Benefits Program

OPM administers a Health Benefits Program that provides hospitalization and major medical protection to Federal employees, retirees, former employees, family members, and former spouses. The Program, established in 1960, is operated through the Employees Health Benefits Fund and the Retired Employees Health Benefits Fund, revolving trust funds. Health benefits carriers contract with OPM to provide packages of benefits, which are of two types: fee-for-service that reimburse participants or their health care providers for the cost of services and are usually experience-rated; and health maintenance organizations that provide or arrange for comprehensive health care services on a prepaid basis through designated providers and are usually community-rated.

On the Consolidated Statement of Net Cost, the full cost of the Health Benefits Program is assigned to the responsibility segment, *Provide Health Benefits*.

3. Life Insurance Program

OPM administers a Life Insurance Program that provides group term life insurance coverage to over four million Federal employees and retirees, as well as family members and former spouses. Established in 1954, the Program is operated through the Employees Group Life Insurance Fund, a revolving trust fund. The Program consists of Basic life insurance coverage and three packages of optional coverage.

On the Consolidated Statement of Net Cost, the full cost of the Life Insurance Program is assigned to the responsibility segment, *Provide Life Insurance Benefits*.

4. Revolving Fund Programs and Salaries and Expenses

The Revolving Fund Programs provide a variety of human resource services to Federal agencies, such as pre-employment testing, security investigations, and training. On the Consolidated Statement of Net Cost, the full cost of the Revolving Fund Programs is assigned to the responsibility segment, *Provide Human Resources Services*.

Salaries and Expenses finances the operating expenses necessary to carry out most of OPM's functions and responsibilities.

B. BASIS OF ACCOUNTING AND PRESENTATION

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America and compiled from OPM's records, in accordance with the form and content requirements of OMB Bulletin No. 97-01 – *Form and Content of Agency Financial Statements* (as amended) and OPM's own accounting policies, as summarized in this note. As such, the financial statements may differ from the reports, also prepared by OPM pursuant to OMB directives, that are used to monitor and control OPM's use of its budgetary resources.

C. USE OF ESTIMATES

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires OPM management to make certain estimates. These estimates affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of earned revenues and costs during the reporting period. Actual results could differ from those estimates.

D. CLASSIFICATION OF ASSETS, LIABILITIES, REVENUE AND COST

1. Since OPM has the legal authority to use its assets for authorized purposes, all OPM assets are classified as "entity assets."
2. All costs to provide benefits to participants in the Retirement, Health Benefits and Life Insurance Programs are considered to be "with the public." Virtually all earned revenues, except for contributions by participants, are considered to be "intragovernmental."

3. Since all OPM revenues are earned, they are classified as "exchange" revenues and deducted from costs on the Statement of Net Cost.
4. Intragovernmental liabilities and assets are reported separately from other liabilities and assets. Intragovernmental liabilities and assets arise from transactions between OPM and other Federal entities, including the U.S. Postal Service. The determining factor in classifying liabilities and assets as intragovernmental is the source of the liability or asset.

E. BUDGETARY RESOURCES

OPM may incur obligations and make expenditures to the extent that it has budgetary resources available to cover them. OPM's budgetary resources are derived for the most part from collections. Collections by the Retirement Program -- a transfer from the General Fund of the U.S. Treasury, interest on investments, and contributions made by and for participating employees -- are classified as "appropriated receipts." Collections by the Health Benefits and Life Insurance Programs -- earnings on investments and contributions made by and for those employees participating -- and by the Revolving Fund Programs -- reimbursements for human resource services -- are classified as "spending authority from offsetting collections."

F. LIABILITIES

OPM's authority to liquidate its liabilities is provided by law in the form of budgetary resources. Where OPM has been provided the authority to use its assets to liquidate liabilities, the liabilities are considered to be "covered by budgetary resources." The liabilities for which OPM has no authority to liquidate are considered to be "not covered by budgetary resources."

G. FUND BALANCE WITH TREASURY

The U.S. Treasury processes deposits and disbursements for OPM. The Fund Balance with Treasury represents appropriated, revolving, and trust funds immediately available to OPM for authorized expenditure.

H. INVESTMENTS

OPM invests all Retirement, Health Benefits, and Life Insurance Program balances that are not immediately needed for expenditure. OPM is restricted by law to invest in interest-bearing investments that are guaranteed as to principal and interest. Investments are stated at amortized acquisition cost [par value plus or minus amortized discount or premium, respectively]. Premium and discount are amortized into interest income over the term of the investment using the interest method. Most OPM investments are in non-marketable, market-based securities that have a yield equaling the average of all marketable Public Debt securities with four or more years to maturity.

OPM initially invests Retirement Program collections in special-issue, non-marketable securities called certificates of indebtedness ("Certificates"), that are issued at face value and mature on the following June 30. The Certificates are routinely redeemed at face value to pay for authorized Program expenditures. Each June 30, all outstanding certificates are "rolled over" into non-marketable, market-based securities, with maturities spread over 15 years. The Retirement Program also carries, but does not routinely invest in, securities issued by the U.S.

Postal Service (USPS) and the Federal Financing Bank (FFB), as well as marketable Public Debt securities.

Quoted market prices are used to value investments in marketable Treasury securities; market-based Treasury securities are valued by market prices quoted for the securities upon which they are based. There are no quoted market prices for the remaining investments, which are valued using various factors. The fair value of the Federal Financing Bank securities and the Certificates is equal to their par values. The fair value of the U.S. Postal Service securities is based on yields currently available on comparable securities.

I. ACCOUNTS RECEIVABLE

Accounts receivable consist of amounts owed to OPM by other Federal agencies (classified as intragovernmental) and by the public. Most intragovernmental accounts receivable are contributions due from Federal agencies for their employees participating in the Retirement, Health Benefits and Life Insurance Programs. Receivables from the public generally represent (1) contributions due by participants to the Retirement, Health Benefits and Life Insurance Programs; (2) amounts due to the Retirement Program from the recipients of benefits, who have been subsequently determined to be ineligible for them; (3) amounts due to Health Benefits Program by participating carriers representing disallowed charges to their contracts. The balance of accounts receivable is stated net of an allowance for uncollectible amounts, that is based on past collection experience and an analysis of outstanding amounts due.

J. ASSETS HELD BY INSURANCE CARRIERS

This represents the amount held by the experience-rated carriers participating in the Health Benefits Program and by the Life Insurance Program carriers, pending expenditure for authorized purposes.

K. PROPERTY AND EQUIPMENT

Property and equipment purchases that exceed OPM's established capitalization thresholds are stated at cost. Depreciation is determined on the straight-line method over the estimated useful life of the asset. Minor purchases, repairs and maintenance are charged to expense as they are incurred.

L. BENEFITS AND PREMIUMS DUE AND PAYABLE

This reflects claims filed by participants in the Retirement, Health Benefits and Life Insurance Programs that are unpaid in the current reporting period, and payable in the subsequent period. For the Health Benefits and Life Insurance Programs, the amount includes an estimate of claims incurred but not yet reported.

Community-rated plans contracting with the Health Benefits Program are not required to maintain separate accounting records for Program activities. On the accompanying balance sheet, "premiums due and payable" is the amount owed by OPM to the community-rated carriers in the current reporting period, and payable in the subsequent period.

M. ACTUARIAL LIABILITIES AND ASSOCIATED EXPENSES

OPM reports three "actuarial liabilities" and associated expenses in accordance with Statement of Federal Financial Accounting Standards (SFFAS) Number 5 -- *Accounting for Liabilities of the Federal Government*.

The actuarial liabilities are measured as of the first day of the year, with a "roll-forward" or projection to the end of the year, in accordance with SFFAS Interpretation Number 3 -- *Measurement Date for Pension and Retirement Health Care Liabilities*. The "roll-forward" considers all major factors that affect the measurement occurring during the reporting year, including pay raises, cost of living allowances, and material changes in the numbers of covered employees.

N. EARNED REVENUES AND OTHER FINANCING SOURCES

1. Earned Revenues

a. Contributions by and for Benefit Program Participants

CSRS. Generally, the law fixes the contributions by and for most participants at a combined 15.91 percent of basic pay in 2000. [P.L. 106-346, signed into law on October 23, 2000, will reduce this to 15.51 percent of basic pay, effective on January 1, 2001]. The service cost of providing benefits to most CSRS employees is 24.2 percent, which represents the percentage of basic pay that should be contributed by and for employees over their working careers to meet their projected retirement benefits. Thus, contributions by and for participants do not cover the service cost of the CSRS.

FERS. The service cost of providing benefits to most FERS employees is 11.5 percent of basic pay. The service cost is generally fully funded by the contributions made by and for participants.

Health Benefits Program. The Health Benefits Program is contributory, with both the covered participant and his/her employer or retirement system required to make contributions. Participants and their applicable employing agency or retirement system contribute to the Program at approximately a two-thirds, one-third ratio, respectively. The "employer" share for participating Retirement Program retirees and survivors is drawn from an appropriation account.

Life Insurance Program. The Life Insurance Program is contributory, with both the covered participant and his/her employer or retirement system required to make contributions. Participant contributions for Basic life insurance are twice that of the non-Postal employing agency or retirement system. For participating annuitants, the "employer" contribution for Basic life insurance is drawn from an appropriation account. For optional coverages, the entire contribution is borne by the participant.

b. Earnings on Investments

SFFAS Number 7 -- *Accounting for Revenue and Other Financing Sources* -- requires that OPM's earnings on its investments be classified in the same way as its predominant source of revenue. Since all of OPM's revenues are classified as exchange revenues, interest revenue is also classified as exchange revenue.

2. Other Financing Sources

Transfer-in. The law requires that the Treasury transfer annually from the General Fund of the U.S. Government to the Retirement Program an amount to provide for (1) interest on the unfunded actuarial liability; (2) a payment to amortize over a 30-year period the increase in the actuarial liability resulting from new or liberalized benefits; and (3) reimbursement for the cost incurred by the Program to provide credit for military service and certain survivor benefits. According to SFFAS Number 7, an inflow of resources that does not require reimbursement from the recipient is a "subsidy" of the recipient. Thus, the inflow of resources from the General Fund is not revenue, but an "other financing source" to OPM.

Appropriations used. OPM receives appropriations to support its operations. A financing source, "appropriations used," is recognized to the extent the appropriated resources have been consumed. Appropriations used are recognized as a financing source as expenses are incurred.

NOTE 2. INVESTMENTS, NET

The following table presents OPM's investments and related information as of September 30, 2000:

Program	Cost	Amortized Discount/ (Premium)	Investments, Net	Market Value
Retirement	\$512,037	0	\$512,037	\$512,080
Health Benefits	5,984	\$7	5,991	5,997
Life Insurance	22,426	(157)	22,269	22,547
Total	\$540,447	\$(150)	\$540,297	\$540,624

NOTE 3. LIABILITIES NOT COVERED BY BUDGETARY RESOURCES

With minor exception, budgetary resources are available to liquidate all of OPM's non-actuarial liabilities; these liabilities are considered to be "covered by budgetary resources." Since no budget authority has been provided to liquidate any portion of the actuarial liabilities [Pension, Postretirement Health Benefits, and the Actuarial Life Insurance Liability, see Notes 4, 5 and 6], they are considered to be "not covered by budgetary resources" in their entirety.

NOTE 4. PENSION LIABILITY AND EXPENSE

In computing the Pension Liability and Expense, OPM's pension actuary has applied economic assumptions to historical cost information in order to estimate the Federal government's future cost of retirement benefits for current and future retirees. This estimate is adjusted by the time value of money (a weighted discount rate of seven percent) and the probability of having to pay benefits due to assumed decrements for mortality, morbidity, and terminations. In addition, a four percent rate of inflation is assumed as well as a 4.25 percent increase in projected salaries.

For fiscal year 2000, OPM's pension actuary has calculated the Pension Expense to be \$88,406, which is classified in the following table by its three cost components (in \$ billions):

	CSRS	FERS	TOTAL
Service Cost	\$12.7	\$8.7	\$21.4
Interest Cost	60.9	7.4	68.3
Actuarial (Gain) Loss	(3.2)	1.9	(1.3)
Total Pension Expense	\$70.4	\$18.0	\$88.4

The following table presents the Pension Liability at September 30, 2000 (in \$ billions):

	CSRS	FERS	TOTAL
Pension Liability at October 1, 1999	\$886.2	\$101.8	\$988.0
Plus: Pension Expense	70.4	18.0	88.4
Less: Operating Costs Applied to Pension Liability	44.1	1.2	45.3
Pension Liability at September 30, 2000	\$912.5	\$118.6	\$1,031.1

In accordance with SFFAS Number 5, the Pension Liability has been reduced by the total operating costs incurred by the Retirement Program during fiscal year 2000. The operating costs applied to the Pension Liability are:

Annuities	\$44,849
Refunds of Contributions	333
Administrative and Other Expenses	124
Operating Costs Applied to Pension Liability	\$45,306

NOTE 5. POSTRETIREMENT HEALTH BENEFITS LIABILITY AND EXPENSE

In computing the Postretirement Health Benefits Liability and associated expense, OPM's actuary has applied economic assumptions to historical cost information in order to estimate the Federal government's future cost of providing postretirement health benefits for current employees and retirees. This estimate is adjusted by the time value of money (a weighted discount rate of seven percent) and the probability of having to pay benefits due to assumed decrements for mortality, morbidity, and terminations. In addition, a seven percent composite annual rate of increase in the per capita cost of covered health care benefits is assumed, which approximates current experience.

For fiscal year 2000, OPM's actuary has calculated the Postretirement Health Benefits Expense to be \$23,761, which is classified in the following table by its three cost components:

Service Cost	\$ 6,370
Interest Cost	12,610
Actuarial Loss	4,781
Total Postretirement Health Benefits Expense	\$23,761

The Service Cost component is computed by multiplying an estimate of the enrollment in the Health Benefits Program by a factor of \$2,803 per participant. Since neither the employing agency nor participating employees make contributions for postretirement health benefits, employing agencies must recognize the entire cost as an imputed cost.

The following table presents the computation of the Postretirement Health Benefits Liability at September 30, 2000:

Postretirement Health Benefits Liability at October 1, 1999	\$175,365
Plus: Postretirement Health Benefits Expense	23,761
Less: Operating Costs Applied to Postretirement Health Benefits Liability	6,909
Postretirement Health Benefits Liability at September 30, 2000	\$192,217

In accordance with SFFAS Number 5, the Postretirement Health Benefits Liability has been reduced by certain operating costs incurred by the Health Benefits Program during fiscal year 2000. The operating costs applied to the Postretirement Health Benefits Liability are:

Current Benefits	5,158
Premiums	1,171
Administrative and Other	580
Operating Costs Applied to Postretirement Health Benefits Liability	\$6,909

The assumed health care cost trend rate has a significant effect on the amounts reported as the Postretirement Health Benefits Liability and associated expense. A one-percentage-point change in the assumed health care cost trend rates would have the following effects:

	8.0% [One Percent Increase]	6.0% [One Percent Decrease]
Interest Cost Component	\$14,422	\$11,087
Service Cost Component	\$8,078	\$5,046
Postretirement Health Benefits Liability	\$221,577	\$167,665

NOTE 6. ACTUARIAL LIFE INSURANCE LIABILITY AND ASSOCIATED EXPENSE

The Actuarial Life Insurance Liability is the expected present value of future benefits to be paid to, or on behalf of, existing Program participants, less the expected present value of future contributions to be collected from those participants. In calculating the Actuarial Life Insurance Liability, OPM's actuary uses assumptions that are consistent with those used in computing the Pension Liability [Note 4].

The following table presents the computation of the Actuarial Life Insurance Liability, as of September 30, 2000:

Expected Present Value of Future Benefits	\$49,979
Expected Present Value of Future Contributions by Participants	25,317
Actuarial Life Insurance Liability	\$24,662

The change in the Actuarial Liability from the beginning of the fiscal year is classified as "Future Life Insurance Benefits Expense" and is computed, as follows:

Actuarial Life Insurance Liability at September 30, 2000	\$24,662
Less: Actuarial Life Insurance Liability at October 1, 1999	23,575
Future Life Insurance Benefits Expense	\$ 1,087

The Life Insurance Program is funded by means of a level premium -- that is, the premium paid by and for enrollees remains fixed until age 65. The premium is set at a level that overcharges participants during early years of coverage to compensate for higher rates of benefit outflows at later years of coverage. The contributions to the Program, when accumulated over the years with interest, are expected to be sufficient to provide for the net outflows during the later years of coverage. The Actuarial Life Insurance Liability includes the long-term obligation for both pre-retirement and post-retirement benefits; though inseparable, the Program's Future Benefits Expense for fiscal year 2000 can be approximated to be .02 percent of the basic pay of each participating employee.

NOTE 7. CONCENTRATION OF VENDOR SERVICES - HEALTH BENEFITS AND LIFE INSURANCE PROGRAMS

Approximately 44 percent of the Health Benefits Program's claims are administered by the Blue Cross and Blue Shield Association, an experience-rated plan. Virtually all of the Life Insurance Program's benefits are administered by the principal life insurance carrier, Metropolitan Life Insurance Company.

NOTE 8. CONTINGENCIES

OPM is a defendant in legal proceedings in which some Health Benefits Program carriers are seeking relief for discrepancies in the premium payments they have received. In addition, OPM is a defendant in a class action suit involving potential back pay, interest and enhanced retirement benefits for present and former employees whose positions were subject to special pay rates in the 1980s. Settlements in these suits are paid from the Treasury Judgement Fund. While it is not feasible to predict or determine the ultimate outcome of these matters, it is the opinion of management that the outcome will not have a material adverse effect on OPM's financial position or results of operations.

On September 19, 2000, the President signed the Federal Erroneous Retirement Coverage Corrections Act (FERCCA). FERCCA prescribes corrective actions in cases where individuals hired after 1983 were placed in the wrong Retirement Program pension plan. In some cases, such individuals have separated from the Federal service with incorrect retirement benefits or refunds of contributions. FERCCA requires, as part of the correction process, that OPM refund excess contributions to participants and transfer monies representing Social Security taxes that should have been paid from the CSRDF to the General Fund of the Treasury. Although OPM's management is unable to predict or determine the losses that will be incurred by the CSRDF, management estimates that such losses will not have a material adverse effect on OPM's financial position or results of operations.

OPM is often involved in legal and administrative proceedings that arise in the ordinary course of business. OPM management, based upon the opinion of its General Counsel, believes that the combined outcome of all such proceedings, both pending or known to be threatened, will not have a material adverse effect on OPM's financial position or results of operations.

NOTE 9. COST AND EARNED REVENUE BY BUDGET FUNCTION

The following table presents OPM's cost and associated earned revenue by budget function. For fiscal year 2000, the cost and associated earned revenue of the Retirement and Life Insurance Programs are classified as "Employee Retirement and Disability" in the President's budget; the Health Benefits Program as "Health Care Services;" and the Revolving Fund Programs and Salaries and Expenses as "General Government."

Budget Function	Budget Function Code	Cost	Earned Revenue	Net Cost
Employee Retirement and Disability	602	\$91,343	\$57,807	\$33,536
Health Care Services	551	36,553	14,643	21,910
General Government	805	359	242	117
Total		\$128,255	\$72,692	\$55,563

NOTE 10. RESTATEMENT OF UNOBLIGATED BALANCE AT BEGINNING OF THE YEAR

The unobligated balance of budgetary resources for the Health Benefits and Life Insurance Programs at October 1, 1999 has been restated to correct a misstatement. The misstatement was first established at October 1, 1997, the initial year of reporting in accordance with OMB Bulletin No. 97-01. The correction affects the amount of budgetary resources that are unavailable to OPM. Both Programs realize sufficient budgetary resources during the year to cover all incurred obligations.

The cumulative effect of the adjustment is reflected as a \$998 decrease in the unobligated balance at the beginning of the year on the accompanying Statement of Budgetary Resources, as follows:

	Health Benefits Program	Life Insurance Program	Revolving Fund Programs & Salaries and Expenses	Total
Unobligated balance, October 1, as previously reported	\$4,233	\$21,246	60	\$25,539
Prior period adjustment	(177)	(821)	0	(998)
Unobligated balance, October 1, as adjusted	\$4,056	\$20,425	60	\$24,541

A similar correction to the unobligated balance of budgetary resources for the Retirement Program at October 1, 1999 is not reflected on the accompanying Statement of Budgetary Resources. Unlike the Health Benefits and Life Insurance Programs, the budgetary resources of the Retirement Program do not include unobligated balances at the beginning of the year. Rather, budgetary resources are included as the increase in the balance of temporarily unavailable appropriated receipts during the year; temporarily unavailable appropriated receipts are Program collections for the year in excess of obligations incurred. As reported in the accompanying Statement of Budgetary Resources, the balance of temporarily unavailable appropriated receipts increased in fiscal year 2000 by \$30,634.

The error has been corrected by increasing the Retirement Program's balance of temporarily unavailable appropriated receipts at October 1, 1999 by \$537:

Temporarily unavailable appropriated receipts, October 1, as originally stated	\$ 476,932
Prior period adjustment	537
Temporarily unavailable appropriated receipts, October 1, 1999, as adjusted	477,469
Increase in temporarily unavailable appropriated receipts	30,634
Temporarily unavailable appropriated receipts, September 30, 2000	\$508,103

**CONSOLIDATING FINANCIAL STATEMENTS
(SCHEDULES 1 – 5)**

U.S. OFFICE OF PERSONNEL MANAGEMENT

SCHEDULE 1 - CONSOLIDATING BALANCE SHEET

As of September 30, 2000

(Dollars in Millions)

	Retirement Program	Health Benefits Program	Life Insurance Program	Revolving Fund Programs	Salaries and Expenses	Eliminations	Consolidated
ASSETS							
Intragovernmental:							
Fund Balance with Treasury	\$11	\$449	\$6	\$61	\$17	0	\$544
Investments, Net [Note 2]	512,037	5,991	22,269	0	0	0	540,297
Accounts Receivable, Net:							
Benefit Contributions for Participants	596	375	12	0	0	0	983
Interest on Investments	8,520	37	386	0	0	0	8,943
Other Receivables	0	0	0	83	27	(10)	100
Total Intragovernmental	521,164	6,852	22,673	144	44	(10)	550,867
Accounts Receivable, Net:							
Benefit Contributions by Participants	191	345	81	0	0	0	617
Other Receivables	102	71	0	13	0	0	186
Assets Held by Insurance Carriers	0	86	355	0	0	0	441
Property and Equipment	0	0	0	3	7	0	10
TOTAL ASSETS	521,457	7,354	23,109	160	51	(10)	552,121
LIABILITIES							
Intragovernmental	1	7	1	142	8	(10)	149
Benefits Due and Payable	3,598	1,990	484	0	0	0	6,072
Premiums Due and Payable	0	410	0	0	0	0	410
Actuarial Liabilities:							
Pension Liability [Note 4]	1,031,100	0	0	0	0	0	1,031,100
Postretirement Health Benefits Liability [Note 5]	0	192,217	0	0	0	0	192,217
Actuarial Life Insurance Liability [Note 6]	0	0	24,662	0	0	0	24,662
Other	358	544	0	13	24	0	939
Total Liabilities	1,035,057	195,168	25,147	155	32	(10)	1,255,549
Net Position:							
Unexpended Appropriations	0	0	0	0	13	0	13
Cumulative Results of Operations	(513,600)	(187,814)	(2,038)	5	6	0	(703,441)
Total Net Position	(513,600)	(187,814)	(2,038)	5	19	0	(703,428)
TOTAL LIABILITIES AND NET POSITION	\$521,457	\$7,354	\$23,109	\$160	\$51	(\$10)	\$552,121

The accompanying notes are an integral part of the financial statements.

U.S. OFFICE OF PERSONNEL MANAGEMENT

SCHEDULE 2 - CONSOLIDATING STATEMENT OF NET COST

For the Year Ended September 30, 2000

(Dollars in Millions)

	CSRS	FERS	Total Retirement Program	Health Benefits Program	Life Insurance Program	Revolving Fund	Salaries and Expenses	Elim.	Consolidated
COST TO PROVIDE BENEFITS AND SERVICES									
Pension Expense [Note 4]	\$ 70,417	\$ 17,989	\$88,406	0	0	0	0	0	\$88,406
Postretirement Health Benefits Expense [Note 5]	0	0	0	\$23,761	0	0	0	0	23,761
Future Life Insurance Benefits [Note 6]	0	0	0	0	\$1,087	0	0	0	1,087
Current Benefits and Premiums	0	0	0	12,312	1,831	0	0	0	14,143
Other	0	0	0	480	19	\$254	\$255	(\$150)	858
Total Cost to Provide Benefits and Services	70,417	17,989	88,406	36,553	2,937	254	255	(150)	128,255

EARNED REVENUES									
Employer Contributions	7,956	8,005	15,961	8,956	363	0	0	0	25,280
Participant Contributions	3,838	865	4,703	5,335	1,430	0	0	0	11,468
Earnings on Investments	25,740	8,236	33,976	352	1,374	0	0	0	35,702
Other	0	0	0	0	0	251	141	(150)	242
Total Earned Revenues	37,534	17,106	54,640	14,643	3,167	251	141	(150)	72,692

Net Cost of Operations									
(Excess of Earned Revenues Over Cost)	\$32,883	\$883	\$33,766	\$21,910	(\$230)	\$3	\$114	\$0	\$55,563

The accompanying notes are an integral part of the financial statements.

U. S. OFFICE OF PERSONNEL MANAGEMENT
SCHEDULE 3 - CONSOLIDATING STATEMENT OF CHANGES IN NET POSITION
For the Year Ended September 30, 2000
(Dollars in Millions)

	Retirement Program	Health Benefits Program	Life Insurance Program	Revolving Fund Programs	Salaries and Expenses	Consolidated
(Net Cost of Operations)						
Excess of Earned Revenues over Cost	(\$33,766)	(\$21,910)	\$230	(\$3)	(\$114)	(\$55,563)
Financing Sources (other than earned revenues)						
Appropriations Used	0	5,049	27	0	98	5,174
Transfer-in	21,556	0	0	0	0	21,556
Imputed Financing	0	0	0	0	8	8
Net Results of Operations	(12,210)	(16,861)	257	(3)	(8)	(\$28,825)
Prior Period Adjustments	0	0	0	30	10	40
Net Change in Cumulative Results of Operations	(12,210)	(16,861)	257	27	2	(\$28,785)
Decrease in Unexpended Appropriations	0	0	0	0	(31)	(31)
Change in Net Position	(12,210)	(16,861)	257	27	(29)	(\$28,816)
Net Position, Beginning of Year	(501,390)	(170,953)	(2,295)	(22)	48	(674,612)
Net Position, End of Year	(\$513,600)	(\$187,814)	(\$2,038)	\$5	\$19	(\$703,428)

The accompanying notes are an integral part of the financial statements.

U.S. OFFICE OF PERSONNEL MANAGEMENT
SCHEDULE 4 - CONSOLIDATING STATEMENT OF BUDGETARY RESOURCES
For the Year Ended September 30, 2000
(Dollars in Millions)

	Retirement Program	Health Benefits Program	Life Insurance Program	Revolving Fund Programs	Salaries and Expenses	Elim.	Consolidated
BUDGETARY RESOURCES							
Appropriations	0	\$5,049	\$33	0	\$91	0	\$5,173
Total Appropriated Receipts	\$76,136	0	0	0	0	0	76,136
Less: Increase in Temporarily Unavailable Appropriated Receipts [Note 10]	30,634	0	0	0	0	0	30,634
Available Appropriated Receipts	45,502	0	0	0	0	0	45,502
Spending Authority from Offsetting Collections	0	14,644	3,242	\$243	109	(\$150)	18,088
Unobligated Balance, Beginning of Year, as Restated [Note 10]	0	4,056	20,425	33	27	0	24,541
Other	0	0	(6)	0	0	0	(6)
Total Budgetary Resources	45,502	23,749	23,694	276	227	(150)	93,298

STATUS OF BUDGETARY RESOURCES

Obligations Incurred	45,502	19,664	1,842	228	209	(150)	67,295
Unobligated Balances, Available	0	0	0	113	7	0	120
Unobligated Balances, Unavailable	0	4,085	21,852	(65)	11	0	25,883
Total Status of Budgetary Resources	45,502	23,749	23,694	276	227	(150)	93,298

OUTLAYS

Obligations Incurred	45,502	19,664	1,842	228	209	(150)	67,295
Less: Spending Authority from Offsetting Collections	0	14,644	3,242	243	109	(150)	18,088
Subtotal	45,502	5,020	(1,400)	(15)	100	0	49,207
Obligated Balance, Net - Beginning of Year	3,792	2,148	61	32	43	0	6,076
Less: Obligated Balance, Net - End of Year	3,942	2,330	114	(15)	2	0	6,373
Total Outlays	\$45,352	\$4,838	(\$1,453)	\$32	\$141	\$0	\$48,910

The accompanying notes are an integral part of the financial statements.

U.S. OFFICE OF PERSONNEL MANAGEMENT

SCHEDULE 5 - CONSOLIDATING STATEMENT OF FINANCING

For the Year Ended September 30, 2000

(Dollars in millions)

	Retirement Program	Health Benefits Program	Life Insurance Program	Revolving Fund Programs	Salaries and Expenses	Elim.	onsolidated
Obligations and Nonbudgetary Resources							
Obligations Incurred	\$45,502	\$19,664	\$1,842	\$228	\$209	(\$150)	\$67,295
Less: Spending authority From Offsetting Collections	0	14,644	3,242	243	109	(150)	18,088
Less: Total Appropriated Receipts	76,136	0	0	0	0	0	76,136
Other Financing Sources	21,556	0	0	2	0	0	21,558
Exchange Revenue Not in the Budget	(242)	20	2	0	0	0	(220)
Other	0	6	0	0	0	0	6
Total Obligations, As Adjusted, and Nonbudgetary Resources	(9,320)	5,046	(1,398)	(13)	100	0	(5,585)
Resources That Do Not Fund Net Cost of Operations	0	6	(33)	10	12	0	(5)
Costs That Do Not Require Resources	(14)	6	114	2	(2)	0	106
Financing Sources Yet to be Provided							
Change in Pension Liability	43,100	0	0	0	0	0	43,100
Change in Postretirement Health Benefits Liability	0	16,852	0	0	0	0	16,852
Change in Actuarial Life Insurance Liability	0	0	1,087	0	0	0	1,087
Other	0	0	0	4	4	0	8
Total Financing Sources Yet to be Provided	43,100	16,852	1,087	4	4	0	61,047
Net Cost of Operations (Excess of Earned Revenue over Cost)	\$33,766	\$21,910	(\$230)	\$3	\$114	\$0	\$55,563

The accompanying notes are an integral part of the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

**INTRAGOVERNMENTAL ASSETS
BY TRADING PARTNER**
as of September 30, 2000
(Rounded to nearest dollar)

OPM is required to report three categories of intragovernmental assets by trading partner: Benefit Contributions for Participants, Interest on Investments, and Fund Balance with Treasury and Investments. For each of these intragovernmental asset categories, the following schedule identifies the corresponding liability that should be reported by trading partner.

Trading Partner	Benefit Contributions for Participants	Interest on Investments	Fund Balance with Treasury and Investments
Agriculture	\$ 45,694,115	0	0
Commerce	17,780,586	0	0
Defense	191,673,097	0	0
Education	2,728,208	0	0
Energy	19,887,297	0	0
Health and Human Services	35,575,472	0	0
Housing and Urban Development	5,516,085	0	0
Interior	28,859,533	0	0
Justice	85,306,419	0	0
Labor	8,343,182	0	0
State	6,207,023	0	0
Transportation	43,858,788	0	0
Treasury	68,423,604	8,941,509,488	540,840,943,619
Veterans Affairs	86,041,815	0	0
Agency for International Development	976,104	0	0
Environmental Protection Agency	10,070,656	0	0
Federal Emergency Management Agency	1,645,291	0	0
General Services Administration	6,954,811	0	0
National Aeronautics and Space Agency	11,081,456	0	0
National Science Foundation	219,836	0	0
Nuclear Regulatory Commission	1,841,631	0	0
Small Business Administration	1,970,640	0	0
Social Security Administration	26,813,886	0	0
U.S. Postal Service	184,490,641	1,423,840	0
Other trading partners	91,280,229	0	0
Total	\$983,240,404	\$8,942,933,328	\$540,840,943,619

**INTRAGOVERNMENTAL EARNED REVENUE
BY TRADING PARTNER**
for the Year Ended September 30, 2000
(Rounded to nearest dollar)

OPM must also report two categories of intragovernmental earned revenue balances by trading partner: Contributions for Participants and Interest on Investments. For both of these, the following schedule identifies the corresponding expense that should be reported by trading partner. Also, reported is OPM's "Full Cost to Generate Revenues", which is equal to these earned revenues.

Trading Partner	Contributions for Participants	Interest on Investments	Full Cost to Generate Revenue
Agriculture	\$ 796,406,663	0	
Commerce	308,204,245	0	
Defense	5,235,563,212	0	
Education	50,721,366	0	
Energy	164,159,665	0	
Health and Human Services	463,352,634	0	
Housing and Urban Development	93,621,731	0	
Interior	482,970,282	0	
Justice	1,447,460,384	0	
Labor	140,448,287	0	
State	99,190,533	0	
Transportation	749,354,133	0	
Treasury	1,196,983,774	35,679,489,604	
Veterans Affairs	1,481,883,020	0	
Agency for International Development	15,093,253	0	
Environmental Protection Agency	172,359,171	0	
Federal Emergency Management Agency	27,654,972	0	
General Services Administration	117,774,343	0	
National Aeronautics and Space Agency	189,595,677	0	
National Science Foundation	11,310,792	0	
Nuclear Regulatory Commission	31,601,569	0	
Small Business Administration	34,334,618	0	
Social Security Administration	458,977,232	0	
U.S. Postal Service	10,381,743,918	22,405,480	
Other trading partners	1,129,030,434	0	
Total	\$25,279,795,910	\$35,701,895,084	\$60,981,690,994

INDEPENDENT AUDITORS' REPORT



2001 M Street, N.W.
Washington, DC 20036

Independent Auditors' Report

Director,
U.S. Office of Personnel Management

This report presents the results of our audits of the consolidated balance sheet of the U.S. Office of Personnel Management (OPM) as of September 30, 2000, as well as the individual balance sheets of the Retirement, Health Benefits, and Life Insurance Programs (the Programs) as of September 30, 2000, and the related consolidated and individual Programs' statements of net cost, changes in net position, budgetary resources, and financing for the year then ended. The objective of our audits was to express an opinion on the fair presentation of these financial statements. In connection with our audits, we also considered OPM's internal control over financial reporting and tested OPM's compliance with certain provisions of applicable laws and regulations that could have a direct and material effect on its financial statements.

Summary

As stated in our opinion, we concluded that OPM's consolidated financial statements and the individual statements of the Programs as of and for the year ended September 30, 2000, are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America.

Our consideration of internal control over financial reporting resulted in reportable conditions in the following areas:

- Electronic data processing (EDP) general control environment
- Account analysis and other significant reconciliation procedures by the Office of the Chief Financial Officer (OCFO)
- Budgetary accounting structure of the OCFO
- Quality control over annual financial statement preparation
- Controls over program administration for the community-rated health carriers

Our tests of compliance with certain provisions of laws and regulations, exclusive of those referred to in the Federal Financial Managers' Integrity Act (FFMIA) of 1986, disclosed no instances of noncompliance with laws and regulations that are required to be reported under *Government Auditing Standards* issued by the Comptroller General of the United States, and Office of Management and Budget (OMB) Bulletin No. 01-02, *Audit Requirements for Federal Financial Statements*. However, our tests of compliance with FFMIA section 803(a) requirements disclosed instances where the OPM's financial management systems did not substantially comply with (1) Federal financial management systems requirements, (2) applicable Federal accounting standards, and (3) the United States Government Standard General Ledger at the transaction level.



The following sections discuss our opinions on OPM's consolidated financial statements and the Programs' individual financial statements, our consideration of OPM's internal control over financial reporting, the results of our tests of OPM's compliance with certain provisions of laws and regulations, and management's and our responsibilities

Opinion on the Financial Statements

We have audited the consolidated balance sheet of the U.S. Office of Personnel Management as of September 30, 2000, and the related consolidated statements of net cost, changes in net position, budgetary resources, and financing for the year then ended. We have also audited the individual balance sheets of the Retirement, Health Benefits, and Life Insurance Programs as of September 30, 2000, and the individual Programs' statements of net cost, changes in net position, budgetary resources, and financing for the year then ended. These individual Program financial statements are included in the consolidating financial statements presented as schedules 1 through 5.

We did not audit the financial statements of the experience-rated health carriers, which statements comprise 1% of total assets reflected in the Health Benefits Program (HBP) individual balance sheet and substantially all of the post-retirement health benefits and current benefits reflected in the HBP statement of net cost. The experience-rated carrier financial statements were audited by other auditors, whose reports thereon have been provided to us, and our opinion, insofar as it relates to the amounts included for the experience-rated carriers, is based solely on the reports of the other auditors.

Additionally, we did not audit the financial statements of Metropolitan Life Insurance Company's Office of Federal Employees Group Life Insurance Program (OFEGLI), which statements comprise approximately 2% of total assets reflected in the Life Insurance Program (LP) balance sheet and substantially all of the current benefits reflected in the LP statement of net cost. Those financial statements were audited by other auditors, whose report thereon has been provided to us, and our opinion, insofar as it relates to the amounts included for OFEGLI, is based solely on the reports of the other auditors.

In our opinion, based on our audits and the results of other auditors, the consolidated financial statements of OPM and the individual financial statements of the Programs present fairly, in all material respects, the consolidated financial position of OPM and the financial position of each of the Programs as of September 30, 2000, and the consolidated and individual Programs' net costs, changes in net position, budgetary resources, and reconciliation of net costs to budgetary obligations for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The information included in the sections entitled Management Discussion and Analysis (MD&A) and Required Supplementary Information is not a required part of the consolidated financial statements but is supplementary information required by the Federal Accounting Standards Advisory Board or OMB Bulletin No. 97-01, *Form and Content of Agency Financial Statements*, as amended. We have applied certain limited procedures that consisted principally of inquiries of management regarding the methods of measurement and presentation of this information. However, we did not audit the information in the MD&A and Required Supplementary Information sections and, accordingly, we express no opinion on it.

Our audits were conducted for the purpose of forming opinions on the consolidated financial statements of OPM taken as a whole and on the individual financial statements of the Programs. The financial statements of the Revolving Fund Programs and Salaries and Expenses funds (the Funds) included in the consolidating financial statements presented as schedules 1 through 5, are presented for purposes of additional analysis of the consolidated financial statements of OPM rather than to present the financial position, net costs, changes in net position, budgetary resources, and reconciliation of net costs to budgetary obligations of the individual Funds. The financial statements of the Funds have been subjected to the auditing procedures applied in the audit of the OPM's consolidated financial statements and, in our opinion, are fairly stated in all material respects in relation to OPM's consolidated financial statements taken as a whole.

Internal Control over Financial Reporting

We noted certain matters, described in items 1 through 5 below, involving the internal control over financial reporting and its operation that we consider to be reportable conditions under standards issued by the American Institute of Certified Public Accountants (AICPA). However, none of the reportable conditions identified below are believed to be material weaknesses.

Our consideration of internal control over financial reporting for fiscal year 2000 would not necessarily disclose all matters that might be reportable conditions. Under standards issued by the AICPA, reportable conditions are matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect OPM's ability to record, process, summarize, and report financial data consistent with the assertions by management in the financial statements. Material weaknesses are reportable conditions in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements, in amounts that would be material in relation to the financial statements being audited, may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Because of inherent limitations in any internal control, misstatements due to error or fraud may occur and not be detected.

The objectives of our audits were not to provide assurance on OPM's internal control over financial reporting. In addition, our procedures were not designed to provide assurance on internal control over reported performance measures. Consequently, we do not provide an opinion on internal control over financial reporting or performance measures.

The status of prior year findings is presented in Exhibit I.

We also noted other matters involving internal control over financial reporting and its operation that we have reported to the management of OPM in a separate letter dated February 16, 2001.

1. EDP General Control Environment

(a) Chief Information Officer Management, Organizational, and Accountabilities Structure

Throughout fiscal year 2000, reorganization efforts have been underway to consolidate some information technology functions and to strengthen the role of the Office of the Chief Information Officer (OCIO). Key control areas that require entity-wide level management, which are under the control of the OCIO, include security, network and platform management, change management, and service continuity.

Recognizing that some information technology functions can be appropriately distributed, a clear accountability structure is required to ensure the OCIO is positioned to effectively coordinate and oversee the distributed functions. Additionally, several internal and external initiatives such as the Government Information Security Reform Act, the Presidential Decision Directive 63, the Health Information Portability and Accountability Act of 1996, and the OPM's Retirement Systems Modernization program will require entity-wide coordination of resources, policies, and management oversight.

(b) Entity-Wide Information Security Program

As previously reported, OPM still lacks an integrated entity-wide information security program. As outlined in OMB Circular A-130, *Management of Federal Information Resources*, an effective security program includes a risk assessment process, a certification process, and an effective incident response and monitoring capability. OPM is currently in the process of developing entity-wide security policies, which should lay the foundation for an effective security plan. An entity-wide security program, including security policies and a related implementation plan, is the foundation of an entity's security control structure and a reflection of senior management's commitment to addressing security risks.

Our review and evaluation of OPM's entity-wide information security program revealed:

- Weaknesses in selected security policies, including password maintenance, RACF user profile maintenance procedures, dial up access controls, and segregation of duties for some security administrators.
- A lack of a centrally controlled information security function within OPM for data security, general support systems, application systems, and network operations.
- As reported in prior fiscal years, a security risk assessment has not been performed within the last three years, as required by OMB Circular A-130. A periodic entity-wide risk assessment is critical because all offices within OPM share common hardware, software, and network platforms and therefore, all offices are equally vulnerable to security weaknesses.
- The lack of a formally established, integrated, and robust monitoring and response capability to ensure adequate network and systems security. A limited penetration study found vulnerabilities were not properly mitigated. Although OPM immediately responded to these particular vulnerabilities when brought to management's attention, no mechanism exists to identify new risks, or to verify that implemented changes are adequate or operating as intended.

Without a well-designed program, security controls may be inadequate, responsibilities may be unclear, misunderstood, or improperly implemented, and controls may be inconsistently applied. Such conditions may increase the risk that OPM may be providing inadequate protection over sensitive or critical resources, or may be expending a disproportionate amount of funds to protect low-risk, noncritical resources.

(c) Access Controls

OPM's EDP physical and logical access controls require modification. We noted that OPM is not properly disposing of sensitive records and data. We also noted certain user account groups and security administrators have excessive access privileges to mainframe resources that could potentially undermine proper segregation of duties.

Access controls should provide reasonable assurance that computer resources (data files, application programs, and computer-related facilities and equipment) are protected against unauthorized modification, disclosure, loss, or impairment. The objectives of limiting access are to ensure that (1) users have only the access needed to perform their duties; (2) access to very sensitive resources, such as security software programs, is limited to very few individuals; and (3) employees are restricted from performing incompatible functions or functions beyond their responsibilities.

(d) Application Change Control/Systems Development

Certain controls over OPM's modification of application software programs are deficient. Establishing controls over the modification of application software programs helps to ensure that only authorized programs and authorized modifications are implemented. Without proper controls, there is a risk that security features could be inadvertently or deliberately omitted or "turned off", or that processing irregularities or malicious code could be introduced.

As noted in our prior year report, OPM has not developed a systems development methodology for application software and the current "RSOD Retirement ADP Standards and Procedures" is missing critical chapters, including data set design and allocation, system development procedures, testing and acceptance, and system software installation and maintenance.

(e) Service Continuity

Losing the capability to process, retrieve, and protect information maintained electronically can significantly impact OPM's ability to accomplish its mission. For this reason, procedures should be in place to protect information resources, minimize the risk of unplanned interruptions, and recover critical operations should interruptions occur. To mitigate service interruptions, it is essential that the related controls be understood and supported by management and staff throughout the organization.

- OPM needs to take steps to overcome the following weaknesses in service continuity: OPM has several separate ongoing service continuity-related initiatives. Draft plans need to be finalized, formalized, and properly coordinated to ensure that critical functions will be available in the event of a disruption.
- Improvements are needed in the Disaster Recovery Testing Assumptions to better ensure the viability of the recovery plans.

- Improvements are needed to strengthen the completeness and accuracy of the resource and personnel contact information sections of the Disaster Recovery plan.
- OPM does not have a network recovery plan that will provide for proper coordination and execution of the Continuity of Operations and the Disaster Recovery Plans.

Recommendation

We recommend that OPM develop a formal action plan to review and revise its EDP general controls. This plan should address each of the areas discussed above as well as other areas that impact the general EDP control environment, set forth appropriate corrective action steps, assign responsibilities to employees, and establish target completion dates for each action.

This plan should be reviewed by the Office of the Inspector General (OIG) and adopted by the executive management of OPM and the plan should provide for periodic reviews of progress towards the achievement of corrective actions.

2. Account Analysis and Other Significant Reconciliation Procedures of the OCFO

Key internal controls for detecting and correcting accounting errors and preventing misstatements of the financial statements include the performance of periodic account analyses, reconciliation of subsidiary ledgers to general ledger control accounts, and supervisory review and approval of the posting of accounting transactions and related general ledger journal entries.

The OCFO, who maintains the accounting function for OPM's Revolving Fund Programs and Salaries and Expenses (S&E) funds, was unable to provide adequate evidence that its key accounting controls were in place and functioning in the OCFO during the audit period. For example, procedures for reconciling fund balance with Treasury were not applied properly and consistently throughout the fiscal year, not all the Salaries and Expenses funds' accounts were reconciled, and not all accounting transactions were posted to the general ledger in a timely manner. Consequently, several adjustments and recalculations were necessary to produce the individual Revolving Fund Programs and Salaries and Expenses funds' financial statements.

Based on our limited observations of the OCFO's accounting functions, we believe there is inadequate communication among functions within the accounting office, weak enforcement of policies and procedures, and a shortage of personnel with the technical skills necessary to perform and oversee account analysis and reconciliation procedures. Therefore, management and staff have been unable to identify the causes of differences in the Revolving Fund Programs and Salaries and Expenses fund balances with Treasury and make corrections in a timely manner.

While the Revolving Fund Programs and Salaries and Expenses funds are not material in relation to OPM's FY 2000 consolidated financial statements, the weaknesses in OCFO's account reconciliation controls indicate significant deficiencies in the operation of OCFO's internal control over financial reporting. In our judgment, these deficiencies adversely affect OPM's ability to accurately record, process, summarize, and report financial data for the Revolving Fund Programs and Salaries and Expenses funds.

Recommendations

The OCFO should reemphasize the importance of timely reconciliation procedures to those responsible for their performance and enforce reasonable deadlines for their completion after each month end. The task of performing reconciliation procedures (including identification of reconciling differences and researching and resolving those differences) should be assigned to individuals with appropriate training and skills. Correction and resolution of reconciling items should be reviewed by appropriate supervisory personnel, properly documented, and posted to the general ledger.

Specifically, we recommend the OCFO take the necessary actions to ensure that:

- Specific duties and control responsibilities are communicated effectively to all employees involved in the OCFO;
- Assignments of responsibility and delegation of authority to deal with operational functions and regulatory requirements are structured to prevent control breakdowns;
- Communication across the different operational team members within the OCFO and program offices is adequate and timely so as to enable OCFO personnel to discharge their responsibilities effectively; and
- Personnel skill levels are appropriate for the size of the department and the nature and complexity of the activities they are required to perform.

3. Budgetary Accounting Structure of the OCFO

The OCFO has not adequately implemented a budgetary accounting structure within its general ledger for the Revolving Fund Programs and Salaries and Expenses funds, and has not developed and documented policies and procedures to account for budgetary transactions. In previous years, the OCFO did not prepare the SF-133 forms and the statements of budgetary resources based on budgetary account balances. As a result, the beginning balances on the fiscal year 2000 Funds' individual statements of budgetary resources do not agree to fiscal year 1999 ending balances. During fiscal year 2000, the OCFO began a reconciliation process to identify and correct budgetary account balances. However, due to time and staff resource constraints, the OCFO was unable to reflect all adjustments to the statement of budgetary resources in the fourth quarter Form SF-133.

Recommendations

We recommend the OCFO develop and implement budgetary accounting policies and procedures to ensure that all budgetary transactions are properly recorded, and complete and accurate supporting trial balances for the Revolving Fund Programs and Salaries and Expenses funds can be prepared. We also recommend the OCFO take the necessary actions to ensure that budgetary transactions are consistently recorded using the Standard General Ledger (SGL) descriptions and posting attributes. Additionally, we recommend the OCFO strengthen control procedures over the budgetary accounting structure to support the preparation, execution, and reporting of the Revolving Fund Programs and Salaries and Expenses funds' budgets, in accordance with OMB Circulars A-11 and A-34.

4. Quality Control over Annual Financial Statement Preparation

Beginning in fiscal year 2000, OPM prepared consolidated financial statements as required by OMB Bulletin No. 97-01, *Form and Content of Agency Financial Statements*, as amended. To meet this requirement, OPM segregated its annual financial reporting responsibilities among the following departments:

- The Benefits Accounting Branch (BAB), which prepared the Programs' individual financial statements and assembled the consolidated financial statements;
- The OCFO, which prepared the Revolving Fund Programs and Salaries and Expenses funds' individual financial statements; and
- The Financial Policy Staff, which prepared the footnotes to the consolidated financial statements.

Regular communications and cross-reviews were essential for complete and accurate consolidated financial reporting. However, the complexity of OMB Bulletin No. 97-01 reporting and disclosure requirements, OPM's staffing limitations, and turnover of key management personnel affected the adequacy of OPM's quality control function for annual financial reporting. As a result, we observed the following weaknesses over the preparation of the consolidated and individual financial statements and related footnotes:

- Due to OPM's financial management staff limitations, cross-reviews of financial statements and footnote drafts were not performed with sufficient technical oversight to ensure that accounts were properly classified and that all required disclosures were included in the accompanying footnotes; and
- Difficulty was experienced in producing complete and accurate consolidated financial statement drafts in a timely fashion for review by management and the auditors.

Recommendations

OPM should seek ways to strengthen the effectiveness of its financial reporting controls to prevent financial reporting errors and inconsistencies, and to improve the timeliness of the year-end financial statement preparation. We recommend that OPM:

- Continue to refine its consolidated financial statement preparation process by taking the necessary actions for planning, organizing, directing, and monitoring the consolidated financial statement preparation efforts;
- Enlist personnel having sufficient experience and technical expertise to review the financial statements to assure compliance with applicable accounting principles and disclosures;
- Formalize a detailed plan for preparing the Revolving Fund Programs and Salaries and Expenses funds' individual financial statements to ensure that appropriate financial statement relationships exist, and all required disclosures are included; and
- Evaluate OPM's current accounting resources and processing methods to determine whether persons with higher level of accounting skills, additional accounting staff, or additional accounting procedures are needed to accomplish the objectives set forth in the preceding recommendations.

5. Controls over Program Administration for the Community-Rated Health Carriers

OPM remits premiums it receives from federal agencies to Community-Rated Health Carriers (CRCs) twice a month. As noted in prior years, OPM's existing systems were not designed to centrally associate the monies paid as premiums to participating carriers with the enrollees for whom they are being paid. Consequently, the potential exists for carriers to provide benefits to employees who are not covered by their plan at the time the services are rendered. To reinforce the need for effective enrollment reconciliation procedures, OPM's OIG reviews CRC enrollment reconciliation activities during their regularly scheduled audits of health carriers.

In addition, the Office of Insurance Programs has signed an agreement with a contractor to build, implement, and maintain a centralized enrollment system that will allow a central control point for reconciling and resolving enrollment issues between Agency Payroll Offices and CRCs. However, the database was still under development as of September 30, 2000. Consequently, OPM needs to implement mitigating controls to monitor whether payroll offices are complying with these requirements and whether carriers are reconciling their enrollment records regularly.

Recommendations

We recommend that OPM continue its efforts to develop a centralized enrollment system that would allow a central control point to reconcile and resolve enrollment issues between agency payroll offices and CRCs. In addition, until the centralized enrollment system can be developed and implemented, we continue to recommend that OPM's OIG make CRC enrollment reconciliation review a priority in their annual audit planning.

Compliance with Laws and Regulations

Our tests of compliance with certain provisions of laws and regulations, exclusive of those requirements referred to in FFMIA, performed as part of obtaining reasonable assurance about whether the fiscal year 2000 consolidated financial statements are free of material misstatement, disclosed no instances of noncompliance that are required to be reported herein under *Government Auditing Standards* or OMB Bulletin No. 01-02.

In addition, under OMB Bulletin No. 01-02 and FFMIA, we are required to perform tests of compliance with FFMIA section 803(a) requirements that indicate whether OPM's financial management systems substantially comply with (1) Federal financial management systems requirements, (2) applicable Federal accounting standards, and (3) the United States Government Standard General Ledger at the transaction level. However, providing an opinion on compliance with certain provisions of laws and regulations or compliance with FFMIA Section 803(a) requirements was not an objective of our audits. Accordingly, we do not express such an opinion.

The results of our tests of compliance disclosed instances, described below, where the OPM's financial management systems did not substantially comply with the requirements discussed in the preceding paragraph. The OCFO is responsible for the financial management systems of the Revolving Fund Programs and Salaries and Expenses funds, while the OCIO is responsible for systems' hardware and software shared by the OCFO and the Retirement and Insurance Services (RIS).

1. **Federal financial management system requirements.** OPM's financial management systems do not meet the following Federal financial management system requirements:
 - a. *Financial reporting requirements* – The OCFO's financial management systems do not provide accurate and timely financial information necessary for compliance with the requirements of Treasury and OMB Bulletin No. 97-01, as amended. Transactions are not consistently recorded at the time of the event or soon afterward, preventing the OCFO from preparing trial balances that adequately support the Revolving Fund Programs and Salaries and Expenses funds' individual financial statements. Additionally, the OCFO's financial management systems do not include a system of internal controls to ensure that resources are used consistent with laws, regulations, and policies; resources are safeguarded against waste, loss, and misuse; and reliable data is obtained, maintained, and disclosed in reports. These findings resulted in noncompliance with OMB Circular A-127, *Policies and Standards for Financial Management Systems*, as amended.
 - b. *Provide adequate system security* – As discussed in the section of our report entitled "Internal Control over Financial Reporting", OPM has several weaknesses in its entity-wide security program that contributes to noncompliance with OMB Circular A-130. OPM has not managed and coordinated entity-wide security procedures, lacks an effective incidence response and monitoring capability, has not conducted periodic entity-wide risk assessments, and has not developed adequate security-related management control processes to protect physical and logical assets from unauthorized access or improper use.
2. **Federal accounting standards.** OMB Circular A-127, as amended, states that agency financial management systems shall enable the agency to prepare, execute and report on the agency's budget in accordance with the requirements of OMB Circulars A-11 and A-34. The lack of a formal budgetary structure and the lack of formal budget policies and procedures compromises the OCFO's ability to comply with the budget preparation, execution and reporting requirements for the Revolving Fund Programs and Salaries and Expenses funds, as set forth in the OMB Circulars mentioned above.
3. **SGL at the transaction level.** OMB Circular A-127, as amended, states that the criteria for recording financial events in all financial management systems shall be consistent with accounting transaction definitions and processing rules defined in the SGL. The OCFO's general ledger system is unable to produce complete and accurate trial balances for the Revolving Fund Programs and Salaries and Expenses funds. Additionally, the OCFO has not implemented an adequate accounting structure to support budgetary controls and to ensure that budgetary transactions are recorded in accordance with posting attributes reflected in the SGL.

Recommendations

To achieve substantial conformance with FFMIA, we recommend that the OCFO take actions to ensure that the financial management systems supporting the Revolving Fund Programs and Salaries and Expenses funds have the ability to:

- Collect accurate, complete, reliable, and consistent information;
- Provide for adequate management reporting;
- Support government-wide and agency level policy decisions;
- Support the preparation and execution of agency budgets;

- Facilitate the preparation of financial statements and other financial reports in accordance with Federal accounting and reporting standards; and
- Provide a complete audit trail to facilitate audits.

Additionally, we recommend that OPM take necessary actions to address the finding related to systems security required by Circulars A-127 and A-130. The resolution of these findings should be a priority for fiscal year 2001.

Responsibilities

Management's Responsibility. The Government Management Reform Act (GMRA) of 1994 requires Federal agencies to report annually to Congress on their financial status and any other information needed to fairly present the agencies' consolidated financial position and results of operations. To meet the GMRA reporting requirements, OPM prepares annual financial statements.

Management is responsible for:

- Preparing the consolidated financial statements of OPM and the individual financial statement of the Programs in conformity with accounting principles generally accepted in the United States of America;
- Establishing and maintaining internal controls over financial reporting, and
- Complying with laws and regulations, including FFMIA.

In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control policies.

Auditors' Responsibility. Our responsibility is to express an opinion on the fiscal year 2000 consolidated financial statements of OPM, taken as a whole, and the individual financial statements of the Programs based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Bulletin No. 01-02. Those standards and OMB Bulletin No. 01-02 require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement.

An audit includes:

- Examining, on a test basis, evidence supporting the amounts and disclosures relating to the financial statements;
- Assessing the accounting principles used and significant estimates made by management; and
- Evaluating the overall presentation of the consolidated and individual Programs' financial statements.

We believe that our audits and the reports of the other auditors provide a reasonable basis for our opinions.

In planning and performing our audits, we considered OPM's internal control over financial reporting by obtaining an understanding of OPM's internal control, determining whether internal controls had been placed in operation, assessing control risk, and performing tests of controls in order to determine our auditing procedures for the purpose of expressing our opinions on OPM's consolidated financial statements and the individual financial statements of the Programs. We limited our internal control testing to those controls necessary to achieve the objectives described in OMB Bulletin No. 01-02 and *Government Auditing Standards*. We did not test all internal controls as defined by the Federal Managers' Financial Integrity Act of 1982.

As required by OMB Bulletin No. 01-02, with respect to internal control related to performance measures determined by management to be key and reported in the MD&A, we obtained an understanding of the design of significant internal controls relating to the existence and completeness assertions.

As part of obtaining reasonable assurance about whether OPM's fiscal year 2000 financial statements are free of material misstatement, we performed tests of OPM's compliance with certain provisions of laws and regulations, noncompliance with which could have a direct and material effect on the determination of the financial statement amounts, and certain provisions of other laws and regulations specified in OMB Bulletin No. 01-02, including certain requirements referred to in the FFMIA. We limited our tests of compliance to the provisions described in the preceding sentence, and we did not test compliance with all laws and regulations applicable to the OPM.

Distribution

This report is intended solely for the information and use of OPM's management, OPM's Office of the Inspector General, OMB, and the U.S. Congress, and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

February 16, 2001

Exhibit I

**Office of Personnel Management
Status of Prior Year Findings
Fiscal Year 2000**

No.	Title of Finding from FY99 Report	Program /Fund	Prior Year Status	Current Year Status	Factors Affecting Current Year Status
1.	EDP general control environment	RP, HBP, LP, S&E, RF	Reportable Condition	Reportable Condition – See condition No.1	The general control environment has not changed substantially from prior year.
2.	Financial Statement Preparation	S&E, RF	Material Weakness	Reportable Condition agency-wide – See FY 2000 condition No. 4	Certain procedures for consolidated financial statements were performed. OCFO continues to experience difficulties in preparing consolidating financial statements for S&E and RF.
3.	Control over program administration for CRC health carriers	HBP	Reportable Condition	Reportable Condition – See FY 2000 condition No.5	CRC enrollment reconciliation controls did not change substantially from prior year.
4.	Budgetary accounting structure	RP, HBP, LP	Reportable Condition	Reportable Condition for OCFO only – See FY 2000 condition No. 3	RIS implemented a budget module in its general ledger system and was able to prepare the statements of budgetary resources and financing. The OCFO continues to experience difficulties in preparing accurate statements of budgetary resources and financing.
5.	Actuarial Census Data	RP, LP	Reportable Condition	Management letter comment	Management implemented certain procedures to detect significant changes made to the PDF file in the last month of the fiscal year.
6.	Reconciliation of inter-program transactions	HBP, LP	Reportable Condition	Closed	Internal controls over reconciliation of inter-program transactions were improved in FY 2000.
7.	Operating Policies and Procedures	S&E, RF	Material Weakness	Reportable Condition – See FY 2000 condition No. 3	Financial procedure manuals were implemented in certain areas. The OCFO still needs to develop policies and procedures for budgetary accounting – See FY 2000 condition No. 3.
8.	Controls Over Recorded Transactions	S&E, RF	Material Weakness	Reportable Condition – See condition No. 2	Controls over Fund Balance with Treasury have not changed substantially from prior year. However, S&E and RF balances do not have a material impact on the consolidated financial statements.
9.	Fund Balance With Treasury	S&E, RF	Material Weakness	Reportable Condition – See FY 2000 condition No. 2	Controls over Fund Balance with Treasury have not changed substantially from prior year. However, S&E and RF balances do not have a material impact on the consolidated financial statements.

Exhibit I

**Office of Personnel Management
Status of Prior Year Findings
Fiscal Year 2000**

No.	Title of Finding from FY99 Report	Program /Fund	Prior Year Status	Current Year Status	Factors Affecting Current Year Status
10.	IS Transactions and Balances	RF	Material Weakness	Reportable Condition – See FY 2000 condition No. 2	Controls over IS transactions have not changed substantially from prior year. However, S&E and RF balances do not have a material impact on the consolidated financial statements.
11.	Accounts Receivable	S&E, RF	Material Weakness	Not Addressed	Finding was outside the consolidated financial statement audit scope.
12.	Accounts Payable	S&E, RF	Material Weakness	Not Addressed	Finding was outside the consolidated financial statement audit scope.

performance MEASUREMENT

Quality of Performance Data

Overall, the quality of the performance data and information used to describe our performance during FY 2000 is good. The performance information presented in this report, particularly as it relates to whether goals were met or not met, fairly represents our performance during the year. Our FY 2000 Performance Plan contained 117 annual goals, supported by 458 measures or indicators.

STATUS OF FY 2000 PERFORMANCE INDICATORS				
Strategic Goal	Met	Not Met	Dropped	No Data
Strategic Goal I	125	23	16	22
Strategic Goal II	53	6	2	0
Strategic Goal III	38	7	1	3
Strategic Goal IV	55	23	4	2
Strategic Goal V	71	6	1	0
Totals	342	65	24	27

Results of FY 2000 Measurement Activity. As shown in the table above, and in Appendix A, we met or achieved the target level described in 342, or 75%, of these indicators. For each of our performance goals, we identified one or more indicators as critical to achieving the goal. By definition, if a critical indicator was not met, the related goal was not met. Of the 458 indicators, we had identified 131 as critical at the beginning of the year.

As reported in the Management Discussion and Analysis section of this report, we did not meet 10 of the 117 goals for FY 2000. This determination was based on our strict assessment of performance information that demonstrated that we had not met the performance levels we had set for these goals. Most of these 10 unmet goals were related to Strategic Goals I and IV, as four pertained to policy initiatives and another four pertained to the delivery of customer services.

We had no data to report for 27 of our FY 2000 performance indicators. Primarily, this was due to our decision to postpone our survey of agency Human Resource Specialists until the spring of 2001. We postponed the survey because of the low response rate we received in FY 1999 and feedback we had received from Specialists indicating that responding to it every year was too often. Information from this survey will be in the FY 2001 Performance Report. Because of the postponement, we did not have Specialists' data for this report. However, the lack of this performance information did not significantly compromise our ability to determine whether performance goals were met, because of our use of multiple measures. Postponing the Specialists' survey had the greatest impact on indicators not met for Strategic Goal I.

We lacked data in several other instances because of changes we made to our survey of HR Directors to align this measuring instrument with our new corporate measurement strategy. As is the case with the Specialists' survey, not having this information did not significantly compromise our ability to assess performance regarding our performance goals.

We dropped 24 indicators during the year, 67% of them relating to Strategic Goal I. Most of these indicators supported performance goals that we dropped

because of adjustments we made to our policy agenda during the year. Because these dropped goals were not being pursued, there was no need to expend resources to collect data for their related indicators. We dropped indicators for the other Strategic Goals primarily because we realized during the year that these indicators did not clearly relate to the respective goal and would not contribute to determining whether the goal was met.

We did not meet the performance targets described in 65 indicators, which represent 14% of the total number of indicators in our FY 2000 Performance Plan. Most of the indicators we did not meet were related to our policy leadership agenda under Strategic Goal I and the delivery of direct services to our customers under Strategic Goal IV. Missing the target on these 65 indicators resulted in our not achieving 10 of our performance goals for the fiscal year, with the biggest impact occurring in our delivery of services to our retirement program customers (retired employees and survivor annuitants).

While we were disappointed that we did not achieve these goals, we either made significant progress toward our desired outcomes during the year or fell only slightly short of the established target level for critical indicators. For instance, we did not meet our goal to establish a Governmentwide Career Intern program during FY 2000 (see Employment Service Goal 9 in Appendix A-2) because the executive order establishing the program was not issued until December 2000, after the end of the fiscal year. Also, we did not meet our goals to maintain at FY 1999 levels the delivery of services to our retirement program customers (Retirement and Insurance Goals 11-13, Appendix A-8) because we did not meet the target levels we set for processing claims, responding to customer inquiries, and processing customer service requests. However, customer satisfaction with these services remained at high levels and we have made improving these services a priority in our FY 2001 and FY 2002 performance plans.

Data Reliability. We recognize the need to strengthen the data used to support some of our performance indicators. A preliminary review conducted by our Inspector General of 116 of the 458 performance indicators used in this report indicates that 59% of the indicators are based on reliable information. The IG was unable to determine the reliability of 24% of the indicators reviewed and found that the remaining 17% were unreliable. We expect these figures to improve in the IG's final report, as we responded to their recommendations and provided supporting documentation for certain indicators.

Low response rates to the HR Directors' and HR Specialists' surveys are a concern. In FY 1999, the response rate to the HR Directors' survey was low enough to cause us to choose not to use the survey results in our performance report. In FY 2000, the response was improved but remained low enough to result in a margin of error of 9.9%. Thus, while we used the results for our performance in FY 2000, the performance information pertaining to these results is not as precise as we would prefer. As stated previously, concerns we had about the response rate to the FY 1999 HR Specialists' survey prompted us to postpone repeating it until the spring of 2001. Fortunately while this survey had a 24% response rate when last administered in FY 1999, the size of the sample was large enough that this response rate supported a 95% confidence level and a 2% margin of error.

For many of our indicators we relied on secondary anecdotal information to determine whether we had met the target established in our performance plan. Many of these indicators were dependent on the HR Specialists' survey and pertained to their satisfaction with our information sharing, technical assistance and other support services that we provide to them. Since we did not have the information from this survey, we used feedback collected through informal

methods during conferences, briefings, and through correspondence. While this practice lacks the precision of reliable quantitative data, it provided a sense of their level of satisfaction with our support services. Further, the anecdotal evidence used in this report is being used by OPM program managers in carrying out their responsibilities.

We have already taken steps to make our performance data more reliable in future performance plans. For instance, we discontinued several indicators in our FY 2001 and FY 2002 Performance Plans that were not based on reliable data sources. We have established an agency level performance measurement work group that will institutionalize our surveys of HR Directors and Specialists to ensure that these data collection tools are administered on a regular schedule and provide relevant and reliable information. Also, we are improving our data validation and verification program to strengthen our data collection procedures and controls pertaining to performance data. Finally, we are implementing a new corporate measurement framework that represents a significant change in our approach to performance measurement.

Multiple Measurement Strategy. Our approach to performance measurement has been to use multiple indicators to assess progress regarding our goals. Under this approach, for most annual goals described in our performance plan we defined at least two performance indicators. Because much of the work we do involves developing and deploying human resources policy, most of our indicators have been descriptive. Also, many of our goals and indicators have been focused on the activities in which we are engaged as we develop and implement these policies. The descriptive and activity-based nature of these indicators reflects the challenges of assessing the results of policy development and deployment and in measuring the quality of the Federal workforce.

Our Corporate Measurement Framework

After developing five Annual Performance Plans (FY 1998 through FY 2002) and our first Annual Performance Report (FY 1999) under the Government Performance and Results Act, we realized that our performance measurement system needed to be improved. As we revised our Strategic Plan during the spring and summer of 2000, we identified the following weaknesses in the goals and indicators appearing in these documents:

- Many of our goals and indicators were activity-based, measuring only whether OPM performed certain activities, and did not measure the program results those activities were intended to bring about.
- Indicators were focused only on our annual performance goals, and did not provide information regarding whether we were making progress toward achieving our strategic goals.
- Indicators were not complete in that they did not cover all aspects of the goal. For instance, the indicators for some goals dealt only with customer satisfaction data, but did not include measures of efficiency, effectiveness, or cost.

The causes of some of these weaknesses are related to OPM's performance planning and measurement approach. Prior to the development of OPM's Strategic Plan dated September 2000, the approach for performance planning was to develop strategic goals, which were supported by a number of program-specific strategic objectives. These program objectives were then supported by numerous annual performance goals, which were evaluated by performance measures and indicators.

As a result, our FY 2000 performance plan contained 117 goals and 458 measures. The FY 2001 plan is an improvement, but still contains 93 goals and 375 measures. The large number of goals and measures makes our performance plans and reports long and unwieldy. For instance, the FY 2001 Performance Plan is 343 pages long and the FY 1999 Performance Report was 136 pages long, including fourteen appendices.

To strengthen our performance measurement system, we developed a corporate measurement framework as we revised our Strategic Plan in FY 2000 (*see Federal Human Resources Management for the 21st Century, U.S. Office of Personnel Management Strategic Plan FY 2000 – FY 2005*). The corporate measurement framework reflects a change in our approach to performance planning so that our performance measures track progress toward our strategic goals and measure the long-term results we expect to achieve.

Under this framework, we identified the outcomes we seek for each of our Strategic Goals and developed broad measures that define these outcomes from multiple and balanced perspectives. We already have data to support many of these corporate measures and reported this information in the Management Discussion and Analysis section of this Report.

In addition, we began implementing the corporate measures in our FY 2002 performance plan and expect to complete this process as we prepare our performance plan for FY 2003. The implementation of this framework will include aligning our current performance data collection processes with the new framework and developing new data collection instruments where needed. As we collect data and determine baselines for the corporate measures, we expect to establish long-term targets that will appear in future Annual Performance and Strategic Plans.

Summary of Program Evaluation Results

We conduct targeted program evaluations, both internal and external, on specific program areas to measure our results and provide information for our strategic planning activities. Program evaluation activities are primarily conducted within the appropriate program offices and are supplemented by evaluations conducted by external contractors when necessary. In addition, our Office of Merit Systems Oversight and Effectiveness (OMSOE) conducts special studies on contemporary, crosscutting HRM issues. Our Office of the Inspector General conducts periodic evaluation studies and audits of our programs that provide an additional source of internal feedback. We also use reports produced by external organizations such as the General Accounting Office, the Merit Systems Protection Board, the National Academy of Public Administration and the groups that audit our trust funds. Examples of evaluation reports, their results, and the actions we took are described below.

- *Competing for Federal Jobs: Job Search Experiences of New Hires* – Merit Systems Protection Board (MSPB), February 2000. Major changes to the Government's hiring process were made in the early 1990's, including decentralizing the competitive examining process and providing a centralized automated system for all Federal vacancy announcements which could be accessed electronically (USAJOBS). MSPB notes that these changes appear to have had positive effects. However, MSPB recommended that agencies and OPM need to improve how vacancy announcements are posted on the Internet, i.e., they should be visually appealing, informative and easy to navigate. In response, OPM formed a working group which created a list of

enhancements for vacancy announcements. The enhancements will be implemented during the redesign of USAJOBS. The new vacancy announcements will use the power of the Internet by creating hyperlinks to general information yielding a shorter, more specific and customizable announcement.

- *The Role of Delegated Examining Units: Hiring New Employees in a Decentralized Civil Service* – MSPB (August 1999). This study examined how competitive hiring is being handled by agencies through delegated authority from OPM (i.e., via Delegated Examining Units). MSPB found positive opinions regarding the success of delegated examining. The report had several recommendations for Congress, OPM and departments/agencies. In response, among other actions, OPM made available to all Delegated Examining Units the assessment tools used for the Administrative Careers with America (ACWA) program.

In FY 2000, OPM's Office of Merit Systems Oversight and Effectiveness (OMSOE) completed and distributed four special studies.

- The first, *An Occupation in Transition, Part 3 – The HR Workforce: Meeting the Challenge of Change*, is the final installment of a three-part study on the transition of the HR workforce. It is guiding the work of the Human Resources Management Council (HRMC) as that interagency group of HR leaders addresses the issues outlined in the report. Specifically, the HRMC established a subcommittee to focus solely on the HR profession, and this subcommittee is working closely on specific HR workforce improvement initiatives with OMSOE.
- The second study, *The Three Rs: Lessons Learned from Recruitment, Retention and Relocation Incentives*, describes the effects of recruitment, retention and relocation bonuses within agencies and is contributing valuable data to our total strategic compensation redesign efforts.
- Another study reviewed which authorities are being used by agencies to make employee work life more family friendly. *Achieving a Balance: Meeting Work and Family Obligations* describes optional workplace arrangements available to Federal employees. OPM's Office of Work/Life Programs in the Office of Workforce Relations (OWR) has distributed this report to its interagency network of work/life coordinators. It has also helped to reinforce OWR's plan of action and commitment to future activities in the work/life arena.
- The fourth study, *Incentive Awards – The Changing Face of Performance Recognition*, is a follow-up study to a 1998 report on incentive awards. OPM issued revised regulations in 1995 to give agencies more flexibility in tailoring award programs to their needs. The previous review showed that a number of agencies were on the verge of implementing changes based on the revised regulations. The 2000 report describes changes the agencies have made, and their assessment of the results of those changes. All agencies feel that the current regulations give them sufficient latitude to design the type of awards program that best fits their situation.
- We also conducted a study of benefit counseling as it is performed by agencies, *Federal Benefits Counseling: Putting the Pieces Together*. The study found that while most Federal employees are satisfied with the benefits information their agencies provide overall, they need more information in

particular areas and they want pre-retirement seminars earlier in their careers than traditionally available. The study also showed that agency benefits officers believe they can obtain the information they need to adequately counsel employees, but they do not feel they have time to keep up with all the changes that are occurring in the benefits area. Finally, most benefit counselors use the OPM Website as their primary source for counseling support, and found it very useful.

We used the study's findings to develop improvements in how we currently provide support to agency benefits officers, and also in conjunction with focus group studies we are conducting for our Retirement Systems Modernization Project, to develop the benefits counseling component of the modernized retirement system.

The Merit System Principles Questionnaire (MSPQ) is distributed to a nationwide random sample of Federal employees in the last quarter of the year, with results timed for use in our oversight reviews during the subsequent year. This survey is administered to a small but statistically valid sample of Federal employees. The entire questionnaire was rewritten in FY 1999 to solicit respondents' overall impressions of how things are in their work units. Because of this, the FY 1999 results established a new baseline.

The MSPQ includes questions on the perception of merit principles and human resources management (HRM) effectiveness, including effective use of employees. It is our primary measurement tool for determining if the merit principles are being consistently honored and for assessing whether we are maintaining an effective oversight program. Several OPM offices use the results as surrogate measures of certain objectives and as indicators of needed improvements in policy.

Many of the quantitative indicators used in our FY 2000 Performance Plan are based on surveys of our customers and stakeholders. These surveys are valuable in assessing their satisfaction with our services, but also to research other aspects of our performance in making effective policy. Currently, we use three surveys for performance measurement purposes, as shown in the following table.

OPM PERFORMANCE MEASUREMENT SURVEYS

Survey Name	Program Area	Confidence Level	Margin of Error	Response Rate
HR Directors Customer Satisfaction Survey	Policy Leadership Advice & Assistance Service & Support	95%	(+/-) 9.9%	76%
HR Specialists Customer Satisfaction Survey *	Advice & Assistance Service & Support	95%	(+/-) 2%	24%
Client Satisfaction Survey (Civil Service Annuitants)	Service & Support	95%	(+/-) 5%	65%

* The HR Specialist Survey was not administered during FY 2000; it will be administered on a biennial basis; the next survey will be in 2001. Information displayed pertains to the FY 1999 survey.

The HR Directors Customer Satisfaction Survey is administered every year to Federal Human Resource Directors. This survey collects information regarding the extent of our collaboration with agencies in developing human resource policy, systems, tools, and other products. It also measures the extent to which these policies and products are useful and effective toward enabling agencies to recruit and retain the workforce they need to meet their missions.

The HR Specialists Customer Satisfaction Survey is administered biennially and collects information from agency staff working in human resources management positions regarding the quality, usefulness, and effectiveness of the advice, assistance, training, informational materials, and other support we provide to these staff for the administration of HR programs across Government.

Client Satisfaction Survey of Retirement Program customers (i.e., annuitants). We have conducted annual customer satisfaction surveys of our Civil Service retirees and survivor annuitants since 1990. The purpose of the survey is to determine the level of client satisfaction with our services among retired employees and survivor annuitants. The areas covered by the survey include processing claims for retirement benefits, answering correspondence, handling telephone inquiries, processing of transactions for existing accounts, and the extent and quality of retirement counseling that the annuitants received from their former employing agencies. Only annuitants retired in the last two years were asked to complete the retirement counseling section.

For FY 2000, two surveys were conducted, with the first using a sample of transactions that occurred between October 1, 1999, and February 29, 2000; and the second covering the period from March 1, 2000, through August 31, 2000. Taken together, survey questionnaires were mailed to random samples of 1,227 annuitants and survivor annuitants. We received responses from 797 of these customers for a response rate of 65%. The findings presented here have a confidence level of 95% and a margin of error of 5%(+/-).

Consumer Assessment of Health Plans Study. The Consumer Assessment of Health Plans Study (CAHPS) is our primary vehicle for assessing health plan performance within the Federal Employees Health Benefits (FEHB) Program. This survey instrument is the health care industry's most thoroughly tested and widely accepted tool for obtaining customer feedback regarding health plan performance. CAHPS-based results are published in our annual FEHB Open Season Guide for each carrier participating in the Program. Summary results were first used to assess overall customer satisfaction in our FY 1999 Performance Report and are being used in our Annual Performance Plans beginning with FY 2001.

The American Customer Satisfaction Index. The American Customer Satisfaction Index (ACSI) is an econometric indicator that was developed by the National Quality Research Center at the University of Michigan Business School and has been used in the private sector to measure customer satisfaction since 1994. It is based on modeling of customer evaluations of the quality of goods and services that are purchased in the United States.

We began participation in the ACSI in 1999 and have used it to validate and complement our own surveys. Those surveyed were Federal retirees and survivor annuitants. For 2000, OPM's overall satisfaction score was 73, compared to the private sector score of 71.2. Specific results support those from our own surveys of retirement program customers. In FY 2000, annuitants seemed less satisfied with the timeliness of the claims process. And, although they find our information timely, clear and accurate, it is not as user friendly as they would like. Improving our claims processing times is a priority in our FY 2001 and FY 2002

performance plans. We will also contract for additional resources to respond to customer demand when it exceeds our ability to handle telephone calls. We will promote the use of our Website and its interactive services to allow customers more avenues to perform transactions and obtain information.

OPM Employee Survey Satisfaction. As part of its program evaluation, the Office of Human Resources and EEO administered an OPM-wide employee survey. Of those who responded, 78% said they were satisfied with their job overall. On a national survey, 66% of OPM employees indicated they were satisfied with their job, compared with 63% Governmentwide. When asked if OPM supports family/personal life responsibilities, 73% answered affirmatively, compared to 65% Governmentwide. On the OPM-wide survey, 76% of the respondents indicated OPM supports family/personal life responsibilities.

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- A-1 Office of Merit Systems Oversight and Effectiveness
- A-2 Employment Service
- A-3 Workforce Compensation and Performance Service
- A-4 Investigations Service
- A-5 Office of Workforce Relations
- A-6 Office of Executive Resources Management
- A-7 Office of Executive Management and Development
- A-8 Retirement and Insurance Service
- A-9 Office of the Chief Information Officer
- A-10 Office of Human Resources and Equal Employment Opportunity
- A-11 Office of the Chief Financial Officer
- A-12 Office of Contracting and Administrative Services
- A-13 Office of the Director
- A-14 Office of Congressional Relations
- A-15 Office of the General Counsel
- A-16 Office of Communications
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Goal and Indicator Status Definitions

D Goal or Indicator was dropped

M Goal or Indicator was met

N Goal or Indicator was not met

NX Goal or Indicator was not met because data was not available

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OPM STRATEGIC PLAN GOAL I

PROVIDE POLICY DIRECTION AND LEADERSHIP TO RECRUIT AND RETAIN THE FEDERAL WORKFORCE REQUIRED FOR THE 21ST CENTURY.

OMSOE Goal 1

M

Federal human resources management (HRM) policies and programs are merit-based, mission-focused, and cost-effective.

Merit-based, mission-focused, and cost-effective Federal HRM policies and programs enable agencies to recruit and retain the workforce they need to accomplish their mission. Below we describe how our activities helped meet this goal.

Each year OMSOE produces studies on HR topics that help inform policy deliberations. This year we produced four studies that started in FY 1999 and began six more studies to be published in FY 2001. The critical indicator of our success is whether these studies are useful to HR policy-makers and program managers. Feedback from OPM program offices and agency HR managers indicates that they rely heavily and confidently on the findings and recommendations in our reports. For example, our study on benefits counseling has been of great help to OPM's Retirement and Insurance Service as that office continues its Retirement System Modernization efforts.

M OMSOE studies produce valuable information, which contributes to policy or program proposals.

OMSOE conducted four studies in FY 1999 that were completed and distributed in early FY 2000. They should have significant impact on human resources management operations. The first is a study of the HR workforce in transition, and it is already guiding the work of the Human Resources Management Council as that inter-agency group of HR leaders addresses the issues outlined in the report. The second study describes the effects of recruitment, retention, and relocation bonuses within agencies, and it has contributed valuable data to OPM's total compensation effort. The third study deals with performance recognition, and the fourth study reviews what authorities agencies are using to make employee work life more family friendly. The Governmentwide perspective offered by all of these reports has helped individual agencies put their programs in perspective.

OMSOE also completed data gathering and analysis on several special studies in FY 2000. We anticipate the studies on benefits counseling, veterans hiring, telework, and supervisors to be published in early FY 2001. We also studied

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pass/fail performance management, classification, technology workforce development, internet recruiting, and public notice, and we plan to publish our findings later in FY 2001. Some of these studies will be published for external audiences, and all of them will provide input to OPM policy-making efforts. It is through studies such as these that we encourage merit-based, mission-focused, and cost-effective HRM policies and programs. The findings of these studies help us focus our oversight efforts on areas that may need attention.

OMSOE Goal 2

M

The Central Personnel Data File (CPDF) is modernized to acquire data electronically, to make the CPDF more accessible, and to use it to replace the employment history function now served by paper Official Personnel Folders (OPF).

[OMSOE Goals 2 and 10 both address our workforce information activities. In order to streamline our Annual Performance Plan, we have combined these two goals in our FY 2001 plan. The new, combined goal is: "Provide and enhance accessibility of workforce information to meet the needs of Federal agencies, Congress, the White House, and the public." (OMSOE Goal 4—FY 2001).]

We serve as the authoritative source for statistical information on the size and composition of the Federal civilian workforce. We offer customers free electronic publications that contain hundreds of tables and charts, and we provide specialized services (fee may be required) for customers who need additional data or statistics. The primary source of our data is the Central Personnel Data File.

At the beginning of the year, we established five indicators to assess our achievement of this goal. The first two indicators are critical to success, and the next two are no longer applicable. As described below, we went beyond accomplishing the tasks outlined in our critical indicators, and the approval ratings in our final indicator tell us that our customers are pleased with our efforts.

M Technical requirements for electronic exchange of CPDF submissions and quality control information are developed. Significant progress is made on the CPDF Modernization Plan, including a tracking system for contract milestones, approval of technical requirements by the Chief Information Officer (CIO), and agency satisfaction with proposed technical requirements.

An electronic submission process was formally opened to all agencies in March 2000. Because of the need for careful quality review and testing, we are approving

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agency requests to join the new process on a flow basis. Our customer satisfaction data indicate that our customers are extremely satisfied with the clarity, timeliness, and quality of our statistical products (over 95% satisfaction rates).

Another aspect of our CPDF modernization effort is FedScope, described below.

- M Detailed design specifications for a CPDF online information retrieval system are developed, taking into account feedback from CPDF users.

We have gone beyond design and have actually constructed the new system, which we call FedScope. FedScope went on-line to the public in October and continues to receive very positive feedback from users. In addition to positive feedback, we continue to help FedScope users troubleshoot problems with their own systems so they can more easily access the data.

FedScope allows our customers to access Federal workforce data over the Internet. FedScope is an On Line Analytic Processing (OLAP) tool which provides a free and easy way for our customers to access and analyze a large array of Federal employment data on their own. It uses multidimensional data sources called "Cubes". A FedScope cube brings together 13 key dimensions (data elements) on the Federal workforce and lets you explore any combination of the data: up, down, and across the dimensions.

You can easily:

- Use our shortcut canned reports that we have provided.*
- Free-style with our OLAP tool to create your own reports.*
- Export data to your favorite software (i.e. Excel Spreadsheet) for analysis and presentation.*
- Export reports to Adobe Acrobat PDF for printing.*

- D Assessment of the quality of CPDF historical dynamics records is completed, taking into account feedback from human resources (HR) management offices and employee organizations.

This indicator is no longer valid, as the project was superceded by the Human Resources Data Network (HRDN) project.

- D Quality control procedures for the CPDF Employment History File are developed using the following to measure success; number of issues addressed by procedures, feedback from technical experts on feasibility of the procedures, and feedback from agency officials on workability of quality control feedback.

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This indicator is no longer valid, as the project was superceded by the HRDN project.

- M** Increase in the level of agency HR Directors' satisfaction with regard to 1) OPM's leadership in this area, and 2) their opportunity for involvement, as measured by informal customer feedback and/or an increase of 2% over FY 1999 levels in the percentage of favorable ratings (or maintenance at 90% or higher) in the OPM HR Directors' Customer Satisfaction Survey (DCSS).

Reported level of satisfaction as measured in the DCSS was as follows:

<u>HR Directors</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>
<i>Policy Leadership</i>	54%	<i>Insufficient</i>	80%
<i>Opportunity for Involvement</i>	63%	<i>Data</i>	74%

OPM STRATEGIC PLAN GOAL II

PROTECT AND PROMOTE THE MERIT-BASED CIVIL SERVICE AND THE EMPLOYEE EARNED BENEFIT PROGRAMS THROUGH AN EFFECTIVE OVERSIGHT AND EVALUATION PROGRAM.

OMSOE Goal 3A

M

Agencies, Governmentwide, adhere to the merit system principles and the laws, rules, and regulations governing Federal HR management.

[OMSOE Goals 3A and 3B are somewhat redundant. To reduce that redundancy, we have combined these two goals in our FY 2001 plan. The new, combined goal is: "Improve and support the high standard of agency adherence to the merit system principles and other laws, rules, regulations, and public policies governing Federal HR management." (OMSOE Goal 2—FY 2001).]

This goal is critical to meeting OPM's strategic goal 2, and the first two indicators below are critical to assessing our success. Through our oversight reviews, we analyze data from several sources and produce a final report detailing the health of the merit system in the agency being reviewed. Our scheduled reviews of seven large and eight small agencies revealed that agencies continue to adhere to the merit system principles and laws, rules, and regulations governing Federal HR management. We found no systemic problems during our reviews, and the problems we did find were corrected by the agencies. Therefore, we met this goal.

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There is no single measure of agency adherence to the merit system principles, making it difficult to establish a baseline of agency adherence. Besides our onsite reviews, we also use the Governmentwide Merit System Principles Questionnaire (MSPQ) data as a gauge of employee perceptions regarding the merit system principles. Because the MSPQ is administered on an annual basis, we are, in most cases, able to compare results from year to year. For FY 2000, we did not meet our 2% goal as stated in this measure. For future years we have discontinued the use of a percentage increase as a measure of our success.

Beginning in FY 2001, we use the word “stable” to describe our goal with regard to several MSPQ percentages because the current positive responses are at a level that is acceptable to us. The term “improved” means that we expect an increase in the favorable aggregate response for specific merit system principles. Minor annual numerical changes have limited statistical validity, so our focus is on ensuring that the positive response rate is either maintained or improved.

Another reason we no longer use specific changes in MSPQ responses as indicators of our success is explained in our revised FY 2000 – FY 2005 Strategic Plan. Changes in response rates are only an indirect result of our actions. While we can and will be held accountable for providing the guidance and oversight that should lead to improved adherence to merit system principles, we can only influence the activities of agencies. It is these agency activities that directly determine employee perceptions.

M Improved adherence to the merit system principles and improved HRM effectiveness.

OMSOE reviewed seven large agencies and eight small agencies (including some alternative personnel systems within these organizations). These reviews focus on whether agencies are doing things right (adhering to merit principles) as well as whether they are doing the right things (implementing HRM programs that help managers do their job). We also conducted 78 delegated examining audits.

We continued to explore new evaluation approaches, particularly for organizations outside of the coverage of Title 5, United States Code, to ensure that the merit system operates effectively in the Federal Government. We published Oversight Notes, which is a tool used for sharing best practices and warnings about pitfalls. Prompted by this oversight and guidance, close adherence to the merit system principles remains stable. In cases where we do find infractions, we require and obtain immediate correction.

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We began to experiment with an alternative oversight approach this year. Using this approach, when an agency has established an effective onsite oversight system and the agency agrees to allow us to participate in all reviews and provide us copies of its reports, we will forego our cyclic review. In 2000, we signed an agreement with the Social Security Administration and laid the groundwork for one with the Department of the Army to use this approach. Rather than the one view provided every four years by our cyclic reviews, these agreements have the potential to provide us constant information about the state of the merit system in these agencies. We will closely monitor the effectiveness of this experimental approach.

- M HRM improvements and correction of abuses that result from oversight reviews.

We continue to work with agencies to solve problems in a timely and satisfactory manner. The problems we did find continue to be sporadic rather than systemic. It is difficult to generalize a time frame for resolution of problems because the types of problems we find are varied. When we find a small number of violations, we expect them to be resolved quickly—often before our onsite visit is over. Sometimes we find a problem involving many errors in a specific type of transaction; this may take more time to correct because it involves correction of both the error and the system. In very rare situations, we find serious, systemic problems that involve time consuming correction. Agencies are truly striving for compliance, and they continue to be cooperative. OMSOE found that, for the most part, agencies are in compliance with law and regulation. We identified several examples of excellent practices to share with agencies.

OMSOE also participated in reviews with the Department of the Army and the Department of Veterans Affairs with an eye toward accountability and improvement of operational procedures. We provided recommendations designed to enhance HR strategic planning, to integrate HR activities into mission accomplishment, and to provide an evaluation of program accomplishments and shortcomings. We also provided assistance to agencies in providing enhanced service by correcting improper actions, ensuring that all external vacancies were publicized, and reviewing Official Personnel Folders to make sure veterans preference and service computation dates were correct.

- M Agencies score their satisfaction with our evaluations an average of at least 4.25 on a five-point scale.

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Agencies complete a form assessing our evaluation of their operations based on factors such as: providing useful information and feedback, addressing important human resource issues, articulating clear expectations and explaining the reasons for required and recommended actions. They rate their satisfaction on a scale of 1 to 5 (1 = Poor, 5 = Outstanding). Each performance report shows an average of ratings received during the past fiscal year. Because of the way we distribute our workload over the year and because of the time we allow agencies to respond to our evaluations, this yearly average will include some ratings for evaluations conducted late the previous year and will not include ratings for evaluations conducted late in the current year, but all ratings will be reflected over the years.

FY 2000 average score 4.37

This figure indicates high satisfaction with our evaluation activities. However, in the FY 2000 Customer Satisfaction Survey of HR Directors, only 56% either “agreed” or “strongly agreed” with the following statement: “OPM’s oversight activities provide information and guidance that contribute to the strength of my agency’s HR programs.” Nearly one in five respondents indicated they had neither positive nor negative perceptions of OPM’s oversight activities. Through our revitalized and refocused oversight program, created in 1995, we are still working to change the perception of oversight in the Federal HR community. The results of this HR Directors’ survey indicate that we still have some more work to do.

M Agencies reviewed as scheduled.

OMSOE reviewed the seven large agencies and eight small agencies that were scheduled for review during FY 2000 (including some alternative personnel systems within these organizations). We tested our new internal guidance for evaluating non-Title 5 agencies by focusing on alternative systems within the agencies scheduled for review this year.

We have either produced reports or completed all on-site activity for reports on these agencies: Departments of State, Treasury, Justice, and Air Force; Equal Employment Opportunity Commission; General Services Administration; Federal Emergency Management Agency; Inter-American Foundation; Federal Energy Regulatory Commission; National Credit Union Administration; National Endowment for the Arts; National Endowment for the Humanities; National Science Foundation; Defense Nuclear Facilities Safety Board, and the International Trade Commission.

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- N** Improvement in the percentage of employees responding favorably to the Merit Systems Principles Questionnaire (MSPQ). By FY 2000, a 2% increase in the favorable responses and a 2% decrease in unfavorable responses over the FY 1999 figures. The increases/decreases are annual increments to reach the 5-year strategic targets.

OMSOE collects the Governmentwide data from the MSPQ in the last quarter of every fiscal year so that results are available for use in oversight reviews beginning in the first quarter of the next fiscal year. We distribute the survey to a Governmentwide sample of Federal employees, including supervisors and managers.

The FY 1999 MSPQ Governmentwide data was collected in late FY 1999. We significantly revised the FY 1999 MSPQ, shortening it 20% (from 72 to 57 questions) and editing questions to improve understandability. The substantial revisions and improvements to the MSPQ for FY 1999 meant that the results for FY 1999 are not comparable to those obtained in earlier years.

The perception of these underlying values is influenced by many factors, including Federal personnel policies and practices and current Governmentwide economic, cultural, and social conditions. We would therefore expect substantive change in the perception of these principles to occur only over a period of years. Over the next five years, we hope to maintain the high percentage levels of favorable responses for many of the principles. OPM programs will continue to use the results of the MSPQ as an indicator of policy areas which need attention, with a long-term focus on improving the responses for those principles with less favorable responses.

We did not meet our 2% target as stated in this measure. For future years we have discontinued the use of a percentage increase as a measure of our success. Beginning in FY 2001, we use the word "stable" to describe our target with regard to several MSPQ percentages because the current positive responses are at a level that is acceptable to us. The numbers under the FY 1999 (baseline) column in the chart below represent the summary percentages of favorable responses for each of the nine merit system principles. Although we expect changes in the perception of the merit system principles to occur over a period of years, we have not established numerical targets for meeting/exceeding each merit system principle. The term "improved" means that we expect an increase in the favorable aggregate response for specific merit system principles.

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Minor annual numerical changes have no statistical validity, so our focus is on ensuring that the positive response rate is either maintained or improved.

Results from the FY 1999 and FY 2000 MSPQ follow:

Merit System Principle	%Favorable		
	FY 1999 (baseline)	FY 2000	FY 2001 (target)
1. Recruit, select and advance on the basis of merit.	62	62	improved
2. Treat employees and applicants fairly and equitably.	63	63	improved
3. Provide equal pay for equal work, and reward excellent performance.	44	43	improved
4. Maintain high standards of integrity, conduct, and concern for the public interest.	76	74	stable
5. Manage employees efficiently and effectively.	54	53	improved
6. Retain or separate employees on the basis on their performance.	65	65	improved
7. Educate and train employees when it will result in better organizational and individual performance.	58	56	improved
8. Protect employees from improper political influence.	67	68	improved
9. Protect employees against reprisal for the lawful disclosure of information.	41	44	improved

- D** Five and ten-year efficiency and productivity trends for personnel office operations are monitored and charted for key agencies, any agency on request, and Governmentwide. Data reflecting these trends are found in the CPDF.

This measure was discontinued because efficiency and productivity trends for personnel office operations are not an indicator of compliance with merit system principles and the laws, rules, and regulations governing Federal HR management.

OMSOE Goal 3B

HRM practices in non-title 5 agencies adhere to the merit system principles.

[OMSOE Goals 3A and 3B are somewhat redundant. To reduce that redundancy, we have combined these two goals in our FY 2001 plan. The new, combined goal is: "Improve and support the high standard of agency adherence to the merit system principles and other laws, rules, regulations, and public policies governing Federal HR management." (OMSOE Goal 2—FY 2001).]

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This goal is critical to meeting OPM's strategic goal 2. As we mentioned under OMSOE Goal 3A, there is no single measure of agency adherence to the merit system principles, which makes it difficult to establish a baseline of agency adherence. Still, our reviews of non-Title 5 agencies revealed that the agencies continue to adhere to the merit system principles and laws, rules, and regulations governing Federal HR management. Therefore, we met this goal.

Through our oversight reviews we analyze data from several sources and produce a final report detailing the health of the merit system in the agency being reviewed. As scheduled, we reviewed non-Title 5 activity in several agencies. We found no systemic problems during our reviews, and the problems we did find were corrected by the agencies. Agencies continue to report high satisfaction ratings with our oversight reviews—4.5 on a scale of 1 to 5, with 5 being outstanding.

- M** The systems and practices of non-Title 5 agencies adhere to the merit system principles.

OMSOE reviewed the Air Force Research Laboratory as part of the Air Force oversight review. The Alternative Personnel System Review protocol approved by the OMSOE Business Council in March 2000 was used as a guide during the review. The results of the review, published in our Oversight Report to the Air Force Research Laboratory, indicated that this particular non-Title 5 agency is adhering to the merit system principles. Our resources do not allow us to visit every non-Title 5 entity every year, so our annual reviews of non-Title 5 systems is limited, but we are doing more every year. The agencies with non-Title 5 systems listed under the last measure under this goal were also visited, as scheduled. Like the Air Force Research Laboratory, these sites were adhering to the merit system principles.

- M** Merit principle abuses are corrected.

We continue to work with agencies to solve problems in a timely and satisfactory manner. The problems we did find continue to be sporadic rather than systemic. It is difficult to generalize a time frame for resolution of problems because the types of problems we find are varied. When we find a small number of violations, we expect them to be resolved quickly—often before our onsite visit is over. Sometimes we find a problem involving many errors in a specific type of transaction; this may take more time to correct because it involves correction of both the error and the system. In very rare

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situations, we find serious, systemic problems that involve time consuming correction. Agencies are truly striving for compliance, and they continue to be cooperative. OMSOE found that, for the most part, agencies are in compliance with law and regulation. We identified several examples of excellent practices to share with agencies.

- M Agencies score their satisfaction with OMSOE evaluations at an average of at least 4.25 on a 5-point scale.

The focused reviews of time-limited interchange agreements do not lend themselves to this type of satisfaction survey. Reviews of demonstration projects and alternative personnel systems are part of broader Agencywide reviews. Agency evaluations of these are reported under Goal 3A.

- M Agencies are reviewed as scheduled.

As scheduled, we reviewed non-Title 5 activity in these agencies: Army, Navy, and Air Force (Civilian Intelligence), Defense Nuclear Facilities Safety Board, Comptroller of the Currency, and State Department. We also reviewed the administration of non-title 5 pay authorities, including administratively determined pay at the National Credit Union Administration and special pay for disaster assistance employees at the Federal Emergency Management Agency.

- OMSOE Goal 4** M
Agency systems assure accountability for the merit system principles and the laws, rules, and regulations governing Federal HR management.

“Authority to make many HRM decisions has historically been held in the HR or Personnel Office (for example, classification of positions to title, series and grade). Managers obviously participated in these decisions, but the HR Office often retained final authority. The primary concern was for compliance with HR laws and regulations, not how well the HR system supported mission accomplishment. The new model does not abandon compliance concerns, but rather represents a major shift in balance toward outcomes and results.

“The new, though still evolving, Federal HRM model places the direct responsibility for human resources management on those whose immediate task is mission accomplishment—line managers. These managers, supported

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by the human resources staff, must be given authority to manage human resources and then be held accountable for the results or outcomes of their decisions. This makes good business sense. Those with authority and responsibility for accomplishing the agency mission should also have authority and responsibility over HRM. Those who run an agency's business should know best what kind of employees are needed and how they should be deployed..."(From the HRM Accountability System Development Guide)

Of the five indicators listed below, the most critical measures are the number of agencies that have established accountability systems and our evaluations of those systems. During the current review cycle (2000-2003), we are assisting agencies in establishing accountability systems. During the next review cycle (2004-2007), we will track the number and quality of HRM accountability systems that have been established. We are, therefore, on track to meet this goal.

M The number of internal accountability systems established or improved.

During FY 2000, we reviewed the accountability efforts of the seven large and eight small agencies in this year's oversight review cycle. Most of these agencies are still in the process of developing accountability systems. Our goal is to have all agencies in our review cycle establish accountability systems. We will know whether this has occurred by the end of the cycle.

Our "HRM Accountability System Development Guide" continues to be available at the OPM Website as a basic primer in accountability and as a tool for agencies seeking to improve their accountability systems. We also continue to work individually with agencies seeking assistance in developing HRM accountability systems. We worked with the Department of Interior this year to help implement the system developed with our help the previous year. We also took on a new client, IRS, which sought our help in designing an accountability system after the model described in the "Guide." We provided IRS and Interior with access to CPDF data that could be used for measurement purposes, and sent a team to IRS in July 2000 to teach the accountability staff there how to use it. We also consulted with the Bureau of Land Management to improve the Personnel Services Customer Survey used in conjunction with their accountability program.

M Interagency projects produce accountability models and measures.

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A model that came to the forefront in FY 2000 was one that we had developed in FY 1999. FY 2000 was a breakthrough year in terms of the impact of our HRM accountability program within OPM itself. The "hierarchy of accountability" model found in our "HRM Accountability System Development Guide" became the basis for OPM's HR strategic alignment pyramid, which was unveiled to HR executives in June 2000. This new strategic thrust was also strongly influenced and informed by our September 1999 special report, "Strategic Human Resources Management: Aligning with the Mission." To promote interagency cooperation, we have established a web-based Accountability Clearinghouse.

- M** Evaluations of accountability systems in key agencies according to the *Accountability Program Coverage Guide*.

We reviewed internal HRM accountability efforts at seven large agencies and eight smaller ones, as part of the OMSOE agency reviews. Assessment and tabulation of the results is not yet complete. However, as of mid-year, we had over 60 agencies or major agency components in our database, a number that will continue to grow as the OMSOE review cycle proceeds. Mid-year results show that a gradually increasing percentage of the agencies in the database have established HRM goals aligned with agency goals (currently 76%), and a large minority (43%) have now also identified and are tracking HR measures.

- N** Increase in the level of agency HR Directors' satisfaction with regard to 1) OPM's leadership in this area, and 2) their opportunity for involvement, as measured by informal customer feedback and/or an increase of 2% over FY 1999 levels in the percentage of favorable ratings (or maintenance at 90% or higher) in the HR Directors' Customer Satisfaction Survey (DCSS).

Reported level of satisfaction as measured in the DCSS was as follows:

<i><u>HR Directors</u></i>	<i><u>FY 1998</u></i>	<i><u>FY 1999</u></i>	<i><u>FY 2000</u></i>
<i>Policy Leadership</i>	<i>60%</i>	<i>Insufficient</i>	<i>60%</i>
<i>Opportunity for Involvement</i>	<i>61%</i>	<i>Data</i>	<i>74%</i>

These figures show that HR Directors are not as satisfied as we had hoped with our policy leadership in this area. We will continue our efforts to strengthen our leadership role with regard to accountability. We are receiving higher satisfaction ratings from HR Directors on our collaborative efforts.

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- M** Increase in the level of agency HR Specialists' satisfaction with regard to 1) information sharing, and 2) technical assistance, as measured by informal customer feedback and/or an increase of 2% over FY 1999 levels in the percentage of favorable ratings (or maintenance at 90% or higher) in the Customer Satisfaction Survey (CSS).

The OPM Customer Satisfaction Survey of Human Resource Specialists was not administered in FY 2000. However, we do have some anecdotal customer service data.

- *There have been a large number of downloads reported of our HRM Accountability System Development Guide off the Website, approximately 1500 the first week it was posted.*
- *Individual agencies such as IRS, SSA, and DOI have reported to us that our guidance has been very useful to them in developing accountability systems.*
- *We have received an increasing number of opportunities to speak about our Accountability approach at interagency and other forums, including the GPRA Interest Group, IPQC HR Measurement Summit, OPM Solutions Conference and Public HR Conference.*
- *We continue to upgrade our Internet site and to provide HR innovation information based on customer input and inquiries.*

Reported level of satisfaction as measured in the CSS was as follows:

<i>HR Specialists</i>	<i>FY 1998</i>	<i>FY 1999</i>	<i>FY 2000</i>
<i>Information Sharing</i>	<i>48%</i>	<i>66%</i>	<i>No Data</i>
<i>Technical Assistance</i>	<i>47%</i>	<i>59%</i>	<i>No Data</i>

- OMSOE Goal 5** **M**
The Federal workforce understands and is guided by the merit system principles.

One of the keys to establishing accountability systems in agencies is educating the Federal workforce on the merit system principles. We have developed several products for agencies to use in fostering awareness and understanding of the merit system principles and prohibited personnel practices.

The clearest indicator of employee awareness of merit system principles is the Merit System Principles Questionnaire. As discussed under OMSOE goal 3A, we no longer rely on year-to-year shifts in specific response rates to

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indicate the direct impact of our work. Still, questionnaire responses indicate that this goal has been met, that managers and employees have a fairly high and stable understanding of the merit system principles (MSP). As a result of guidance and tools we have provided to them, several agencies have begun intensive education initiatives to raise awareness of the merit principles among their employees.

- M** Increased understanding of the principles by managers and employees as measured by questions #27 and #28 of the MSPQ.

Due to the substantial changes that we made in the MSPQ for FY 1999, we could not compare the results for that year with those for previous years. We do not expect to make any substantial changes in the MSPQ for the next several years. Consequently, we will be able to use the FY 1999 MSPQ results as baseline for comparison purposes with MSPQ results in upcoming years. We will be looking for long-term stability or improvement rather than specific annual increases in positive response rates.

Percentage of favorable ratings:

	<u>FY1999</u>	<u>FY 2000</u>
<i>Question 27:</i>		
<i>I know what the merit system principles are.</i>	61%	62%
<i>Question 28:</i>		
<i>I know what the prohibited personnel practices are.</i>	75%	75%

- M** Agencies adopt programs and practices that promote the merit system principles as determined by oversight reviews.

Agency responses to the recommended actions included in our evaluation reports provide numerous examples of steps they have taken to strengthen their application of the merit systems principles. Several agencies have begun to include merit principles education in the annual refresher courses for managers and supervisors. Other agencies have included information about the merit principles and prohibited personnel practices during annual ethics briefings. Actions based on our recommendations include:

- The Department of State has hosted a training seminar for personnelists conducted by OPM.*
- HHS and IRS also conducted training seminars for personnelists and other staff in the merit principles.*

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- M** Educational materials are used by agencies to increase awareness of principles.

We continued to make available to agencies a variety of merit principle educational tools, including our award-winning video with accompanying training module, wallet cards, brochures, and mouse pads to promote awareness among the agencies of the MSPs. OMSOE staff also made over 15 merit principles presentations at the OPM Management Development Centers, reaching directly some 1000 current or aspiring managers from across Government.

The volume of requests for these educational materials indicates that agencies are using or intend to use them. For instance, during FY 2000, the Department of State has ordered and distributed several copies of the MSP video and more than 1000 wallet cards. The Office of Thrift Supervision ordered 1200 wallet cards. SSA ordered 4000 wallet cards and brochures. The Department of Education ordered and distributed MSP posters to all their HR field offices.

We will continue to utilize various educational approaches toward maintaining and improving the awareness and understanding of the merit principles and prohibited personnel practices. We will continue to develop new products and to work with agency training offices, the OPM Management Development Centers, and other training vendors.

- OMSOE Goal 6** **M**
Delegated examining is conducted in accordance with merit system laws, regulations, and principles. [See ES Goal 14.]

The authority for OPM to delegate competitive examining derives from the Civil Service Reform Act of 1978, and is now codified in 5 U.S.C. § 1104. OPM delegates examining authority to the headquarters level of an agency. OPM is tasked with ensuring that activities delegated to agencies under 5 U.S.C. § 1104(a) are in accordance with the merit system principles and the standards established under 5 U.S.C. § 1104(b)(1). The principal merit system objectives for recruiting and selection are to provide adequate public notice of the opportunity to compete for consideration and to select from among the best qualified available candidates on the basis of job-related measures.

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OMSOE, therefore, conducts periodic reviews of competitive examining activities. A review is not necessarily intended to be a problem-finding exercise. However, when problems are identified, corrective actions are specified, and OPM may conduct future reviews on a more frequent basis and with more intensity. When we find agency actions that are contrary to any law, rule, or regulation, we require that those actions be corrected.

Both of the indicators below are critical. We surpassed the first, conducting more than the scheduled number of reviews. Agencies complied with the required actions included in our reports, so this goal was met.

M Reviews conducted as scheduled.

Our goal was to conduct 50 Delegated Examining Unit (DEU) audits, and we were able to conduct 78.

M Violations are corrected.

There were no major violations found as a result of the audits. There were, however, several isolated problems that were corrected.

OMSOE Goal 7 **M**
The Department of Justice's (DoJ) requests for assistance under the Voting Rights Act are fully supported.

OMSOE supports the Voting Rights Act of 1965 (Public Law 89-110) by providing observers for elections, and examining and producing lists of eligible voters who are protected under the provisions of the Act. This support is provided at the request of the Department of Justice. Justice is our primary customer with regard to this program, and meeting the Department's requirements is our critical indicator of success. Feedback from DoJ has been positive, as we have met 100% of the requirements they have put before us.

M DoJ's requirements are met.

According to the feedback we have received from the Department of Justice, OMSOE met 100% of Department of Justice requirements.

M Skilled observers are provided for exercises.

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We provided 500 skilled observers for elections in Alabama, Arizona, California, Georgia, Louisiana, Mississippi, New Jersey, New Mexico, New York, and Texas. This included support for ten language-based elections held at locations where the predominate language of voters was not English. We provided Examiner-only support for 22 elections in Alabama, Arizona, Georgia, Louisiana, Mississippi, New York, North Carolina, South Carolina, Texas, and Utah.

- M** High-quality election day reports, accurate voter lists, resolution of voting problems, and timely voter list maintenance.

As requested by the Department of Justice, we also processed the removal of 2,776 names and 877 changes in names, addresses, and/or voting precincts in the lists of Federally registered voters for jurisdictions in Alabama, Georgia, Louisiana, Mississippi and South Carolina. These large numbers represent a major effort with the counties in the State of Mississippi to make their lists current.

- OMSOE Goal 8** **M**
Classification appeals, Fair Labor Standards Act (FLSA) claims, and the mobility provisions of the Intergovernmental Personnel Act (IPA) are properly administered.

[While OMSOE Goal 8 details important activities, they are not primary activities of OMSOE. The classification appeals and FLSA claims portion of this goal have become a strategy under OMSOE Goal 2 in our FY 2001 Annual Performance Plan. The strategy reads: "Address individual employee equity concerns through the classification appeals and Fair Labor Standards Act complaint processes." OMSOE Goal 2 has also subsumed the IPA portion of this goal.]

In FY 2000, we met the critical indicators for each of these programs (the first, third, and fourth indicators below) by carrying out our program administration responsibilities and issuing correct, consistent, and timely decisions. Our regular oversight reviews revealed that the IPA delegations in the agencies reviewed are being properly administered.

- M** Correct, consistent, and timely decisions, as tracked by the Classification Appeals Program Management Information System (CAPMIS).

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In a timely manner OMSOE adjudicated the following cases and provided correct and consistent decisions: 139 classification appeals, 13 FLSA claims, and 24 pay claims. We are also in the process of making improvements to regulations which pertain to the classification appeals process for both General Schedule and Federal Wage System positions.

M Publication of Digest

Periodically we publish the Digest of Significant Classification Decisions and Opinions. In each Digest we present summaries of several decisions and opinions that we believe have Governmentwide applicability. The Digest is designed to aid classifiers in exercising their judgment. Digest items do not supersede or supplement classification standards and do not constitute "case law." As a classification or job grading standard or guide is updated, Digest articles issued under the old standard or guide may be deleted. In FY 2000, we published two Digests, as scheduled.

M Publication of FLSA decisions on OPM's Website.

All FLSA claims decisions are posted on OPM's Website, as well as all classification appeal decisions. We are in the process of establishing a Website for posting our pay claims decisions.

M IPA delegations are properly exercised.

In keeping with the revitalized IPA oversight program begun in FY 1999 and to ensure that IPA delegations are properly exercised, we continued to 1) conduct onsite reviews of agency IPA programs as part of the broader review cycle and 2) require agencies to submit an annual report of IPA Mobility program activity. This year four agency IPA programs were reviewed – National Science Foundation, Air Force, Justice, and EEOC. The annual reports, which found that the delegations have been properly exercised in those agencies, have allowed OMSOE to create a database showing the number and type of IPA assignments across Government. This is useful both for responding to inquiries and for tracking program participation over time. In addition, we continued to act in an advisory role to agencies seeking to use the program, fielding an estimated 5-6 calls on average each day.

OPM STRATEGIC PLAN GOAL III

PROVIDE ADVICE AND ASSISTANCE TO HELP FEDERAL AGENCIES IMPROVE THEIR HUMAN RESOURCES MANAGEMENT PROGRAMS TO EFFECTIVELY OPERATE WITHIN THE ECONOMY, DEMOGRAPHICS, AND ENVIRONMENT OF THE 21ST CENTURY.

OMSOE Goal 9

M

Personnel demonstration projects and alternative personnel systems are successfully implemented. [See ES Goal 18, WCPS Goal 13, and OWR Goal 13.]

As prescribed by the Civil Service Reform Act of 1978, a demonstration project provides a means for testing change in an agency's HRM system. A Federal agency may obtain authority from OPM to waive existing Federal HRM law and regulations to propose, develop, test, and evaluate interventions for its own HRM system that have the potential to shape the future of Federal HRM.

The critical indicator of the success of this program is the number of interventions that are adapted through new HRM laws, regulations, or lessons learned. There were several new or modified demonstration projects in FY 2000, so we met our goal. We provided technical assistance to the agencies requesting these projects and modifications, and we addressed some stakeholder concerns. As evidence of their success and usefulness, agencies continue to show interest in implementing, expanding, and making permanent the innovations tested in demonstration projects.

M The number of demonstration projects and alternative personnel management systems approved by OPM for publication in the Federal Register and the number implemented.

The DoD Acquisition Workforce Demonstration Project began implementation on February 8, 1999. We have been working with the Department of Defense to ensure that the Acquisition Evaluation Plan and Acquisition Evaluation Baseline Implementation report meet our standards and criteria as outlined in the Demonstration Project Evaluation Handbook.

The Army Research Lab Demonstration Project incorporated competitive examining and Distinguished Scholastic Achievement Appointment authorities and clarified performance management in an amendment published in the Federal Register January 21, 2000.

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The Air Force Demonstration Project modified demonstration project procedures in an amendment published January 21, 2000.

The Army Engineer Research & Development Center modified demonstration project plans to recognize performance-based scores in three out of four current years in establishing Reduction-in-Force retention registers in an amendment published May 22, 2000.

The Naval Sea Systems Command Warfare Center Demonstration Project established a new category of positions designated as Senior Scientific Technical Manager (SSTM) in an amendment published August 29, 2000.

Two separate Army demonstration projects were merged into one project as published in a Federal Register amendment under the new designated S&T Reinvention Laboratory Personnel Demo Project at the U.S. Army Aviation and Missile Research, Development and Engineering Center (AMCOM RDEC) on August 31, 2000.

- M** New HRM laws, regulations, or lessons learned from demonstration projects.

Bureau of Indian Affairs published proposed (3/00) and final (6/00) demonstration project regulations based on the designs of Chapter 47 demonstration projects. OPM's HR legislative reform proposals included innovations based on Chapter 47 demonstration project results. IRS crafted and published (12/00) regulations this fiscal year based on Chapter 47 broadbanding demonstration projects. Treasury began its demonstration project in March, 1999, and it is scheduled to last until October, 2001. This project is largely based on Chapter 47 demonstration project innovations. It also draws lessons learned from Chapter 47 evaluation reports. Treasury is following OPM guidance for its baseline evaluation analysis, which is underway this fiscal year.

- M** Increase in the level of agency HR Directors' satisfaction with regard to 1) OPM's leadership in this area, and 2) their opportunity for involvement, as measured by informal customer feedback and/or an increase of 2% over FY 1999 levels in the percentage of favorable ratings (or maintenance at 90% or higher) in the DCSS.

Reported levels of satisfaction as measured in the DCSS were as follows:

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<i>HR Directors</i>	<i>FY 1998</i>	<i>FY 1999</i>	<i>FY 2000</i>
<i>Policy Leadership</i>	<i>36%</i>	<i>Insufficient</i>	<i>49%</i>
<i>Opportunity for involvement</i>	<i>41%</i>	<i>Data</i>	<i>74%</i>

These responses indicate that HR Directors are more satisfied with their opportunity to be involved, but that we must continue our efforts to strengthen our policy leadership role.

- M** Increase in the level of agency HR Specialists' satisfaction with regard to 1) information sharing, and 2) technical assistance, as measured by informal customer feedback and/or an increase of 2% over FY 1999 levels in the percentage of favorable ratings (or maintenance at 90% or higher) in the CSS.

Reported levels of satisfaction as measured in the CSS were as follows:

<i>HR Specialists</i>	<i>FY 1998</i>	<i>FY 1999</i>	<i>FY 2000</i>
<i>Information Sharing</i>	<i>56%</i>	<i>57%</i>	<i>No Data</i>
<i>Technical Assistance</i>	<i>53%</i>	<i>47%</i>	<i>No Data</i>
<i>HR Flexibilities & Demo Guidance</i>	<i>—</i>	<i>70%</i>	<i>No Data</i>

The OPM Customer Satisfaction Survey of Human Resource Specialists was not administered in FY 2000. However, we do have some anecdotal customer service data.

We received positive written and oral feedback (emails, letters, phone calls) from human resource professionals at Federal departments and agencies regarding our Internet site, flexibility handouts, demo factsheets and HR innovation tools. We continue to upgrade our Internet site and to provide HR innovation information based on customer input and inquiries.

OPM STRATEGIC PLAN GOAL IV

DELIVER HIGH-QUALITY, COST-EFFECTIVE HUMAN RESOURCES SERVICES TO FEDERAL AGENCIES, EMPLOYEES, ANNUITANTS, AND THE PUBLIC.

OMSOE Goal 10

M

The workforce information needs of OPM, other central management agencies, the Congress, the White House, and the public are met.

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[OMSOE Goals 2 and 10 both address our workforce information activities. In order to streamline our Annual Performance Plan, we have combined these two goals in our FY 2001 plan. The new, combined goal is: "Provide and enhance accessibility of workforce information to meet the needs of Federal agencies, Congress, the White House, and the public." (OMSOE Goal 4—FY 2001).]

This goal is critical to meeting OPM's strategic goal three. We serve as the authoritative source for statistical information on the size and composition of the Federal civilian workforce. We offer customers free electronic publications that contain hundreds of tables and charts, and we provide specialized services (fee may be required) for customers who need additional data or statistics. The primary source of our data is the Central Personnel Data File.

The first two indicators below are critical to assessing how well we meet workforce information needs. We met our goal of building timely CPDF files, while maintaining a data accuracy rate of 97%.

Our customer feedback indicates they are very satisfied with the timeliness, clarity and quality of our data and products—over 95% satisfaction ratings. Realizing that most of our customers want to access workforce data online, we developed and released (in October 2000) a new tool called FedScope. This new product has become very popular in its short existence, receiving much attention from our primary customers and the media. There is clearly growing interest in our web products.

M Accurate and timely CPDF and other workforce information systems.

We built 4 CPDF Status and 4 CPDF Dynamic files this fiscal year. To ensure data accuracy, we maintain a strong set of submission edits, which all files must meet before they are accepted for analysis.

M The records of at least 97% of employees per major agency are correct on all core elements.

Although data quality has slipped in some agencies (primarily because of new HRIS implementation), we did meet this measure—data for 97% of employees per major agency is correct on all core elements. Data is compiled quarterly, and overall indicators remain in the high ninetieth percentile range.

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- M** User satisfaction with OPM's record keeping requirements, workforce information, and data services.

In FY 2000, we surveyed our working level customers through our automated email services. Although we provide two separate email services so we can focus our materials to the particular customer's interests, we asked similar questions of both sets of customers. The combined results were overwhelmingly positive.

<u>Issue</u>	<u>% Satisfied</u>
<i>Clarity of our guidance</i>	<i>100.0</i>
<i>Timeliness of our guidance</i>	<i>100.0</i>
<i>Quality of responses to individual requests for technical assistance</i>	<i>95.7</i>
<i>Overall quality of our services</i>	<i>96.7</i>

- M** Growing interest in data publications on OPM's Website.

OMSOE continues to track web traffic using OPM's WebTrends software. Our publications and manuals continue to receive strong interest on the web, and new offerings are planned. In a typical week, our Website receives more than 100,000 hits.

OPM STRATEGIC PLAN GOAL I

PROVIDE POLICY DIRECTION AND LEADERSHIP TO RECRUIT AND RETAIN THE FEDERAL WORKFORCE REQUIRED FOR THE 21ST CENTURY.

ES Goal 1

M

By the end of FY 2000, needed changes in all significant OPM program policies are identified and changes are introduced so that Federal agencies are better equipped to respond to changing human resources and agency needs in the 21st century.

This program goal was established under OPM Strategic Goal I. This leadership goal requires us to utilize our expertise to identify policy issues that need updating in order to improve the Federal human resource climate. There are seven indicators to assess whether or not this goal is achieved. Of these, the fourth indicator was identified at the beginning of the year as most critical for achieving the goal. We met this goal by issuing new and revised policies as outlined in our critical indicator listed below.

M An increase in the level of agency HR Directors' satisfaction with 1) OPM's employment policy leadership, and 2) their opportunity for involvement, as measured by informal feedback and/or a 2% increase (or maintenance at 90% or higher) in the percentage of favorable ratings in the DCSS.

According to the HR Director's survey satisfaction of employment policy are listed as follows:

<i><u>Policy Leadership</u></i>	<i><u>FY 1998</u></i>	<i><u>FY 1999</u></i>	<i><u>FY 2000</u></i>
<i>Employment Information</i>	<i>84%</i>	<i>Insufficient</i>	<i>86%</i>
<i>Selection and Promotion</i>	<i>76%</i>	<i>Data</i>	<i>76%</i>
<i>Workforce Restructuring</i>	<i>81%</i>		<i>79%</i>
<i>HR Systems Automation</i>	<i>54%</i>		<i>No question related to this item in DCSS</i>

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<i>Opportunity for Involvement</i>	<i>FY 1998</i>	<i>FY 1999</i>	<i>FY 2000</i>
<i>Employment Information</i>	<i>78%</i>	<i>Insufficient</i>	<i>No questions</i>
<i>Selection and Promotion</i>	<i>75%</i>	<i>Data</i>	<i>related to this</i>
<i>Workforce Restructuring</i>	<i>75%</i>		<i>item in DCSS</i>
<i>HR Systems Automation</i>	<i>58%</i>		

We constantly receive complementary remarks from our colleagues on the quality of the advice, training and other assistance — from the development of our Website information to our expert testimony on employment matters. The following is a small sample of the informal feedback we receive.

U.S. Postal Service,

— *“I was particularly impressed, but not surprised, that the administrative judge was swayed by your ‘persuasive evidence.’”*

Dept. of the Air Force, Hill AFB, advice on VEOA

— *“Thank you for your reply and clarification. Now that we have your clarification, we’ll be on target again.”*

NASA,

— *“One thing about your staff, I feel comfortable bouncing ideas around with them.”*

DC Court Services, helping the agency transition to Federal status

— *“Wow! This has been so helpful!”*

- M** Meet at least quarterly with key stakeholder groups (agencies, interagency groups, and external stakeholders) to determine their views on proposed and existing policies and programs and to obtain ideas for revisions.

ES met at least quarterly with key stakeholder groups (agencies, interagency groups, and external stakeholders) to determine their views on proposed and existing policies and programs (most notably the Career Intern Program), and to obtain ideas on revisions. For example:

- *Interagency Staffing Group composed of senior staffing specialist meets every 6 weeks.*
- *Interagency workgroup on ES’ Solutions 2000 conference met from October 1999 to April 2000.*

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- *Interagency workgroup on developing the regulations for the Governmentwide Federal Career Intern Program met in August and September 2000.*

M Favorable perception of employees Governmentwide that staffing is conducted in accordance with Merit Systems Principle 1, "Recruit, select, and advance on the basis of merit," as measured by a 50% favorable rating, or higher, on relevant questions in the MSPQ.

*Merit Principle #1 - "Recruit, select, and advance on the basis of merit."
Percentage of favorable responses:*

<u>MSPQ FY 1999</u>	<u>MSPQ FY 2000</u>
62%	64%

M New or revised policies are issued in a timely manner, so that agency needs are met without delay, and informal feedback from agencies indicates that these policies are beneficial to agencies. **[Critical indicator]**

Publishing the proposed regulations on the Repayment of Student Loans was critical because Federal agencies are continuing to experience difficulties attracting and retaining the caliber of people needed to carry out their missions and goals. The flexibility is another incentive that can be used to help them achieve the workforce they need.

On November 30, 1999, the President signed into law an amendment to the Veterans' Employment Opportunity Act. By the next day, December 1, 1999, we forwarded interim regulations for approval. In December, we also forwarded a memorandum to agencies with detailed guidance on the amendment.

On May 3, 2000, the President issued Executive Order 13154, establishing the Kosovo Campaign Medal. OPM issued guidance on May 30, 2000.

The authority to non-competitively appoint post-Vietnam era veterans under the Veterans' Readjustment Appointment authority expired on December 31, 1999, for those post-Vietnam era veterans who were last released from active duty more than 10 years ago. In early January, OPM issued guidance explaining this expiration of authority.

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On June 22, 2000, OPM published proposed regulations to implement the Repayment of Student Loans (authorized by 5 U.S.C. 5379). This recruitment and retention incentive will help Federal agencies compete for highly qualified individuals and meet changing human resources and agency needs in the 21st century.

- M** The numbers of appointing authorities continue to be reduced.

The number of unsupported or unjustified appointing authorities have been reduced, eliminating confusion and providing focus.

- M** Indication by agencies that the new policies and programs are assisting them in recruiting and selecting a diverse, high-quality workforce, as measured through the CSS and/or informal customer feedback, after the new policies and programs have been implemented.

This survey was not conducted in FY 2000. Informal customer feedback has been very positive in response to new policies and programs and indicates these actions are assisting them in obtaining high-quality candidates.

For example, feedback from the interagency workgroup on the development of the Federal Career Intern Program regulations was positive. Some agency representatives indicated that they were pleased with the regulations and some of the flexibilities the program offered.

Federal agencies and the representatives of the disability community provided positive feedback on the development of the Diversity Guide and the Model Plan for the Employment of Persons with Disabilities during a ceremony held at OPM.

- M** The effectiveness of policies and programs available to recruit and select a high-quality workforce as measured by the results of external studies and program evaluations conducted by independent organizations, such as the U.S. Merit Systems Protection Board (MSPB), the General Accounting Office (GAO), and OPM's Office of Merit Systems Oversight and Effectiveness (OMSOE.)

According to the December 1999 OMSOE Report on Recruitment, Retention and Relocation Incentives, the use of the 3R's has been in an extended period

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of slow growth across 42 departments and agencies in the Federal Government. The 3 R's Incentive program has increased almost 17 times since its inception in 1992.

ES Goal 2

With OCIO, leadership and support are provided to the Human Resources Technology Council (HRTC) so that Governmentwide HR business process redesign, systems modernization efforts, and planning initiatives fully exploit the use of modern automated technologies are pursued. [See OCIO Goal 1.]

This program goal was established under OPM Strategic Goal I. This leadership goal requires us to foster a collaborative partnership with the Human Resources Technology Council in order to improve and modernize Federal Human Resource systems.

The goal was transferred to OCIO during FY 2000. Activities and status are reported in that section.

ES Goal 3

M

Redesigned Qualifications Standards that integrate competency-based examining and Department of Labor (DOL)/Office of Management and Budget (OMB) Standard Occupational Classification systems are completed so that agencies are better able to coordinate selection, career development, and job mobility programs and to provide a simple, understandable framework for Government job applicants.

This program goal was established under OPM Strategic Goal I to evaluate and redesign the standards that agencies use to select and develop their employees. There are three indicators to assess whether or not this goal is achieved. Of these, the first indicator was identified at the beginning of the year as most critical for achieving the goal. We met this goal by developing and releasing draft qualification standards for the occupations described below.

M Revised Qualifications Standards for critical occupations (accountant and information technology) are available to agencies as planned by the end of FY 2000. **[Critical indicator]**

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OPM released draft qualification standards (job profiles) for Accountant and General Information Technology (IT) and IT Security Occupations for agency comment, developed a draft qualification standard for Human Resources clerical and technical series, implemented a "Keep in Touch" program to contact accountant and IT pilot participants weekly and provide assistance on implementing pilot hiring activities, and drafted an implementation and communications strategy, including a training plan and modules, to roll out the competency-based job profiles.

- N** Agencies indicate that the new standards are assisting them in recruiting and selecting a diverse, high-quality workforce, as measured through the CSS and/or informal, customer feedback, after the new Qualification Standards are issued.

Agency feedback has resulted in program improvements such as the way managers identify competencies for selection. Because of limited hiring activity by the pilot agencies, there is currently insufficient evaluation data to be meaningful. Increased hiring activity will occur in FY 2001. Anecdotal feedback from the pilot agencies has been positive.

- NX** In the longer term (FY 2002 and beyond), agency performance reports will indicate that they were able to hire the high-quality workforce needed to accomplish agency goals, and CPDF data will indicate that agencies were able to recruit from a diverse workforce.

No FY 2000 measures are required.

ES Goal 4

M

A flexible framework is in place to help agencies that are downsizing and restructuring to maximize their use of various alternatives to involuntary separations without reducing employee protections provided by the four statutory retention factors established in the Veterans Preference Act for use in reductions in force (RIF's).

This program goal was established under OPM Strategic Goal I. This leadership goal provides guidance on how we can assist agencies that are downsizing and restructuring their workforce. There are three indicators to assess whether or not this goal is achieved. Of these, the first indicator was identified at the beginning of the year as most critical for achieving the goal.

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- M** Alternative RIF processes will be developed and made available for use as planned. **[Critical indicator]**

We met our dual targets of providing agencies with multiple RIF avoidance options while at the same time expanding alternative procedures should agencies find RIF actions necessary.

RIF Avoidance: The voluntary early retirement program is one key component of OPM's RIF avoidance strategy. To maximize benefits of this option, we published final voluntary early retirement regulations that implemented new statutory requirements. We published these regulations immediately after the effective date of the new controlling statute, thus expediting availability of the voluntary early retirement option for agencies striving to avoid involuntary separations and downgradings.

The other key component of OPM's RIF avoidance strategy is the Career Transition Assistance Plan (CTAP), which provides internal selection priority to surplus and displaced employees within an agency. After publishing interim regulations that extended CTAP for an additional two years, OPM published final regulations that offered agencies additional flexibilities to place excess employees into continuing positions.

OPM is presently collecting data from agencies to measure the results of both the voluntary early retirement option, and CTAP. This data should be available in April. Our narrative reports from agencies indicate that each voluntary early retirement avoided one involuntary separation and in some instances also avoided one demotion by eliminating a RIF chain of displacements.

We also worked closely with DoD as they developed demonstration projects for TACOM and the Communications-Electronics Command Research, Development, and Engineering Community. These demonstration projects included alternatives to standard reduction in force procedures. Our consultations yielded modifications that clarified and improved their final project proposals.

We reviewed and evaluated recent RIF alternatives, such as the GAO alternative to the Title 5 retention system approved by Congress in October 2000. We also began initial consultations with DoD on various alternative retention systems for intelligence personnel. Title 10 requires DoD to

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formally consult with OPM before implementing an alternative retention system for Defense intelligence agencies.

- M** Agencies will be able to implement new personnel practices that will be supported by alternative framework while preserving the four statutory retention factors mandated by the Veterans Preference Act.

We were able to build upon our prior expertise and to assist DoD in developing modified retention procedures for these two demonstration projects that provide managers with additional flexibilities to minimize disruption from a RIF while still respecting employees' statutory retention rights.

Neither demonstration project is presently planning for an actual RIF. We have not received any negative feedback on these alternative retention provisions after publication in the Federal Register prior to implementation.

We also applied our expertise as we reviewed and evaluated a recent RIF alternative unrelated to demonstration projects. We began initial consultation with DoD on various alternative retention systems for intelligence personnel. Title 10 requires DoD to formally consult with OPM before implementing an alternative retention system for Defense intelligence agencies.

- NX** Agency satisfaction with the new framework will be at the 90% or higher level, as measured in the CSS, and/or informal customer feedback.

Satisfaction levels of in the 2000 CSS regarding Workforce Restructuring (Reshaping, Downsizing, etc.) are reported as follows:

<i><u>Policy Guidance, Programs and Strategies</u></i>	<i><u>FY 2000</u></i>
<i>Workforce Restructuring (Reshaping, Downsizing, etc.)</i>	<i>79%</i>

Only 6% of the respondents disagreed with this item.

See Workforce Restructuring item in the chart on page 2 under "Opportunity for Involvement" for FY 98 and FY 99 Data.

We will receive more feedback when GAO and/or the DoD intelligence agencies undertake a RIF using these alternative retention procedures.

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ES Goal 5

D

A new merit promotion process, supported by the merit principles, will provide agencies with practical and flexible processes that support a high-quality workforce.

This program goal was established under OPM Strategic Goal I to establish a new promotion process based on the merit principles. Based on strong stakeholder recommendations in FY 1999 and careful consideration, OPM decided not to move forward with this goal. At this time, no further action is planned.

- D** Agency satisfaction that their views were taken into account and that the new process will be effective at the 90% or higher level, as measured in the CSS and/or informal customer feedback.

OPM does not have data regarding agency satisfaction with the merit promotion process.

- D** The publication of new regulations regarding merit promotion policy will be issued as planned.

This action has been canceled.

- D** A merit promotion process guidebook will be developed and published as planned.

This action has been canceled.

- D** Orientation and training materials that assist agencies in meeting the regulatory requirements will be developed and published as planned.

This action has been canceled.

ES Goal 6

M

Agencies receive clear, accurate, timely advice and assistance to ensure that the lawful rights of employees and applicants, including veterans, are safeguarded.

This program goal was established under OPM Strategic Goal I to provide agencies with expert guidance and assistance enabling us to ensure that applicable laws are followed to protect Federal applicants and employees.

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There are eight indicators to assess whether or not this goal is achieved. Of these, the first indicator was identified at the beginning of the year as most critical for achieving the goal. We met this goal by informing and assisting several agencies and displaced employees with the following activities: implementing the Career Transition Assistance Plan, informing displaced workers of their rights, and publishing final Reduction in Force Regulations.

OPM acted promptly in providing agencies with clear, accurate, and timely advice and assistance on several veterans' related issues. Also, ES has successfully implemented the Plain Language initiative in developing written guidance and regulations.

M Report on guidance and models issued during the year. **[Critical indicator]**

This is a critical indicator because without this crucial information, agencies could potentially hire veterans under invalid appointments. Also, the veterans community needs to be aware of any changes that could affect their potential employment opportunities.

OPM assisted displaced Federal employees by publishing final regulations improving both the Career Transition Assistance Plan and ICTAP.

To inform displaced employees of their rights, OPM assisted displaced preference eligibles whose positions are privatized via OMB Circular A-76 by publishing final regulations that provide employees with additional intra- and interagency selection priority.

OPM assisted displaced employees of the Panama Canal Employment System by publishing final regulations that implement this interagency selection priority.

We assisted agencies searching for alternatives to involuntary separations and downgradings resulting from restructuring by publishing final regulations implementing new statutory voluntary early retirement provisions. ES also processed 65 voluntary early retirement authorities.

OPM published a Federal Register notice deleting obsolete regulations covering a selection priority program for certain displaced DoD employees. The statutory basis for the program expired.

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OPM assisted the DoD by publishing final RIF regulations that deleted a mandatory 4-month notice period for certain large Defense reductions in force. The statutory basis for the longer notice period expired.

OPM acted promptly to implement the following policies and guidance:

- On November 30, 1999, the President signed into law the Veterans Millennium Health Care and Benefits Act (Public Law 106-117). Section 511 of this new law amends the Veterans Employment Opportunities Act of 1998 (VEOA) in several ways. OPM issued regulations in March 2000. Extensive guidance was issued to agencies prior to March 2000.*
- The authority to non-competitively appoint post-Vietnam era veterans under the Veterans' Readjustment Appointment authority expired on December 31, 1999, for those post-Vietnam era veterans who were last released from active duty more than 10 years ago. In early January, OPM issued guidance explaining that certain veterans were no longer eligible for appointment under this program.*
- the President issued Executive Order 13154 on May 3, 2000, establishing the Kosovo Campaign Medal. OPM issued guidance on May 30, 2000.*

M Evaluate qualitative feedback from agencies on the usefulness of guidance provided, including feedback on the OPM Website.

Effective use of agency feedback is essential to our success.

Informal customer feedback indicates that agencies are very satisfied with the guidance provided. For example, we have received positive feedback from key members of the Human Resources Management Council who noted the value of attention ES has paid to providing veterans' information.

The Delegated Examining Operations (DEO) Handbook is under revision based on discussions with HRMC staffing group, OMSOE and OPM's Service Centers. A draft of the Handbook was sent to all the shareholders for comments. The following are some of the major changes:

- Removal of the five-day public notice requirement for vacancy announcements;*
- Expansion of the guidance on special hiring authorities subject to the Luevano consent decree, that is, Outstanding Scholar and Bilingual/Bicultural Programs;*
- Expansion of the guidance on the special hiring procedures for shortage category positions;*

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- *Addition of Reasonable Accommodations requirements;*
- *Modification of the Time Limit on Appointment After Selection guidance;*
- *Addition of the Handbook for Agency Test Administrators and Test Control Officers; etc.*

The Delegated Examining Operations Handbook and Website received many positive comments since the Handbook was revised in October 1998 and put on a Website shortly after. Comments from participants in the training sessions indicated that the “handbook is easy to follow and work from” and the “handbook is well organized and will be very helpful.” The rating given by the participants on whether the student materials of which the Handbook was an important part of the materials and were well organized was 4.41.

We received similar comments from customers who accessed the DEU Website during the last customer survey.

- M** An increase in the level of agency HR Specialists’ satisfaction with information sharing and technical assistance in employment areas, as measured by informal feedback and/or a 2% increase over FY 1999 levels in the percentage of favorable ratings (or maintenance at 90% or higher) in the CSS.

Reported levels of satisfaction as measured in the CSS were as follows:

<i>Information Sharing</i>	<i>FY 1998</i>	<i>FY 1999</i>	<i>FY 2000</i>
<i>Employment Information</i>	<i>87%</i>	<i>85%</i>	<i>CSS not</i>
<i>Selection and Promotion Information</i>	<i>81%</i>	<i>74%</i>	<i>conducted</i>
<i>Veterans Preference Information</i>	<i>87%</i>	<i>80%</i>	<i>in FY 2000</i>
<i>Workforce Diversity Information</i>	<i>70%</i>	<i>64%</i>	
<i>RIF Information</i>	<i>83%</i>	<i>71%</i>	
<i>Early Retirement & Voluntary</i>			
<i>Separation Information</i>	<i>86%</i>	<i>77%</i>	
<i>Career Transition Information</i>	<i>75%</i>	<i>68%</i>	

The following are examples of the informal feedback we received:

U.S. Department of Energy, Office of Transportation Safeguards
 — *“Thank you for being the primary speaker at the first DOE/OTS Medical Conference in Albuquerque. Your professional manner and overwhelming knowledge that you brought to the discussions regarding the*

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medical standards and the legal aspects for the Government employee was outstanding contribution to the overall success of the conference.”

Dept. of Defense

— *“You have a really responsive, Cracker Jack group there – everyone is so knowledgeable and helpful.”*

Dept. of the Air Force, Hill AFB, advice on VEOA

— *“Thank you for your reply and clarification. Now that we have your clarification, we’ll be on target again.”*

U.S. Postal Service, Associate Medical Director

— *“As a result of the presentation, and decision making concepts provided, I anticipate a significant improvement in our handling of medical conditions as they relate to an employees’ ability to perform the functional requirements of a job.”*

- NX** Satisfaction levels at 80% or higher for specific guidance materials issued in FY 2000 as measured by HR Specialists’ ratings in the CSS.

There was no appropriate measure for this indicator in FY 2000.

- M** Evaluate the results of the annual MSPQ to determine if there has been at least a 2% improvement in perception of equity and merit base of agency staffing decisions over the FY 1999 levels.

Favorable Perception

<i>FY 1999</i>	<i>63%</i>
<i>FY 2000</i>	<i>65%</i>

- M** Evaluate the results of oversight reviews to determine if fewer findings of systematic problems are found in agencies, and improvements are noted.

Oversight reviews are regularly evaluated. Problems and improvements are noted and acted upon. Also, in monthly meetings with OPM’s Office of Merit Systems Oversight and Evaluations (OMSOE), various evaluations are discussed, particularly evaluations with serious and on-going problems.

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The problems identified by OMSOE include adjudicating of veterans preference, applications of the rule of three, proper information on the vacancy announcements, when to accept applications, etc.

- M** All proposed and new rules published in the *Federal Register* meet Plain Language criteria.

ES has successfully implemented the Plain Language initiative in development of written guidance and regulations. Plain Language examples include the regulations related to the Veterans Millennium Health Care and Benefits Act (Public Law 106-117) and the OPM-issued guidance related to the expiration of the authority to non-competitively appoint post-Vietnam era veterans under the Veterans' Readjustment Appointment.

- N** At least half of all existing ES policy documents are rewritten in Plain Language by the end of FY 2000.

The Interagency Delegated Examining Agreement was rewritten in Plain Language. Due to limited resources, other rewrites have been postponed to FY 2001 and FY 2002.

ES Goal 7

M

Agency requests for variations, exceptions, extensions, waivers, adjudications, and Schedule C activities are responded to in a manner that is both timely and consistent with law and merit staffing principles so that agencies can proceed in a timely manner.

This program goal was established under OPM Strategic Goal I to assist agencies with special requests so that they may adhere to the merit staffing principles and thus, meet the needs of their employees. There are three indicators to assess whether or not this goal is achieved. Of these, the first indicator was identified at the beginning of the year as most critical for achieving the goal. We met this goal by receiving positive verbal feedback from the Federal community on several issues described below.

ES processed two broad buyout repayment waivers for the OPM's Director's approval. These waivers covered former employees who had received buyouts who were needed by the Departments of Agriculture and Interior to fight the massive fires that broke out in the western states in the summer of 2000.

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- M** An increase in the level of agency HR Specialists' satisfaction (or maintenance at 90% or higher) with the timeliness, courtesy, and responsiveness of staffing casework service as measured in the CSS, and/or informal customer feedback. **[Critical indicator]**

Reported level of satisfaction as measured in the CSS was as follows:

	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>
Staffing casework	77%	64%	CSS not conducted in FY 2000

This is the critical indicator because staffing casework is a direct service that we provide to our customers.

ES received positive verbal feedback from the Departments of Interior and Agriculture upon receiving prompt response to their requests for approval for an exception to 5 CFR part 316. This approval allowed temporary firefighters to work beyond the annual season in an effort to deal with the unusually severe fire season in the west.

ES received positive verbal feedback from the Court Services Agency established under title 5 when the new agency had to have an appointing authority to hire individuals into the agency within 1 week's time. We received the request on July 17th and provided the appointing authority along with implementing instructions on July 20th.

ES received positive feedback when we instituted a 24-hour turn around time to approve dual compensation waivers for IT professionals during the Y2K crisis.

This was critical to make sure the Federal Government had the right individuals available to ward off potential crises.

- M** Improve timeliness standards by 5% over FY 1999 levels.

ES achieved the 10-day completion goal for variations to staffing regulations. With the exception of those cases that required agency submission of additional information, we completed staff work within eight days or less.

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While the goal was consistently achieved, we do not recommend a change to the 10-day completion goal.

ES also processed numerous time-limited promotion extensions within a 1 to 3 day time frame. We processed requests for OPM, GSA, Justice, IRS, and Treasury. We also processed extensions for time-limited appointments for agencies involved in the protection of life and property – USDA and Interior. These extensions were also processed in less than a week's time.

- N** Evaluate the results of the review of exceptions through qualitative analysis to determine if standards for documentation and justification have been met.

During the past year, we made significant changes to the review process as a result of evaluating the result of reviewing exceptions. It was determined that improvements could be made and they were made during FY 2000. We recently proposed additional changes and we need more time to fully assess their impact to the overall process.

ES Goal 8

M

A model for workforce planning, analysis, and forecasting (initially enhanced by a direct link to the Census Bureau, DOL, and educational institution data, with expansion of databases in later versions) is in place so that agencies can enhance workforce quality for mission-critical occupations by selecting from a diverse pool of well-qualified applicants, and by conducting effective succession planning.

This program goal was established under OPM Strategic Goal I to address the workforce planning needs of the entire Federal Government due to the high numbers of employees that will be eligible to retire in the next several years. There are three indicators to assess whether or not this goal is achieved. Of these, the first indicator was identified at the beginning of the year as most critical for achieving the goal. We met this goal by sharing our model by conducting presentations with Federal agencies and by hosting the first Governmentwide workforce planning conference in September 2000.

- M** The model is available to agencies as planned by the end of FY 2000, and at least two agencies will have begun to use the model. **[Critical indicator]**

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This is the critical indicator because the workforce planning model will serve as the foundation to many agencies as they begin to develop plans that address their future workforce needs.

OPM's Workforce Planning Model is available to agencies on a Website launched in September 2000. OPM is using the model in its own agency workforce planning for corporate leadership positions. Workforce planning team members have provided the model to agencies that requested briefings and demonstrations, some of whom are just beginning their workforce planning efforts and need the model as a guide. These agencies include: the Social Security Administration; Air Force Civilian Personnel; the Federal Aviation Administration; Housing and Urban Development; Health and Human Services; Commerce; the General Services Administration; Customs Service; Agency for International Development; and Bureau of the Census.

Workforce Planning and Analysis is a leadership activity for OPM and will be provided to agencies free of charge, rather than on a reimbursable basis.

- M** Agencies indicate that the model is assisting them in their internal workforce planning, analysis, and forecasting and additional agencies will use the model with positive feedback.

A number of agencies are currently undertaking Workforce Planning initiatives. The comprehensiveness of these efforts varies from agency to agency. For instance, some agencies have extremely detailed models, while others are just getting started. In order to facilitate this process, OPM's five-step model guides them through the intricacies and complexities of workforce planning. Our main goal is to provide leadership, guidance and information for Federal agencies. In order to reach this goal, we have formed a solid coalition with the HRMC. We have used this partnership to develop and market our Workforce Planning Model to the Federal Government.

We have provided it in hard-copy form to the agencies where we gave briefings and demonstrations as follows: Social Security Administration; Air Force Civilian Personnel; Federal Aviation Administration; Housing and Urban Development; Health and Human Services; Commerce; General Services Administration; Customs Service; Agency for International Development; and Bureau of the Census. We also display the model on our Website and have invited all the attendees (over 200) at our September 2000 conference to use it. We responded to the Federal Aviation Administration

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last summer when they asked for guidance on workforce planning by meeting with them, discussing the model, and providing the draft text for how to conduct workforce planning.

- N In the longer term, agency performance reports will indicate that they were able to hire the high-quality workforce needed to accomplish agency specific goals, and that CPDF data indicate agencies were able to recruit from a diverse workforce.

Not applicable for FY 2000. Most agencies are not yet fully engaged in recruitment and hiring in response to the "retirement wave." However, CPDF data indicate that the percentage of Hispanics in the Federal workforce is increasing.

ES Goal 9

N

Flexible, cost-effective, Governmentwide intern programs that incorporate competency-based assessment tools, and are built on the successful recruitment model of the Presidential Management Intern (PMI) program and other successful agency intern programs, are available so that agencies can identify high-quality, diverse candidates for mission-critical occupations. [Also See ES Goal 12 for Related Performance.]

This program goal was established under OPM Strategic Goal I. This leadership goal allows us to create a Governmentwide intern program so that we may enhance and maintain the quality of the federal workforce. There are three indicators to assess whether or not this goal is achieved. Of these, the first indicator was identified at the beginning of the year as most critical for achieving the goal in FY 2000.

However, the executive order establishing the Federal Career Intern Program was signed and regulations implementing the program were issued in the Federal Register in December 2000. Satisfaction with the program will be assessed after full program implementation.

- N Agency satisfaction with program design and their involvement in the process will be measured in the CSS, focus groups, and other qualitative analysis efforts. **[Critical indicator]**

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Qualitative analysis from the Career Intern interagency work group may suggest agency satisfaction with the program design and their involvement in the process. There is no formal feedback yet.

- N Agency satisfaction with the speed of the hiring process and the quality of hires made through the program, assessed through focus groups and other qualitative analysis efforts.

The program was not implemented in FY 2000.

- N External stakeholders' satisfaction with effectiveness of policies and programs available to recruit and select a high-quality workforce, as measured by the results of studies conducted by such independent organizations as the MSPB and GAO.

Data measuring this program is not yet available and relies on data from independent reports and studies. Data will be available in FY 2001 or 2002.

ES Goal 10

D

The *USACareers* web-based system is placed in 100 universities and colleges with diverse enrollments in academic disciplines related to mission-critical occupations in Government to enhance agency recruitment efforts.

This program goal was established under OPM Strategic Goal I to provide colleges and universities with a Human Resource system that will help college students assess their competencies and align them with Federal careers so that they may conduct a targeted job search. There are four indicators to assess whether or not this goal is achieved. This program was unfunded and cancelled, so this goal was dropped.

In FY 2000, USACareers was unfunded and therefore could not be placed in any college or university.

Future work with USACareers will be completed on a reimbursable basis and will not be set as an individual goal. USACareers currently operates solely under reimbursable funding generated through sales and maintenance fees to public institutions (i.e., Federal agencies, state and local Governments, colleges and universities). It has not generated enough revenue to remain solvent. Thus it is likely that USACareers will be discontinued in its current

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form with its more valuable features available through USAJOBS in the out-years, pending identification of funding resources.

- D USACareers usage will increase (as measured by increased hits to the Website).

These data are unavailable.

- D Longitudinal studies conducted in conjunction with the National Association of Colleges and Employers (NACE) will monitor increases in the number of students hired from the schools where USACareers is placed.

This was unfunded and cancelled.

- D Agencies indicate that recruitment of diverse, high-quality candidates is enhanced (as measured in the CSS) and through specific follow-up with agencies to assess recruitment.

There was no follow-up activity with agencies.

- M *Welfare to Work* and other school-to-work initiatives show gains in the number of individuals moving into paid employment.

	<u>FY 1999</u>	<u>FY 2000</u>
<i>Number of individuals moving into paid employment</i>	14,938	49,927

ES Goal 11

M

Required competencies are identified for all major Federal occupations and occupational analyses of three Governmentwide mission-critical occupations (auditing, accounting, information technology) are completed in order to provide information to support improved recruitment, selection, promotion, and career development tools needed for a high-quality Federal workforce.

This program goal was established under OPM Strategic Goal I to provide agencies with an innovative way to improve the way the Federal Government recruits, selects, promotes and develops its workforce. There are four indicators to assess whether or not this goal is achieved. Of these, the third indicator was identified at the beginning of the year as most critical for

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achieving the goal. We met this goal by completing the mission critical occupations for the goal. We also initiated two additional occupational studies that cover 99 trades and labor occupations, and 45 science and engineering occupations. We have also received positive feedback regarding this program from the Federal human resource community and our stakeholders.

- M** Agency and stakeholder satisfaction with the design and results of the studies, and with the strategies developed, as measured by qualitative analysis of feedback from agencies and stakeholders.

The program is ongoing with informal and formal satisfaction feedback and program improvements as a result.

Stakeholders continue to adopt new occupational databases as they become available. OPM is repeatedly asked to make presentations at major agencies and public sector conferences – in excess of 60 presentations in FY 2000.

- N** In future years, by assessing results of longitudinal studies of the quality of the workforce in these occupations to determine if the new tools were useful.

No FY 2000 report is available. An evaluation is being conducted this spring.

- M** An increase in the Federal occupations for which competency information is available. **[Critical indicator]**

This is the critical indicator because it helps agencies by providing them with an innovative way of reviewing the knowledge, skills, and abilities of candidates for Federal employment.

OPM completed the critical occupations identified for the goal. We also initiated 2 more occupational studies that cover 99 trades and labor occupations, and 45 science and engineering occupations. In addition, we released the information technology competency-based qualifications standards for information technology occupations.

Also In FY 2000, ES accomplished the following:

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- *Worked with Chief Financial Officer and Chief Information Officer councils and subject matter expert groups to finalize technical competencies and to develop and review the IT occupational survey tasks and competencies.*
- *Drafted IT Recruitment and Retention report.*
- *Incorporated competency models from the MOSAIC studies into the Delegated Examining Handbook for broad agency use. Through issuance of competency-based job profiles, continued to provide agencies with occupation-specific competency information for critical Government occupations.*
- *Distributed survey to consortium agencies and states; contracted for Governmentwide survey to be administered in FY 2001.*
- *Completed information technology and security job profiles, which are now being pilot tested and incorporated into the Federal Cyber Service Scholarship for Service Program.*
- *Initiated the administration of the Governmentwide information technology survey.*
- *Conducted benchmark study of the States' use of competencies and qualifications delegation.*
- *Created an Internet version of the HR Manager, that includes features to readily incorporate new MOSAIC data bases as they become available.*

M Competency data are made widely available through the **HR Manager** and **USACareers** automated systems.

This has been successfully accomplished for the limited number of organizations that have entered into reimbursable agreements with OPM for these services, including U.S. Mint, NASA, the Department of the Navy, and the Department of Energy.

The Trades and Labor Study (TLOS) is scheduled to be completed in late summer or early fall of 2001.

ES Goal 12

M

The value of the continued use of valid, fair, merit-based examining procedures, and the improved automated, competency-based assessment tools designed to support them, is communicated so that agencies have a better understanding of the impact of such procedures on workforce quality. [Also See ES Goals 9 and 21 for Related Performance.]

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This program goal was established under OPM Strategic Goal I to enhance our communication strategy so that we can keep agencies educated and informed on important Federal human resource issues. There are three indicators to assess whether or not this goal is achieved. Of these, the first indicator was identified at the beginning of the year as most critical for achieving the goal. We met this goal by receiving a favorable score for this goal on the MSPQ which is a Governmentwide survey.

- M Favorable perception of employees Governmentwide that staffing is conducted in accordance with Merit Systems Principle 1 (“Recruit, select, and advance on the basis of merit”), as measured by a 50% or higher favorable rating on relevant questions in the MSPQ. **[Critical indicator]**

This is the critical indicator because the Merit System Principles are the foundation for the hiring practices in the Federal Government.

Government Merit System Principle #1 – “Recruit, select, and advance on the basis of merit.” Percentage of favorable responses:

<u>MSPQ FY 1999</u>	<u>MSPQ FY 2000</u>
62%	64%

- D Report whether the review of CPDF data indicated a need for movement of appointing authorities to the competitive service, and the status of this movement.

This was dropped effective FY 2000 because the CPDF data did not support a true measure of the goal.

- M Documentation of effective uses of objective competency-based assessment procedures in a variety of situations and at various Government levels.

In FY 2000, OPM:

- Developed structured interview questions, probes, and materials; benchmarks; and web-based assessments (i.e., on-line interview, application and computer adaptive technical tests) for use by participating pilot agencies.*
- Developed automated versions of structured interview and work sample assessment tools.*

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- *Developed and implemented scoring procedures for the new qualification standards.*
- *Developed and delivered competency fundamentals, structured interview, and web-based assessment training for pilot agency participants.*
- *Drafted a report on Qualification Requirements in the Selection Process, which discusses the validity and return on investment of various selection procedures.*
- *Competency based assessment tools have been incorporated into the PMI and the new OPM Career Intern programs and a new clerical examination currently being piloted.*

ES Goal 13

M

Information and strategies (including a model target recruitment plan) are available to agencies to increase the levels of underrepresented groups in key Federal occupations and at key grade levels by 2% over FY 1999 levels where necessary to be equivalent to their percentage in the relevant external labor market.

This program goal was established under OPM Strategic Goal I to provide information that will enhance recruitment strategies that attract a diverse Federal workforce. There are ten indicators to assess whether or not this goal is achieved. Of these, the second indicator was identified at the beginning of the year as most critical for achieving the goal. We met this goal by issuing a diversity guide that provided recruitment, selection and retention strategies for agencies to follow. Providing this information to the Federal human resource community was an important step in educating them on how to hire and maintain a diverse workforce.

- M** Evaluate comparative data to determine if minority hiring and retention has resulted in a 2% increase in numbers in key occupations and at key grade levels where underrepresentation in the relevant labor market was shown in FY 1999.

Comparing the FY 1999 workforce against the FY 2000 workforce, the Federal representation of minorities increased from 30.0 percent of the Federal workforce to 30.3 percent.

All of the under represented groups showed increases at GS and related grades 13 to 15, as follows: Blacks went from 9.3 percent to 9.7 percent; Hispanics

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went from 3.9 percent to 4.0 percent; Asians/Pacific Islanders went from 4.4 percent to 4.6 percent; Native Americans remained the same at 1.0 percent.

The level of under represented groups increased from 30.0 percent in FY 1999 to 30.3 percent in FY 2000, an increase of 0.3 percent. Notwithstanding, the levels of representation for individual under represented groups varied between the two years. Blacks went from 17.4 percent to 17.5 percent, an increase of 0.1 percent; Hispanics went from 6.4 percent to 6.5 percent, an increase of 0.1 percent; Asians/Pacific Islanders went from 4.2 percent to 4.3 percent, an increase of 0.1 percent; Native Americans went from 1.9 percent to 2.0 percent, an increase of 0.1.

M Specific guidance is issued to assist agencies. **[Critical indicator]**

This is a critical measure because it provides Federal agencies with tools, ideas, and several best practices to use to develop their own recruitment and retention strategies. The Agency issued a diversity guide, "Building and Maintaining a Diverse, High-Quality Workforce: A Guide for Federal Agencies," that contains extensive information, examples, and best practices on recruiting, hiring, and retaining a diverse workforce. The guide was issued in June 2000.

M Model recruitment plan is issued.

The Agency issued two recruitment plans. The first one was contained in the June 2000 diversity guide, "Building and Maintaining a Diverse, High-Quality Workforce: A Guide for Federal Agencies." The second one, a specialized recruitment plan and guide for employing people with disabilities, is contained in two companion documents: "People with Disabilities in the Federal Government: An Employment Guide," and "The Plan for Employment of People with Disabilities in the Federal Government." Both documents were issued in October 1999. All three documents are available on the OPM Website.

M Agencies are satisfied with the usefulness of the model recruitment plan, as measured in the CSS and/or informal customer feedback.

Federal agencies have provided very positive, albeit informal, feedback. We have received several calls and electronic messages from agency HR and EEO

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officials commenting on the thoroughness of the guides and their usefulness to them in developing their own agency targeted recruitment plans.

Federal agency representatives participating in OPM's Management Development Centers' one-week seminar, "Diversity: A Business Necessity for the New Millennium" have provided very positive feedback to our presentation about the Diversity Guide.

Several agencies (such as the Navy) and stakeholder organizations (such as the President's Committee on the Employment of Persons with Disabilities and Blacks in Government) have asked for formal presentations about the contents of the guides.

Reported levels of satisfaction for HR Specialists as measured in the CSS were as follows:

	<i>FY 1998</i>	<i>FY 1999</i>	<i>FY 2000</i>
<i>Information Sharing</i>	<i>49%</i>	<i>51%</i>	<i>CSS not</i>
<i>Technical Assistance</i>	<i>51%</i>	<i>60%</i>	<i>conducted in FY 2000</i>

M Special initiatives lead to qualitative and quantitative results.

Executive Order 13163 of June 2000 mandated Federal agencies to hire a total of 100,000 persons with disabilities in the next five years. During FY 2000, Federal agencies developed and began submitting their plans for implementing the Executive Order for OPM's review and approval. By the end of the first quarter of FY 2001, 52 agencies had submitted plans that detailed their numerical goals and specific strategies to recruit, hire, develop and accommodate persons with disabilities. We designed a composite model plan and provided it to each submitting Federal agency with feedback on their plans sufficiency.

M Touchscreens are placed in minority-serving academic institutions, such as Hispanic-Serving Institutions (HSI's) and Historically Black Colleges and Universities (HBCU's).

	<u><i>FY 1998</i></u>	<u><i>FY 1999</i></u>	<u><i>FY 2000</i></u>
<i>Touchscreens in HSI's and HBCU's</i>	<i>31</i>	<i>54</i>	<i>67</i>

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Note, this effort will be discontinued in future years. Touchscreen computers are not accessible for people with disabilities and do not meet section 508 requirements. In addition, college students already have access to the Internet, where this information is also available. There will not be a new indicator.

- M** Evaluate satisfaction with assistance through a qualitative analysis of direct feedback from external stakeholders, including feedback posted on the Website.

Agencies regularly provide us with informal feedback through telephone calls or electronic messages. This includes very positive comments we have received from DOD, Navy, Treasury, GSA, Education, Interior, Energy, and EPA. For instance, the Department of Education told us that they used the OPM Plan and Guide to Employ People with Disabilities as a basis for their agency plan to recruit their share of 100,000 persons with disabilities.

In addition, several agencies and stakeholder groups have asked us to make presentations about the Diversity Guide, the efforts to hire persons with disabilities, and the status of minority groups in the Federal workforce. The agencies include the Defense Intelligence Agency and the Navy, while the stakeholder groups include Federally Employed Women, League of United Latin American Citizens, Blacks in Government, the President's Committee on Employment of People with Disabilities, Federal Asian Pacific Advisory Council, and National Image.

- NX** An increase in the level of agency HR Specialists' satisfaction with information sharing and technical assistance as measured through informal feedback and/or a 2% increase over FY 1999 levels in the percentage of favorable ratings (or maintenance at 90% or higher) in the CSS.

Reported levels of satisfaction for HR Specialists as measured in the CSS were as follows:

	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>
<i>Workforce Diversity Info Sharing</i>	<i>70%</i>	<i>64%</i>	<i>CSS not</i>
<i>Workforce Diversity Tech Assistance</i>	<i>68%</i>	<i>58%</i>	<i>conducted in</i>
<i>Statistical Diversity Reports</i>	<i>67%</i>	<i>65%</i>	<i>FY 2000</i>

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No examples of informal feedback are available.

- M** Satisfaction levels at 80% or higher as measured by HR Specialists' ratings on specific guidance materials issued in FY 2000, as measured in the CSS and/or informal customer feedback.

Agencies provide us with informal feedback through telephone calls or electronic messages. Also, agencies ask us to make presentations on the Diversity Guide, the efforts to hire persons with disabilities, and about the status of minority groups in the Federal workforce. We received positive informal feedback on our Diversity Guide.

- M** Evaluate the results of the MSPQ to determine if there has been at least a 2% improvement in perception of equity and merit base of agency staffing decisions over the FY 1999 results.

Government Merit System Principle #1 – "Recruit, select, and advance on the basis of merit." Percentage of favorable responses:

<u>MSPQ FY 1999</u>	<u>MSPQ FY 2000</u>
62%	64%

OPM STRATEGIC PLAN GOAL II

PROTECT AND PROMOTE THE MERIT-BASED CIVIL SERVICE AND THE EMPLOYEE EARNED BENEFIT PROGRAMS THROUGH AN EFFECTIVE OVERSIGHT AND EVALUATION PROGRAM.

ES Goal 14

M

An effective program of support to agency Delegated Examining Units (DEU's) is maintained so that agency DEU's are continuing to operate according to merit system laws, regulations, and principles.

This program goal was established under OPM Strategic Goal II to support and improve the Delegated Examining Unit program. There are five indicators to assess whether or not this goal is achieved. Of these, the first indicator was identified at the beginning of the year as most critical for achieving the goal. We met this goal by training and re-certifying Federal Delegated Examining Units. We also developed and installed a tracking system so that we could maintain important data on this program.

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- M** Adherence to schedule for DEU training and recertification; revisions to schedule made if warranted by FY 1999 review. **[Critical indicator]**

This is the critical indicator because training and recertification are the heart of the DEU process.

Delegated Examining Offices are responsible for notifying their local OPM Service Center when initial or refresher training is necessary for delegated examining staff members. Recertification training is conducted within 3 to 5 years from the initial training. Refresher/recertification training contains new information from the Delegated Examining Operations Handbook and problems identified in the agency's delegated examining review.

Revisions to the training program were made based on changes to policies and/or guidance in the basic Delegated Examining Operations Handbook.

- N** Results of OPM oversight reviews indicate fewer findings of systemic problems are found in agency DEU's and improvements are noted.

These reviews are scheduled at periodic intervals and may vary across the country. However, in monthly meetings with the Office of Merit Systems Oversight and Evaluations (OMSOE), various evaluations are discussed, particularly, evaluations with serious and on-going problems.

Some of the problems identified by OMSOE are adjudicating of veterans preference, applications of the rule of three, proper information on the vacancy announcements, when to accept applications, etc.

- M** New tools will be introduced to support DEU's, and existing tools will be improved as needed.

The DEU training guide was the primary tool developed this fiscal year. At the end of each training session, participants are requested to complete an evaluation form on the Delegated Examining training. The evaluation survey forms were reviewed. Based on a 5-point scale, the ratings ranged from 4.29 to 4.63. The highest rating was given to "Objectives were Achieved". Additionally, the participant's knowledge/skill level before the course (3.147) and after the course (4.252) increased by a full point.

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The narrative comments from participants were very complimentary ranging from “interesting to excellent.”

- *“Excellent training that will be very useful - interesting. Handbook well organized and will be very helpful”.*
- *“Very good class. It is nice to have the recertification to verify you are on the right track or just to learn something new. Every time I take this course I learn something new. New materials and course format were real clear and concise.”*
- *“Training was very resourceful and on target.”*

M An increase in the levels of agency HR Specialists’ satisfaction with information sharing and technical assistance, as measured by informal feedback and/or a 2% increase over FY 1999 levels in the percentage of favorable ratings (or maintenance at 90% or higher) in the CSS.

Reported levels of satisfaction for HR Specialists as measured in the CSS were as follows:

	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>
DEU Information Sharing	80%	74%	CSS not
DEU Technical Assistance	78%	72%	conducted in FY 2000

Informal feedback that we have received include the following:

U.S. Department of Energy, Office of Transportation Safeguards
 — *“Thank you for being the primary speaker at the first DOE/OTS Medical Conference in Albuquerque. Your professional manner and overwhelming knowledge that you brought to the discussions regarding the medical standards and the legal aspects for the Government employee was outstanding contribution to the overall success of the conference.”*

General Services Administration
 — *“It’s amazing how much your staff knows about their programs. I’m rarely disappointed.”*

Dept. of Defense
 — *“You have a really responsive, Cracker Jack group there – everyone is so knowledgeable and helpful.”*

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Dept. of the Air Force, advice on probationary periods
— *“Thanks a million. I really appreciate it.”*

Dept. of the Air Force, Hill AFB, advice on VEOA
— *“Thank you for your reply and clarification. Now that we have your clarification, we’ll be on target again.”*

U.S. Postal Service, Associate Medical Director
— *“As a result of the presentation, and decision making concepts provided, I anticipate a significant improvement in our handling of medical conditions as they relate to an employee’s ability to perform the functional requirements of a job.”*

Federal Aviation Administration, Office of Aviation Safety
— *“...has provided extraordinary support to the Federal Aviation Administration; Overall, ...has provided valuable support to the mission of the office of Aviation Medicine, to optimize aeromedical factors relevant to aviation safety.”*

M Satisfaction levels at 80% or higher as measured by HR Specialists’ ratings on specific guidance materials issued in FY 2000 as measured in the CSS and/or informal customer feedback.

Informal feedback that we have received included the following:

Dept. of Defense, advice on the Veterans’ Employment Opportunity Act (VEOA)
— *“Thank you so much for your interpretation.”*

USDA, Forest Service, advice on VEOA
— *“Thank you for your prompt response.”*

OPM STRATEGIC PLAN GOAL III

PROVIDE ADVICE AND ASSISTANCE TO HELP FEDERAL AGENCIES IMPROVE THEIR HUMAN RESOURCES MANAGEMENT PROGRAMS TO EFFECTIVELY OPERATE WITHIN THE ECONOMY, DEMOGRAPHICS, AND ENVIRONMENT OF THE 21ST CENTURY.

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ES Goal 15

M

Federal agencies receive timely, clear, accurate, and useful advice and assistance on existing employment policy flexibilities, tools, and models so that they can apply them to reaching their strategic objectives.

This program goal was established under OPM Strategic Goal III to enhance our communication strategy to provide advice and assistance on important Federal human resource policies and practices. There are nine indicators to assess whether or not this goal is achieved. Of these, the second indicator was identified at the beginning of the year as most critical for achieving the goal. We met this goal by providing information to the Federal human resource community in a variety of ways. We also hosted a major staffing conference and wrote and distributed several manuals and newsletters.

N Evaluate satisfaction with advisory service process through a qualitative analysis of direct feedback, including feedback posted on the Website. Qualitative analysis of direct feedback and complaints received from agencies indicates that agencies are more aware of existing policy flexibilities.

Reported levels of satisfaction for HR Specialists as measured in the CSS were as follows:

<i>Technical Assistance</i>	<i>FY 1998</i>	<i>FY 1999</i>	<i>FY 2000</i>
<i>Employment Information</i>	<i>84%</i>	<i>80%</i>	<i>CSS not</i>
<i>Selection and Promotion</i>	<i>79%</i>	<i>71%</i>	<i>conducted in</i>
<i>Veterans Preference</i>	<i>84%</i>	<i>76%</i>	<i>FY 2000</i>
<i>RIF</i>	<i>80%</i>	<i>69%</i>	
<i>Early Retirement/Separation</i>			
<i>Incentives</i>	<i>82%</i>	<i>74%</i>	
<i>Career Transition</i>	<i>73%</i>	<i>63%</i>	

M Improved information tools are available for key initiatives. **[Critical indicator]**

This critical indicator was met through the publication of the ES Newsletters, the Solutions Conference, and various meetings with constituent agencies. Without these sources of information dissemination, agencies would not have up-to-date information on our programs and initiatives. These sources included information on key initiatives, such as:

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- *Hiring flexibilities*
- *Workforce planning*
- *A-76 bargaining*
- *Human resource data network*
- *Competencies*
- *Recruitment*
- *Increasing the employment of persons with disabilities*

M An increase in the level of agency HR Directors' satisfaction with 1) OPM's employment policy leadership and 2) their opportunity for involvement, as measured by informal feedback and/or a 2% increase over FY 1998 levels in the percentage of favorable ratings (or maintenance at 90% or higher) in the DCSS.

Reported levels of satisfaction for HR Directors as measured in the DCSS were as follows:

<u><i>Policy Leadership</i></u>	<u><i>FY 1998</i></u>	<u><i>FY 1999</i></u>	<u><i>FY 2000</i></u>
<i>Employment Information</i>	<i>84%</i>	<i>Insufficient</i>	<i>No questions related to these items in the DCSS</i>
<i>Selection and Promotion</i>	<i>76%</i>	<i>Data</i>	
<i>Workforce Restructuring</i>	<i>81%</i>		
<i>HR Systems Automation</i>	<i>54%</i>		

<u><i>Opportunity for Involvement</i></u>	<u><i>FY 1998</i></u>	<u><i>FY 1999</i></u>	<u><i>FY 2000</i></u>
<i>Employment Information</i>	<i>78%</i>	<i>Insufficient</i>	<i>No questions related to these items in the DCSS</i>
<i>Selection and Promotion</i>	<i>75%</i>	<i>Data</i>	
<i>Workforce Restructuring</i>	<i>75%</i>		
<i>HR Systems Automation</i>	<i>58%</i>		

We can show satisfaction levels by the informal feedback received on various workshops, presentations, and newsletters. For example:

- *OPM offered 3, 4-hour workshops on the use of all available hiring authorities. We received 100% agency satisfaction from the 32 agencies that participated in the workshops.*
- *OPM published two newsletters covering a variety of employment topics. We received very favorable comments on those newsletters*
- *OPM received a 99% favorable rating for Solutions 2000.*

N Evaluate whether standards for "one call does it all" have been met.

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This indicator has been dropped.

- M** Numbers and scope of requests received by staff to give presentations at external conferences, workshops, etc.

OPM staff received many requests from agencies and organizations to give presentations at external conferences, workshops, etc., in FY 2000. These included presentations for the following stakeholders: Veterans Service Organizations, Internal Revenue Service, Interagency Staffing Issues Group, Human Resources Management Council, Department of Interior, Veterans Issues Conference, Department of Justice, Public Health Service, Air Force, Federal Aviation Administration, Department of Energy, and the Department of Agriculture.

- M** Numbers of reports issued and/or workshops and other events held to share information on best practices with the HR community.

OPM conducted a Delegated Examining Unit (DEU) training workshop with agency stakeholders, shared best practices withheld the Solutions 2000 conference, and presented 4-hour workshops on hiring and recruitment as described earlier. Also, best practices were shared with key agency stakeholders at our Solutions 2000 conference.

- M** Successful participation in key national association meetings.

OPM staff met with members of the Veterans Service Organizations (VSO's), presented employment information at the National Association of Public Administration's Annual Conference, and presented information at the Blacks in Government National Training Conference.

- M** Successful annual staffing conference held.

OPM held its third conference for agency HR employment professionals in FY 2000. Almost 550 attendees participated in Solutions 2000, a two and a half-day conference at the University of Maryland Inn and Conference Center.

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	<u>Percent Satisfied</u>
<i>FY 1998</i>	<i>98%</i>
<i>FY 1999</i>	<i>95%</i>
<i>FY 2000</i>	<i>99%</i>

Individual session evaluations reflected the same level of satisfaction.

- N Increased requests for advisory assistance and information as measured by the number of hits in employment program areas on the Website.

The Website is not yet structured to count usage.

ES Goal 16

M

Organizational assessment tools are available to agencies to improve Government performance, including customer service.

This program goal was established under OPM Strategic Goal III to provide agencies with innovative ways of improving the performance of their workforce. There are two indicators to assess whether or not this goal is achieved. Of these, the first indicator was identified at the beginning of the year as most critical for achieving the goal. We met this goal by conducting organizational assessments in ten Federal agencies. We conducted these assessments on a fee for service basis. All future work with the Organizational Assessment Survey will be conducted on a reimbursable basis.

- M The Organizational Assessment Survey (OAS), developed by OPM, is used by agencies and other organizations to contribute to the measurement and improvement of Government performance. [**Critical indicator**]

This is the critical indicator because extensive use of this service provides the greatest benefit to the Federal Government at the lowest cost.

In FY 2000, OPM conducted 10 organizational assessments on a fee-for-service basis. The ten assessments included: Department of Labor; Department of Education; U.S. Mint; Defense Finance and Accounting Service; Environmental Protection Agency, Region VI; Strategic Petroleum Reserve; Veterans' Health, San Diego; Department of Transportation, Office of Inspector General; Department of Transportation, Maritime

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Administration; and Department of Transportation, Bureau of Transportation Statistics.

Once the survey was completed, the agencies had information to target their improvement activities. For instance, if an agency was striving to improve its customer focus and the results on the Customer Orientation dimension were low, it 1) had a baseline to measure improvement, and 2) had information to target action plans.

During FY 2000, the survey results Website served over 658,000 page views. Total pages viewed to date are over 900,000. Detailed and current statistical data on the usage of the site is available. The survey results Website was developed and is maintained entirely using OPM expert resources from appropriated funds.

Thirty-two items make up the survey. They cover employee perceptions of the quality of work done in their organizations, quality of work life, job satisfaction, the degree of customer service orientation in the organization, and the level of reinvention activity.

- M** The customer service measurement tools are used by agencies and other organizations to contribute to improved Government customer service.

The customer service instrument was administered to the human resources offices of OPM, Defense Finance and Accounting Service (DFAS) and the Health and Human Service's Agency for Health Care Policy in FY 2000. This provided the opportunity to further refine the instrument and document the research foundation. Based on this initial work, DFAS plans an agency-wide implementation for FY 2001, and other agencies are very interested.

- ES Goal 17** **M**
OPM Websites and other communication improvements are in place so that agencies are well informed of changes in Employment Service policies and programs.

This program goal was established under OPM Strategic Goal III. It is designed to improve our existing communications structure so that we can inform the Federal human resource community of changing employment policies. There are three indicators to assess whether or not this goal is achieved. Of these, the first indicator was identified at the beginning of the

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year as most critical for achieving the goal. We met this goal by presenting information on our Website using the Plain Language requirement and by publishing new studies such as the Fourth Annual Career Transition Report.

In FY 2001, we will continue to explore new ways of communicating with our customers.

- M** New communications methods will be introduced and current processes improved. **[Critical indicator]**

This is the critical indicator because improving existing means of communications and exploring new means is key to providing our customers with information regarding changes in ES policies and programs. OPM did make changes in the way information is presented on our Website during FY 2000. For example, we now publish regulations using the Plain Language requirement. We also update and maintain our policy sites on a regular basis. We also made effective use of our Website in order to provide information to an increasing number of our customers.

	<u>FY 1999</u>	<u>FY 2000</u>
<i>Queries from Website users on staffing policy</i>	3,246	4,539

OPM published the Fourth Annual Career Transition Report covering placement efforts under both the Career Transition Assistance Plan and the Interagency Career Transition Assistance Plan.

OPM also published the revised employees' guides to reduction in force and related programs, including career transition assistance. The three guides are available on the OPM Website.

- NX** An increase in the level of agency HR Directors' and HR Specialists' satisfaction with the methods used for communication of policy and other information, as measured by informal feedback and/or a 2% increase over FY 1999 levels in the percentage of favorable ratings (or maintenance at 90% or higher) in the CSS.

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Reported levels of satisfaction for HR Specialists as measured in the CSS were as follows:

<u>Guidance Materials</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>
<i>VetGuide</i>	<i>88%</i>	<i>86%</i>	<i>CSS not</i>
<i>USAJOBS Entry Guide</i>	<i>N/A</i>	<i>81%</i>	<i>conducted in</i>
<i>Diversity Profiles</i>	<i>67%</i>	<i>65%</i>	<i>FY 2000</i>
<i>DEU Handbook</i>	<i>80%</i>	<i>75%</i>	
<i>VERA Guide</i>	<i>85%</i>	<i>79%</i>	
<i>VSIP Guide</i>	<i>85%</i>	<i>76%</i>	
<i>RIF Employee Guides</i>	<i>85%</i>	<i>77%</i>	

There was no informal feedback from stakeholders on this issue.

- N The number of hits on the Website will increase by 5% over the FY 1999 level.

This Website feature has not been developed yet for our use.

ES Goal 18

M

Agency demonstration projects and other alternative personnel approaches address employment issues effectively.

This program goal was established under OPM Strategic Goal III. This goal provides innovative ways of addressing employment. There are two indicators to assess whether or not this goal is achieved. Of these, the first indicator was identified at the beginning of the year as most critical for achieving the goal. We met this goal by providing support to, and receiving positive feedback from OMSOE and other agencies on demonstration projects as described below.

- M Positive comments and feedback provided informally and/or through customer satisfaction surveys. **[Critical indicator]**

Two new demonstration projects, U.S. Army Tank-automotive and Armaments Command (TACOM) and U.S. Army Communications and Electronics Command (CECOM), were developed as a result of the successful interaction between OPM and Department of Defense in discussions over alternative personnel systems under Title 5.

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- M** Increased number of successful demonstration projects result in legislative and regulatory changes allowing greater flexibility in agency HR practices.

ES provided well-received support to OMSOE and to the Department of Defense on demonstration projects using innovative approaches in the fields of compensation, classification, and performance management, including the Army's Tank-automotive and Armaments Command (TACOM) and the Communications Electronics Command (CECOM) that are currently under development, and helped OMSOE with modifications to Federal Register notices. For further details, see OMSOE Goal 9.

OPM STRATEGIC PLAN GOAL IV

DELIVER HIGH-QUALITY, COST-EFFECTIVE HUMAN RESOURCES SERVICES TO FEDERAL AGENCIES, EMPLOYEES, ANNUITANTS, AND THE PUBLIC.

ES Goal 19

M

The Governmentwide employment information system, USAJOBS, is operated effectively and efficiently, and enhanced as needed, so that it contributed to Governmentwide cost-savings and a high-quality Federal workforce.

This program goal was established under OPM Strategic Goal IV to maintain and update the Federal Government's employment information network. There are five indicators to assess whether or not this goal is achieved. Of these, the first indicator was identified at the beginning of the year as most critical for achieving the goal. We met this goal by increasing the number of times our network was accessed and by making necessary improvements to the network as described below.

- M** Obtain 5% increases in rates of access and numbers of requests for information on the Website and other components of USAJOBS, as measured by the online employment information systems. **[Critical indicator]**

This is a critical indicator because an increase in usage points to success in providing information to our customers. The FY 2000 target increase/goal was exceeded — 15.5 percent systemwide, compared with a 17.5 percent increase for the Website hits.

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<i>Total systemwide hits</i>	<u>FY 1997</u> 6.7 m	<u>FY 1998</u> 11.1 m	<u>FY 1999</u> 14.8 m	<u>FY 2000</u> 16.5 m
<i>Website hits</i>	<u>FY 1997</u> 3.8 m	<u>FY 1998</u> 8.5 m	<u>FY 1999</u> 13.1 m	<u>FY 2000</u> 15.4 m

Over the past four fiscal years, there has been a dramatic shift in usage of the USAJOBS system. Our customers are accessing the Website in greater proportion than any other component of the system. This trend has allowed us to adjust the system to keep up with the technological demands of our customers created by the Internet age. Therefore, in the future, we will only be tracking Website hits because we are phasing out the touchscreen kiosks and electronic bulletin boards. We will continue to offer access to USAJOBS via the telephone. All of these adjustments will allow us to lower our costs while we continue to provide excellent service by exceeding the demands of our customers.

M Enhancements introduced as planned.

USAJOBS continues to successfully provide critical employment information to Federal agencies, employees, and the public. It's a centralized, one-stop shopping service for vacancy announcements and various items of relevant employment information available 24 hours a day, 7 days a week, in multiple formats accessible to a variety of customers. Because agency job postings and employment information are located in one Governmentwide system, it saves considerable time and resources for both users and Federal employees. As testament to its success, the number of job postings has steadily increased over the last few years to almost 15,000 daily in FY 2000. There were also over 16 million visitors in FY 2000 — up from 14.8 million in FY 1999 and 11.1 million in FY 1998. Online customer satisfaction ratings remain at least 90% satisfactory.

Therefore, enhancements to the USAJOBS system are critical to keep up with the demands of customers and incorporating new functionality through technology.

We implemented two new job searches in FY 2000, a student search and part-time job search. Improved geographical structures were implemented that simplify searches by geographic area. A vacancy announcement improvement working group created a list of enhancements for vacancy

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announcements to be implemented with job entry revisions. We developed a new USAJOBS logo along with corresponding outreach materials. In FY 2001 additional materials will be distributed to NACE organizations and special interest groups.

A number of fact sheets were placed on USAJOBS. There were many updates to those currently on the system. New ones include Selective Service procedures; how Federal jobs are filled; Census 2000 job information; job opportunities for persons with disabilities; Hispanic employment initiative.

- M** An increase in the levels of satisfaction of agency HR Directors with USAJOBS operations and with USAJOBS system improvements as measured by informal feedback and/or a 2% increase over FY 1999 levels in the percentage of favorable ratings (or maintenance at 90% or higher) in the DCSS.

Reported levels of satisfaction as measured in the DCSS were as follows:

<u>USAJOBS Systems Improvements</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>
<i>Policy Leadership</i>	<i>81%</i>	<i>Insufficient</i>	<i>Not asked</i>
<i>Opportunity for Involvement</i>	<i>85%</i>	<i>Data</i>	<i>in FY 2000</i>

An IAG ad hoc work group was established for employment information and USAJOBS in 1996 to discuss pertinent issues with agency representatives. The group meets at least quarterly now, more frequently in past years. At each meeting, there are discussions with agencies about different issues and enhancements to USAJOBS to gain agency feedback and perspective about features agencies would like to see in the system. Feedback and comments from those meetings are generally favorable to the USAJOBS system and its accomplishments.

- M** An increase in the levels of satisfaction of HR Specialists with USAJOBS operations and with USAJOBS system improvements as measured by informal feedback and/or a 2% increase over FY 1999 levels in the percentage of favorable ratings (or maintenance at 90% or higher) in the CSS.

Reported levels of satisfaction as measured in the CSS were as follows:

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<i>USAJOBS Systems Improvements</i>	<i>FY 1998</i>	<i>FY 1999</i>	<i>FY 2000</i>
<i>Policy Leadership</i>	<i>80%</i>	<i>—</i>	<i>Survey not</i>
<i>Opportunity for Involvement</i>	<i>70%</i>	<i>—</i>	<i>conducted</i>
<i>USAJOBS Operations</i>	<i>89%</i>	<i>85%</i>	<i>in FY 2000</i>

The ad hoc work group as discussed above is the best source of informal feedback we have. Comments from specialists are generally favorable for system operations and improvements.

- M** Improved public customer satisfaction with employment information as indicated by a 2% increase in the percentage of overall “satisfied” ratings reported in online user surveys from FY 1999 levels (or maintenance at 90% or higher).

Satisfied ratings from online surveys were as follows:

<i>FY 1997</i>	<i>FY 1998</i>	<i>FY 1999</i>	<i>FY 2000</i>
<i>88%</i>	<i>91%</i>	<i>92%</i>	<i>91%</i>

ES Goal 19a

New technology is introduced to USAJOBS in order to improve access for disabled information-seekers of employment information.

This program goal was established under OPM Strategic Goal IV to maintain and update the Federal Government’s employment information network. There is one indicator to assess whether or not this subgoal is achieved. This portion of the goal was not met due to resource and budget constraints.

Some progress was made since the USAJOBS team has been evaluating a variety of products to make the USAJOBS system more accessible such as text readers. We have not actually acquired any software or other products. We have been involved in discussions with stakeholders for ideas and areas to focus on. The USAJOBS employment information is available through three system — web, telephone, and kiosk. This does allow some flexibility to individuals with differing needs. The USAJOBS Website also has a text version that can be used with a text reader.

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- N** Evaluate the satisfaction of stakeholders with the decisions on new equipment and processes, through a qualitative analysis of direct feedback, including feedback posted on the Website.

USAJOBS stakeholder feedback and is used regularly to evaluate and improve service. This group meets quarterly and provides recommendations to OPM.

The employment information ad hoc work group is our stakeholder group—Federal agencies. We evaluate suggestions made during discussions at regular meetings. Some examples would be new searches to be developed (e.g., part-time, IT, student). Another would be topics for new fact sheets (e.g., Selective Service registration, benefits, etc.) We have used this feedback and source to make changes to the USAJOBS system.

ES Goal 19b

Additional linkages between USAJOBS and other employment information sources are integrated to ensure comprehensive service to the public.

This program goal was established under OPM Strategic Goal IV to maintain and update the Federal Government's employment information network. There is one indicator to assess whether or not this subgoal is achieved. We met this subgoal by creating direct linkages between USAJOBS and several Federal agencies.

- M** New linkages are made and additional job opportunities from a variety of sources are added to the USAJOBS database. **[Critical indicator]**

Three new excepted service agencies are posting some of their jobs to USAJOBS—FBI, Postal Service, and FAA. These agencies are not required to post jobs since they are excepted service. We do encourage these agencies to use USAJOBS.

USAJOBS includes all job vacancies in the competitive service open to outside applicants and many vacancies in the excepted service. Some jobs from State and local Governments and the private sector are available. There are also job opportunities for developmental assignments with other agencies and Legislative Branch positions including opportunities with the U.S. Senate Office of the Sergeant At Arms and the United States Capitol Police.

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ES provides internal search pages on the USAJOBS Website for agencies to link to from their own Websites. These pages allow agency employees to view all agency-specific vacancies and integrate employment information delivery for agencies into a single, comprehensive system.

Internal and/or external search pages were established for seven agencies during FY 2000. Modifications were made for two agencies to existing pages.

We will be distributing new marketing materials to NACE organizations and special interest groups in FY01. We are also taking action to make our jobs database accessible to the Department of Labor's America's Job Bank. A meeting of each agency's technical representatives is scheduled for January 2001. We continue to work with a variety of potential customers and encourage them to advertise jobs on our site.

ES Goal 20 D
Career Transition Center Services (CTCS) continue to be available and flexible enough to meet changing needs of the year 2000 and beyond.

This program goal was established under OPM Strategic Goal IV to provide career transition services to the Federal Government. We discontinued this goal because the program completed its mission and was closed in FY 2000.

ES Goal 21 M
A broad range of cost-effective and high-quality reimbursable HR services are available to increase agency access to cutting edge technologies, expertise, and systems, and thereby to contribute to Governmentwide cost savings and mission accomplishment.

This program goal was established under OPM Strategic Goal IV to allow us to provide our Federal human resource expertise on a reimbursable basis to the Federal Government. There are seven indicators to assess whether or not this goal is achieved. Of these, the third indicator was identified at the beginning of the year as most critical for achieving the goal. We met this goal by offering new services and products to meet customer needs.

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- M OPM's widespread customer base indicates ES is providing products and services that are effective and useful.

In the past year, our customer base has expanded to include additional agencies such as the Department of State, Department of Transportation, Department of Energy, and the State of Hawaii.

Examples of ES support to agencies in filling mission critical occupations:

- The Defense Contract Audit Agency (DCAA) hired over 400 entry-level Auditors at more than 30 duty locations Nationwide during FY 2000 with the direct support of OPM's automated applicant evaluation services. DCAA has the responsibility for auditing defense and non-defense related contracts that Federal agencies have with contractors ranging from small companies to Fortune 500 firms. Succession planning as well as an overall increase in projected future workload caused DCAA to decide to embark upon an extensive hiring effort supported by OPM's automated applicant evaluation services. Over 2000 individuals applied for these vacancies and were evaluated by OPM during FY 2000. Overall, DCAA has made nearly 600 hires through this effort.*
- For several years, ES has used its automated examining system to support the Defense Commissary Agency (DeCA) in recruiting, evaluating, and hiring qualified applicants for their commissary management positions worldwide. DeCA operates the largest food store chain in the world today, as part of the Department of Defense benefit package for active-duty military personnel, their dependents, and retirees. In addition to commissary management positions, commissary store level positions such as sales store checker and store worker are critical operating positions that typically have a high turnover rate. However, OPM's automation of the applicant evaluation and referral process has greatly reduced the timeframe for filling vacancies. Applicants can apply over the telephone, through the USAJOBS Website, and for some positions overseas by fax. Applicant notices of results and referral lists are generally mailed and/or processed within 48 hours.*

ES staff recently trained 12 staff members in DeCA's human resources office on the USA Staffing system. DeCA subscribed to the USA Staffing system as part of their efforts to ensure that they can continue to recruit, evaluate, and refer the quality candidates necessary to maintain their unique mission.

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- *OPM partnered with the Bureau of the Census on the development, operation, and enhancement of an electronic hiring system. The ultimate challenge was to expedite the hiring of top talent for three of their mission critical occupations. Meeting this challenge required developing and implementing a set of automated tools that creates a recruitment and examining process that sets speed records in the hiring process. The electronic hiring system provides managers with desktop, web-based access, and control of the applicant referral process. An applicant-tracking feature allows managers to see images of applicant resumes and transcripts within 24 hours of receipt. Using the electronic hiring system, the Census Bureau has been able to reduce the time required to fill Computer Specialist, Statistician, and Mathematical Statistician positions 6 months to as little as 3 days.*

OPM implemented a similar system at the Department of Labor, Bureau of Labor Statistics. The system is serving more than 300 managers.

- M** Ongoing positive feedback from agency executives and managers that programs and services are high quality, timely, and customer oriented and that they are relevant to individual and organizational performance improvement.

Our customer tracking system shows that 85% of our total business base are repeat customers. Customer feedback include the following:

On March 21, 2000, the INS Commissioner met with the Director to express her appreciation for OPM's support for the agency over the past few years. The Commissioner specifically cited our Nationwide testing efforts, our implementation of compressed testing for Border Patrol Agents, and our implementation of a new scoring routine during the Y2K conversion.

ES management received the Social Security Administration's Regional Commissioner Award on May 5, 2000. The award was given in recognition of the outstanding support ES has rendered to SSA in its efforts to secure a number of new hires for many geographic locations throughout the Southeast.

- M** New products and services are developed as needs are identified.
[Critical indicator]

This is a critical indicator because OPM is required to develop and offer reimbursable products and services.

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We implemented USA Staffing in all OPM Service Centers for use in providing reimbursable staffing and examining services to Federal agencies.

OPM has a solid history of applying automation and innovation to solving agency recruiting and staffing problems. USA Staffing is OPM's latest automated examining system. As stated, agencies face many challenges as they strive to fill vacancies in an extremely competitive labor market, by rapidly identifying and hiring the best quality candidates. Through the use of its automated processes, ES provides examining services to agencies in direct support of their efforts to create and maintain a high performance workforce.

Effective use of automated tools is an essential element in a strategic approach to streamline the hiring process. USA Staffing has been designed to provide a global solution to agency application receipt and examining activities, and applies cutting-edge technology. In an effort to make USA Staffing available to all Federal agencies, ES has included this key initiative in OPM's FY 2002 Budget and Planning Justification.

OPM also developed the Senior Executive Service (SES) Senior Opportunity and Resume Service (SOARS) Website. This Website, which will become operational in FY 2001, will provide SES members with a centralized, safe and confidential mechanism to post on-line resumes containing their work and education qualifications. Federal agencies throughout the world will be able to access and search through on-line resumes. They can search for potential hires using a variety of search characteristics to facilitate their finding the best possible applicants for the positions they have available.

The SES SOARS Website will also enable Federal agencies to post information on their short-term and permanent SES opportunities, so SES members can view and inquire about them. SES SOARS will further provide OERM with the ability to administer access to the Website, which involves screening requests for access and assigning user identifications and passwords.

OPM's intent for this Website is to increase the mobility of the SES by providing a means for SES members to get together with agency officials and talk about assignment possibilities. OPM leadership indicates that increasing the mobility of the SES has been a major goal. They envision this Website as a supplement to USAJOBS. In their view, SES SOARS will be very helpful

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in assisting current SES members to find new and interesting short-term and permanent assignments. USAJOBS would remain the primary mechanism for attracting new members to the SES.

OPM staff began development work on the SES SOARS Website in March 2000. Site testing began in July. Testing was essentially completed in the early fall of 2000.

In FY 2000, OPM continued maintenance of an Interactive Voice Response (IVR) System for the Bureau of the Census. This IVR was part of the Census 2000 automated recruiting system. An important feature of OPM's system, created for Census, was the transcription ability. If all other automated identification methods failed then OPM had the capability to transcribe the call. There were 4,762 OPM transcribed calls. OPM was officially honored for these achievements at the Census Recruiting 2000 Awards Ceremony.

Also in FY 2000, OPM created another IVR System for the Postal Service. This system is used to process applications for Postal Service job examinations. The menu-driven telephone system collects a variety of data and transmits it to the USPS for actual applicant scheduling. The system worked so well in its first three weeks of operation that USPS asked OPM to expand the capacity of the system in anticipation of up to 10,000 calls a day from applicants.

- N** Improved customer satisfaction with reimbursable services as indicated by a 2% increase in the percentage of overall "satisfied" ratings obtained in customer assessments from FY 1999 levels (or maintenance level at 90% or higher).

Customer satisfaction with reimbursable services is monitored and evaluated in several ways:

- Number of new agencies serviced;*
- Number of repeat agencies serviced;*
- Number of agencies serviced;*
- Dollar value for contracts;*
- Formal input is gathered and documented from closeout project meetings with agencies; and*
- Feedback/input on systems and services is gathered and documented from our consortium network 2 to 3 times per year.*

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N Financial balance of costs and income.

We were unable to fully recover costs in FY 2000. With a "plateaued" workload, shrinking S&E funding, and lagging price adjustments, the delivery system is faced with an over-capacity relative to demand.

Realigning and streamlining service centers and the Technology Support Center is a major step toward correcting this situation. In addition, we initiated a number of actions including: reorganized to eliminate positions; targeted a hiring freeze; tailored FY 2002 budget initiatives in order to discharge our core leadership priorities; and began plans for streamlining service center operations.

M Enhancements to technological products and programs are introduced.

We implemented USA Staffing in all OPM Service Centers for use in providing reimbursable staffing and examining services to Federal agencies. ES unveiled USA Staffing at the Solutions 2000 conference with several agencies expressing immediate interest in considering USA Staffing to fulfill their automated staffing needs. Since the introduction of USA Staffing, demonstrations of the system have been given to approximately 21 agencies.

We are developing an Internet-based version of the HR Manager and an Internet version of the Organizational Assessment Survey. We continue to invest in product enhancement.

M Customers continue to contract for technological products and programs (i.e., repeat business is maintained at the same levels as in the previous year).

Our level of repeat reimbursable business has continued at a high level.

ES Goal 22

M

The DoD Testing Program is operated to maintain high customer satisfaction and fiscal balance.

This program goal was established under OPM Strategic Goal IV to provide a resource for the Department of Defense to maintain and operate their testing program. There are four indicators to assess whether or not this goal is

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achieved. Of these, the first indicator was identified at the beginning of the year as most critical for achieving the goal. We met this goal because we maintained a high level of customer satisfaction and were thus able to continue the contract with the Department of Defense.

M Continuation of the contract by DoD. **[Critical indicator]**

This is the critical indicator because the project ceases to exist without the contract. The contract between OPM and DoD was continued for FY 2000 and has been executed for FY 2001.

M Requests for number of student test sessions by DoD is met.

During FY 2000, OPM met all DoD requirements for student test sessions. These sessions were running approximately 7 percent ahead of projections.

In FY 1999, we conducted 14,789 student test sessions for DoD. At the beginning of FY 2000, we projected conducting 15,000 student sessions. We actually conducted 15,954 student sessions in FY 2000.

M Increased customer satisfaction as tracked through quarterly feedback sessions with DoD program managers.

During FY 2000, feedback sessions with DoD were held quarterly and, in addition, on an as needed basis. DoD program managers continue to indicate that they are extremely satisfied with the test program as administered by OPM.

DoD was particularly pleased with the decrease in test loss/compromise incidents over FY 1999. In addition, they indicated at the quarterly feedback sessions that they were very pleased with our planning for their implementation of the New Order Anchoring Study and the new Enlistment Test Battery.

M Financial balance of costs and income.

The income and costs for the DoD testing program are balanced.

ES Goal 23

The PMI program is operated to result in the hire of at least 300 PMI's in FY 2000.

M

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This program goal was established under OPM Strategic Goal IV. The objective is to maintain and operate the Federal Government's most prestigious intern program. There are four indicators to assess whether or not this goal is achieved. Of these, the second indicator was identified at the beginning of the year as most critical for achieving the goal. We met this goal by increasing the number of Presidential Management Interns hired into the Government.

- M** Evaluate the satisfaction of agency and external stakeholders of the PMI Program through a qualitative analysis of direct feedback.

Reported level of satisfaction of HR Specialists as measured in the CSS was as follows:

<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>
53%	55%	CSS not conducted in FY 2000

Agency HR offices continue to be pleased with the PMI Program. Hiring from the PMI Finalist pool continues to remain strong. The PMI Class of CY 1999 was 366 and the PMI Class of CY 2000 is 344. We continue to receive verbal and written compliments regarding the way the Program is administered and managed.

- M** Assess the number of PMI's hired in FY 1999 against the target established for the year (300 hires), against the number hired in previous years, and against the ceiling of 400 hires. **[Critical indicator]**

This is the critical indicator because it determines whether or not the Program has met its goals. The goal of hiring 300 PMI's was met. Agencies selected 366 PMI's for the PMI Class of 1999 (FY 2000). These numbers are the highest in the history of the Program. Information regarding PMI Finalists who have been selected by which agencies is updated weekly and available to agency hiring officials on the newly created pmi.opm.gov Website. Agencies continue to use the PMI Program as a source of outstanding talent to staff Federal positions involving the management and analysis of public policies and programs.

- N** Evaluate comparative data to determine if minority PMI hires for FY 1999 increased by at least 2% for groups where underrepresentation for the relevant labor market was reported in FY 1998.

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Data on the number of minority PMI hires are not complete. The CPDF is dependent upon agencies logging PMI hires and agencies do not timely report their PMI hires. The PMI Program Office does not collect Race and National Origin (RNO) data at the time of application and hence cannot report accurately minority hiring information without the assistance of the agencies through their timely and accurate CPDF submissions. As a result of these incomplete filings, accurate PMI minority hiring data will not be available.

This indicator will be dropped in FY 2001 because of the difficulty in collecting accurate data.

M Financial balance of costs and income.

\$1,467,000 in costs were balanced by a corresponding identical amount of income for FY 2000.

ES Goal 24

N

The Administrative Law Judge (ALJ) personnel program is operated to continue to ensure compliance with applicable laws and regulations.

This program goal was established under OPM Strategic Goal IV to maintain and operate the Administrative Law Judge program. There are two indicators to assess whether or not this goal is achieved. Of these, the first was identified at the beginning of the year as critical for achieving the goal. The Administrative Law Judge examination was suspended due to a class action lawsuit.

OPM is taking steps to reinstate this exam during FY 2001 through redesigning the examining process.

A class-action lawsuit brought by 1,400 non-preference applicants required OPM to suspend the ALJ examining during FY 2000.

N Evaluate agency satisfaction with the ALJ personnel program through qualitative analysis of direct feedback. **[Critical indicator]**

This is the critical indicator because customer satisfaction is the key to ES' ability to improve this program over time.

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Agency satisfaction with the ALJ program could not be accurately determined for FY 2000 due to the suspension of ALJ examining. Efforts were made, however, to meet with the ALJ community to discuss the impact of this litigation within the ALJ Office. Through correspondence, attendance at ALJ conferences, meeting with various agencies' representatives, and public notices posted on the ALJ web page, agencies were kept informed as to the nature and status of the ongoing litigation.

N Timeliness of services provided meets standards established in FY 1998.

Due to the class-action lawsuit, the ratings of ALJ examinations were suspended during FY 2000.

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OPM STRATEGIC PLAN GOAL I

PROVIDE POLICY DIRECTION AND LEADERSHIP TO RECRUIT AND RETAIN THE FEDERAL WORKFORCE REQUIRED FOR THE 21ST CENTURY.

WCPS Goal 1

M

By the end of FY 2000, needed changes in all significant OPM program policies are identified and changes are introduced so that Federal agencies are better equipped to respond to changing human resources and agency needs in the 21st century.

This program goal was established under Strategic Goal I to identify policy issues that need updating in order to improve the human resources climate in the Federal Government. There are four indicators to assess whether or not this goal is achieved. Of these, the fourth indicator was identified at the beginning of the year as the most critical for achieving the goal. We met this goal by publishing the regulations and legislative proposals listed below.

M An increase in the level of agency HR Directors' satisfaction with OPM's compensation, position classification, and performance management policy leadership, as measured by informal customer feedback and/or a 2% increase over FY 1998 levels in the percentage of favorable ratings (or maintenance at 90% or higher) in the DCSS.

Reported levels of satisfaction as measured by the DCSS were as follows:

<u>Program Area</u>	<u>Policy Leadership</u>		
	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>
<i>Pay & Leave Administration</i>	<i>78%</i>	<i>Insufficient</i>	<i>87%</i>
<i>Nonforeign Area Cost-of-Living Allowance (COLA)</i>	<i>54%</i>	<i>Data in the FY 1999 survey to</i>	<i>N/A</i>
<i>Federal Wage System (FWS)</i>	<i>67%</i>	<i>report on</i>	<i>62%</i>
<i>Position Classification and Position Management</i>	<i>58%</i>		<i>68%</i>
<i>Performance Management</i>	<i>85%</i>		<i>78%</i>

Most Federal agencies do not employ FWS workers. In the DCSS, only 26 of 55 respondents expressed an opinion on OPM leadership in this program area, and only 1 reported dissatisfaction. There was no question in the FY 2000 on COLA because few agencies responded in the FY 1998 survey.

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The Strategic Compensation Policy Center (SCPC) created workgroups in FY 2000. Agencies assigned staff to these work groups and expressed support and appreciation by continuing to participate in the activities. Policies dealing with performance management, classification revisions, and pay and leave administration were frequently cited as models for aligning performance to strategic compensation.

Taken together, informal feedback from customers and survey data support the achievement of this indicator.

- M A report to the Director is issued on each phase of the scheduled policy review.

Informal reports were presented to the Director on major activity associated with this goal.

- M An increase in the level of agency HR Directors' satisfaction with their opportunity for involvement with the compensation, position classification, and performance management policy making process, as measured by informal customer feedback and/or a 2% increase over FY 1998 levels in the percentage of favorable ratings (or maintenance at 90% or higher) on the DCSS.

Reported levels of satisfaction as measured by the DCSS were as follows:

<u>Program Area</u>	<u>Opportunity for Involvement</u>		
	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>
<i>Pay & Leave Administration</i>	<i>68%</i>	<i>Insufficient</i>	<i>73%</i>
<i>Nonforeign Area Cost-of-Living (COLA)</i>	<i>52%</i>	<i>Data</i>	<i>—</i>
<i>Federal Wage System (FWS)</i>	<i>58%</i>		<i>—</i>
<i>Position Classification and Position Management</i>	<i>63%</i>		<i>—</i>
<i>Performance Management</i>	<i>88%</i>		<i>—</i>

In the FY 2000 survey, there was a single generic question dealing with opportunity for involvement in Compensation Administration rather than questions on each specific program area.

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- M** Specific legislative and regulatory proposals which reflect broad consensus among stakeholders are developed. **[Critical indicator]**

This is the critical indicator because it reflects real results.

We issued a number of regulations in response to agencies' requests for clarification and enhancement of current regulations, as follows:

WCPS issued final regulations on December 27, 1999, to provide agencies with authority to establish an emergency leave transfer program that permits employees to transfer their unused annual leave to other Federal employees adversely affected by a major disaster or emergency.

On December 20, 1999, we issued final miscellaneous pay administration regulations to correct or clarify various regulatory provisions dealing with compensation of Federal employees. Many changes were prompted by questions and comments from agencies and other stakeholders.

We issued final regulations on December 2, 1999, to give agencies greater flexibility to pay retention allowances of up to 10 percent to a group or category of employees in certain limited circumstances. Agencies express wide support for this flexibility.

On May 8, 2000, we issued final regulations on the Family and Medical Leave Act of 1993 to ensure that both employees' and agencies' rights are protected and their responsibilities fulfilled.

On May 25, 2000, WCPS issued proposed regulations on grade and pay retention to grant agencies discretionary authority to provide pay retention for certain employees moving to positions under pay systems other than GS or FWS. This regulation was requested by the Department of Justice.

On June 13, 2000, we issued final regulations that permit employees to use a total of up to 12 weeks of sick leave each year to care for a family member with a serious health condition.

We issued proposed regulations on locality pay area definitions on August 16, 2000.

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OPM developed a legislative proposal entitled the "Federal Employees' Overtime Pay Limitation Amendments Act of 2000." This legislation was prepared in response to agency requests to help address the challenges posed by emergencies and disasters. The proposal assures that no Federal employee receives less than his/her normal rate of pay for overtime work and increases the hourly overtime pay rate limitation from GS-10, step 1, to GS-12, step 1, for FLSA-exempt employees performing overtime work in connection with an emergency. This legislative proposal was introduced in Congress on September 26, 2000.

Throughout the year we issued 14 regulations covering changes in wage area boundaries that had been worked out in partnership with the Federal Prevailing Rate Advisory Committee. This completed the cycle based on the 1990 census data. The boundary adjustment process will begin again in FY 2003, based on 2000 census data.

WCPS Goal 2

M

Options for performance-oriented approaches to strategic compensation in the Federal Government are formulated and vetted among stakeholders so that consensus legislative proposals can be drafted and forwarded for action.

This program goal was established under Strategic Goal I to design a new performance-oriented system for determining the value of work and setting and adjusting basic pay for all Federal workers in a highly flexible structure to adjust to rapidly changing mission needs, technologies, and labor markets. There are three indicators to assess whether or not this goal is achieved. Of these, the first indicator was identified at the beginning of the year as most critical for achieving the goal. We met this goal by developing background information and producing studies on compensation and classification practices as described below.

M OPM develops and disseminates a comprehensive picture of state-of-the-art compensation practices. **[Critical indicator]**

This is the critical indicator because it makes it possible for OPM to develop a knowledgeable consensus among stakeholders.

WCPS developed background information on Structure Setting and Adjustment, Job/Work Evaluation, and Variable Pay for stakeholder working groups examining technical and policy issues involving various components of

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Federal compensation. We arranged to have Booz-Allen & Hamilton produce a Study of Private Sector Compensation Practices and used it as a source document for further studies. The study included information about the wide variety of current private sector compensation practices, categorized Federal work into a typology of work developed by SCPC to facilitate comparison with private sector work, and reported on interviews with private sector employers, based on a standardized interview protocol. This study has been completed and findings shared with Federal stakeholders.

We also arranged for a report by the Human Resources Research Organization on Work Evaluation: Study of the Position Classification System and Alternative Approaches for Valuing Jobs and Work. Phase 1 of this study includes 4 reports.

The first deals with strategic issues and alternative methods employed in work evaluation. The second deals with the origins and features of the GS system, and features and purposes that have developed over the last 50 years. The third covers the current role of position classification in the operation of HRM functions and programs. The last examines alternative job evaluation and compensation systems in U.S. Government organizations. The first report has been completed in June 2000 and distributed to Federal stakeholders. The other three reports are underway and are due during 2001.

Phase 2 of the study includes reports on technical requirements for a successor work evaluation system, the evaluation of alternative approaches relative to requirements of a successor system, and a final report describing project objectives, methodology, and results. This phase will also be completed in FY 2001.

At the Strategic Compensation Conference 2000, WCPS presented 27 breakout sessions on compensation issues and state-of-the-art practices, including updates on classification performance management, and strategic compensation; variable pay, including group incentives; aligning performance with agency strategic plans; information technology and the HR challenge; the role of the compensation practitioner; and broadbanding.

- M** Federal stakeholders indicate their satisfaction with the opportunity to express views and opinions to OPM on its strategic compensation efforts.

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On September 6, 2000, at the Strategic Compensation Initiative's workgroup on structure setting and adjustment, AFGE's representative said that she was very pleased with the way we were conducting the workgroup process and especially pleased with our taking pains to include instances of union-bargained compensation examples in our discussions of compensation practices.

At the Strategic Compensation Conference 2000, comments on end-of-conference surveys included the following:

"Presenters were very well prepared and obviously experts on this topic. [I] believe in this area OPM is actually 'stepping up to the plate' to guide/help agencies in a very critical area."

"This is exactly what the HR community needs to hear!"

"Good participation from the group. Great getting an idea of what you're working on and featuring."

- M** The Strategic Compensation Conference is shown by end-of-conference surveys to have satisfied participants' expectations for the level and type of information provided to help them understand developing issues in Federal compensation.

On a five-point scale, the average overall rating of the Conference was as follows:

<i>FY 1999</i>	<i>4.14</i>
<i>FY 2000</i>	<i>4.23</i>

At the Strategic Compensation Conference 2000, comments on end-of-conference surveys included the following:

"The honesty and willingness of the presenting staffers cannot be overvalued. Excellent dissemination of information."

WCPS Goal 3

M

Compensation systems under current law are administered efficiently, accurately, and in a timely manner. These include: (1) the pay-setting process for General Schedule (GS) and related pay systems; (2) the FWS; and (3) the COLA program.

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This program goal was established under Strategic Goal I to ensure that Federal employees continue to be paid in an efficient, accurate, and timely manner. There are five indicators to assess whether or not this goal is achieved. Of these, the first was identified at the beginning of the year as most critical for achieving the goal. We met this goal by publishing the new pay tables for the January 2000 pay adjustments promptly and accurately, as described below.

- M** All actions necessary to make new pay schedules effective are accomplished within statutory deadlines, and agencies are provided with sufficient information to implement new pay schedules on a timely basis.
[Critical indicator]

This is the critical indicator because these actions are needed to ensure the prompt implementation of new pay schedules.

WCPS prepared guidance on the January 2000 General Schedule pay adjustments, issued 32 locality pay tables, 33 law enforcement officer tables, 427 special salary rates tables, as well as tables covering the Executive Schedule, members of the Senior Executive Service, administrative law judges, and members of Boards of Contract Appeals, and posted them on the Website on December 21, 1999, in two formats, HTML and PDF.

- M** The annual report by the President's Pay Agent is issued in a complete and timely manner.

WCPS provided staff support to the President's Pay Agent, including issuing the 1999 annual report to the President on locality pay on December 8, 1999.

- M** Through comments and feedback provided informally and/or through the CSS, relevant Federal agencies, unions, and employee groups express satisfaction with OPM's efforts to provide leadership for FWS administration and to involve them in administering the COLA program.

WCPS provided support to FPRAC at 13 meetings during the year, and all recommendations were worked out by consensus of all members. We published the FWS Appropriated Fund Operating Manual and created a Website specifically for FWS compensation issues.

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Informal comments on responses to FWS-related queries included the following:

“Thank you very much for your prompt, thorough response.”

- NX** Maintain the level of satisfaction of HR Specialists with regard to the pay tables guidance materials, as reported in the CSS and/or informal customer feedback.

The satisfaction level in the CSS with pay tables guidance was as follows:

<i>FY 1998</i>	<i>92%</i>
<i>FY 1999</i>	<i>92%</i>

The CSS was not conducted in FY 2000.

- M** An increase in the level of HR Specialists’ satisfaction with OPM’s information sharing and technical assistance about pay issues as measured by informal customer feedback and/or a 2% increase over FY 1999 levels in the percentage of favorable ratings (or maintenance at 90% or higher) on the CSS.

The levels of satisfaction as measured by the CSS were as follows:

<u><i>Program Area</i></u>	<u><i>Information Sharing</i></u>	
	<u><i>FY 1998</i></u>	<u><i>FY 1999</i></u>
<i>Annual Pay Adjustment Process</i>	<i>89%</i>	<i>85%</i>
<i>FWS</i>	<i>80%</i>	<i>74%</i>
<i>Nonforeign Area COLA</i>	<i>76%</i>	<i>69%</i>

<u><i>Program Area</i></u>	<u><i>Technical Assistance</i></u>	
	<u><i>FY 1998</i></u>	<u><i>FY 1999</i></u>
<i>Annual Pay Adjustment Process</i>	<i>83%</i>	<i>83%</i>
<i>FWS</i>	<i>77%</i>	<i>72%</i>
<i>Nonforeign Area COLA</i>	<i>74%</i>	<i>67%</i>

The CSS was not conducted in FY 2000.

Informal comments in emails on pay issues included the following:

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"Thanks for your quick response!"

"Thanks so much for your help. Appreciate the quick response."

"Thank you VERY MUCH for the quick response!!!"

"Thanks for your help. You're a great Government resource!"

WCPS Goal 4

M

In order to ensure a cost-effective Federal service, a collaborative review of the COLA program and other compensation issues affecting employees in the COLA areas is carried out in preparation for a report to Congress.

This program goal was established under Strategic Goal I to ensure that Federal employees in the COLA areas continue to be paid in an efficient, accurate, and timely manner. There are three indicators to assess whether or not this goal is achieved. Of these, the first was identified at the beginning of the year as most critical for achieving the goal. We met this goal by settling the court action with the COLA plaintiffs, as described below.

In the FY 2001 performance plan, this goal is being absorbed into a more broadly defined Federal compensation administration goal.

- M** On the basis of joint and independent research efforts and appropriate discussions with key stakeholders, OPM reaches agreement with COLA plaintiffs on common principles and/or clearly articulates its rationale for areas of disagreement. **[Critical indicator]**

This is the critical indicator because it ensures current and future COLA payments are designed to assist recruitment and retention efforts in nonforeign areas.

The U.S. District Court for the Virgin Islands approved the settlement of Caraballo, et al. v. United States (No. 1977/0027) on August 17, 2000, resolving litigation with current and former Federal employees who receive nonforeign area cost-of-living allowances. The settlement provides for back payments to COLA employees and makes changes in the COLA program based on principles developed jointly by COLA employee representatives and OPM.

- M** Report submitted to Congress on the status of the COLA program.

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On February 7, 2000, the Director sent a letter to Congress stating that we were delaying our report pending settlement of pending litigation. (The report was sent to Congress on January 18, 2001.)

- NX** An increase in the level of agency HR Directors' satisfaction with 1) OPM's policy leadership, and 2) their opportunity for involvement, as measured by informal customer feedback and/or a 2% increase over FY 1998 levels in the percentage of favorable ratings (or maintenance at 90% or higher) in the DCSS.

The HR Directors' satisfaction levels as measured in the DCSS were as follows:

	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>
<i>Policy Leadership</i>	<i>54%</i>	<i>Insufficient</i>	<i>No data</i>
<i>Agency Involvement</i>	<i>52%</i>	<i>Data</i>	

There were no questions in the FY 2000 survey on COLA because few agencies are directly involved in the program.

- WCPS Goal 5** **M**
Policies and programs for Governmentwide pay, leave, and hours of work under current law are administered in an effective and timely manner in order to ensure a cost-effective Federal service.

This program goal was established under Strategic Goal I to ensure that policy guidance to Federal agencies on compensation and leave issues is kept current. There are two indicators to assess whether or not this goal is achieved. Of these, the second was identified at the beginning of the year as the most critical for achieving the goal. We met this goal by providing regulations and policy guidance as described below.

- M** An increase in the level of HR Specialists' satisfaction with OPM's information sharing about pay and leave issues as measured by informal customer feedback and/or a 2% increase over FY 1999 levels in the percentage of favorable ratings (or maintenance at 90% or higher) in the CSS.

The HR Specialists' levels of satisfaction as measured by the CSS were as follows:

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<u>Program Area</u>	<u>Information Sharing</u>	
	<u>FY 1998</u>	<u>FY 1999</u>
<i>Pay Administration</i>	85%	—
<i>Leave Administration</i>	87%	—
<i>Pay and Leave Administration</i>	—	86%
<i>Premium Pay and Hours of Work</i>	80%	77%
<i>Family-friendly Programs</i>	—	86%

The CSS was not conducted in FY 2000.

Informal comments in email and correspondence on pay and leave issues included the following:

“I would like to thank you for the effort, perseverance, and assistance provided by the Office of Personnel Management in the recent settlement of Caraballo v. United States. The ‘Safe Harbor Process,’ which was instrumental in achieving the settlement, required your agency to invest a significant amount of personnel time and resources over several years. There is no question that, without this investment on your part, the settlement, which we believe provides substantial benefits to the Government, could never have been achieved.” (David Ogden, Assistant Attorney General, Civil Division, to OPM Director, September 14, 2000)

- M Regulations and policy guidance on pay, leave, and hours of work issued as needed. **[Critical indicator]**

This is the critical indicator because this activity ensures that pay, leave, and hours of work policies meet the needs of Federal agencies and employees.

WCPS issued numerous memoranda, fact sheets, questions and answers, and additional guidance to agencies concerning Federal compensation policies and programs. The information we provided increased agencies’ awareness and provided guidance on the availability of pay flexibilities to help recruitment and retention problems. For example, we issued:

- guidance to agencies on the final regulations permitting employees to use a total of up to 12 weeks of sick leave each year for family care;*
- fact sheets on a number of Federal pay and leave programs and policies, including family and medical leave; sick leave for family care; the leave transfer and leave bank programs; holidays; compensatory time off; night*

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- pay; recruitment, retention, and relocation payments; and availability pay for criminal investigators;*
- *questions and answers on the use of recruitment, retention, and relocation payments;*
 - *memoranda and guidance to assist employees who were prevented from reporting for work as a result of major disasters and emergencies, such as adverse weather conditions, the fires around Los Alamos, and the April 2000 World Bank/International Monetary Fund meetings in Washington, DC;*
 - *guidance on pay and leave entitlements for employees who were involved in Year 2000 computer conversion efforts over the New Year's Day weekend;*
 - *memorandum announcing that employees may use up to 30 days of paid leave each year for organ donation; and*
 - *guidance on an employee's entitlement to use 15 days of military leave for inactive duty training, as well as active duty training.*

In addition, we initiated and managed a Governmentwide study on the possibility of establishing special rate schedules for information technology (IT) workers. We initiated this study in response to requests for additional compensation flexibility from agency HR and IT officials to help resolve IT recruitment and retention problems. The information gathered in this study will be used to support proposed special salary rate schedules for IT workers. (The proposed special rates were approved in November 2000 and became effective in January 2001.)

We provided program and technical assistance to OPM's Office of the General Counsel and the Department of Justice to support the Government's interest in fair and reasonable settlement of litigation, such as the special rates lawsuit affecting more than 100,000 Federal employees.

WCPS Goal 6

N

Agencies are equipped with a further simplified GS classification system that contains fewer than 225 classification standards. Agencies are equipped with a FWS system that is updated and maintained to reflect agency work practices.

This program goal was established under Strategic Goal I to simplify the classification system, decrease its administrative burden, and thus improve the prospects of recruiting and retaining a high-quality workforce. There is one indicator to assess whether or not this goal is achieved. We did not meet this goal in FY 2000.

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Simply tallying the number of classification standards is not an effective measure of the usefulness and timeliness of these standards. This goal is being replaced in the FY 2001 Performance Plan by one measuring the weighted average age of standards (see WCPS Goal 7), which was introduced for the first time in the FY 2000 plan.

- N** By the end of FY 2000, approximately 150 single series standards have been eliminated from the classification system. This is 56 percent of the FY 2002 goal, a reduction of at least 267 single series from the FY 1997 baseline.

This measure is being replaced by the weighted average age of GS classification standards, which is currently part of Goal 7.

- WCPS Goal 7** **N**
Leadership of the multi-year effort to develop job family standards to evaluate GS positions that comply with title 5 U.S.C. and the National Partnership for Reinventing Government initiatives is continued.

This program goal was established under Strategic Goal I to simplify the classification system, decrease its administrative burden, and thus improve the prospect of recruiting and retaining a high-quality workforce. There are four indicators to assess whether or not this goal is achieved. Of these, the second was identified at the beginning of the year as most critical for achieving the goal. Since we failed to meet this indicator, we did not meet the goal.

FY 2000 was the first year in which we measured the weighted average age of GS classification standards, and we are still refining both our measurement techniques and determination of reasonable target levels.

- NX** HR Specialists' satisfaction levels on specific guidance materials issued in FY 2000 as measured in the CSS and/or informal customer feedback are maintained at 80% or higher.

The HR Specialists' satisfaction levels with guidance materials were as follows:

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<i>Guidance Materials</i>	<i>FY 1998</i>	<i>FY 1999</i>
<i>GS-0500 C & T Job Family Standard</i>	<i>76%</i>	<i>—</i>
<i>GS-1300 Prof. Job Family Standard</i>	<i>81%</i>	<i>—</i>
<i>GS Leader Grade Evaluation Guide</i>	<i>81%</i>	<i>75%</i>
<i>GS and FWS Materials On-Line</i>	<i>—</i>	<i>81%</i>
<i>Classification Standards HRC-D-ROM</i>	<i>76%</i>	<i>78%</i>

The CSS was not conducted in FY 2000.

- N** Declining weighted average age of GS position classification standards indicates that standards are more current. This indicator measures our progress in modernizing the GS standards by examining the decreasing average age of standards covered in the studies WCPS conducts each year. As WCPS progresses with additional studies, the average age of the position classification standards as a whole should decrease on an annual basis. At the same time, this element also measures the employee populations covered by those occupations. Ultimately, WCPS would determine the appropriate cycle for maintaining a specific average age. **[Critical indicator]**

This is a critical indicator because it measures the currency of the overall GS classification standards system. (Note that but for (a) the release of new final standards in a given year and (b) shifts in population across occupations, the average age indicator would naturally increase by 12 months each year.)

	<i>Goal</i>	<i>Actual</i>
<i>FY 1999 baseline average age</i>		<i>219 months</i>
<i>FY 2000 average age</i>	<i>225 months</i>	<i>228 months</i>
<i>Original FY 2001 target average age</i>	<i>125 months</i>	
<i>Revised FY 2001 target average age</i>	<i>217 months</i>	

We are still in the process of refining our method of definition and computing this figure. The long-term target has not yet been determined. The baseline average, FY 2000 actual average, and the FY 2001 target have been corrected to reflect recalculations. There were errors in the original database calculation which reported several of the standards as more than 150 years old. In addition, the production schedule has been updated. These errors have been corrected in the above figures. In addition, we are refining these figures further to take into account subpopulations whose correct series, title, and grade are determined using functional guides, rather than occupational standards.

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- M** The HR community and managers are familiar with and understand the new simplified classification approach, as demonstrated through informal responses from the HRMC Position Classification Network, the classification Website email inquiry system, conferences, and/or forums.

Feedback from the HRMC Position Classification Network, the Strategic Compensation Conference 2000, other presentations made as invited speakers to professional forums, and the FedClass Website email inquiry system on the two job family standards already developed indicate overall satisfaction with the new simplified approach. From the nature of questions raised, staff are able to determine that the concepts and approaches are generally well understood and accepted.

- N** Five additional job family standards are issued for agency implementation. This comes to 11% of the approximately 45 job family standards that will be developed, dependent upon adjustments that need to be made as a result of other studies and resultant changes.

No additional job family standards were issued in FY 2000. The issuance schedule in FY 2001 has been accelerated from 5 to 6, and in FY 2002 from 5 to 8, in order to bring the project back on track.

During FY 2000, a significant setback was experienced when the agencies, whom we are required by law to consult as we develop new classification standards, raised strong objections through their highest level HR officials to the scope and pace of our standards development. The burden that OPM places on agencies as they participate in standards development is expanded under the job family approach when a given document released for Governmentwide review or issued for implementation may cover multiple occupations, in contrast to the former practice of developing standards for single occupations. The agencies requested that we suspend our study schedule and not issue final standards for implementation at the same time we were conducting factfinding and asking them to review and test apply draft classification standards. OPM took these concerns very seriously and worked with senior HR officials to resolve these issues in a way that would let us proceed with issuing standards at a reasonable pace that supported our strategic objectives while accommodating agencies' concerns. A key change in OPM's approach was to take into account that our long-standing practice of releasing draft standards to every agency for review and test application assumed that agencies were fully staffed with experienced classification

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specialists who could be assigned this work. The opposite is true: agencies have streamlined their classification programs, often delegating classification authority to line managers, and there was no prospect that former staffing levels would ever be restored. As a consequence, OPM proposed a different approach to testing draft standards, as well as clarifying our guidance for implementation of final standards, that would significantly lower the level of resources that agencies would be expected to spend. The proposal was endorsed by the Human Resources Management Council for refinement and implementation in FY 2001. The effect on our ability to issue final standards in FY 2000 remained, however, and the absence of timely agency comments during this period meant that we were unable to issue any final standards. We did, however, issue draft job family standards for human resources management and information technology occupations.

Goals 6 and 7 are being absorbed into a single, broadly defined goal in FY 2001 which is more targeted toward the strategic goal.

WCPS Goal 8

M

Agency managers are receiving easy-to-use classification and position management program guidance that facilitates delayering and streamlining their organizations.

This program goal was established under Strategic Goal I to ensure that Federal agencies were receiving accurate program guidance which improve the prospect of recruiting and retaining a high-quality Federal workforce. There are six indicators to assess whether or not this goal is achieved. Of these, the second indicator was identified at the beginning of the year as most critical for achieving the goal. We met this goal by improving the efficiency and timeliness of responses to requests for advisories by using the FedClass Website inquiry system.

NX Comments and feedback provided through customer surveys of the HRMC Network on Position Classification representatives indicate satisfaction with the Guide in their agencies.

There was no survey in FY 2000.

M Classification and position management program guidance is issued, as necessary. **[Critical indicator]**

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This is the critical indicator because it tracks direct services to Federal agencies.

Requests for informal advisories through the FedClass Website inquiry system were answered and, where necessary, interpretations of existing guidance were produced. No new formal advisories interpreting existing guidance were needed during FY 2000.

- N** Issuance of two enhanced HRCD-ROMs each year with current salary tables and other automated improvements.

Since no new classification standards were issued during FY 2000, the HRCD-ROM issued in FY 1999 was still current. Owing to that, plus our interest in encouraging users to locate and apply the most current materials, which are now available on the OPM Website, we did not issue an edition of the HRCD-ROM in FY 2000.

- M** An increase in the level of agency HR Directors' satisfaction with 1) OPM's policy leadership, and 2) their opportunity for involvement, as measured by informal customer feedback and/or a 2% increase over FY 1998 levels in the percentage of favorable ratings (or maintenance at 90% or higher) in the DCSS.

The HR Directors' satisfaction levels as measured in the DCSS were as follows:

	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>
<i>Policy Leadership</i>	<i>58%</i>	<i>Insufficient</i>	<i>68%</i>
<i>Agency Involvement</i>	<i>63%</i>	<i>Data</i>	<i>N/A</i>

The FY 2000 survey did not include a specific question on agency involvement in position classification policy development.

In addition, several HR Directors expressed their appreciation and support for the way we acted swiftly to propose fundamental changes in long-standing OPM practices for reviewing and testing draft classification standards as a way to accommodate their resource limitations, while still maintaining our leadership and stewardship of the position classification system and working to ensure its currency and credibility.

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- NX** An increase in the level of HR Specialists' satisfaction with OPM's information sharing about position classification and position management as measured by informal customer feedback and/or a 2% increase over FY 1999 levels in the percentage of favorable ratings (or maintenance at 90% or higher) in the CSS.

The HR Specialists' satisfaction level was as follows:

<u>Program Area</u>	<u>FY 1998</u>	<u>FY 1999</u>
<i>Information Sharing</i>	<i>77%</i>	<i>70%</i>

The CSS was not conducted in FY 2000.

- NX** Satisfaction levels at 80% or higher as measured by HR Specialists' ratings on specific guidance materials issued in FY 2000 as measured in the CSS.

The HR Specialists' satisfaction levels with guidance materials were as follows:

<u>Guidance Materials</u>	<u>FY 1998</u>	<u>FY 1999</u>
<i>HRCO-ROM</i>	<i>76%</i>	<i>78%</i>
<i>GS Leader Grade Evaluation Guide</i>	<i>81%</i>	<i>75%</i>

The CSS was not conducted in FY 2000.

WCPS Goal 9

M

Pending major reform of the Federal compensation system, a proposal for a credible annual pay adjustment process for the GS and related systems is developed.

This program goal was established under Strategic Goal I to revise the annual pay adjustment process and improve the prospects of recruiting and retaining a high quality Federal workforce. There are two indicators to assess whether or not this goal is achieved. Of these, the second was identified at the beginning of the year as most critical for achieving the goal. We met this goal by creating a National Compensation Survey Improvements Working Group, whose activities are described below.

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- NX** Stakeholders indicate through the CSS and informal customer feedback that their interests and views are reflected in proposals to implement the consensus reached on short-term and/or long-term changes.

The CSS was not conducted in FY 200 0.

- M** A proposal for a revised annual pay adjustment process is developed and disseminated to stakeholders. **[Critical indicator]**

This is the critical indicator because the proposal for interim changes in the pay setting process is the output for this goal.

OPM, OMB, and the Bureau of Labor Statistics combined resources to form an interagency National Compensation Survey (NCS) Improvements Working Group to find creative solutions and make viable recommendations to address the concerns expressed by the Federal Salary Council and the President's Pay Agent about the use of the NCS program for setting locality pay rates. The group worked cooperatively on sensitive technical issues, such as grade leveling guides, and produced recommendations that were accepted by both the labor and technical expert members of the Council, as well as the Pay Agent.

The success of this group helped sustain the cooperative process between the Council and the Pay Agent in making recommendations and decisions on the locality pay program, and the future implementation of the recommendations is expected to help the Government sustain its ability to recruit and retain a high quality white-collar workforce.

- WCPS Goal 10** **M**
The Governmentwide policy framework is up-to-date and accommodates cutting-edge proposals so that agencies can enhance individual and organizational performance and ensure individual accountability.

This program goal was established under Strategic Goal I to promote performance improvements by maintaining a flexible, decentralized framework for appraisal and awards within which agencies can establish results-oriented and merit-based programs for managing employee performance at the individual, group, and organizational level. There are two indicators to assess whether or not this goal is achieved, both of which are critical. We met this goal by creating a web-based Performance Management Clearinghouse to publicize the breadth of existing regulations and flexibilities.

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- M** Performance management regulations include all necessary adaptive changes required by: changes in the laws affecting performance management; changes in OPM's and the Administration's performance management policy interpretation; and changes in regulations made by other HR program areas. **[Critical indicator]**

No new performance management regulations were proposed in FY 2000 for the reasons this indicator covers because no such legislative or regulatory changes occurred and there were no such changes in policy interpretation.

- M** Performance management regulations have clearly defined, broad parameters and provide maximum flexibility, so that agencies understand they can do most of what they want to do under current performance management regulations without needing to request demonstration authority. **[Critical indicator]**

The newly created Performance Management Clearinghouse demonstrated the breadth of existing regulations and the fact that agencies continue to be able to establish and adapt the performance management program options that they need and have no need to use the demonstration project authorities to establish new program options.

WCPS Goal 11

M

Agencies are provided assistance and advice in developing employee performance management systems that meet the requirements of the Government Performance and Results Act (GPRA) and are used to support and reward accomplishment of agency strategic goals.

This program goal was established under Strategic Goal I to promote credible and effective programs that provide incentives and recognition for individual, group, and organizational achievements. There are three indicators to assess whether or not this goal is achieved. Of these, the second indicator was identified at the beginning of the year as most critical for achieving the goal. We met this goal by establishing a Performance Management Clearinghouse, as described below.

In addition to the accomplishments described under each indicator, we also established the first OPM Director's PILLAR Awards, which were presented on August 28 at the Strategic Compensation Conference. PILLAR stands for Performance, Incentives, and Leadership Linked to Achieve Results. This is

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an honorary award established to recognize and publicize effective employee performance management programs, processes, and practices that support alignment of employee performance management practices with organizational strategic goals as well as results-oriented and customer-focused performance.

We received 35 nominations from 18 agencies. The award recipients were:

- (1) Department of Agriculture, Food and Nutrition Service, Southeast Regional Office, for its performance management program, which is part of its Total Quality Management (TQM) Initiative, and*
- (2) Department of Veterans Affairs, Veterans Health Administration, VA Healthcare Network Upstate New York (VISN 2), for its goalsharing program.*

Honorable Mentions were given to:

- (1) Department of the Army, Tobyhanna Army Depot, for its Rewarding the Workforce Award program,*
- (2) National Aeronautics and Space Administration, John F. Kennedy Space Center, for its Goal Performance Evaluation System (GPES), and*
- (3) Department of Transportation, Federal Aviation Administration Logistics Center (FAALC), Quality Systems Group, for its performance management practices, particularly establishing and implementing individual performance plans linked directly to the FAALC Strategic Plan.*

- M** An increase in the level of HR Specialists' satisfaction with OPM's information sharing about performance appraisal and incentive awards policies as measured by informal customer feedback and/or a 2% increase over FY 1999 levels in the percentage of favorable ratings (or maintenance at 90% or higher) in the CSS.

The HR Specialists' satisfaction levels were as follows:

<u>Program Area</u>	<u>FY 1998</u>	<u>FY 1999</u>
<i>Performance Appraisal</i>	<i>73%</i>	<i>70%</i>
<i>Incentive Awards</i>	<i>74%</i>	<i>68%</i>

The CSS was not conducted in FY 2000.

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- M** Performance management products address features and explain the five fundamental processes of performance management (planning, monitoring, developing, rating, and rewarding performance). **[Critical indicator]**

This is the critical indicator because these products are the principal method whereby agencies receive assistance and advice on performance management issues.

The Performance Management Clearinghouse was designed and approved in FY 2000 as a dynamic database on the Website. It was created in response to customer requests to serve as an information exchange about performance management practices in Federal agencies and helps members of the Federal community share information about practices that have worked well for them.

Agencies submit a description of a successful practice(s). The submission is reviewed by WCPS staff, cleared by the agency performance management contact, and posted on the database for all to see.

- M** Agencies are satisfied with the advice WCPS provides on employee and group performance issues, including aligning performance elements in employee performance plans with organizational goals, providing feedback to employees on individual and group performance against established goals, analyzing employee training and development needs and providing training and development opportunities that support the needs of the organization, rating employee performance against established elements and standards, and rewarding individuals and groups who achieve individual and organizational goals. This is demonstrated by the response to a question in the FY 2000 CSS.

PMIAD staff are recognized by experts who routinely ask them to participate in programs and seminars. For example, in FY 2000, PMIAD staff made presentations at conferences on (1) Human Capital Management in Government, and (2) Government Innovations Summit 2000, both sponsored by the National Institute of Government Innovation, and conducted a performance measurement workshop and break-out sessions on innovative awards and performance management updates at SOELR.

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In a national survey of Federal employees, 21,157 respondents were asked about the following issues:

	<u>1998</u>	<u>1999</u>	<u>2000</u>
<i>Employees are rewarded for working together in teams</i>	37%	36%	40%
<i>Recognition and rewards are based on merit</i>	32%	30%	34%
<i>Are you clear about how "good performance" is defined in your organization?</i>	26%	26%	31%

The positive trend on all three issues in FY 2000 suggests that OPM is being successful in getting the word out to agencies on performance management issues and encouraging them to develop modern performance management systems in line with GPRA requirements.

The CSS was not conducted in FY 2000.

OPM STRATEGIC PLAN GOAL III

PROVIDE ADVICE AND ASSISTANCE TO HELP FEDERAL AGENCIES IMPROVE THEIR HUMAN RESOURCES MANAGEMENT PROGRAMS TO EFFECTIVELY OPERATE WITHIN THE ECONOMY, DEMOGRAPHICS, AND ENVIRONMENT OF THE 21ST CENTURY.

WCPS Goal 12

M

Federal agencies receive timely, clear, accurate, and useful advice and assistance on classification, compensation, and performance management that keeps them better informed about appropriate system flexibilities and ways in which they can be used to support accomplishment of agency strategic goals.

This program goal was established under Strategic Goal III to ensure that agencies are receiving proper advice and assistance on HRM issues. There are five indicators to assess whether or not this goal is achieved. Of these, the third and fourth were identified at the beginning of the year as most critical for achieving the goal. We met this goal by successfully conducting a Strategic Compensation Conference and a series of workshops, as described below.

M An increase in the level of HR Specialists' satisfaction with OPM's technical assistance about compensation, position classification, and performance management issues as measured by informal customer feedback, and/or a 2% increase over FY 1999 levels in the percentage of favorable ratings (or maintenance at 90% or higher) in the CSS.

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The HR Specialists' satisfaction levels with technical assistance in the CSS were as follows:

<i><u>Program Area</u></i>	<i><u>FY 1998</u></i>	<i><u>FY 1999</u></i>
<i>Position Classification and</i>		
<i>Position Management</i>	<i>70%</i>	<i>63%</i>
<i>Annual Pay Adjustment</i>	<i>83%</i>	<i>81%</i>
<i>Pay Administration</i>	<i>81%</i>	<i>—</i>
<i>Leave Administration</i>	<i>83%</i>	<i>—</i>
<i>Pay & Leave Administration</i>	<i>—</i>	<i>83%</i>
<i>Premium Pay & Hours of Work</i>	<i>78%</i>	<i>74%</i>
<i>Family-friendly Programs</i>	<i>—</i>	<i>81%</i>
<i>COLA Administration</i>	<i>74%</i>	<i>67%</i>
<i>FWS</i>	<i>77%</i>	<i>72%</i>
<i>Performance Appraisal</i>	<i>71%</i>	<i>68%</i>
<i>Incentive Awards</i>	<i>72%</i>	<i>66%</i>

The CSS was not conducted in FY 2000.

- M** Increased number of requests for consultation demonstrates overall satisfaction with the quality of services provided.

WCPS provided technical guidance and assistance to the Department of State in developing and refining its Information Technology (IT) Professional Skills Pilot Program. Under this program, the agency uses the group and individual retention allowance authorities to help reduce turnover and increase the skill base of its critical IT workforce.

We worked closely with the Panama Canal Commission in resolving an issue relating to lump-sum payments for annual leave for agency employees who were separated from the Federal Government because the agency ceased to exist as a Federal agency on December 31, 1999.

WCPS met frequently with and provided advice to agencies (e.g., Social Security Administration, Energy, HHS, NOAA, Patent and Trademark Office) on developing and modifying their alternative work schedule programs and policies. In addition, we assisted agencies in resolving critical problems concerning work schedules, travel, and overtime and premium pay rules.

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On September 1, 2000, we approved a variation of the recruitment and relocation bonus and retention allowance authorities to expand the Internal Revenue Service's authority to grant such payments.

The National Institute for Standards and Technology asked us to conduct repeated sessions of our employee performance measurement workshop to train all of their managers and supervisors, and to tailor the material extensively to cover specific agency needs. We considered this request to train the Government's most elite measurement experts a particularly notable expression of confidence in and satisfaction with the quality of our approach and methods.

M Post-workshop customer surveys indicate overall satisfaction with workshop presentations. **[Critical indicator]**

This is a critical indicator because these surveys measure our success in responding to issues of specific interest to agency staff and managers.

Mean Ratings of Workshops in a Scale of 1 to 5

	<u>FY 1999</u>	<u>FY 2000</u>
<i>Leave</i>	<i>4.3</i>	<i>4.4</i>
<i>Performance Management - Basic</i>	<i>4.1</i>	<i>4.3</i>
<i>Performance Management - Measurement</i>	<i>4.2</i>	<i>4.1</i>
<i>Performance Management - Awards</i>	<i>4.1</i>	<i>4.4</i>

Informal comments on post-workshop surveys included the following:

*"Very helpful in answering questions and followed up if did not have info."
 "I wish this was a mandatory class for supervisors!"
 "Truly one of the best classes I have had. Right to the point!"
 "Excellent presentation! Appreciate the fact that the presenters were involved in actually writing policy."*

M The Strategic Compensation Conference is shown by end-of-conference surveys to have satisfied participants' expectations for the level and type of information provided to help them understand developing issues in Federal compensation. **[Critical indicator]**

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This is a critical indicator because the Conference is our principal method of two-way communications with agency staff on the broad range of WCPS technical assistance issues.

Post-conference surveys for the 2000 Conference showed an average rating on a five-point scale for breakout sessions as follows (listed in descending order of attendance):

<i>Overall Average</i>	<i>4.28</i>
<i>Classification Update</i>	<i>3.77</i>
<i>Performance Management Update</i>	<i>4.48</i>
<i>Strategic Compensation Update</i>	<i>3.88</i>
<i>IT and the HR Challenge</i>	<i>4.35</i>
<i>Does Pass/Fail Work?</i>	<i>3.72</i>
<i>The Role of the Compensation Practitioner</i>	<i>4.42</i>
<i>Broadbanding Panel</i>	<i>4.03</i>
<i>Pay Update</i>	<i>4.31</i>
<i>Making Your Way Through the Maze of Family-Friendly Programs</i>	<i>4.60</i>
<i>Leave Update</i>	<i>4.37</i>

Informal comments on the post-conference survey included the following:

“Presenters were very well prepared and very obviously experts on this topic. Believe in this area OPM is actually stepping up to the plate to guide/help agencies in a very critical area.”

“The honesty and willingness of the presenting staffers cannot be overvalued. Excellent dissemination of information.”

“Great participation from the group. Great getting an idea of what you’re working on — and featuring.”

“This is exactly what the HR community needs to hear!”

“Interesting, comprehensive, common-sense approach. A full value presentation.”

- M** Degree of customer satisfaction with reimbursable projects results as measured by direct customer feedback (e.g., number of requests for repeat business, assessment of verbal or written complaints and/or compliments) indicates overall satisfaction with products.

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We conducted a series of measurement workshops for the National Institute for Standards and Technology. The agency asked us to conduct repeated sessions to train all of their managers and supervisors, and included extensive tailoring of the material to cover specific agency needs.

We also assisted the National Archives and Records Administration's St. Louis office in revising its performance appraisal and awards program by facilitating management discussions, coordinating decisions, and incorporating changes into program descriptions.

WCPS Goal 13 **M**
Agency demonstration projects address compensation, classification, and performance management issues effectively.

This program goal was established under Strategic Goal III to ensure that agencies were kept aware of the full range of flexibilities available to them under demonstration project authority. There is one indicator to assess whether or not this goal is achieved. We met this goal by providing support to and receiving positive feedback from OMSOE and other agencies on demonstration projects as described below.

M Positive comments and feedback provided through the CSS and other instruments indicate that customers are satisfied with the levels of service provided.

WCPS provided well-received support to OMSOE and to the Department of Defense on demonstration projects using innovative approaches in the fields of compensation, classification, and performance management, including the Army's Tank-automotive and Armaments Command (TACOM) and the Communications-Electronics Command (CECOM), which are currently under development, and helped OMSOE with modifications to Federal Register notices. For further details, see OMSOE Goal 9.

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OPM STRATEGIC PLAN GOAL I

PROVIDE POLICY DIRECTION AND LEADERSHIP TO RECRUIT AND RETAIN THE FEDERAL WORKFORCE REQUIRED FOR THE 21ST CENTURY.

IS Goal 1

M

Only suitable applicants, appointees, and employees are hired for, and remain in, the Federal competitive service.

This program goal was established under Strategic Goal I since ensuring suitability is a basic recruitment component. As the Governmentwide leader for suitability policy, OPM plays a vital role in promoting the efficiency and integrity of the Federal service. There are six indicators to assess whether or not this goal is achieved. The first is the most critical indicator to help us assess if we are meeting our goal. We met this goal by carrying out suitability casework for agencies and providing them policy guidance.

M Carry out suitability casework for agencies. **[Critical indicator]**

This is the critical indicator because Executive Order 10450 requires that we carry out the basic investigation to help ensure that Federal employees are suitable.

In addition to the suitability workload shown below, we carried out 10 investigations into alleged abuses of the merit system (including test fraud) at the request of agency examining offices in FY 2000.

Actual numbers of suitability casework carried out were as follows:

<u>Suitability Decisions</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>
Agency Referrals	1,212	1,507	1,419
Determinations Completed	1,475	1,560	1,433
Extensive Investigations Completed	150	402	467

<u>Suitability Decisions</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>
Ineligible Rulings	98	148	175
Ineligible/No Response Rulings	237	285	363
Direct Removals	53	58	37

Some of the FY 1999 figures have been corrected from the FY 1999 Performance Report.

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- M** Minimize the number of suitability decisions overturned by MSPB on appeal.

As of September 30, only two OPM suitability decisions out of 1,433 were reversed upon appeal and one was under petition for review by the Board.

- N** Timeliness of suitability case processing is maintained at standards established and refined in FY 1998.

Time standards are not in the current contract. New investigative time standards for our contractor will be in place by July 2001 as set out in the new contract. We will be able to report timeliness data beginning in the fourth quarter of FY 2001.

- M** Provide investigations policy guidance, disseminate information, and oversee agencies' security and suitability programs.

In November 1999, we continued our expanded information sharing with agencies by sponsoring another Security Directors' Conference that focused on Investigations Focus Group Initiatives, Understanding Credit and FINCEN Reports, and the latest update on the 5 CFR.

- N** Assess results of the OPM survey of HR Directors.

Percent satisfied in the DCSS with suitability determinations information.

<i><u>HR Directors</u></i>	<i><u>FY 1998</u></i>	<i><u>FY 1999</u></i>	<i><u>FY 2000</u></i>
<i>Policy Leadership</i>	<i>70%</i>	<i>Insufficient</i>	<i>58%</i>
<i>Opportunity for Involvement</i>	<i>64%</i>	<i>Data</i>	<i>No data</i>

The FY 2000 DCSS did not include a question dealing with agency opportunity for involvement in this issue.

OPM is preparing to issue new suitability regulations for agencies. We will be offering training and a suitability processing handbook for agency security and suitability staff to help them implement the new regulations. We will also invite representatives from agencies' human resources offices to participate with agencies' security and suitability staff in the new Investigations' Suitability Focus Group which will begin meeting in FY 2001.

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NX Assess results of the OPM survey of HR Specialists.

Of those HR Specialists in the CSS who were involved in suitability programs, the percent satisfied with suitability determinations information.

<i>HR Specialists</i>	<i>FY 1998</i>	<i>FY 1999</i>	<i>FY 2000</i>
<i>Information Sharing</i>	<i>67%</i>	<i>64%</i>	<i>No survey</i>
<i>Technical Assistance</i>	<i>66%</i>	<i>64%</i>	<i>No survey</i>

The CSS was not conducted in FY 2000.

IS Goal 2

M

Ensure uniform application of investigative standards mandated by statute and Executive Order by developing and implementing Governmentwide investigative policy.

This program goal was established under Strategic Goal I because uniformity in the application of investigative standards will aid in the recruitment and retention of the Federal workforce. There are four indicators to assess whether or not this goal is achieved. Of these, the second is the most critical indicator to help us assess if we are meeting our goal. We met this goal through membership on the U.S. Security Policy Forum of the U.S. Security Policy Board, issuing policy notices, hosting a Security Directors' Conference and conducting our own Customer Satisfaction Assessment Survey of customer agencies.

This goal will be updated in FY 2001 to state "promote uniform ..." because we cannot ensure that standards are applied uniformly.

M Continue as an active member of the U. S. Security Policy Forum of the U. S. Security Policy Board.

We have continued as an active member of the U.S. Security Policy Forum (SPF) and are involved in several initiatives. OPM chairs the Personnel Security Committee which develops Governmentwide policy, chairs the Investigations Working Group, and has staff members on virtually all the substructure committees, working groups, and panels of SPF. We have also been invited to be members of a number of other security community groups, including the Industrial Security Summit and the Board of Governors of the Extranet for Security Professionals, among others.

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- M** Ensure Governmentwide uniformity in the application of investigative standards. **[Critical indicator]**

This indicator will be updated in FY 2001 to state “promote Governmentwide ...” because we cannot ensure that standards are applied uniformly.

This is the critical indicator for this goal because agencies must uniformly apply standards so that only suitable employees are retained in the Federal service or given a security clearance. Lack of uniformity could also lead to a significant increase in the number of suitability decisions overturned by the MSPB.

We developed and disseminated investigative policy to other Federal agencies through four Federal Investigations Notices (FIN) and hosted another Security Directors’ Conference in November 1999.

During the Security/Suitability appraisals conducted in FY 2000, we again paid particular attention to agencies’ implementation of the investigative standards and adjudicative guidelines approved by the President in 1998. We reviewed agencies’ internal regulations to ensure that full implementation had taken place. If they had not been fully implemented, we worked with the agency to ensure that they were on course for compliance with the President’s mandate. We have found that we need to continue to educate agencies in this area to ensure that they are in full compliance.

- M** Feedback from IS’ Customer Satisfaction Assessment Survey (CSAS). This survey was administered in the second half of FY 1998 to help us determine how well we are providing services and guidance to our customer agencies. We expect to administer this survey instrument every eighteen to twenty-four months after having established our baseline data from the FY 1998 survey.

The percent satisfied in the CSAS were as follows:

	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>
<i>Content & Quality</i>	<i>94%</i>	<i>97%</i>	<i>95%</i>
<i>Timeliness</i>	<i>87%</i>	<i>90%</i>	<i>87%</i>
<i>Policy Guidance & Support</i>	<i>87%</i>	<i>92%</i>	<i>88%</i>

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We convened a focus group comprised of representatives from our largest customer agencies several times to discuss their investigative needs and to help us improve our service.

M Extent to which agencies have implemented new policies and standards.

We are using a combination of findings from our security appraisal visits and the results of our agency self-assessment instrument to determine the extent of implementation. We expect to have information from the appraisals and self-assessments carried out during FY 2000 and be able to report information on the extent of implementation in those agencies.

OPM STRATEGIC PLAN GOAL II

PROTECT AND PROMOTE THE MERIT-BASED CIVIL SERVICE AND THE EMPLOYEE BENEFIT PROGRAMS THROUGH AN EFFECTIVE OVERSIGHT AND EVALUATION PROGRAM.

IS Goal 3

M

Agency personnel security programs are made more effective as a result of OPM evaluations, which note best practices, identify deficiencies, and make recommendations for improvements.

This program goal was established under Strategic Goal II to identify how well agencies are carrying out their security and suitability responsibilities. There are four indicators to assess whether or not this goal is achieved. Of these, the second is the most critical indicator to help us assess if we are meeting our goal. We met this goal through the use of our security appraisal self-assessment tool for agencies, carrying out on-site inspections of agencies' security and suitability programs and reviewing agency feedback from our appraisals.

M Implementation and assessment of results of a new security appraisal self-assessment tool.

This is a correction of an indicator that was incorrectly worded in the FY 1999 Performance Report.

Fourteen agencies have completed self-assessments. Results from these self-assessments have led us to schedule two agencies for on-site appraisals.

M Quality of agencies' personnel security operations. **[Critical indicator]**

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This is the critical indicator for this goal because OPM must help ensure that agencies' security and suitability operations are effectively carried out. During a security appraisal visit OPM verifies that agencies are correctly adjudicating suitability issue cases and having the correct level of investigation carried out in order to grant security clearances.

We completed five security appraisal visits, identified deficiencies, and made recommendations for corrective action.

M Agency feedback.

Agencies are given the opportunity to comment on our security appraisal reports and we follow-up with the agency if we have not received comments.

N Measurable improvements found in follow-up audits of agencies' personnel security processes.

We did not conduct any follow-up visits in FY 2000. We expect to conduct some in the future. We will assess the results of agency self-appraisals to help us target agencies for followup visits.

OPM STRATEGIC PLAN GOAL IV

DELIVER HIGH-QUALITY, COST EFFECTIVE HUMAN RESOURCES SERVICES TO FEDERAL AGENCIES, EMPLOYEES, ANNUITANTS, AND THE PUBLIC.

IS Goal 4

M

The quality of investigations is maintained, workload demands are met with timely, relevant products, and the cost to agencies is decreased.

This program goal was established under Strategic Goal IV to track the quantity and quality of investigative services we provide to our customer agencies. There are five indicators to assess whether or not this goal is achieved. Of these, the first and fifth are the most critical indicator to help us assess if we are meeting our goal. We met this goal by carrying out quality casework for agencies at a reasonable price and developing new products as needed.

M Quality of the contractor's case products meets OPM standards.
[Critical indicator]

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This is a critical indicator for this goal because without high quality investigations, agencies will not have the information needed to grant appropriate security clearances.

We continue to carry out an intensive contractor oversight function to ensure that our contractor is maintaining a quality control inspection system which will assure that all investigative products submitted to OPM conform to contract requirements. In addition to these requirements, we engage in mail recontacts of sources to obtain feedback from the public.

- M Percentage reduction in prices charged to OPM's customer agencies.

The price of a 35-day background investigation was reduced from \$2,775 to \$2,695, a drop of 2.9 percent. The price of a 75-day background investigation was reduced from \$2,525 to \$2,495, a drop of 1.2 percent. The price of a 120-day background investigation was reduced from \$2,375 to \$2,295, a drop of 3.4 percent.

- M OPM recovers program operating costs through effective case pricing.

We recovered our operating costs during FY 2000.

- M Develop new products based on customer needs.

At the request of DoD, we have begun to carry out new cases developed for them to meet their expanding coverage needs.

- M Carry out investigative workload for our customers through use of our contract with the ESOP private contract company. **[Critical indicator]**

This is a critical measure because agencies need the results of our investigations in order to adjudicate cases and/or grant security clearances.

<u>Workload Measures</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>
<i>Background Investigations</i>	<i>46,026</i>	<i>44,005</i>	<i>56,181</i>
<i>National Agency Checks</i>	<i>104,782</i>	<i>124,969</i>	<i>184,628</i>
<i>Special Agency Checks</i>	<i>192,143</i>	<i>200,683</i>	<i>231,355</i>

OPM STRATEGIC PLAN GOAL I

PROVIDE POLICY DIRECTION AND LEADERSHIP TO RECRUIT AND RETAIN THE FEDERAL WORKFORCE REQUIRED FOR THE 21ST CENTURY.

OWR Goal 1

M

By the end of FY 2000, needed changes in all significant OPM program policies are identified and changes are introduced so that Federal agencies are better equipped to respond to changing human resources and agency needs in the 21st century.

This program goal was established under Strategic Goal I to determine HR policy direction to improve the human resources climate in the Federal Government. There are two indicators to assess whether or not the goal was achieved. Of these, the first indicator, the results of the HR Directors' Customer Satisfaction Survey (DCSS), was identified at the beginning of the year as most critical for achieving the goal. This goal was met, as described under the indicator. For FY 2001 and FY 2002, this goal has been incorporated into new goals that are more global and include both policy and program initiatives that are associated with each of OWR's three major program areas.

M Increase in the level of agency HR Directors' satisfaction with regard to 1) OPM's workforce relations policy leadership, and 2) their opportunity for involvement, as measured by informal customer feedback and/or an increase (the percentage of increase is listed below) over FY 1998 levels in percentage of favorable ratings (or maintenance at 90% or higher) in the DCSS. **[Critical indicator]**

This is the critical indicator because the community of HR Directors generally constitutes our primary client base. In some instances, agency staff responsible for work/life programs may not be assigned to HR.

The only program area in the survey where agency collaboration is addressed is the new child care subsidy. The satisfaction rating was 62%; however, this rating is provided by HR Directors who were not directly involved in the collaboration effort on the child care subsidy. Collaborations occurred with agencies and unions on the child care subsidy regulations.

It should be noted that the 94% positive rating for "Work and Family Programs" represents more than 12 different topic areas (elder care, child care,

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alternative work schedules, kinship care, fatherhood, nursing mother programs, etc.). In addition, only 3% of the respondents indicated that they did not know about these programs. This indicates that information about a wide array of work/life and wellness programs is broadly distributed.

Reported levels of satisfaction as measured by the DCSS were as follows:

<u>Program Area</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>
<i>Employee Relations</i>	<i>82%</i>	<i>Insufficient</i>	<i>80%</i>
<i>Labor Relations</i>	<i>81%</i>	<i>Data</i>	<i>76%</i>
<i>Employee Assistance Program</i>	<i>84%</i>		<i>72%</i>
<i>Workplace Violence</i>	<i>90%</i>		<i>82%</i>
<i>Health Promotion/Disease Prevention</i>	<i>47%</i>		<i>66%</i>
<i>Work & Family Programs</i>	<i>90%</i>		<i>94%</i>
<i>Human Resources Development</i>	<i>68%</i>		<i>75%</i>

- M** Improvement in employees' perception of equity and effectiveness of workforce relations as measured by a 1% increase in the percentage of favorable ratings in the annual MSPQ. This increase is an annual increment to reach the 5-year strategic target of a 5% increase in favorable ratings.

Government Merit System Principle #2 - "Treat employees and applicants fairly and equitably." Percentage of favorable responses:

<u>MSPQ FY 1999</u>	<u>MSPQ FY 2000</u>
<i>63%</i>	<i>65%</i>

- OWR Goal 2** **M**
Managers and HR practitioners use OPM-provided resources and assistance to more successfully address employee performance problems.

This program goal was established under Strategic Goal I because numerous studies show that supervisors do not have sufficient training or information on how to address poor performance. There are five indicators to assess whether or not this goal is achieved. Of these, the second, dealing with instructional materials, was identified at the beginning of the year as most critical for achieving the goal. We met this goal as demonstrated by positive feedback described under the indicator.

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This goal has been revised for FY 2001 and FY 2002 to allow us to focus on the complete picture of our support to agencies that includes resolving performance and conduct deficiencies. This new focus also includes our continuing effort to encourage widespread use of alternative dispute resolution techniques.

- D** Increase over FY 1999 levels in the number of agencies that have implemented performance standards for senior level managers that address the process for identifying and resolving poor performance, as captured by an Employee Relations and Health Services Center (ERHSC) survey.

Last year we reported that the survey would not be conducted until FY 2000. Early in FY 2000 an Interagency Workgroup on Performance Management, established by the President's Management Council (PMC) reviewed the usefulness of requiring agencies to establish specific performance standards in this area, and determined that such a requirement was not warranted and should not be pursued. Accordingly, we did not conduct the survey and this indicator was dropped from future use.

- M** Improvement in the extent to which instructional materials about identification and resolution of performance problems are available to Federal managers and supervisors, as measured by the creation and use of needed materials and by an increase in the number of hits on the poor performance Website. **[Critical indicator]**

This is the critical indicator because numerous studies conducted by OPM, GAO, and MSPB report that supervisors do not have sufficient training or information on how to address poor performance. Since one of the Merit Principles requires that the Federal Government only retain employees who can perform effectively, OPM must provide agencies with the tools to effectively remove employees who cannot perform.

OWR created a compendium of recent significant case decisions involving performance-based actions, checklists for performance-based actions, and a guide with "Frequently Asked Questions," all of which are used frequently by customers, as determined by informal feedback.

The multimedia tools to assist supervisors address poor performance which OPM produced two years ago continue to be used by agencies and distributed

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to agency managers. This is demonstrated by both by the numbers of copies ordered through the Government Printing Office (3,640 CD-ROMs and 2,446 booklets) as well as anecdotal evidence that agencies are either printing the booklet directly from the Website and/or either placing the CD-ROM on their agency LAN or reproducing it themselves.

Two examples of anecdotal feedback:

“Thanks for providing this. We have made copies and distributed them to our managers and supervisors. It has already had some positive results.”

“Thank you for the loan of the CD and the booklet. After review, we’re placing an order via GPO for 35 of each.”

Hits on the poor performance Website:

<i>FY 1998</i>	<i>9,500</i>
<i>FY 1999</i>	<i>26,000</i>
<i>FY 2000</i>	<i>11,720 (as of March 27)</i>

Only partial data are available due to systemic problems with continuing to count Website hits in the second half of the year. However, data for the first half suggest that we were on track to reach the FY 1999 figures.

- NX** Improvement in the level of satisfaction of HR Directors with regard to instructional materials about identification and resolution of performance problems, as measured by a 2% increase above FY 1998 levels in the percentage of favorable ratings (or maintenance at 90% or higher) in the DCSS and/or informal customer feedback.

Reported levels of satisfaction as measured by the DCSS were as follows:

	<u><i>FY 1998</i></u>	<u><i>FY 1999</i></u>	<u><i>FY 2000</i></u>
<i>Information Sharing</i>	<i>90%</i>	<i>Insufficient</i>	<i>No</i>
<i>Technical Assistance</i>	<i>84%</i>	<i>Data</i>	<i>Question</i>

The FY 2000 survey of HR Directors did not include a specific question regarding satisfaction with instructional materials related to the identification and resolution of performance problems. However, anecdotal evidence, including the volume of requests for materials and guidance, suggests that the indicator was probably met.

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- M** Improvement in the level of satisfaction of HR Specialists with regard to instructional materials about identification and resolution of performance problems, as measured by a 2% increase above FY 1998 levels in the percentage of favorable ratings (or maintenance at 90% or higher) in the CSS and/or informal customer feedback.

We received informal feedback from employee relations directors through OPM's Symposium on Employee and Labor Relations (SOELR), emails, letters, and telephone conversations. Informal feedback indicates continued high levels of customer satisfaction with our CD-ROM on poor performance and other employee relations materials and publications.

Reported levels of satisfaction as measured by the CSS were as follows:

	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>
<i>Information Sharing</i>	74%	75%	No
<i>Technical Assistance</i>	70%	70%	data
<i>Guide for Supervisors</i>	78%	80%	No
<i>CD-ROM</i>	66%	72%	data

There was no FY 2000 OPM Customer Satisfaction Survey of HR Specialists.

- N** Reduction in the perception that poor performance is tolerated in the Federal Government, as measured by a 2% decrease in the percentage of unfavorable ratings in the annual MSPQ. This increase is an annual increment to reach the 5-year strategic target of a 10% decrease in unfavorable ratings.

MSPQ question - "In my work unit, steps are taken to deal with poor performers who cannot or will not improve."

Percentage of unfavorable responses: FY 1999 - 32% FY 2000 - 31%

The change in responses from FY 1999 to FY 2000 was within the margin of error for the survey. We will continue to assess this indicator over time, however, we note several potential limitations for these data. First, there is no commonly understood definition of what is "poor performance." Second, there are many steps that supervisors may take (such as counseling, training, or job restructuring) that are not necessarily known to other employees.

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Third, many employees likely respond to this question based on their overall impression of their supervisor, either good or bad, rather than on specific actions taken or not taken.

OWR Goal 3 **M**
In cooperation with Federal adjudicatory agencies, initiatives are undertaken to streamline the Federal adjudicatory process.

This program goal was established under Strategic Goal I to improve and streamline the adjudicatory process.

M Feedback is obtained from adjudicatory agencies on the feasibility of streamlining the mixed case appeal process.

We conducted an informal exchange of information with adjudicatory agencies on the feasibility of streamlining the appeals process. A consensus developed that any significant streamlining will require legislation and we will look for opportunities to pursue such an initiative.

OWR Goal 4 **M**
OWR leads the transformation of Federal training so that it is an outcome-oriented, measurable performance improvement function designed to assist managers and employees in better preparing the Federal workforce for the needs of the future.

This program goal was established under Strategic Goal I to enhance and promote the role of OWR in assisting agencies in the development of their 21st century workforce and their capability to measure resultant performance improvements. There are seven indicators to assess whether or not this goal is achieved. Of these, the first and fourth indicators were identified at the beginning of the year as most critical for achieving the goal. We met this goal as demonstrated in the discussion under each indicator.

M Agency HRD programs are effectively developing the workforce as a result of the partnerships, agency sharing of learning technology development, and agency access to and sharing of HRD tools, as measured by a survey to be administered in FY 2000. **[Critical indicator]**

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This is a critical indicator because it assesses how well OHRD is accomplishing several priority initiatives for FY 2000, e.g., learning technology. Progress in these areas will have a positive impact on providing greater access to needed learning and education for Federal employees.

We did not use the survey as planned since we determined a more varied approach to gathering and measuring data was more effective. HRD used feedback from a structured focus group session as well as informal feedback from emails, telephone surveys, etc., to assess if agency HRD programs are developing the workforce through partnerships, learning technology, and other HRD tools.

The expansion and strengthening of significant partnerships, such as the restructuring of the Human Resource Development Council (HRDC), provide critical support to agencies and assist with the development of the Federal workforce. OPM, as the chair, and agency HRD Directors from across Government are partnered and positioned to improve Federal training and education.

OHRD also continued its partnership with the American Society of Training and Development (ASTD) to maintain a Federal presence in the private sector and ensure the sharing of HRD best practices in both sectors. ASTD is the world's premier professional association and leading resource on workplace learning and performance issues. We participated in the FY 2000 planning committee for the May 2000 International Conference and delivered the anchor presentation at the ASTD Federal Forum.

OPM's sponsorship of the Training Technology Implementation Group (TTIG) promoted an educational forum for all Federal agencies to partner, share information and best practices, and leverage resources. Interest in the group ran so high that OPM developed a ListServ to facilitate further collaboration and partnerships in the development and application of agency workforce initiatives using learning technology, which has over 80 participating members from many Federal agencies. The impact of TTIG may best be summarized by one participant comment: "Learning technology is just starting for us. One of my staff has gone to two of your TTIG sessions. It allows us to see where we can take our agency. We like your Website and it is most useful. It helps us to connect. If you can pull out best practices, that is the key to your success." The TTIG is providing agencies with information and assistance to develop learning technology programs in their agencies that will provide greater access to necessary training for their workforce.

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The demand for and expectation of proactive, cutting-edge HRD tools to help agencies develop their workforce has increased. OHRD held a Governmentwide learning event, The Premiere of "A Guide to Strategically Planning Training and Measuring Results," which provided real life examples and stories shared by a cabinet level agency and a headquarters department, as well as OMB and OPM expectations. This 'Guide' was posted on the OHRD Website, which was instrumental in sharing HRD information and providing technical assistance Governmentwide. A number of agency and educational Websites linked to the Guide and various electronic media immediately picked up the Guide. These unexpected releases significantly increased its distribution and promotion and indicated the value placed upon this publication by both the public and the private sectors.

A focus group composed of HR Directors and Senior HR Specialists met for the first time this year to establish a baseline measurement for comparison in future years. Topics addressed included: the HRD Website; documents and publications developed by OHRD; partnerships OHRD helped promote and establish; OHRD technical expertise; and the OHRD consultative and assistance role. Focus group summary data indicated that the formulation and enactment of partnerships was important to participants (mean of 8.7 and mode of 10) and that they thought OHRD was providing an above average level of quality service in this arena (mean of 6.8 and mode of 10).

- M** HRD strategies and/or programs of more than five Federal departments or independent agencies are recognized as best in class by nationally recognized evaluative bodies (such as the American Society of Training and Development [ASTD], the National Society for Performance Improvement, etc.).

ASTD, the National Society for Performance Improvement, and the like are professional organizations in the forefront of HRD issues. Their awards highlight outstanding private and Federal organizations that exhibit exceptional innovation and accomplishments in the arena of HRD. Agencies receiving these awards are evaluated on their HRD programs that develop their workforce. The five agencies we surveyed are:

- (1) Tennessee Valley Authority -
Excellence in Practice Citation from ASTD;
- (2) Federal Aviation Administration -
International Personnel Management Association (IPMA), 2000 Agency

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Award for Excellence;
(3) Federal Emergency Management Agency -
Telly Award;
(4) Nuclear Regulatory Commission -
W. Edwards Deming Outstanding Training Award; and
(5) Alcohol Tobacco and Firearms -
Training Officers Conference Award.

Although we collected data, it is difficult to make a direct connection between OPM HRD strategies and the agency awards. Validation is difficult. This indicator was removed for FY 2001.

- M** A significant number of high performing Federal agencies respond that OPM's HRD policy supports their performance, as measured by an FY 2000 OPM survey of agencies recognized for high performance by external evaluative groups.

This was a new indicator. We defined high performing agencies based on their receipt of awards from professional organizations such as ASTD, IPMA, and the Training Officers Conference. When we conducted a telephone survey of several high-performing agencies, we discovered that it was difficult to make a connection between OPM HRD strategies and agency awards. Validation is difficult. However, the nature and requirements for these awards indicate that the Federal agencies have sound and appropriate HRD policies in order to qualify for and receive the awards.

Due to the difficulty in establishing a direct connection and validity, this indicator was removed for FY 2001.

- M** Improvement in the extent to which HRD policy information is available to OPM customers, as measured by a 10% increase in the number of hits on the HRD Website over FY 1999 levels. **[Critical indicator]**

This is a critical indicator because agencies specifically told us that they need more HRD information and they want it on the Internet.

We exceeded the FY 1999 number of hits on the Website by 85%.

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Number of hits on the HRD Website:

<u>FY 1999</u>	<u>FY 2000</u>
21,214	39,288

In addition to Website hits, we have informal data about the HRD directory and from learning events that are related to the Website. In FY 1999, the HRD directory averaged 21,214 hits per week; ranked 13th out of the listed directories; and captured 0.8% of the total hits to the top 20 OPM directories. In FY 2000, the HRD directory averaged 39,288 hits per week; ranked 15th among listed directories; and captured 1.0% of the total hits to the top 20 OPM directories. The increase in the number of hits from FY 1999 to FY 2000 significantly exceeded our target. Most importantly, the Website extended our outreach and increased the scope and availability of HRD policy information.

The HRDLEADERSHIP corporate mailbox is also showing increasing usage, averaging 27 questions per month during FY 2000. In addition to requests for publications, the mailbox receives questions on computer-based training; upward mobility; tuition assistance; time off for education; educational requirements; Executive Order 13111; training courses; online universities; internships, and learning technology – as well as international inquiries.

We have also developed an online survey approved by OMB at the end of FY 2000 and now on the Website. It will be used to provide additional data on the effectiveness and usefulness of the OHRD Website.

- M** Improvement in the level of satisfaction of HR Specialists with regard to HRD information sharing and technical assistance, as measured by a 5% increase in the percentage of favorable ratings for each over FY 1999 levels in the CSS, and/or informal feedback.

Reported levels of satisfaction of HR Specialists were as follows:

	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>
<i>Information Sharing</i>	70%	66%	No Data
<i>Technical Assistance</i>	68%	62%	No Data
<i>Training Policy Handbook</i>	70%	68%	No Data

While no survey data is available for FY 2000, we used sample focus group data, telephone interviews, anecdotal data and qualitative data such as

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TTIG and the Website. The information from these sources indicates that satisfaction rates continue to improve. A focus group composed of HR Directors and Senior HR Specialists met for the first time this year to establish a baseline measurement for comparison in future years. Topics addressed included: the HRD Website; documents and publications developed by OHRD; partnerships OHRD helped promote and establish; OHRD technical expertise; and the OHRD consultative and assistance role. Focus group summary data (a scale of 1-10, 10 being the most important) indicated that technical expertise was important to participants (mean of 9.9 and mode of 10) and that they thought OHRD was providing an above average level quality of service in this area (mean of 8.8 and mode of 10). They also indicated that information sharing was important (mean of 8.12 and mode of 10) and OHRD was providing above average level of quality of service (mean 6.74 and mode of 9).

Evaluations of the learning event "The Premiere of A Guide to Strategically Planning Training and Measuring Results" indicated that 90 percent agreed that they received beneficial information to take back to their organization. When asked about the guidance, learning activities, and tools that OHRD provided, 79% of participants agreed that this assistance was useful. Anecdotal comments received from telephone interviews concerning OHRD learning events indicate increasing levels of satisfaction, such as: "I attended the one (Premiere learning event) you held in September 2000 and the seminar was excellent and the handouts were excellent. Since the training part of it was posted on-line, we were able to pass it on to our managers."

Federal agencies are continuing to request specialized technical assistance from OHRD because agencies want OPM's involvement, Governmentwide perspective, and expertise. One example is the Department of Energy (DOE), which was hosting a high-level workshop for its senior managers to design a Project Management Course that would be delivered throughout the department. We delivered a module to the group on developing skill competencies. Their satisfaction was evidenced in a letter of recognition from an Assistant Secretary of DOE recognizing OHRD's contribution. We were asked to participate in a GSA-sponsored conference for all Federal agency Section 508 coordinators to begin developing guidance and technical assistance. We served as a facilitator for one of the six designated teams — agency training plans and programs — with other teams focusing on strategic plans, budget, legal issues, procurement, and team building.

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- M** Improvement in HR Directors' satisfaction with HRD policy leadership and their opportunity for involvement in the HRD policy-making process, as measured by a 5% increase above FY 1998 levels in the percentage of favorable ratings (or maintenance at 90% or higher) in the DCSS and/or informal customer feedback.

Reported levels of satisfaction as measured by the DCSS were as follows:

	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>
<i>Policy Leadership</i>	<i>68%</i>	<i>Insufficient</i>	<i>75%</i>
<i>Opportunity for Involvement</i>	<i>74%</i>	<i>Data</i>	<i>74%</i>

(for all HRM)

The specific question on the survey about Opportunity for Involvement referred to involvement for all HRM, thus the 74% result does not provide specific data about HR Director's satisfaction with Opportunity for Involvement in HRD policy. However, the HRDC's aggressive collaborative role with other groups such as HRMC, Chief Financial Officer's Council, and HRTC provide HR Directors an increased opportunity for involvement in HRD policy making. The HRDC's enhanced role in this area is the result of restructuring the Council.

- N** Improved perception Government-wide that employees are well educated and well-trained, as measured by a 2% increase in the percentage of favorable ratings in the annual MSPQ. This increase is an annual increment to reach the 5-year strategic target of a 10% increase in favorable ratings.

MSPQ question:

Merit System Principle #7: Educate and train employees when it will result in better organizational performance.

	<u>Positive Responses</u>
<i>FY 1999</i>	<i>58%</i>
<i>FY 2000</i>	<i>57%</i>

The change is well within the margin of error of the survey. We will continue to monitor trends over time.

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OWR Goal 5

M

Liaison activities are conducted with administration and agency officials and Federal labor organizations in order to maintain and enhance agency ability to deal effectively with labor relations matters in a manner consistent with OPM policy and objectives.

This program goal was established under Strategic Goal I. It fulfills our obligation to work with major stakeholders to maintain and enhance the ability of Federal agencies to deal effectively with labor relations matters in a manner consistent with OPM policy and objectives. There are seven indicators to assess whether or not this goal is achieved. Of these, the first and sixth were identified at the beginning of the year as critical for achieving the goal. The goal was met as described below under these two indicators.

We determined whether we met this goal by evaluating attendance from meetings of the HRMC Network on Labor-Management Relations, taking into account very positive feedback from stakeholders, ensuring that all statutory consultation requirements were met, and reviewing a response to the MSPQ survey.

This goal has been modified for FY 2001 and FY 2002 because we determined it was measuring performance that was also reflected in the FY 2000 Goal 6 (below) and Goal 1 (above). The modified language for this Goal reads: Federal agencies have an increased understanding of and commitment to effective and cooperative labor-management relationships that continually improve performance and service to the public. (See Goal 2 in OWR's FY 2001 and FY 2002 annual plans.) We believe this new language streamlines the FY 2000 goal 5 and goal 6 into one goal that allows us to more effectively measure the impact of OPM's policies and programs on labor-management relations.

M Improvement in the extent to which information on developing labor relations case law, trends, and best practices in working with labor organizations is disseminated, as evidenced by continued high levels of attendance at meetings of the Human Relations Management Council (HRMC) Group Network on Labor-Management Relations and positive feedback from members. **[Critical indicator]**

This is a critical indicator because Executive Order 11491 requires OPM to develop programs for the dissemination of labor-management information to Federal agencies.

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Six meetings of the HRMC Network on Labor-Management Relations were held in FY 2000. Each meeting had between 40 and 50 attendees. Attendance at network meetings remained high compared with FY 1999 sessions and informal feedback was very positive. In an email survey sent to all Directors of Labor Relations, we asked whether OPM's Labor-Management Relations Division did better this year in meeting their needs than we did in previous years. All respondents said "yes."

- D** An increase in the number of hits on the labor-management relations and National Partnership Council Websites.

Hits on the labor-management relations and National Partnership Council Websites were determined to be a poor measure of the goal and were discontinued in FY 1999. Therefore, no data were collected in FY 1999 or FY 2000. This activity will not be an indicator in the future.

- M** Continued positive evaluations of OPM issuances, such as the Significant Cases publications.

Five issues of "Significant Cases in Employee and Labor Relations" have been published. Each has drawn positive responses from customers. In an email survey of Directors of Labor Relations, all respondents stated that "Significant Cases" was helpful and that its content was appropriate. On a scale of 1 through 5 (5 indicating the highest quality,) respondents gave "Significant Cases" a cumulative average rating of 4.6.

- N** Improvement in agency HR Directors' satisfaction with policy leadership and their opportunity for involvement in the LR policy-making process, as demonstrated by a 1% increase in the percentage of favorable ratings over FY 1998 levels (or maintenance at 90% or higher) in the DCSS and/or informal customer feedback.

Reported levels of satisfaction as measured by the DCSS were as follows:

	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>
<i>Policy Leadership</i>	<i>81%</i>	<i>Insufficient</i>	<i>76%</i>
<i>Opportunity for Involvement</i>	<i>89%</i>	<i>Data</i>	<i>No data</i>

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The DCSS survey did not ask about Opportunity for Involvement. However, in a separate survey conducted by the Labor-Management Relations Division via email, respondents provided positive feedback. The email survey asked Directors of Labor Relations whether OPM's Labor-Management Relations Division did better this year in meeting their needs than we did in previous years. All respondents said "yes."

- M** Improvement in the level of satisfaction of agency HR Specialists with regard to LR information sharing and technical assistance, as demonstrated by a 2% increase over FY 1999 levels in the percentage of favorable ratings for each in the CSS and/or informal customer feedback.

We received positive feedback from labor and employee relations Directors through the HRMC Labor Relations Network, OPM's SOELR conference, training conferences, emails, letters, and telephone conversations. Feedback indicates an increase in customer satisfaction. The email survey asking Directors of Labor Relations whether OPM's Labor-Management Relations Division did better this year in meeting their needs than we did in previous years solicited the following remarks:

"You have always been responsive when I have had inquiries. Also appreciate your office's other support (e.g., the Network meetings, dissemination of case summaries, etc.). Keep up the good work!"

"I will say that in the five months I have been with the Dept of Commerce, I have been to three IAG LR network meetings, SOELR, and the LR Directors' Retreat in Shepherdstown. All were well-organized and extremely valuable. In my book, the LMRD does an exceptional job of reaching out to its customers."

"You have continued to do a splendid job in keeping the LR community up to date on changes and developments in labor management relations. Your case updates and notices of upcoming programs are timely and informative. Keep up the good work."

"Both the issuances and the meetings were better than the previous year. I particularly appreciate the renewed effort to provide a venue for the exchange, orally as well as in writing, of views on emerging issues relating to labor-management relations."

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Reported levels of satisfaction of HR Specialists were as follows:

	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>
<i>Information Sharing</i>	72%	68%	No
<i>Technical Assistance</i>	66%	62%	data

The CSS was not conducted in FY 2000.

- M** Labor organizations and agency officials are regularly informed of proposed Governmentwide HR policies and regulations and their recommendations are considered in their development. All statutory consultation requirements are met. **[Critical indicator]**

This is a critical indicator because 5 USC 7117(d) requires that OPM ensure that labor organizations are consulted on proposed changes to HR policies and regulations.

All statutory consultation requirements have been met. In FY 2000, 39 proposed changes in OPM policies, regulations, or rules were forwarded to the Labor-Management Relations Division from OPM program offices. All 39 were transmitted to unions who hold Governmentwide consultation rights for their comments and/or questions.

- M** Improvement in employees' perception that employees are treated fairly and equitably, as demonstrated by a 2% increase in the percentage of favorable ratings in the annual MSPQ. This increase is an annual increment to reach a 5-year strategic target of a 10% increase in favorable ratings.

Percent of favorable ratings in employee perception of fair treatment on the MSPQ:

<i>FY 1999</i>	63%
<i>FY 2000</i>	65%

- OWR Goal 6** **M**
Effective agency labor-management relations and partnerships result in improved performance and service to the public.

This program goal was established under Strategic Goal I to fulfill an earlier Administration initiative. It is no longer a stand-alone initiative and has

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been integrated into future Performance Plans as an overall goal of effective labor relations. Its purpose is to promote the use of cooperative labor-management relations as an effective and proven human resources strategy. It is understood, however, that other strategies, including more traditional labor relations approaches, can be just as effective.

There are seven indicators to assess whether or not this goal is achieved. Of these, the first was identified at the beginning of the year as critical for achieving the goal. We met this goal as demonstrated through the preliminary results of a major National Partnership Council research study examining the impact of partnership at eight federal agencies; data collected by OPM for a Report to the President on the status of labor-management partnership; information contained in some 50 nominations for the National Partnership Award; and, a response in the MSPQ survey. We did not have any data from the National Partnership Council to support a conclusion that there is consistency in partnership councils and agreements, and the Council has no plans to survey for this information in the future. This goal was modified for FY 2001 and FY 2002.

M Improvements in the results and value of collaborative labor-management relationships, as evidenced by the NPC's 1999 research project, which focused on linkages between partnership and improved organizational performance at selected sites. **[Critical indicator]**

This is a critical indicator because the NPC research project is the most in-depth and comprehensive effort yet attempted to measure the impact of partnership on the labor relations climate and the performance of Government agencies.

Preliminary reports (April 25, 2000, and December 11, 2000) show considerable success in this area. Final results will be available during FY 2001.

Here are some of the preliminary findings from the research project:

- 61 % of union and management survey respondents agreed that partnership council meetings are productive.*
- 73% agreed that partnership has improved labor-management communications.*

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- *63% believed that partnership has improved labor-management relations.*
- *51 % agreed that partnership has cut costs and saved money.*

We believe a casual connection between partnership and organizational performance can be inferred from the American Customer Satisfaction Index.

- *The United States Mint is a 4-time winner of the National Partnership Council Award (1995, 1996, 1999, & 2000). In 1999 and 2000, the Mint received ratings of 86 and 84 respectively from the American people. Both ratings are higher than the average rating of 77 for Federal Government organizations and higher than most private sector companies.*
- *The Social Security Administration is a 2-time winner of the National Partnership Award (1996 & 1997). SSA's customer satisfaction scores for 1999 and 2000 were 82 and 84 points.*

D Consistency in the number of Federal employees covered by partnership councils and agreements.

This measure was dropped and will not be used in future plans since the National Partnership Council did not collect the data in FY 2000 and does not plan to collect this data in the future.

M Continued positive union and management perceptions regarding Federal labor-management relation's climate.

A preliminary report from the NPC research project shows that 61% of labor and management representatives described labor-management relations before Executive Order 12871 as uncooperative. Of those surveyed, 63% believe that labor-management relations have improved since the Executive Order was signed. Final results will be available during FY 2001.

M A reduction in the number of unfair labor practices (ULPs) received by the Federal Labor Relations Authority (FLRA).

	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>
<i>ULPs received</i>	<i>5,702</i>	<i>5,686</i>	<i>5,638</i>

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- M** Consistency in the number of and an increase in the quality of nominations for the National Partnership Award.

	<i><u>FY 1998</u></i>	<i><u>FY 1999</u></i>	<i><u>FY 2000</u></i>
<i>Nominations</i>	<i>68</i>	<i>48</i>	<i>47</i>

The number remained consistent; the quality increased. An awards nomination review committee composed of representatives of agencies, unions, and third party neutrals reviewed all FY 2000 nominations. This committee eventually selected nine partnerships as either winners or honorable mentions. The members of the review stated that FY 2000 nominations were of a higher quality than those from previous years.

- M** Satisfaction of senior officials and Presidential appointees on the NPC, as measured by continued positive Member feedback regarding the development and satisfactory implementation of the NPC's strategic plan.

Senior officials and Presidential appointees have expressed satisfaction to their NPC staff representatives and to OPM staff. For example, at the December 8, 1999, meeting of the NPC, Member Michael Styles, President of the Federal Managers Association, stated for the record that OPM staff members had done a great job of supporting the Council.

- M** Improvement in employees' perception that employees are treated fairly and equitably, as measured by a 2% increase in the percentage of favorable ratings in the annual MSPQ. This increase is an annual increment to reach the 5-year strategic target of a 10% increase in favorable ratings.

The second Merit Systems Principle is to treat employees and applicants fairly and equitably. The MSPQ survey has five questions, which in summary attempt to gauge employee perception of this principle.

Percent of favorable ratings in employee perception of fair treatment on the MSPQ:

<i>FY 1999</i>	<i>63%</i>
<i>FY 2000</i>	<i>65%</i>

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OWR Goal 7

M

Agencies make increased use of alternative dispute resolution (ADR) programs in order to make dispute resolution a more timely, cost-effective and less divisive process.

This program goal was established in support of Strategic Goal I in order to promote a more effective and efficient workforce. There are three indicators to assess whether or not this goal is achieved. Of these, the second was identified at the beginning of the year as most critical for achieving the goal. This goal was met based on the results of the MSPQ survey that reflected improvement in employee perceptions of fair treatment.

N Improvement in the extent to which instructional materials about ADR are available to OPM customers, as measured by an increase in the number of hits on the ADR Website.

	<u>FY 1999</u>	<u>FY 2000</u>
Website hits	9,823	4,125 (as of March 27)

Only partial data is available due to systemic problems with continuing to count Website hits in the second half of the year. Data for the first half indicates that we would not match FY 1999 numbers. However, staff members report a consistently high interest in the information on ADR available on OPM's Website.

M Improvements in the level of satisfaction of HR Specialists with regard to instructional materials about ADR, as demonstrated by a 3% increase over FY 1999 levels in the percentage of favorable ratings in the CSS and/or informal customer feedback. **[Critical indicator]**

This is the critical indicator because OPM has made a commitment to serve as the primary source of information on ADR activity in the human resources arena. By encouraging the use of ADR, we promote a more efficient and effective Federal workforce.

OWR received informal feedback from labor and employee relations directors through the HRMC Labor Relations Network, the SOELR conference, emails, letters, and telephone conversations. Additionally, the number and quality of nominations received for the Director's ADR Award indicates that OPM has been successful in increasing the use of ADR in agencies.

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Feedback indicates an increase in customer satisfaction.

Reported levels of satisfaction of HR Specialists were as follows:

	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>
<i>Information Sharing</i>	<i>68%</i>	<i>69%</i>	<i>No</i>
<i>Technical Assistance</i>	<i>65%</i>	<i>64%</i>	<i>Data</i>

No FY 2000 data available since the FY 2000 OPM Customer Satisfaction Survey did not include a survey of HR Specialists.

- M** Improvement in employees' perception that employees are treated fairly and equitably, as measured by a 2% increase in the percentage of favorable ratings in the annual MSPQ. This increase is an annual increment to reach a 5-year strategic target of a 10% increase in favorable ratings.

Government Merit System Principle #2 - "Treat employees and applicants fairly and equitably." Percentage of favorable responses:

<u>MSPQ FY 1999</u>	<u>MSPQ FY 2000</u>
<i>63%</i>	<i>65%</i>

OWR Goal 8

M

Employees make increased use of Employee Assistance Programs (EAP) and other health promotion and disease prevention programs and practices so that the Federal workforce operates in a more safe and healthy environment.

This program goal was chosen in support of Strategic Goal I in order to encourage the use of EAP and the increased utilization of health programs to result in a healthier and more safety-conscious workforce. There are five indicators to assess whether or not this goal is achieved. Of these, the second was identified at the beginning of the year as most critical for achieving the goal. Although server problems did not allow us to fully count hits on the Website, the total number of hits at mid-year, the requests for materials that pertain to health promotion, disease prevention, and EAP activities were substantial and provided evidence that interest in these areas is strong and growing. Therefore, this goal was met.

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This goal has been dropped from our FY 2001 and FY 2002 plans because we have established a goal that is more comprehensive and inclusive of all of our work/life and wellness programs.

- D A 1% increase in the use of agency EAPs, based on annual report data.

Legislation authorizing the annual EAP report was sunsetted in 1998. The FY 1997 report was the last report. Accordingly, this could not be measured. This indicator has been dropped.

- M Improvement in the extent to which instructional materials about EAPs are available to OPM customers, as measured by an increase in the number of hits on the employee health services Website. **[Critical indicator]**

This is the critical measure because it provides a quantitative assessment of customer interest without overburdening the customer population with surveys and other inquiries.

	<u>FY 1999</u>	<u>FY 2000</u>
Website hits	27,221	19,149 (as of March 29)

Only partial data are available due to systemic problems with continuing to count Website hits in the second half of the year. However, data for the first half suggest that we were on track to reach the FY 1999 figures.

A new document, Responding to Domestic Violence: Where Federal Employees Can Find Help, received 24,674 hits in the first half of FY 2000.

The Employee Health Services Website contains information on many topics, along with the most popular of its publications. Topics include Employee Assistance Programs, disease prevention, health promotion, HIV/AIDS in the workplace, domestic violence in the workplace, traumatic or systemic stress in the workplace, workplace violence programs, smoking cessation programs, and, during early FY 2000, managing for the challenges of Y2K in the Federal workplace.

Our corporate emails identify requests for information. We have a number of new program information sources identified on the Website. There include; Alcoholism in the Workplace: A Handbook for Supervisors, Mental Health and Substance Abuse Parity, Health Insurance and the EAP, and The Child Care Subsidy Program.

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- NX** Improvement in the level of satisfaction of HR Specialists with regard to instructional materials about EAPs, as demonstrated by a 2% increase over FY 1999 levels in the percentage of favorable ratings in the OPM CSS, and/or informal customer feedback.

Reported levels of satisfaction of HR Specialists were as follows:

	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>
<i>Information Sharing</i>	75%	75%	No
<i>Technical Assistance</i>	74%	70%	Data

The OPM CSS was not conducted in FY 2000.

- D** Satisfaction with the quality of OPM information on EAPs as measured by the annual EAP survey.

Legislation authorizing the annual EAP survey was sunsetted in 1998. This indicator has been dropped.

- M** Improvement in employees' perception that employees with personal or work-related problems are offered help, as measured by a 1% increase in the percentage of favorable ratings in the annual MSPQ.

The MSPQ results indicate that employees believe that the availability of assistance with personal problems has increased during FY 2000.

"Assistance is available to employees in my work unit with personal problems that may affect their work."

<u>MSPQ FY 1999</u>	<u>MSPQ FY 2000</u>
66%	70%

OWR Goal 9

M

An increasing number of agencies have workplace violence programs and policies in place so that agencies are better equipped to prevent or resolve violent situations.

This program goal was established to support Strategic Goal I so that the workplace can be maintained as a safe environment and agencies will have violence programs and policies in place to deal with unforeseen circumstances.

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There are three indicators to assess whether or not this goal is achieved. Of these, the second was identified at the beginning of the year as critical for achieving this goal. We met this goal, as described under the indicators.

A baseline study was done to identify agencies that had programs. The number of Website hits, while not totally reliable, increased. Data was not available to measure the level of satisfaction of HR Specialists. Anecdotal evidence indicates that more agencies have implemented workplace violence programs. We dropped this goal in FY 2001 since our new goals are more encompassing.

- M** Increase in the number of agencies with a workplace violence prevention program or policy in effect.

OWR surveyed HR Directors in FY 1999 to establish baseline data on the status of agency workplace violence programs. Eighteen of the twenty responding agencies reported existing or planned program components.

The survey was not repeated in FY 2000 out of concern for over-surveying customers, and we have no plans for any further surveys. We know of several agencies initiating programs in FY 2000, such as in the Department of the Army, which focused major new efforts in this area. The Army Materiel Command published a directive to implement this program and referenced the OPM Website for workplace violence information. Other agencies such as the Departments of Justice, Interior and Agriculture also addressed this program.

- M** Improvement in the availability of policy and program information as measured by increases in the number of hits on the violence in the workplace Website. **[Critical indicator]**

This is the critical indicator because it provides a quantitative assessment of customer interest without overburdening the customer population with surveys and other inquiries.

The web service provider About.com selected this site as "Best of Net" for the Labor area. They stated "this selection was subjective, based on value of content. Other factors were; ease of use, range and depth of material, current information, substance in the offerings and generally how well we felt that the site served both the target audience and the general public. At this point, this specialized award has only been given to a handful of sites in the close to 1,000 'Labor' related sites that we have catalogued. Your site is an outstanding piece

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of work. It was not selected for the range of material on the site, but rather for the quality of presentation of the single topic, "Workplace Violence," and the significance of this resource for the entire 'Labor' community."

	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>
Website hits	8,249	45,694	23,230 (as of March 27)

Only partial data are available due to systemic problems with continuing to count Website hits in the second half of the year. However, data for the first half suggest that we were on track to reach the FY 1999 figures.

- NX** Improvement in the level of satisfaction of HR Specialists with regard to instructional materials about violence in the workplace, as demonstrated by a 2% increase over FY 1999 levels in the percentage of favorable ratings in the CSS and/or informal customer feedback.

Reported levels of satisfaction of HR Specialists were as follows:

	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>
Information Sharing	75%	74%	No
Technical Assistance	70%	68%	Data

OWR Goal 10

M

Federal agencies have increased understanding of and commitment to addressing work and family needs so that family-friendly programs are available to their employees in increasing numbers.

This program goal was established to support Strategic Goal I so that agencies would embrace a wide array of work/life and wellness initiatives to use as tools for recruitment, retention, and improved productivity and morale. In essence, through the use of these programs, Federal agencies could enhance their workplace environments and become employers of choice. There are four indicators to assess whether or not this goal is achieved. Of these, the first was identified at the beginning of the year as critical for achieving the goal. This goal was met, as described below under the indicators.

- M** Increased awareness by agencies of the work and family issues which confront their employees and greater understanding and utilization of the personnel practices, programs, and policies which are available. **[Critical indicator]**

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This is the critical indicator because the utilization of work/life and wellness programs is the ultimate goal of our program. A measure for this goal is the OMSOE study reported on February 24, 2000. This study was conducted from May 1998 through September 1999 with information about 7 family-friendly programs from 8 large and 11 small agencies.

One question dealt with the availability of Work and Family Programs. The results were as follows:

<u>Program</u>	<u>Large Agency</u>	<u>Small Agency</u>	<u>Combined Responses</u>	<u>%</u>
<i>Part-time</i>	38	11	49	70.3
<i>Job Sharing</i>	19	3	22	31.4
<i>Telework</i>	38	8	46	65.7
<i>Flexible Work Schedule</i>	53	11	64	91.4
<i>Compressed Work Schedule</i>	55	11	66	94.3
<i>Resource/Referral Child/Elder Care</i>	39	10	49	70.0
<i>On-site Child Care</i>	25	5	30	42.9
<i>TOTAL</i>	59	11	70	100.0

In addition, most employees and supervisors/managers interviewed for this study indicated they were familiar with available family-friendly programs that balance the needs of the organization and employees.

When addressing the issue of support for Family-Friendly Programs the following responses were received:

Question: Employee family responsibilities are understood and supported.

	<u>Disagree</u>	<u>Neutral</u>	<u>Agree</u>
<i>Employee response</i>	19%	21%	60%
<i>Manager/Supervisor response</i>	8%	11%	81%

Employees who have personal or work-related problems are offered help.

	<u>Disagree</u>	<u>Neutral</u>	<u>Agree</u>
<i>Employee response</i>	21%	20%	59%
<i>Manager/Supervisor response</i>	8%	11%	81%

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In addition, DCSS shows that work/life programs received 94% favorable ratings.

- D** The type and number of complaints received by the Office of Work/Life Programs (formerly the Family Friendly Workplace Advocacy Office) concerning the availability of family friendly workplace initiatives.

This indicator does not report information that is directly relevant to the goal and is therefore being dropped effective FY 2000.

- M** Consistency in the quality of agency programs nominated for the annual OPM Director's Award for Outstanding Work and Family Programs, as determined by increased scope of employee eligibility and participation.

The Office published "The Director's Award for Outstanding Work/Life Programs — 1994-1999". This document was published in December 1999 and is available through the OPM Work/Life Program Office. The compilation contained not only descriptions of the award-winning programs but also updates of new and expanded programs.

The updates revealed that agencies that had been acknowledged as leading the effort to provide quality work/life programs continued their efforts by expanding existing programs and creating new ones.

- N** Improvement in employees' perception that employees' family responsibilities are understood and supported, as demonstrated by a 1% increase in the percentage of favorable ratings in the annual MSPQ.

MSPQ question, "My supervisor supports my need to balance work and family issues."

<i><u>FY 1999</u></i>	<i><u>FY 2000</u></i>
<i>12% unfavorable</i>	<i>10% unfavorable</i>
<i>14% neutral</i>	<i>15% neutral</i>
<i>75% favorable</i>	<i>75% favorable</i>

A 1% increase is not a meaningful change, since it falls within the margin of error.

OPM STRATEGIC PLAN GOAL II

PROTECT AND PROMOTE THE MERIT-BASED CIVIL SERVICE AND THE EMPLOYEE BENEFIT PROGRAMS THROUGH AN EFFECTIVE OVERSIGHT AND EVALUATION PROGRAM.

OWR Goal 11

M

Third-party decisions that warrant OPM intervention are identified in order to obtain decisions that are consistent with civil service laws, rules, and policies.

The program goal was established to support Strategic Goal II to fulfill a statutory responsibility to formally intervene before third-parties to ensure proper interpretations of civil service laws, rules and regulations. There are three indicators to assess whether or not this goal is achieved. Of these, the first indicator was identified at the beginning of the year as critical for achieving the goal. All appropriate decisions were reviewed to ensure that the goal was met.

While no HR Specialist survey data was available, we did receive informal feedback through letters and phone calls that reflect satisfaction in this area. A small data set on reversals makes it difficult to measure this aspect.

M All decisions of MSPB and appropriate FLRA, court, and arbitration decisions are reviewed and intervention or judicial review is recommended in appropriate cases. **[Critical indicator]**

This is the critical indicator because 5 USC Chapter 77 and Chapter 71 grant OPM the authority to intervene in the appeals/adjudicatory process to ensure that decisions are consistent with the laws and regulations under the Director's authority.

All decisions of MSPB and appropriate FLRA, court, and arbitration decisions were reviewed and intervention or judicial review was recommended in appropriate cases. In FY 2000, we reviewed over 10,000 decisions and recommended formal OPM intervention in 5 cases.

M Improvement in the level of satisfaction of HR Specialists with regard to OPM's intervention in employee disputes before arbitrators and MSPB, as measured by a 2% increase over FY 1999 levels in the percentage of favorable ratings in the CSS and/or informal customer feedback.

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We have received informal feedback from employee relations specialists and agency attorneys through letters and telephone conversations which indicates increased customer satisfaction with respect to our intervention decisions.

Reported levels of satisfaction of HR Specialists were as follows:

	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>
<i>OPM's Intervention in Employee Disputes Before Arbitrators and MSPB</i>	<i>67%</i>	<i>58%</i>	<i>no data</i>

The FY 2000 OPM Customer Satisfaction Survey did not include a survey of HR Specialists.

- M** Of those cases in which OPM intervenes or seeks reconsideration, an increasing number of decisions are reversed or are appealed to higher levels by DoJ.

During FY 2000, OPM intervened in or sought reconsideration of five MSPB decisions. In one case, MSPB reversed its prior decision and agreed with OPM. In one other case, the Board's two members could not agree and the matter was appealed by the Department of Justice to the Federal Circuit where it is now pending. In the other three cases, we have yet to receive a decision from the Board. We also received final decisions in three cases in which we had intervened, sought reconsideration, or sought judicial review in prior years. In two of those cases, OPM's position was adopted by the MSPB or court, while in the other case MSPB declined to reverse its prior decision and no further review by OPM was sought.

Since the number of interventions each year is very small (4-7 in recent years), this is not a useful measure. Furthermore, the result in terms of final MSPB action or further appeal is often not known until a year or more following the intervention. This indicator has been revised for FY 2001.

OPM STRATEGIC PLAN GOAL III

PROVIDE ADVICE AND ASSISTANCE TO HELP FEDERAL AGENCIES IMPROVE THEIR HUMAN RESOURCES MANAGEMENT PROGRAMS TO EFFECTIVELY OPERATE WITHIN THE ECONOMY, DEMOGRAPHICS, AND ENVIRONMENT OF THE 21ST CENTURY.

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OWR Goal 12

M

Federal agencies receive timely, accurate, clear, and useful advice and technical assistance to ensure that employee relations, employee health services, work and family, labor-management relations, and HR development are a positive part of agencies' fully integrated HR systems. (This goal has been revised and will be found in Goal 7 in FY 2001.)

This program goal was established in support of Strategic Goal III in order to provide agencies with the most up-to-date and accurate information on policies and programs to prepare them for effective and efficient operations in the 21st century. There are four indicators to assess whether or not the goal is achieved. Of these, the first indicator was identified at the beginning of the year as critical for achieving the goal. This goal was met, as described below under the indicators.

While data from the HR Specialist survey was not available, data from a sample focus group, phone interviews, and anecdotal and qualitative data demonstrate that this goal was met. The Office of Work/Life Programs conducted a survey of agencies that implemented the child care subsidy and the results were excellent. We also are conducting an informal survey of agency work/life coordinators. Web email also provides an opportunity to give technical guidance. Use of web email has increased. We felt it was difficult to make a connection between OPM HRD strategy and agency awards and therefore have dropped this indicator in 2001. Website hits for HRD significantly increased in FY 2000. Data for other OWR areas was available only for six months, but did show an upward trend.

M Increase in the level of HR Specialists' satisfaction with OPM's information sharing and technical assistance concerning workforce relations policies, rules, and regulations as measured by a 2% increase over FY 1999 levels in the percentage of favorable ratings (or maintenance at 90% or higher) in the CSS and/or informal customer feedback. **[Critical indicator]**

This is the critical indicator because providing technical assistance to agency HR offices is a primary function of OWR. This assistance allows agency HR specialists to stay abreast of changing laws, regulations, and policies and to integrate new policies and initiatives into the Federal workforce efficiently.

Reported levels of satisfaction of HR Specialists were as follows:

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<i>Information Sharing</i>	<i>FY 1998</i>	<i>FY 1999</i>	<i>FY 2000</i>
<i>Labor-Management Relations & Partnerships</i>	72%	68%	Not Available
<i>Poor Performance</i>	74%	75%	
<i>Discipline & Adverse Actions</i>	76%	74%	
<i>Fed Adjudicatory Processes</i>	67%	64%	
<i>ADR</i>	68%	69%	
<i>EAP</i>	75%	75%	
<i>Workplace Violence Prevention</i>	75%	74%	
<i>Physical Fitness Programs</i>	59%	64%	
<i>Work & Family Programs</i>	76%	86%	
<i>HRD</i>	70%	66%	

<i>Technical Assistance</i>	<i>FY 1998</i>	<i>FY 1999</i>	<i>FY 2000</i>
<i>Labor-Management Relations & Partnerships</i>	66%	62%	Not Available
<i>Poor Performance</i>	70%	70%	
<i>Discipline & Adverse Actions</i>	73%	70%	
<i>Fed Adjudicatory Processes</i>	65%	61%	
<i>ADR</i>	65%	64%	
<i>EAP</i>	74%	70%	
<i>Workplace Violence Prevention</i>	70%	68%	
<i>Physical Fitness Programs</i>	60%	80%	
<i>Work & Family Programs</i>	72%	80%	
<i>HRD</i>	68%	62%	

While HR specialists were not surveyed in FY 2000, sample focus group data, phone interviews, anecdotal and qualitative data obtained by OWR offices indicates that there was an increase in satisfaction with our information and technical assistance in workforce relations. Summary data gathered from a focus group composed of HR Directors and Senior HR Specialists indicated that technical expertise was important to participants (mean of 9.9 and mode of 10). They thought that OHRD was providing an above average level quality of service in this area (mean of 8.8 and mode of 10). They indicated that information sharing was important (mean of 8.12 and mode of 10) and OHRD was providing above average level of quality of service (mean 6.74 and mode of 9). Anecdotal comments supporting this are:

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“She knew what others were doing and was able to put you in touch with one another. That kind of referral/collaborative skill was very much needed in this community.”

“The most important thing OHRD does is communication which enables us to defend what we do in our HRD programs.”

“It is important to have easily accessible in a single place, things like the Training Policy Handbook and HRD Flexibilities.”

“Communication with an individual who will talk with you and be a reliable transfer of knowledge is far and above the most important thing. (Staff) does that.”

Stakeholder use of and anecdotal feedback on the Website substantiates increasing approval of subject matter and quality of technical assistance. The number of hits on the HRD Website shows steady growth and interest by the HRD community, strategic partners, and persons interested in HRD. This indicates that as the OHRD program grew, the Website extended our outreach and increased the scope and availability of HRD subjects and technical assistance. The increasing rate of approval is reflected in the following comments.

“The Learning Technology Theater is a very helpful site which is a good way to provide information among the Federal agencies as to what is occurring in learning technology. I’m assuming OPM will be maintaining this site as a dynamic, ever-evolving site as more and more technology is being introduced into the Federal community.”

“DOL is mentioned under two categories in the Theater which I was glad to see. We also have web-based training in the area of technology training and recently added Essential skills web training. I’d like to explore with you the feasibility of having this included on the site as well.”

“I really liked it (Learning Technology Theater) and want to use the WEB model for something we are planning.” (Department of Health & Human Services)

“I am a HR Manager of a company in Thailand and also will be a guest lecturer in University for Human Resources Management Course. I just visited your Website and found that you have many interesting

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publications. One of my favorites now is Training Needs Assessment Handbook.”

Increasing agency requests for policy workshops and evaluations of those workshops also indicate increased levels of satisfaction. OHRD provided training policy workshops for the Department of Interior, two for the Department of Justice, and the Small Agency Council. The evaluations from the Small Agency Council showed the workshop was the most highly rated of any that organization had ever received. Evaluations concerning OHRD learning events also indicate increasing levels of satisfaction. Evaluations of the learning event “Premiere: A Guide to Strategically Planning Training and Measuring Results,” which was attended by nearly 200 people, indicated that 90 percent agreed that they received beneficial information to take back to their organization. When asked about the guidance, learning activities, and tools that OHRD provided, 79 percent of participants agreed that this assistance was useful.

We conducted a survey of 99 Work/Life Program Coordinators in December 2000 to examine program availability, awareness and utilization, and to assess OPM services and management support of programs. We received 33 responses. Since the Work/Life Program Coordinators are our primary customers, their perceptions of our services are critical. They rate OPM program support very highly. We will use this as baseline data and repeat this survey annually.

<u>Question</u>	<u>Mean Rating</u>
<i>OPM’s Work/Life Program Office provides me with information I can use to develop/improve my programs.</i>	<i>4.42</i>
<i>OPM’s Work/Life Program Office responds to my questions in a timely manner.</i>	<i>4.48</i>
<i>I believe management at my agency supports initiatives of my office.</i>	<i>3.88</i>
<i>The OPM Website provides me with useful information.</i>	<i>4.42</i>

Eleven agencies responded to an August 2000 phone survey dealing with the implementation of the child care subsidy. These agencies had implemented or were planning to implement the new program. The survey consisted of two questions. The rating scale was 1 to 5, 5 being the highest.

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<u>Question</u>	<u>Mean Rating</u>
<i>To what extent has OPM been helpful in providing you with information and advice on implementing the child care legislation?</i>	5.0
<i>To what extent have the materials provided by OPM on implementing the child care subsidy program been helpful?</i>	4.7

- N** Results from evaluations and surveys conducted by OMSOE, GAO, MSPB, and other sources demonstrate an increase in employee satisfaction with regard to HR functions relevant to workforce relations policy areas.

There were no studies conducted by OMSOE, GAO, or MSPB to assess employee satisfaction with regard to HR functions relevant to workforce relations policy areas.

- M** Surveys indicate that agency HRD programs are effectively developing the workforce as a result of the partnerships, agency sharing of learning technology development, and agency access to and sharing of HRD tools. (This indicator duplicates an indicator under Goal 4. Measures explained in Goal 4 also apply here.)

This indicator was met. OWR used feedback from a structured focus group session as well as informal feedback from emails, telephone calls, etc., to measure this indicator.

OHRD has reprinted the Training Policy Handbook due to continuing agency requests and developed "HRD Flexibilities". Both are posted on the Website. Agencies use of and requests for all documents has increased. Anecdotal comments about the documents indicate how agency HRD programs are effectively using them to develop their workforce.

"We will use the Training Policy handbook as a desk resource tool for the Training Specialists and Assistants. I like the fact that the Training Handbook summarized the most important regulations in one place. I also like that the full reference is cited for each heading so we can get additional information. I appreciate that the Handbook looked at all of the available references. We find it difficult in training to know where to go to look for guidance since many of our comprehensive instructions were eliminated and merged with others. We really want to be able to go to one place and find the answers. The Handbook will enable us to do that."

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“I am a HR Manager of a company in Thailand and also will be a guest lecturer in University for Human Resources Management Course. I just visited your Website and found that you have many interesting publications. One of my favorites now is Training Need Assessment Handbook.”

- M** HRD strategies and/or programs of at least five Federal departments or independent agencies are recognized as best in class by nationally recognized evaluative bodies (such as the American Society of Training and Development, Society for Performance Improvement, etc.). (This indicator duplicates an indicator under Goal 4. Measures are also duplicated here.)

We surveyed agency awards and programs to obtain this data. The American Society of Training and Development (ASTD), Society for Performance Improvement and the like are professional organizations in the forefront of HRD issues. Their awards highlight outstanding private and Federal organizations that exhibit exceptional innovation and accomplishments in the arena of HRD. Agencies receiving these awards are evaluated on HRD programs that develop their workforce. The five agencies we surveyed are:

(1) Tennessee Valley Authority-
Excellence in Practice Citation from ASTD

(2) Federal Aviation Administration-
International Personnel Management Association (IPMA), 2000 Agency Award for Excellence

(3) Federal Emergency Management Agency-
Telly Award

(4) Nuclear Regulatory Commission-
W. Edwards Deming Outstanding Training Award

(5) Alcohol Tobacco and Firearms-
Training Officers Conference Award

Although we collected data, it is difficult to relate a direct connection between OPM HRD strategies and agency awards. Validation is difficult. This indicator will be dropped in FY 2001.

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OWR Goal 13

M

Agency demonstration projects address employee relations, labor relations, and HRD issues effectively.

This program goal was established under Strategic Goal III to ensure that applicable OWR program areas thoroughly review and coordinate agency demonstration project issues to enable agencies to operate effectively. There are two indicators to assess whether or not this goal is achieved. Of these, the first was identified at the beginning of the year as critical for achieving the goal. This goal was met, as demonstrated by our review of all demonstration projects and development and promotion of two pieces of legislation — academic degree flexibility and credentialing, along with an HRD Flexibilities document.

This goal is being dropped in FY 2001 because OWR cannot control the final content of the demonstration projects created by agencies. We will continue in our capacity as advisors to agencies on these issues.

M Positive comments and feedback provided informally and/or through customer satisfaction surveys conducted by OMSOE. **[Critical indicator]**

Several agencies expressed appreciation to OWR components for the time they took to thoroughly review and consider demonstration project proposals. During the U.S. Army Communications Electronics Command (CECOM) and U.S. Army Tank-automotive and Armaments Command (TACOM) demonstration project review process, OHRD made suggestions, gave options and highlighted current flexibilities to assist DoD in overcoming their identified HRD obstacles. The projects were accepted by DoD and are in progress.

The question was not on the MSPQ survey. Anecdotal data reflect positive comments.

M Increased number of successful demonstration projects result in legislative and regulatory changes allowing greater flexibility in agency HR practices.

Demonstration project plans submitted by agencies detail how the proposed plan will address HRD issues that the agency wants to resolve through means outside of existing regulations. These plans are reviewed and coordinated by

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OHRD staff to assure that proposed changes in learning and education policies and programs will resolve the identified HRD issue without unintended impacts. Agency acceptance of proposed projects indicate agency mechanisms are planned to effectively address ER, LR and HRD issues. Periodic OMSOE review, positive comments and informal feedback in addition to customer satisfaction surveys conducted by OMSOE support this indicator. Successful demonstration projects resulted in legislative and regulatory changes that allowed for greater flexibility in agency HR practices.

Several demonstration projects addressed the need to enhance recruitment and retention, indicating that expanded authorities to pay for learning would be useful. The proposed legislation to expand the authority to pay for academic degrees and pay for credentials was in response to this need. A version of the OPM academic degree proposal (Section 1122 of H.R. 4205) was included in the DoD authorization bill for FY 2001. The proposed credentialing legislation has not yet been attached to a bill.

OWR Goal 14

M

Federal agencies receive timely, accurate, and useful advice and technical assistance to ensure that employee relations, employee health services, work and family, labor-management relations, and HRD are a positive part of agencies' fully integrated HR systems.

This program goal was established under Strategic Goal III to provide agencies with up-to-date and accurate information that is used to enhance the workforce of the 21st century. There are four indicators of whether or not the goal is achieved. Of these, the first was identified at the beginning of the year as critical for achieving the goal. This goal was met, as described below under the indicators.

Evaluations of training sessions were used as a measurement and they consistently reflected very high ratings. These seminars and training opportunities have been filled to capacity. There has been a significant increase in the capacity at SOELR and there also continues to be a waiting list. Additionally, attendance at NPC workshops has increased. Anecdotal information indicates a high level of stakeholder satisfaction. This goal was identical to goal 12 of OWR's FY 2000 annual plan. In the past, this duplication was necessary so that we could measure our S&E activities separately from our reimbursable fund activities. This has been changed in our future annual plans so that both types of activities are measured under one goal.

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- M** Maintain a high level of satisfaction as expressed by conference, workshop, and seminar participants on evaluation sheets and/or orally.
[Critical indicator]

This is the critical indicator because providing technical assistance to agency HR offices is a primary function of OWR. This assistance allows agency HR specialists to stay abreast of changing laws, regulations, and policies and to integrate new policies and initiatives into the Federal workforce efficiently.

Participants indicate very high levels of satisfaction as evidenced by both written and oral feedback at workshops and seminars. We provide different workshops and seminars each year. For this year, the Office of Work/Life Programs provided several workshops: (1) "United Fatherhood: Making the Difference in Children's Development" was held on March 29, 2000, (2) "Kinship Care: Grandparents and Other Relatives Raising Children" was held on April 6, 2000, and (3) "Older American Month" was celebrated with a symposium on April 21, 2000. Mean ratings on all three seminars exceeded 4.0 on a 5-point scale.

- M** Consistent level of repeat conference, workshop, and seminar attendance.

Seminars, SOELR, and other workshops have been filled to capacity.

- M** Increase in demand for conferences/workshops as measured by the number of potential registrants on an established waiting list.

Despite a significant increase in SOELR capacity, a waiting list still formed. Attendance at NPC workshops has increased, as well.

- M** Periodic surveys of stakeholders reflect an increasing rate of approval in terms of subject matter and quality of presentations and technical assistance.

Anecdotal information and review of program evaluations from presentations indicates a high level of satisfaction among stakeholders.

OPM STRATEGIC PLAN GOAL IV

DELIVER HIGH-QUALITY, COST EFFECTIVE HUMAN RESOURCES SERVICES TO FEDERAL AGENCIES, EMPLOYEES, ANNUITANTS, AND THE PUBLIC.

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OWR Goal 15

M

Assistance is provided to Federal, State, and local Governments through Training and Management Assistance (TMA) to improve their human resource management and organizational effectiveness.

This program goal was established under Strategic Goal IV to support OPM's efforts in offering Government agencies access to technical assistance from a variety of external sources in the areas of training and human resource management that meet their specific objectives. There are five indicators to assess whether or not this goal is achieved. Of these, the third, dollar amount of contractor invoices approved for payment, was identified at the beginning of the year as critical for achieving the goal. We met our goal by improving agencies' HRM and organizational effectiveness as indicated by customer feedback and by ensuring the financial solvency of our program based on the workload indicators.

During FY 2000, TMA managed approximately 200 projects to support the strategic training and human resource management initiatives of numerous Federal agencies and the District of Columbia Government. The program recorded \$43.7 million in income, exceeding its target by more than \$500,000. This is the highest income total in TMA's 20-year history. Agencies continue to recognize the substantial value of the professional and expeditious technical assistance and expertise TMA provides, as evidenced by informal customer feedback, anecdotal information, agency accomplishment of goals stated in the statement of work and management plan of projects, and swift resolution of project problems. Some examples of improved performance are highlighted below.

In FY 2000, TMA developed the last of 23 graduate-level courses for DoD's Defense Leadership and Management Program (DLAMP). DLAMP is a systematic program of "joint" civilian leader training, education, and development within and across the DoD components and it supports DoD succession planning strategy. A key objective of the program is to develop civilians for greater responsibility in the DoD. Approximately 49 DLAMP participants and or graduates have been promoted to higher levels in DoD. As a result of this course development project TMA entered into an interagency agreement with DoD to further support their succession planning and leadership initiatives.

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TMA is working with the Defense Acquisition University (DAU) to convert several of its acquisition courses from classroom training to web-based training. Two key HRM goals of this initiative were to increase the number of acquisition professionals receiving training and to reduce the costs associated with classroom training. For its Acquisition 101 course, DAU is now training an additional 3,700 students per year and estimates a three year cost avoidance of \$13.3 million dollars.

In FY 2000, TMA worked with the U.S. Fish and Wildlife Service (FWS) to perform an analysis of the functions, responsibilities, and resources necessary to administer its Federal Aid program. A key objective of this analysis was to identify the appropriate staffing levels for the Federal Aid program. FWS is using the analysis results to implement new management systems and to make strategic decisions regarding the optimal staffing levels and types of personnel needed in its Federal Aid program across the country. The analysis has been well received by the U.S. Senate.

Workload Indicators

- N Dollar amount of new and added funding for TMA projects increase 5% over FY 1998 levels.

This indicator was not met. In FY 1998, the dollar amount of new and added funding for TMA projects was \$44,944,500. In FY 2000, new and added funding totaled \$33,858,700. This is a decrease of 24.7%. This was an unrealistic target. The target should have been based on FY 1998 projected funding, rather than actual funding achieved. Information regarding TMA's workload indicators is captured in its project tracking system, ProTrac. These workload indicators are used for day-to-day program information and management. Production reports are routinely published for TMA staff and management. Workload indicators are also provided to staff of the CFO and are included in OPM's budget document.

The TMA program uses the workload indicators to measure the production and financial success of the program. No one indicator can be viewed in isolation in determining the accomplishment or failure of the program goal. The workload indicators work in tandem and must be viewed in totality.

<u>Indicator</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>
New/Added Funding	\$44.9m	\$47.2m	\$33.9m

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- M Dollar amount of work orders issued for TMA work to be performed increased 3% over FY 98 levels.

In FY 1998, the dollar amount of work orders issued for TMA to perform was \$32,187,200. In FY 2000, the dollar amount of work orders issued for TMA to perform was \$33,782,100. This was an increase of 5.0%. Information regarding TMA's workload indicators is captured in its project tracking system, ProTrac, and is included in OPM's budget document.

<u>Indicator</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>
Amount of Work Orders	\$32.2m	\$41.6m	\$33.8m

- M Dollar amount of contractor invoices approved for payment increases 3% over FY 1998 levels. **[Critical indicator]**

In FY 1998, the dollar amount of contractor invoices approved for payment was \$33,137,800. In FY 2000, the dollar amount approved for payment was \$39,437,400, an increase of 19%. Payment of an invoice is an endorsement by the client agency that the product received met the established requirements. Information regarding TMA's workload indicators is captured in its project tracking system, ProTrac, and is included in OPM's budget document.

<u>Indicator</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>
Amount of Invoices	\$33.1m	\$37.5m	\$39.4m

Business Well-Being Indicators

- D *As stated in our FY 1999 Performance Report, these indicators have been discontinued in OWR's Performance Plan. We continue to maintain and monitor these data.*

Customer Satisfaction Indicators

- M Results gained from baseline data gathered and analyzed in FY 1999 from customers and contractors will be used to provide a basis that indicates 50% of problems identified are resolved.
During FY 2000, TMA maintained approximately 200 different projects in support of Federal agencies' human resources systems. Of these, three projects incurred contractor performance problems that required management

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intervention. All issues were resolved to the satisfaction of client agencies, contractors, and OWR/TMA. Although there was an insufficient response rate on End-of-Project Evaluations from clients, the indicator was met based on informal customer feedback and anecdotal information. The following feedback was obtained from three sources: 1) interviews with clients and vendors, which were conducted by a marketing firm under contract with TMA to develop our Strategic Marketing Plan; 2) letters from clients; and 3) an End-of-Project Quality Assessment Survey.

"I would rate them high. They are proactive. They are careful to take care of the customers. Over the 6 or 7 years we have used them, they have been very responsive and cooperative... they resolve the issues."

"OPM resolved this issue to my 100% satisfaction. We now have a very good product to distribute."

"In summary, TMA has done whatever it takes to keep HCFA happy with the Training and Management Assistance process. We have been recommending the TMA process to other HCFA components, and your 'business' has grown at HCFA primarily due to TMA's high standard of performance and ongoing record of accomplishment for delivering projects and keeping customers happy. Thank you!"

"The TMA vendor exceeded all expectations. Great!! The TMA project manager did a fantastic job of coordinating this project. She demonstrated customer service to a 5-star degree. Best customer service by a Federal employee I have received in 25 years of Federal work!"

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OPM STRATEGIC PLAN GOAL I

PROVIDE POLICY DIRECTION AND LEADERSHIP TO RECRUIT AND RETAIN THE FEDERAL WORKFORCE REQUIRED FOR THE 21ST CENTURY.

OERM Goal 1

M

By the end of FY 2000, needed changes in all significant OPM program policies are identified and changes are introduced so that Federal agencies are better equipped to respond to changing human resources and agency needs in the 21st century.

This program goal was established under Strategic Goal I to identify policy revisions that were needed to enable agencies to select, develop and manage senior executives who are equipped to meet the leadership challenges of the 21st century. There are four indicators to assess whether this goal is achieved. Of these, the first was identified at the beginning of the year as most critical for achieving the goal. We met this goal by publishing two regulatory changes and creating two legislative proposals.

M New or revised policies are issued in a timely manner, so that agency needs are met without delay, and informal feedback from agencies indicates that these policies are beneficial to agencies. **[Critical indicator]**

Although this indicator was inadvertently left out in FY 1999, it is clearly the most critical measure for this goal because, as a result of the 1998 Draft Framework for Improving the SES, we did identify policies in need of revision. We have introduced the following changes:

- On May 25, 2000, we published in the Federal Register final revised SES staffing regulations that include a stronger focus on executive qualifications in SES selections, and an emphasis on evaluating executive performance in the probationary year.

- On June 21, 2000, we published in the Federal Register proposed revisions to the SES performance appraisal regulations to increase agency flexibility, focus on results, promote alignment with strategic planning, and require balanced measurement. (Final regulations were published on October 13, 2000.)

- We drafted legislative proposals to abolish recertification and enhance pay for performance. They have been cleared by the Office of Management and

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Budget, discussed with congressional staff, and will be introduced at the appropriate time.

- M** Baseline established for determining senior executives' satisfaction with OPM's leadership of the SES program and their sense of "ownership" in the system.

The baseline for senior executives' satisfaction with OPM's leadership of SES programs was established in FY 1999 through a survey of the SES corps. Of the 2,521 executives who responded, 25% said that they were satisfied with OPM's leadership, and 23% were dissatisfied. Based on comments provided by the respondents, we believe these results stem from issues with the SES system, for example, pay compression and other pay-related issues, and the application and QRB certification process.

The SES revised staffing and performance management regulations that we proposed/published in FY 2000, and the legislative proposals mentioned above addressed some of these concerns, and we will explore these issues further with senior executives. The survey will be repeated in FY 2002 to assess our progress.

The issue of ownership of the system was dropped in FY 1999 because there is no practical way of measuring it.

- NX** Increased levels of satisfaction among HR Directors with OERM's executive resources policy leadership and with their opportunities for involvement in the policy process, as measured by informal customer feedback and/or a 2% increase in favorable ratings in the HR Directors Customer Satisfaction Survey.

FY 1999 survey data were not usable due to a low response rate. The FY 2000 survey was redesigned and does not include questions on policy leadership. The FY 2001 survey has not yet been designed, and may not include policy leadership questions.

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<u>Program Area</u>	<u>FY 1998</u> <i>Baseline</i>	<u>FY 2000</u> <i>Result</i>
<i>SES/Executive Resources Policy</i>		
<i>Leadership</i>	70%	
<i>SES/Executive Resources Opportunity</i>		
<i>For Involvement</i>	82%	
<i>Draft SES Framework Policy</i>		
<i>Leadership</i>	62%	N/A
<i>Draft SES Framework Opportunity</i>		
<i>For Involvement</i>	69%	N/A
<i>Collaboration – SES Staffing Initiatives</i>		67%
<i>Collaboration – SES Performance</i>		
<i>Mgmt Regulations</i>		67%

- M** Baseline of information established for executives' perceptions and attitudes about their leadership experience, extent to which they function consistently with executive core qualifications (ECQ's), focus on outcomes, and find that the SES system supports their efforts to achieve program results.

The 1999 SES survey established the baseline. An overwhelming majority of the respondents affirmed the importance of the Executive Core Qualifications (ECQs) to job performance. When asked to rank the relative importance of qualifications for SES positions now and in five years, respondents rated executive qualifications as more important than technical qualifications today and even more important in five years. However, only 56 percent reported that the ECQs were emphasized in evaluating applicants for the SES. In FY 2000, we used these responses to reform our revisions to the SES staffing regulations which now require agencies to consider the ECQs in the selection process.

Two out of three executives reported that their performance plans are linked to their agency's strategic plan. However, most executives reported their pay increases and bonuses were more directly linked to their individual performance versus other outcomes. In FY 2000, we used these responses to inform our proposed revisions to the SES performance management regulations which require agencies to consider balanced measurements in assessing the performance of their executives.

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OERM Goal 2

M

The selection of executives with solid leadership and management skills, public service values, and a Governmentwide perspective, who are prepared to lead the continuing transformation of Government is promoted.

We established this program goal under Strategic Goal I to emphasize that while technical job-specific qualifications are important, the keystone of the SES is executive leadership. To meet the leadership challenges of the 21st century, all executives must demonstrate that they can lead change, lead people, build coalitions and partnerships, have a keen business sense about managing organizations, and can produce results. There are three indicators to assess whether this goal is achieved. Of these, the first was identified at the beginning of the year as most critical for achieving the goal. We met this goal by holding well-received workshops and briefings that emphasized the importance of these executive qualifications.

M

Favorable ratings and comments on evaluations collected at the end of ECQ briefings, SES and Schedule C orientations and SES symposia which indicate that attendees understand and value information provided about the importance of developing and demonstrating the ECQ's.

[Critical indicator]

This is the critical measure because participant evaluations from the ECQ briefings and the SES symposia reflect the opinions of the people we are trying to reach – those who are, or aspire to become, the leaders of the future.

NOTE: We determined that the ECQ's are not the appropriate emphasis for the SES or Schedule C orientations, but they are the focal point of the ECQ briefings and the SES leadership symposia.

	<u>FY 1999</u>	<u>FY 2000</u>
<i>ECQ Briefings</i>	<i>56</i>	<i>41</i>
<i>Participants</i>	<i>5,100</i>	<i>4,190</i>
<i>New SES Briefings</i>	<i>2</i>	<i>3</i>
<i>Participants</i>	<i>340</i>	<i>479</i>

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In the ECQ briefings and workshops, we emphasize leadership attributes and a focus on achieving results versus managing a process. Attendee's evaluations show they value the information they receive – 98% rated the workshops very good to excellent, with the most popular segment being the one on Understanding the ECQ's.

The briefings for new senior executives provide an opportunity to emphasize leadership attributes as the participants learn from high level Administration officials about current initiatives and their role in the Federal Government. Of the participants who evaluated the briefings, 87 percent rated them very good or excellent. The SES leadership symposium was postponed to FY 2001 (November 2000) and focused on the new performance management requirements.

- NX** Increased levels of satisfaction among HR Directors with OERM's executive resources policy leadership and with their opportunities for involvement in policy development related to this goal, as measured by informal customer feedback and/or a 2% increase in favorable ratings in the DCSS.

FY 1999 survey data were not usable due to a low response rate. The FY 2000 survey was redesigned and did not include questions on policy leadership. The FY 2001 survey has not yet been designed, and may not include policy leadership questions.

	<u>FY 1998</u>	<u>FY 2000</u>
<i>Program Area</i>	<i>Baseline</i>	<i>Result</i>
<i>Revision of ECQs Policy Leadership</i>	76%	N/A
<i>Revision of ECQs Opportunity for Involvement</i>	70%	N/A
<i>Collaboration — SES Staffing Initiatives</i>	N/A	67%

- M** Increase in evidence that QRB cases are well developed and reflect selection of qualified leaders.

QRB cases approved after first time review:

<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>
94%	96%	92%

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Anecdotal evidence from returning QRB members shows that the quality of SES selectees continues to improve based on the cases they review. Although QRB's reviewed 33% more cases in FY 2000 than FY 1999, the percentage of cases approved after the first review went down. We now give QRB's the option of "Return Without Action" (RWA) in lieu of only approval or disapproval. This is one of our administrative initiatives to improve the selectee certification process – we believed that sometimes a case was disapproved because of very poor presentation rather than any serious doubt about the person's executive credentials. RWAs were 4%; when added to those approved the first time (92%), the approval rate equals what the general trend has been the past two years. (The FY 1998 figure has been corrected from that presented in the previous annual performance report [90%]).

OERM Goal 3

M

The levels of executive resources assigned through the 2000-2001 biennial allocation and subsequent interim adjustments meet the Administration's corporate goal of maintaining an executive workforce consistent with overall Government downsizing while efficiently supporting agency missions.

We established this program goal under Strategic Goal I because it directly relates to OPM's responsibility to provide leadership and policy direction for managing the Senior Executive Service. Our leadership and corporate management of the Government's executive resources are critical to agencies' effectively integrating executive resources decisions with their mission goals and objectives. There are two indicators to assess whether this goal is achieved. The second indicator was identified as the most critical for achieving the goal. We met this goal – agencies are recognizing the need to manage their current executive resources before requesting additional allocations.

M Agencies operate successfully within biennial allocations. Cumulative ad hoc adjustments during the FY 2000-2001 biennial cycle result in no more than a 2.5% increase in executive resources allocated by OPM.

Biennial allocations for the FY 2000/2001 cycle resulted in a net increase of less than 4% over FY 1998/1999. Overall, there has been a 12% reduction in permanent SES spaces since September 1994 when a 10% reduction in the SES was initiated as part of Governmentwide workforce reductions. Because we exceeded that goal and have maintained reduced levels, there was flexibility to grant increases for pressing needs. The increases were limited to agencies that effectively managed their executive resources and/or received

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additional funds for new programs. Net adjustments within the biennial cycle (ad hoc adjustments) will not be determined until the start of the FY 2002/2003 cycle.

- M** Qualitative analysis of reports submitted in conjunction with the biennial review show that agencies are effectively managing their executive resources and integrating a succession planning emphasis. **[Critical indicator]**

This measure is more critical than the actual numbers because it is more closely tied with our efforts to get agencies to do workforce planning, to directly link their executive resources assessments with their strategic planning efforts and budgets, and to make better use of their existing resources before asking for additional allocations. We continue to make progress in this ongoing effort to emphasize to agencies the need to manage their current resources wisely, and to incorporate planning for the future in their allocation requests.

Each agency seeking an increase for the FY 2000/2001 biennial allocation cycle was required to provide a detailed justification based on a comprehensive Agencywide assessment and prioritization of their executive resources needs, in conjunction with their strategic plans and budget authorizations, and to demonstrate effective corporate management of their resources. Agencies needed to make a sound business argument for any increases. We performed a qualitative analysis of the requests prior to our allocations decisions.

We used the biennial process as an opportunity to update and reissue guidance on distinguishing among SES, Senior Level (SL), and Scientific and Professional (ST) positions and their appropriate use.

OERM Goal 4

M

Continual learning is highly valued as a strategy for maximizing executive effectiveness with the result that agencies and executives increasingly use training, sabbaticals, details, temporary assignments, and movement within and between agencies to broaden perspectives and gain fresh insights on leadership.

This program goal was established under Strategic Goal I because the executives of the future must produce results by broadening their perspectives,

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working across agency lines, motivating others and building coalitions. This requires continual learning. There are four indicators to assess whether this goal is achieved. Of these, the first was identified as the most critical for achieving the goal. We met this goal through the FY 1999 survey of the SES which quantified the continual learning executives are engaged in, and in FY 2000 by developing new ways to promote continual learning and voluntary mobility.

- M** OERM will determine and implement methods to quantify how much continuing learning, e.g., executive training and mobility, is taking place and assess the qualitative impact on Federal programs to initiate tracking and determine a baseline for future years. **[Critical indicator]**

This is the critical measure because continual learning is a necessity to handle the rapidly changing world of work. We need to know “where we are”, i.e., to what extent executives are participating in continual learning activities, before we can determine “where we need to go”, i.e., where we need to focus our resources or programs we need to develop.

The FY 1999 survey of the SES corps became the mechanism to quantify how much continuing learning executives engage in and what development they and their managers need to be successful in the SES.

We established the Learning Center as a division in the Office of Executive Resources Management in March 2000 to develop new ways of promoting continual learning and voluntary mobility. In FY 2000, the Center developed and tested the tools required to implement an Internet forum that will help interested SES members find permanent or temporary assignments in other agencies and vice versa. However, responding to stakeholder recommendations, we will defer implementation of the forum, called SES SOARS (Senior Opportunity and Resume Service), until FY 2001. Also in FY 2000, the Center began developing an authority to give Federal agencies the ability to exchange Federal and private sector executives on a temporary basis to improve performance in both sectors.

- M** OERM will include in its new survey on SES members’ perceptions and attitudes items on mobility that can be used to establish a baseline for measurement of changes in attitudes in future years.

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The FY 1999 SES survey established the baseline data on executives who have transferred to another agency or taken a new position within their own agency. We identified barriers to mobility (agency culture, two-career families, aversion to geographic relocation, among others) and are exploring ways to overcome or mitigate them. The survey will be repeated in FY 2002 to evaluate changes in executives' attitude about mobility.

- N** Increases in intra/interagency, intergovernmental, and/or interdisciplinary selections for senior executive positions as measured through the executive information system (EIS).

EIS as currently designed will not be able to show data on interagency and interdisciplinary selections. Without significant additional investment of resources this system will not be expanded and therefore this indicator will not be included in the FY 2001 report.

- M** Increased emphasis by agency management on encouraging and supporting executives' pursuit of continual learning activity, as shown by policy statements, training program activity, and commitment of resources. For example, one agency has shared with OERM a proposal to allocate funds exclusively for executive training and require each executive to seek such training each year.

The President's Management Council has encouraged agencies to invest in continuing executive development to help their executives deal with the constant change in today's working environment. Departments/agencies, such as Commerce, Transportation, SSA, Treasury, Education, and NASA, among others, are directing resources and senior management attention to this issue.

OPM STRATEGIC PLAN GOAL III

PROVIDE ADVICE AND ASSISTANCE TO HELP FEDERAL AGENCIES IMPROVE THEIR HUMAN RESOURCES MANAGEMENT PROGRAMS TO EFFECTIVELY OPERATE WITHIN THE ECONOMY, DEMOGRAPHICS, AND ENVIRONMENT OF THE 21ST CENTURY.

OERM Goal 5

M
Federal agencies, senior executives, and other stakeholders receive timely, clear, accurate, and useful advice and assistance that contributes to the development, selection, and effective management of high-quality senior executives.

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This program goal was established under Strategic Goal III to ensure our technical advice and assistance enables agencies to select, develop and manage senior executives who are equipped to meet the leadership challenges of the 21st century. There are two indicators to assess whether this goal is achieved. Of these, the first was identified at the beginning of the year as most critical for achieving the goal. We met this goal as evidenced by the feedback we received from our stakeholders as reported under the indicators.

In addition to the accomplishments described under each indicator, we also led the OPM team that developed "Transition to a New Presidential Administration: Employment Guidance for Agencies." Although written primarily for agency HR offices, the guidance is also useful for incoming Presidential and non-career SES appointees. It provides general information and addresses issues that relate to departing employees, new appointees, and the career civil service. Traditionally, this guidance is issued post-election; however, we accelerated the schedule and issued the guidance in August 2000.

- M** Ongoing feedback from senior executives, agency executive personnel managers, agency personnelists and other stakeholders about services provided. **[Critical indicator]**

This is the critical measure because feedback from these people is the ultimate way we have of knowing whether our program management, initiatives, and technical assistance are effective, and where we need to place our focus.

Our Website was completely redesigned in FY 2000 and contains significantly more information of use to executives, HR Specialists, and the general public.

We hold monthly meetings with executive personnel program managers and communicate daily with them and individual executives. We are in frequent contact with other stakeholders such as the Senior Executives Association as well as members of the general public. Feedback from these exchanges is almost always positive. For instance, the Chief of Staff of the U.S. Commodity Futures Trading Commission, in a letter to OPM's Chief of Staff, expressed appreciation for "the timely and crucial support your agency has provided ... in the area of executive resources."

- M** Increases averaging 2% overall in levels of satisfaction with OERM information sharing and technical assistance in the CSS by those HR Specialists having executive resources program functions, and/or informal

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customer feedback.

As described in the previous indicator, HR Specialists who deal with executive personnel issues also communicate on a regular basis with OERM staff and have consistently expressed positive opinions of OERM performance, as demonstrated by anecdotal evidence (e-mails, phone calls, letters, etc.) of their satisfaction with the assistance we provide. For instance, the Assistant Director of the Executive Resources Group at DoJ commended a member of our staff for "...the excellent briefing on employment in the Senior Executive Service that you presented to the Department of Justice ..." and "We ... commend the Office of Personnel Management for its initiatives to improve the SES selection process." In an email, a DoE HR specialist with responsibility for executive resources said, "... we appreciate all your efforts and assistance in helping us get our SES action through the QRB. We share the mutual goal of making that happen the first go around." Also, "we've always inserted the OPM SES Website on our vacancy announcements."

Reported levels of satisfaction of HR Specialists who deal with OERM issues as measured in the CSS were as follows:

	<u>Information Sharing</u>			
<u>Program Area</u>	<u>FY 1998</u> <i>Baseline</i>	<u>FY 1999</u> <i>Result</i>	<u>FY 2000</u> <i>No Survey</i>	<u>FY 2001</u> <i>Target</i>
<i>SES/SL/ST Allocations</i>	72%	77%		79%
<i>SES Qualifications Review</i>				
<i>Boards</i>	77%	73%		79%
<i>Noncareer and Limited SES</i>				
<i>Appointments</i>	77%	80%		82%
<i>SES Compensation and</i>				
<i>Perf. Mgmt.</i>	84%	83%		85%
<i>Presidential Rank Awards</i>	73%	95%		95%

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Technical Assistance

	<i><u>FY 1998</u></i>	<i><u>FY 1999</u></i>	<i><u>FY 2000</u></i>	<i><u>FY 2001</u></i>
	<i>Baseline</i>	<i>Result</i>	<i>No Survey</i>	<i>Target</i>
<i>SES/SL/ST Allocations</i>	71%	82%		84%
<i>SES Qualifications Review</i>				
<i>Boards</i>	77%	79%		81%
<i>Noncareer and Limited SES</i>				
<i>Appointments</i>	74%	86%		88%
<i>SES Compensation and</i>				
<i>Perf. Mgmt.</i>	82%	93%		93%
<i>Presidential Rank Awards</i>	69%	90%		90%

The CSS Survey of HR Specialists was not conducted in FY 2000 but will be repeated in FY 2001.

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OPM STRATEGIC PLAN GOAL IV

DELIVER HIGH QUALITY, COST-EFFECTIVE HUMAN RESOURCES SERVICES TO FEDERAL AGENCIES, EMPLOYEES, ANNUITANTS, AND THE PUBLIC

OEMD Goal 1

M

By the end of FY 2000, OPM executive and management development programs and services are high-quality, timely, and customer-oriented and are relevant to individual and organizational performance improvement.

This program goal was established under Strategic Plan Goal IV to improve the performance of Government by developing the Government's key executives and managers – a key human resource. To accomplish this, we design, develop, deliver and evaluate high quality executive and management leadership improvement interventions to federal agencies so that subject organizations can receive the developmental experiences necessary for them to maximize their efficiency and effectiveness. There are seven indicators to assess whether or not this goal is achieved. Of these, the third indicator was identified at the beginning of the year as most critical for achieving the goal.

We met this goal by: (1) Conducting two curriculum reviews and re-validating the curriculum against the Executive Core Qualifications (ECQs) and Competencies, (2) Completing the design of a new Leadership for Results program (Action Learning model), (3) Including a larger number of speakers from showcase Government organizations; examples of which were presentations from senior executives of the Postal Service, NASA and the FDA's Food and Nutrition Service. (4) Implementing, delivering and assessing five diversity programs (180 participants), and (5) In recognition of the increasing value of technology as a leveraging factor in delivering value to its customers, implementing several initiatives which assisted us in giving increased value to our customers.

M Assess overall program quality and effectiveness through the use and analysis of end-of-course evaluations for training and development programs. Additional measures address how well courses improve participant's individual and organizational effectiveness back in the agency.

We met this indicator by adopting the Kirkpatrick Model of Evaluation. The Kirkpatrick Model of Evaluation is the most universally accepted model for

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evaluating Human Resources and training programs because it allows for evaluations at the results level. Specially, the four levels of the model are:

Level 1: Reaction –

Were the participants pleased with the program?

Level 2: Learning –

What did the participants learn in the program?

Level 3: Behavior –

Did the participants change their behavior based on what was learned?

Level 4: Results –

Did the change in behavior positively affect the organization?

OEMD measures all programming at Level 1 of the Kirkpatrick's Model using end-of-course evaluations (Five-point Likert Scale). In FY 2000, OEMD surpassed its estimate for participant ratings of core programs in program content, relevance and facilities. Our estimate was 4.5, but actual ratings averaged 4.6. Participant ratings for non-core programs also exceeded the standard of 4.4 with an average of 4.6. Additional measures at Levels 2-4 of Kirkpatrick's Model addressed how well courses improved individual and organizational effectiveness back in the agency. These are described in indicators 2 and 5. OEMD conducted a total of five Level 3 and Level 4 Kirkpatrick Model evaluations in partnership with its customers. FEI's Leadership for a Democratic society (LDS) evaluated two programs (Programs 254 and 257) at Levels 3-4. FEI's Center for Executive Leadership (CEL) also conducted two Level 3-4 evaluations with the Bureau of the Census and the Treasury Department. Results of these studies showed desired changes in participant behavior as measured by pre- and post test scores. The Western Management Development Center (WMDC) completed an in-depth evaluation of financial return on investment (Level 3 and 4) in partnership with the Department of the Army. The direct return on investment of this training was calculated to be in excess of \$478,000 in documented savings compared to a training expense of \$100,000. A project plan for a Level 3 evaluation was completed by Eastern Management Development Center (EMDC) and will be implemented in FY 2001.

- M** In FY 2000, expand pilot program efforts to measure the amount of learning that takes place in courses and seminars (Level 2, Kirkpatrick Model of Evaluation). Data is based on participants' self-rating of their knowledge of the subject matter covered in the target seminar before and after completion of the program.

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In FY 2000, OEMD evaluated selected programs at Level 2 of the Kirkpatrick Model of Evaluation – what was learned in the program. Representative of the Level 2 results is Program 254, LDS. When 54 program participants were asked to rate the achievement of their personal learning goals (which they had identified at the beginning of the program), 69% responded that they had either fully or mostly accomplished their learning goals. Less than 3% either dropped the goal and had nothing to report or felt they had not learned anything. Additionally, at the end of every program, LDS program participants are asked to evaluate their achievement on FEI's twelve learning outcomes. Five selected measures from Program 254 are as follows:

<u>FEI Learning Outcome</u>	<u>Score on a scale of 1 – 7</u>
<i>Developing a personal model of leadership you can use to lead your organization</i>	5.6
<i>Developing thorough understanding of your personal leadership strengths and needs</i>	5.7
<i>Developing effective personal leadership skills</i>	5.4
<i>Learning methods for creating organizations that are more responsive to the American people</i>	5.2
<i>Increasing your awareness of and skills in operating within the dynamic policy environment of the federal Government</i>	5.3

*In FY 2000, the MDC's collected data (self-reported) from participants to measure knowledge gained from seminars. Data were collected from over 1,000 participants in 46 WMDC and 3 EMDC seminars. Analysis of referenced data showed that the "average knowledge" gained by seminar participants as a result of their seminar participation was approximately 30%. Participating managers indicated their "before seminar knowledge" was **average** (2.8 on a 5-point scale), and their "after seminar knowledge" was **very good to outstanding** (4.3 on a 5-point scale). Similar data will also be collected in FY 2001 and will continue to provide an outstanding basis for evaluating seminar design and effectiveness.*

- M** Ensure executive and managerial training and development programs and curriculum reflect current trends in Government, leadership competencies, and changes in policy direction. Use ongoing assessment of results for continuous review and update. **[Critical indicator]**

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In FY 2000 OEMD conducted two curriculum reviews and re-validated its curriculum against the Executive Core Qualifications (ECQs) and Competencies. The ECQs and Competencies have been defined and validated by the Office of Executive Resources Management as necessary for success at the SES level. (See Executive Resources, Salaries and Expenses section of the Annual Plan). OEMD used the ECQs and competencies to develop a “Leadership Journey” that integrates core program offerings at FEI and the MDCs and provides leaders with a development path from the supervisory level to SES certification. This “Journey” is a key part of our communication and marketing initiatives.

In FY 2000, FEI completed design of a new Leadership for Results program (Action Learning model), which uses state-of-the-art learning approaches to enable participants to work on significant agency issues as the vehicle for their training. This pilot test of the program began in August, 2000, with the Department of the Treasury and ends January, 2001. The program builds Return on Investment (ROI) into the design by having participants work in teams on significant agency business issues.

In FY 2000, OEMD established a Succession Planning Service with three Government groups (NOAA, DeCA and the CFO Fellows Program) to assist them in aligning their human resources and strategic goals. Services offered range from succession planning program development to assessment, coaching and mentoring training and services, to focused skill development.

In FY 2000, the MDCs improved the FY 1999 pilot and implemented, delivered and assessed five diversity programs (180 participants) that earned overall program evaluations of 4.4 on a 5.0 scale. The curriculum design was based on extensive review of policy initiatives, Government/private industry best practices and expert review of program design. The objective of the workshops was to communicate the business imperative of a diverse workforce as defined in the Report to the President’s Management Council (PMC) on Hispanic Employment in the Federal Government (submitted by the PMC Interagency Work Group).

OEMD, recognizing the increasing use of technology as a leveraging factor in delivering value to its customers, implemented several initiatives:

CEL partnered with the Defense Intelligence Agency/JIVA to provide five weeklong “Foundations for Virtual Teams” courses at the FEI. Each

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cohort represented intelligence analysts from across Government who are learning how to integrate leading edge virtual communication technology with virtual teamwork into the collaborative communities they are mandated to create.

A session introducing the foundations for virtual teams was offered by CEL as part of a larger team building for Defense Criminal Investigation Service (DCIS) in August 2000.

A weeklong program in working in virtual teams was custom designed and offered to DeCA in August 2000 by CEL.

A session introducing the collaborative process as the underlying foundation for building a knowledge management system was developed for the State Department OPAP Project by CEL.

In FY 2000, OEMD developed a plan to expand its Website capabilities to allow program participants to register electronically for programs, prepare pre-program materials, and complete course evaluations.

- M** The Federal Executive Institute's on-going multi-year evaluation project is designed specifically to measure program quality and effectiveness in 10-12 different areas. Some of these areas regularly include: pre-program sponsor forms and participant objectives' surveys which indicate expectations in advance of the program, on-site evaluations of every element of the program, and post-program feedback from alumni and agencies. Major initiatives in FY 2000 will include: 1) a continuing survey of sponsors and key agency officials to determine the effectiveness of the Institute's programs; 2) revision of pre-program sponsor's form to link objectives to action-planning and post-program follow-up with agency sponsors; 3) use of computer based simulations to allow high-level skills "practice" to measure improvement; and 4) post-program case studies of cross-functional groups that have been part of multi-phase training at the Institute (e.g., Regulatory agencies working on similar issues and measuring improvement over time).

In FY 2000, a different approach was used as a replacement for the multi-year evaluation project methodology. Although the multi-year approach outlined above was felt to be appropriate when begun in the mid-90's, we have changed the thrust of the approach (as reflected in the FY 2001 Annual

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Performance Plan). In short, in FY 1999, we reassessed the progress and results of the multi-year evaluation project and determined that a more structured approach was required. This different approach is the Kirkpatrick Methodology and it addresses this indicator, i.e., measure program quality and effectiveness. The Kirkpatrick Model of Evaluation is described under the first indicator, "Assess overall program quality and effectiveness..."

- M** In FY 2000, survey data from recent graduates of Management Development Center (MDC) seminars will be used to develop information on how to increase the ability of MDC alumni to apply the knowledge they gained in ER programs back at their work place (Levels 3-4 of the Kirkpatrick Model of Evaluation). This information will also be used to improve the design of our programs.

EMDC completed an evaluation study to collect information from FY 2000 graduates of the Leadership Potential Seminar. This multi-method survey asked graduates to self-assess their behavior changes in the 11 course objectives as a direct result of attending the course. These course objectives reflected competency-based knowledges, skills and abilities that are considered vital for leadership within the workplace. Respondents indicated significantly successful behavior change. Ninety-three percent indicated more effective behaviors after the course. More specifically:

- a. 92% of respondents indicated either "Completely" or "Generally Successful" in demonstrating "increased awareness of self and others.*
- b. 86% indicated "Completely or Generally Successful" in demonstrating behavior change in delivering and receiving feedback.*
- c. 85% indicated "Completely or Generally Successful" in demonstrating behavior change related to understanding the foundations of leadership, and that management and leadership are complementary but not interchangeable.*

In FY 2000, a web-based survey was developed and delivered to MDC alumni in August 2000. Resulting information and correlation of data has not been completed due to resource constraints. It is expected that these data will be evaluated by mid-year 2001.

- M** In FY 2000, begin piloting a Federal analogue of the Corporate University Exchange to share benchmarking data on leading edge management development programs with agency counterparts.

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In FY 2000, OEMD continued to do substantial benchmarking but by means other than the establishment of a federal analogue such as the Corporate University Exchange and often the benchmarking was done with other members of various consortia. Consequently, this indicator and the following one are combined in the FY 2001 Annual Performance Plan.

OEMD participated as a member of the American Productivity and Quality Center and was a sponsor of an ROI study conducted by the Center. The study benchmarked five organizations (three private sector, one Government and one quasi-government) that conduct ROI studies in executive and management training.

In FY 2000, OEMD, FEI/LDS, began sharing benchmarking data on leading edge management development programs with agency counterparts. Such sharing of data on the Action Learning Model/Program (Leadership for Results) took place with the Department of the Treasury, the Nuclear Regulatory Commission and the Department of Veterans Affairs. Additionally, FEI/CEL shared benchmarking data on the on-going research and subsequent management development programs being conducted by the Center for Creative Leadership (CCL) regarding the leadership skills necessary for executives working in international environments with the USAID. These exchanges enabled OEMD to access forward thinking practices/processes. This sharing of benchmarking data has led to improvements in the quality of programming and more nearly ensures that OEMD programs are using leading-edge management theories and practices.

In FY 2000, FEI hosted several international visitors who joined in discussions of both the FEI and the visitor Government programs. The purpose of these visits included potential collaboration, sharing best practices and student and faculty exchanges. International visitors included individuals or delegations from Korea, the United Kingdom, Hong Kong, and Malaysia.

- M** In FY 2000, seek membership in executive development consortiums (i.e., Government, academia, business) for the purpose of benchmarking our programs and identifying meaningful evaluation and measurement techniques used in other executive development programs.

EMDC continued its representation of OEMD on the National Academy of Public Administration's (NAPA) Consortium on Government Performance to

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gather up-to-date information (e.g., case studies on successful implementation of GPRA principles) on the Government Performance and Results Act for inclusion in OEMD program offerings. Based on learnings shared through consortium members, EMDC made course modifications to its GPRA Seminar. Overall course evaluations for FY 2000 seminars were 4.6 on a 5.0 scale. Additionally, EMDC continued its representation on the executive program committee that is responsible for designing the 2000 Excellence in Government conference. The President's Quality Award Program ceremony remains the centerpiece of the conference.

In FY 2000, OEMD participated in the Organization for Economic Cooperation and Development (OECD) Human Resources consortium of 25 countries that held a two-day meeting to share/benchmark leadership development practices. As a direct result of this participation, four countries expressed a keen interest in sending their senior executives to FEI. Additionally, OEMD participated in the Center for Creative Leadership's (CCL) "Friends of the Center" Conference and Executive Forum where a number of private companies shared best practices.

OEMD Goal 2

M

By the end of FY 2000, participation in OPM's executive and managerial training programs is increased and income and costs are balanced.

This program goal was established under Strategic Plan Goal IV in order to assist OPM in meeting its goal of delivering high quality cost effective human resources. In order to accomplish OEMD Goal 1 (improve individual and organizational performance), most effectively, we must continually improve, expand and grow our programs and products to meet client needs. This must be done in a fiscally responsible manner that provides the opportunity for development of new directions and methodologies while also keeping costs to consumers at a low/reasonable cost. As a revolving fund, it is necessary that we break-even over a reasonable period of time. In short, if we are to achieve Goal 1, our overall financial health must provide the margins needed to take advantage of investment opportunities while extending our market reach (growth in participation). There are four indicators to assess whether or not this goal is achieved. Of these, the first indicator was identified at the beginning of the year as most critical for achieving the goal. We met this goal by substantially exceeding both our FY 1999 performance and our FY 2000 estimate. OEMD conducted 328 sessions comprised of 10,164 participants, resulting in 87,890 participant training days.

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In addition to the accomplishments described under each indicator, we developed and maintained a Balanced Scorecard that translated the OEMD mission and strategies into objectives and measures, organized into four different perspectives: financial, customer, internal business procedures and learning and growth. We achieved 85% of our measures. The use of this methodology focused our attention and resources on key assets essential to our ability to survive and prosper. The measures, which are monthly reviewed, updated – and shared with all employees – resulted in better and quicker decisions. We believe the achievement of 85% of our measures was significantly responsible for OEMD's best year ever (in 32 years) and employees shared in that success via goal sharing.

- M** Outcome evaluation assesses the extent to which a program achieves its outcome-oriented objectives. It focuses on outputs and outcomes to judge program effectiveness, but may also assess program process to understand how outcomes are produced. The Kirkpatrick Model of Evaluation, described above, is used to assess overall program quality and effectiveness and how well courses improve participant's individual and organizational effectiveness (outcome). The analysis of those evaluations is used to continually review and update the training and development programs and curriculum (process). **[Critical indicator]**

Finally, OEMD output is measured primarily as the net increases and decreases in participants, and participant training days.

	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>
<i>Sessions</i>	225	230	328
<i>Participants</i>	6,422	7,477	10,164
<i>Participant Training Days</i>	66,226	73,241	87,890

- M** Increases in participant training, coupled with high course evaluations and a systematic approach to improvement in program delivery and curriculum based on the course evaluations is the basis for OEMD's overall outcome evaluation.

In FY 2000, 10,164 managers and executives participated in OEMD residential and non-residential programs for an overall increase of 36% over FY 1999. The dramatic growth is due primarily to increases in agency demand for custom programs and consulting. Additionally, course evaluations were high; initial estimate for core programs was 4.5 but ratings

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averaged 4.6 on a 5.0 scale (Likert) and also exceeded the standard of 4.4 on a 5.0 scale with an average evaluation of 4.6 for non-core programs. Finally, a systematic approach to curriculum improvement was achieved via utilization of curriculum conference results, focus group reports and benchmark collaborations.

- M OEMD's financial strategies continue to support current and future program needs, as well as maintain a strong fiscal condition. Financial performance for each organization is measured as a function of annual income and cost in the context of a three-year financial plan which includes meeting the requirements to "break-even" and setting a 3-year investment horizon to ensure that ER is careful and thorough about providing full value to its customers.

At the end of FY 2000, OEMD's cumulative retained earnings stand at approximately \$2,500,000. This provides a sufficient reserve to ensure financial stability and a stable base for investment to meet current and future program needs.

In FY 2000, OEMD, in its continuing effort to provide for current and future program needs and give value to its customers, designed, developed and implemented its Leadership Learning System (LLS) of which Training Server is the core database (Phase I). We began pilots of on-line courses for each site for pre/post course materials and data collection, on-line registration information forms, virtual collaboration courses and computer-based simulations. Intended outcomes are to lower program costs, provide evidence of impact of our programs through state-of-the-art technology while at the same time increasing program quality.

- M In FY 2000, financial performance standards for each organization will include actual performance within tolerances of initial estimate (+\$250k, -\$125k), sufficient cumulative retained earnings reserves to accommodate appropriate contingencies, and an investment strategy consistent with program requirements and break-even over a three-year period.

By design, in FY 2000 OEMD organizations exceeded performance tolerances on the plus side to achieve annual return earnings of +\$439,000 and cumulative retained earnings of approximately \$2,500,000. This was accomplished through revenue growth and the accompanying economies of

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scale and cost management. While OEMD is required to break even over a reasonable period of time, tolerances were exceeded to ensure a stable financial base of cumulative retained earnings including a sufficient contingency reserve. We believe that cumulative balance should remain between \$2 and \$3 million.

OPM STRATEGIC PLAN GOAL I

PROVIDE POLICY DIRECTION AND LEADERSHIP TO RECRUIT AND RETAIN THE FEDERAL WORKFORCE REQUIRED FOR THE 21ST CENTURY.

The FY 2000 Annual Performance Plan contained four goals (RIS Goals 1 through 4) that represented OPM's benefits design and policy agenda. In retrospect, we find that these goals are activity-based and their performance measures only partially verifiable and valid. Beginning with the FY 2001 Annual Performance Plan, this agenda is represented by a single annual performance goal. This single goal is focused on the outcome we seek — employee benefits that are more flexible and comprehensive — and will be measured by indicators developed under the corporate measurement strategy described in our revised Strategic Plan, dated September 2000.

RIS Goal 1

M

A Long-term Care program is implemented for Federal employees and annuitants, providing that authorizing legislation is passed.

This goal is critical to OPM's Strategic Goal I since it represents a significant enhancement to the Federal employee benefits package, and makes Federal employee benefits more comprehensive and competitive with those offered in the private sector. Comprehensive and competitive benefits are essential in order for the Federal Government to recruit and retain a high quality workforce. Long-term Care Insurance for Federal employees, retirees, and their families is now a certainty. During FY 2000, we worked with the Congress to resolve the differences in the competing versions of the authorizing legislation for this program. This work came to fruition on September 19, 2000 when the President signed the Long-term Care Security Act.

We have already begun the work needed to implement the Long-term Care Insurance Program by October 2002. For instance, we have launched a Website for the Program, and are positioning the resources to develop implementing regulations, solicit and review contract proposals, and develop the educational materials for potential program enrollees. While we do not have data from our surveys of Human Resource Directors and Specialists, the overriding accomplishment is that we now have the authority and resources to implement a Long-term Care Insurance program.

M Long-term care program is implemented within timeframes described in authorizing legislation. **[Critical indicator]**

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The final version of the Long-term Care Security Act (public law 106-265) was passed by both houses of Congress in the summer of 2000, and was signed by the President on September 19, 2000. We have already begun the work needed to implement the Long-term Care Insurance Program by October 2002, as required by the Act.

- NX** Agency HR Directors are satisfied with OPM's policy, technical assistance, and guidance materials for implementing a long-term care program, as indicated in the DCSS and/or through informal customer feedback.

Since the Long-term Care Security Act was not signed into law until September 19, 2000, no information regarding the implementation of the program could be obtained from the DCSS.

- NX** Agency HR Specialists are satisfied with OPM's efforts in providing technical assistance and guidance materials dealing with long-term care, as indicated in the CSS and/or through informal customer feedback.

The survey of HR Specialists for FY 2000 was postponed until the spring of FY 2001. Therefore, we have no FY 2000 data for this indicator.

- RIS Goal 2** **M**
New life insurance products are offered to Federal employees and annuitants.

Public Law 105-311, the Federal Employees Life Insurance Improvement Act (enacted October 30, 1998), authorized OPM to expand current benefit options available from the Life Insurance Program. It also directed us to conduct a study and submit a report to the Congress on the desirability of offering Federal employees certain new group life insurance products. These new products included group universal life insurance, variable group life insurance, and voluntary death and dismemberment insurance. A report was prepared and submitted to Congress in May, 1999. Subsequent to our report to Congress, we discussed the creation of these new products within the Administration. As a result of issues raised during these discussions, OPM did not pursue the addition of new life insurance products.

However, we moved forward with the other options authorized by the Federal Employees Life Insurance Improvement Act. Federal employees now have more life insurance coverage choices as employees may elect 5 times as much

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coverage for their families, and may elect coverage for foster children. Our efforts to implement these provisions began during FY 1999 as we produced implementing guidance and provided an open enrollment period for Federal employees. All of these activities were implemented within the timeframes described in the Act. We completed the implementation of PL 105-311 in April 2000 when the elections employees made during the open enrollment period became effective.

- M** New life insurance products are implemented within timeframes described in authorizing legislation. **[Critical indicator]**

New options under the Federal Employees' Life Insurance Program were developed and implemented during FY 1999 and all had become effective by April 2000, as required by the Federal Employees Life Insurance Improvement Act, while the Administration decided that other products should not be pursued.

- NX** Agency HR Directors are satisfied with OPM's policy leadership and agency involvement dealing with implementing new life insurance products, as indicated in the DCSS and/or informal customer feedback.

No information specific to the implementation of the Federal Employees' Life Insurance Improvement Act was obtained from the FY 2000 DCSS. However, the following results regarding OPM's policy leadership in the insurance benefits area are available.

<u>% HR Directors Satisfied</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>
<i>With OPM's policy leadership in insurance benefits</i>	<i>80%</i>	<i>No Data</i>	<i>92%</i>

- NX** Agency HR Specialists are satisfied with OPM's technical assistance and guidance materials dealing with implementing new life insurance products, as indicated in the CSS and/or informal customer feedback.

The survey of HR Specialists for FY 2000 was postponed until the spring of FY 2001. Therefore, we have no FY 2000 data for this indicator.

- RIS Goal 3** **M**
Flexible, responsive, and cost-effective employee benefits policies and packages are developed by a Center for Benefits Design and Delivery.

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We met this goal during FY 2000 based on our successful implementation of several benefit options for Federal employees and annuitants that made the Federal employee benefits more flexible, responsive to employee needs, and cost effective. A cornerstone of our work in responding to emerging benefit design and policy needs has been our assertive approach in developing and promoting premium conversion. With this new plan, Executive Branch employees will save money, as premium conversion uses Federal tax rules to let employees deduct their share of health insurance premiums from their taxable income thereby reducing their taxes. This plan is similar to the private sector, which has allowed their employees to deduct health insurance premiums from their taxable incomes for many years. OPM has issued regulations to implement this package effective October 1, 2000. The Center has also contracted with a benefits consultant on this issue as well as on a flexible spending account program.

Another significant benefit design focus has been parity on FEHB mental health issues. We issued a call letter to health benefit carriers for the 2001 FEHB contracts, which advanced the mental health and substance abuse parity, and the reduction in medical errors initiatives. The call letter instructed the carriers to “eliminate differences in benefit levels and limitations between coverage for mental health and substance abuse and medical, surgical, and hospital services.” Further, the letter directs carriers to report on their current initiatives to improve patient safety and make recommendations on how to provide Federal enrollees with consumer information on this issue.

Finally, we responded to the President’s call to address patient safety. We collaborated with the Department of Labor’s Health Benefits Education Campaign, and others, to develop evidence-based, actionable messages that inform consumers of what they should do if they are concerned about the medicines they are taking, or the care and treatment they are receiving from health care professionals. As a result, we helped develop the “Five Steps to Patient Safety” that were widely adopted both in and out of Government. For instance, OPM, the Health Care Financing Administration, the Department of Defense, and organizations including the National Coalition on Health, General Motors, the National Caucus and Center on Black Aged, and the Employer Health Care Alliance will use these steps to educate consumers.

M Respond to emerging benefits design and policy needs. **[Critical indicator]**

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We effectively pursued three major benefit design and policy initiatives that emerged in late FY 1999 or during FY 2000.

First, Premium conversion was implemented effective October 1, 2000.

Second, the foundation was laid for mental health and substance abuse parity within the Federal Employees Health Benefits Program, based on the call letter to carriers for the 2001 contract year.

Third, we collaborated with others to develop the "Five Steps to Patient Safety" that were widely adopted both in and out of Government and published in the FY 2000 Open Season Guide.

Because this measure is subjective in that a third party might not agree that OPM's actions were responsive to emerging benefits needs, it has been dropped from our FY 2001 and FY 2002 Performance Plans in favor of quantitative indicators developed within our corporate measurement framework.

M Organizations outside of OPM recognize RIS' leadership in the benefits industry.

An example of the recognition of our leadership is that we are continually asked to actively participate in several benefits related associations, committees and consortiums. For instance, we have participated in National Consortium of Quality Assurance to collect Health Plan Employer Information System data and participated in the Washington Business Group. Because of the subjective nature of this indicator, we have dropped it from our FY 2001 and FY 2002 Performance Plans in favor of quantitative indicators developed within OPM's corporate measurement framework.

M External studies indicate that Federal employee benefits are competitive with those offered in the private sector.

The Watson Wyatt Data Services' 2000/2001 Report on Employee Benefits found that the average costs associated with a "typical" benefits package rose 9.6% from 1998 to 1999. Over the same period, the cost of medical benefits increased an average of 10.9%. Watson Wyatt forecasts that the medical benefits cost will increase during 2000 by an average 10.3%. In comparing these findings to the Federal Employees Health Benefits Program, the average

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premium increased at a comparably lower rate. The average percentage premium increase in the FEHBP rose 10.2% from 1998 to 1999, and 9.3% from 1999 to 2000. From 1991 through 2000, the average annual FEHBP rate increase was 5.3.

M Results of the DCSS indicate that OPM is meeting the agencies' policy needs in the area of earned employee benefits

In FY 2000, the questions used in the DCSS were adjusted to establish a baseline for our corporate measurement framework. Therefore, the FY 2000 data does not align precisely with the FY 1998 results. Despite this, however, a comparison of the results from both years is an indication of our performance under this measure. The DCSS was not conducted in FY 1999.

<i>% HR Directors Satisfied</i>	<i><u>FY 1998</u></i>	<i><u>FY 1999</u></i>	<i><u>FY 2000</u></i>
<i>That OPM collaborates effectively developing benefit enhancements</i>	<i>No Data</i>	<i>No Data</i>	<i>71%</i>
<i>With OPM's policy leadership in Retirement Benefits, and Insurance Benefits</i>	<i>93%</i> <i>80%</i>	<i>No Data</i> <i>No Data</i>	<i>94%</i> <i>92%</i>
<i>That OPM has kept them informed regarding new proposals</i>	<i>No Data</i>	<i>No Data</i>	<i>86%</i>

RIS Goal 4

M

Retirement coverage errors are corrected for all people affected, in a way that is easy to understand and can be effectively administered.

This goal is critical to OPM's Strategic Goal I since it addresses a wide-spread and highly visible human resource policy need. Federal employees need to know that their employee benefits are administered fairly and that the Federal Government, as an employer, has their best interests at heart. A legislative solution to retirement coverage errors — the Federal Erroneous Retirement Coverage Correction Act — was signed into law on September 19, 2000. The legislation sets out time frames for OPM to issue regulations and implement its provisions. We have moved forward aggressively to implement the provisions of the Federal Erroneous Retirement Coverage Correction Act including deploying a Web site that provides guidance and benefit calculators to the agencies and to Federal employees. We are developing regulations for publication in March

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2001, as required by the Act. Although we established but a single indicator for this goal, HR Directors satisfaction with OPM's policy leadership in this area, the overriding accomplishment is that we now have the authority and resources to correct retirement coverage errors for affected employees.

- M** Increased level of satisfaction among agency HR Directors regarding OPM's policy leadership in the correction of retirement coverage errors, as measured in the DCSS and/or informal customer feedback.

<i><u>Policy Leadership/Useful Guidance</u></i>	<i><u>FY 1998</u></i>	<i><u>FY 1999</u></i>	<i><u>FY 2000</u></i>
<i>Correction of Retirement Coverage Errors</i>	<i>90%</i>	<i>Insufficient Data</i>	<i>83%</i>

<i><u>Agency Involvement/Kept Informed</u></i>	<i><u>FY 1998</u></i>	<i><u>FY 1999</u></i>	<i><u>FY 2000</u></i>
<i>Correction of Retirement Coverage Errors</i>	<i>80%</i>	<i>Insufficient Data</i>	<i>86%</i>

OPM STRATEGIC PLAN GOAL II

PROTECT AND PROMOTE THE MERIT-BASED CIVIL SERVICE AND THE EMPLOYEE EARNED BENEFIT PROGRAMS THROUGH AN EFFECTIVE OVERSIGHT AND EVALUATION PROGRAM.

RIS Goal 5

M

The financial oversight of the employee benefit trust funds is strengthened in that (a) the FY 1999 Trust Fund annual financial statements receive unqualified opinions from an independent auditor, (b) the earned benefit financial sub-systems are integrated with the new general ledger installed in early FY 1999, and (c) financial policies and procedures supporting the earned benefit financial systems are properly documented and comply with applicable requirements and standards.

This is a critical goal in order for OPM to meet Strategic Goal II since it focuses on OPM's oversight and management of the employee trust funds, and addresses some of the Management Challenges confronting the agency. Success under this goal demonstrates to all stakeholders that OPM is fulfilling its fiduciary responsibilities regarding these trust funds and is a responsible and competent financial manager. The most significant indicators of our success are the unqualified audit opinions received during FY 2000 on the FY 1999 financial statements for the trust fund programs and the fact that no new material weaknesses were identified by the independent auditors. Another

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indicator is the progress toward resolving identified material weaknesses we reported in our FY 2000 assurance letter under the Federal Managers Financial Integrity Act. As reported in our FY 1999 Performance Report, we implemented a new core financial management system during FY 1999 and linked it to our sub-systems. Based on these results, we met our goal for FY 2000 and are progressing toward our strategic goal.

In our new Strategic Plan, the desired outcome regarding our financial management of the employee benefit trust funds is described in Strategic Goal IV, "The Employee Benefit Trust Funds are Models of Excellence and Integrity in Financial Stewardship." This outcome is supported by an annual goal that describes one of the main ingredients for achieving it: To bring the trust fund financial management systems into compliance with the Federal Managers Financial Improvement Act.

- M The 1999 annual financial statements for the Retirement and Life Insurance programs receive "unqualified opinions" from the independent auditing firm. **[Critical indicator]**

For the second year in a row, RIS received an unqualified audit opinion on all three trust funds, which reflect more than \$500 billion in Federal assets.

- M The FY 2000 annual financial statements for all of the three benefit programs, published in FY 2001, receive "unqualified opinions" from the independent auditor firm. **[Critical indicator]**
The audit opinions for the FY 2000 financial statements for the trust funds and the consolidated statements for OPM received unqualified opinions from our independent auditors.

- N Financial policies and procedures are documented as planned.

Several installments of a Financial Management Manual were drafted during FY 1999. Because of delays in completing this project, and concerns about the quality and completeness of the drafted installments, OPM brought in new contractor support during FY 2000. The full manual will be completed in FY 2001.

- N The Financial Management Manual is completed and distributed to RIS accounting staff by mid-FY 2000.

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See discussion above.

- M** The OPM FMFIA assurance letter for FY 2000, published in FY 2001, shows that identified material weaknesses in benefits program's internal and management controls are resolved. **[Critical indicator]**

Our FY 2000 FMFIA Assurance letter reported significant progress in five important areas involving the trust fund financial systems – three areas of material weaknesses in management controls and two involving nonconformance with financial management requirements. One of the three material weaknesses was reported as completely resolved. We made enough progress in two other material weaknesses that they no longer will be reported externally. This leaves but a single area that we reported as a material weakness in FY 2000 and we expect to resolve this area during FY 2001.

<u>Areas of Material Weakness</u>	<u>FY 1999 Status</u>	<u>FY 2000 Status</u>
<i>Retirement Program Public Receivables</i>	<i>Reported as a Material Weakness</i>	<i>Reported as Resolved</i>
<i>Enrollment and Premium Reconciliation</i>	<i>Reported as a Material Weakness</i>	<i>Reported as a Material Weakness</i>
<i>Controls over Investments</i>	<i>Reported as a Material Weakness</i>	<i>Reported Internally Only</i>
<i>Annuitant Withholdings Transactions Balances</i>	<i>Reported as a Material Weakness</i>	<i>Reported Internally Only</i>
<i>Systems Development Life Cycle for Major Systems Implementation Efforts</i>	<i>Elevated to Agency- wide Status</i>	<i>Elevated to Agency- wide Status</i>
<i>EDP General Control Environment</i>	<i>Elevated to Agency- wide Status</i>	<i>Elevated to Agency- wide Status</i>

- M** The audit reports of the benefit program's FY 2000 annual financial statements, published in FY 2001, describe no new material weaknesses in internal controls. **[Critical indicator]**

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The audit reports for the FY 2000 financial statements of the trust fund programs did not identify any new material weaknesses in internal controls.

OPM STRATEGIC PLAN GOAL III

PROVIDE ADVICE AND ASSISTANCE TO HELP FEDERAL AGENCIES IMPROVE THEIR HUMAN RESOURCES MANAGEMENT PROGRAMS TO EFFECTIVELY OPERATE WITHIN THE ECONOMY, DEMOGRAPHICS, AND ENVIRONMENT OF THE 21ST CENTURY.

OPM provides a wide variety of services to assist Federal agencies with the administration of their Human Resource programs. The FY 2000 Annual Performance Plan contained three goals (RIS Goals 6, 7, and 15), the last of which was based on financing through the Advances and Reimbursements budget account, that pertain to agency services for the employee benefits programs. In developing the FY 2001 and FY 2002 Performance Plans, we determined these three goals were not focused and did not clearly represent our priorities. To correct this, we developed a single goal "More Retiring Federal employees receive benefits counseling and agency benefit officers are provided with improved information and tools for these services" to focus more directly on our current priority and on our long-term objective to provide accurate and consistent benefits counseling and information to all program stakeholders.

RIS Goal 6

M

Benefits information is more easily available to both agency benefit officers and employees, and is written in Plain Language.

We were successful during FY 2000 in making benefits information more easily available to benefits officers and employees. Evidence of our success is most clearly seen in our efforts to meet the technical assistance needs of agency benefits counselors through the creation of the Benefits Administration Information on-line mailing list, and the findings described in the study, "Federal Benefits Counseling: Putting the Pieces Together," described below. The findings of this study are useful since we do not have data from the survey of agency HR specialists, which we postponed until the spring of FY 2001.

M Responsiveness to sudden changes in policy direction is demonstrated.

An example of our ability to respond to sudden changes in the direction of benefits policy is the implementation of the health benefits premium conversion during FY 2000. The potential for offering this benefit to Federal

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employees had not been a priority when we assembled our FY 2000 Performance Plan. However, once the decision was made in December 1999, we moved quickly to publish regulations and provide guidance to the agencies so that premium conversion became effective on October 1, 2000.

- M Technical assistance needs of agency benefit counselors and employees are met. **[Critical indicator]**

We put the finishing touches on the Benefits Administration Information (BAI) online mailing list. The BAI emails information, primarily Benefits Administration Letters (BAL), to subscribers. While the primary customers for the BAI list are agency benefits officers, anyone, anywhere can subscribe to the list. BAL 00-701 announced the new service and provides easy instructions for subscribing to the list. This service gives agencies a “heads up” when new information is posted to the web. It will also ensure that agencies with limited web access will get quick access to new benefits administration information. In its first week, the BAI online mailing list signed up more than 400 subscribers. We continued using plain language as we review and edit our Civil Service Retirement Systems Facts pamphlets.

- M Increase agency HR Specialists’ satisfaction with information sharing, technical assistance, and guidance materials regarding employee benefit programs, as measured by the percentage of favorable ratings (or maintenance at 90% or higher) in the CSS and/or through informal customer feedback. **[Critical indicator]**

Reported levels of satisfaction with general information sharing and technical assistance as measured in the CSS for HR Specialists working in the Retirement and Insurance benefits area through FY 1999 are shown below. The was no survey in FY 2000. Therefore, we have no FY 2000 data from this survey. However, the study Federal Benefits Counseling: Putting the Pieces Together conducted by our Office of Merit Systems Oversight and Effectiveness, indicates that agency benefit counselors “praised the OPM Website as a user-friendly source of benefits information, and an OPM “best practice.”

<i>Information Sharing</i>	<i>FY 1998</i>	<i>FY 1999</i>	<i>FY 2000</i>
<i>General Information Sharing</i>	<i>88%</i>	<i>80%</i>	<i>No FY 2000 Data</i>
<i>HB Open Season</i>	<i>93%</i>	<i>88%</i>	<i>No FY 2000 Data</i>
<i>Life Insurance</i>	<i>93%</i>	<i>87%</i>	<i>No FY 2000 Data</i>

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<i>Technical Assistance</i>	<i>FY 1998</i>	<i>FY 1999</i>	<i>FY 2000</i>
<i>General Technical Assistance</i>	<i>85%</i>	<i>80%</i>	<i>No Data</i>
<i>HB Open Season</i>	<i>90%</i>	<i>86%</i>	<i>No Data</i>
<i>Life Insurance</i>	<i>89%</i>	<i>84%</i>	<i>No Data</i>

- NX** RIS will use the CSS for other similar initiatives and products, and to determine the extent to which HR Specialists find benefits information is (a) easily accessed via the Web, CD-ROM, and other electronic media, and (b) that this information is easy to read and understand.

There was no survey of HR Specialists in FY 2000. Therefore, we have no FY 2000 data for this indicator.

RIS Goal 7

M

Agency personnel are more knowledgeable about the administration of earned benefit programs and are better able to provide benefits counseling and related assistance to Federal employees and retirees.

During FY 2000, we ensured that agency personnel are more knowledgeable about the administration of the benefit programs and are better able to provide benefits counseling and related assistance. Our success is evident in that our recent study of benefits counseling in the agencies indicates that agency benefit counselors rely on our web site as a resource for their work and find it useful. In addition, retiring employees indicate their continuing high levels of satisfaction with the retirement counseling they received in preparation for retirement. Although the percent of retiring employees reporting that they received counseling was below the target we had set, this indicator did reflect marginal improvement and is offset by the evidence discussed above.

- M** Increase agency HR Specialists' satisfaction with the availability of benefits information via the OPM Website so that they are better able to provide benefits counseling and related assistance to Federal employees and retirees, as demonstrated by levels of satisfaction in the CSS and/or informal customer feedback. **[Critical indicator]**

Reported levels of satisfaction by HR Specialists working in the Retirement and Insurance benefits areas as measured in the HR Specialists CSS through FY 1999 are shown below. There was no survey in FY 2000. Therefore, we have no data from this survey. However, information from the study Federal Benefits

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Counseling: Putting the Pieces Together, shows that 83% of agency benefit counselors use the OPM web site, and those interviewed found it very useful.

	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>
Website Information is Useful	99%	99%	No Data
Website is Friendly	98%	99%	No Data

- N** Increase in the number of retiring Federal employees who receive retirement counseling or planning support from their former agencies – 75%.

The Client Satisfaction Survey of Civil Service Annuitants provided the following:

<u>FY 1996</u>	<u>FY 1997</u>	<u>FY1998</u>	<u>FY 1999</u>	<u>FY 2000</u>
67%	71%	76%	68%	70%

- M** Increase in the number of retiring Federal employees who are satisfied with the retirement planning and counseling they received – 85%.

The Client Satisfaction Survey of Civil Service Annuitants provided the following:

<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>
87%	85%	78%	88%	88%

- RIS Goal 15** **M**
Agency staff are more knowledgeable about the administration of the earned benefit programs by attending the Annual Benefits Officers Conference, attending pre-conference training, and/or the annual Fall Festival of Training.

This goal mirrors Goal 7, but is focused on our Annual Federal Conference and the Fall Festival of Training. As demonstrated below, both of these events were successful in FY 2000. These are not direct measures of success under this goal and we have addressed this issue by implementing the corporate measurement strategy described in our revised strategic plan and aggregating our annual goals in our FY 2001 and FY 2002 Performance Plans.

- M** Post-conference feedback and/or the CSS indicate agency personnel find these programs improve their knowledge of the benefit programs.
[Critical indicator]

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Post-conference and training session feedback: At the FY 2000 Fall Festival of Training, of 432 post-conference evaluations, 379 (88%) rated the workshops overall as "well above average" or "outstanding."

Results of the post-conference evaluations of the FY 2000 Federal Benefits Conference indicate that 88% of the 500 attendees found the conference to be "very good to excellent."

RIS Goal 8

N

A baseline is established regarding the quality of agency submissions to the retirement system based on OPM reports to agencies that include information about how many of the retirement claims submitted were complete and ready for immediate processing.

This annual goal was dropped from the FY 2001 and FY 2002 Performance Plans since it pertains to internal operating activities rather than an agency-level outcome.

N A baseline level of agency performance will be established during FY 2000, based on quality data collected by the tracking system developed in FY 1999, and communicated to agencies by the end of FY 2000.

[Critical indicator]

While we have not established the baseline regarding the quality of agency retirement submissions, we completed development of the system that will generate this data in mid-November 2000. We are now working with the data produced by this system and expect to establish the promised baseline data by April 2001. The system will become the primary source of virtually all workload tracking and performance data for the retirement and survivor claims we process under the Civil Service and Federal Employees Retirement Systems. In addition, the system will provide information on an agency-by-agency basis regarding whether incoming claims are fully documented or require additional development.

NX HR Specialists find this quality information is useful toward improving their internal retirement processes, as demonstrated in satisfaction levels in the CSS and/or informal customer feedback. **[Critical indicator]**

Since the system that will produce the quality information has not completed, data could not be collected for this measure.

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RIS Goal 16

D

Agency retirement records are stored with OPM when they are changing their payroll systems.

No assessment has been made regarding this goal since it pertains to an internal operating activity that has little bearing on the performance of the Retirement Program. Therefore, this goal has been dropped from the FY 2001 and FY 2002 Performance Plans.

D Agencies continue to request these services from OPM.

Since no assessment is being made under this goal, no performance information has been collected and the indicator has been dropped.

OPM STRATEGIC PLAN GOAL IV

DELIVER HIGH-QUALITY, COST-EFFECTIVE HUMAN RESOURCES SERVICES TO FEDERAL AGENCIES, EMPLOYEES, ANNUITANTS, AND THE PUBLIC.

RIS Goal 9

M

The delivery of services in the FEHB Program is improved by developing and using health care quality measures and communicating quality information to program customers and prospective customers.

This goal is essential toward evaluating the delivery of services to Federal employees and annuitants since the health benefits program is a cornerstone of the Federal employee benefits package and covers most active employees and annuitants – nearly 9 million people.

The delivery of FEHB Program services improved during FY 2000 as evidenced by the increase in the percentage of program customers enrolled in health plans that are either accredited by an independent accrediting association, or rated average to above average by the Consumer Assessment of Health Plans Survey. The independent accrediting associations include the National Committee for Quality Assurance, the Joint Commission on Accreditation of Healthcare Organizations, and the American Accreditation Healthcare Commission/URAC. The FY 2000 result of 90% enrolled in such plans exceeds the 65% target level by nearly half. Furthermore, it means that most program customers are receiving quality health care and that our efforts to communicate health care quality information to them have been effective.

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- M Partnerships are used to promote the use of Health Care Quality Measures.

We continue to use partnerships with other Federal agencies and organizations in the health care industry to improve the operations of the Health Benefits Program. During Summer 2000, for instance, we participated in the kickoff meeting of the Quality Interagency Coordination Task Force (QUIC) work group on patient safety initiatives, hosted by the Agency for Healthcare Research and Quality. We participate in focus groups and continue to collaborate with the American Accreditation HealthCare Commission and the Internet Healthcare Coalition. Regarding federal partnerships, another recent example is our participation with the Department of Health and Human Services on proposed regulations for the protection and privacy of individuals' individually identifiable health information. In June, we attended a meeting with the Department of Labor, along with other private and federal agencies, to provide input in the development of a web site, called Quality Briefcase. This meeting was a part of Labor's health benefits education campaign to inform employers and consumers about quality and safety in employer-provided health plans.

Because this measure is subjective and describes a strategy or action that we will pursue, instead of an outcome, we have dropped it from our FY 2001 and FY 2002 Performance Plans.

- M Customer satisfaction with the HB plan reaches 74% for HMOs and 82% for FFSs. **[Critical indicator]**

This indicator was met since customer satisfaction during FY 2000 remained consistent with FY 1999 and this was the intention when the target levels shown above were set. During FY 1999, the measuring instrument for this indicator was changed to the Consumer Assessment of Health Plans Survey (CAHPS). This survey instrument is the health care industry's most thoroughly tested and widely accepted tool for obtaining customer feedback regarding health plan performance. The CAHPS-based results were published in our FY 1999 Performance Report and revised target levels for FY 2000, shown above, were published in our FY 2001 Annual Performance Plan. In the later part of FY 2000, the calculation of this indicator was adjusted so health plans are now held to a higher standard when determining overall customer satisfaction. This change had the effect of lowering the FY 1999 and FY 2000 results. The adjusted FY 1999 results and the FY 2000 results

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are shown below. Revised target levels, based on the new method of calculating overall customer satisfaction are reflected in our FY 2002 Performance Plan.

	<i>CAHPS Overall Customer Satisfaction Data</i>		
	<u>Original FY 1999</u>	<u>Revised FY 1999</u>	<u>FY 2000</u>
<i>HMOs</i>	74%	60%	59%
<i>FFSs</i>	82%	70%	70%

N Percent of participating plans that are highly rated or accredited – 65%.

<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>
25%	30%	61%	55%

As discussed in the 1999 Performance Report, an indicator of the extent to which the FEHB is quality driven is reflected in the percentage of participating plans that are accredited or rated by their customers as above average in overall customer satisfaction. This indicator was adopted during FY 1999, for which a target level was first established in the FY 2001 Annual Performance Plan at 65%. During FY 2000, the percent of highly rated or accredited plans in the FEHBP dropped to 55%.

M Percent of customers enrolled in a highly rated or accredited plan – 65%.
[Critical indicator]

<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>
16%	65%	32%	90%

This also is a new indicator adopted during FY 1999, for which a target level was first established in the FY 2001 Annual Performance Plan at 65%. This is the most critical measure for the health benefits program since it is an indication of the results of OPM's strategy to implement quality measures in the program and communicate information about health plan performance to program customers. Given that the goal is to improve the delivery of health benefits program services, the FY 2000 results indicate that most program customers are choosing a health plan that provides them with quality services.

N HB disputed claims processed within 60 calendar days – 99%.

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<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>
92%	98%	98%	97%

NX Routine correspondence answered on time – 90%

<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>
90%	90%	90%	No Data

We cannot report for this measure for FY 2000, since we do not have a valid and reliable method of tracking this correspondence related to the insurance programs. For these reasons, we have dropped this indicator in our FY 2001 and FY 2002 Plans.

RIS Goal 10

M

Claims for life insurance benefits are at least 99% accurate and paid within 10 days of being fully documented to the Office of Federal Employees Life Insurance.

Having reduced processing times to the target level during FY 2000, we have met the most critical aspect of delivering life insurance benefits – the timeliness with which these benefits are paid. While the accuracy of these payments is also important, we always have maintained accuracy at very high levels.

M More than 99% of claims payments are accurate as a percentage of the numbers paid.

<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>
99.5%	99.5%	99.6%	99.6%	99.5%

M More than 99% of claims payments are accurate as a percentage of the dollars paid.

<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>
99.8%	99.6%	99.8%	99.8%	99.7%

M More than 99% of claims payments are accurate as a percentage of the numbers certified by OPM.

<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>
99.7%	99.6%	99.7%	99.8%	99.6%

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Because this measure pertains to internal operating procedures, and is not indicative of overall program performance, we have dropped it from future performance plans.

M Timeliness of claims payments – 10.0 days. **[Critical indicator]**

<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>
6.8	6.8	8.2	11.3	10

RIS Goal 11

N

The FY 1999 level of customer satisfaction, processing times, and accuracy rates for processing new claims for annuity and survivor benefits is increased or maintained.

The delivery of Retirement Program services to annuitants were covered by three annual goals in the FY 2000 Annual Performance Plan – RIS Goals 11, 12, and 13. These goals have been aggregated into a single goal in the FY 2001 and FY 2002 Plans to focus on the Retirement Program's highest priorities.

Customer satisfaction remained at or near its historically high levels during FY 2000. Seventy-eight percent of new retirees said they received the first benefit payment either when or before they expected and 91% of new retirees said they are very or generally satisfied with how their claim was handled. However, claims processing times – especially FERS retirement claims – did not meet the target levels we had set for them. FERS claims now represent about 20% of our total claims work and will continue to increase as the CSRS workload declines over the next several years.

Early in FY 2000, we initiated a project to process the oldest FERS claims, while at the same time reducing the overall balance of FERS claims on hand. We were very successful and reduced the balance almost 40% by the end of the year. At the same time, the number of aged (more than 90 days old) cases dropped by over 53%. One outcome of this, however, was that the average processing time more than doubled due to the large number of aged cases processed, meaning that retirees received interim annuity payments for longer than we targeted. To avoid being faced with this situation in the future, we have replaced staff lost by attrition by hiring 20 new FERS benefits specialists and re-positioning CSRS benefit specialists to process FERS claims.

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Improving claims processing times will continue to be a priority in our FY 2001 and FY 2002 Performance Plans.

N Customers who received first payment when expected – 80%. **[Critical indicator]**

<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>
74%	78%	74%	81%	78%

M Annuitants who indicate overall satisfaction with the handling of retirement claims – 90%. **[Critical indicator]**

<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>
92%	90%	88%	93%	92%

N Interim payment processing time in calendar days – 3 day standard.

<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>
5	5	3	3	5

N CSRS annuity processing time in calendar days – 25 days. **[Critical indicator]**

<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>
42	39	23	32	44

N CSRS annuity claims accuracy – 96%.

<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>
90.9%	94.0%	92.9%	88.0%	93.5%

N FERS annuity processing time in calendar days – 60 days. **[Critical indicator]**

<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>
79	81	93	94	185

N FERS annuity claims accuracy – 95%.

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<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>
94.1%	95.4%	94.5%	92.4%	87.6%

M Survivor annuities authorized via Survivor Express Pay – 65%.

<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>
51%	62%	62%	71%	71%

NX CSRS death claims accuracy – 97%.

<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>
94.3%	91.8%	96.9%	98.7%	No Data available

M Overall payment accuracy in dollars – 99.9%.

<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>
N/A	99.9%	99.9%	99.9%	99.9%

N Overall survivor pay processing time in calendar days – 10 days.
[Critical indicator]

<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>
25	11	20	14	20

N Survivor Express processing time in calendar days – 4 days.

<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>
8	5	9	6	9

RIS Goal 12 N
The FY 1999 level of customer satisfaction with RIS teleservices and the timeliness of written responses to inquiries is increased or maintained.

We continued to improve our telephone services during FY 2000 as overall customer satisfaction with call handling remained at 90% for the second consecutive year. Also, the volume of calls handled by customer service representatives in our Call Centers – while falling just short of our 1.1 million-call target level - increased nearly 7% over last year. This figure does not include the additional 142,397 calls that were handled by our interactive voice response phone systems. We made other improvements in our

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telephone services that included the addition of Spanish-language services. Since May 2000, three new bilingual Benefits Specialists have handled both written and telephone inquiries from Spanish-speaking customers.

However, we did not meet this goal as we fell short of our performance targets regarding the timeliness of written inquiries. Customer satisfaction decreased this year with the timeliness of our responses to these inquiries. Further, we did not answer priority (congressional) and controlled correspondence (written inquiries that can not be answered in our mail servicing areas) within our timeliness standards. While we do not have the resources to dedicate more staff to answering written inquiries, we are confident that we can improve our performance. First, we will increase staff awareness of our performance by making better use of our performance information systems. In addition, we will reduce the volume of written inquiries by the increasing the use of Internet e-mail.

Another step toward reducing the number of written inquiries is the development of the "on-demand" retirement benefit booklet. Currently, many separate responses are used to reply to customer requests for information about their retirement benefits, and other issues. The new booklet will give us the ability to meet most information needs in a single consistent document, and provide complete and up-to-date benefit information on any active retirement case upon request. We launched the on-demand booklet for retirees in early 2001, and will implement a similar booklet for survivor annuitants later in the year.

M Overall satisfaction with call handling – 90%. **[Critical indicator]**

<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>
81%	88%	85%	90%	91%

N Overall satisfaction with content and timeliness of written responses – 87%. **[Critical indicator]**

	<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>
<i>Content</i>	73%	78%	85%	75%	77%
<i>Time</i>	70%	76%	85%	73%	70%

N Calls handled – 1,023,100 Target level was changed to 1,100,000 in FY 2001 Plan. **[Critical indicator]**

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<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>
574,242	667,504	974,380	1,010,127	1,078,394

Note: The calculation of this measure has been changed in the FY 2001 and 2002 Performance Plans to include calls handled by our self-service telephone system. Performance targets for FY 2001 and 2002 that will appear in these Plans have been adjusted accordingly.

N Percentage of priority correspondence answered on time – 95%.

<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>
89%	92%	93%	93%	90%

N Percentage of regular correspondence answered on time – 85%.

<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>
87%	N/A	76%	79%	73%

RIS Goal 13

N

The FY 1999 level of customer satisfaction with the accuracy and timeliness of account maintenance services is improved, and workload balances are reduced, as more of these customer service requests are handled through the telecommunications media.

Customer satisfaction with annuity roll maintenance functions remained strong at 90%, and we reduced our account maintenance workload balances by the end of FY 2000. While we did not meet the target levels for our other indicators, we improved services.

We processed 34% of account maintenance services through self-servicing technology and expanded the range of services available through our interactive Website in May 2000. Annuitants accessing our Website can now change their address, set-up direct deposit of their annuity payments, and establish allotments to selected organizations.

We remain convinced that self-servicing will reap additional benefits in the near future when the system will be able to handle checking and savings allotments, and contributions for the Combined Federal Campaign (CFC). We will continue to look for ways to enable our customers to “self-process,” making it easier for them to get services, and less costly for us.

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M Percent of customers satisfied with overall services – 90%. **[Critical indicator]**

<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>
79%	89%	75%	90%	92%

D Average processing time of 4.0 days for change of address.

This indicator was dropped during FY 2000 because it is not a valid indicator of the full range of account maintenance services performed for annuitants.

D Accuracy of address changes – 100%

This indicator was dropped during FY 2000 because it is not a valid indicator of the full range of account maintenance services performed for annuitants.

N Reduce combined workload balance to 19,320 (Includes post adjudicative workloads in the Retirement Claims and FERS Claims Divisions, Change of Address and Post Retirement Services work in the Retirement Operations Center, and work processed in the Retirement Services and Eligibility Divisions).

<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>
46,521	21,607	19,910	20,429	19,737

N Increase by 5% the number of account maintenance transactions handled by Interactive Voice Response (IVR) telephone system. **[Critical indicator]**

Target level was changed to 40% in our FY 2001 Plan.

<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>
29%	28%	35%	33%	34%

RIS Goal 14 **M**
Accelerated information technology solutions for a modernized retirement system are designed, developed, and implemented.

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This Goal is critical toward meeting OPM Strategic Goal IV for several reasons. First, the Goal focuses the progress we're making on the Retirement Systems Modernization (Modernization) project, the implementation of which is listed as one of OPM's major management challenges. Secondly, Modernization is OPM's central strategy for meeting the long term customer service and financial management objectives for the Retirement Program. Finally, the risks of not implementing Modernization successfully are enormous, since project failure would likely result in significant increases in the cost of delivering the program's services over the next five to ten years. The Modernization project met the goals and objectives envisioned for FY 2000. We selected the business model for the new system and made significant progress on designing the core processes that define the system. We also developed a Performance Measurement Program this past year that will enable us to measure our progress as we modernize. We are now using these measures to support the Agency's effort to develop agency-level "corporate performance measures."

In FY 2001, we will complete the detailed design of the modernized retirement system, including an organizational blue print that will address workforce planning, organizational structure, performance management, organizational learning, and a transition strategy. We also will complete a technology blue print, focusing on requirements and updating the technology architecture and develop a transition plan that will support the implementation of Modernization, beginning in FY 2002. Finally, we will continue to prototype some of the tools and technologies that we will use to modernize and provide for some improvement in current processes as we work toward the full modernization. We will develop the first Coverage Determination Application that will calculate accurate retirement system coverage and make it available to one or two agencies on our web site. We also will prototype a data exchange gateway that will allow electronic transmission of interim pay data that is currently forwarded to us today by magnetic tape.

- M** A new business model for the retirement program is selected and a business process reengineering effort is initiated to form the basis of new technology solutions. **[Critical indicator]**

Beginning in 1997, we initiated a business process reengineering effort for the Retirement Systems Modernization project through which we developed a concept of operations and identified the legal requirements that our reengineered business processes must meet. In FY 2000, we completed the new business model we will use for modernizing the retirement system.

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Known as the “to-be” model, this business model provides the basic framework for our blueprint process designs. The “to-be” model described the six core processes that needed to be blueprinted for the modernized system: member administration; employee withholdings; benefits counseling; claim to payment; annuity roll maintenance; and trust fund management.

- M** Selected modules are delivered within the timeframes established in detailed plans and delivery schedules developed during FY 1999.

[Critical indicator]

In FY 2000, we created four of the six core process blueprints called for in the “to-be” model, and began work on the technology blueprint, including the architecture and the requirements. The business process and technology blueprints provide the detailed layout of what functions and processes must be supported in order for the Modernization effort to meet its primary goals and objectives.

Our business plan for the project also called for the development of a performance measures program for both the RSM project and the retirement program as a whole. The final report on the Performance Measurement Program was released on February 25, 2000.

In FY 2001, we will complete the detailed design of the modernized retirement system, including designing the remaining process blueprints, the technology architecture and core process requirements, developing the organizational blueprint, preparing transition plans, and additional prototyping.

OPM STRATEGIC PLAN GOAL I

PROVIDE POLICY DIRECTION AND LEADERSHIP TO RECRUIT AND RETAIN THE FEDERAL WORKFORCE REQUIRED FOR THE 21ST CENTURY.

OCIO Goal 1

M

With the Associate Director for Employment Services, leadership and support is provided to the Human Resources Technology Council (HRTC) so that Governmentwide human resources business process redesign, systems modernization efforts, and planning initiatives to fully exploit the use of modern automated technologies are pursued. [See ES Goal 2.]

This program goal was established under Strategic Goal I to reflect OPM's leadership role in human resource technology development and deployment, which will in turn assist in recruiting and retaining the Federal workforce. There are two indicators to assess whether or not this goal is achieved. Of these, the second indicator was identified at the beginning of the year as most critical for achieving the goal. We met this goal by the HRTC taking positive actions to support the development of the Human Resources Data Network project.

In addition, during FY 2000, the HRTC realigned its leadership structure to enhance agency commitment and involvement in the activities of this key interagency technology group. An agency HR Director and a Senior Advisor to OPM's Director were selected as the new co-chairs. This change acknowledges the Governmentwide HR impact of the HRTC while retaining senior level OPM policy attention. To maintain OPM's technology coordination and oversight role, OPM's CIO remains active in the HRTC as a member of the HRTC's key strategic Planning Committee. The Planning Committee is also the primary steering body for the Human Resources Data Network project, which is the vehicle through which the HRTC will develop and deploy Governmentwide automated HR technologies.

M

Satisfaction of HRTC members with the results of the HRTC studies and services, and their opportunity for involvement in the Council policy-making will increase over FY 1998 (or maintain at 90% or higher) as measured in the percentage of favorable ratings in the DCSS and/or through informal customer feedback.

Reported levels of satisfaction as expressed in the DCSS by HRTC members were as follows:

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	<i>FY 1998</i>	<i>FY 1999</i>	<i>FY 2000</i>
<i>HR Systems Automation Policy Leadership</i>	<i>64%</i>	<i>Insufficient</i>	
<i>HR Systems Automation Opportunity for Involvement</i>	<i>82%</i>	<i>Data</i>	
<i>Governmentwide HR Information Systems Study Policy Leadership</i>	<i>100%</i>		
<i>Governmentwide HR Information Systems Study Opportunity for Involvement</i>	<i>92%</i>		

The DCSS was not conducted in FY 1999. In FY 2000, we determined that the DCSS was not an appropriate vehicle to measure success on this goal. The real measure is agency commitment to and involvement in HRTC sponsored projects. The leadership change of the HRTC to formally include a senior agency HR Director clearly shows the continued commitment and involvement of the agencies in the HRTC. The strong and continuing agency support for the HRTC's primary technology project, the Human Resources Data Network, is another clear indicator of the success of the HRTC in garnering Governmentwide support and approval. This measure will be modified in FY 2001.

M Actions are initiated as a result of HRTC policy discussions. **[Critical indicator]**

This is the critical indicator because the key role of the HRTC is to take positive actions to implement their policy discussions. The purpose of the HRTC is to produce measurable results.

As noted above, the HRTC has strongly endorsed the Human Resources Data Network project. This is the clearest indication of Governmentwide HR support for the work of the HRTC. In addition to reviewing project plans and deliverables, HRTC member agencies have taken action to provide key staff on detail to support the project.

OCIO Goal 2a

N

Through the HRTC, OPM will begin the delivery of the initial capabilities that implement the Governmentwide vision of a Virtual Federal Human Resources Data Repository (VHRDR). The VHRDR will result in prompt access to current and accurate HR data in a less labor-intensive and costly environment for HR processing, recordkeeping, and reporting.

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This program goal was established under Strategic Goal I to reflect OPM's leadership role in human resource technology development and deployment, which will in turn assist in recruiting and retaining the Federal workforce. There are five indicators to assess whether or not this goal is achieved. Of these, the second indicator was identified at the beginning of the year as most critical for achieving the goal. Because we did not meet this critical indicator, we failed to meet the overall goal.

The initial plans for this effort, now known as the Human Resources Data Network (HR-DN), envisioned limited development of prototypes during FY 2000. As the full scope and scale of this Governmentwide project became apparent and work began on a Capital Asset Plan, it was clear that these initial plans were too optimistic. Under the direction and leadership of the HRTC, the focus in FY 2000 was changed to establishing an adequately staffed project office with a senior project manager to ensure that this multi-year effort could be carried out successfully. In addition, contractor assistance was obtained to begin the detailed requirements development and analysis efforts that will lead to successful project completion. In FY 2001, we will redefine the indicators to align them with the evolving project schedule and Capital Asset Plan.

- M HRTC approval of the HR Information Vision, Concept of Operation, and Implementation Plan.

During FY 2000, the HRTC approved the HR Information Vision, Concept of Operations and Implementation Plan for the HR-DN project. These are the key documents that provide the essential structure for this Governmentwide project and are the basis for the Capital Asset Plan being developed for FY 2002.

- N HRTC approval of the initial HR-DN design and prototypes. **[Critical indicator]**

This is the critical indicator because under the initial project plan we expected to have achieved the key project milestone of being at the prototype stage during FY 2000.

The HR-DN is a long-term Governmentwide project and the initial target dates for design and prototype development were not met. A project vision, concept of operations and implementation plan were developed and approved,

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however. This indicator and similar indicators will be incorporated in subsequent OPM Annual Performance Plans based on HR-DN project's approved Capital Asset Plan.

N Prototypes demonstrate a positive cost benefit return to the Government.

We did not produce a HR-DN prototype in FY 2000 and therefore this indicator was not met. This indicator is now planned for completion in FY 2001/2002 and subsequent years as defined in the project's Capital Asset Plan.

N HRTC support for pilot tests of selected HR-DN modules.

We did not conduct any pilot tests of HR-DN modules in FY 2000 and therefore this indicator was not met. This indicator is planned for completion in FY 2001/2002 and subsequent years as defined in the project's approved Capital Asset Plan.

N HRTC agreement for HR-DN operational modules for future implementation.

We did not achieve this stage in the project's development during FY 2000 and therefore this indicator was not met. This indicator is planned for completion in FY 2001/2002 and subsequent years as defined in the project's approved Capital Asset Plan.

OCIO Goal 2b

Under the direction of the HRTC, HR information flow between agencies, OPM and other relevant parties is improved through an expanded, centralized delivery mechanism ("data hub").

This program goal was established under Strategic Goal I to reflect OPM's leadership role in human resource technology development and deployment, which will in turn assist in recruiting and retaining the Federal workforce. There are two indicators to assess whether or not this subgoal is achieved. Of these, the second indicator was identified at the beginning of the year as most critical for achieving the goal. We met this goal by expanding the use of the "data hub."

During FY 2000, OPM has clearly been successful in increasing the use of the "data hub" as the preferred mechanism to electronically submit various

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data (e.g., Central Personnel Data File) to OPM. Initially developed for and sponsored by the HRTC, this capability has now become a standard OPM electronic submission option.

- NX** Evaluate qualitative feedback from the HRTC members on satisfaction with the operation of the “data hub.”

While anecdotal evidence is available concerning agency/HRTC members satisfaction with operation of the “data hub,” based in part on the increased use of this capability to submit data to OPM, there is no formal qualitative data available to substantiate this assessment. The responsibility for managing the “data hub” for most submissions to OPM was realigned from the Employment Service to the Office of the Chief Information Officer at the end of FY 2000. This is now a routine operational activity and consequently both the subgoal and measure will be dropped from OPM’s FY 2001 and subsequent Annual Performance Plans.

- M** Increase the scope of the centralized delivery mechanism (“data hub”) to accommodate Governmentwide requirements. **[Critical indicator]**

This is the critical indicator because the most effective way to increase the use of the “data hub” capability is to increase its utility by adding functionality.

As noted in Goal 2c below, OPM has continued to expand the uses of the “data hub” in conjunction with self-service systems. In addition to increasing use for CPDF submissions, we are now using the “data hub” for collection and dissemination of Federal Employee Health Benefits information. The “data hub” is also the model for submissions for the Retirement System Modernization data exchange gateway and eventually for the Human Resources Data Network system. OPM and the agencies will continue to explore means to improved electronic interchange of data, but because this is now a routine operational capability, this measure will be dropped from OPM’s FY 2001 and subsequent Annual Performance Plans.

OCIO Goal 2c

Through the encouragement of the HRTC, an increased number of agencies are using self-service benefits selection systems (such as OPM’s Employee Express).

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This program goal was established under Strategic Goal I to reflect OPM's leadership role in human resource technology development and deployment, which will in turn assist in recruiting and retaining the Federal workforce. There are two indicators to assess whether or not this subgoal is achieved. Of these, the first indicator was identified at the beginning of the year as most critical for achieving the goal. We met this goal by expanding the use of self-service systems such as Employee Express.

- M** The number of agencies and employees covered by self-service benefits selection systems is increased by 10% over the number covered in FY 1999. **[Critical indicator]**

This is the critical indicator because the most direct way to measure the use of self-service systems is to track and evaluate actual customer use statistics.

Many agencies use Employee Express, an automated system that uses the Internet, telephones and touchscreen computers to enable employees to make direct changes to their personnel files. In FY 1999, participation in the Employee Express system for automated self-service of benefits included 18 large agencies, a consortium of 13 small agencies and coverage of more than 770,700 employees. In FY 2000, Employee Express increased coverage to 17 large agencies, a consortium of 18 small agencies, 13 other small agencies, and more than 800,000 employees. This was an increase of more than 50 percent in agencies. DOD moved from Employee Express to Employee/Member Self-Service, another automated self-service payroll system developed by OPM. This new system covers 3.5 million DOD civilian employees and military retirees and annuitants. In FY 2001, Employee/Member Self-Service will cover an additional 2 million military active and reserve members.

- M** The scope of OPM data delivery systems is increased to accommodate diverse agency self-service benefits selection systems requirements. Self-service benefits systems allow for the direct entry of transactions once processed in operating HR offices, saving valuable resources and at the same time, increasing employee access to their own data.

In FY 2000, new options for the Combined Federal Campaign, pre-tax insurance waiver, and earnings and leave statements were added to Employee Express. In FY 2001, we plan to add a retirement estimator, a W4 worksheet and an enter-on-duty process. We also built a system modeled after Employee

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Express, Employee/Member Self-Service, for DOD. The options include Federal taxes, direct deposit, financial allotments and home address changes, as well as the ability to view and print the leave and earning statement.

OPM STRATEGIC PLAN GOAL V

ESTABLISH OPM AS A LEADER IN CREATING AND MAINTAINING A SOUND, DIVERSE, AND COOPERATIVE WORK ENVIRONMENT.

OCIO Goal 3

M

The IT management mandates of the Clinger-Cohen Act are met through the prudent application of technology in support of OPM's core mission accomplishment.

This goal in support of OPM's IT corporate management strategy was established under Strategic Goal V to reflect OCIO's contribution to enhancing the productivity of OPM's work environment through improved management of IT. There are four indicators to assess whether or not this goal is achieved. Of these, the first indicator was identified at the beginning of the year as most critical for achieving the goal. We met this goal by ensuring that OPM's IT Architecture standards are followed.

The Clinger-Cohen Act has a number of requirements, but in essence they translate to measures to improve investment in and management of IT projects. The Office of the Chief Information Officer (OCIO) provides the essential oversight to OPM IT initiatives to ensure compliance with Clinger-Cohen. This is accomplished directly through the provision of most Agencywide IT services (e.g., desktop and network technology and infrastructure support) and indirectly through review and approval of major IT development plans. During FY 2000, OCIO was a key participant in all of OPM's major IT projects, e.g., the Retirement System Modernization, Human Resources Data Network and Financial System Modernization.

M OPM's IT initiatives conform with OPM's IT architecture standards prior to committing funds for IT projects. **[Critical indicator]**

This is the critical measure because development of and compliance with the IT Architecture is the corner stone of the Clinger-Cohen Act.

One of the most critical aspect of our Clinger-Cohen compliance is the review and approval process for all new OPM IT initiatives to ensure that they are

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and remain compliant with OPM's IT Architecture. In addition, as customer requirements change as identified in these projects, the architecture must be updated to reflect current business needs. To ensure conformance with the existing IT Architecture standards and to ensure that the Architecture accurately reflects business needs, OCIO provides oversight of all major OPM IT initiatives and sits on the technical evaluation panels for all major IT procurements.

- M System development projects follow OPM's Systems Development Life Cycle (SDLC) methodology and remain on schedule and within budget.

The Office of the Chief Information Officer has developed a final test version of a common Agencywide SDLC and we are in the process of prototype implementation. Nevertheless, all of OPM's major IT initiatives are already following acceptable SDLCs. These major initiatives are being supported by contractors and development methodologies are a standard part of the contractor's proposed approach to meeting OPM's requirements. As a result, our major projects have remained on schedule and within budget during FY 2000. A prime example is the Retirement System Modernization project whose Capital Asset Plan clearly demonstrates progress within the schedule and budget performance measures.

- M OPM's IT initiatives attain planned performance measures and meet customer expectations.

OPM has several major IT initiatives underway. During FY 2000, none had reached the implementation stage so it was too early to assess achievement of performance measure and customer satisfaction. Performance measures are being established for these systems, however, so that attainment can be assessed at the appropriate time.

- M OPM makes progress toward achievement of Capability Maturity Model (CMM) level 3 based on benchmarking of OPM system development practices against the CMM standards.

During FY 2000, one of the major applications development components in OPM (the Systems Modernization and Maintenance Division in the Retirement and Insurance Service) in coordination with the OCIO began the process of benchmarking their development processes against the CMM. The

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results of this effort will be used to further refine Agencywide standards and procedures in our long-term effort to improve our system development practices. In addition, during FY 2000 the OCIO developed the organizational structure and funding requirements necessary to support CMM-related activities in the newly formed Applications Development Center within OCIO. This Center will lead the development of CMM compliant process within OPM.

OCIO Goal 4

M

OPM has a sound and integrated Agencywide IT Architecture that provides a standards-based, interoperable, and secure technology environment to facilitate and support the cost-effective accomplishment of OPM's core mission and goals.

This goal in support of OPM's IT corporate management strategy was established under Strategic Goal V to reflect OCIO's contribution to enhancing the productivity of OPM's work environment through improved management of IT. There are four indicators to assess whether or not this goal is achieved. Of these, the first and second indicators were identified at the beginning of the year as most critical for achieving the goal. We met this goal by ensuring that OPM's infrastructure was Year 2000 compliant and compliant with our IT Architecture standards.

The Office of the Chief Information Officer developed an Agencywide IT Architecture Vision in FY 1997 and began a multi-year project to migrate to this architecture. During FY 2000, we oversaw the completion of major components of this effort as we transitioned OPM to the Microsoft Office suite for standard desktop applications, to the Exchange/Outlook email system and to Ethernet connectivity from Token-Ring. We also continued the process of Agencywide technology refreshment to maintain the currency of our infrastructure. In addition, we established and filled a position of IT Architect and began a formal process to update our IT Architecture document, with emphasis on updating the Technical Reference Model, which provides the technical standards.

M OPM's IT infrastructure, including personal computer (PC) hardware/software and Local Area Network/Wide Area Network (LAN/WAN) components meet the needs of OPM staff and are Year 2000 compliant. **[Critical indicator]**

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This is a critical measure because Year 2000 compliance was essential for OPM to meet its other FY 2000 goals.

During FY 2000, we have continued to refresh our installed technology to ensure the technical currency of our hardware/software and to ensure that the infrastructure was meeting customer needs. This was particularly critical in anticipation of Year 2000 (Y2K). As part of our Y2K preparation, all hardware and software was inventoried and assessed for Y2K compliance. Where non-compliance items were identified, compliant hardware or software was obtained as replacements. All of our IT infrastructure functioned flawlessly on and after January 1, 2000. During this fiscal year, operational management of OPM's infrastructure was realigned under the Office of the Chief Information Officer to further facilitate integration and support for our IT Architecture.

- M** OPM's IT infrastructure and hardware and software inventory comply with the IT architecture. **[Critical indicator]**

This is a critical measure because compliance with our IT Architecture is essential to ensuring an interoperable and secure computing environment.

During FY 2000, we continued our process of migration to our standard IT Architecture and as we accomplish this we will ensure that our infrastructure complies with the architecture. New IT applications and systems are only approved by the OCIO if they comply with the IT Architecture.

- N** Central management of workstations and servers is provided through the ERM system to achieve operational and cost efficiencies.

During FY 2000, we made significant strides towards implementation of an enterprise resource management (ERM) system. Contractors assisted us in establishing a fully functional live operational test environment covering 100 workstations and servers as a proof of concept for the technology that we have selected. Based on this successful test implementation, we are planning full implementation during FY 2001.

- M** OPM's HELP Desk provides prompt and effective customer support to OPM staff and meets defined service level agreements.

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OPM's HELP Desk operation, as well as all other Agencywide desktop and network support, was realigned under the Office of the Chief Information Officer during FY 2000 to improve overall customer support. New staffing support standards and funding were established for this function and a new management structure was put in place. HELP Desk response metrics are now being collected and tracked to ensure adequate performance is achieved and tailored customer service level agreements are in the process of being developed to further enhance customer support.

OCIO Goal 5

M

OPM's IT systems operate properly on and after January 1, 2000, and an effective Year 2000 Business Continuity and Contingency Plan is in place.

This goal in support of OPM's IT corporate management strategy was established under Strategic Goal V to reflect OCIO's contribution to enhancing the productivity of OPM's work environment through improved management of IT. There are two indicators to assess whether or not this goal is achieved. Both indicators were identified at the beginning of the year as critical for achieving the goal. We met this goal by ensuring that OPM's infrastructure and systems were Year 2000 compliant and that tested plans were in place to cover contingencies.

As in most agencies, our preparation for the Year 2000 (Y2K) date change was one of the largest, most expensive and most complex technical and management tasks ever undertaken by OPM. This highly successful, multi-year, Agencywide effort to remediate the impact of the Y2K date change was managed and tracked by the Office of the Chief Information Officer. Due to extensive planning and coordination, adequate resources and priorities were applied to the many tasks to complete all of the remediation on schedule. Success was ensured by extensive end-to-end testing and compliance verification, and as a result, all OPM systems operated properly on and after January 1, 2000.

M OPM is able to perform its mission on and after January 1, 2000, supported by appropriate information technology resources. **[Critical indicator]**

This is a critical measure because Year 2000 compliance was essential for OPM to meet its other FY 2000 goals.

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All OPM information technology systems operated successfully on and after the roll over to calendar year 2000.

- M** Y2K-related IT failures, if any, are promptly resolved, and IT-related business continuity and contingency plans mitigate any problems. **[Critical indicator]**

This is a critical measure because Year 2000 compliance was essential for OPM to meet its other FY 2000 goals.

OPM experienced no Y2K-related IT failures. OPM had developed and tested comprehensive IT-related business continuity and contingency plans (BCCP), but they were not required to be executed. These plans, however, have been invaluable in developing broader continuity of operations plans (COOP).

OCIO Goal 6

M

OPM's information security program provides adequate computer security commensurate with the risk and magnitude of harm that could result from loss or compromise of mission-critical IT systems.

This goal in support of OPM's IT corporate management strategy was established under Strategic Goal V to reflect OCIO's contribution to enhancing the productivity of OPM's work environment through improved management of IT. There are three indicators to assess whether or not this goal is achieved. Of these, the first indicator was identified at the beginning of the year as most critical for achieving the goal. We met this goal by ensuring that no loss or compromise of mission-critical OPM IT systems occurred in FY 2000 as a result of security issues or lapses.

In addition, to ensure the continued safe operation of OPM's IT resources, the OCIO has contracted for assistance in developing a more comprehensive entity-wide security policy and program. We have also reorganized our IT support to further consolidate computer security responsibilities within OCIO.

- M** Few security problems are identified during internal and external evaluations and those that are identified are not material weaknesses and are rectified promptly. **[Critical indicator]**

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This is the critical measure because the number and severity of computer security problems has a direct affect on provision of IT services to OPM program offices and thus program office goal accomplishment.

During FY 2000, we experienced only one notable security problem, which resulted from an infection by the "I Love You" virus, a virus that attacked many Federal agency email systems. Using in-place and newly developed procedures, we were able to rapidly respond to and contain this virus before any extensive damage was done to our IT resources. This experience allowed us to test and strengthen our computer security practices and procedures and resulted in the prevention of several subsequent virus related incidents. As part of OPM's Inspector General-sponsored audit of OPM's FY 1999 financial reports and systems, several non-material security-related weaknesses were identified. These findings have been or are being addressed as part of our ongoing security plans and program.

M Staff are trained, as necessary, based on assessment of needs.

The Office of the Chief Information Officer is responsible for OPM's entitywide computer security program. Early in FY 2000, we completed the annual computer security awareness training program, which is mandatory for all OPM staff, begun at the end of FY 1999. We subsequently assessed training needs for FY 2000 and initiated a new Agencywide computer security awareness program focusing on computer virus protection, a high priority security issue.

M A tested disaster recovery capability is in place for OPM's general support and major financial benefits and workforce information application systems.

During FY 2000, we again successfully tested our disaster recovery procedures for our mainframe/enterprise server based systems. This test clearly demonstrated our ability to recover rapidly and fully our mission critical systems (including our financial benefits and workforce information applications) at our disaster recovery hot site.

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OPM STRATEGIC PLAN GOAL V

ESTABLISH OPM AS A LEADER IN CREATING AND MAINTAINING A SOUND, DIVERSE, AND COOPERATIVE WORK ENVIRONMENT.

OHREEO Goal 1 **M**
Diverse applicant pools are recruited to meet our future workforce needs and training and development opportunities are provided to meet our workforce and succession plans.

This goal was established under Strategic Goal V to promote a diverse and competent workforce that works to accomplish the agency's strategic goals. There are three indicators to assess whether or not this goal is achieved. Each of the indicators under this goal was identified as equally important to achieving this goal. We met this goal by improving the diversity of our workforce and providing developmental opportunities to our employees.

M Improve the recruitment of Hispanics in the OPM workforce. **[Critical indicator]**

	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>
<i>% of Hispanics in the Permanent Workforce</i>	2.9%	3.3%	3.7%

M Increase the diversity of the executive and management cadre within OPM. **[Critical indicator]**

	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>
<i>% of career executives and managers who represent a minority group</i>	11.6%	15.7%	19.4%
<i>% of career executives and managers who are female</i>	41.8%	35.5%	41.6%

M Ensure that the OPM workforce is well-trained for current and future needs. **[Critical indicator]**

Welfare-to-Work Initiative — We coordinated an 8-week training program for all Worker Trainees selected under the Welfare-to-Work program. The curriculum included classroom and on-the-job training designed to assist these

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employees in developing or enhancing skills needed to succeed in the OPM workplace.

IT Migration Training — OHREEO provided training to every OPM employee in Microsoft Word and Microsoft Outlook, as a part of the upgrading of the OPM standard software package. Experienced spreadsheet users also were trained in the use of Microsoft Excel. This training supported the Computer Literacy Core Competency (OPM Core Competency Training and Development Model).

Core Competency Training — In support of our Agencywide core competency model, we provided numerous centrally-funded training opportunities, including:

Computer Literacy — Introduction to the Internet, Introduction to Windows 95, and Microsoft Word 97 for WordPerfect Users

Customer Service Core Competency — Problem Solving, Service Excellence, and Telephone Service Skills

Leadership — Basic Communication Skills, Building Self Esteem, Climbing the Ladder of Success, Mentoring for Success, Personal and Professional Empowerment, Positive Approaches to Difficult People, Professionalism, Stress Management, Supercharge Your Career, Telephone Service Skills, Time Management, and the 13th Annual Issues Seminar for Secretaries and Administrative Support Personnel

Organizational Change — The Challenge of Change

Career Resources Center — Usage figures indicate that employees continue to use the Center regularly for career resources information. The Center logged more than 1500 employee visits in FY 2000.

Centrally Funded Leadership Development Programs — We coordinated the competitive nomination and selection process for OPM employees' participation in a variety of leadership development programs, including OPM's Federal Executive Institute and Management Development Centers, and programs at the USDA Graduate School (such as the Executive Potential Program, Executive Development Program for Mid-Level Employees, and the New Leaders Program). Participation in this program supports our

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leadership succession planning efforts in that it helps strengthen leadership talent at all levels throughout the agency.

OHREEO Goal 2

M

The administrative costs of HR systems are reduced and customer service satisfaction increases.

This goal was established to ensure that the HR services we provide are managed efficiently and in a manner that meets or exceeds customer needs. There are three indicators to assess the accomplishment of this goal. Of these, the first indicator was identified as most critical for achieving the goal. We met this goal by increasing customer satisfaction levels and sustaining high levels of accuracy and quality.

M Improve the overall quality of personnel services and adherence to merit principles. **[Critical indicator]**

This is the critical measure because it documents customer satisfaction levels as well as the levels of efficiency and quality of the personnel actions we process.

	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>
<i>Overall Customer Satisfaction (satisfied/very satisfied)</i>	<i>69%</i>	<i>(no data— biennial survey)</i>	<i>70%</i>
	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>
<i>Personnel Actions Processed Without Error</i>	<i>88%</i>	<i>92%</i>	<i>98%</i>
<i>Accuracy of Data Transmissions To CPDF</i>	<i>96%</i>	<i>96%</i>	<i>96%</i>

The FY 2000 target was to maintain accuracy at 96%.

M Improve the cost effectiveness of staffing operations.

This indicator was incorrectly listed under Goal 1 in FY 1999. We reduced the time it takes from the date a recruitment request is received in our office to the date that we issue a ranked list of candidates by an average of 17 days.

We implemented several new efficiencies to improve administrative processes:

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Job application database — *contains information on job applicants for all vacancy announcements. This enables us to more efficiently respond to applicants' requests for information and provides a mechanism for tracking applications. It also automates the process for generating letters to applicants to inform them that their application was received, whether or not they were referred for further consideration, etc. This creates a significant efficiency in that it enables our support staff to devote their time to other important work and helps reduce the number of inquiries we receive from candidates who do not receive a timely notification of the status of their application.*

Personnel actions tracking systems — *allows us to electronically track the status of all personnel actions requested by OPM managers and supervisors. This enables us to efficiently respond to inquiries from management and employees, and helps eliminate mislocated personnel actions and ensure that all actions are processed in a timely manner.*

M The costs per employee associated with administration of HR processes will decrease.

We continue to provide HR services at a cost significantly below the Governmentwide and private sector averages.

Human Resources Cost Per Employee

	<u>FY 1998</u>	<u>FY 2000</u>
OPM	\$1,245	\$1,235
Governmentwide average	1,749	no survey
Private sector average	1,557	1,584

Note: Current research and trend data reveals that HR costs have remained relatively flat in recent years. This is likely due to the fact the world of HR is evolving as HR is shifting dramatically from administrative management activities to more critical tasks centered around employee selection, retention, development, and decision support. The tight labor market has created new challenges for employers, and has required increased investments in recruitment, selection, and retention processes (average investments in these processes have doubled in recent years). Though HR functional costs have remained relatively flat overall, this is commonly considered less a product of inefficiencies and more a reflection of the growing importance of HR in an

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extremely competitive labor market. Therefore, this indicator is not an accurate or reliable measure of success and will be dropped in FY 2001.

OHREEO Goal 3

M

OPM employees are helped to achieve top performance, productivity, and job satisfaction.

This goal was established under Strategic Goal V to improve OPM's work environment, thereby improving employee satisfaction, which in turn, enhances employee performance. There are five indicators to assess whether this goal was achieved (one indicator was dropped in FY 1999, as explained below). Of these, the second indicator was identified as most critical for assessing goal achievement. While this is the first year we have used a survey to gather multi-dimensional measures that provide baseline data, we also compared our employee survey results to external survey data. These data show that employee satisfaction rates within OPM are significantly higher than the Governmentwide average, as described below; accordingly, we met this goal.

D More performance problems and conflict situations are being addressed and successfully resolved.

This indicator has been dropped effective FY 1999 because it does not report information directly related to accomplishment of the goal. Performance problems and conflict situations are often resolved informally with limited intervention.

The following new indicator more accurately measures success in this area.

M Employees indicate a high degree of satisfaction with their jobs, as measured through an OPM-wide employee survey. **[Critical indicator]**

This is the critical indicator because it contains multi-dimensional measures that reflect overall employee satisfaction. Our FY 2000 Customer Service Survey contained the following group of indicators of employee satisfaction (baseline data):

% of positive responses

77% of our employees indicated that they felt valued

76% of our employees felt that OPM's work environment, policies, and

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*family friendly programs support their work/life responsibilities
 75% of employees felt that they have access to the training and
 developmental opportunities needed to do their jobs
 78% were satisfied with their job overall*

*A national survey of Federal employees in FY 2000 showed that 73% of our
 employees indicated that OPM supports family/personal life responsibilities,
 compared to only 65% Governmentwide. Sixty-six percent of OPM
 employees indicated that they are satisfied with their jobs, compared to only
 63% Governmentwide.*

M Improved labor-management relations.

*A national survey of Federal employees included the following question for
 OPM employees:*

	<i>Percent Positive Responses</i>		
	<i><u>FY 1998</u></i>	<i><u>FY 1999</u></i>	<i><u>FY 2000</u></i>
<i>Management and the union(s) work cooperatively on mutual problems.</i>	<i>25%</i>	<i>36%</i>	<i>40%</i>

*We revitalized our Partnership Council with representatives from both of our
 union locals. We coordinated the development of a Labor-Management
 Strategic Plan by OPM management and the representatives of OPM's
 bargaining unit employees. The Plan represents a vision of labor-
 management relations that is shared by both labor and management, and
 acknowledges that such a vision must be formed by the goals articulated in
 the OPM Strategic Plan.*

*We coordinated a partnership training retreat to provide a setting in which
 management and labor could review past events, provide mutual feedback,
 and develop plans to enhance partnership at OPM.*

*OHREEO provided Alternative Dispute Resolution training to all OPM
 supervisors and managers, and the presidents of our two locals at our Annual
 Strategic Leadership Summit in March 2000.*

*We coordinated the activities of management and our local unions in
 implementing a childcare assistance program for lower income employees.*

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We conducted Partnership/Basic Labor-Management Relations training for new supervisors and union representatives of Local 2450 at our Boyers, PA, site. The training provided supervisors and union officials with a common understanding of partnership, and the basics of the Federal labor relations program. The training covered the rights and responsibilities of both management and the union under the Federal program, as well as a discussion of the reasons for, and key concepts of, partnership, and how partnership can be a foundation for more effective organizational performance. By better understanding what their rights and responsibilities are under the labor relations program and understanding that these rights and responsibilities are not diminished by partnership, both parties can feel more comfortable in working in partnership.

M Improved service to OPM employees regarding benefits.

Leave and Earning statements were made available to OPM employees online via Employee Express. Employees can now view and print current and recent statements from their computers.

OHREEO hired a Benefits Assistant to help support our Benefits Officer in responding to requests for retirement annuity estimates, answering benefits questions, and orchestrating Thrift Savings Plan (TSP) and health benefits open seasons.

	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>
<i>Timeliness of Retirement/ Benefit-related Submissions</i>	69%	95%	90%

The FY 2000 goal was to maintain timeliness at 90% or above, significantly above the Governmentwide average of 80%. We will continue to monitor this activity to prevent further erosion in the figure.

We conducted four sessions of a Financial Planning/Retirement Seminar for employees at our Boyers, PA, site. Feedback from participants consistently indicated that people found the seminars to be well-presented and useful to them in making plans for the future.

In FY 2000, 100% of participants in our retirement seminars indicated that they were satisfied with the content and format of the sessions we presented; this is an increase over our FY 1999 satisfaction rate of 98%.

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- M** Improved customer service to employees and managers who work in locations that do not have onsite HR staff by increasing access to information and training for employees.

We funded and coordinated a variety of independent study courses for field employees, enabling them to participate in self-paced study and training from remote locations.

OHREEO conducted an onsite service visit to the San Juan, PR, Service Center, and we are currently scheduling onsite visits to three additional Service Centers. We also conducted multiple visits to OPM's Pittsburgh Teleservice Center. Site visits allow us to gain a better understanding of local issues, cultures, and environment, present complex information in person, and develop personal relationships with our customers that are impossible to develop via phone or email. Onsite visits are important to our customers because they reinforce the fact that we care about them as customers, allow them the opportunity to discuss the HR and benefits issues in depth, and help them develop the HR strategies necessary to effectively meet their organizational and strategic needs.

- M** Improved customer service for employees in the Central Office.

Our internal customer satisfaction survey showed improved customer satisfaction from 69% in FY 1998 to 70% in FY 2000.

OHREEO Goal 4

N

All individual performance plans are linked to agency strategic goals and to the FY 2000 Performance Plan.

This goal was established under Strategic Goal V to ensure that all employees understand the linkage between their individual performance and the overall ability of the agency to accomplish our strategic goals. There are two indicators to assess whether this goal is achieved. Of these, the first indicator was identified at the beginning of the year as most critical for achieving the goal. Since we did not fully meet this indicator, we failed to meet the overall goal.

In FY 2001, we will work with managers and our unions to ensure that any remaining employee performance plans are aligned with the agency strategic plan.

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- N** All (100%) performance plans are linked to the OPM Strategic Plan and the FY 2000 OPM Performance Plan. **[Critical indicator]**

This is the critical indicator because it is the only absolute indicator of success in this goal as stated. We have made significant progress on this goal — approximately 90% of individual performance plans were aligned with the Strategic Plan and the Performance Plan by the end of the fiscal year. The remaining performance plans require more work and may require negotiation with our unions, which should be completed during the next rating cycle.

- M** Most OPM organizations have also aligned their incentive awards programs and their training programs to the strategic goals.

The Director's Award program is aligned with the agency's strategic goals. We plan on working with our unions to implement a new form that will require managers to document the relationship of the award nomination to specific strategic goal accomplishment.

Alignment of training programs is difficult to measure directly. However, if an employee's individual performance plan is aligned to the strategic goals, and the performance plan is used as a basis for making decisions about performance improvement, including participation in training, etc., then our training programs are presumably aligned to the strategic goals.

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FINANCIAL MANAGEMENT STRATEGIC GOAL

SAFEGUARD OPM'S FINANCIAL RESOURCES AND PROVIDE FINANCIAL MANAGEMENT LEADERSHIP, SERVICES AND INFORMATION TO OPM PROGRAMS TO ASSIST THEM IN MEETING THEIR STRATEGIC GOALS.

OCFO Goal 1

M

Material weaknesses are resolved and the Financial Management System, the Employee Benefits System, and internal controls are improved in order to maintain the integrity of the earned employee benefits trust funds (totaling more than \$60 billion in annual benefit payments) and OPM's appropriated and reimbursable funds.

This goal was established to ensure that OPM's financial data is accurate, timely and reliable to inform decision making and safeguard resources. There are eight indicators to assess whether or not this goal is achieved. Of these, the sixth and the eighth were identified at the beginning of the year as most critical for achieving the goal. We met this goal by eliminating material weaknesses identified by an audit performed by our Office of the Inspector General and by receiving an unqualified opinion on OPM's consolidated financial statements.

M System accounting errors.

	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>Actual</u> <u>FY 2000</u>	<u>Target</u> <u>FY 2000</u>
<i>Uncorrected Errors</i>	10.0%	8.0%	3.0%	**	2.0%

***OCFO corrected the long standing systems errors in FY 1999. The items now appearing on the "error file" are routine edits or those items that we intentionally run through this file in order to give them special processing.*

N Timeliness of payments for Prompt Pay Act and payments to Government agencies.

	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>Actual</u> <u>FY 2000</u>	<u>Target</u> <u>FY 2000</u>
<i>Timely Payments</i>	83.9%	90.0%	85.6%	93.6%	98.0%

Designed and implemented the use of an Invoice Control Log which is used to track all incoming invoices from receipt to payment thus improving the

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tracking of payments. All staff have been trained and oriented to the reengineered tracking procedure. An aging report has been developed which will more accurately reflect accounts payable status. Previously the report included payments that were erroneously scheduled for weekend processing, thus bringing the timely payment percentage level down. We are now better able to track the progress of payments within the system to ensure compliance with the Prompt Payment Act.

N Accounts Receivable Delinquency

	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>Actual</u> <u>FY 2000</u>	<u>Target</u> <u>FY 2000</u>
<i>New Accounts Receivable</i>	49.0%	37.8%	7.1%	8.66%	2.0%

Developed an aging report that will more accurately identify receivable delinquency. We now collect and resolve employee debt older than 60 days. All staff have been trained on the reengineered collection process.

M Reconcile Cash Accounts Differences with Treasury

	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>Actual</u> <u>FY 2000</u>	<u>Target</u> <u>FY 2000</u>
<i>Cash Accounts Reconciled</i>	>180 days	90 days	30 days	30 days	30 days

N Unidentified Hours in the Work Reporting System

	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>Actual</u> <u>FY 2000</u>	<u>Target</u> <u>FY 2000</u>
<i>Unidentified Hours</i>	12.0%	3.6%	2.0%	4.5%	0.5%

We have entered into a Memorandum of Understanding with GSA to automate timesheet processing and cross-service the payroll function. This will eliminate the necessity for a separate work reporting system. The OCFO will not use this indicator in FY 2001.

M Material weaknesses eliminated. **[Critical indicator]**

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This is a critical indicator because financial management concerns are designated material weaknesses upon recognition that the Government risks substantial losses if the control issues are not resolved. Successful resolution of these weaknesses often requires the application of major resources over time, and their elimination is a valid indication of significant improvements in OPM's overall financial management function.

The Federal Managers' Financial Integrity Act (FMFIA) report submitted to the Office of Management and Budget in December 2000 concludes that the lack of documented financial management policies and procedures is no longer seen as a material weakness. The outstanding items in accounts receivable processing and accounts payable processing and reporting in the Revolving Fund and Salaries and Expenses Account are primarily cleanup processing. The clean up phase has been consolidated into a general material weakness covering data reconciliation and control.

In FY 2000 we researched and corrected (or scheduled for automated correction) several million dollars of unposted accounts receivable collections and unrecognized revenue. We also researched and collected several million dollars of cash transactions improperly reported to the Department of Treasury for FY 1995 through FY 1999.

In cooperation with OPM program staff, we collected several million dollars of debts that had been outstanding for more than one year.

- M** Financial condition (health) of our programs, gauged through frequent analysis.

OPM programs are continually reviewed for their financial performance and viability. We monitor whether the program administration utilizes financial resources efficiently and in substantive compliance with applicable statutes and guidance.

- M** Improved Inspector General, Independent Public Accountant (IPA), and GAO audit results. **[Critical indicator]**

This is a critical indicator because audit opinions on annual financial statements, along with other reviews and reporting by auditors, provide clear indications as to the timeliness, completeness, accuracy, usefulness of financial information and overall compliance with financial management regulations and guidance.

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OPM received an unqualified audit opinion on its consolidated financial statements.

An audit performed by the Office of Inspector General has concluded that the Financial Management Policies and Procedures are no longer considered a material weakness for the OCFO.

OCFO Goal 2

M

Integrated financial management support and reporting is provided to ensure OPM's core functions can meet their goals and objectives.

This program goal was established to ensure that OCFO provides financial management support so that OPM programs have the funding and information necessary to help them achieve their strategic and annual goals. There are seven indicators to assess whether or not this goal is achieved. Of these, the third and the seventh were identified at the beginning of the year as most critical for achieving the goal. We met this goal by providing a mechanism for customers to express what additional financial information would be necessary to assist them in meeting their goals. A comprehensive gap analysis report was developed by an outside contractor with recommendations on closing identified high-risk gaps. OCFO also reengineered and documented the policies and procedures to ensure accurate financial management processing.

M Achieved full Year 2000 compliance in all financial systems.

As a result of coordinated planning and exhaustive testing, OPM experienced no significant problems related to the advent of the new millennium.

M Comply with the Government Performance and Results Act (GPRA).

*After consultation with Congress and our other stakeholders, OPM issued a new strategic plan, Federal Human Resources Management for the 21st Century FY 2000 – FY 2005. This new plan sets forth four strategic goals: **lead** Federal agencies in shaping human resources management systems to effectively recruit, develop, manage and retain a high quality, diverse workforce; **protect** the merit principles and veterans' preference; **serve** Federal agencies, employees, retirees, their families and the public through technical assistance, employment information, pay administration and benefits delivery; and **safeguard** employee benefit trust funds.*

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In addition, OPM transmitted to Congress our FY 2001 Congressional Budget Justification/Annual Performance Plan, which integrates performance information with the budget request. The plan links our annual performance goals with the strategic goals in our revised strategic plan.

Our first annual Performance Report covering FY 1999 was issued on March 31, 2000. Our FY 2000 Performance Report will be part of our Accountability Report and issued by March 1, 2001.

M Actions taken in response to expressed customer needs. **[Critical indicator]**

This is a critical indicator because customers rely on accurate, timely and complete financial data from the Office of the Chief Financial Officer when determining management goals and strategies for their programs and evaluating program performance. Customers must have financial systems that are responsive to their needs.

In FY 2000 we completed the contracted comprehensive requirements and gap analyses of the agency's administrative financial systems. As a result of the study, OPM took action to close high-risk gaps and implement a new financial management system. The high risk gaps were identified in seven specific areas (1) core accounting and general ledger management (2) procurement and payment management (3) revenue/receipt management (4) reporting (5) payroll management (6) cost management (7) travel management. Many of the recommendations are in the beginning stages of implementation and progress will continue to be made in FY 2001.

In addition, we issued a contract to develop a system to improve the billings and collections processes for Investigations Service.

N Achieved timeliness on at least 98% for payments and at least 99% for collections.

	<i><u>FY 1997</u></i>	<i><u>FY 1998</u></i>	<i><u>FY 1999</u></i>	<i><u>Actual</u></i> <i><u>FY 2000</u></i>	<i><u>Target</u></i> <i><u>FY 2000</u></i>
<i>Timely Payments</i>	<i>83.9%</i>	<i>90.0%</i>	<i>85.6%</i>	<i>93.6%</i>	<i>98.0%</i>
<i>Collections</i>	<i>51.0%</i>	<i>62.2%</i>	<i>92.9%</i>	<i>92.0%</i>	<i>96.0%</i>

M Improved responsiveness and on-time compliance for financial reporting to OMB and Treasury.

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In FY 2000 we tested and implemented the FACTS II capability with the Department of Treasury to eliminate paper-based reports.

- M Documented and implemented policies, processes, and procedures.

This is a critical indicator because the Office of Inspector General has cited the lack of documented policies and procedures as a material weakness within the OCFO for several years. The successful completion of this project ensures that OCFO staff has documented procedures to follow for the performance of critical financial tasks.

OCFO reengineered and documented the policies and procedures for all major processes in accounts payable, property and equipment, payroll, travel, budgetary accounting, and the chart of accounts. Also, we updated the documentation of the policies and procedures for accounts receivable and cash management as well as the documentation for the financial systems.

- M Received positive feedback from the Quality Improvement Teams' ongoing reviews of the financial processing functions and results.
[Critical indicator]

Quality Improvement Teams (QIT) worked on complex financial management issues such as cash reconciliation and payroll accounting. All QIT teams to date have provided timely and valuable contributions to our solutions of various long-term, office-wide functions in need of process reengineering or other major improvement.

The Investigations Service QIT identified \$40 million in correcting adjustments which improved internal controls.

The Payroll QIT evaluated the accounting process and recommended the steps needed to adjust accounts for correction.

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OPM STRATEGIC PLAN GOAL V

ESTABLISH OPM AS A LEADER IN CREATING AND MAINTAINING A SOUND, DIVERSE, AND COOPERATIVE WORK ENVIRONMENT.

OCAS Goal 1

M

Agency space costs are reduced.

This program goal was established under Strategic Goal V in order reduce the amount of money that OPM program offices spend annually for space. There is one indicator to assess whether or not this goal is achieved. We met this goal by both correcting billing errors and reducing the amount of square feet that OPM occupies.

M Reduction in GSA rental charges and square footage assignments.

In FY 2000, the space planning and design staff carried out a thorough and consistent program of reviewing and managing OPM's overall rent bill, to ensure savings and rent reductions, where possible and appropriate. Two to three thousand dollars were saved through the year by correcting errors made by GSA in OPM's rent bill. The program saved OPM an additional \$50,000 in permanent rent reductions by challenging the need for certain storage space in field locations and persuading the relevant OPM program offices to remove the space from OPM's inventory.

OCAS Goal 2

M

Procurement costs are reduced.

This program goal was established under Strategic Goal V in order to recognize the importance of using the most effective and efficient methods in acquiring the products and services OPM requires in order accomplish its responsibilities. There are six indicators to assess whether or not this goal is achieved. Of these, the second indicator, increasing the use of the purchase card, was identified at the beginning of the year as most critical for achieving the goal. This is the most important indicator because the use of the purchase card is the most efficient way of making a purchase. We met this goal by increasing the use of the purchase card by 11.6 percent over Fiscal Year 1999.

M Improved training of procurement personnel.

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The Contracting Division developed a new Simplified Acquisition Training class aimed at the needs of OPM's experienced contracting officers. The class mainly consists of case studies and class exercises that require contracting officers to apply basic concepts they learned at their initial simplified acquisition training classes. An initial pilot session of this new training class was conducted for 20 OPM contracting officers in San Francisco the week of May 8, 2000.

The Contracting Division conducted two conferences for all OPM's contracting officers and purchase card holders in Washington, DC, and in the field (via teleconference) on November 9-10, 1999, and on July 25-26, 2000. At our November conference, we provided information on the training requirements for OPM's contracting officers and purchase card holders; the requirements of the Greening Executive Order; lessons learned after completing the first year with the new Bank of America purchase card; and the findings associated with the review of purchase orders and purchase card transactions. At our July conference, we reported on the findings that resulted from our review of FY 1999 purchases; purchase card best practices; the Contracting Division THEO page; and, security concerns associated with contractor staff accessing OPM's computer systems or working on site at OPM.

These conferences are valuable forums for presenting important information to OPM personnel with delegated procurement authority. The information helps to improve the quality of the procurement actions accomplished by OPM's contracting officers and purchase cardholders.

We conducted five advanced Simplified Acquisition Procedure classes training 70 OPM contracting officers. Additionally, we conducted five Purchase Card training sessions for 50 OPM staff to be issued purchase cards.

We also conduct ad hoc training in EAGLS procedures. EAGLS is the Bank of America's web-based software processing system that is used for processing purchase card accounting information.

M Reduced cost of purchases as a result of increased purchase card use.
[Critical indicator]

This is the critical indicator because it reduces procurement costs and permits program offices to procure goods and service in a timely manner. OPM employees used their purchase cards to make 19,229 purchases during

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*FY 2000. The total number of purchase card transactions increased by 2,009 (or 11.6 percent) over FY 1999. We estimate that the OPM saved \$1,269,114 as a result of employees using purchase cards rather than issuing purchase orders.**

**Based on savings of \$66 per transaction as estimated by the Office of Federal Procurement Policy, Office of Management and Budget, and the Procurement Executives study group.*

M Increased purchase orders issued to mandatory sources.

	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>
<i>Value of Purchase Orders from Mandatory Sources</i>	<i>\$8.71 million</i>	<i>\$10.81 million</i>	<i>\$13.6 million</i>

OPM purchased \$13 million in products and services from mandatory sources in FY 2000, a 25 % increase over FY 1999.

M Increased use of recycled content paper.

	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>
<i>Copier Paper with Recycled Content</i>	<i>68%</i>	<i>100%</i>	<i>100%</i>

M Reduced printing, handling, and postage costs for solicitation documents.

During FY 2000, the Contracting Division issued 15 Requests for Proposals on the OPM Internet Website. Additionally, we issued 35 requests for quotations and 381 electronic purchase orders over the Federal Acquisition Computer Network. Issuing procurement documents electronically has saved OPM approximately \$3,600 during FY 2000.

M Increased competition resulting in lower prices.

	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>
<i>Competed Procurements*</i>	<i>93%</i>	<i>95%</i>	<i>96%</i>

**Competition motivates contractors to give us their most competitive prices.*

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OCAS Goal 3 **M**
Mail management costs are reduced.

Many improvements in the area of mail management and postage accountability provided an opportunity to realize some cost savings for the Agency. This program goal was established under Strategic Goal V to recognize the importance of using these improvements to save postage and avoid unnecessary costs. There are three indicators to assess whether or not this goal is achieved. Of these, the first indicator, "Increasing the number of pieces of mail eligible for pre-sort discounts", was identified at the beginning of the year as most critical in achieving the goal because it reduces program office operating costs without delaying mail. We met this goal by increasing the mail eligible for pre-sort discounts by 18 percent over Fiscal Year 1999.

M Increased number of pieces of mail eligible for pre-sort discounts.
[Critical indicator]

This is the critical indicator because it reduces program office operating costs without delaying mail delivery.

	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>
<i>Mail Eligible for Pre-sort Discounts</i>	7%	15%	18%
<i>Total \$ Savings</i>	\$22,214	\$36,414	\$43,190

M Improved mail processing.

OCAS conducted training classes to educate our customers in the proper addressing of mail so it will be eligible for discounts. In addition, we worked with customers to create mailing lists that can be provided to the TRB Mail Center in a format so that mailroom addressing equipment can print the customers addresses directly on outgoing envelopes.

M Fewer rental postal boxes.

	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>
<i>Rental Boxes</i>	40	19	16
<i>Total Cost</i>	\$17,900	\$8,766	\$6,944

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OCAS Goal 4 **M**
Telecommunications costs are reduced.

This program goal was established under Strategic Goal V in order to reduce the amount of money that OPM spends for local voice telecommunications. There are two indicators. Of these, the first indicator, lower monthly charges due to correction of billing errors, was chosen at the beginning of the year as the most critical because it reduces monthly operating expenses without negatively effecting program office operations. We met this goal by receiving an \$80,000 credit due to billing errors.

M Lower monthly charges, due to correction of billing errors. **[Critical indicator]**

This is the critical indicator because it reduces program office operating costs without negatively effecting their business operations.

OCAS' local voice telecommunications specialists work with program offices to ensure that phone bills are accurate. In FY 2000, this process revealed a long standing error in the method used by one of OPM's phone service providers that was corrected. The local voice telecommunications specialists successfully negotiated with the provider to remit over \$80,000 in overcharges to OPM's program offices.

M Number of lines discontinued as a result of inventories and direct Internet access.

In FY 2000, this same staff conducted its annual inventory of central office voice, fax and modem telecommunications lines to reduce unnecessary lines and reduce costs. The FY 2000 survey resulted in the elimination of 130 lines, resulting in savings to OPM of over \$20,000 annually.

OCAS Goal 5 **M**
Systems and environments are improved to increase agency productivity.

This program goal was established under Strategic Goal V in order to enhance the quality of the building systems and environments that can lead to improved productivity. Five indicators were identified as key to the success of this goal. Of these, the first indicator, improved customer satisfaction with building systems and the internal environment, was identified at the

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beginning of the year as most critical for achieving the goal because satisfying our employees with effective systems and environment can lead to productivity increases. This goal was met by developing and implementing a building improvement strategy focused at improving the delivery of tempered air throughout the TRB.

- M** Improved customer satisfaction with building systems and internal environment. **[Critical indicator]**

This is a critical indicator because employees are more likely to be productive in a comfortable environment and healthy environment.

Whenever areas of the TRB are renovated, new booster heating coils and their associated controls are replaced. This results in increased airflow to offices and thereby moderates temperatures.

We are working closely with GSA to carry out the replacement of the TRB's perimeter heating system. The first phase, project design, has been funded and is under way. Subsequent phases, involving construction, are scheduled to begin the spring of 2001.

The OCAS Customer Service Survey indicates that these efforts have resulted in a high level of customer satisfaction. Specifically, 89% of those who answered the questionnaire stated that they felt OCAS' products and services are designed to meet their office needs.

- M** Reduced energy costs associated with heating, cooling, and lighting.

In FY 2000, the first part of OPM's two-part Energy Savings Performance Contract with our local utility company was completed. In this part of the contract, the entire TRB was retrofitted with high-efficiency, energy-saving lighting. This will not only reduce energy consumption but will also reduce the TRB's cooling requirements because the new lights generate significantly less heat than the lights they replaced.

The second part of this contract is well advanced. In this part, the TRB's three 1175-ton chillers, that are the heart of the building's air conditioning system, will be replaced in early FY 2001.

- M** Reduced time required to resolve building-related complaints.

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The new TRB electronic service call and preventive maintenance program is fully operational. The new system allows for the entry and tracking of all service calls and the tracking and scheduling of preventive maintenance. In addition, we plan to hire additional staff to respond to customer service calls.

M Increased satisfaction with workplace environment and physical security.

In FY 2000, OCAS successfully completed a total renovation of all of the TRB's corridors and hallways. New acoustical ceilings were installed and new carpet was laid to replace the original asbestos vinyl tiles. The installation of the new carpet reduced the number of accidents suffered by employees and visitors to the TRB.

OPM's space planning and redesign program used two means to increase efficiencies in office space layout and project completion. In FY 2000, this staff initiated a "quick project" approach to managing space planning and design projects that involve 300 square feet, or less. This approach ensures that customers' requests are processed and completed within 10 workdays.

In FY 2000, OCAS developed and implemented a comprehensive physical security policy for the TRB. This policy created a flexible, two-tiered security profile for the building; a lower "normal" stance and a higher "heightened" stance. In addition to making OPM able to quickly respond to changing security threats, it ensures that OPM remains fully compliant with Federal physical security guidelines and recommendations.

The OCAS Customer Service Survey indicates that these efforts have resulted in a high level of customer satisfaction. Specifically, 89% of those who answered the questionnaire stated that they felt OCAS' products and services are designed to meet their office needs.

M Improved customer satisfaction data.

In September 2000, we conducted a TRB-wide Customer Satisfaction Survey. The survey was distributed electronically to over 1,800 occupants. The survey revealed that approximately 90 percent of those replying rated their customer service experience as positive.

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The survey design was improved to encourage respondents to include narrative comments indicating what OCAS is doing well and what needs to be improved.

A work group has been formed with participants from each functional area of OCAS to develop improved processes to address areas that employees noted needed improvement.

OCAS Goal 6

M

Administration and OPM policy objectives are fulfilled.

This program goal was established under Strategic Goal V to recognize OCAS' responsibility in providing the administrative services supporting OPM's program activities, to support OPM and Administration policy priorities. There are three indicators to assess whether or not this goal is achieved. Of these, the third indicator, "Meet small business contracting goals", was identified at the beginning of the year as most critical for achieving the goal because it is a key Federal objective. We met this goal by exceeding the targets in each category of contract awards to small business concerns.

M Support program areas in awarding contracts and hiring of welfare recipients.

All purchase orders and contracts contained a provision encouraging the contractors to fill any positions created as a result of the contract work with welfare recipients.

M Meet milestones for award of the new IS contract.

The Request for Proposals was issued on October 18, 2000. Proposals are due on December 18, 2000. We are on-schedule to award a contract by February 2001.

M Meet or exceed small business contracting goals. **[Critical indicator]**

This is the critical indicator because providing business opportunities for small, small disadvantaged and woman-owned businesses is a key policy objective and is directly related to the mission of the OCAS.

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	<i>(%)</i> <u>Target</u>	<i>(%)</i> <u>Achievement</u>
<i>Small Business</i>	<i>66.6</i>	<i>73.7</i>
<i>Small Disadvantaged Business</i>	<i>0.3</i>	<i>1.3</i>
<i>SBA Section 8(a) Firms</i>	<i>2.0</i>	<i>2.8</i>
<i>Woman Owned Small Business</i>	<i>2.4</i>	<i>5.0</i>

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OD Goal **M**
Shape the Administration's direction on Federal human resources policy issues.

M High levels of agency HR Directors' satisfaction with 1) OPM's HR policy leadership, and 2) their opportunity for involvement, as measured by informal feedback and by continuing increases (or maintenance at 80% or higher) in the percentage of favorable ratings in the CSS.

Informal feedback from HR Directors indicates that they continue to be pleased with the steps OPM has taken to involve agencies at early stages of policy development and action planning for new initiatives, and the changes made in FY 1999 to the format of the meetings of the HRMC. In FY 2000, an off-site strategic planning meeting of all members of the HRMC Executive Committee was held to identify the most critical HRM issues facing the Federal Government, and four subcommittees were chartered to create specific action plans to address these issues. These subcommittees were co-chaired by members of the HRMC and the key executive at OPM for the issue area. As a result, shared action plans have been developed or are underway.

The HR Directors' baseline satisfaction levels are listed in the sections of this report covering the individual OPM programs.

M Specific program accomplishments that contribute to the effective strategic human resource management of the Federal workforce and implementation of specific Administration priorities. **[Critical indicator]**

OPM had a strong record of achievement for FY 2000 on specific HRM initiatives. The actions to advance health care for the Federal family, including the Long-Term Care Security Act, premium conversion, implementation of the Patients' Bill of Rights, mental health and substance abuse parity, and the Expanded Sick Leave program, are among the most significant changes made in Federal benefits in recent years. Other accomplishments have placed the Government in a strong position to meet the recruitment, retention, and management challenges of the 21st century. For example, the President's memorandum to establish the Human Resources Management Council (HRMC) and to require alignment of HR with strategic planning in agencies, OPM leadership in developing new workforce planning tools, the Career Intern Program Executive Order, the child care assistance program, regulations to implement student loan repayment, new

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guidance to support effective diversity recruitment, revised SES performance management regulations, and the recommendations of the President's Task Force on Training Technology.

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OCR Goal 1

M

Provide guidance and assistance to agency management and to Congress in the development of human resources management policies and programs to promote a merit-based and cost-effective Federal service and the optimum balance of Governmentwide consistency and agency-specific flexibilities.

- M** Enactment of legislative proposals put forth by OPM and the Administration with regard to Federal HR management issues. **[Critical indicator]**

This is the critical indicator because it is necessary to implement the agenda of OPM and the Administration to equip agencies to respond to changing human resources and agency needs in the 21st century.

In FY 2000, the Administration granted clearance to forward three legislative proposals. Of these three, one was a resubmission of an item from the previous Congress. In addition, all or part of six proposals were introduced or incorporated into other measures.

- M** Positive feedback from Congressional staff, employee organizations, OPM policy offices, interest groups, other executive agencies, and OMB as indicated in meetings, routine discussions, and written letters of commendation to ensure OCR meets the needs of those served.

OCR has received both emails and written letters from members of OPM's authorization and appropriations committees thanking OCR for our support on passage of legislation and assistance addressing constituent casework. In some instances, OCR has received praise from Members of Congress in the Congressional Record for our efforts in securing enactment of major legislation. An example would be Representative Connie Morellá's remarks on OCR's behalf during passage of the Long-Term Care Security Act.

- M** Maintain ability to handle testimony, referrals, and inquiries.

Each year, OCR provides legislative analysis, drafting assistance, and policy review in response to OMB referrals. OCR reported orally or in writing on:

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<i><u>OMB Referrals On</u></i>	<i><u>FY 1998</u></i>	<i><u>FY 1999</u></i>	<i><u>FY 2000</u></i>
<i>House and Senate Bills</i>	<i>182</i>	<i>198</i>	<i>273</i>
<i>Agency Drafts of Legislation</i>	<i>121</i>	<i>113</i>	<i>106</i>
<i>Miscellaneous Budget and Conference Provisions</i>	<i>13</i>	<i>17</i>	<i>10</i>
<i>Draft Executive Orders</i>	<i>18</i>	<i>24</i>	<i>35</i>
<i>Presidential Memoranda</i>	<i>15</i>	<i>11</i>	<i>8</i>
<i>Hearings</i>	<i>60</i>	<i>44</i>	<i>46</i>
<i>OPM Legislative Proposals</i>	<i>32</i>	<i>38</i>	<i>24</i>
<i><u>Workload</u></i>	<i><u>FY 1998</u></i>	<i><u>FY 1999</u></i>	<i><u>FY 2000</u></i>
<i>Telephone Calls</i>	<i>47,000</i>	<i>47,500</i>	<i>48,000</i>
<i>Letters</i>	<i>21,000</i>	<i>22,000</i>	<i>25,000</i>
<i>Visits</i>	<i>7,000</i>	<i>7,000</i>	<i>6,000</i>
<i>Congressional Hearings</i>	<i>19</i>	<i>11</i>	<i>14</i>
<i>OMB Referrals</i>	<i>441</i>	<i>445</i>	<i>502</i>
<i>Congressional Policy Inquiries</i>	<i>1,481</i>	<i>1,500</i>	<i>2,000</i>
<i>Technical Assistance</i>	<i>18</i>	<i>18</i>	<i>18</i>

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OGC Goal M
Timely and high-quality legal expertise on Federal civil service law and related matters is provided to the Director, Deputy Director, and OPM programs.

This goal was established under Strategic Goal I to provide expert legal services, both representational and advisory, to the Director, Deputy Director, OPM senior officials, other Government agencies, Federal employees, and the public. There are five indicators to assess whether or not this goal is achieved. Of these, the first indicator was identified at the beginning of the year as most critical for achieving the goal. We have met this goal by working closely with all senior officials and program offices of OPM to initiate and implement policy, to ensure that the programs are administered lawfully, and to represent the programs in all types of advocacy settings and by successfully defending OPM in most instances.

In addition to the accomplishments described under each indicator, we also led the Plain Language initiative and assisted in adopting standards and expectations for clear communications in all OPM products and presentations; we led OPM's efforts in bringing persons with disabilities into the Federal workforce and were instrumental in assisting the Administration in implementing premium conversion for the Federal Employees Health Benefits premiums.

M Defense of OPM in litigation before MSPB and EEOC. **[Critical indicator]**

This is our critical indicator. OGC is expected to provide advisory, advice, and defense for the Director and Program Offices.

In FY 2000, we handled 101 cases in these categories providing timely and high-quality legal expertise; 51 of these cases were resolved favorably, 4 were resolved unfavorably, leaving a balance of 46 cases pending resolutions.

M Support to DoJ defending MSPB decisions sustaining OPM retirement decisions.

OGC handled an estimated 158 cases, providing timely and high-quality legal expertise in this matter; 141 of these cases were resolved; 121 favorably and 20 unfavorably.

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- M Support to DoJ in representing OPM in Federal court litigation.

OGC led the OPM effort to respond to the MSPB report on the Outstanding Scholar authority created by the Luevano case, and worked with ES and DoJ to interpret and implement significant civil rights decisions such as Adarand and Luevano.

We also supported DoJ in representing OPM in Federal court cases in which Federal employees disputed OPM's decisions regarding Federal Employees Health Benefits (FEHB) coverage, and advised DoJ on proceedings involving OPM's priority referral list for RIF'd ALJs in the case of Rutberg v. OPM.

- M Advocacy for appeal cases involving significant civil service issues to the Federal court of appeals.

We estimated seeking further review of 3 cases by the Federal Circuit Court of Appeals. For example, we assisted the Department of Justice in its efforts to obtain review by the U.S. Supreme Court of a Federal Circuit Court of Appeals decision relating to proper standards for determining disciplinary penalties in the case of Gregory v. U.S.P.S., which relates to proper standards for determining disciplinary penalties.

- M Support of ethics and Hatch Act efforts.

In FY 2000, OGC continued to manage the ethics program for OPM. We trained and advised employees on the provisions of the Hatch Act and issued regulations governing the political activities of Federal employees.

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OC Goal **M**
Human resources management assistance and information is provided to Federal agencies, the media, and the general public.

The program goal was established to provide customers human resources management assistance and information. There are three indicators to assess whether or not this goal is achieved. Of these, the first indicator was identified at the beginning of the year as most critical for achieving the goal. We met this goal in FY 2000 as we expanded our media coverage, outreach efforts, and marketing consultation, and our manuals, brochures, other publications, and our Website continued to be a source of useful and relevant information to human resource directors across Government. Website statistics reveal that the site received over 139 million hits over an eight-month period in FY 2000.

Our Website continued to be a primary vehicle for communicating with our customers, partners, and other stakeholders. In FY 1999, our web site logged in more than 115,000 unique users per week and 2.5 million hits per week.

In addition, we issued 90 press releases in FY 2000, compared to 100 in FY 1999, and we answered 900 media calls, compared to 1,650 for FY 1999. We expect to have better performance data for FY 2001 as we implement our corporate measurement framework.

M Customer satisfaction with OPM manuals, brochures, reports, and the Website. **[Critical indicator]**

The levels of satisfaction as measured in the CSS and DCSS were as follows:

<u>Program Area</u>	<u>HR Specialists</u>		
	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>
<i>Appearance of OPM manuals, brochures, and reports</i>	<i>87%</i>	<i>84%</i>	<i>No survey</i>

<u>Program Area</u>	<u>HR Directors</u>	
	<u>FY 1998</u>	<u>FY 2000</u>
<i>Appearance of OPM manuals, brochures, and reports</i>	<i>93%</i>	<i>No question</i>

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In FY 2000, we did not solicit information from our customers regarding their satisfaction with OPM manuals, brochures, reports, and Website. Instead we asked them whether they found these communications useful, user-friendly, and meeting their information needs, with the following results:

<u>HR Directors</u>	
<u>Program Area</u>	<u>FY 2000</u>
<i>OPM Website is convenient for accessing information</i>	<i>98%</i>
<i>Website information is relevant to my needs</i>	<i>100%</i>
<i>Website information is sufficient</i>	<i>89%</i>
<i>Website is user-friendly</i>	<i>89%</i>
<i>OPM manuals, brochures, reports, etc. are useful</i>	<i>85%</i>

M Media coverage, outreach efforts, and marketing consultation are expanded.

OC issued 90 press releases, responded to 900 media calls, and facilitated 25 Human Resources Management Council meetings, and conducted one HR Forum Satellite Broadcast.

We implemented a blast fax system to get information to the press in a more efficient manner, expanded outreach program efforts to weekly newspapers, ethnic and community publications and broadcast outlets, and women's and veterans' media, and completed a successful Year 2000 publicity campaign to inform all OPM customers and the media that OPM was Year 2000 compliant.

N Satisfaction of HRMC committee members, officials, employees from other Federal agencies, and OPM employees with the satellite broadcasts. The feedback is reviewed and suggestions are considered when working with the HRMC and when planning satellite broadcasts.

We have no data to support this measure since we produced but one satellite broadcast during FY 2000. Satisfaction with these broadcasts in prior years is as follows:

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<u>Program Area</u>	<u>FY 1998</u>	<u>HR Specialists</u> <u>FY 1999</u>	<u>FY 2000</u>
<i>Usefulness of OPM briefings, forums, workshops, and satellite broadcasts for sharing information</i>	48%	N/A	No survey

<u>Program Area</u>	<u>FY 1998</u>	<u>HR Directors</u> <u>FY 2000</u>
<i>Usefulness of OPM briefings, forums, workshops, and satellite broadcasts for sharing information</i>	39%	No question

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WHF Goal 1

M

A broad range of qualified applicants are attracted to the fellowship program in order to spread the benefits of this leadership development and public service opportunity to remarkable men and women of all backgrounds and professions throughout the U.S.

M Statistical profiles of applicants and fellows.

<i>Class of</i>	<i>Date Applications Received</i>	<i>Applicant Pool</i>		
		<i>Applicants</i>	<i>Male</i>	<i>Female</i>
<i>1993-94</i>	<i>12/92</i>	<i>708</i>	<i>N/A</i>	<i>N/A</i>
<i>1994-95</i>	<i>12/93</i>	<i>1,226</i>	<i>N/A</i>	<i>N/A</i>
<i>1995-96</i>	<i>12/94</i>	<i>854</i>	<i>N/A</i>	<i>N/A</i>
<i>1996-97</i>	<i>12/95</i>	<i>892</i>	<i>N/A</i>	<i>N/A</i>
<i>1997-98</i>	<i>2/96</i>	<i>541</i>	<i>360</i>	<i>181</i>
<i>1998-99</i>	<i>2/98</i>	<i>425</i>	<i>271</i>	<i>154</i>
<i>1999-2000</i>	<i>2/99</i>	<i>263</i>	<i>172</i>	<i>91</i>
<i>2000-01</i>	<i>2/00</i>	<i>242</i>	<i>N/A</i>	<i>N/A</i>

<i>Class of</i>	<i>Total</i>	<i>Male</i>	<i>Female</i>	<i>Selectees</i>				
				<i>%</i>	<i>Minority African American</i>	<i>Latino</i>	<i>Native American</i>	<i>Asian</i>
<i>1993-94</i>	<i>17</i>	<i>11</i>	<i>6</i>	<i>47</i>	<i>5</i>	<i>1</i>	<i>1</i>	<i>0</i>
<i>1994-95</i>	<i>17</i>	<i>11</i>	<i>6</i>	<i>35</i>	<i>2</i>	<i>3</i>	<i>0</i>	<i>1</i>
<i>1995-96</i>	<i>14</i>	<i>9</i>	<i>5</i>	<i>29</i>	<i>2</i>	<i>1</i>	<i>0</i>	<i>1</i>
<i>1996-97</i>	<i>18</i>	<i>8</i>	<i>10</i>	<i>30</i>	<i>4</i>	<i>1</i>	<i>0</i>	<i>1</i>
<i>1997-98</i>	<i>15</i>	<i>11</i>	<i>4</i>	<i>33</i>	<i>2</i>	<i>1</i>	<i>0</i>	<i>1</i>
<i>1998-99</i>	<i>17</i>	<i>10</i>	<i>7</i>	<i>47</i>	<i>2</i>	<i>2</i>	<i>0</i>	<i>3</i>
<i>1999-2000</i>	<i>16</i>	<i>12</i>	<i>4</i>	<i>63</i>	<i>3</i>	<i>3</i>	<i>0</i>	<i>4</i>
<i>2000-01</i>	<i>15</i>	<i>10</i>	<i>5</i>	<i>27</i>	<i>2</i>	<i>0</i>	<i>0</i>	<i>1</i>

Data on the gender of applicants was not available for all years.

M Quality of applicant pool. **[Critical indicator]**

This is the critical indicator because the success of the program is dependent upon maintaining a high level applicants from which the Fellows are selected.

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In FY 2000, an enhanced two-year outreach plan was created in conjunction with the White House Fellows Alumni Association that included massive efforts to involve former Fellows, who we know are the best recruiters for the program, and that launched the use of an updated Website complete with a video about the program and a downloadable application form. We learned quickly, however, from the alumni network that many potential applicants were deterred by the uncertainty of the upcoming presidential transition and that many others were unwilling to take a year away from their jobs or their prospects in such a good economy with so much opportunity. The latter concern was particularly true among minority populations. While the number of applications was roughly the same as the year before, the expectation is that much of the recruitment groundwork laid in FY 2000 will reap benefits in FY 2001 when outreach efforts will be redoubled after the presidential election. Despite the continued low number of applicants, we are still recruiting high-quality candidates who continue to receive high marks on paper and in personal interviews.

WHF Goal 2

M

The selection process is efficient and fair.

- M** Meet the schedule for each phase of selection, as follows:
- select 84-120 regional finalists by mid-March
 - interview regional finalists and select finalists by May 3
 - conduct final selection June 3-6
 - submit Commission's recommendations to the President by June 7

The system for alumni reading of applications encouraged more than 50% of all alumni to volunteer to participate, thus achieving the goal of increasing alumni involvement in the program and relieving workload pressure on program staff.

Citizens who served as regional interviewers were more closely involved in the program and responded well to encouragement to participate in outreach activities.

Because of streamlined administrative systems, upgraded computer systems and greater use of electronic communication both internally and externally, it was easier to integrate the selection process with outreach tactics. By using a calendar-based checklist of tasks to improve efficiency in the implementation of the selection, placement, and education of Fellows, more time was available for outreach.

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WHF Goal 3

M

The management of the fellowship program can be replicated by new staff in anticipation of a change in administration.

M Program runs smoothly and meets deadlines.

In FY 2000, we added two career staff members to help shepherd the program through the change of administrations and to manage the smooth functioning of the program office in the future.

M Fellows are selected and placed in FY 2000 as efficiently and effectively as in FY 1999.

In FY 2000, the placement opportunities for Fellows remained high and competitive, which is a strong measure of the quality of Fellows being selected for the program. Because this class of Fellows would serve during a presidential transition, we were concerned that work assignment opportunities would be affected, with agencies being unwilling to take on a responsibility they felt they could not follow for the full term of the fellowship. Instead, agencies understood the value of having a Fellow in place through the transition period as someone who could help transfer information and explain processes to the incoming officials. We had more requests for Fellows than expected. We see this as a clear measure of the recognition by departments and agencies of the long-term value of the fellowship program.

The updated White House Fellows Program Manual continues to be used by departments and agencies that are assigned a White House Fellow as an effective management and communication tool. The number of agencies requesting Fellows each year is a measure of the usefulness of the work of White House Fellows. Monitoring of program alumni determines the effectiveness of the program in producing future leaders.

OPM STRATEGIC PLAN GOAL II

PROTECT AND PROMOTE THE MERIT-BASED CIVIL SERVICE AND THE EMPLOYEE EARNED BENEFIT PROGRAMS THROUGH AN EFFECTIVE OVERSIGHT AND EVALUATION PROGRAM.

As identified throughout our performance results, functions performed by the Office of the Inspector General (OIG) have significant positive impact on OPM program operations. However, setting specific target levels for each oversight activity is problematic since we do not have direct control over issues and findings that we identify. For example, a successful audit or review does not necessarily result in large financial recoveries. An audit or review without significant findings quite often indicates an effectively run program.

In addition, the measure of our impact far exceeds quantitative results. Having a strong audit and investigative presence within OPM programs is itself a substantial deterrent for fraud, waste, abuse, and mismanagement. This sentinel effect is critical in maximizing the impact of OIG operations.

Thus, while quantitative measures are an important mechanism in reporting our success, they are not the only factor in determining whether our workload goals are met.

OIG Goal 1

M

Independent oversight of agency programs, operations, functions, and activities is provided.

This goal was established under Strategic Goal II to ensure that OPM programs are operating in a manner which protects the integrity of the merit-based civil service and employee-earned benefits. There are four indicators to assess whether or not this goal is achieved. Of these, the second indicator was identified at the beginning of the year as most critical for achieving the goal. We met this goal by achieving positive financial impact of \$105.2 million and a return on investment of \$11.30 per direct program dollar spent. In addition, we maintained a strong audit and investigative presence throughout agency programs.

M Number of audits, investigations, evaluations, or reviews completed.

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<i>Activity</i>	<i>FY 1999</i>	<i>FY 2000</i>
<i>Audit Reports Issued</i>	<i>64</i>	<i>80</i>
<i>Investigations Closed</i>	<i>47</i>	<i>38</i>
<i>Evaluations and Inspection Reports</i>	<i>2</i>	<i>1</i>

- M** Dollars saved, recovery rate, and return on investment. **[Critical indicator]**

This is the critical measure because it reflects the real positive financial impact of Federal Employee Health Benefits Program audits and all trust fund investigations. (FY 2000 target levels were positive financial impact at \$84 million and return on investment at \$9).

<i>Activity</i>	<i>FY 1999</i>	<i>FY 2000</i>
<i>Positive Financial Impact (PFI)</i>	<i>\$51.9m</i>	<i>\$105.2m</i>
<i>Return on Investment (per \$1 spent)</i>	<i>\$5.92</i>	<i>\$11.30</i>

PFI = actual recoveries plus management commitment to collect findings. In addition, \$65.6 million in recommended recoveries were still pending final decision at the end of FY 2000.

Return on Investment = PFI per each direct program dollar spent

- M** Audit cycle, average number of unaudited years, and lost audit years for FEHBP carriers.

<i>Activity</i>	<i>FY 1999</i>	<i>FY 2000</i>
<i>FEHB Audit Cycle</i>	<i>5.4 years</i>	<i>4.5 years</i>
<i>Average FEHB Unaudited Years</i>	<i>5.5 years</i>	<i>5.4 years</i>
<i>Number of Carriers not Audited Within 5 year Retention Period</i>	<i>197</i>	<i>153</i>

- M** Meet Inspector General Act reporting requirements.

Both Semiannual Reports to Congress (October 1, 1999 through March 31, 2000 and April 1, 2000 through September 30, 2000) were completed within the 30 day statutory deadline.

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OIG Goal 2 **M**
Assist and work with our customers and stakeholders in a spirit of cooperation.

This goal was established under Strategic Goal II to ensure that OPM programs are operating in a manner that protects the integrity of the merit-based civil service and employee-earned benefits. Our ability to work with customers and stakeholders is critical for us to be as effective as possible. There are five indicators to assess whether or not this goal is achieved. Of these, the first indicator was identified at the beginning of the year as most critical for achieving the goal. We met this goal by obtaining program agreement on 72% of our recommended dollar findings within the FEHBP. In addition, OIG audits identified a significant number of issues associated with the agency's financial statements, we successfully participated in joint quality improvement teams, and we continued to be responsive to inquiries received from our stakeholders.

M Percent of determinations made by OPM program offices that concur with FEHBP audit findings. **[Critical indicator]**

This is the critical measure because it relates to the efficiency and effectiveness of FEHBP audit operations. RIS agrees with the majority of audit findings that we identify, which leads to the collection of misused dollars into the FEHBP trust fund. (Although not specifically identified in the performance plan, the target level for this measure is 70%).

Percentage of recommendations agreed to and implemented by the Retirement and Insurance Service.

	<u>FY 1999</u>	<u>FY 2000</u>
<i>Concurrences</i>	74%	72%

M Number of audit issues or concerns regarding OPM's financial statements, programs, and administrative activity identified.

	<u>FY 1999</u>	<u>FY 2000</u>
<i>Issues Identified</i>	91	78

M Number of issues addressed and/or resolved by the Quality Improvement Teams (QITs).

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	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>
<i>Issues Addressed and/or Resolved</i>	3	9	10

M Number of times OIG participated in joint investigations or multi-agency task forces.

	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>
<i>Joint Investigations</i>	150	147	147

M Number of debarment inquiries and investigative Hotline contacts.

	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>
<i>Inquiries Processed</i>	1,000	1,101	1,725
<i>Hotline Contacts</i>	1,985	1,822	1,514

OIG Goal 3 **M**
Fraud against OPM programs is detected and prevented.

This goal was established under Strategic Goal II to ensure that OPM programs are operating in a manner that protects the integrity of the merit-based civil service and employee-earned benefits. Our ability to detect and prevent fraud is a critical factor in ensuring financial integrity. There are five indicators to assess whether or not this goal is achieved. Of these, indicators one and two were identified at the beginning of the year as most critical for achieving the goal. We met this goal by increasing positive investigative dispositions by approximately 25% in FY 2000. In addition, we debarred a significant number of health care providers whose actions indicated that they are a threat to the integrity of the FEHBP.

M Number of investigations resulting in a positive disposition for the agency. **[Critical indicator]**

This is a critical measure because the impact of these outcomes extend beyond financial recoveries and ultimately have a sentinel effect on individuals who in the future may consider committing fraud against OPM programs.

	<u>FY 1999</u>	<u>FY 2000</u>
<i>Positive Dispositions (arrests, convictions, administrative settlements, etc.)</i>	41	51

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M Number of debarments. **[Critical indicator]**

This is a critical measure because health carrier providers who are debarred are unable to participate in the FEHBP. This helps ensure that Government subscribers are protected from providers that are unethical, unprofessional, or unqualified. (Original FY 2000 target level was 2,500 common rule debarments and 500 mandatory debarments based on new legislation. However, regulations to implement the new legislation are still pending final approval. Thus we were only able to issue common rule debarments.)

	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>
<i>Debarments</i>	<i>2,926</i>	<i>2,743</i>	<i>2,706</i>

No fines associated with debarment actions were assessed in FY 1998-2000. However, we will be able to assess fines when P.L. 105-266, Federal Employees Health Care Protection Act of 1998, is fully implemented. New regulations are currently in the clearance process.

M Number of referrals to DoJ.

	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>
<i>Referrals to DoJ</i>	<i>113</i>	<i>40</i>	<i>50</i>

M Percentage of carriers in compliance with debarment guidelines, and the percent that have a debarment implementation plan in place.

	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>
<i>% of Carriers with Implementation Plan in Place</i>	<i>100%</i>	<i>99.1%</i>	<i>99.5%</i>

M Percentage of debarments processed within established time requirements.

	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>
<i>% Processed Within Time Standards</i>	<i>100%</i>	<i>99%</i>	<i>100%</i>

In FY 1999, the 1% not meeting time requirements were due to events such as judicial stays in bankruptcy or licensure cases which are out of the control of the OIG.

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OIG Goal 4 **M**
Overall quality assurance and oversight of OPM's programs is improved.

This goal was established under Strategic Goal II to ensure that OPM programs are operating in a manner which protects the integrity of the merit-based civil service and employee-earned benefits. There are two indicators to assess whether or not this goal is achieved. Of these, the first indicator was identified at the beginning of the year as most critical for achieving the goal. We met this goal by identifying operational weaknesses that can be addressed by the appropriate program offices.

M Change in the number of material weaknesses. **[Critical indicator]**

This is the critical measure because material weaknesses of OPM programs identified by the OIG are resolved, leading to improved operations. (No FY 2000 target was set, but the fewer material weaknesses identified the more secure agency resources are.)

	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>
<i>Material Weaknesses Identified</i>	<i>16</i>	<i>11</i>	<i>5</i>

D Monitor the use of Independent Public Accountants.

This indicator was not achieved in FY 2000 since there is no adequate methodology to report results. OIG will drop the measure for FY 2000 because it does not report information directly related to accomplishment of the goal.

APPENDIX B: ACRONYMS

Abbreviation/Acronym Key:

ACH	Automated Clearing House
ACSI	American Customer Satisfaction Index
ADR	Alternative Dispute Resolution
AFGE	American Federation of Government Employees
AICPA	American Institute of Certified Public Accountants
ALJ	Administrative Law Judge
AMCOM	U. S. Army Aviation and Missile Command Research,
RDEC	Development and Engineering Center
APB	Accounting Principles Board
ARPS	Annuity Roll Processing System
ASTD	American Society of Training and Development
BAI	Benefits Administration Information
BAL	Benefits Administration Letter
BCCP	Business Continuity and Contingency Plan
BLS	Bureau of Labor Statistics (a component of DoL)
BPR	Business Process Engineering
CAHPS	Consumer Assessment of Health Plans Survey
CAPMIS	Classification Appeals Program Management Information System
CCL	Center for Creative Leadership
CECOM	Communications-Electronics Command
CECS	Centralized Enrollment Clearinghouse System
CEL	Center for Executive Leadership
CFC	Combined Federal Campaign
CFO	Chief Financial Officer
CFR	Code of Federal Regulations
CIO	Chief Information Officer
CMM	Capability Maturity Model
COLA	Cost of Living Adjustment
COLA	Nonforeign Area Cost-of-Living Allowance Program
COOP	Continuity of Operations Plan
CPDF	Central Personnel Data File
CPI	Consumer Price Index
CRC	Community-Rated Carrier
CSAS	IS' Customer Satisfaction Assessment Survey
CSRDF	Civil Service Retirement and Disability Fund
CSRS	Civil Service Retirement System
CSS	OPM Customer Satisfaction Survey
C&T	Clerical and Technical

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CTAP	Career Transition Assistance Plan
CTCS	Career Transition Center Services
DAU	Defense Acquisition University
DBA	Database Administrator
DCAA	Defense Contract Audit Agency
DCSS	OPM HR Directors' Customer Satisfaction Survey
DeCA	Defense Commissary Agency
DEO	Delegated Examining Operations
DEU	Delegated Examining Unit
DFAS	Defense Finance and Accounting Service
DLAMP	Defense Leadership and Management Program
DoD	U.S. Department of Defense
DoE	U.S. Department of Energy
DoI	U. S. Department of Interior
DoJ	U.S. Department of Justice
DoL	U.S. Department of Labor
EAGLS	Electronic Account Government Ledger System
EAP	Employee Assistance Programs
ECQ	Executive Core Qualifications
EDP	Electronic Data Processing
EEO	Equal Employment Opportunity
EEOC	Equal Employment Opportunity Commission
EFT	Electronic Funds Transfer
EIS	Executive Information System
EMDC	Eastern Management Development Center
EO	Executive Order
EPA	Environmental Protection Agency
ER	Employee Relations
ERHSC	Employee Relations and Health Services Center
ERM	Enterprise Resource Management
ES	Employment Service
ESOP	Employee Stock Option Plan
FAA	Federal Aviation Authority
FACTS II	Federal Agencies Centralized Trial-balanced System II
FASAB	Federal Accounting Standards Advisory Board
FBI	Federal Bureau of Investigation
FDA	Food and Drug Administration
FECA	Federal Employee Compensation Act
FEHB	Federal Employees Health Benefits
FEHBP	Federal Employee Health Benefits Program

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FEI	Federal Executive Institute
FEGLI	Federal Employee Group Life Insurance Program
FERCCA	Federal Erroneous Retirement Coverage Corrections Act
FERS	Federal Employee Retirement System
FFMIA	Federal Financial Management Improvement Act
FMFIA	Federal Managers Financial Integrity Act
FFB	Federal Financial Bank
FFS	Federal Financial System
FFS	Fee-for-Service
FIN	Federal Investigations Notice
FINCEN	Financial Crimes Enforcement Network
FISCAM	Federal Information Systems Control Audit Manual
FLRA	Federal Labor Relations Authority
FLSA	Fair Labor Standards Act
FMFIA	Federal Managers Financial Integrity Act
FPRAC	Federal Prevailing Rate Advisory Committee
FR	Federal Register
FSIP	Federal Service Impasses Panel (a component of FLRA)
FTE	Full-time Equivalent
FWS	Federal Wage System
FWS	Fish and Wildlife Service
FY	Fiscal Year
GAAP	Generally Accepted Accounting Principles
GAGAS	Generally Accepted Government Auditing Standards
GAO	General Accounting Office
G/L	General Ledger
GPO	Government Printing Office
GPRA	Government Performance and Results Act
GS	General Schedule
GSA	General Services Administration
HACU	Hispanic Association of Colleges and Universities
HB	Health Benefits
HBCU	Historically Black Colleges and Universities
HBP	Health Benefits Program
HCFA	Health Care Finance Administration (a component of HHS)
HEDIS	Health plan Employer Data Information Set
HHS	U.S. Department of Health and Human Services
HMO	Health Maintenance Organization
HR	Human Resources
HRD	Human Resource Development

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HRDC	Human Resource Development Council
HRDN	Human Resources Data Network (formerly VHRDR)
HRM	Human Resources Management
HRMC	Human Resources Management Council
HRTC	Human Resources Technology Council
HSI	Hispanic-Serving Institutions
IAG	Interagency Group
IC	Internal Controls
ILA	Individual Learning Accounts
INS	Immigration and Naturalization Service
IPA	Independent Public Accountant
IPA	Intergovernmental Personnel Act
IPMA	International Personnel Management Association
IQPC	International Quality and Productivity Center
IRS	Internal Revenue Service
IS	Investigations Service
IT	Information Technology
IVR	Interactive Voice Response
JFMIP	Joint Financial Management Improvement Program
JIVA	Joint Intelligence Virtual Architecture
LAN/WAN	Local Area Network/Wide Area Network
LDS	Leadership for a Democratic Society
LI	Life Insurance
LLS	Leadership Learning System
LMR	Labor-Management Relations
LMRD	Labor-Management Relations Division
LR	Labor Relations
MD&A	Management Discussion and Analysis
MDC	Management Development Centers
MetLife	Metropolitan Life Insurance Company
MOSAIC	Multi-purpose Occupational Systems Analysis Inventory Close-ended
MRA	Minimum Retirement Age
MSPB	Merit System Protection Board
MSP	Merit Systems Principles
MSPQ	Merit System Principles Questionnaire
NACE	National Association of Colleges and Employers
NAFI	Non-Appropriated Fund
NAPA	National Academy of Public Administration
NARA	National Archives and Records Administration
NASA	National Aeronautics and Space Administration

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NCS	National Compensation Survey
NOAA	National Oceanographic and Atmospheric Administration
NPC	National Partnership Council
NPR	National Partnership for Reinventing Government
OC	Office of Communications (a component of OPM)
OCAS	Office of Contracting and Administrative Services (a component of OPM)
OCFO	Office of the Chief Financial Officer (a component of OPM)
OCIO	Office of the Chief Information Officer (a component of OPM)
OCR	Office of Congressional Relations (a component of OPM)
OD	Office of the Director, OPM
OECD	Organization for Economic Cooperation and Development
OEMD	Office of Executive and Management Development (a component of OPM)
OERM	Office of Executive Resources Management (a component of OPM)
OFEGLI	Office of Federal Employees Group Life Insurance (a component of MetLife)
OGC	Office of the General Council (a component of OPM)
OHRD	Office of Human Resource Development (a component of OWR)
OHREEO	Office of Human Resources and EEO (a component of OPM)
OIG	Office of the Inspector General, OPM
OLAP	On Line Analytical Processing
OMB	Office of Management and Budget
OMSOE	Office of Merit System Oversight and Effectiveness (a component of OPM)
OPAP	Overseas Presence Advisory Panel
OPF	Official Personnel Folder
OPM	U.S. Office of Personnel Management
OSFA	Office of Systems, Finance and Administration (a component of RIS)
OWR	Office of Workforce Relations (a component of OPM)
PC	Personal Computer
PDF	Postal Data File
PFI	Positive Financial Impact
PILLAR	Performance, Incentives, and Leadership Linked to Achieve Results Award
PIPS	Personnel Investigations Processing System
PL	Public Law
PMC	President's Management Council
PMI	Presidential Management Intern

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PMIAD	Performance Management and Incentive Awards Division (a component of WCPS)
PMIS	Property Management Inventory System
PRHB	Post-Retirement Health Benefits
QIT	Quality Improvement Team
QRB	Qualifications Review Board
QUIC	Quality Interagency Coordination Task Force
R	Retirement
RACF	Resource Access Control Facility
RFEHBP	Retired Federal Employee Health Benefits Program
RIF	Reduction in Force
RIS	Retirement and Insurance Service (a component of OPM)
RNO	Race and National Origin
ROI	Return on Investment
RP	Retirement Programs
RSI	Required Supplementary Information
RSM	Retirement Systems Modernization
RWA	Return Without Action
SCPC	Strategic Compensation Policy Center
SDLC	Systems Development Life Cycle
S&E	Salaries and Expenses
SES	Senior Executive Service
SFFAS	Statement of Federal Financial Accounting Standards
SGL	Standard General Ledger
SL	Senior Level
SOARS	Senior Opportunity and Resume Service
SOELR	Symposium on Employee and Labor Relations
SPF	U. S. Security Policy Forum
SSA	U. S. Social Security Administration
SSTM	Senior Scientific Technical Manager
S&T	Science and Technology
ST	Scientific and Professional
TA	Technical Assistance
TACOM	Tank-automotive and Armaments Command
T/C	Transaction Code
TID	Technology Integration Division
TJF	Treasury Judgement Fund
TLOS	Trades and Labor Study
TMA	Training and Management Assistance (a component of OHRD, which is a component of OWR)

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TRB	Theodore Roosevelt Building
TTIG	Training Technology Implementation Group
TVA	Tennessee Valley Authority
ULP	Unfair Labor Practice
U.S.C.	United States Code
USDA	U.S. Department of Agriculture
USIS	US Investigations Service, Inc.
USPS	U.S. Postal Service
VEOA	Veterans' Employment Opportunity Act
VERA	Voluntary Early Retirement Authority
VHRDR	Virtual Human Resources Data Repository
VISN	Veterans Integrated Service Network
VSIP	Voluntary Separation Incentive Program
VSO	Veterans Service Organizations
WCPS	Workforce Compensation and Performance Service (a component of OPM)
WHF	White House Fellows
WMDC	Western Management Development Center
WTC	Washington Technology Center
Y2K	Year 2000

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**APPENDIX C: MANAGEMENT CHALLENGES AND
LINKAGES TO PROGRAM PERFORMANCE GOALS**
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Our Office of the Inspector General identified six management challenges for OPM in their letter to five members of Congress of December 1, 2000. Each of these challenges is directly addressed in our FY 2000 annual performance plan and report. The challenges and the individual program performance goals that are related to them are described below.

Challenge 1. Revolving Fund and Salaries and Expense Accounts

Correcting material deficiencies in OPM's financial management systems for the Revolving Fund and Salaries and Expenses accounts remains a significant agency challenge.

Relevant Goal:

OCFO 1 — Material weaknesses are resolved and the Financial Management System, the Employee Benefits System, and internal controls are improved in order to maintain the integrity of the earned employee benefits trust fund (totaling more than \$60 billion in annual benefit payments) and OPM's appropriated and reimbursable funds.

Challenge 2. OPM's Financial Management Oversight of the FEHBP

OPM's financial management of the FEHBP should be enhanced to provide more effective oversight of its operations.

Relevant Goals:

RIS 5 — The financial oversight of the employee benefit trust funds is strengthened in that (a) the FY 1999 Trust Fund annual financial statements receive unqualified opinions from an independent auditor, (b) the earned benefit financial subsystems are integrated with the new general ledger installed in early FY 1999, and (c) financial policies and procedures support the earned benefit financial systems are properly documented and comply with applicable requirements and standards.

OCFO 2 — Integrated financial management support and reporting is provided to ensure OPM's core functions can meet their goals and objectives.

Challenge 3. Retirement System Modernization

While not appropriately characterized as a current problem, one of the agency's most significant, high-risk challenges continues to be the modernization of the systems used to administer the Federal Retirement Program.

Relevant Goal:

RIS 14 — Accelerated information technology solutions for a modernized retirement system are designed, developed, and implemented.

Challenge 4. OPM's Implementation of the Government Performance and Results Act

While OPM efforts have shown the agency's commitment to results-oriented performance and accountability, it will most likely take many more planning cycles to perfect a successful system for performance-based management. The [FY 1999] annual performance report fails to fully demonstrate the progress OPM is making toward achieving desired outcomes or the actual effect of its programs on the way the Federal government manages its human capital systems. Still, we believe OPM's process for strategic planning and performance measurement is moving in the right direction.

Although only one program performance goal deals directly with GPRA implementation, the GPRA process is inherent in every piece of the performance plan, from goal structure to success measurement to performance evaluation, meaning each goal in the performance plan has been designed to be outcome-oriented. We will continue to enhance our GPRA process, using performance data to more effectively plan, budget, execute, and evaluate our programs and activities.

Relevant Goal:

OCFO 2 — Integrated financial management support and reporting is provided to ensure OPM's core functions can meet their goals and objectives.

Challenge 5. Human Resources Accountability

With the increasing importance and emphasis being placed on human resources management and accountability, OPM has a significant role to play in promoting and enabling broader application of human capital principles.

We have already deployed tools and started initiatives that assist employing agencies in developing human resources management and accountability systems. We will tailor our future initiatives to the priorities of the new Administration, as we proceed in this area.

Relevant Goals:

OMSOE 4 — Agency systems assure accountability for the merit system principles and the laws, rules, and regulations governing Federal HR management.

ES 8 — A model for workforce planning, analysis, and forecasting (initially enhanced by a direct link to the Census Bureau, DOL, and educational institution data, with expansion of databases in later versions) is in place so that agencies can enhance workforce quality for mission-critical occupations by selecting from a diverse pool of well-qualified applicants, and by conducting effective succession planning.

ES 16 — Organizational assessment tools are available to agencies to improve Government performance, including customer service.

WCPS 8 — Agency managers are receiving easy-to-use classification and position management program guidance that facilitates delayering and streamlining their organizations.

WCPS 10 — The Governmentwide policy framework is up-to-date and accommodates cutting-edge proposals so that agencies can enhance individual and organizational performance and ensure individual accountability.

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**Challenge 6. Health Care Fraud and Abuse in the Federal Employees Health
Benefits Program**

Health care fraud continues to be recognized as a nationwide problem. OPM
OIG's ability to investigate and prosecute health care fraud and abuse continues to
be adversely affected by exclusion of the FEHBP from certain civil enforcement
provisions of the *Health Insurance Portability and Accountability Act* (HIPAA) of
1996 (Public Law 104-191) which apply to all other Federal health care programs.

Relevant Goal:

OIG 3 — Fraud against OPM programs is detected and prevented.



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