# United States Office of Personnel Management

# Congressional Budget Justification/ Performance Budget

*Fiscal Year 2005*

*Working for America*

February 2004

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# Chapter 1
# Agency Overview

The Office of Personnel Management (OPM) has transformed itself into a new agency with an expanded role within the Executive Branch of Government. In fiscal year (FY) 2005, OPM's focus will be to build the Government's capacity for human capital flexibility, accountability, and national security. This focus represents a paradigm shift for OPM, as it moves from providing agencies with policy leadership through flexible strategies and implementation support to assessing whether agencies are using bold new flexibilities and holding them accountable for doing so. OPM recognizes that its mission does not end there, however; steps must also be taken to build agencies' capacity to leverage these flexibilities and ensure that they use them within the framework of the Merit System Principles.

The Government Performance and Results Act requires that Federal agencies submit an annual performance plan to Congress with their fiscal year budget request. This FY 2005 Congressional Budget Justification/ Performance Budget is designed to meet these requirements and reflect the dramatic change that has occurred at OPM. It is an integrated budget and performance document that represents a new phase in how the agency presents its budget requests. Specifically, it recognizes OPM's increased responsibilities under the President's Management Agenda (PMA) and the Nation's response to the September 11th terrorist attacks. It is the second budget request based on OPM's new Strategic Plan and organizational structure. Finally, this performance budget describes a new approach to performance measurement that is based on a programmatic view of the agency, inspired by the PMA initiative for the Strategic Management of Human Capital and the Program Assessment and Rating Tool (PART).

## Description of OPM

OPM is the central human resources agency for the Federal Government and the primary agency helping the President carry out his responsibilities in managing the Federal work force. The Director of OPM is the President's chief advisor in the Strategic Management of Human Capital initiative, which OPM is charged to lead under the PMA.

In addition, OPM has taken on new and unprecedented roles and responsibilities. For instance, the legislation that created the De- partment of Homeland Security (DHS) granted agencies significant new flexibilities in human resources management. The Act also required that Federal agencies appoint Chief Human Capital Officers (CHCOs) to plan, manage, and assess their respective agency's human capital performance.

With the enactment of the National Defense Authorization Act for FY 2004 (Public Law 108-136), OPM will assist

the Department of Defense (DOD) in establishing the National Security Personnel System (NSPS)—a new human resources management system for DOD employees. The Act also authorizes OPM to establish a new performance-based pay system for members of the Senior Executive Service (SES), and establishes requirements for new pay-for-performance systems in demonstration projects.

In addition, OPM has accepted an important new role in leading and supporting emergency planning by Federal agencies as part of the Nation's response to the September 11th terrorist attacks.

Finally, OPM continues to administer its more traditional programs, including oversight of the Merit System Principles, veterans' preference, personnel security and suitability investigations, and Federal employee benefit programs.

## Mission, Strategic Goals, and Objectives

OPM's commitment to both its new and traditional responsibilities is reflected in its mission statement. This statement was carefully crafted to demonstrate the link between the performance of the Federal work force, the ongoing strength of the civil service, and the Government's ability to protect and serve America and its people.

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**THE OPM MISSION STATEMENT**

It is OPM's job to build a high-quality and diverse Federal work force, based on Merit System Principles, which America needs to guarantee freedom, promote prosperity, and ensure the security of this great Nation.

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OPM's Strategic Plan for FY 2002–07 describes three strategic goals and nine supporting objectives that provide a road map for its historic shift in direction and priorities. The plan also outlines OPM's management strategy for building its internal capacity to perform its mission.

These goals, objectives, and strategy (summarized below) provide a framework for organizing the agency's resources and annual performance goals. OPM's *Strategic Plan 2002–2007: Working for America* is available on the OPM Web site at www.opm.gov/gpra/opmgpra/sp2002.

## OPM STRATEGIC GOALS AND OBJECTIVES AND MANAGEMENT STRATEGY

| | |
|---|---|
| *Strategic Goal I:* **Federal agencies adopt human resources management systems that improve their ability to build successful, high-performance organizations.** | *Objective 1:* Agencies use OPM policy and guidance to develop and maintain the capacity of their work force to continue to meet and improve their strategic performance targets.<br><br>*Objective 2:* Provide expert advice and assistance in establishing the Department of Homeland Security and ensure that human capital needs of the homeland security community are met.<br><br>*Objective 3:* Provide the Federal Government with a modern compensation system that is performance-oriented and market-sensitive, and assists Federal agencies in meeting their strategic goals.<br><br>*Objective 4:* Increase the effectiveness and efficiency of the Federal hiring process and make Federal employment attractive to high-quality applicants of diverse backgrounds. |
| *Strategic Goal II:* **Federal agencies use effective merit-based human capital strategies to create a rewarding work environment that accomplishes the mission.** | *Objective 1:* Provide advice to agencies and promote best practices on solutions, actions, and strategies to meet their human capital management needs.<br><br>*Objective 2:* Monitor and assess agencies' effectiveness in implementing merit-based strategies that support their missions. |
| *Strategic Goal III:* **Meet the needs of Federal agencies, employees, and annuitants through the delivery of efficient and effective products and services.** | *Objective 1:* Provide direct human capital products and services that are cost-effective, relevant, and useful to agencies.<br><br>*Objective 2:* Facilitate retirement income security for Federal employees by making the transition from active employment to retirement seamless and expeditious.<br><br>*Objective 3:* Federal employees, annuitants, and their families can choose from among quality and fiscally responsible carriers to address their specific insurance needs. |
| *Management Strategy:* **OPM creates an environment that fosters the delivery of services to its customers and employees through effective communication and management of human capital, technology, financial resources, and business processes.** | |

# TEAM OPM

OPM's internal structure reflects the goals articulated in the Strategic Plan, as it is based on four central divisions encompassing broad specialties that are aligned to provide more efficient service delivery and coordinated responses to the human capital needs of Federal agencies. The new organizational framework—called **TEAM OPM**—positions the agency to respond to and meet the unprecedented new responsibilities and higher profile it has been given.

TEAM OPM will ensure that policies and programs are developed and implemented in an integrated manner, that agencies adopt the best human capital practices that

meet their unique needs, and that the right products and services are delivered to customers in a timely and efficient manner. The major components of TEAM OPM are summarized in the remainder of this section.

The **Office of Congressional Relations** (OCR) oversees and coordinates all of OPM's congressional relations, including providing legislative analysis to the Director and OPM's program offices. OCR oversees the development of strategies for the design and implementation of OPM's legislative program and analyses. The office also responds to congressional initiatives that affect Federal human resources management.
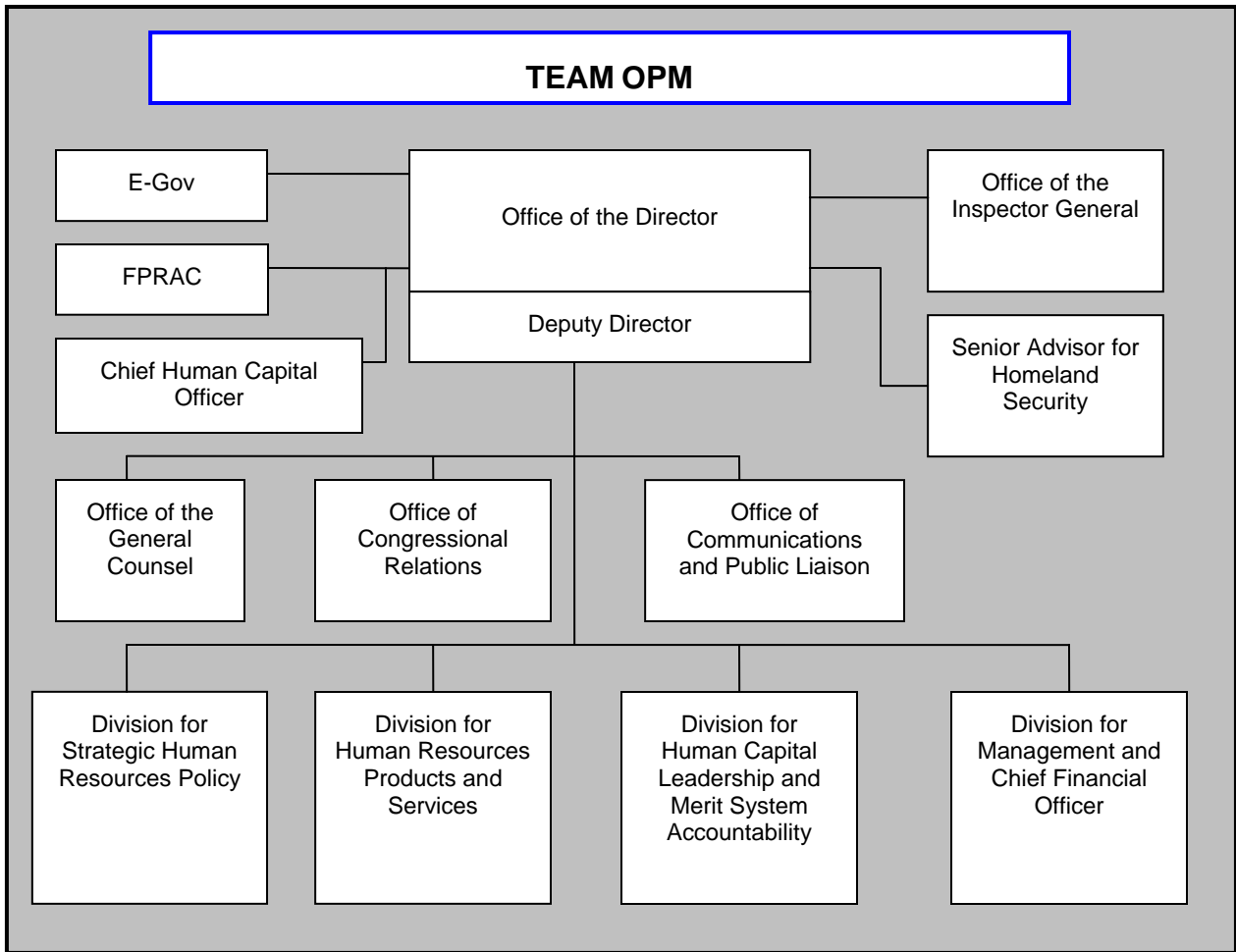
The **Office of Communications and Public Liaison** (OCPL) promotes and defends, internally and externally, the heritage and principles of America's civil service. In addition, it ensures that the policies and directives of the President and the Director of OPM are fully supported as they relate to the Strategic Management of Human Capital initiative, and provides the American citizenry, Federal agency customers, and pertinent stakeholders with accurate information to aid in their planning and decision-making.

The **Office of the General Counsel** (OGC) ensures that OPM's mission is accomplished, with respect to both internal and Govern-

mentwide aspects, within the letter and spirit of all applicable statutes, regulations, and executive orders. The OGC provides legal services to OPM's Director, Deputy Director, and program offices. It also advises other Government agencies in understanding and carrying out their civil service responsibilities and meeting the Merit System Principles, and provides basic information concerning legal rights and responsibilities arising from civil service laws and regulations.

The **Senior Advisor for Homeland Security**, the **Program Director of e-Gov Projects**, the **Chair of the Federal Prevailing Rate Advisory Committee** (FPRAC), the **Chief Human Capital Officer**, and the **Inspector General** report to the Director on matters concerning their specific initiatives or programs.

The **Division for Strategic Human Resources Policy** (SHRP) has the lead for achieving Strategic Goal I and its four supporting objectives. To this end, SHRP designs, develops, and leads the implementation of innovative, flexible, merit-based human resources policies and strategies that enable Federal agencies to meet their missions and achieve their goals.

## TEAM OPM

| | |
|---|---|
| E-Gov | Office of the Director |
| FPRAC | |
| Chief Human Capital Officer | Deputy Director |

Office of the Inspector General

Senior Advisor for Homeland Security

Office of the General Counsel

Office of Congressional Relations

Office of Communications and Public Liaison

Division for Strategic Human Resources Policy

Division for Human Resources Products and Services

Division for Human Capital Leadership and Merit System Accountability

Division for Management and Chief Financial Officer

The **Division for Human Capital Leadership and Merit System Accountability** (HCLMSA) leads the transformation of human capital management across Government by proactively engaging agencies in the implementation of the Human Capital Standards for Success; providing them with technical advice and assistance; and assessing and reporting their results and adherence to the Merit System principles, veterans' preference, and other Governmentwide standards. These responsibilities are covered by Strategic Goal II and its two objectives.

The **Division for Human Resources Products and Services** (HRPS) has responsibility for Strategic Goal III and its three underlying objectives. To achieve these ends, HRPS provides high-quality, cost-effective products and services that help OPM customers recruit and retain the best talent and develop and maintain a results-oriented leadership capacity. In addition, HRPS products and services support Federal employees, annuitants, and their families.

The **Division for Management and Chief Financial Officer** (MCFO) provides inte-

grated financial management, human capital, and equal employment opportunity (EEO) services; contracting and administrative services; information technology (IT) management; and security and emergency services that enable OPM to build mission capacity and maintain a high-quality and diverse work force. This division is responsible for implementing OPM's management strategy and for keeping the agency on track with regard to the President's Management Agenda.

# How This Performance Budget Links to the OPM Strategic Plan

This Congressional Budget Justification/ Performance Budget is organized according to OPM's Strategic Plan FY 2002–07. Thus, all budget schedules align with OPM's strategic goals and objectives, as well as the annual performance goals that derive from those goals and objectives. The full cost of achieving each annual performance goal is displayed in the tables contained in this report and can be easily rolled up to the strategic goal and objective from which it descends. Because these costs are determined at the program activity level, they also can be rolled up by program.

OPM is able to break down/roll up performance goals to both Strategic Plan and program components because its organizational structure fully aligns with its strategic goals. Each of the agency's three strategic goals, as well as its overall management strategy, is the responsibility of and is championed by a specific OPM program division, as shown in the table below. Thus, the Strategic Plan is the single organizing principle for all of OPM's budget and performance planning activities. Virtually all budgetary and performance analysis, reporting, and planning is focused on achieving the agency's strategic goals and objectives.

This alignment of strategic goals and organizations also supports OPM's activity-based approach to budgeting and accounting, and to determining the full cost of achieving goals and program outcomes.

### ALIGNMENT OF OPM STRATEGIC GOALS AND OPM DIVISIONS

| OPM Strategic Goal | OPM Program Division |
|---|---|
| Strategic Goal I | Division for Strategic Human Resources Policy |
| Strategic Goal II | Division for Human Capital Leadership & Merit System Accountability |
| Strategic Goal III | Division for Human Resources Products & Services |
| Management Strategy | Executive Services and Division for Management & Chief Financial Officer |

This performance budget also includes many new performance indicators that OPM will use to assess its progress in meeting annual and strategic goals. The approach the

agency took to develop these performance indicators is explained in Chapter 8, Measurement and Evaluation Strategy. Because these indicators are new, there are no historic data or 2003 baselines reflecting current performance levels. Further, data sources for some of these new indicators are tentative at this point and may change as OPM develops mechanisms to collect data for them. Finally, as OPM continues to review and improve its performance measurement system, it may add, delete, and/or replace performance indicators.

# Budget Request

This FY 2005 budget request describes how OPM will accomplish its mission and outlines the resources the agency needs to achieve its goals and deliver results. This request is the result of a rigorous examination of OPM's strategic goals and objectives with regard to its programs, activities, and outcomes, and integrates budgetary resources with performance.

In FY 2005, OPM will strengthen the Federal Government's human capital capacity through increased human resources flexibilities and accountability, while supporting national security. The Homeland Security Act of 2002 afforded OPM the opportunity to help establish the personnel system for the new Department of Homeland Security by incorporating a number of human resources flexibilities. These flexibilities—and the lessons learned through their development and implementation—will provide the foundation for Governmentwide personnel reform supported through OPM's FY 2005 budget. To best take advantage of this window of opportunity, OPM requires a moderate budgetary increase above FY 2004 discretionary funds.

OPM is committed to improving Federal human capital through initiatives targeting Talent, Leadership & Knowledge Manage-

ment, Performance Culture, and compliance with Merit System Principles and other standards. OPM's policy initiatives for FY 2005 support agency efforts in developing a high-performing work force with the competencies needed to serve the American public and the organizational cultures that support their accomplishments. These initiatives are driven by the Human Capital Assessment and Accountability Framework, the President's Management Agenda, and over a decade of research by OPM to identify competencies of high-performing individuals and dimensions of high-performing organizations.

The key initiatives for FY 2005 focus on streamlined appointing authorities, competency-based qualification and classification standards, and performance-based policies. The requested budgetary increase will enable OPM to move forward on these initiatives to support all Federal agencies in transforming their human capital.

OPM's total FY 2005 request of $35,030,841,000—an increase of $1,397,112,000 over FY 2004—is composed of appropriations that are 2 percent discretionary and 98 percent mandatory. OPM's budget request consists of three discretionary appropriation accounts containing

general funds and trust funds totaling $277,841,000 and three mandatory payment appropriations totaling an estimated $34,453,000,000. OPM's budget also includes $300,000,000 for the Human Capital Performance Fund, to reward high-performing Federal employees. In FY 2005, OPM's administrative accounts will support 4,864 full-time-equivalent (FTE) employees, 941 more FTE than in FY 2004. The additional FTE will assist OPM with implementing the President's Management Agenda, particularly the agency's leadership responsibilities for the Strategic Management of Human Capital initiative. The additional FTE also includes a partial transfer of DOD's Defense Security Service (DSS) activities. OPM has the discretion to accept or decline such a transfer and no final decision has been made for FY 2004 or FY 2005. OPM implemented a zero-based, activity-based budget in FY 2002 and has continued to use this methodology in its budget process.

## Discretionary Appropriations

**Salaries and Expenses**

**General Fund:** OPM's general fund request for basic operating expenses totals $131,291,000 and 831 FTE. This includes $114,876,000 in annual funds, $11,415,000 in no-year funds for e-Government (e-Gov) projects, and $5,000,000 in two-year funds to coordinate and conduct program evaluation and performance measurement. Annual funds include an increase of $3,042,000 and 24 FTE to provide human capital support, hiring solutions, enhanced IT support, competitive sourcing studies, and homeland security and emergency response. No-year e-

Gov funding includes $6,615,000 for e-Payroll, $2,000,000 for Enterprise Human Resources Integration (EHRI), $800,000 for e-Human Resource Information System (EHRIS), and $2,000,000 for e-Clearance.

**Transfers from Trust Funds:** For the administration of the civil service retirement and insurance programs, OPM is requesting a total of $128,462,000 in transfers from the trust funds for 1,151 FTE. This includes $100,822,000 in annual funds, an increase of $2,193,000 from FY 2004. These resources will be dedicated to retirement benefits calculation, increased call center support during peak season, phone system upgrades, and contract cost increases. The total also includes $27,640,000 for the Retirement Systems Modernization project.

**Advances and Reimbursements:** This account also includes 141 FTE to be financed by reimbursements from other agencies for the provision of human resources management technical assistance, and from OPM programs for the provision of agency-wide services.

**Office of Inspector General Salaries and Expenses**

The request for the Office of the Inspector General (OIG) totals $18,088,000 and 140 FTE, and includes $1,627,000 in general funds and $16,461,000 in transfers from the trust funds to enable the OIG to carry out its audit, investigative, and review responsibilities. The request includes an increase of $2,119,000 in trust funds and 17 new FTE. The additional resources will increase the investigative oversight of the Federal Employees Health Benefits Program (FEHBP)

and the Civil Service Retirement System (CSRS)/Federal Employees Retirement System (FERS) programs, to audit FEHBP plans and carrier information systems, and to develop computer-assisted audit techniques (CAAT). This account also includes one FTE to be financed by reimbursements from the Department of the Treasury's Auditor Training Institute.

**Human Capital Performance Fund**

OPM is requesting $300,000,000 to implement the Human Capital Performance Fund, which was established in FY 2004. This fund represents a new tool for agencies to use to reward high-performing employees and recruit and retain employees with needed skills. The fund will allow agencies to give pay raises to employees based on their performance. OPM will administer the fund. Agencies will submit, for OPM's approval, a plan to distribute money from the fund to employees based strictly on employee or organizational performance and/or to address other critical agency human capital needs that affect an agency's performance. Pay raises given to employees are in addition to any annual across-the-board pay raises accorded civilian Federal employees. The current General Schedule (GS) pay system remains unchanged; individual employees would remain at their current GS grade and step levels and continue to receive annual across-the-board pay increases and within-grade increases. Any pay increases received from the Human Capital Performance Fund are treated as basic pay for retirement and benefits purposes and would stay with an employee in future years.

## Revolving Fund

OPM provides a variety of services that are financed by payments from other agencies through the Revolving Fund. For ongoing Revolving Fund programs, the FY 2005 budget includes an estimated $1,026,459 in obligations and 2,601 FTE to be financed by other agencies' payments for OPM's services. These services include providing professional development and continuous learning for Federal managers and executives; providing one-stop access to high-quality e-training products and services; testing potential military personnel for DOD in those locations where it is cost-effective for OPM to do so; providing employment information and assessment services; automating other agencies' staffing systems; providing examining services when requested by an agency; providing technical assistance and general consultation services on all facets of human resources management; and managing the selection, coordination, and development of Presidential Management Fellows.

Through contracts with private companies, OPM conducts national agency check and inquiry cases and background security/suitability investigations for Federal agencies on a reimbursable basis through the Revolving Fund. When OPM is required to pay fees for national, State, or other records provided, client agencies must reimburse OPM for such fees through the Revolving Fund.

## Mandatory Appropriations

### Government Payment for Annuitants, Employee Health Benefits

A "such sums as may be necessary" appropriation is requested for an estimated $8,046,000,000, an increase of $688,000,000 over FY 2004, to finance the Government's share of health benefit costs for 1.9 million annuitants participating in the program.

### Government Payment for Annuitants, Employee Life Insurance

A "such sums as may be necessary" appropriation is requested for an estimated $35,000,000—no increase from FY 2004— to finance the Government's share of life insurance premiums for 500,000 annuitants under 65 years of age electing post-retirement coverage.

### Payment to the Civil Service Retirement and Disability Fund

A "such sums as may be necessary" appropriation is requested for an estimated $26,372,000,000, an increase of $402,000,000 over FY 2004, to cover the service cost of the CSRS that is not funded by and for active employees.

# Chapter 2
# Significant Issues in FY 2005

In developing this Congressional Budget Justification/Performance Budget, OPM considered and responded to several factors that affected its program priorities, annual performance goals, and strategies for achieving them.

## Implementing the Homeland Security and National Defense Authorization Acts

Homeland security has been a top priority for OPM even before the Homeland Security Act (Public Law 107-296) was signed into law by President George W. Bush on November 25, 2002. OPM shifted resources first to help educate Congress regarding the implications of this legislation which established the Department of Homeland Security through a major reorganization of the Federal Government, and then to implement the act once it was signed by the President.

OPM Director Kay Coles James appointed a Senior Advisor for Homeland Security to lead the agency's work on what quickly became an intensive effort. The DHS-OPM Human Resources Design Team was promptly established, bringing together human resources policy experts in OPM and DHS, DHS managers, and representatives of the major DHS employee organizations. The Design Team provided extensive support in addressing all aspects of recruitment, retention, pay, and performance issues. In November 2003, the Design Team presented to the Secretary of Homeland Security a set of options for a 21$^{st}$ century human resources management system that is mission-centered, fair, effective, and flexible. These options will be used to shape the new Department and thereby enhance national security.

During FY 2004, OPM will continue to focus resources on DHS, working with DHS staff to develop the regulations that will implement the Department's new human resources system. At the same time, OPM will begin to work with DOD on implementing the National Defense Authorization Act for Fiscal Year 2004 (Public Law 108-136).

OPM will be able to reduce its resource commitment to DHS in FY 2005 even as it continues to work with the Department on implementation issues, developing and refining guidance, and revising regulations.

The National Security Personnel System was authorized by Congress in the National Defense Authorization Act for Fiscal Year 2004 (signed by President Bush on November 24, 2003) and will be the new human resources management system for DOD's civilian work force. The law allows DOD to establish new rules for how civilians are hired, assigned, compensated, promoted, and disciplined, within

the framework of Merit System Principles, accommodation of veterans' preference, and respect for employees' right to bargain.

The law also requires that regulations for NSPS be prescribed jointly by the Secretary of Defense and the Director of OPM.

# The President's Management Agenda

Successfully implementing the President's Management Agenda at OPM is a major influence on OPM's mission and the central focus of its management strategy. Because creating results-oriented organizations requires sustained effort, the PMA tracks agencies' status against established standards for success as well as their progress toward meeting the standards. Status and progress are rated using the familiar symbols of red, yellow, and green. Grades are reported on the Executive Branch Scorecard. The most recent overall scorecard used to assess implementation of the PMA shows that OPM is ranked first among all Federal Departments and agencies. As of the end of the first quarter of FY 2004—the last reporting period prior to publication of the FY 2005 budget—four scorecard elements for OPM reflected "yellow" status, and one element reflected "green" status. Progress for all scorecard elements showed "green" status. OPM will continue its progress in FY 2005.

Perhaps the single biggest influence on OPM's budget and performance planning is the Governmentwide initiative for the **Strategic Management of Human Capital**. Moving agencies forward on the Human Capital Standards for Success lies at the heart of OPM's mission and new responsibilities and is the driving force behind 11 of the 17 annual performance goals described in this document (see Chapter 6).

OPM has made solid progress in advancing its internal human capital initiative through the first quarter of FY 2004. For example, regarding its comprehensive plan for managing its human capital, OPM certified that 99 percent of its employee performance plans are directly linked to the agency's strategic plan. To address competency gaps in mission-critical occupations identified in the human capital plan, OPM initiated 250 activities including specific training courses and targeted hiring. In a major reform of its internal Senior Executive hiring process, OPM made 17 new appointments in an average of 49 days, which reduced the hiring cycle time by 50 percent and increased diversity among its Senior Executives.

OPM has been recognized by several groups for the management of its projects under the Expanding Electronic Government (e-Gov) initiative. The agency is the managing partner for five projects and one line of business under the President's e-Government initiative: Recruitment One-Stop, e-Training, e-Clearance, Enterprise Human Resource Integration, e-Human Resource Information System consolidation, and e-Payroll. These projects will save the Government about $2.7 billion over the next 10 years. For example, Recruitment One-Stop will reduce the complexity of

Federal hiring and decrease the cost per hire. To date, over 50 million citizens have used the USAJOBS Web site to locate and apply for Federal jobs. In addition, the e-Training project offers the convenience of web-based training to the Federal work force, leading to savings in tuition and travel costs and by compressing learning time. Over 1 million Federal civilian and military personnel used the GoLearn.gov site last year for online training. The e-Clearance project will reduce the time to process clearances and reduce duplicative investigative efforts, while the e-Payroll project alone will save the Government $1.1 billion over the next decade by consolidating civilian payroll processing. The EHRI project will reduce the need for paper personnel records and improve the currency and accuracy of Federal human resources data. OPM's status rating for e-Government improved to green in the first quarter of FY 2004 because it met cost, schedule, and performance targets.

To ensure that these projects continue on track and meet all the reporting requirements associated with them, OPM has established the Office of e-Government Initiatives to oversee them, and has included in the Congressional Budget Justification/Performance Budget an annual performance goal dedicated exclusively to the e-Gov initiative.

**Competitive sourcing, financial performance, and budget and performance integration** are key components of OPM's management strategy. Each of these initiatives is reflected in the program activities, outcomes, and measures for the MCFO goal.

OPM completed competitions on 284 positions, including its first standard competition for OPM's test administrators who conduct Federal employment examinations. Federal employees won the competition by streamlining their operations and becoming more efficient at a savings to the taxpayer of approximately $9.1 million over the next five years. Additionally, OPM has initiated nine additional streamlined competitions and one standard competition, involving an additional 393 positions, to be completed during FY 2004.

In the **financial performance** area, the agency received another "unqualified" audit opinion on its financial statements and accelerated preparation of its audit by 30 days for the 2003 cycle. This involved not only streamlining internal efforts but also engaging insurance carriers in piloting the new processes. In addition, OPM is using program performance assessments to improve management of two of its major programs and is integrating the assessments into its congressional budget requests.

The criteria described on the Executive Scorecard for Financial Performance, combined with the action plans to address issues identified by the independent audit of OPM's annual financial statements, drive the agency's financial management agenda. These factors are reflected in the means and strategies supporting the MCFO goal.

The integration of budget and performance is the single biggest factor in OPM's budget and planning process, resulting

primarily in OPM adopting a program logic approach to performance measurement (see Chapter 8). This new approach is reflected in the presentation of OPM's program activities, outputs, outcomes, and performance indicators and is a direct result of the agency's efforts to use PART ratings and recommendations to support budget requests and develop improved performance indicators.

The program logic approach also enabled OPM to develop the full cost information for achieving goals and outcomes and many of the efficiency measures that are included in the plan.

### OPM's PMA Scores as of December 31, 2003

|  | OPM's PMA Status Scores | OPM's Progress in Implementing the PMA |
|---|---|---|
| Human Capital | Yellow | Green |
| Competitive Sourcing | Yellow | Green |
| Financial Performance | Yellow | Green |
| E-Gov | Green | Green |
| Budget/Performance Integration | Yellow | Green |

## Management Challenges

The top management challenges facing OPM were prominent factors in developing the annual performance goals and strategies for achieving the goals described in this Congressional Budget Justification/ Performance Budget. As required by the Reports Consolidation Act of 2000, the management challenges were identified by OPM's Inspector General because they meet one or more of the following criteria:

1. The issue entails a significant risk of fraud, waste, or abuse of OPM or other government assets.

2. The issue involves significant strategic alliances with the Office of Management and Budget (OMB), the Administration, Congress, or the public.

3. The issue is related to the President's Management Agenda.

4. The issue involves a legal or regulatory requirement not being met.

5. The issue involves an operation that is critical to OPM's core missions.

The nine management challenges identified by the Inspector General and where they are addressed in this Congressional Budget Justification/Performance Budget are shown in the following table.

**ADDRESSING OPM'S MANAGEMENT CHALLENGES**

| Management Challenge | How Addressed in FY 2005 CBJ/PB |
|---|---|
| Human Resources Management | *Strategic Goal I:* SHRP Goal 1; SHRP Goal 2; SHRP Goal 3; SHRP Goal 4; SHRP Goal 5; SHRP Goal 6; SHRP Goal 7<br>*Strategic Goal II:* HCLMSA Goal 1; HCLMSA Goal 2<br>*Strategic Goal III:* HRPS Goal 1; HRPS Goal 2; HRPS Goal 3 |
| Department of Homeland Security | *Strategic Goal I:* SHRP Goal 5 |
| Retirement Systems Modernization | *Strategic Goal III:* HRPS Goal 4 |
| Expanding e-Government | *Management Strategy:* E-Gov Goal |
| Accelerated Deadline for the Performance and Accountability Report | *Management Strategy:* MCFO Goal |
| Revolving Fund and Salaries and Expenses Accounts | *Management Strategy:* MCFO Goal |
| Maintaining and Improving the Performance of the Federal Employees Health Benefits Program | *Strategic Goal I:* SHRP Goal 2<br>*Strategic Goal III:* HRPS Goal 5 |
| Implementation of the Government Performance and Results Act | *Management Strategy:* MCFO Goal |
| OPM's Restructuring | *Management Strategy:* MCFO Goal |

# Defense Security Service

Through contracts with private companies, OPM conducts national agency check and inquiry cases and background security and suitability investigations for Federal agencies on a reimbursable basis through the Revolving Fund. When OPM is required to pay fees for national, State, or other records provided, client agencies must reimburse OPM for such fees through the Revolving Fund.

The Defense Authorization Act of 2004 gives OPM the option of accepting a transfer of functions and personnel from DOD's Defense Security Service (DSS). The Director of OPM has statutory discretion to accept or decline full transfer of functions and person-

nel from DSS. No decision has been made at this time regarding a full transfer of functions in either FY 2004 or 2005. For illustrative purposes, FY 2004 and FY 2005 resource estimates shown for the Revolving Fund in this submission reflect a transfer of DSS activities beginning in 2004 and completed in 2005. Estimates are subject to change

In FY 2004, OPM will partner with DSS to provide certain investigative services as an initial step toward building an integrated program.

OPM agreed to accept for automated processing through the Revolving Fund over

350,000 new DSS requests for investigative services. In addition, OPM plans to enter into a reimbursable agreement with DSS to cover all costs associated with the use of OPM's automated processing infrastructure for field investigations and any training required for DSS staff.

OPM may accept a full transfer of activities and employees from DSS. OPM may provide a full range of services to DSS—including all accounting functions such as billings and collections—through a cross servicing agreement. All reimbursable investigative work and related functions such as billings, collections, and associated preparation and instruction on use of OPM systems will be completed by the OPM Federal staff or through contracts with private companies for investigative services, and will be carried out through the Revolving Fund.

# Office of Personnel Management
# FY 2005 Budget
# Discretionary Budget Authority

**(In Thousands of Dollars)**

| | FY 2004 Appropriation Enacted | FY 2005 Appropriation Request | Change |
|---|---|---|---|
| **TOTAL OPM DISCRETIONARY BUDGET AUTHORITY** | **270,730** | **577,841** | **307,111** |
| **OPM + OIG Salaries and Expenses** | **269,736** | **277,841** | **8,105** |
| Salaries and Expenses | 253,905 | 259,753 | 5,848 |
| General Fund | 118,793 | 131,291 | 12,499 |
| Annual | 111,834 | 114,876 | 3,042 |
| Two-Year - Program Evaluation | 2,485 | 5,000 | 2,515 |
| No-Year | 4,473 | 11,415 | 6,942 |
| Enterprise HR Integration | 1,988 | 2,000 | 12 |
| E-Payroll | 2,485 | 6,615 | 4,130 |
| E-HRIS | - | 800 | 800 |
| E-Clearance | - | 2,000 | 2,000 |
| Trust Funds[1] | 135,112 | 128,462 | (6,650) |
| Annual | 98,629 | 100,822 | 2,193 |
| No-Year/Retirement Systems Modernization | 36,483 | 27,640 | (8,843) |
| OIG Salaries and Expenses | 15,831 | 18,088 | 2,257 |
| General Fund | 1,489 | 1,627 | 138 |
| Trust Funds | 14,342 | 16,461 | 2,119 |
| **Human Capital Performance Fund** | **994** | **300,000** | **299,006** |

NOTE:  Details may not add to totals due to rounding.

[1]Excludes $2.6 million in FY 2004 for the Merit Systems Protection Board.  The MSPB transfer is proposed for elimination in FY 2005.  Beginning in FY 2005, the MSPB would receive funding entirely through its S&E appropriation.

# Office of Personnel Management
# Appropriation Request
# Accounts Requiring Congressional Action

### (In Thousands of Dollars)

| | FY 2004 Enacted | | | FY 2005 Request | | | FY 2005 Change | | |
|---|---|---|---|---|---|---|---|---|---|
| | General Fund | Trust Funds | Total | General Fund | Trust Funds | Total | General Fund | Trust Funds | Total |
| **TOTAL REQUEST** | **33,484,276** | **149,454** | **33,633,730** | **34,885,918** | **144,923** | **35,030,841** | **1,401,643** | **(4,531)** | **1,397,112** |
| **APPROPRIATIONS** | | | | | | | | | |
| **Discretionary** | **121,276** | **149,454** | **270,730** | **432,918** | **144,923** | **577,841** | **311,643** | **(4,531)** | **307,111** |
| **Salaries & Expenses** | **118,793** | **135,112** | **253,905** | **131,291** | **128,462** | **259,753** | **12,499** | **(6,650)** | **5,848** |
| General Fund - Annual | 111,834 | – | 111,834 | 114,876 | – | 114,876 | 3,042 | – | 3,042 |
| General Fund - Program Evaluation (Two-Year) | 2,485 | – | 2,485 | 5,000 | – | 5,000 | 2,515 | – | 2,515 |
| General Fund - Enterprise HR Integration, (No-Year) | 1,988 | – | 1,988 | 2,000 | – | 2,000 | 12 | – | 12 |
| General Fund - e-HRIS | - | - | – | 800 | - | 800 | 800 | – | 800 |
| General Fund - e-Clearance | - | - | – | 2,000 | - | 2,000 | 2,000 | – | 2,000 |
| General Fund - e-Payroll (No-Year) | 2,485 | – | 2,485 | 6,615 | – | 6,615 | 4,130 | – | 4,130 |
| Trust Funds – Annual | – | 98,629 | 98,629 | – | 100,822 | 100,822 | – | 2,193 | 2,193 |
| Trust Funds - Retirement Systems Modernization (No-Year) | – | 36,483 | 36,483 | – | 27,640 | 27,640 | – | (8,843) | (8,843) |
| **OIG Salaries & Expenses** | **1,489** | **14,342** | **15,831** | **1,627** | **16,461** | **18,088** | **138** | **2,119** | **2,257** |
| General Fund | 1,489 | – | 1,489 | 1,627 | – | 1,627 | 138 | – | 138 |
| Trust Funds | – | 14,342 | 14,342 | – | 16,461 | 16,461 | – | 2,119 | 2,119 |
| **Human Capital Performance Fund** | **994** | **–** | **994** | **300,000** | **–** | **300,000** | **299,006** | **–** | **299,006** |
| **Mandatory** | 33,363,000 | – | 33,363,000 | 34,453,000 | – | 34,453,000 | 1,090,000 | – | 1,090,000 |
| Government Payment for Annuitants, Employee Health Benefits – "Such sums as may be necessary" | 7,358,000 | – | 7,358,000 | 8,046,000 | – | 8,046,000 | 688,000 | – | 688,000 |
| Government Payment for Annuitants, Employee Life Insurance – "Such sums as may be necessary" | 35,000 | – | 35,000 | 35,000 | – | 35,000 | – | – | – |
| Payment to the Civil Service Retirement and Disability Fund – "Such sums as may be necessary" | 25,970,000 | – | 25,970,000 | 26,372,000 | – | 26,372,000 | 402,000 | – | 402,000 |

NOTE: Details may not add to totals due to rounding.

# Office of Personnel Management
## Discretionary Appropriations
## Summary of Changes

| | OPM Salaries & Expenses | | | | | | OIG Salaries & Expenses | | | | | | Reimb. | Total OPM & OIG | | HC Perf. Fund | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | General Fund | | Trust Funds | | Total | | General Fund | | Trust Funds | | Total | | | | | | |
| | $000 | FTE | $000 | FTE | $000 | FTE | $000 | FTE | $000 | FTE | $000 | FTE | FTE | $000 | FTE | Fund | $000 |
| **FY 2004 Appropriation Enacted** | **118,793** | **807** | **135,112** | **1,151** | **253,905** | **1,958** | **1,489** | **17** | **14,342** | **106** | **15,831** | **123** | **1,842** | **269,735** | **3,923** | **994** | **270,730** |
| Annual | 111,834 | 807 | 98,629 | 1,136 | 210,463 | 1,943 | 1,489 | 17 | 14,342 | 106 | 15,831 | 123 | 1,842 | 226,294 | 3,908 | 994 | **227,288** |
| Two-Year | 2,485 | – | – | – | 2,485 | – | – | – | – | – | | | | 2,485 | – | | **2,485** |
| No-Year | 4,473 | – | 36,483 | 15 | 40,956 | 15 | – | – | – | – | – | – | – | 40,956 | 15 | – | **40,956** |
| **FY 2005 Proposed Changes** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| **Strat. Goal I**[1] | **6,308** | **6** | **27** | **–** | **6,335** | **6** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **6,335** | **6** | **–** | **6,335** |
| Annual | 1,366 | 6 | 27 | = | 1,393 | 6 | = | = | = | = | = | = | = | 1,393 | 6 | = | **1,393** |
| Policy & Guidance | 425 | 4 | – | – | 425 | 4 | – | – | – | – | – | – | – | 425 | 4 | – | **425** |
| Advice & Assistance in Estab. DHS | 1 | – | – | – | 1 | – | – | – | – | – | – | – | – | 1 | – | – | **1** |
| Modernize Pay | 892 | 2 | 27 | – | 919 | 2 | – | – | – | – | – | – | – | 919 | 2 | – | **919** |
| Improve Federal Hiring Process | 48 | – | – | – | 48 | – | – | – | – | – | – | – | – | 48 | – | – | **48** |
| No-Year: Expand E-Gov | - | - | - | - | - | - | - | - | - | - | - | - | - | – | – | – | **–** |
| E-HRIS | 800 | – | – | – | 800 | – | | | | | | | | 800 | – | – | **800** |
| Enterprise HR Integrity[2] | 12 | – | – | – | 12 | – | – | – | – | – | – | – | – | 12 | – | – | **12** |
| E-Payroll | 4,130 | – | – | – | 4,130 | – | | | | | | | | 4,130 | – | | **4,130** |
| **Strat. Goal II**[3] | **1,437** | **11** | **5** | **–** | **1,442** | **11** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **1,442** | **11** | **–** | **1,442** |
| Technical Assistance | 532 | 5 | 5 | – | 537 | 5 | – | – | – | – | – | – | – | 537 | 5 | – | **537** |
| Compliance | 901 | 6 | – | – | 901 | 6 | - | - | - | - | - | - | | 901 | 6 | | **901** |
| Retirement Readiness (InFRE) | 4 | – | – | – | 4 | – | - | - | - | - | - | - | | 4 | - | - | **4** |

| | OPM Salaries & Expenses | | | | | | OIG Salaries & Expenses | | | | | | Reimb. | Total OPM & OIG | | HC Perf. Fund | Total |
| | General Fund | | Trust Funds | | Total | | General Fund | | Trust Funds | | Total | | | | | | |
| | $000 | FTE | $000 | FTE | $000 | FTE | $000 | FTE | $000 | FTE | $000 | FTE | FTE | $000 | FTE | Fund | $000 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Strat. Goal III[4] | 586 | 1 | (6,861) | – | (6,275) | – | – | – | – | – | – | – | – | (6,275) | 1 | – | (6,275) |
| Annual | (1,414) | 1 | 1,982 | = | 568 | 1 | | | | | | | | 568 | 1 | | 568 |
| Investig. Svcs | (671) | 1 | – | – | (671) | 1 | – | – | – | – | – | – | – | (671) | 1 | – | (671) |
| Talent Services | 12 | – | – | – | 12 | – | – | – | – | – | – | – | – | 12 | – | – | 12 |
| Retirement Programs | – | – | 1,929 | | 1,929 | - | - | - | - | - | - | - | - | 1,929 | – | – | 1,929 |
| Insurance Programs | – | – | 53 | - | 53 | - | - | - | - | - | - | - | - | 53 | – | – | 53 |
| E-Gov: E-Training & Recruitment One-Stop | (755) | - | – | - | (755) | - | - | - | - | - | - | - | - | (755) | – | – | (755) |
| No-Year | | | | | | | | | | | | | | | | | |
| Retirement Systems Mod.[5] | – | – | (8,843) | – | (8,843) | – | – | – | – | – | – | – | – | (8,843) | – | – | (8,843) |
| E-Gov: E-Clearance | 2,000 | – | – | – | 2,000 | | | | | | | | | 2,000 | | | 2,000 |
| MCFO | 4,080 | 6 | 180 | – | 4,260 | 6 | – | – | – | – | – | – | – | 4,260 | 6 | – | 4,260 |
| Annual | | | | | | | | | | | | | | | | | |
| Internal Mgmt & HC Services | 1,634 | – | – | – | 1,634 | – | – | – | – | – | – | – | – | 1,634 | – | – | 1,634 |
| Financial Services[6] | (176) | 6 | 94 | – | (82) | 6 | – | – | – | – | – | – | – | (82) | 6 | – | (82) |
| EEO Program | 1 | – | – | – | 1 | – | – | – | – | – | – | – | – | 1 | – | – | 1 |
| Imp. Sec. & Safety of OPM Empl. | 16 | – | – | – | 16 | - | - | - | - | - | - | - | - | 16 | – | – | 16 |
| Information Services | 90 | – | 86 | – | 176 | – | - | - | - | - | - | - | - | 176 | – | – | 176 |
| Two-Year | | | | | | | | | | | | | | | | | |
| Eval. Program | 2,515 | – | – | – | 2,515 | – | – | – | – | – | – | – | – | 2,515 | – | – | 2,515 |
| Executive Svcs | 87 | – | – | – | 87 | – | - | - | - | - | - | - | - | 87 | – | – | 87 |
| OIG S&E | – | – | – | – | – | – | 138 | 1 | 2,119 | 16 | 2,257 | 17 | – | 2,257 | 17 | – | 2,257 |
| Incr. Crim. Inv. Oversight of FEHBP and CSRS/FERS | – | – | – | – | – | – | 138 | 1 | 1,280 | 10 | 1,418 | 11 | – | 1,418 | 11 | – | 1,418 |
| CAAT & Tools for FEHBP Audits | – | – | – | – | – | – | – | – | 295 | 3 | 295 | 3 | – | 295 | 3 | – | 295 |
| FEHBP HMO Audits | – | – | – | – | – | – | – | – | 543 | 3 | 543 | 3 | – | 543 | 3 | – | 543 |

| | OPM Salaries & Expenses | | | | | | OIG Salaries & Expenses | | | | | | Reimb. | Total OPM & OIG | | HC Perf. | Total |
| | General Fund | | Trust Funds | | Total | | General Fund | | Trust Funds | | Total | | | | | | |
| | $000 | FTE | $000 | FTE | $000 | FTE | $000 | FTE | $000 | FTE | $000 | FTE | FTE | $000 | FTE | Fund | $000 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **DSS Transfer** | – | – | – | – | – | – | – | – | – | – | – | – | 900 | – | 900 | – | – |
| **Total FY 2005 Changes** | **12,499** | **24** | **(6,650)** | **–** | **5,849** | **24** | **138** | **1** | **2,119** | **16** | **2,257** | **17** | **900** | **8,105** | **941** | **299,006** | **307,111** |
| Annual | 3,042 | 24 | 2,193 | – | 5,235 | 24 | 138 | 1 | 2,119 | 16 | 2,257 | 17 | 900 | 7,491 | 941 | 299,006 | **306,497** |
| Two-Year | 2,515 | – | – | – | 2,515 | – | – | – | – | – | – | – | – | 2,515 | – | – | **2,515** |
| No-Year | 6,942 | – | (8,843) | – | (1,901) | – | – | – | – | – | – | – | – | (1,901) | – | – | **(1,901)** |
| **TOTAL FY 2005 APPROPRIATION REQUEST** | **131,291** | **831** | **128,462** | **1,151** | **259,753** | **1,982** | **1,627** | **18** | **16,461** | **122** | **18,088** | **140** | **2,742** | **277,841** | **4,864** | **300,000** | **577,841** |
| Annual | 114,876 | 831 | 100,822 | 1,136 | 215,698 | 1,967 | 1,627 | 18 | 16,461 | 122 | 18,088 | 140 | 2,742 | 233,786 | 4,849 | 300,000 | **533,785** |
| Two-Year | 5,000 | – | – | – | 5,000 | – | – | – | – | – | – | – | – | 5,000 | – | – | **5,000** |
| No-Year | 11,415 | – | 27,640 | 15 | 39,055 | 15 | – | – | – | – | – | – | – | 39,055 | 15 | – | **39,055** |

NOTE:  Details may not add to totals due to rounding.

[1]OPM Strategic Goal I = Strategic Human Resources Policy.

[2]$2.0 million FY04 and $2.0 million FY05.

[3]OPM Strategic Goal II = Human Capital Leadership and Merit System Accountability.

[4]OPM Strategic Goal III = Human Resources Products and Services

[5]$36.7 million FY04 and $27.64 FY05.

[6]Manage financial resources of OPM and the earned benefits and trust funds.

# Office of Personnel Management
# FY 2005 Transfers from the Trust Funds
# New Obligational Authority

**(In Thousands of Dollars)**

|  | S&E | OIG | Total |
|---|---|---|---|
| **TRUST FUNDS** | | | |
| Civil Service Retirement and Disability Fund | | | |
| Annual | 84,062 | 3,814 | 87,876 |
| No-Year (Retirement Systems Modernization) | 27,640 | – | 27,640 |
| **Subtotal** | **111,702** | **3,814** | **115,516** |
| Employees and Retired Employees Health Benefits | 15,247 | 12,362 | 27,609 |
| Employees Life Insurance | 1,513 | 285 | 1,798 |
| **TOTAL OPM** | **128,462** | **16,461** | **144,923** |

NOTES:  The Merit Systems Protection Board also receives an annual transfer for administrative costs from the Civil Service Retirement and Disability Fund.  The MSPB is not part of OPM and submits its budget separately.  The MSPB transfer is proposed for elimination in FY 2005.  Beginning in FY 2005, the MSPB would receive funding entirely through its S&E appropriation.

Details may not add to totals due to rounding.

# Office of Personnel Management
## Administrative Obligations

| Account | FY 2004 | | FY 2005 | | FY 2005 Change | |
|---|---|---|---|---|---|---|
| | $000 | FTE | $000 | FTE | $000 | FTE |
| **Salaries and Expenses** | 284,537 | 2,099 | 291,145 | 2,123 | 3,809 | 24 |
| General Fund/Annual | 111,834 | 807 | 114,876 | 831 | 3,042 | 24 |
| General Fund/Program Evaluation (two-year) | 2,485 | – | 5,000 | – | 2,515 | – |
| General Fund/Enterprise HR Integration (no-year) | 1,988 | – | 2,000 | – | 12 | – |
| General Fund/E-HRIS (no-year) | - | - | 800 | - | - | - |
| General Fund/E-Clearance (no-year) | - | - | 2,000 | - | - | - |
| General Fund/Payroll (no-year) | 2,485 | = | 6,615 | = | 4,130 | = |
| **General Fund, Total** | **118,793** | **807** | **131,291** | **831** | **9,699** | **24** |
| Trust Funds | | | | | | |
| Annual | 98,629 | – | 100,822 | – | 2,193 | – |
| No-Year/Retirement Systems Modernization | 36,483 | = | 27,640 | = | (8,843) | = |
| Annual + No-Year, Sub-Total | 135,112 | – | 128,462 | – | (6,650) | – |
| Permanent Indefinite Authority | 28,392 | = | 28,392 | = | = | = |
| **Trust Funds Total** | **163,504** | **1,151** | **156,854** | **1,151** | **(6,650)** | **–** |
| Advances and Reimbursements | 2,240* | 141 | 3,000* | 141 | 760 | – |
| **Inspector General - Salaries & Expenses** | **15,981** | **123** | **18,238** | **140** | **2,257** | **17** |
| General Fund | 1,489 | 17 | 1,627 | 18 | 138 | 1 |
| Trust Funds (annual) | 14,342 | 106 | 16,461 | 122 | 2,119 | 16 |
| Advances & Reimbursements | 150 | – | 150 | – | – | – |
| **Revolving Fund** | **811,867** | **1,701** | **1,026,459** | **2,601** | **214,592** | **900** |
| Investigations Services | 641,365 | 1,041 | 849,079 | 1,941 | 207,714 | 900 |
| Talent Services | 129,987 | 575 | 135,962 | 575 | 5,975 | – |
| Leadership Capacity Services | 40,515 | 85 | 41,418 | 85 | 903 | – |
| **TOTAL OPM + OIG** | **1,112,385** | **3,923** | **1,335,842** | **4,864** | **220,658** | **941** |
| Human Capital Performance Fund | 994 | = | 300,000 | = | 299,006 | = |
| **TOTAL** | **1,113,379** | **3,923** | **1,635,842** | **4,864** | **519,664** | **941** |

NOTE:  Details may not add to totals due to rounding.

*External.

# Office of Personnel Management
## Resource Summary by Program Goal
## FY 2004 Enacted

| | Salaries & Expenses | | Trust Funds | | Advances & Reimbursements | | Revolving Fund | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|
| | $000 | FTE | $000 | FTE | $000 | FTE | $000 | FTE | $000 | FTE |
| **Strategic HR Policy (OPM Strategic Goal I)** | **23,638** | **164** | **4,520** | **42** | **–** | **–** | **–** | **–** | **28,159** | **206** |
| Strat. Obj. 1/Annual Goals 1–4 Policy & Gdnce | 9,577 | 68 | 4,520 | 42 | – | – | – | – | 14,097 | 110 |
| Strat. Obj. 2/Annual Goal 5 Adv. & Assist. in Establish. DHS | 131 | 1 | - | - | – | – | – | – | 131 | 1 |
| Strat. Obj. 3/Annual Goal 6 Modernize Pay | 5,779 | 39 | - | - | - | - | – | – | 5,780 | 39 |
| Strat. Obj. 4/Annual Goal 7 Improve Fed. Hiring Process | 8,151 | 56 | - | - | - | - | - | - | 8,151 | 56 |
| **HC Leadership & Merit System Acct. (OPM Strategic Goal II)** | **33,285** | **277** | **1,028** | **17** | **–** | **–** | **–** | **–** | **34,313** | **294** |
| Strat. Obj. 1/Annual Goal 1 Technical Assistance | 16,067 | 147 | 778 | 17 | - | - | - | - | 16,846 | 164 |
| Strat. Obj. 2/Annual Goal 2 Compliance | 16,472 | 130 | - | - | - | - | - | - | 16,472 | 130 |
| Retirement Readiness (INFRE) | 746 | - | - | - | - | - | - | - | 746 | - |
| FERCCA | - | - | 250 | - | - | - | - | - | 250 | - |
| **HR Products & Svcs (OPM Strategic Goal III)** | **10,317** | **37** | **127,457** | **959** | **165** | **5** | **811,867** | **1,701** | **949,806** | **2,702** |
| Strat. Obj. 1: | - | - | - | - | - | - | - | - | - | – |
| Annual Goal 1 Investigations Services | 2,902 | 26 | - | - | 165 | 5 | 641,365 | 1,041 | 644,432 | 1,072 |
| Annual Goal 2 Talent Services | 1,947 | 11 | - | - | - | - | 129,987 | 575 | 131,934 | 586 |
| Annual Goal 3 Leadership Capacity Services | - | - | - | - | - | - | 40,515 | 85 | 40,515 | 85 |
| Strat. Obj. 2/Annual Goal 4 Retirement Programs | – | – | 117,633 | 872 | – | – | – | – | 117,633 | 872 |
| Annual | – | – | 54,007 | 857 | – | – | – | – | 54,007 | 857 |
| No-Year/RSM (New) | – | – | 36,483 | 15 | – | – | – | – | 36,483 | 15 |
| No-Year/RSM (Prior) | – | – | – | – | – | – | – | – | – | – |
| Title V/ 8348 | - | - | 25,392 | - | - | - | - | - | 25,392 | – |
| FERCCA | - | - | 1,750 | - | - | - | - | - | 1,750 | – |

| | Salaries & Expenses | | Trust Funds | | Advances & Reimbursements | | Revolving Fund | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|
| | $000 | FTE | $000 | FTE | $000 | FTE | $000 | FTE | $000 | FTE |
| | − | − | 9,824 | 87 | − | − | − | − | 9,824 | 87 |
| Strat. Obj. 3/Annual Goal 5 Insurance Programs | - | - | 8,824 | 87 | - | - | - | - | 8,824 | 87 |
| Long-Term Care | - | - | 1,000 | - | - | - | - | - | 1,000 | – |
| e-Gov (e-Training & Recruitment One-Stop) | 5,468 | | – | – | – | – | – | – | 5,468 | – |
| **Management & Chief Financial Officer** | **29,936** | **227** | **29,105** | **119** | **51,000** | **136** | **–** | **–** | **110,041** | **482** |
| Internal Management and Human Capital Services | 5,555 | 73 | - | - | 10,169 | 48 | - | - | 15,724 | 121 |
| Financial services-Manage the Financial Resources of OPM & the earned benefits & trust funds | 6,373 | 66 | 14,704 | 70 | 8,994 | 24 | - | - | 30,071 | 160 |
| Equal Employment Opportunity Program | 312 | 3 | – | - | 817 | 5 | - | - | 1,129 | 8 |
| Improve security and safety for OPM employees | 2,609 | 10 | – | - | 4,518 | 10 | - | - | 7,127 | 20 |
| Information services (includes NARA) | 15,087 | 75 | 14,401 | 49 | 26,502 | 49 | - | - | 55,990 | 173 |
| **Executive Services** | **14,659** | **102** | **1,394** | **14** | **-** | **-** | **–** | **–** | **16,053** | **116** |
| **Two-Year Resources** | **2,485** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **2,485** | **-** |
| Program Evaluations & Performance Management | 2,485 | - | - | - | - | - | - | - | 2,485 | |
| **No Year Resources** | **4,473** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **4,473** | **–** |
| EHRI | 1,988 | - | - | - | - | - | - | - | 1,988 | - |
| E-Payroll | 2,485 | - | - | - | - | - | - | - | 2,485 | - |
| **OPM Sub-Total** | **118,793** | **807** | **163,504** | **1,151** | **51,165** | **141** | **811,867** | **1,701** | **1,145,330** | **3,800** |
| **Inspector General** | **1,489** | **17** | **14,342** | **106** | **150** | **-** | **–** | **–** | **15,981** | **123** |
| Total (OPM + OIG) | 120,283 | 824 | 177,846 | 1,257 | 51,315 | 141 | 811,867 | 1,701 | 1,161,311 | 3,923 |
| Less Internal Advances & Reimbursements | - | – | – | – | | – | – | – | – | – |
| **GRAND TOTAL** | **120,283** | **824** | **177,846** | **1,257** | **51,315** | **141** | **811,867** | **1,701** | **1,161,311** | **3,923** |

# Office of Personnel Management
## Resource Summary by Program Goal
## FY 2005 Request

| | Salaries & Expenses | | Trust Funds | | Advances & Reimbursements | | Revolving Fund | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|
| | $000 | FTE | $000 | FTE | $000 | FTE | $000 | FTE | $000 | FTE |
| **Strategic HR Policy (OPM Strategic Goal I)** | **25,004** | **170** | **4,547** | **42** | **–** | **–** | **–** | **–** | **29,552** | **212** |
| Strat. Obj. 1/Annual Goals 1–4 Policy & Gdnce | 10,002 | 72 | 4,547 | 42 | – | – | – | – | 14,791 | 116 |
| Strat. Obj. 2/Annual Goal 5 Adv. & Assist. in Establish. DHS | 132 | 1 | - | - | – | – | – | – | 132 | 1 |
| Strat. Obj. 3/Annual Goal 6 Modernize Pay | 6,671 | 41 | - | - | - | - | – | – | 6,430 | 39 |
| Strat. Obj. 4/Annual Goal 7 Improve Fed. Hiring Process | 8,199 | 56 | - | - | - | - | - | - | 8,199 | 56 |
| **HC Leadership & Merit System Acct. (OPM Strategic Goal II)** | **34,722** | **288** | **1,033** | **17** | **–** | **–** | **–** | **–** | **35,755** | **305** |
| Strat. Obj. 1/Annual Goal 1 Technical Assistance | 16,599 | 152 | 783 | 17 | - | - | - | - | 17,382 | 169 |
| Strat. Obj. 2/Annual Goal 2 Compliance | 17,373 | 136 | - | - | - | - | - | - | 17,373 | 136 |
| Retirement Readiness (INFRE) | 750 | - | - | - | - | - | - | - | 750 | - |
| FERCCA | - | - | 250 | - | - | - | - | - | 250 | - |
| **HR Products & Svcs (OPM Strategic Goal III)** | **8,903** | **38** | **120,595** | **959** | **165** | **5** | **1,026,459** | **2,601** | **1,156,122** | **3,603** |
| Strat. Obj. 1: | | | | | | | | | | |
| Annual Goal 1 Investigations Services | 2,231 | 27 | - | - | 165 | 5 | 849,079 | 1,941 | 851,475 | 1,973 |
| Annual Goal 2 Talent Services | 1,959 | 11 | - | - | - | - | 135,962 | 575 | 137,921 | 586 |
| Annual Goal 3 Leadership Capacity Services | - | - | - | - | - | - | 41,418 | 85 | 41,418 | 85 |
| Strat. Obj. 2/Annual Goal 4 Retirement Programs | – | – | 110,718 | 872 | – | – | – | – | 110,718 | 872 |
| Annual | – | – | 55,936 | 857 | – | – | – | – | 55,936 | 857 |
| No-Year/RSM (New) | – | – | 27,640 | 15 | – | – | – | – | 27,640 | 15 |
| No-Year/RSM (Prior) | – | – | – | – | – | – | – | – | – | – |
| Title V/ 8348 | - | - | 25,392 | - | - | - | - | - | 25,392 | – |
| FERCCA | - | - | 1,750 | - | - | - | - | - | 1,750 | – |

| | Salaries & Expenses | | Trust Funds | | Advances & Reimbursements | | Revolving Fund | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|
| | $000 | FTE | $000 | FTE | $000 | FTE | $000 | FTE | $000 | FTE |
| | – | – | 9,877 | 87 | – | – | – | – | 9,877 | 87 |
| Strat. Obj. 3/Annual Goal 5 Insurance Programs | - | - | 8,877 | 87 | - | - | - | - | 8,877 | 87 |
| Long-Term Care | - | - | 1,000 | - | - | - | - | - | 1,000 | – |
| e-Gov (e-Training & Recruitment One-Stop) | 4,713 | - | – | – | – | – | – | – | 4,713 | – |
| **Management & Chief Financial Officer** | **31,501** | **233** | **29,285** | **119** | **51,000** | **136** | **–** | **–** | **111,785** | **488** |
| Internal Management and Human Capital Services | 7,188 | 73 | - | - | 10,169 | 48 | - | - | 17,352 | 121 |
| Financial services-Manage Financial Resources of OPM & the earned benefits & trust funds | 6,197 | 72 | 14,798 | 70 | 8,994 | 24 | - | - | 29,989 | 166 |
| Equal Employment Opportunity Program | 313 | 3 | – | - | 817 | 5 | - | - | 1,130 | 8 |
| Improve security and safety for OPM employees | 2,625 | 10 | – | - | 4,518 | 10 | - | - | 7,143 | 20 |
| Information services (includes NARA) | 15,177 | 75 | 14,487 | 49 | 26,502 | 49 | - | - | 56,166 | 173 |
| **Executive Services** | **14,746** | **102** | **1,394** | **14** | **-** | **-** | **–** | **–** | **16,140** | **116** |
| **Two-Year Resources** | **5,000** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **5,000** | **-** |
| Program Evaluations & Performance Management | 5,000 | - | - | - | - | - | - | - | 5,000 | - |
| **No Year Resources** | **11,415** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **11,415** | **–** |
| EHRI | 2,000 | - | - | - | - | - | - | - | 2,000 | – |
| E-Payroll | 6,615 | - | - | - | - | - | - | - | 6,615 | – |
| E-Clearance | 2,000 | - | - | - | - | - | - | - | 2,000 | – |
| E-HRIS | 800 | - | - | - | - | - | - | - | 800 | – |
| **OPM Sub-Total** | **131,291** | **831** | **156,854** | **1,151** | **51,165** | **141** | **1,026,459** | **2,601** | **1,365,769** | **4,724** |
| **Inspector General** | 1,627 | 18 | 16,461 | 122 | 150 | - | – | – | 18,238 | 140 |
| **Total (OPM + OIG)** | **132,918** | **849** | **173,315** | **1,273** | **51,315** | **141** | **1,026,459** | **2,601** | **1,384,007** | **4,864** |
| Less Internal Advances & Reimbursements | – | – | – | – | – | – | – | – | – | – |
| **GRAND TOTAL** | **132,918** | **849** | **173,315** | **1,273** | **51,315** | **141** | **1,026,459** | **2,601** | **1,384,007** | **4,864** |

# Salaries and Expenses Account
# Comparative Summary Statement

**(Dollar Amounts in Thousands)**

| | FY 2003 Actual | FY 2004 Enacted | FY 2005 Request | FY 2005 Change |
|---|---|---|---|---|
| **Obligations** | 239,255 | 338,648 | 318,905 | (19,743) |
| **Offsetting Collections** | | | | |
| Advances and Reimbursements | 25,998 | 34,000 | 34,000 | – |
| Trust Fund (Annual) | 91,847 | 98,629 | 100,822 | 2,193 |
| Permanent Indefinite Authority | 31,109 | 28,392 | 28,392 | – |
| New Trust Fund (No-Year) | 4,442 | 36,483 | 27,640 | (8,843) |
| **Total** | **153,396** | **197,504** | **190,854** | **(6,650)** |
| **Budget Authority** | | | | |
| General Fund/Annual | 102,986 | 112,498 | 114,876 | 2,378 |
| Rescission | (842) | (705) | – | 705 |
| General Fund/Two-Year (Program Evaluation) | – | 2,500 | 5,000 | 2,500 |
| General Fund/No-Year (EHRI) | 24,000 | 2,000 | 2,000 | – |
| General Fund/No-Year (e-Payroll) | 2,500 | 2,500 | 6,615 | 4,115 |
| General Fund/No-Year (e-HRIS) | - | – | 800 | 800 |
| General Fund/No-Year (e-Clearance) | – | – | 2,000 | 2,000 |
| **Total** | **128,644** | **118,793** | **131,291** | **12,498** |
| **Trust Funds Budget Authority** | | | | |
| Annual | 92,546 | 98,629 | 100,822 | 2,193 |
| No-Year | 27,460 | 36,483 | 27,640 | (8,843) |
| **Total** | **120,006** | **135,112** | **128,462** | **(6,650)** |
| **TOTAL BUDGET AUTHORITY** | **$248,650** | **$253,905** | **$259,753** | **$5,848** |
| **Full-Time Equivalents** | **1,989** | **2,099** | **2,123** | **24** |

NOTE: Details may not add to totals due to rounding.

# Salaries and Expenses Account
## General Fund and Trust Funds/
## Annual & No-Year
## Obligations by Object Class

**(In Thousands of Dollars)**

| Object Class | FY 2004 Enacted | FY 2005 Request | Change |
|---|---|---|---|
| Personnel Compensation | 105,911 | 109,129 | 3,218 |
| Personnel Benefits | 25,356 | 30,356 | 5,000 |
| Benefits for Former Personnel | 57 | 57 | – |
| Travel and Transportation of Persons | 2,733 | 2,733 | – |
| Transportation of Things | 102 | 102 | – |
| Rental Payments to General Services Administration | 17,421 | 17,421 | – |
| Communications and Utilities | 5,582 | 5,582 | – |
| Printing and Reproduction | 1,725 | 1,725 | – |
| Other Services | 89,370 | 87,000 | (2,370) |
| Supplies and Materials | 1,964 | 1,964 | – |
| Equipment | 3,684 | 3,684 | – |
| **Total** | **253,905** | **259,753** | **5,848** |

NOTE:  Details may not add to totals due to rounding.

# Salaries and Expenses/
# General Fund Appropriation
# Comparative Summary Statement

### (Dollar Amounts in Thousands)

| | FY 2003 Actual | FY 2004 Enacted | FY 2005 Request | FY 2005 Change |
|---|---|---|---|---|
| **Obligations** | | | | |
| Strategic Human Resources Policy | 11,820 | 28,111 | 34,419 | 6,308 |
| Human Capital Leadership & Merit System Accountability | 23,475 | 33,285 | 34,722 | 1,437 |
| Human Resources Products and Services | 4,802 | 10,317 | 10,903 | 586 |
| Management Services | 74,171 | 32,421 | 36,501 | 4,080 |
| Executive Services | 14,376 | 14,659 | 14,746 | 87 |
| **Total** | **$128,644** | **$118,793** | **$131,291** | **$12,498** |
| **Budget Authority** | | | | |
| Annual | 102,986 | 112,498 | 114,876 | 2,378 |
| Rescission | (842) | (705) | – | 705 |
| Two-Year (Program Evaluation) | – | 2,500 | 5,000 | 2,500 |
| No-Year (EHRI) | 24,000 | 2,000 | 2,000 | – |
| No-Year (e-Payroll) | 2,500 | 2,500 | 6,615 | 4,115 |
| No-Year (e-HRIS) | – | – | 800 | 800 |
| No-Year (e-Clearance) | – | – | 2,000 | 2,000 |
| **Total** | **$128,644** | **$118,793** | **$131,291** | **$12,498** |
| **Full-Time Equivalents** | | | | |
| Strategic Human Resources Policy | 128 | 164 | 170 | 6 |
| Human Capital Leadership & Merit System Accountability | 153 | 277 | 288 | 11 |
| Human Resources Products and Services | 37 | 42* | 43* | 1 |
| Management Services | 350 | 363* | 369* | 6 |
| Executive Services | 116 | 102 | 102 | – |
| **Total** | **784** | **948** | **972** | **24** |

*Includes Internal Advances & Reimbursements FTE.

NOTE: Details may not add to totals due to rounding.

# Salaries and Expenses
# General Fund Appropriation
# Obligations by Object Class

**(In Thousands of Dollars)**

| Object Class | FY 2004 Enacted | FY 2005 Request | FY 2005 Change |
|---|---|---|---|
| Personnel Compensation | 55,920 | 59,138 | 3,218 |
| Personnel Benefits | 12,573 | 17,573 | 5,000 |
| Benefits for Former Personnel | 36 | 36 | – |
| Travel and Transportation of Persons | 2,211 | 2,211 | – |
| Transportation of Things | 86 | 86 | – |
| Rental Payments to General Services Administration | 8,335 | 8,335 | – |
| Communications and Utilities | 2,703 | 2,703 | – |
| Printing and Reproduction | 824 | 824 | – |
| Other Services | 32,103 | 36,383 | 4,280 |
| Supplies and Materials | 1,362 | 1,362 | – |
| Equipment | 2,640 | 2,640 | – |
| **Total** | **118,793** | **131,291** | **12,498** |

NOTE:  Details may not add to totals due to rounding.

# Transfers from the Trust Funds
## Comparative Summary Statement

### (Dollar Amounts in Thousands)

| | FY 2003 Actual | FY 2004 Enacted | FY 2005 Request | FY 2005 Change |
|---|---|---|---|---|
| **Obligations** | | | | |
| Strategic Human Resources Policy | 2,412 | 4,520 | 4,547 | 27 |
| Human Capital Leadership & Merit Systems Accountability | 7,351 | 1,028 | 1,033 | 5 |
| Human Resources Products and Services | 92,325 | 127,457 | 120,595 | (6,862) |
| Management Services | 23,916 | 29,105 | 29,285 | 180 |
| Executive Services | 1,394 | 1,394 | 1,394 | – |
| **Total** | **127,398** | **163,504** | **156,854** | **(6,650)** |
| **Offsetting Collections** | | | | |
| Annual | 91,847 | 98,629 | 100,822 | 2,193 |
| Permanent Indefinite Authority, Title V | 31,109 | 28,392 | 28,392 | – |
| 8348 | 23,727 | 25,392 | 25,392 | – |
| 8909, FEHB Demo | 29 | – | – | – |
| Long-Term Care | 531 | 1,000 | 1,000 | – |
| FERCCA | 6,822 | 2,000 | 2,000 | – |
| New No-Year/RSM | 4,442 | 36,483 | 27,640 | (8,843) |
| **Total** | **127,398** | **163,504** | **156,854** | **(6,650)** |
| **Trust Funds Budget Authority** | | | | |
| Annual | 91,847 | 98,629 | 100,822 | 2,193 |
| No-Year/RSM | 4,442 | 36,483 | 27,640 | (8,843) |
| **Total** | **96,289** | **135,112** | **128,462** | **(6,650)** |
| **Full-Time Equivalents** | | | | |
| Strategic Human Resources Policy | 37 | 42 | 42 | – |
| Human Capital Leadership & Merit Systems Accountability | 14 | 17 | 17 | – |
| Human Resources Products and Services | 891 | 959 | 959 | – |
| Management Services | 78 | 119 | 119 | – |
| Executive Services | 14 | 14 | 14 | |
| **Total** | **1,034** | **1,151** | **1,151** | **–** |

NOTE: Details may not add to totals due to rounding.

# Transfers from the Trust Funds
# Trust Funds Annual & No-Year
# Obligations by Object Class

**(In Thousands of Dollars)**

| Object Class | FY 2004 Enacted | FY 2005 Request | FY 2005 Change |
|---|---|---|---|
| Personnel Compensation | 49,991 | 49,991 | 0 |
| Personnel Benefits | 12,783 | 12,783 | – |
| Benefits for Former Personnel | 21 | 21 | – |
| Travel and Transportation of Persons | 522 | 522 | – |
| Transportation of Things | 16 | 16 | – |
| Rental Payments to General Services Administration | 9,086 | 9,086 | – |
| Communications and Utilities | 2,879 | 2,879 | – |
| Printing and Reproduction | 901 | 901 | – |
| Other Services | 57,267 | 50,617 | (6,650) |
| Supplies and Materials | 602 | 602 | – |
| Equipment | 1,044 | 1,044 | – |
| Total | 135,112 | 128,462 | (6,650) |

NOTE:  Details may not add to totals due to rounding.

# Transfers from the Trust Funds
# Trust Funds/Annual
# Obligations by Object Class

**(In Thousands of Dollars)**

| Object Class | FY 2004 Enacted | FY 2005 Request | FY 2005 Change |
|---|---|---|---|
| Personnel Compensation | 48,289 | 48,289 | 0 |
| Personnel Benefits | 12,435 | 12,435 | – |
| Benefits for Former Personnel | 21 | 21 | – |
| Travel and Transportation of Persons | 512 | 512 | – |
| Transportation of Things | 16 | 16 | – |
| Rental Payments to General Services Administration | 9,086 | 9,086 | – |
| Communications and Utilities | 2,870 | 2,870 | – |
| Printing and Reproduction | 896 | 896 | – |
| Other Services | 22,868 | 25,061 | 2,193 |
| Supplies and Materials | 597 | 597 | – |
| Equipment | 1,039 | 1,039 | – |
| **Total** | **98,629** | **100,822** | **2,193** |

NOTE:  Details may not add to totals due to rounding.

# Transfers from the Trust Funds
# Trust Funds/No-Year
# Retirement Systems Modernization Project
# Obligations by Object Class

**(In Thousands of Dollars)**

| Object Class | FY 2004 Enacted | FY 2005 Request | FY 2005 Change |
|---|---|---|---|
| Personnel Compensation | 1,702 | 1,702 | 0 |
| Personnel Benefits | 348 | 348 | – |
| Benefits for Former Personnel | – | – | – |
| Travel and Transportation of Persons | 10 | 10 | – |
| Transportation of Things | – | – | – |
| Rental Payments to General Services Administration | – | – | – |
| Communications and Utilities | 9 | 9 | – |
| Printing and Reproduction | 5 | 5 | – |
| Other Services | 34,399 | 25,556 | (8,843) |
| Supplies and Materials | 5 | 5 | – |
| Equipment | 5 | 5 | – |
| **Total** | **36,483** | **27,640** | **(8,843)** |

NOTE:  Details may not add to totals due to rounding.

# Office of Inspector General
## Comparative Summary Statement

**(Dollar Amounts in Thousands)**

|  | FY 2003 Actual | FY 2004 Enacted | FY 2005 Request | FY 2005 Change |
|---|---|---|---|---|
| **Obligations** | | | | |
| Salaries and Expenses | 1,498 | 1,489 | 1,627 | 138 |
| Transfers from the Trust Funds | 10,786 | 14,342 | 16,461 | 2,119 |
|    Subtotal | 12,284 | 15,831 | 18,088 | 2,257 |
| Advances and Reimbursements | – | 150 | 150 | – |
|    **Total** | **$12,284** | **$15,981** | **$18,238** | **$2,257** |
| **Offsetting Collections** | | | | |
| Transfers from the Trust Funds | 10,770 | 14,342 | 16,461 | $2,119 |
| Advances and Reimbursements | – | 150 | 150 | – |
|    **Total** | **$10,770** | **$14,492** | **$16,611** | **$2,119** |
| **Budget Authority** | **$1,498** | **$1,489** | **$1,627** | **138** |
| **Trust Funds Budget Authority** | | | | |
| Annual | $10,786 | $14,342 | $16,461 | $2,119 |
| **Full-Time Equivalents** | | | | |
| Salaries and Expenses | 17 | 17 | 18 | 1 |
| Transfers from the Trust Funds | 83 | 106 | 122 | 16 |
| Advances and Reimbursements | – | – | – | – |
|    **Total** | **100** | **123** | **140** | **17** |

NOTE: Details may not add to totals due to rounding.

# Office of Inspector General
# General Fund and Trust Funds
# Obligations by Object Class

**(In Thousands of Dollars)**

| Object Class | FY 2004 Enacted | FY 2005 Request | FY 2005 Change |
|---|---|---|---|
| Personnel Compensation | 10,174 | 11,691 | 1,517 |
| Personnel Benefits | 2,375 | 2,715 | 340 |
| Benefits for Former Personnel | – | – | – |
| Travel and Transportation of Persons | 793 | 853 | 60 |
| Transportation of Things | – | – | – |
| Rental Payments to General Services Administration | 871 | 871 | – |
| Communications and Utilities | 122 | 175 | 53 |
| Printing and Reproduction | 27 | 28 | 1 |
| Other Services | 763 | 897 | 134 |
| Supplies and Materials | 295 | 349 | 54 |
| Equipment | 411 | 509 | 98 |
| Total | **15,831** | **18,088** | **2,257** |

NOTE:  Details may not add to totals due to rounding.

# Office of Inspector General
# General Fund
# Obligations by Object Class

**(In Thousands of Dollars)**

| Object Class | FY 2004 Enacted | FY 2005 Request | FY 2005 Change |
|---|---|---|---|
| Personnel Compensation | 1,012 | 1,117 | 105 |
| Personnel Benefits | 245 | 246 | 1 |
| Benefits for Former Personnel | – | – | – |
| Travel and Transportation of Persons | 30 | 30 | – |
| Transportation of Things | – | – | – |
| Rental Payments to General Services Administration | 87 | 87 | – |
| Communications and Utilities | 10 | 10 | – |
| Printing and Reproduction | 3 | 3 | – |
| Other Services | 74 | 99 | 25 |
| Supplies and Materials | 20 | 20 | – |
| Equipment | 8 | 15 | 7 |
| Total | **1,489** | **1,627** | **138** |

NOTE: Details may not add to totals due to rounding.

# Office of Inspector General
# Trust Funds
# Obligations by Object Class

**(In Thousands of Dollars)**

| Object Class | FY 2004 Enacted | FY 2005 Request | FY 2005 Change |
|---|---|---|---|
| Personnel Compensation | 9,162 | 10,574 | 1,412 |
| Personnel Benefits | 2,130 | 2,469 | 339 |
| Benefits for Former Personnel | – | – | – |
| Travel and Transportation of Persons | 763 | 823 | 60 |
| Transportation of Things | – | – | – |
| Rental Payments to General Services Administration | 784 | 784 | – |
| Communications and Utilities | 112 | 165 | 53 |
| Printing and Reproduction | 24 | 25 | 1 |
| Other Services | 689 | 798 | 109 |
| Supplies and Materials | 275 | 329 | 54 |
| Equipment | 403 | 494 | 91 |
| Total | **14,342** | **16,461** | **2,119** |

NOTE:  Details may not add to totals due to rounding.

# Revolving Fund
# Comparative Summary Statement

**(Dollar Amounts in Thousands)**

| | FY 2003 Actual | FY 2004 Enacted | FY 2005 Request | FY 2005 Change |
|---|---|---|---|---|
| **Obligations** | | | | |
| Investigations Services | 390,872 | 641,365 | 849,079 | 207,714 |
| Talent Services | 96,186 | 129,987 | 135,962 | 5,975 |
| Leadership Capacity Services | 38,612 | 40,515 | 41,418 | 903 |
| Total | $525,670 | $811,867 | $1,026,459 | $214,592 |
| **Full-Time Equivalents** | | | | |
| Investigations Services | 120 | 1,041 | 1,941 | 900 |
| Talent Services | 482 | 575 | 575 | – |
| Leadership Capacity Services | 67 | 85 | 85 | – |
| Total | 669 | 1,701 | 2,601 | 900 |

NOTE:  Details may not add to totals due to rounding.

# Revolving Fund
# Obligations by Object Class

**(In Thousands of Dollars)**

| Object Class | FY 2004 Enacted | FY 2005 Request | FY 2005 Change |
|---|---|---|---|
| Personnel Compensation | 109,048 | 191,708 | 82,660 |
| Personnel Benefits | 23,940 | 40,998 | 17,058 |
| Benefits for Former Personnel | – | – | – |
| Travel and Transportation of Persons | 7,846 | 12,131 | 4,285 |
| Transportation of Things | – | – | – |
| Rental Payments to General Services Administration | 10,500 | 14,000 | 3,500 |
| Communications and Utilities | 15,500 | 19,037 | 3,537 |
| Printing and Reproduction | 2,173 | 2,724 | 551 |
| Other Services | 625,757 | 723,410 | 97,653 |
| Supplies and Materials | 7,337 | 10,999 | 3,662 |
| Equipment | 9,766 | 11,452 | 1,686 |
| **Total** | **811,867** | **1,026,459** | **214,592** |

NOTE: Details may not add to totals due to rounding.

## SHRP Background

American citizens demand and deserve a civil service that is world-class, one that meets their highest expectations for commitment, performance, integrity, and accountability. In contributing to that end, OPM will lead the design, development, and implementation of innovative, flexible, merit-based human resources policies and strategies that enable the Federal Government and its agencies to meet and exceed these high standards.

OPM's Division for Strategic Human Resources Policy will provide policy direction and leadership in designing, developing, and promulgating innovative Governmentwide human resources systems and programs for workforce planning, employment, pay and benefits, performance management and recognition, learning and development, work/life programs, labor relations, employee accountability, personnel records and information systems, and payroll systems, merit systems accountability.

SHRP will support Federal agencies' efforts to adopt human resources management systems that improve their ability to build suc-

cessful, high-performance organizations. It will do this through implementing recently enacted reforms to the structure and pay of the Senior Executive Service and improving developmental opportunities for its members, providing benefits packages that support agencies' recruitment and retention efforts; providing accurate and timely workforce statistics and information to customers; supporting the implementation of new, broad human resources flexibilities, including pay and performance management flexibilities at DHS and DOD, and building on lessons learned from these to evaluate the need for additional strategic flexibilities regarding Federal compensation; and increasing the range of strategic recruiting and hiring flexibilities available to Federal agencies. In addition, to further learning and to provide a mechanism for shaping future policy initiatives, SHRP will establish a roundtable of HR experts to provide a unique forum for top government, university and industry leaders to discuss emerging issues and research, exchange innovative ideas, and promote cooperative initiatives among Federal agencies.

<div style="border: 1px solid black; padding: 10px;">

**SHRP ANNUAL PERFORMANCE GOAL 1**

Reform the structure and pay of the Senior Executive Service and improve developmental opportunities for its members.

</div>

# Strategic Objective

**Objective 1:** Agencies use OPM's policy and guidance to develop and maintain the capacity of their workforce to continue to meet and improve their strategic performance targets.

# Program: Human Capital - Leadership Capacity

## BUDGETARY RESOURCES

|  | FY 2004 Enacted | FY 2005 Request | Change |
|---|---|---|---|
| Salaries & Expenses | $1,182,000 | $1,309,000 | $127,000 |
| Total | $1,182,000 | $1,309,000 | $127,000 |

## FTE

|  | FY 2004 Enacted | FY 2005 Request | Change |
|---|---|---|---|
| Salaries & Expenses | 8.0 | 9.0 | 1.0 |
| Total | 8.0 | 9.0 | 1.0 |

Ensuring the continuity of leadership within the Federal Government begins with the Senior Executive Service. These top leaders must be recognized and rewarded for excellence, while at the same time held to a high level of accountability. A new pay-for-performance system for the SES is being introduced in FY 2004. This new system will require extensive technical guidance on issues related to pay administration and certification of SES appraisal systems. Because final regulations will not go out until the latter part of FY 2004, the need to issue and refine guidance and participate in certi-

fication decisions will continue well into FY 2005. SHRP will develop other proposals to address SES leadership issues to include SES structural reform (dual track system). These will include mechanisms for building and reinforcing leadership capabilities. Additionally, SHRP will assist agencies in developing and promoting effective executives through candidate development programs and other leader development programs.

## Means

➢ Maximum utilization of the OPM Web site for dissemination of guidance and directives.

➢ Analyze and comment on draft legislation, Executive orders, and other policy proposals prepared by Congress, the White House, and others.

## Strategies

➢ Work closely with OMB and agencies to determine the need for new/revised guidance, regulations, and statutory adjustments. Hold briefings for agency representatives and external stakeholder groups.

➢ Work with HCLMSA to develop agency guidance on appraisal system certification to take advantage of policy experience within SHRP and agency liaison experience within HCLMSA.

➢ Work jointly with HCLMSA to determine if appraisal system certification is warranted for individual agencies.

➢ Work jointly with HRPS in refining and developing continuing education program for senior executives and "pipeline" leadership development programs.

➢ Develop new staff skills through training in performance management as it relates to pay setting, regulatory writing, legislative drafting, and report writing; and through participation in conferences, briefings, and policy discussions regarding program requirements. Staff will also need to develop strong leadership skills to communicate effectively with agencies to assist them in adapting to new requirements.

## PROGRAM ACTIVITIES, OUTPUTS, OUTCOMES, AND PERFORMANCE METRICS

| Activity | Output | Outcome | Performance Indicators | | | |
|---|---|---|---|---|---|---|
| | | | Indicator/Type | FY 2003 | FY 2004 | FY 2005 |
| Develop and provide new and on-going executive resources, pay and performance policy guidance, regulations, and/or proposals.<br><br>Strategic Goal 1; Objective 1<br>Full Cost in FY 2005:<br>$1.3 M; 9.0 FTE | Guidance, revised policies, and support; Responses to inquiries; Structural SES Reforms; SES pay incentive and performance reforms; Certifications of agency SES appraisal systems. | Agency work forces are effectively managed;<br><br>Agency leadership development programs result in continuity of capable leadership;<br><br>Agencies that seek certification of SES appraisal systems receive top-notch assistance and receive certification when warranted. | **Effectiveness Indicators**:<br>% of stakeholders who are satisfied with leadership policy and guidance;[1]<br><br>% of stakeholders who agree that leadership programs and initiatives encourage continuity of leadership; [1]<br><br>% of stakeholders who report that there is an active leadership development program in their agency.[1] | No data<br><br>No data<br><br>No data | 70%<br><br>20%<br><br>20% | 70%<br><br>20%<br><br>20% |

[1]Source:  Annual survey of stakeholders' satisfaction (not conducted in FY 2003).

| SHRP ANNUAL PERFORMANCE GOAL 2 |
|---|
| Design modernized Federal benefit programs that are cost-effective and competitive, and support agencies' recruitment and retention efforts. |

# Strategic Objective

**Objective 1:** Agencies use OPM's policy and guidance to develop and maintain the capacity of their workforce to continue to meet and improve their strategic performance targets.

# Program:  Benefits

## BUDGETARY RESOURCES

|  | FY 2004 Enacted | FY 2005 Request | Change |
|---|---|---|---|
| Salaries & Expenses | $1,054,000 | $1,268,000 | $214,000 |
| Trust Fund Annual | $4,520,000 | $4,547,000 | $27,000 |
| Total | $5,574,000 | $5,815,000 | $241,000 |

## FTE

|  | FY 2004 Enacted | FY 2005 Request | Change |
|---|---|---|---|
| Salaries & Expenses | 7.0 | 9.0 | 2.0 |
| Trust Fund Annual | 42.0 | 42.0 | 0.0 |
| Total | 49.0 | 51.0 | 2.0 |

Federal benefits represent a critical component of the Government's overall compensation package and thus are an important factor in agencies' ability to recruit and retain the work force they need to meet their missions.  This gets to the heart of the Strategic Management of Human Capital.  Therefore, Federal benefits must remain competitive with those offered by other employers.  To this end, OPM's objective is to provide a

package of benefits employees seek and that has an actuarial value reasonably comparable to what other competing employers are offering.

## Means

➢ Make extensive use of e-technologies, by enhancing employees' ability to develop information and materials suitable for distribution through the OPM Web site.

➢ Use consultant support to assist in the development of legislative and regulatory initiatives.

## Strategies

➢ Develop policy guidance and refine current policies consistent with OPM's strategic decisions.

➢ Explore new and more flexible benefits offerings, such as flexible spending accounts and health savings accounts (HSAs).

➢ Provide ongoing retirement, insurance, and work/life policy analysis; develop and/or revise regulations and guidance materials as needed; and provide ongoing technical advice and services to other Federal agencies.

➢ Explore ways to better integrate FEHB and Medicare benefits especially in light of recent the Medicare Modernization Act.

➢ Explore options for better aligning the Federal Employees Group Life Insurance (FEGLI) Program with the current

market as reflected in market evaluations and customer feedback.

➢ Explore options that will enhance agencies' ability to maintain a diverse, skilled, and flexible work force with a good mix of journeyman-level fully experienced employees and newer employees in development.

➢ Explore ways to encourage agencies to use flexibilities that will enhance the health status of employees and their families and maximize the productive use of employee time, such as educating Federal employees on healthier lifestyles and working with agencies to expand telework opportunities for employees.

➢ Develop and improve employee knowledge and expertise in legislative and regulatory analysis and employee compensation issues across all business sectors (not just existing Federal benefits), emerging employee benefits options, and other areas that will increase staff's ability to handle a broad range of assignments within the benefits and work/life programs. Managerial development will be focused on contract administration and executive development.

➢ Provide training opportunities to help staff develop new skills and sharpen existing skills, including writing congressional reports, drafting legislation, and rulemaking.

## Program Assessment Rating Tool

In the spring of 2002, as a part of the FY 2004 budget process, OPM applied OMB's Program Assessment Rating Tool to the Retirement and FEGLI programs. This exercise provided valuable feedback on how OPM can further demonstrate measurable results, strengthen long-term goals, and confirm the integral role that these benefits play in recruiting and retaining a desirable work force. OMB's specific recommendations are to:

- Develop measures and program evaluations to assess how compensation/benefit packages affect Federal agencies' recruitment and retention efforts.

- Establish long-term measures reflecting the program purpose.

- Develop additional annual performance goals emphasizing continual improvement.

OPM consequently began overhauling its performance measurement strategy, not only for the Retirement and FEGLI Programs, but also for its other benefits and work/life programs. As part of this overhaul, OPM developed new performance indicators that focus on the recruitment and retention issue. These indicators are identified in the following table as "PART metrics."

Results for these new indicators will be used to assess performance during FY 2004 and will be reported in OPM's FY 2006 budget submission and performance and accountability report for FY 2004. The agency will

develop data collection mechanisms for these new indicators during the winter and spring of 2004, and expects to have initial data by early summer of this year.

The new performance indicators will be based on feedback from recruits, new hires, and career employees on the value of the full range of benefits and work/life programs. Feedback will also be collected from agency benefits officers, work/life coordinators, other key human resources and human capital officials, Federal managers, and other stakeholders to assess the significance of these programs to agencies' ability to recruit and retain. OPM's program evaluation plan has scheduled a study of the benefit programs during FY 2005 that will leverage this new performance information and collect additional data to evaluate the true impact employee benefits have on agencies' recruitment and retention programs, and to develop additional performance indicators based on hard data regarding program efficiency, effectiveness, and value-added as a component of Federal compensation.

In addition to developing new performance measures, OPM is taking the following actions:

- Analyze and evaluate the FEGLI Program to provide a comprehensive look at the program to begin developing specific recommendations for possible program improvements. Explore the history of the program and the actions OPM has taken to keep it up to date. The analyses will consider today's workforce and what employees say they

want, and will explore what might come next for FEGLI.

- OPM has established a literature search process to benchmark and assess the competitiveness of Federal benefit and work/life programs versus those offered by other employers; this information provides another indication of how these programs may help agencies recruit and retain quality employees. Throughout the year, many prestigious organizations publish studies and survey results about employer retirement, insurance, and work/life issues. These literature searches, performed by staff in the Center for Employee and Family Support Policy, will provide information regarding the competitiveness of these programs in the marketplace. Literature searches will also be used to assess ways to improve these programs.

## PROGRAM ACTIVITIES, OUTPUTS, OUTCOMES, AND PERFORMANCE METRICS

| Activity | Output | Outcome | Performance Indicators | | | |
|---|---|---|---|---|---|---|
| | | | Indicator/Type | FY 2003 | FY 2004 | FY 2005 |
| Develop and provide new and on-going work/life and family policies, regulations, and initiatives. | Work/life and family policies, regulations, and initiatives. | Agencies make full use of work/life options to facilitate employee participation in work/life programs, e.g., tele-work and Flexible Spending Accounts (FSAs); | **Effectiveness Indicators**: % of major Executive agencies that have a telework policy in place under section 356 of P.L. 106-346;[1] | 100% | 100% | 100% |
| Strategic Goal 1; Objective 1 Full Cost in FY 2005: $1.3 M (S&E) ; 9.0 FTE | | Federal employees are better able to balance work and family needs; | % of eligible workforce teleworking ;[1] | 14% | 16% | 18% |
| | | Benefits are competitive and support agencies recruitment and retention efforts. | % of major Executive agencies that give eligible employees formal notice of the opportunity to telework;[1] | 45% | 55% | 65% |
| | | | % of employees who believe work/life programs can help employees balance work/family needs;[2] | 35% | 40% | 45% |
| | | | % New hires indicating work/life program is important*;[3] | No data | 5% | 6% |
| | | | % of employees indicating work/life program is important*;[2] | No data | 5% | 6% |
| | | | % of employees who indicate work/life programs made a difference in accepting/staying in Federal service;[2] | No data | 5% | 6% |
| | | | % stakeholders who indicate work/life benefits help them better | | | |

| Activity | Output | Outcome | Performance Indicators | | | |
|---|---|---|---|---|---|---|
| | | | Indicator/Type | FY 2003 | FY 2004 | FY 2005 |
| | | | manage workforce needs;[4] | No data | 5% | 6% |
| | | | Benchmarking indicates programs are competitive*.[5] | No data | At least average | At least average |
| Provide ongoing Retirement policy guidance and support; provide actuarial analyses and determine program liabilities; conduct research and propose and develop new benefits policy initiatives.<br><br>Strategic Goal 1; Objective 1<br><br>Full Cost in FY 2005:<br>$1.9 M (TF); 18 FTE | Retirement policy guidance and regulations; responses to inquiries; actuarial analyses and liability calculations. | Retirement benefits are competitive and support agencies' efforts to recruit and retain the workforce they need to meet their mission. | **Effectiveness Indicators**:<br>% of new hires saying retirement benefits were important in deciding to seek Federal employment *; [3] | No data | 40% | 40% |
| | | | % of employees who say retirement benefits are an important factor in their decision to remain in Federal service *.[2], | No data | 66% | 66% |
| | | | Benchmarking retirement program competitiveness *.[5] | No data | At least average | At least average |
| Provide ongoing Health Benefits policy guidance and support; provide actuarial analyses set premiums, and determine program liabilities; develop new benefits products and related policies and legislation.<br><br>Strategic Goal 1; Objective 1<br>Full Cost in FY 2005:<br>$2.2 M (TF); 20 FTE | Health Benefits guidance and regulations; actuarial analyses and liability calculations | Health Benefits are competitive and support agencies efforts to recruit and retain the workforce they need to meet their mission. | **Effectiveness Indicators**:<br>% of new hires who say that Health Benefits were important in their decisions to seek Federal employment *;[3] | No data | 55% | 55% |
| | | | % of employees who say Health Benefits are an important factor in their decision to remain in Federal service*; [2] | No data | 55% | 55% |
| | | | Benchmarking Health Benefits program competitiveness *.[5] | No data | At least average | At least average |

| Activity | Output | Outcome | Performance Indicators | | | |
|---|---|---|---|---|---|---|
| | | | Indicator/Type | FY 2003 | FY 2004 | FY 2005 |
| Provide ongoing Life Insurance (LI) and Long Term Care insurance (LTC) policy guidance and support.<br><br>Strategic Goal 1; Objective 1<br>Full Cost in FY 2005:<br>$0.4 M (TF); 4 FTE | Life and Long Term Care Insurance policy guidance and regulations; responses to inquiries; actuarial analyses and liability calculations | Life and Long Term Care Insurance benefits are competitive and support agencies efforts to recruit and retain the workforce they need to meet their mission. | **Effectiveness Indicators**:<br>% of new hires who say that LI and LTC were important in their decisions to seek Federal employment *;[3] | No data | LI: 55%<br>LTC: 20% | LI: 55%<br>LTC: 20% |
| | | | % of employees who say LI and LTC are an important factor in their decision to remain in Federal service *;[2] | No data | LI: 55%<br>LTC: 20% | LI: 55%<br>LTC: 20% |
| | | | Benchmarking LI and LTC program competitiveness *.[5] | No data | At least average | At least average |

*Indicator added/modified as a result of FY 2003 PART recommendations.

[1]. Source:  OPM annual Telework Survey.

[2]. Source:  Annual Federal Human Capital Survey (not conducted in FY 2003).

[3]. Source: Agency entry-on-board surveys (not yet designed) or Annual Federal Human Capital Survey.

[4]. Source:  Annual survey of stakeholders' satisfaction (not conducted in FY 2003).

[5]. Source:  PART metrics surveys which are being designed.

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**SHRP ANNUAL PERFORMANCE GOAL 3**

Develop new Governmentwide labor relations, disciplinary, and performance-based action systems.

</div>

# Strategic Objective

**Objective 1:** Agencies use OPM's policy and guidance to develop and maintain the capacity of their workforce to continue to meet and improve their strategic performance targets.

# Program: Human Capital - Performance Culture (Employee Accountability)

## BUDGETARY RESOURCES

|  | FY 2004 Enacted | FY 2005 Request | Change |
|---|---|---|---|
| Salaries & Expenses | $2,370,000 | $2,454,000 | $84,000 |
| Total | $2,370,000 | $2,454,000 | $84,000 |

## FTE

|  | FY 2004 Enacted | FY 2005 Request | Change |
|---|---|---|---|
| Salaries & Expenses | 16.0 | 17.0 | 1.0 |
| Total | 16.0 | 17.0 | 1.0 |

OPM takes very seriously the need to hold employees accountable for conduct and performance and to avoid unnecessary labor-management conflicts. To this end, OPM will evaluate the experiences of the Department of Homeland Security (DHS) and the Department of Defense (DOD) to identify those changes that could be adapted for inclusion in revamped and better Governmentwide labor relations, disciplinary, and performance-based action programs.

## Means

➢ Leverage technology (Internet, OPM Web site) to improve staff productivity, and dissemination of information.

## Strategies

➢ Convene meetings of Federal agency employee relations and labor relations policy officials to gather information and guidance to be used in considering policy changes.

➢ Utilize the CHCO Subcommittee on Addressing Employee Performance and Misconduct to evaluate and improve Federal Government disciplinary and performance-based action programs.

➢ Collect information and study the collective bargaining actions and practices, such as time used to negotiate, used throughout the Federal Government.

➢ Provide policy makers with accurate information on the scope of union activity throughout the Federal Government.

➢ Develop effective strategies for working with unions.

➢ Review decisions from administrative agencies and Federal courts to ensure consistency with civil service laws, rules, and policies (5 U.S.C. 7703).

➢ Provide agencies with information and policy advice to strengthen their labor and employee relations programs.

➢ Analyze and comment on draft legislation, executive orders, and other policy proposals prepared by Congress, the White House, and others.

➢ Use staffing resources to fill skill and capacity gap in Workforce Relations and Accountability policy.

➢ Train new staff in key areas to provide technical and advisory services.

## PROGRAM ACTIVITIES, OUTPUTS, OUTCOMES, AND PERFORMANCE METRICS

| Activity | Output | Outcome | Performance Indicators | | | |
|---|---|---|---|---|---|---|
| | | | Indicator/Type | FY 2003 | FY 2004 | FY 2005 |
| Provide ongoing performance management and labor relations policy guidance and support.<br><br>Develop new performance, discipline, and labor relations policies and initiatives.<br><br><br>Strategic Goal 1; Objective 1<br>Full Cost in FY 2005:<br>$2.5 M; 17.0 FTE | Ongoing guidance, support, and response to inquiries;<br><br>New Governmentwide labor relations, disciplinary, and performance-based actions systems (DHS based). | Employees are held accountable for conduct and performance. Unnecessary labor-management conflicts are avoided. | **Effectiveness Indicators**:<br>% of stakeholders satisfied with policy, guidance, and support;[1]<br><br>% of stakeholders indicating that policy, guidance, and support help build a performance culture at their agency; i.e.,<br>(a) complaints, disputes and grievances are resolved fairly,<br>(b) steps are taken to deal with poor performers, and<br>(c) individuals are held accountable for achieving results.[1] | No data<br><br><br><br><br><br>(a) 44%<br>(2002)<br><br>(b) 27%<br>(2002)<br><br><br>(c) 80%<br>(2002) | 69%<br><br><br><br><br><br>(a) 46%<br><br><br>(b) 30%<br><br><br>(c) 80% | 70%<br><br><br><br><br><br>(a) 48%<br><br><br>(b) 33%<br><br><br>(c) 80% |

[1]. Source: Annual survey of stakeholders' satisfaction (not conducted in FY 2003).

## Strategic Objective

**Objective 1:** Agencies use OPM's policy and guidance to develop and maintain the capacity of their workforce to continue to meet and improve their strategic performance targets.

## Program: Human Capital - Talent

### BUDGETARY RESOURCES

|  | FY 2004 Enacted | FY 2005 Request | Change |
|---|---|---|---|
| Salaries & Expenses | $4,971,000 | $4,971,000 | $0 |
| Total | $4,971,000 | $4,971,000 | $0 |

### FTE

|  | FY 2004 Enacted | FY 2005 Request | Change |
|---|---|---|---|
| Salaries & Expenses | 37.0 | 37.0 | 0.0 |
| Total | 37.0 | 37.0 | 0.0 |

Senior-level Federal officials rely on workforce information produced by OPM to make budgetary and human capital decisions. Today, OPM is the primary source for human resources data on approximately 1.8 million Federal civilian employees, and nearly 800,000 U.S. Postal Service employees. Recent legislation such as the Homeland Security Act of 2002 and Administration policies such as the President's

Management Agenda highlight the importance of empirically driven human resources information. OPM provides this information each fiscal year to decision makers to support and justify Governmentwide workforce initiatives.

In addition to providing workforce information to customers, OPM will accomplish other projects in FY 2005. It will issue

Governmentwide policies and guidance on human resources information and payroll systems, and render decisions on appeals by Federal employees who want access to their personnel records. The agency will continue to serve as the Privacy Act and Freedom of Information Act (FOIA) advisor on human resources and payroll data. Finally, OPM is responsible for managing the Governmentwide General Personnel records (GOVT-1), Employee Performance File records (GOVT-2), and Employee Medical File records (GOVT-10) consistent with the Privacy Act of 1974.

## Means

➢ Continue to maintain workforce information systems to support a variety of information initiatives including workforce planning and the human capital initiative.

➢ Continue to provide high quality reports detailing trends in the Federal civilian workforce.

➢ Continue to provide assistance in the transition to Enterprise for Human Resources Integration Project (EHRI) to ensure the quality and accuracy of workforce information.

➢ Continue to provide agencies with high quality data to assist in their day-to-day operations.

## Strategies

➢ Provide Privacy Act and FOIA services on Federal personnel systems.

➢ Manage inactive official personnel folders.

➢ Continue to provide personnel documentation guidance to over 1,600 operating personnel offices, using email to report news and respond to inquiries.

➢ Continue to set human resources data standards.

➢ Conduct outreach with Federal agencies to improve data quality.

## PROGRAM ACTIVITIES, OUTPUTS, OUTCOMES, AND PERFORMANCE METRICS

| Activity | Output | Outcome | Performance Indicators | | | |
|---|---|---|---|---|---|---|
| | | | Indicator/Type | FY 2003 | FY 2004 | FY 2005 |
| Collect, fact check, deliver and perform all other tasks which produce workforce information (e.g., Develop Governmentwide policies for personnel processing and recordkeeping; collect and maintain Central Personnel Data File (CPDF), 113A: Monthly Report of Federal Civilian Employment, and 113G: Monthly Report of Full-Time Equivalent/Work Year Civilian Employment; serve as Privacy Act and Freedom of Information Act Advisor on human resources and payroll data; serve as functional sponsor of the EHRI Project; etc.).<br><br>Strategic Goal 1; Objective 1<br>Full Cost in FY 2005:<br>$5.0 M (S&E); 37 FTE | New and on-going workforce information products and services. | Customers rely on SHRP workforce information to make budget and human capital decisions because they are confident that the data are accurate.<br><br>Federal HR specialists are up to date on personnel data standards and policies that pertain to technology, payroll, and workforce information. | **Efficiency indicators**:<br>Average processing time (days) to build a CPDF Status file each quarter;[1] | 3.0 | 5.0* | 5.0* |
| | | | Average processing time (days) to build a CPDF Dynamics file each quarter.[1] | 2.5 | 5.0* | 5.0* |
| | | | **Effectiveness indicators**:<br>% of CPDF Status file data that are accurate;[1] | 97%<br>(3 qtrs) | 97% | 97% |
| | | | % of CPDF Dynamics file data that are accurate;[1] | 91%<br>(3 qtrs) | 92% | 92% |
| | | | The % of customers who are satisfied with workforce information products and services.[2] | 88% | 88% | 88% |

*A period of five days is OPM's threshold for processing a Status or Dynamics file.  Because building a quarterly file is an agency submission-driven process, processing time begins when OPM has control and management of a Status or Dynamics submission and the time stops once a submission is incorporated into the Unreleased Hold file (i.e., ADABAS database) on the mainframe.  The five day threshold was determined by reviewing historical OPM average processing time data collected from FY 1998 to the present.  Based on this review, it was reasonable for OPM to detect data defects in submissions and then give feedback to agencies within a five-day period.

1. Source:  Quarterly CPDF extract.

2. Source:  CPDF on-going customer surveys (both electronic and paper).

## Strategic Objective

**Objective 2:** Provide expert advice and assistance in establishing the Department of Homeland Security and ensure that human capital needs for the homeland security community are met.

## Program: Human Capital - Performance Culture

### BUDGETARY RESOURCES

|  | FY 2004 Enacted | FY 2005 Request | Change |
|---|---|---|---|
| Salaries & Expenses | $131,000 | $132,000 | $1,000 |
| Total | $131,000 | $132,000 | $1,000 |

### FTE

|  | FY 2004 Enacted | FY 2005 Request | Change |
|---|---|---|---|
| Salaries & Expenses | 1.0 | 1.0 | 0.0 |
| Total | 1.0 | 1.0 | 0.0 |

On November 25, 2002, President George W. Bush signed Public Law 107-296, the Homeland Security Act, which established the Department of Homeland Security.  On March 1, 2003, more than 20 organizations and functions previously assigned to other Federal agencies were merged officially into the new Department, making this the most

significant reorganization in the Executive Branch of the Federal Government in more than 50 years. In creating the new Department, Congress provided a historic opportunity to design a 21st century human resources management system that is mission-centered, fair, effective, and flexible. One of the most important features of the Homeland Security Act was the authority granted jointly to the Secretary of Homeland Security and the Director of OPM under 5 U.S.C. 9701(a) to establish a new human resources management system within the Department.

The National Security Personnel System was authorized in the FY 2004 National Defense Authorization Act signed by President Bush on November 24, 2003; this will be the new human resources management system for the DOD civilian workforce. The law allows DOD to establish new rules for how civilians are hired, assigned, compensated, promoted, and disciplined, within the framework of Merit System Principles, accommodation of veterans' preference, and respect for employees' right to bargain, in regulations prescribed jointly by the Secretary of Defense and the Director of OPM.

## Means

➢ Allot staff resources to issue and refine guidance and regulations to model pay-for-performance.

➢ Make extensive use of e-mail, e-docket, and other e-technologies to provide information to stakeholders.

## Strategies

➢ Extensive dealings with OMB, DHS, and DOD to determine the need for new and/or revised guidance, regulations, and statutory adjustments.

➢ Conduct briefings for DHS and DOD representatives and external stakeholder groups.

➢ The staffing resources devoted to this goal will consist of part-time contributions from several different program offices. As new personnel are assigned to this goal, they will need to be trained on the newly developed systems for DHS and DOD. Training needs will vary for each individual, and may include policy analysis skills and pay/performance modeling skills.

## PROGRAM ACTIVITIES, OUTPUTS, OUTCOMES, AND PERFORMANCE METRICS

| Activity | Output | Outcome | Performance Indicators | | | |
|---|---|---|---|---|---|---|
| | | | Indicator/Type | FY 2003 | FY 2004 | FY 2005 |
| Provide on-going human resource system policy guidance and support for new DHS human resources systems.<br><br>Strategic Goal 1; Objective 2<br>Full Cost in FY 2005:<br>$0.1 M; 1.0 FTE | Implement human resource policy guidance and regulations; including pay and performance management modeling | Human resource policy, regulations, and guidance support agency efforts to implement new human resources systems that support high agency performance. | **Effectiveness Indicator**: Performance as assessed by Human Capital Accountability and Assessment Framework (HCAAF).1 | No data | Establish baseline | Exceed baseline |

1. Source:  HCAAF ratings are updated quarterly in the OMB Web site.

# Strategic Objective

**Objective 3:** Provide the Federal Government with a modern compensation system that is performance-oriented and market-sensitive, and assist Federal agencies in meeting their strategic goals.

## Program: Human Capital – Performance Culture (Pay Systems)

### BUDGETARY RESOURCES

|  | FY 2004 Enacted | FY 2005 Request | Change |
|---|---|---|---|
| Salaries & Expenses | $5,779,000 | $6,671,000 | $892,000 |
| Total | $5,779,000 | $6,671,000 | $892,000 |

### FTE

|  | FY 2004 Enacted | FY 2005 Request | Change |
|---|---|---|---|
| Salaries & Expenses | 39.0 | 41.0 | 2.0 |
| Total | 39.0 | 41.0 | 2.0 |

In FY 2005, OPM will continue to work to provide agencies with the means to offer competitive salary levels, especially in occupations, grades, and locations that have the greatest staffing problems; align pay with competencies and performance; orient rewards and pay expenditures toward mission accomplishments; and standardize pay administration rules. A key initiative will be continued implementation of the Human Capital Performance Fund. In addition, OPM's efforts will continue to serve the in-

terests of the Government as an employer by playing an active role through pay and rewards systems to support such Governmentwide values as the Merit System Principles and accountability, veterans' preference, workforce diversity, and family-friendly practices.  Finally, OPM will continue to administer the non-foreign area cost-of-living allowance (COLA) program.

## Means

➢ Guidance to agencies and external stakeholders will make maximum use of the Internet, with a variety of documents posted on the OPM Web site.

## Strategies

➢ Extensive dealings with OMB, agencies, and Congress and to other stakeholders to determine the need for new and/or revised guidance, regulations, and statutory adjustments.

➢ Work with the Federal Salary Council and the Federal Prevailing Rate Advisory Committee to administer Governmentwide locality pay programs.

➢ Conduct ongoing non-foreign area cost-of-living (COLA) surveys in the Caribbean (cost approximately $500,000); conduct surveys for housing rental prices in those areas and in the baseline area of Washington, D.C. (cost approximately $40,000).

➢ Continue to provide guidance and assistance to agencies in developing and submitting plans for approval by OPM to use monies in the Human Capital Performance Fund.

➢ Develop new staff skills through training in regulatory writing, legislative drafting, report writing, and survey design.  Experienced staff will need to keep up to date on various aspects of compensation and pay-for-performance, the nature of which evolve over time.  Pay-for-performance, in particular, is a new initiative for Government as a whole and is a sensitive topic on which employees must be well-versed.  This will be done through formal training and attendance at top-of-the-line subject matter conferences.

## PROGRAM ACTIVITIES, OUTPUTS, OUTCOMES, AND PERFORMANCE METRICS

| Activity | Output | Outcome | Performance Indicators | | | |
|---|---|---|---|---|---|---|
| | | | Indicator/Type | FY 2003 | FY 2004 | FY 2005 |
| Develop and provide new and on-going pay policy guidance, regulations, and/or proposals for pay modernization and performance-based pay.<br><br><br><br>Strategic Goal 1; Objective 3<br>Full Cost in FY 2005:<br>$6.7 M; 41.0 FTE | Broad spectrum of solutions address policy and legal challenges;<br><br>Regulations, guidance and support, responses to inquiries;<br><br>Principles for designing and testing alternative pay structures;<br><br>Regulations and guidance to standardize pay administration rules in support of e-Payroll initiative. | Federal agencies have strategic HR options that assist them in recruiting and retaining successful, high-performing employees;<br><br>Federal employees are paid the correct amounts;<br><br>Turnover among critical and highly-skilled employees is reduced through the use modernized compensation tools. | **Effectiveness Indicators**:<br>% of stakeholders satisfied with the design and implementation of new pay systems;[1] | No data | 50% | 55% |
| | | | Pay tables are updated in a timely manner.[2] | Pay tables issued in January 2003 | Milestones met | Milestones met |
| | | | % of stakeholders aware of retention allowances; [3] | No data | Improve by 5% | Improve by 5% |
| | | | % of stakeholders aware of student loan repayments;[3] | No data | Improve by 5% | Improve by 5% |
| | | | % of stakeholders aware of recruitment incentives.[3] | No data | Improve by 5% | Improve by 5% |

[1]. Source: Annual survey of stakeholders' satisfaction (not conducted in FY 2003).

[2]. Source: Pay tables posted annually on the OPM Web site.

[3]. Source: Quarterly Central Personnel Data File extract.

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**SHRP ANNUAL PERFORMANCE GOAL 7**

Increase the range of recruiting and hiring strategic flexibilities available to Federal agencies.

</div>

# Strategic Objective

**Objective 4:** Increase the effectiveness and efficiency of the Federal hiring process and make Federal employment attractive to high-quality applicants of diverse backgrounds.

# Program: Human Capital – Talent
# (Federal Hiring)

## BUDGETARY RESOURCES

|  | FY 2004 Enacted | FY 2005 Request | Change |
|---|---|---|---|
| Salaries & Expenses | $8,151,000 | $8,199,000 | $48,000 |
| Total | $8,151,000 | $8,199,000 | $48,000 |

## FTE

|  | FY 2004 Enacted | FY 2005 Request | Change |
|---|---|---|---|
| Salaries & Expenses | 56.0 | 56.0 | 0.0 |
| Total | 56.0 | 56.0 | 0.0 |

OPM recognizes the need to support agency efforts to recruit and select high-quality employees as a matter of Governmentwide human capital policy. The agency will continue to provide on-going guidance and support, while developing new flexibilities that are necessary to improving the Federal hiring process. Improving the hiring process is an agency-wide initiative that also includes the e-Gov projects Recruitment One-Stop and e-Clearance, each of which addresses aspects of the hiring process.

In FY 2005, OPM will undertake initiatives that will enable agencies to hire the best applicants into Government service. The agency will examine opportunities to streamline hiring authorities. In addition, OPM will continue developing and implementing an integrated classification and qualification system based on competencies, which will move the hiring process from time-driven (e.g., years of experience, hours of coursework) to competency-driven decisions.

## Means

➢ Use the Internet and other e-technologies to obtain and disseminate information to stakeholders (Congress, agencies, etc.).

➢ Use contractors or detailees to assist OPM staff in developing and updating classification standards.

## Strategies

➢ Provide agencies with information and policy advice to strengthen their recruitment and hiring programs.

➢ Conduct analyses needed for legislative reform initiatives.

➢ Provide policy support for new and ongoing legislation and initiatives (for example, the e-Gov Act, Presidential Management Fellows Program, Federal Human Capital Survey, and new personnel flexibilities for the Department of Homeland Security and the Department of Defense).

➢ Continue developing and implementing a classification and qualification system based on competencies.

➢ Develop new staff competencies and skills through formal and on-the-job training, participation in professional conferences and HR roundtables, and internal policy briefings to respond to new program requirements.

## PROGRAM ACTIVITIES, OUTPUTS, OUTCOMES, AND PERFORMANCE METRICS

| Activity | Output | Outcome | Performance Indicators | | | |
|---|---|---|---|---|---|---|
| | | | Indicator/Type | FY 2003 | FY 2004 | FY 2005 |
| Develop new recruiting, hiring, work-force restructuring, and training poli-cies, initiatives,   regulations, and flexibilities, and provide ongoing guidance.<br><br><br>Strategic Goal 1: Objective 4<br>Full Cost in FY 2005:<br>$8.2 M; 56.0 FTE | New recruitment, hiring, workforce restructuring, and training policies, initiatives, regulations, and flexibilities;<br><br>On-going guidance;<br><br>New classification/ quali-fication standards. | Improved satisfaction with recruitment,  hiring, work-force restructuring, and training policies (e.g., clarity and ease of implementa-tion) ;<br><br>Improved quality of new hires;<br><br>Improved satisfaction with policy guidance. | **Effectiveness Indicators**:<br>% of stakeholders satisfied with hiring,  staffing, and training policies;[1]<br><br>% of employees indicating their work unit is able to recruit people with the right skills;[2]<br><br>% of stakeholders  satisfied with policy guidance;[1]<br><br># of occupational standards issued.[3]<br><br>**Efficiency indicator:**<br>Weighted average age of classification standards.[3] | No data<br><br><br>39% (2002)<br><br><br>No data<br><br><br>2<br><br><br>198 mos. | 15%<br><br><br>44%<br><br><br>15%<br><br><br>4<br><br><br>192 mos. | 25%<br><br><br>49%<br><br><br>25%<br><br><br>4<br><br><br>180 mos. |

[1]. Source:  Annual survey of stakeholders' satisfaction (not conducted in FY 2003).

[2]. Source:  Annual Federal Human Capital Survey (not conducted in FY 2003).

[3]. Source: OPM internal classification database, updated quarterly.

**OPM STRATEGIC GOAL II**

Federal agencies use effective merit-based human capital strategies to create rewarding work environments that accomplish the mission.

# HCLMSA Background and Initiatives

OPM's Division for Human Capital Leadership and Merit System Accountability leads the Governmentwide effort to transform human capital management so that agencies are held accountable for managing their work force effectively, efficiently, and in accordance with merit principles. By improving agencies' human capital management, HCLMSA ensures accountability and improves the way the Government works for its citizens—for example, among myriad other functions, providing national and homeland security, protecting natural resources, and assisting veterans. HCLMSA accomplishes this effort through a comprehensive, strategy-driven set of programs and activities.

- It analyzes the human capital efforts of agencies and shares its insights and guidance with them to help them improve in all key areas of human capital management, particularly with regard to the three primary drivers of human capital: talent, leadership, and performance culture.

- It develops and provides agencies with workshops and tools (e.g., the Federal Human Capital Survey, the Human Capital Assessment and Ac-

countability Framework, and links to human capital resources).

- It develops and refines the Human Capital Standards for Success.

- It provides agencies with guidance by setting intermediate goals.

- It tangibly links improvements in human capital management to measures, and ensures agencies' compliance with Merit System Principles and personnel practices required by law, executive order, and regulation.

HCLMSA carries out these responsibilities through five Centers that are agency-based in design and two Centers that are focused on cross-cutting implementation in the specific areas of (1) measurement and outreach activities, and (2) human resources statutory and delegation compliance. As part of a new OPM-wide focus on evaluation, in FY 2004 HCLMSA will assess its processes and their intended outcomes. The primary focus of such evaluative efforts will be on HCLMSA's engagement of agencies as they drive their human capital transformation efforts to improve talent, leadership, and performance culture. HCLMSA has devel-

oped a hypothetical model that relates human capital programs and activities to human capital outcomes and, ultimately, to enhanced mission attainment. The Division has also developed criteria-based metrics (e.g., employee satisfaction, performance culture, and competency gap closure) of these human capital outcomes. These metrics will be used in assessments to be performed jointly by OPM and the U.S. Office of Management and Budget in carrying out the President's Management Agenda.

Looking forward to FY 2005, HCLMSA projects that the new environment created by agency human capital progress will in turn create new requirements for Governmentwide leadership from OPM. As agencies implement human resources innovations and flexibilities to achieve mission results in diverse settings, a stronger focus on oversight will be required to ensure that program managers in the Federal Government are trained, engaged, and held accountable for all human resources-related Federal laws, rules, and regulations—especially those concerning security, outsourcing, and merit-based principles.

HCLMSA will leverage OPM's **budget and performance integration** initiative to enable it in FY 2005 to assess its resource usage against projected results of a program activity level, and refine execution and spending plans to ensure effective and efficient use of budgetary and staffing resources in achieving program outcomes. In the context of the Federal human capital strategy under development, HCLMSA has identified several strategic initiatives over and above its current efforts to improve human

capital results, accountability, and compliance in agencies. HCLMSA plans to:

- **Continue to Enhance Accountability.** HCLMSA takes a two-pronged approach to accountability. Through proactive, front-end work with agencies, the Division ensures that agencies have accountability systems for human capital results and for compliance with laws, rules, regulations, and executive orders. HCLMSA closes the accountability loop with agencies by monitoring compliance with the law (continuing OPM's traditional merit system compliance reviews) and by validating the impact of human resources strategies and programs. With the expansion of competitive sourcing of human resources, HCLMSA will work with agencies to ensure that they have accountability systems in place to evaluate and address competitive sourcing decisions.

- **Prepare to Implement the Human Capital Performance Fund.** Several pay-for-performance initiatives have been implemented and/or recently enacted, such as the SES certification process for gaining access to the higher aggregate limit of pay and the establishment of a Governmentwide Human Capital Performance Fund. HCLMSA will develop a comprehensive plan to roll out a performance initiative to agencies with technical assistance, published technical assistance guides, and a Federal managers' training and edu-

cation program covering the pay initiatives—including issues concerning pay for performance, improving performance management systems overall, and automating the process.

- **Design and Develop an Enterprise Knowledge Transfer and Management System.** A key factor in successful implementation of the President's Management Agenda initiatives regarding the Strategic Management of Human Capital and expanded electronic Government initiatives is the ability of OPM employees, customers, and stakeholders to capture, transfer, utilize, and manage a wide range of critical human resources management knowledge effectively and efficiently. Technical answers and flexible solutions must be readily accessible without the benefit of a *Federal Personnel Manual*-type of structure to consistently educate, inform, and guide those seeking answers and solutions. HCLMSA will develop and validate the functional requirements and design specifications for this integrated functionality—the OPM Knowledge Transfer and Management System. Specifically, HCLMSA will define and validate system requirements, analyze stakeholder needs, identify existing supporting infrastructure and future requirements, and develop a detailed set of design specifications.

- **Enhance the Federal Human Capital Survey (FHCS).** Many agencies (including OPM) use FHCS results to provide information on the status of the three drivers of human capital: talent, leadership, and performance culture. In FY 2005, OPM proposes to improve FHCS's functionality and applicability in order to realize the full potential of the tool as a measure of human capital transformation accountability.

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### HCLMSA ANNUAL PERFORMANCE GOAL 1

Lead agencies to strategically develop talent, leadership and performance culture to deliver results on agency mission.

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# Strategic Objective

**Objective 1:** Provide advice to agencies and promote best practices on solutions, actions, and strategies to meet their human capital management needs.

## BUDGETARY RESOURCES

|  | FY 2004 Enacted | FY 2005 Request | Change |
|---|---|---|---|
| Salaries & Expenses | $16,813,000 | $17,349,000 | $536,364 |
| Trust Fund | $1,028,000 | $1,033,000 | $5,000 |
| Total | $17,841,000 | $18,382,000 | $541,364 |

## FTE

|  | FY 2004 Enacted | FY 2005 Request | Change |
|---|---|---|---|
| Salaries & Expenses | 147.0 | 152.0 | 5.0 |
| Trust Fund | 17.0 | 17.0 | 0.0 |
| Total | 164.0 | 169.0 | 5.0 |

## Means

➢ Develop and internally implement a strategic planning process to create and sustain a performance culture and disciplined execution and evaluation methodology within the Division. It will apply this experience to assist other agencies in their strategic planning process.

➢ Conduct a rigorous competency assessment of its own staff, align critical staff skills, and fill competency gaps to maximize program outcomes.

➢ Refine the Federal Human Capital Strategy based on agency feedback and measured results.

➢ Build communities of practice and use these on an ongoing basis to surface, share, and leverage practices that have generated positive human capital results.

➢ Develop, maintain, and enhance a web portal containing the most current information on a wide range of critical human capital issues, programs, and initiatives.

➢ Involve agencies in the development of human capital tools and programs, and conduct pilots of promising human capital practices in real organizational environments (including within HCLMSA itself).

➢ Evaluate each of its activities' resource usage against its projected results and continue to refine execution and spending plans to ensure effective and efficient use of fiscal resources in achieving program outcomes.

## Strategies

To achieve its desired outcomes, HCLMSA plans to:

➢ **Promote Public Trust in the Federal Work Force.** HCLMSA will engage public service advocacy groups and congressional bodies on human capital issues to drive forward human capital legislative initiatives; support Merit System Principles through compliance activities; and support human resources activities that contribute to national security and a more effective and efficient government.

➢ **Strengthen Customer Relationships to Create Strategic Partners.** HCLMSA will reach out to agencies and work to understand their needs, communicate OPM's value proposition to agencies, establish expectations and assist with implementation of Human Capital Assessment and Accountability Framework principles, and identify and leverage promising human capital practices.

➢ **Leverage E-Government Initiatives to Support Human Capital Transformation.** HCLMSA will provide linkage between agencies and E-Gov initiatives, including e-train, recruitment one-stop, e-payroll, Enterprise Human Resources Integration, e-clearance, and e-Human Resources Information Systems.

# Program Name and Purpose:  Human Capital – Talent

OPM sets standards, provides guidance and technical assistance, and evaluates and holds agencies accountable for progress in closing skills and competency gaps in mission-critical occupations and putting strategies in place that improve the workplace quality to attract, acquire, and retain quality talent.

**PROGRAM ACTIVITIES, OUTPUTS, OUTCOMES, AND PERFORMANCE METRICS**

| Activity | Output | Outcome | Performance Indicators | | | |
| --- | --- | --- | --- | --- | --- | --- |
| | | | Indicator/Type | FY 2003 Results | FY 2004 Targets | FY 2005 Targets |
| Engage agencies in human capital implementation to support agencies efforts to close mission-critical skills, knowledge, and competency gaps and implement recruitment and retention policies and initiatives.<br>Full cost in FY 2005:<br>$5.7 M (S&E); 50 FTE | Hands on technical assistance to agencies<br><br>Responses to inquiries<br><br>Progress and status scores<br><br>Agency workforce plans | Lead the call for talent to serve America. | **Efficiency Indicator**:<br>Turnaround time on requests, inquiries and deliverables from agencies. | No data | Establish baseline | Average turnaround times decrease by 5% |
| | | | **Effectiveness Indicators**:<br>Employee satisfaction score (FHCS); | 2002 results by agency[2] | Improvement in a significant # of agencies | Improvement in a significant # of agencies |
| | | | Agency satisfaction with HCLMSA technical assistance; | No Data | Establish baseline | Average of all agency satisfaction scores improves 10% |
| | | | # of PMC agencies with significantly reduced skill gaps in mission critical occupations. [1] | 2 | 12 | 20 |

[1]Source: HCAAF assessment on "Skill gaps" with results as reported in the 4th quarter FY'03

[2]See appendix for a list of Agency Employee Satisfaction scores by agency.

# Program Name and Purpose:  Human Capital – Leadership and Knowledge Management

OPM sets standards, provides guidance and technical assistance, and evaluates and holds agencies accountable for enabling agency leaders and managers to manage people effectively, ensure continuity of leadership, and sustain a learning environment that drives continuous improvement in performance.

## PROGRAM ACTIVITIES, OUTPUTS, OUTCOMES, AND PERFORMANCE METRICS

| Activity | Output | Outcome | Performance Indicators | | | |
|---|---|---|---|---|---|---|
| | | | Indicator/Type | FY 2003 Results | FY 2004 Targets | FY 2005 Targets |
| Engage agencies in human capital implementation of effective leadership practices, and ensure continuity of leadership and knowledge management. <u>Full Cost in FY 2005:</u> $5.7 M (S&E); 50 FTE | Hands-on technical assistance to agencies<br>Responses to inquiries<br>Progress and status scores<br><br>Agency systems to capture critical knowledge to ensure mission success<br><br>Agency succession plans | Agency leaders are equipped to drive results in their organizations | **Efficiency Indicator**: Turnaround time on requests, inquiries, and deliverables from agencies. | No data | Establish baseline | Average turn-around times decrease by 5% |
| | | | **Effectiveness Indicators**: Employee perspectives on leadership effectiveness (FHCS); | 2002 results by agency[2] | Improvement in a significant # of agencies | Improvement in a significant # of agencies |
| | | | Agency satisfaction with HCLMSA technical assistance; | No data | Establish baseline | Average of agency satisfaction scores improve 10% |
| | | | Number of PMC agencies with quality leadership succession plans.[1] | 5 | 12 | 20 |

[1]Source:  HCAAF assessment on "Succession strategies" with results as reported in the 4th quarter FY'03

[2]See appendix for a list of Employee's Perspective on Leadership Effectiveness scores by agency.

# Program Name and Purpose: Human Capital – Performance Culture

OPM sets standards, provides guidance and technical assistance, and evaluates and holds agencies accountable for establishing performance expectations, evaluating results, and recognizing and distinguishing among levels of performance—all of which activities are linked to strategic goals, desired results and mission.

## PROGRAM ACTIVITIES, OUTPUTS, OUTCOMES, AND PERFORMANCE METRICS

| Activity | Output | Outcome | Performance Indicators | | | |
|---|---|---|---|---|---|---|
| | | | Indicator/Type | FY 2003 Results | FY 2004 Targets | FY 2005 Targets |
| Engage agencies to implement performance management systems that differentiate between high and low performance, link individual performance plans to organizational goals, and create a work environment that embraces diversity.<br><br>Engage agencies to ensure that employees see the importance of benefits as part of their total compensation.<br><br><u>Full cost in FY 2005:</u><br>$5.9 M (S&E); 52 FTE<br>$1.033 M (Trust); 17 FTE | Hands on technical assistance to agencies<br><br>Responses to inquiries<br><br>Progress and status scores<br><br>Training courses | Agencies' have a diverse, results-oriented, high performance workforce, and performance management systems that are strong enough to support the HCPF and SES performance fund implementation, and that effectively differentiate between high and low performance, and link individual, team, and unit performance to organizational goals and desired results. | **Efficiency Indicator**: Turnaround time on requests, inquiries and deliverables from agencies.<br><br>**Effectiveness Indicators**: Performance culture score (FHCS);<br><br>SES performance rating distribution as related to agency performance (PAR);<br><br>Agency satisfaction with HCLMSA technical assistance;<br><br>Number of agencies with linked performance appraisal plans for all employees.[1] | No data<br><br><br>2002 results by agency[2]<br><br><br>No data<br><br><br><br>No data<br><br><br><br><br>4 | Establish baseline<br><br><br>Improvement in average score of participating agencies<br><br><br>Establish baseline<br><br><br><br>Establish baseline<br><br><br><br><br>12 | Average turnaround times decrease by 5%<br><br>Improvement in a significant # of agencies<br><br><br>Significant # of agencies have a correlation between SES performance results & PAR<br><br>Average of all agency satisfaction scores improve by 10%<br><br><br>20 |

[1]Source: HCAAF assessment on "Linked appraisal plans" with results as reported in the 4th quarter FY'03

[2]See appendix for a list of Agency High Performance Culture scores by agency.

## Strategic Objective

**Objective 2:** Monitor and assess agencies' effectiveness in implementing merit-based strategies that support their mission.

## Program Name and Purpose:  Compliance

### BUDGETARY RESOURCES

|  | FY 2004 Enacted | FY 2005 Request | Change |
|---|---|---|---|
| Salaries & Expenses | $16,472,000 | $17,373,000 | $ 901,000 |
| Total | $16,472,000 | $17,373,000 | $ 901,000 |

### FTE

|  | FY 2004 Enacted | FY 2005 Request | Change |
|---|---|---|---|
| Salaries & Expenses | 130.0 | 136.0 | 6.0 |
| Total | 130.0 | 136.0 | 6.0 |

HCLMSA will:

- Monitor agency compliance with the law, and identify prohibited personnel practices.

- Assess through oversight the impact of agency human capital strategies and human resources programs.

- Conduct targeted audits on human resources functions.

- Review work force security practices and employee safety plans, including background investigations.

### Means

➢ Strengthen agency compliance by revamping the audit agenda to better as-

sess the impact of human capital and human resources programs.

➢ Expand the scope of compliance audits to include human resources services delivered through competitively sourced vehicles.

➢ Develop a set of standards and audit processes patterned after the Government Auditing Standards and the traditional performance audit for assessing competitively sourced human resources functions, to include, but not limited to, a critical review of agencies' documents, contract accountability programs, the efficacy of contractor deliverables and performance milestones as well as adherence to Merit System Principles, Federal law and regulations, and public policy requirements. The audit coverage guide will be modified to include elements of the competitive sourcing audit to ensure consistent Governmentwide standards (including agency "most efficient organizations"). Based upon audit results, this program will advise agencies on the standards needed to be achieved as well as provide concrete

suggestions for improvement based upon the best practices from other agencies it has audited.

➢ Develop and internally implement a strategic planning process to create and sustain a performance culture and disciplined execution and evaluation methodology within HCLMSA. It will apply this experience to assist other agencies in a strategic planning process.

➢ Conduct a rigorous competency assessment of its own staff, align critical staff skills, and fill competency gaps to maximize program outcomes.

➢ Refine the Federal Human Capital Strategy based on agency feedback and measured results.

## Strategies

To achieve its desired outcomes, HCLMSA plans to **promote public trust in the Federal work force.** HCLMSA will do this by ensuring adherence to Merit System Principles through compliance activities and supporting human resources activities that contribute to national security and safety.

## COMPLIANCE PROGRAM ACTIVITIES, OUTPUTS, OUTCOMES, AND PERFORMANCE METRICS

| Activity | Output | Outcome | Performance Indicators | | | |
|---|---|---|---|---|---|---|
| | | | Indicator/Type | FY 2003 Results | FY 2004 Targets | FY 2005 Targets |
| Conduct enhanced audits to assess:<br>--HR and Merit Systems<br>--Personnel Security<br>--Employee Safety<br>--Competitively sourced HR processes<br>--Delegated Examining<br><br>Full cost in FY 2005:<br>$17.4 M (S&E); 136 FTE | Human Resources Oversight Audit Reports<br><br>Auditing Competitively Sourced HR processes.<br><br>Delegated Examining Unit Audit Reports<br><br>Security Appraisal audits (Background Investigation Audit)<br><br>Employee Safety Audits<br><br>Classification/Pay Appeals | The ideal of the Civil Service as expresses in the Merit Systems Principles is protected.<br><br>The safety of Federal employees is secured through comprehensive employee safety plans. | **Efficiency Indicator**:<br>Turnaround time on requests, inquiries and deliverables from agencies. | No data | Establish baseline | Average turn-around times decrease 5% |
| | | | **Effectiveness Indicators**:<br>% of PMC agencies under audit; | No data | 30% | 30% |
| | | | % of agencies that take appropriate action on significant audit recommendations; | No data | Establish baseline | 75% |
| | | | % of agencies that meet relevant personnel security standards; | 46% | 75% | 90% |
| | | | % of agencies that have workforce safety plans. | No data | 90% | 100% |

# HRPS Background

To help build high-performing organizations and offer support services that assist OPM customers in caring for Federal employees and their families, the Division for Human Resources Products and Services provides high-quality, cost-effective services and products that help agencies recruit and retain the best talent; develop and maintain a results-oriented leadership capacity; and support Federal employees, annuitants, and their families. This division is comprised of four major components.

- **The Center for Federal Investigative Services** provides investigation services to agencies on a cost-effective basis that maintains high standards of quality and integrity. These services include background investigations, suitability determinations, technical assistance to agencies' security and suitability staff, and training agencies on investigative services and adjudicative authorities and processes.

- **The Center for Talent Services** provides human resources management and consulting assistance to agencies for attracting the best talent (recruitment, staffing, and classifi-

cation services) and optimizing organizational performance (competency and assessment services and tools); technology management to support agency human resources systems; training and management assistance on a contract basis; and e-Training/Government On-line Learning Center (one-stop access to e-Training products and services).

- **The Center for Leadership Capacity Services** provides world-class educational and leadership development courses and programs. The in-residence courses available are offered at three locations: Denver, Colorado; Shepherdstown, West Virginia; and Charlottesville, Virginia. Additionally, succession planning programs assist in identifying and preparing potential leaders not only for their current responsibilities, but for their future Federal service. The Presidential Management Fellow (PMF) Program recruits exceptionally talented people who hold master's degrees and doctorates for a 2-year leadership development program.

- **The Center for Retirement Services and Insurance Services** provides Federal employees, retirees, and their families with benefits, programs, and services that offer choice, value, and quality to help maintain the Government's position as a competitive employer. Retirement Services adjudicates pending retirement and death claims, determines entitlements for CSRS and FERS, group life insurance (FEGLI), and employee health benefits (FEHB), and determines initial claims for disability retirement and medical claims. Insurance services include negotiating benefits with about 200 participating health plans annually and administering and monitoring health, life, and long-term care insurance and Flexible Spending Accounts (FSAs).

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**HRPS ANNUAL PERFORMANCE GOAL 1**

Support an improved hiring process by performing suitability casework and other investigative services effectively.

</div>

# Strategic Objective

**Objective 1:** Provide direct human capital products and services that are cost-effective, relevant, and useful to agencies.

# Program: Human Capital – Talent
# (Center for Federal Investigative Services)

OPM sets standards, provides guidance and technical assistance, and evaluates and holds agencies accountable for their progress in closing skill and competency gaps in mis-sion-critical occupations and putting strategies in place that improve the workplace ability to attract, acquire, and retain quality talent.

### BUDGETARY RESOURCES

|  | FY 2004 Enacted | FY 2005 Request | Change |
|---|---|---|---|
| Revolving Fund | $641,365,000 | $849,079,000 | $207,714,000 |
| Advances & Reimbursements | $165,000 | $165,000 | $0 |
| Salaries & Expenses | $2,902,000 | $2,231,000 | ($671,000)* |
| Total | $644,432,000 | $851,475,000 | $207,043,000 |

*Decrease due to change in e-Clearance funding to no-year.

## FTE

| | FY 2004 Enacted | FY 2005 Request | Change |
|---|---|---|---|
| Revolving Fund | 1,041.0 | 1,941.0 | 900.0 |
| Advances & Reimbursements | 5.0 | 5.0 | 0.0 |
| Salaries & Expenses | 26.0 | 27.0 | 1.0 |
| Total | 1,072.0 | 1,973.0 | 901.0 |

In support of OPM's role in the protection of Merit System Principles, ensuring veterans' preference, guarding against prohibited personnel practices, and promoting workforce diversity, the Center for Federal Investigative Services provides critical assistance toward ensuring the fitness and suitability of applicants for and appointees to positions in the Federal service. CFIS also conducts background investigations for Federal agencies so they can make national security clearance decisions. This is a critical component for both national security of the public sector, and the Strategic Management of Human Capital. CFIS achieves these ends primarily through the use of the Revolving Fund mechanism, with a small amount of Salaries & Expenses funds.

The following table provides a quantitative summary of the CFIS workload.

## CFIS WORKLOAD SUMMARY

| Cases Closed | FY 2001 Actual | FY 2002 Actual | FY 2003 Actual | FY 2004 Projected | FY 2005 Projected |
|---|---|---|---|---|---|
| Background Investigations | 74,096 | 92,634 | 101,022 | 175,000 | 273,655 |
| National Agency Checks/Inquiries | 261,692 | 526,672 | 419,230 | 1,021,212 | 1,021,212 |
| Special Agency Checks/Inquiries | 484,253 | 1,184,585 | 548,856 | 271,838 | 271,838 |

## Means

The Center for Federal Investigative Services (CFIS) will continue to work to better meet the needs of its customers. CFIS has taken a number of steps to improve the efficiency and effectiveness of investigative programs and the products and services it provides to its customers.

➢ Increase background investigations capacity to meet the technology and support requirements of new personnel investigations for employees who could be transferred to OPM under the recently enacted legislation to transfer the Personnel Security Investigations program from the Defense Security Service (DSS) to CFIS. The legislation gives the OPM Director discretion to accept or

decline full transfer of functions and personnel from DSS. OPM may accept a full transfer of activities and employees from DSS. OPM may provide a full range of services to DSS – including all accounting functions such as billings and collections – through a cross servicing agreement. No decision has been made at this time for a full transfer of functions in either FY 2004 or FY 2005.

➢ Administer the recently awarded background investigative contracts to increase total case production to help reduce case backlogs, improve case timeliness for customers, and handle the workload from other agency customers, which remains high following the events of September 11th. OPM expects to receive 95,000 background investigation cases during FY 2005 and over 1 million automated, non-background investigations such as law checks of electronic databases. CFIS will continue to close more cases than received to reduce the case backlog. When necessary, OPM will send teams and contractor staff to assist with special agency hiring needs as it did with the Federal Aviation Administration and the Transportation Security Administration.

➢ Maintain a continual liaison with agencies and develop new background investigations training courses as needed to ensure that agencies understand new rules and procedures.

➢ Continue suitability product delivery, helping to ensure the fitness and suitability of Federal employees. This in-

cludes contractor oversight for suitability products, issuing and archiving investigations-related guidance and operational and user handbooks, taking adjudicative action in the most egregious cases, and determining whether to refer investigations to the Federal Bureau of Investigation. The most egregious cases where suitability issues exist involve applicants for and appointees to competitive service positions who have been involved in conduct serious enough to warrant removal or an extended debarment from all Federal employment.

➢ Continue to work with agencies to encourage their timely submission of data on completed adjudications.

➢ Continue to expand support of the President's Management Agenda and address top management challenges by expanding electronic government through e-Clearance initiatives, providing accurate, reliable and secure tools to locate and share investigative files and clearance information, and thereby fostering an environment of reciprocal exchange of information.

## Strategies

➢ Continue to monitor the uniform application of suitability guidelines and regulations aimed at ensuring agency security and suitability programs and focus their scarce resources effectively on day-to-day security and suitability operations.

➢ Provide policy guidance and leadership to the Federal personnel security and

suitability community and continue to participate in deliberative bodies to help ensure uniform application of investigative standards.

➢ Continue to develop and disseminate investigative policy and guidance affecting other Federal agencies both through Federal investigation notices and the CFIS Web site.

➢ Continue to host a security professionals seminar each year to discuss new investigative policies and initiatives.

➢ Provide both general and tailored training, as requested, to assist agencies in carrying out their investigative and adjudicative responsibilities. For example,

OPM provides training in many aspects of security and suitability ranging from proper fingerprinting techniques to advanced suitability adjudicator training. These services are extremely important, especially in light of the dramatic increases in the agency's investigative workload.

➢ Continue to use and seek alternative contractors to conduct background investigations for OPM to obtain competitive case pricing and enhance quality investigative products.

➢ Work with other OPM components to craft and have an executive order approved on suitability and investigative standards for Federal contractors.

## PROGRAM ACTIVITIES, OUTPUTS, OUTCOMES, AND PERFORMANCE METRICS

| Activity | Output | Outcome | Indicator/Type | FY 2003 Results | FY 2004 Targets | FY 2005 Targets |
|---|---|---|---|---|---|---|
| | | | **Performance Indicators** | | | |
| Provide suitability determinations Strategic Goal 3; Objective 1 Full Cost in FY 2005: $2.2 M (S&E); 27 FTE $0.165 M (A&R); 5 FTE | Suitability determinations | Only suitable applicants hired | **Efficiency Indicator**: % applicant suitability determinations completed w/in contract timeframes. | 99% | 99% | 99% |
| | | | **Effectiveness Indicator**: % Suitability Determinations sustained when appealed to MSPB. | >99% | >99% | >99% |
| Provide background investigations (BI) Strategic Goal 3; Objective 1 Full Cost in FY 2005: $849.0 M (RF); 1,941 FTE | Background investigations | Only suitable applicants hired | **Efficiency Indicators**: % BIs closed w/in contract delivery date; | 25% | 40%* | 75% |
| | | | % of cases returned for correction; | .18% | <1% | <1% |
| | | | Full cost recovery for CFIS products & services. | yes | yes | yes |
| | | | **Effectiveness Indicator**: % customers satisfied with CFIS products & services. | 75% | 95% | 95% |

*04 Target modified from FY 04 CBJ based on FY 03 performance.

## Strategic Objective

**Objective 1:** Provide direct human capital products and services that are cost-effective, relevant, and useful to agencies.

## Program:  Human Capital – Talent
## (Center for Talent Services)

### BUDGETARY RESOURCES

|  | FY 2004 Enacted | FY 2005 Request | Change |
|---|---|---|---|
| Revolving Fund | $129,987,000 | $135,962,000 | $5,975,000 |
| Salaries & Expenses | $1,947,000 | $1,959,000 | $12,000 |
| Total | $131,934,000 | $137,921,000 | $5,987,000 |

### FTE

|  | FY 2004 Enacted | FY 2005 Request | Change |
|---|---|---|---|
| Revolving Fund | 575.0 | 575.0 | 0.0 |
| Salaries & Expenses | 11.0 | 11.0 | 0.0 |
| Total | 586.0 | 586.0 | 0.0 |

The Center for Talent Services (CTS) provides a range of human resources management and consulting assistance to agencies in attracting the best talent, optimizing or-

ganizational performance, providing technology management to support agency human resources systems, and providing training and management assistance and the Gov Online Learning Center.

The CTS business plan capitalizes on OPM's recent internal restructuring and strengthens the agency's ability to meet varied customer requirements in the human capital management arena, including quick access to high-quality, prequalified contractors with expertise in training and human capital management. Automated services include products such as USA Staffing and related automated systems; HR Manager, a large and growing Internet database of job-related competencies and occupational information that provides powerful human resources data to relevant staff and Government managers; Recruitment One-Stop (USAJOBS/employment information); automated benefits management systems such as Employee Express and myPay; and the Gov Online Learning Center. In recent years, CTS has expanded its list of products and services to include strategic human resource management interventions that have allowed it to (1) refine the integrated business solutions available to agencies, (2) align with market needs currently being generated by OPM strategic human capital planning and management initiatives, and (3) provide effective products and services required by agencies to "get to green" as mandated in the President's Management Agenda. CTS is also responsible for executing OPM's duty to appoint voting rights examiners under the Voting Rights Act of 1969 (42 USC 1973d).

## Means

- Deliver talent services that enable agencies to recruit, assess, select, develop, and retain a high-quality, diverse work force.

- Deliver high-quality individual, organizational, and outcome assessment and evaluation services to help agencies become high-performing organizations.

- Provide strategic human capital and training solutions to Government agencies through an expedited contracting process that includes project management, contract administration, and human resources consulting support to client agencies.

- Provide management oversight support to the Department of Justice to enforce the Voting Rights Act of 1965 by ensuring that U.S. citizens' voter rights are protected during voting activities.

- Manage the design, development, sales and marketing, delivery, and support of automated human resources systems that provide direct services to customers on a reimbursable basis. Manage USAJOBS/Employment Information/Recruitment One Stop, the Federal Government's systems to announce job opportunities and attract candidates worldwide for a variety of jobs. (Data for the USAJOBS indictors can be found in the Management Strategy section of this report under e-Gov.)

- Maintain operations of the Go-Learn Project and add upgrades to the Gov Online Learning Center. (Data for the

GoLearn indictors can be found in the Management Strategy section of this report under e-Gov.)

## Strategies

➢ Promote services and solutions that support the Administration's human capital initiatives, such as fixing the hiring system, supporting implementation of performance-based pay, improving metrics for human resources accountability, and enhancing knowledge management and learning.

➢ Enhance USAJOBS technology to continue to improve agency and jobseeker access to efficient and effective recruitment and support for Federal job applicants. (Data for the USAJOBS indictors can be found in the Management Strategy section of this report under e-Gov.)

➢ Maintain operations and add upgrades to the Go-Learn Center. (Data for the Go-

Learn indictors can be found in the Management Strategy section of this report under e-Gov.)

➢ Build and maintain a bilingual, bicultural cadre of observers for race-based and language-based exercises.

➢ Focus on reshaping the work force to staff up in the areas of human capital management, consulting, project management, and contract management so that OPM is best equipped to respond to the evolving needs of customer agencies.

➢ Monitor the business environment to identify new business opportunities, phase out products and services that have completed their life cycle, assess distribution channels, and better understand the customer base through a systematic market analysis.

## PROGRAM ACTIVITIES, OUTPUTS, OUTCOMES, AND PERFORMANCE METRICS

| Activity | Output | Outcome | Performance Indicators | | | |
|---|---|---|---|---|---|---|
| | | | Indicator/Type | FY 2003 Results | FY 2004 Targets | FY 2005 Targets |
| Provide recruitment, assessment, staffing, and training and management assistance products and services<br><br>Strategic Goal 3; Objective 1<br><br>Full Cost in FY 2005:<br>$136.0 M (RF); 575.0 FTE<br>$2.0 M (SE): 11 FTE | Workforce Planning tools; Employment tools and services; Organizational Assessment Tools | Efficient and effective recruitment, staffing, and assessment services that enable agencies to select and build workforce talent and capacity. | **Efficiency Indicators**: Full cost recovery maintained over a three year period for reimbursable services. | Yes | Yes | Yes |
| | | | **Effectiveness Indicators**: Agency acceptance rate of TMA project deliverables is at least 95%; | 99.9% | >95% | >95% |
| | | | >90% customers satisfied with Talent's products and services; | 96%* | ≥ 90% | ≥ 90% |
| | | | % customers agreeing Talent's reimbursable services contribute to improving organizational effectiveness; | 82%* | 83% | 84% |
| | | | >90% customers express repurchase intention (customer loyalty). | 95%* | >90% | >90% |

*Caution: new survey administered in FY03 (24% return rate); error margin is ± 8%.

## Strategic Objective

**Objective 1:** Provide direct human capital products and services that are cost-effective, relevant, and useful to agencies.

## Program: Capital - Leadership Capacity (Center for Leadership Capacity Services)

OPM sets standards, provides guidance and technical assistance, and evaluates and holds agencies accountable for enabling agency leaders and managers to manage people effectively, ensure continuity of leadership, and sustain a learning environment that drives continuous improvement in performance.

### BUDGETARY RESOURCES

|  | FY 2004 Enacted | FY 2005 Request | Change |
|---|---|---|---|
| Revolving Fund | $40,515,000 | $41,418,000 | $903,000 |
| Total | $40,515,000 | $41,418,000 | $903,000 |

### FTE

|  | FY 2004 Enacted | FY 2005 Request | Change |
|---|---|---|---|
| Revolving Fund | 85.0 | 85.0 | 0.0 |
| Total | 85.0 | 85.0 | 0.0 |

OPM's Center for Leadership Capacity Services (CLCS) ensures "the leadership capacity of Federal managers and executives is improved and sustained by offering effective

development programs and services, expanding the customer base of OPM's Federal Executive Institute, Management Development Centers, and the Presidential Management Fellow Program, and operating in a cost-effective manner." The capacity of Federal leadership is supported and strengthened by high-quality, timely, and cost-effective products and services offered by CLCS, including organizational development consulting services. CLCS services three business lines including (1) interagency residential development for executives, managers, supervisors, and emerging leaders; (2) single-agency leadership development services, including custom program development and leadership coaching; and (3) succession planning programs and services.

These three business lines operate from four geographic locations: the Federal Executive Institute in Charlottesville, Virginia; the Eastern Management Development Center in Shepherdstown, West Virginia; the Western Management Development Center in Aurora, Colorado; and Washington, D.C. In FY 2003, CLCS met its financial objectives and achieved a steady growth in its custom, consulting, and coaching programs. The interagency residential program, expected to increase slightly, maintained a steady level during FY 2003. During FY 2003, CLCS created the concept for the Chief Human Capital Officer Academy, laid plans for the revitalization and expansion of the Presidential Management Fellow Program, developed the Governmentwide Senior Executive Service Candidate Development Program, and prepared the foundation for a Governmentwide Executive Readiness Program.

As a Revolving Fund operation, CLCS adjusts the pricing of products and services to be competitive in the marketplace. Price adjustments take into consideration the effects of inflation and mandatory salary and overhead increases. Pricing also includes funds for the development of products and services and the depreciation of capital assets. For FY 2005, CLCS anticipates that increases will be below 5 percent, compared to a like amount in FY 2004 and an earlier 4.8 percent tuition increase in the Management Development Centers' interagency and residential seminar costs for FY 2003.

## Means

➢ Field a variety of new Governmentwide offerings to assist agencies with their succession planning needs. Examples of these include:

- Offer more developmental opportunities "on the road" to expand the reach of CLCS programs.

- Update the core executive development curriculum.

- Expand evaluations of program effectiveness using the 4 level Kirkpatrick evaluation model.

- Implement a business line support organization to support program operations more effectively.

- Explore further uses of blended adult education models that incorporate emerging best practices in the area of leadership and management development.

## Strategies

➢ Implement a business line-focused organizational structure to better integrate CLCS learning centers and ensure that they are flexible, resilient, and responsive to the Administration's goals, contemporary management issues, and agency needs.

## PROGRAM ACTIVITIES, OUTPUTS, OUTCOMES, AND PERFORMANCE METRICS

| Activity | Output | Outcome | Performance Indicators | | | |
|---|---|---|---|---|---|---|
| | | | Indicator/Type | FY 2003 Results | FY 2004 Targets | FY 2005 Targets |
| Provide leadership & executive development, and succession planning programs and services  Strategic Goal 3; Objective 1  Full Cost in FY 2005: $41.4 M (RF); 85 FTE | Federal Executive Institute & Management Development Center sessions; Candidates successfully completing CDP and PMF programs; Interagency Residential Programs; Custom Development Programs, Succession Planning & SES Dev Strategy, PMA Implementation, ROI Studies | The leadership capacity of Federal managers and executives is improved and sustained | **Effectiveness Indicators**: Evaluation ratings for MDC, CEL, PMF programs (Scale of 1-5): - Level 1 All Programs; | 4.5 | 4.5 | 4.5 |
| | | | - Level 1 PMF (formerly, PMI) Development; | 3.9 | 4.2** | 4.3 |
| | | | - Level 2 MDC and CEL; | 4.0 | 4.0 | 4.0 |
| | | | - Level 2 LDS; | 4.0 | 4.0** | 4.1 |
| | | | - Level 2 PMF (formerly, PMI) Development; | No data* | No data* | 4.1 |
| | | | # training sessions; | 455 | 328** | 340 |
| | | | # participants; | 13,137 | 9,950** | 10,274 |
| | | | # participant training days. | 95,380 | 83,186** | 84,850 |
| | | | **Efficiency Indicator**: Full cost recovery for MDCs & FEI. | Yes | Yes | Yes |

*New indicator. Baseline data will be developed during FY 2004.

** 04 Target modified from FY 04 CBJ based on FY 03 performance.

## Strategic Objective

**Objective 2:** Facilitate retirement income security for Federal employees by making the transition from active employment to retirement seamless and expeditious.

## Program: Retirement Program

### BUDGETARY RESOURCES

|  | FY 2004 Enacted | FY 2005 Request | Change |
|---|---|---|---|
| Trust Fund Annual* | $81,149,000 | $83,078,000 | $1,929,000 |
| Trust Fund No Year (RSM) | $36,483,000 | $27,640,000 | ($8,843,000) |
| Total | $117,633,000 | $110,718,000 | ($6,915,000) |

*Includes Title V Section 8348 authority & FERCCA.

### FTE

|  | FY 2004 Enacted | FY 2005 Request | Change |
|---|---|---|---|
| Trust Fund Annual | 857.0 | 857.0 | 0.0 |
| Trust Fund No Year (RSM) | 15.0 | 15.0 | 0.0 |
| Total | 872.0 | 872.0 | 0.0 |

The Retirement Program is comprised of the Civil Service Retirement System and the Federal Employees Retirement System. The administration of these programs is a core OPM function and one of the agency's largest and most important service delivery ar-

eas.  The CSRS was designed to be a stand-alone retirement program and is based on a defined benefit structure.  The FERS is part of a three-tiered retirement program that includes Social Security benefits and a Thrift Savings Plan.  Through the CSRS and FERS, OPM delivers benefit payments of more than $51 billion each year to more than 2.4 million retired Federal workers, their survivors, and other beneficiaries.  The service delivery functions of the Retirement Program are carried out by OPM's Center for Retirement and Insurance Services, Retirement Services Program (RSP).  RSP is responsible for determining retirement benefits and providing retirement benefits services to Federal retirees and their families, as established under and required by Title 5 U.S.C.  This involves the timely processing of new claims for regular and disability retirement, survivor and former spousal annu-

ity benefits, and the deposit or refund of retirement contributions to and from the Trust Fund.  RSP also provides a broad range of ongoing account maintenance services.  Examples of the account maintenance services routinely provided include responding to customer inquiries, address changes, tax withholding, benefit enrollment changes, allotments, and benefit adjustments resulting from a change in marital status.  Delivering these services at quality levels OPM customers have the right to expect is critical to OPM's mission.  Altogether, RSP receives and processes more than 4 million claims and customer service transactions each fiscal year.

The following table is a quantitative summary of many of RSP's significant workload types.

## RETIREMENT SERVICES PROGRAM WORKLOADS (RECEIPTS)

| Workloads | FY 2001 Actual | FY 2002 Actual | FY 2003 Actual | FY 2004 Projected | FY 2005 Projected |
|---|---|---|---|---|---|
| CSRS Retirement Claims | 55,500 | 58,860 | 64,940 | 66,990 | 68,900 |
| CSRS Survivor Claims | 86,200 | 71,576 | 73,105 | 75,300 | 77,700 |
| FERS Retirement Claims | 25,000 | 21,833 | 25,345 | 26,100 | 26,900 |
| FERS Survivor Claims | 8,500 | 6,363 | 6,270 | 6,460 | 6,700 |
| Disability Claims | 13,800 | 11,677 | 12,555 | 14,000 | 14,500 |
| Refund Claims | 23,500 | 16,571 | 16,301 | 20,000 | 20,000 |
| Deposit Claims | 14,600 | 13,125 | 12,931 | 11,300 | 10,000 |
| Reconsideration & Appeal Requests | 6,300 | 5,545 | 5,043 | 7,000 | 7,500 |
| Telecommunication Services | 1,500,000 | 1,637,031 | 1,702,628 | 1,600,000 | 1,600,000 |
| Correspondence | 400,000 | 407,347 | 422,055 | 350,000 | 325,000 |
| Insurance and Allotment Services | 50,000 | 103,264 | 177,431 | 205,000 | 205,000 |
| Tax and Court Ordered Benefits | 21,000 | 34,160 | 30,038 | 31,000 | 31,000 |
| Inspection & Survey Services Retirement Inspection and Survey Services | 60,000 | 39,425 | 64,192 | 82,000 | 100,000 |
| Change of Address Requests | 350,000 | 347,951 | 344,204 | 300,000 | 275,000 |
| Post Adjudication Work | 300,000 | 232,644 | 229,497 | 250,000 | 250,000 |
| Retirement File Services | 1,300,000 | 1,117,051 | 1,142,145 | 1,200,000 | 1,250,000 |
| **Total Workload** | **4,214,400** | **4,124,423** | **4,328,680** | **4,245,060** | **4,268,100** |

RSP also engages in systematic improvements to meet customers' evolving needs by leveraging technology advances that improve productivity while continuing work on the Retirement Systems Modernization (RSM) project, which OPM has undertaken to achieve and maintain improvements in the delivery of retirement program services. RSM is a strategic project to rethink, reevaluate, and reengineer the various processes that support and provide services to CSRS and FERS participants. RSM achieves this by using business process reengineering and technology to enable OPM to deliver retirement services in a more timely, cost-efficient way while also expanding the range and number of program services provided by OPM.

To ensure the greatest value and efficiency while minimizing risk in a project of this magnitude, OPM has explored alternative solutions to delivering RSM in its current form and is considering "License Technology" as a key approach. License Technology combines the licensing of integrated, proven, defined-benefit technology solutions that will shorten the time to achieve customer service improvements and processing efficiencies; reduce the risks of a large, in-house modernization; and achieve the greatest percentage of the modernization vision

and concept of operation developed by OPM leadership. This option also envisions that the licensed technology may be hosted by experienced retirement processing specialist firms (defined-benefits administrators) that will assist in the migration of technology. OPM will be fully exploring this alternative in 2004.

Funding for the Retirement Services Programs—both benefit payments and administrative costs—is received through the Civil Service Disability and Retirement Trust Fund, established as part of the appropriation process, as well as by authority of title V to perform specific tasks deemed by Congress as requiring permanent funding. Funding at reasonable levels is critical to the effective maintenance and periodic upgrading of delivery systems, and the program has a long history of fiscal responsibility, providing value and efficiency to taxpayers.

## Means

➢ Process the expected volume of retirement and survivor benefit claims, disability claims, refund and deposit claims, and reconsideration and appeal claims.

➢ Improve the Retirement Benefits Calculator and Retirement Benefits Estimator with $355,000 in additional requested funding to support processing retirement claims. The Retirement Benefits Calculator was implemented in 1999 to process FERS retirement claims and is now considered mission critical to RSP. It has been upgraded over the years to handle a wider range of claims, with several new modules and additional

functionality added in FY 2003, and upgrades planned for FY 2004 and FY 2005. It is the only system available to process FERS cases, processing over 90 percent of the FERS workload over the past several years. The Retirement Benefits Estimator is a Web-based version of the Calculator, with additional functions added to accommodate Federal Benefits Retirement counselors.

➢ Upgrade telephone service to maintain good response times for customer callers, using $450,000 in additional funding. RSP's Customer Services Group uses an automated call distributor system which requires a major upgrade. The system monitors and distributes the high volume of calls from annuitants and other customers across three call centers located in Washington, D.C., and Boyers and Pittsburgh, Pennsylvania. The original system hardware must be upgraded to accommodate software enhancements needed to maintain system performance, rather than committing much higher funding for a new system.

➢ Handle the overflow of telephone calls from Retirement Program customers by using $300,000 in additional funding for increased cost of outside contractor support. Consistent with the Administration's policy to competitively source commercial activities performed within the Government, OPM uses outside contract support to handle overflow telephone calls in the RSP Customer Services Group. Under the terms of this previously negotiated contract, FY 2005

costs will rise by $300,000 to provide services at the same level. Under this contracting vehicle, RSP will maintain the capacity to answer 25,000 additional calls each month, supplementing its in-house staff capacity while retaining the flexibilities provided through the contract vehicle. The improved level of service should result in a moderate increase in customer satisfaction and call-handling rates.

➢ Cover the increased cost of the annual FEHB open season for annuitants with $475,000 in additional resources. RSP maintains health benefits coverage for 1.8 million retirees and their survivors enrolled in the Federal Employees Health Benefits Program. The FEHB Act mandates an annual health benefits open season so that participants have an opportunity to change health plans, change the level or option of coverage, and change their type of enrollment (self only or self and family). This event, along with its associated mass mailings to the entire annuity roll (nearly 2.4 million people), represents a significant portion of RSP's printing and postage costs—the costs of each having increased steadily. The current contract for these services expires March 31, 2004, with an option to extend the term of the contract for four consecutive years. An additional $475,000 is needed to cover the increased cost of the first year of the extension so that other RSP resources do not have to be used for this purpose.

## Strategies

➢ Use additional budgetary resources to enhance and expand the Retirement Benefits Calculator in FY 2004 and FY 2005 to support improvements in productivity, processing times, accuracy, and customer satisfaction with claims processing services.

➢ Use additional budgetary resources to fill skill and capacity gaps in the Retirement Program call centers.

➢ Leverage technology gains from the RSM project to position the organization for gradual long-term improvements in productivity, processing times, accuracy, and customer satisfaction with claims processing services, beginning in FY 2005.

➢ Support OPM's program evaluation project to develop measures regarding the relationship between the delivery of Retirement Program services and the recruitment and retention of a quality Federal work force.

## Program Assessment and Rating Tool

OMB's 2004 PART assessment of the Retirement Program found that the service delivery activities are well-managed and -administered, and that annual performance measures are used to improve delivery of program products and services. However, the PART recommended that the performance goals and targets for the delivery of benefits services be made more ambitious to better emphasize continual improvement.

Thus, in updating the Retirement PART for the FY 2005 Performance Budget, OPM more fully involved its program offices in the PART process in improvement of performance measures linked to the PART methodology. As a result of the PART review, RSP modified its annual client satisfaction survey this year to query Federal retirees about the impact of benefit offerings on choosing a career in the Federal Service. (For additional discussion of the PART, see the Strategic Human Resources Policy section of this report.)

## PROGRAM ACTIVITIES, OUTPUTS, OUTCOMES, AND PERFORMANCE METRICS

| Activity | Output | Outcome | Performance Indicators | | | |
|---|---|---|---|---|---|---|
| | | | | | FY 2003 | FY 2004 | FY 2005 |
| | | | Indicator/Type | FY 2003 Results | FY 2004 Table | FY 2005 Table |
| Process claims and deliver benefit payments; Full Cost in FY 2005: $38.7 M (TF); 399 FTE Respond to customer inquiries; Full Cost in FY 2005: $18.2 M (TF); 187.9 FTE Provide customer services and maintain benefit payment rolls; Full Cost in FY 2005: $26.2 M (TF); 270.1 FTE Implement RSM Project; Full Cost in FY 2005: $27.640 M (TF); 15 FTE Strategic Goal 3; Objective 2 | Benefit Payments; Responses & customers services; RSM Project deliver-ables | Benefits payments are timely, accurate, and delivered efficiently; Annuitants are satisfied; Responses & services delivered efficiently | **Efficiency Indicators**: Claims processing timeli-ness: | | | |
| | | | -Interim Annuity Payment; | 4.4 days | 4.0 days* | 4.0 days |
| | | | - CSRS Annuity; | 59 days | 56 days* | 52 days |
| | | | - FERS Annuity; | 83 days | 80 days* | 76 days |
| | | | - CSRS Survivor; | 30 days | 29 days* | 28 days |
| | | | Claims processing unit cost; | $99.54 | $89 | $89 |
| | | | Customer Calls Handled; | 1,476,853 | 1,500,000* | 1,500,000 |
| | | | Call Handling Rate; | 96.2% | 95% | 95% |
| | | | Customer Service unit cost; | $6.07 | $5.50 | $5.50 |
| | | | % Services provided on-line. | 33.4% | 40% | 40% |
| | | | **Effectiveness Indicators**: Claims processing accuracy: | | | |
| | | | - CSRS Annuity; | 93.5% | 96% | 96% |
| | | | - FERS Annuity; | 96.4% | 94% | 94% |
| | | | - CSRS Survivor; | 97.5% | 96%* | 96% |
| | | | Erroneous payment rate; | 0.35% | 0.35% | 0.33% |
| | | | % Annuitants satisfied with overall retirement services. | 93% | 93% | 93% |

*04 Target modified from FY 04 CBJ based on FY 03 performance.

## Strategic Objective

**Objective 3:** Federal employees, annuitants and their families can choose from among quality and fiscally responsible carriers to address their specific insurance needs.

## Programs: Federal Employees Health Benefits, Federal Employees' Group Life Insurance, Federal Long Term Care Insurance, and FSAFEDS

### BUDGETARY RESOURCES

|  | FY 2004 Enacted | FY 2005 Request | Change |
|---|---|---|---|
| Trust Fund Annual * | $9,824,000 | $9,877,000 | $53,000 |
| Salaries & Expenses | $0 | $100,000 | $100,000 |
| Total | $9,824,000 | $9,977,000 | $153,000 |

*Includes funding for Long Term Care.

### FTE

|  | FY 2004 Enacted | FY 2005 Request | Change |
|---|---|---|---|
| Trust Fund Annual | 87.0 | 87.0 | 0.0 |
| Salaries & Expenses | 0.0 | 1.0 | 1.0 |
| Total | 88.0 | 88.0 | 1.0 |

The Center for Retirement and Insurance Services continues to negotiate and administer contracts for 205 health plan choices in the Federal Employees Health Benefits Program; two life insurance contracts, predominantly the Federal Employees' Group Life Insurance Program; one business partner, the Long Term Care Partners, LLC for the Federal Long-Term Care Insurance Program (FLTCIP); and one administrator, SHPS, Inc., for the Flexible Spending Account (FSAFEDS) Program. For FY 2005, OPM's goal in this area is to provide Insurance Program customers with quality insurance products and services so that they can continue to make informed decisions about their health care; as well as maintaining the performance of the life insurance program and promoting enrollment in the FLTCIP and FSAFEDS. Insurance Program customers will be able to choose from a flexible range of benefits and are covered by high-quality and fiscally responsible carriers. The Insurance Services Program (ISP) also conducts an annual open season as required by law, monitors use and benefit trends within the industry, implements program changes directed by the Administration and Congress, and proposes changes to reflect the current structure of the market and the expressed needs of customers. Finally, ISP will continue to design, develop, and explore new insurance products as well as programs to advance the quality of health care and services, patient safety, consumer information and decision support materials; and to reduce medical errors.

## Means

➢ Negotiate and administer the FEHB contracts and develop publications and other materials for the annual health benefits open season.

➢ Resolve issues identified by the Office of the Inspector General during its audits of the plans participating in the FEHB.

➢ Review and resolve disputed claims from program customers.

➢ Administer the FEGLI contract.

➢ Administer the FLTCIP.

➢ Use additional $100,000 of S&E budgetary resources for FSAFEDS program oversight.

➢ Maintain strategic alliances within the health care industry.

## Strategies

➢ Collect and analyze performance measurement data to ensure continuous quality improvement and develop improved data sources to support tracking and reporting program performance indicators.

➢ Mitigate premium increases and maintain quality in the health benefit program by ensuring that FEHB members have the information they need when they need it, that they understand it, and that they make choices based upon it.

➢ Promote enrollment in the FLTCIP.

➢ Promote enrollment in the new FSAFEDS.

➢ Explore new insurance benefit offerings such as health savings accounts and direct contracting for selected benefits.

- ➢ Monitor carrier performance to ensure that products and services provided to customers are both first-rate and cost-effective.

- ➢ Support OPM's program evaluation project to develop measures regarding the relationship between the delivery of insurance program services and the recruitment and retention of a quality Federal work force.

- ➢ Collaborate with established independent organizations that develop measures of health care quality and patient safety and work closely with the health plans to support implementation of standards and measures of health care quality agreed upon by consensus organizations such as the National Quality Forum, and provide information on quality factors as part of a consumer education program.

## Program Assessment and Rating Tool

OMB's 2004 PART assessment of the Insurance Program found that the service delivery activities are well-managed and -administered, and that annual performance measures are used to improve delivery of program products and services. However, the PART recommended that the performance goals and targets for the delivery of benefits services be made more ambitious to better emphasize continual improvement.

Thus, as OPM reviewed the FY 2004 Life Insurance PART in developing the FY 2005 Performance Budget, it more fully involved program offices in the process, educating them about the PART impact upon performance measures and how improvement of such measures is linked to the PART methodology. As a result of the PART review, ISP reevaluated its FEGLI life insurance indicators and added and dropped measures for 2004 and 2005 to reflect OPM goals in this area. Additionally, by modeling the lessons learned from PART to the new FLTCIP, ISP developed, for the first time, measures for 2004/2005 for the program that are relevant, salient, and rely upon solid data sources for compilation and analysis. ISP also has begun to have preliminary conversations in-house about its approach to PART with regard to the FEHB Program for the FY 2006 budget cycle.

## PROGRAM ACTIVITIES, OUTPUTS, OUTCOMES, AND PERFORMANCE METRICS

| Activity | Output | Outcome | Performance Indicators | | | |
|---|---|---|---|---|---|---|
| | | | Indicator/Type | FY 2003 Results | FY 2004 Targets | FY 2005 Targets |
| Administer health benefit insurance contracts;<br><br>Develop Health Benefits Program Open Season materials and guidance;<br><br>Provide annual Health Benefits Program Open Season.<br><br>Strategic Goal 3; Objective 3<br><br>Full Cost in FY 2005:<br>$8.5 M (TF); 83 FTE | Information; including HB website<br><br>HB Open Season materials and guidance;<br><br>Executed contracts;<br><br>FEHB Web site | Quality and efficient health care services;<br><br>Tools necessary to make sound judgments on choice of plans;<br><br>Customers are satisfied; | Effectiveness Indicators:<br><br>FEHB Erroneous payment Rate;<br><br>% of accredited FEHB plans meets or exceeds prior year level;<br><br>% of customers enrolled in FEHB accredited plans meets or exceeds prior year level;<br><br>Overall customer satisfaction scores for enrollees in FEHB plans meet or exceed industry standard. | 0.09%<br><br>69%<br><br><br>76%<br><br><br>FEHB: 65%<br>Industry: 61% | 0.36%<br><br>≥69%*<br><br><br>≥76%*<br><br><br>FEHB*:<br>≥industry standard | 0.34%<br><br>≥70%<br><br><br>≥77%<br><br><br>FEHB:<br>≥industry standard |
| Administer FEGLI, Federal Long Term Care Insurance Programs and Flexible Spending Accounts Programs.<br><br><br>Strategic Goal 3; Objective 3<br><br><br>Full Cost in FY 2005:<br>$1.4 M (TF); 4 FTE<br>S&E - $0.1 M; 1 FTE (FSA) | Information, including FEGLI, FLTCIP, and FSA web sites;<br><br>Guidance materials to agencies; | Enrolled Federal employees and their families have the assurance that their financial needs will be covered through FEGLI and that their lifetime savings and independence are protected against the high costs of long term care; | Efficiency Indicators:<br>FEGLI Paid Claims timeliness meets or beats 10 day industry standard;<br><br>FSA measures to be determined later in FY 2004. | 5.2 days<br><br><br>No data | 10 days<br><br><br>No data | 10 days<br><br><br>TBD |
| | | For FSAs, enrolled Federal em- | Effectiveness Indica- | | | |

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| Activity | Output | Outcome | Performance Indicators | | | |
|---|---|---|---|---|---|---|
| | | | | **FY 2003** | **FY 2004** | **FY 2005** |
| | | | **Indicator/Type** | **Results** | **Targets** | **Targets** |
| | | ployees reduce their out-of-pocket financial expenses for their own medical care and that of their dependents; as well as to reduce their out-of-pocket expenses to pay for eligible dependent care expenses;<br><br>Claimants paid in a timely and accurate manner;<br><br>Customer Satisfaction. | tors:<br>FEGLI Paid Claims accuracy; | 99.6% | 99.5% | 99.5% |
| | | | FEGLI erroneous payment rate;** | 0.02% | 0.01% | 0.01% |
| | | | FLTCIP Enrollment Totals;** | 200,229 | 216,230 | 232,230 |
| | | | % of FLTCIP Service Calls Answered within 20 seconds;** | 86% | 85% | 85% |
| | | | FLTCIP Service Call Center Handling Rate;** | 99.5% | 97% | 97% |
| | | | % of FLTCIP customers who Rate Overall Satisfaction with Customer Service.** | 90% | 95% | 95% |

\* 04 Target modified from FY 04 CBJ based on FY 03 performance.

\*\*Indicator added/modified as a result of FY 03 PART recommendations.

## Executive Services and MCFO Background

To better serve the Director and offices within OPM, the agency's strategic and management support activities are integrated into a single organization called the Division for Management and Chief Financial Officer. MCFO is the agency's strategic decision-making and internal support system that provides analyses and recommendations concerning administrative issues of significant sensitivity and Governmentwide impact, relationships with internal and external stakeholders, strategies for achieving OPM objectives, and systematic measurement and evaluation of program performance. It works closely with OPM's other divisions to implement the President's Management Agenda (PMA) for Strategic Management of Human Capital, competitive sourcing programs, e-Government projects, integration of budget and performance goals, and improved integrated financial performance in order to reflect corporate responsibility for management improvements.

MCFO's activities include providing agency-wide services for security and emergency actions, human capital management, contracting and facilities maintenance, information technology, and budget and finan-

cial management. These services are financed through a mix of appropriated general (Salaries & Expenses) and trust fund resources, and are delivered through Service Centers, each of which is led by a Deputy Associate Director reporting to the MCFO Associate Director.

Executive Services includes the executive support offices of the agency that carry out Governmentwide responsibilities as required by statute and/or executive order. These offices are the Office of the Director, Office of Congressional Relations, Office of the General Counsel, Office of the e-Government Initiatives, Office of Communications and Public Liaison, President's Commission on White House Fellowships, and the Combined Federal Campaign. Executive Services is financed through the General (Salaries & Expenses) Fund. Executive Services provides leadership, direction, and oversight to all of OPM's offices and their programs.

Together, OPM's Executives Services and Division for Management and Chief Financial Officer implement OPM's corporate management strategy described in the agency's Strategic Plan FY 2002–07.

## Strategic Objective

**Objective:** To ensure OPM's ability and capacity to manage its resources, accomplish its strategic plan, and maximize the value of OPM by being a model organization for the Federal Government.

## Program: Management Strategy

OPM sets standards, provides guidance and technical assistance, and evaluates and holds agencies accountable for their progress in closing skill and competency gaps in mission-critical occupations and putting strategies in place that improve the workplace ability to attract, acquire, and retain quality talent.

### BUDGETARY RESOURCES

|  | FY 2004 Enacted | FY 2005 Request | Change |
|---|---|---|---|
| Salaries & Expenses | $47,080,000 | $51,247,000 | $4,167,000 |
| Trust Fund Annual | $30,499,000 | $30,679,000 | $180,000 |
| Total | $77,579,000 * | $81,726,000 * | $4,347,000 |

\* Funding for internal Advances and Reimbursements not included

### FTE

|  | FY 2004 Enacted | FY 2005 Request | Change |
|---|---|---|---|
| Salaries & Expenses | 365.0 | 471.0 | 6.0 |
| Trust Fund Annual | 133.0 | 133.0 | 0.0 |
| Total | 598.0 | 604.0 | 6.0 |

The Division for Management and Chief Financial Officer supports all of OPM's programs by providing centralized services for financial management, human capital, security and emergency actions, information systems support, competitive sourcing, and contracting and facilities maintenance. To support OPM emphasis on building the Federal Government's human capital capacity through increased human resources flexibilities and accountability, and to support the security of the Nation, OPM must build its internal capacity to carry out this work.

## Means

### Center for Security and Emergency Actions

➤ Use $2.601 million in FY 2005 to ensure the security of OPM personnel, programs, and facilities and to ensure that OPM is prepared to continue operations under any situation. Included in this will be increased reliance on automated systems to bridge the gap in manpower and increase the Center's overall productivity. Additionally, the Center for Security and Emergency Actions (CSEA) will implement, for the first time, a comprehensive approach for OPM's personnel and information security programs. Finally, to begin the process of standardization, CSEA will focus a great deal of resources to the documentation and development of standardized forms, procedures, checklists, etc.

### Center for Financial Services

➤ Use $5 million in 2-year funds to finance OPM's performance measurement and program evaluation strategy and spending plan. Funds will be used to support new performance metrics based on PART recommendations (see SHRP Goal 2, and HRPS Goal 4 for specifics), the Federal Human Capital Survey, and program evaluation studies.

➤ Address the weaknesses that currently exist within OPM's core financial system. Implement viable controls and processes (such as strong contractor oversight and management, requirements management, change management, and "IV&V"). This will allow OPM to maintain a clean audit opinion; comply with various Federal financial management statutes (e.g., Chief Financial Officers Act, Federal Financial Management Improvement Act, Federal Managers Financial Integrity Act, Prompt Payment Act, Debt Collection Act, Improper Payments Act); and implement regulations (OMB circulars and bulletins, Treasury regulations, General Accounting Office internal control standards, Federal Accounting Standards Advisory Board standards, etc.).

➤ Establish quarterly review process to ensure financial integrity and link budget and performance processes. Devise and routinely distribute viable fi-

nancial information and reports to help financial and program managers make timely, informed operational decisions.

➤ Establish a formal internal budget formulation process that requires the development of resource requests in light of performance measures. The process will allow for better budget justifications and address a key element of the Budget and Performance Integration initiative.

➤ Ensure the timely and accurate publication of the Congressional Budget Justification and Performance and Accountability Report.

**Human Capital Management Services Group**

➤ Continue to improve operational services, technical and advisory services, and policy/program implementation to support the strategic management of OPM's human capital in line with the *Plan for the Strategic Management of OPM's Human Capital*.

**Center for Equal Employment Opportunity**

➤ Identify barriers that create under representation of women and minorities in the OPM work force and specifics as required by the Equal Employment Opportunity Commission (EEOC) Management Directive 715 which provides policy guidance and standards for establishing and maintaining effective affirmative programs of equal employment opportunity under Section 717 of

Title VII and effective affirmative action programs under Section 501 of the Rehabilitation Act and the No Fear Act which requires that federal agencies be accountable for violations of antidiscrimination and whistleblower protection laws. The overall strategies will be focused on the identification of those existing barriers and the development of means to create proactive measures for preventing discrimination within OPM. The CEEO will maintain a constant presence within OPM's management communities to ensure the visibility and viability of the EEO program. The CEEO will consistently attempt to achieve conflict resolution at the lowest possible level and reduce EEO complaint processing time to within established time requirements.

**Contracting, Facilities and Administrative Services Group**

➤ Conduct additional standard and streamlined A-76 competitions based on commercial activities identified in the Federal Activities Inventory Report.

**Center for Information Services & Chief Information Officer**

➤ Ensure a stable, secure, and reliable computing environment for OPM system users.

## Strategies
### Executive Services

➤ Executive, communications, and public liaison, and congressional relations staff

and legal staff will promote public trust in the Federal work force, build confidence in the value of OPM, and foster strong customer relations by actively supporting Public Service Recognition Week; sponsoring press conferences and providing press releases regarding significant events and accomplishments; providing quality legal advice and representation to the agency; and providing ongoing liaison with congressional offices and staff.

➢ Collaborate with OMB, GAO, and other stakeholders to improve human resource systems and strategically manage human capital.

**Center for Security and Emergency Actions**

➢ The Center for Security and Emergency Actions, a relatively new organization within OPM, will focus on developing the protocols and procedures for customer service. This will include outreach to all stakeholder groups to ensure an understanding of customer requirements and a renewed emphasis on customer service. Throughout the fiscal year, CSEA will look for opportunities to reduce overall costs of OPM's security and emergency actions programs while maintaining the high level of effectiveness that currently exists.

**Center for Financial Services**

➢ Extensive dealings with OMB and agencies to determine the need for new/revised guidance, regulations, and

statutory adjustments. Briefings for agency representatives and external stakeholder groups.

➢ Significantly enhance the core management competencies of Center for Financial Services (CFS) managers/supervisors, staff members (accountants, technicians, management analysts), and team leaders to instill a strong service-centric team environment.

➢ Implement a stronger system of internal controls and accountability within CFS that ensures more efficient and reliable operations; transactions; and resulting information/results that are relevant to OPM customers, including financial and program managers as well as other decision makers (such as OMB).

➢ Critically review and analyze CFS work processes and flows to identify opportunities to improve and enhance effectiveness and efficiencies. Devise and implement improved processes and procedures as deemed necessary by CFS leadership.

➢ Improve the President's Management Agenda scorecard status for scorecard item(s)—and maintain green progress on all items—through careful management of the scorecard review process.

**Human Capital Management Services Group**

➢ Develop human resources staff competencies in key areas such as technical

expertise, consulting/communications, and customer service.

➢ Support the development and implementation of human capital policies that provide managers with the tools and mechanisms they need to manage the OPM work force effectively.

➢ Continue to identify business process efficiencies and appropriate technologies that can help streamline and automate staffing processes to fill jobs quickly and efficiently.

**Center for Equal Employment Opportunity**

➢ Identify barriers that create under representation of women and minorities in the OPM work force and specifics as required by Management Directive 715 and the No Fear Act. The overall strategies will be focused on the identification of those existing barriers and the development of means to create proactive measures for preventing discrimination within OPM. The CEEO will maintain

a constant presence within OPM's management communities to ensure the visibility and viability of the EEO program. The CEEO will consistently attempt to achieve conflict resolution at the lowest possible level and reduce EEO complaint processing time to within established time requirements.

**Contracting, Facilities and Administrative Services Group**

➢ Develop a "green" competition plan for OMB approval. Identify and compete an additional 285 FTE identified as commercial activities during FY 2005.

**Center for Information Services & Chief Information Officer**

➢ The Center for Information Services assures OPM compliance with information technology management laws and regulations, and tracks operational performance against defined metrics.

## PROGRAM ACTIVITIES, OUTPUTS, OUTCOMES, AND PERFORMANCE METRICS

| Activity | Output | Outcome | Performance Indicators | | |
| --- | --- | --- | --- | --- | --- |
| | | | Indicator/Type | FY 2003 Results | FY 2004 Targets | FY 2005 Targets |
| Provide Executive leadership, legal, congressional relations, and communications & public liaison services for the Office of Personnel Management.<br>Full Cost in FY 2005:<br>$14.7M (S&E); 102 FTE<br>$ 1.4 M (TF); 14 FTE | Press releases, news conferences, public announcements, Director's memorandum and notices. | OPM meets its Strategic and Annual Performance Goals. | **Effectiveness Indicators**:<br>% of Annual Performance Goals met. | 81% | 90% | 90% |
| Provide security and emergency actions services<br><br>Full Cost in FY 2005:<br>$2.6 M (S&E); 20* FTE<br>(*Approximately 10 FTE financed by internal A&R) | Position Sensitivity Designations; background investigations; document control and accountability; Business Recovery Plans (BRPs). | Complete position sensitivity designations (new or updates); conduct appropriate background investigations; implement a document control and accountability system; publish BRPs. | **Efficiency Indicators**:<br>Assign or update Position Sensitivity Designations for positions within OPM. | n/a | 1750 | 1250 |
| | | | Reduce the processing time for initiating the required background investigation for OPM employees. | n/a | 14 days | 10 days |
| | | | Reduction in time to control classified material | n/a | 3 days | 1 day |
| | | | Time to publish new or updated BRP's | 180 days | 170 days | 160 days |
| | | | Effectiveness Indicators:<br>% of Position Sensitivity Designations; | 75% | 85% | 100% |
| | | | # of BIs completed; | 200 | 350 | 500 |
| | | | # of documents controlled; | 115 | 150 | 175 |
| | | | # of BRPs published or updated. | 2 | 4 | 4 |

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| Activity | Output | Outcome | Performance Indicators | | | |
|---|---|---|---|---|---|---|
| | | | Indicator/Type | FY 2003 Results | FY 2004 Targets | FY 2005 Targets |
| Provide human capital management services<br><br>Full Cost in FY 2005:<br>$3.8 M (S&E) 64* FTE<br>(* Approximately 25 FTE financed by internal A&R) | Staffing deliverables; recruitment and selection support; personnel transactions; employee development and leadership programs; policy/ guidance issuances. | Vacancies are filled in a timely manner; managers are satisfied with advisory and operational services provided by HCMS; employees possess the competencies needed to perform their jobs. | **Efficiency indicators**: Average Cost to provide human capital services per employee. | $2,250 | $2,250 | $2,250 |
| | | | **Effectiveness Indicators**: Hiring cycle time from receipt of manager's request to hire. | 81 days | 45 days | 45 days |
| | | | Overall management satisfaction with quality of HR services (per annual agency survey); | 86% (FY 2000 baseline) | 90% | 90% |
| | | | End of year Rating on HC Executive Scorecard. | Yellow | Green | Green |
| Provide EEO and diversity management services<br><br>Full Cost in FY 2005:<br>$0.3 M (S&E); 8* FTE<br>(*Approximately 5 FTE financed by internal A&R) | EEO and diversity programs | Maintained or increased representation of women and minorities in the OPM workforce. | **Effectiveness Indicators**: % of women in OPM workforce; | 62.8% | 63.5% | 63.5% |
| | | | % of minorities in OPM workforce. | 36.4% | 36.4% | 36.4% |
| Provide competitive sourcing, contracting and administrative services<br><br>Full Cost in FY 2005:<br>$3.4 M (S&E); 57* FTE<br>(* Approximately 23 FTE financed by internal A&R) | FAIR Inventory Report, standard and streamlined A-76 competitions, contracts, Facilities and administrative services | Reduced costs, improved support services. | **Efficiency indicators**: Cost savings that result from competitions; | $2.1 M | $4.0 M | $3.5 M |
| | | | $ Savings on telecommunications. | $18,000 | $10,000 | $10,000 |
| | | | **Effectiveness Indicators**: EOY Rating on Competitive Sourcing Executive Scorecard; | Yellow | Green | Green |
| | | | FTE performing commercial activities competed; | 104 | 529 | 500 |
| | | | % of contract actions completed; | 97% | 97% | 97% |

| Activity | Output | Outcome | Performance Indicators | | | |
|---|---|---|---|---|---|---|
| | | | Indicator/Type | FY 2003 Results | FY 2004 Targets | FY 2005 Targets |
| Provide financial management, budget, and performance measurement services<br><br>Full Cost in FY 2005:<br>$11.2 M (S&E); 96* FTE<br>(* Approximately 24 FTE financed by internal A&R)<br>$14.8 M (TF); 70 FTE | Completed financial transactions; financial statements; financial reports; budget submissions and justifications; Annual Performance Reports. | Financial transactions are completed in a timely manner and accounts are balanced, reports fully describe agency performance, plans and requests so that the public understands OPM activities. | % of contracts that are performance-based; | 76% | 76% | 76% |
| | | | **Effectiveness Indicators**: Rate of unclear suspense accounts 60+ days old; | 50% | 40% | 25% |
| | | | % accounts receivable delinquent; | 20% | 15% | 15% |
| | | | Unqualified audit opinions; | Unqualified | Unqualified | Unqualified |
| | | | Material weaknesses; | None | None | None |
| | | | End of year rating on FP Executive Scorecard; | Yellow | Green | Green |
| | | | End of year rating on BPI Executive Scorecard. | Red | Yellow | Green |
| Provide information services<br><br>Full Cost in FY 2005:<br>$15.2 M (S&E); 124* FTE<br>(*Approximately 49 FTE financed by internal (A&R)<br>$14.5 M (TF); 49 FTE | Network support and infrastructure; enterprise-wide IT systems; external compliance reports. | Reliable and secure computing environment for OPM system users. | **Efficiency indicators**: % of time mainframe available during agreed upon service hours; | 99% | 99% | 99% |
| | | | Timely completion of system support requests. | No data | 90% | 92% |
| | | | **Effectiveness Indicators**: Material security weaknesses (in financial audits); | None | None | None |
| | | | Computer Security program:  Computer Security Awareness Training provided; | 100% | 100% | 100% |
| | | | Complex password duration. | 90 days | 90 days | 90 days |

| EXPANDING e-GOVERNMENT ANNUAL PERFORMANCE GOAL 1 |
|---|
| Federal agencies use OPM e-Gov human resources solutions to build successful, high-performance organizations. |

# Strategic Objective

**Objective:** To ensure OPM's ability and capacity to manage its resources, accomplish its strategic plan, and maximize the value of OPM by being a model organization for the Federal Government.

# Program: Management Strategy

## BUDGETARY RESOURCES

| Projects | FY 2004 Enacted | FY 2005 Request | Change |
|---|---|---|---|
| **Salaries & Expenses No Year** | | | |
| EHRI | $1,918,000 | $2,000,000 | $82,000 |
| E-HRIS | $0 | $800,000 | $800,000 |
| E-Payroll | $2,485,000 | $6,615,000 | $4,130,000 |
| E-Clearance* | $0 | $2,000,000 | $2000,000 |
| **Salaries & Expenses Annual** | | | |
| E-Training* | $2,485,000 | $685,000 | ($1,800,000) |
| Recruitment One-Stop* | $2,983,000 | $3,000,000 | $17,000 |
| E-Gov Initiative Fees | $0 | $1,028,000 | $1,028,000 |
| Total | $9,871,000 | $16,128,000 | 9,823,000 |

*The e-Clearance, e-Training, and Recruitment One-Stop projects are also funded through OPM's Revolving Fund in HRPS Goals 1 and 2.

# OPM E-Government Overview

OPM is leading five e-Government projects: Enterprise Human Resources Integration, e-Clearance, e-Payroll, e-Training, and Recruitment One-Stop. In addition, OPM is overseeing one e-Government line-of-business (LOB), e-Human Resource Information System (e-HRIS). OPM's vision for these projects, when combined with the agency's Retirement Systems Modernization project, and its work developing a line-of-business approach for e-Human Resource Information Systems, is that of an interlocking enterprise system based on the employee life cycle. These interrelated projects streamline and improve processes for moving Federal employees through the employment life cycle. Collectively, these projects help make Government more citizen-centered and results-oriented in line with the President's Management Agenda.

## Means

### Enterprise Human Resources Integration

> EHRI's goals are to provide the capability for comprehensive knowledge management and workforce analysis, forecasting, and reporting (to further strategic management of human capital) across the Executive Branch. This includes a data repository for query and analysis, knowledge management, and workforce planning capability. EHRI will also enable expanded electronic exchange of standardized human resources data within and across agencies and systems and, when complete, the attainment of associated benefits and cost savings. This includes the electronic exchange

for inter- and intra-agency transfer data extraction and, in the future, the creation of an official employee record. And an electronic personnel folder (e-OPF). The project will also provide unification and consistency in human resources data across the Executive Branch. This includes the development of a Governmentwide human resources business model and standards, as well as standards for a single-source repository for managing human capital, human resources, and payroll information.

### e-Human Resources Information Systems

> The e-HRIS project is in the formative stage, and is centered on standardization and modernization of core personnel transaction processing across the Federal Government. Human resource information systems in the Federal Government have evolved into complex systems individually tailored to meet the mission of specific agencies. e-HRIS will explore options for efficient personnel transaction processing. Through developing a unified core human resources policy and processes well-defined, the Government will have the opportunity to purchase solutions that fit requirements without costly customization. The benefits of e-HRIS will be operational efficiencies, empowerment of faster decision-making abilities, and the potential for substantial cost avoidance through centralized development and deployment of core human resources information systems.

**e-Payroll**

➢ The e-Payroll project is designed to standardize, consolidate, and integrate Governmentwide Federal civilian payroll services and processes by simplifying and standardizing human resources/payroll policies and procedures and better integrating payroll, human resources, and finance functions. By FY 2005, this will result in the consolidation of 22 Federal payroll providers into two "partnerships," consisting of two payroll providing agencies each resulting in a significant savings of tax dollars by reducing operating costs and avoiding duplicative systems modernization investments. In FY 2005, e-Payroll will further consolidate payroll operations by merging the selected providers. E-Payroll will establish payroll policies and procedures that will be uniform and easy to understand and administer.

**e-Clearance**

➢ The e-Clearance project is designed to enhance the security clearance process for Federal agencies. It consists of three modules, which will help to realize the goals set forth in the President's Management Agenda concerning a citizen-centered e-Government: Module One—Electronic Questionnaire for Investigations Processing, Module Two—Clearance Verification System, and Module Three—Imaging of Investigative Records.

During FY 2004 and FY 2005, this project will be focused on the migration of other agencies. The first two modules were deployed at the end of January and June 2003, respectively. Agencies are now being encouraged to adopt the streamlined and automated forms system through the Learning Lab. Some agencies have begun imaging, while others will phase in this capability. Additionally, in the winter of 2003/4, a secure network for transmitting requests and responses of imaged files should be complete.

All of the e-Clearance modules are designed to promote cross-agency reciprocity of clearance information and clearances. In FY 2005, OPM will work with stakeholder agencies to develop and implement a clearance reciprocity plan to convey the benefits offered by the e-Clearance program. E-Clearance will promote cross-agency reciprocity of clearances and clearance information through communications and ratification of a Governmentwide imaging standard. Governmentwide understanding and acceptance of e-Clearance project is critical to the success of the e-Clearance program.

**e-Training**

➢ The e-Training project has created a centralized Governmentwide e-training environment, the Gov Online Learning Center (www.golearn.gov), which supports the development of the Federal work force through simplified and one-stop access to high-quality e-training products and services, and thus ad-

vances the accomplishment of agency missions.

➢ The Gov Online Learning Center provides a wide array of e-training products and services for free and for fee. Free access is provided for nearly 40 e-training courses (*Computer Security*, *Ethics*, *Sexual Harassment*, etc.), e-books, a search and select feature, and resource center links. Many additional services and e-courseware materials can be purchased by Government agencies through the Gov Online Learning Center, including libraries of thousands of e-training courses ranging from information technology to management and leadership to communication skills, and assistance in determining needs and implementing learning management systems. These e-products and services reflect an economies-of-scale advantage resulting from consolidated Government licenses.

**Recruitment One-Stop**

➢ The Recruitment One-Stop project has simplified the process of locating and applying for Federal jobs. Through a series of enhancements to USAJOBS (www.usajobs.opm.gov), the Federal Government's one-stop source for jobs and employment information, ROS has delivered a number of new jobseeker focused features including improved job searching; clean, concise, understandable, and attractive job announcements; a "create once, use many" basic job resume that can be used to apply to multiple vacancies, agencies, and systems; a resume mining feature that will allow fast, cost-efficient candidate sourcing by Federal managers and human resources specialists; and online, real-time application status tracking. The ROS initiative will increase jobseeker satisfaction with the Federal job application process and help Federal agencies achieve a desired quality level in new hires and improved response times.

## Strategies

➢ OPM's e-Gov Program is dedicated to carrying out the mandate of the President's Management Agenda, the Federal Enterprise Architecture, and the e-Government Act of 2002. The mission of OPM's e-Gov Program is to develop world-class, secure, modern, cross-agency, human resources solutions that transform the management of Federal human capital. OPM works collaboratively with OMB and agency partners to achieve the goals of each project.

## E-Gov Activities, Outputs, Outcomes, and Performance Measures

| Activity | Output | Outcome | Performance Indicators | | | |
|---|---|---|---|---|---|---|
| | | | Indicator/Type | FY 2003 Results | FY 2004 Targets | FY 2005 Targets |
| Oversee and execute OPM's EHRI e-Gov Project<br><br>OPM cost of Achieving Goal: $2.0 M in S&E No-year | Provide workforce planning, analysis, and forecasting tool for Executive Branch agencies. | OPM, Federal agencies and oversight bodies have an accurate and timely view of their workforces and the ability to better manage human capital and forecast government-wide needs. | Number of agencies for which tool is available;<br><br>% of users judging the tool to be useful. | No data<br><br>No data | 18 agencies<br><br>50% | 25 agencies<br><br>70% |
| Oversee and execute OPM's e-HRIS e-Gov Project<br><br>OPM Cost of Achieving Goal: $0.8 M in S&E No-year | Research, plan and develop an improved project plan for e-HRIS. | Project will improve performance and reduce the number of overlapping investment for human resource information systems. | Plan complete. | n/a* | Revised Capital Asset plan for e-HRIS. | Completed project plan. |
| Oversee and execute OPM's e-Payroll e-Gov Project<br><br>OPM cost of Achieving Goal: $6.615 M in S&E No-year | A schedule and strategy for completing detailed merger planning, e-Payroll FEA architecture, and technology replacement options. | Establishment of a centralized e-Payroll governance framework. | Project plan for implementing merger strategy. | n/a* | n/a* | Project plan, e-Payroll FEA architecture, and technology replacement report. |
| Oversee and execute OPM's e-Clearance e-Gov Project<br><br>OPM cost of Achieving Goal: $2.0 M in S&E No-year ($6.1M in RF included in HRPS Goal 1) | Agencies are trained and are able to deploy e-Qip and image their investigative files. | | Number of SF-186 forms submitted through e-Qip and received by PIPS;<br><br>% of federal agencies that have deployed e-Qip; | 199<br><br>2 agencies | 5,000<br><br>10% | 12,000<br><br>25% |

| Activity | Output | Outcome | Performance Indicators | | | |
|---|---|---|---|---|---|---|
| | | | | FY 2003 | FY 2004 | FY 2005 |
| | | | Indicator/Type | Results | Targets | Targets |
| | | | % of files submitted through e-Qip that was rejected. | Rejection rate of paper files was 40% | 5% | 2% |
| Oversee and execute OPM's e-Training e-Gov Project<br><br>Full Cost of Achieving Goal: $0.685 M in S&E Annual ($ 35M in RF included in HRPS Goal 2) | Continue to migrate agencies to the GoLearn site. | Support career development for the Federal workforce by increasing the return on training investments. | Increase number of eligible users (users registered) of the GoLearn site; | 180,383 (Est. was 127,000) | 142,000 | 193,000 |
| | | | Increase the annual number of GoLearn courses completed; | 136,745 (Est. was 52,000) courses completed | 150,000 additional courses completed | 200,000 additional courses completed |
| | | | Increase the number of participating entities. | 31 | 58 | 75 |
| Oversee and execute OPM's Recruitment One-Stop e-Gov Project<br><br>OPM Cost of Achieving Goal: $3.0 M in S&E ($3.9 M in RF included in HRPS Goal 2) | On-going maintenance of USAJOBS portal and review of standards and performance measurement. Implement needed software improvements/ enhancements to portal. Provide on-going Help-Desk and support services. | Increase the effectiveness and efficiency of the Federal hiring by simplifying the process of locating and applying for federal jobs. | % of Federal job applicants applying on-line using ROS; | 80% | 82% | 84% |
| | | | % availability of applicant status tracking data; | 0% | 82% | 84% |
| | | | Customers satisfied with USAJOBS; *** | 71 | 72 | 73 |
| | | | % of customers satisfied with application process; | 50% | 52.5% | 55% |
| | | | Average number of visitors to site, daily; | 188,226 | 226,750 | 272,100 |

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| Activity | Output | Outcome | Performance Indicators | | | |
|---|---|---|---|---|---|---|
| | | | Indicator/Type | FY 2003 Results | FY 2004 Targets | FY 2005 Targets |
| | | | Number of applications/resumes on file annually. | 127,898** | 650,000 | 812,000 |

\* Indicator not applicable to this fiscal year because it is related to a program output unique to FY 2004, or FY 2005.

\*\* August and September 2003 only due to migration to new platform.

\*\*\* ACSI score out of 100

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**STRATEGIC GOAL III**

Meet the needs of Federal agencies and the public through efficient and effective human capital products and services.

</div>

# OIG Background

The Office of the Inspector General was established as a statutory entity on April 16, 1989. It operates under the authority of the Inspector General Act of 1978 (Public Law 95-452) and the 1988 amendments (Public Law 100-504).

The IG Act requires that each OIG:

- Conduct and supervise independent and objective audits and investigations relating to agency programs and operations.

- Promote economy, effectiveness, and efficiency within the agency.

- Prevent and detect fraud, waste, and abuse in agency programs and operations.

- Review and make recommendations regarding existing and proposed legislation and regulations relating to agency programs and operations.

- Keep the agency head and Congress fully and currently informed of problems in agency programs and operations.

# Strategic Objective

**Objective 3:** Federal employees, annuitants, and their families can choose from among quality and fiscally responsible carriers to address their specific insurance needs.

### BUDGETARY RESOURCES

|  | FY 2004 Enacted | FY 2005 Request | Change |
|---|---|---|---|
| Trust Fund | $9,049,000 | $10,508,000 | $1,459,000 |
| Salaries & Expenses | $1,042,000 | $1,177,000 | $135,000 |
| Advances & Reim-bursements | $150,000 | $150,000 | $0 |
| Total | $10,241,000 | $11,835,000 | $1,594,000 |

### FTE

|  | FY 2004 Enacted | FY 2005 Request | Change |
|---|---|---|---|
| Trust Fund | 71.0 | 81.0 | 10.0 |
| Salaries & Expenses | 12.0 | 13.0 | 1.0 |
| Advances & Reim-bursements | 1.0 | 1.0 | 0.0 |
| Total | 84.0 | 95.0 | 11.0 |

During FY 2005, OPM's Office of the Inspector General must expand its activities to meet new challenges in reducing the incidence of waste, fraud, and abuse in the Federal Employees Health Benefits Program.

Thus, the OIG seeks increases of $1.448 million in Trust Fund, and $138,000 in Salaries & Expenses, to finance 11 additional FTE to increase its activities as described below.

## Means

➢ An additional four FTE and $652,000 in trust funds to conduct audits of pharmacy benefit managers (PBMs). This includes approximately $100,000 for software that will assist in evaluating pharmacy claim payments.

It is estimated that $6 billion will be paid during 2004 in prescription drug premiums by OPM and Federal employees. This represents approximately 26 percent of the total premiums paid for health benefit coverage for Federal employees and annuitants. The premiums paid for prescription drug coverage have risen exponentially over the last 10 years. However, Federal prescription drug benefits have never been audited. By performing these audits, the OIG would help the FEHBP recover inappropriate costs charged to it in previous years, negotiating more favorable contracts, and positively affecting the future costs and benefits provided to program enrollees. Potential recoveries during FY 2005 to the FEHBP Trust Fund will be $5 to $6 million. As OIG staff gain experience, these recoveries may increase significantly. Ultimately, these audits will reduce health care costs while improving the quality of health care for FEHBP enrollees. The OIG's main focus would be to determine if the pharmacy benefit managers are adjudicating and paying pharmacy claims in accordance with the contract, as well as look for fraud and abuse within PBM functions. PBMs have a large impact on the price paid for prescription drugs.

The National Health Care Anti-Fraud Association Institute for Health Care Fraud Prevention estimates that PBMs can affect over $100 billion in pharmaceutical sales per year. Many PBMs were once owed by drug manufacturers, creating a potential conflict of interest that could affect the quality of care given to patients.

In addition to auditing PBMs, the OIG would look for fraud, waste, and abuse at the pharmacy level. Some examples of this type of fraud would be the submission of "phantom" claims (no drugs dispensed, but bill submitted to a third-party payor); product substitution; dispensing substandard products; billing for a brand-name drug and dispensing a generic; charging patients the wrong co-payment amount, and diversion of drugs for resale.

➢ An additional four FTE and $522,000 to expand the scope of audit for the largest community-rated carriers.

During FY 2002, $4.9 billion of FEHBP premiums were paid to community-rated carriers. Of this amount, $3.4 billion was paid to 25 carriers. Since the majority of these carriers use some sort of experience-based rating to set premiums, the additional resources will enable the OIG to expand the audit testing to include reviews of these data. The OIG will review the claim payments used in the rate development process for potential overpayments. This will include reviewing for duplicate payments; verifying that the carrier coordinated claims

with Center for Medicare Services or other primary payers; verifying that the charges are for allowable benefits; ensuring that only Federal claims are used; ensuring that claims are for the appropriate time period; and verifying that any negotiated rebates are passed on to the FEHBP.

These increased resources will result in additional recoveries to the trust funds. On average, each community-rated auditor recovers approximately $4 million annually for the FEHBP Trust Fund. Expanding the audit scope will increase these averages by an estimated $1.2 million annually per auditor.

➢ An additional two FTE and $274,000 to further develop computer-assisted audit techniques (CAAT) and tools for FEHBP audits to increase the number of health carrier information system audits the OIG conducts and to provide adequate coverage of OPM computer systems.

Improving the efficiency and effectiveness of audits is highly dependent on incorporating sophisticated computer techniques into OIG audit processes. The OIG's Information Systems Audits program has been charged with this responsibility. The program's purpose is twofold: to perform information system audits, and to develop CAAT and other tools for auditors. The additional staff will enhance OIG's ability to perform these activities. Their focus will be on assisting with both the new PBM audit activities and community-rated health

benefit claims analysis; increasing the number of audits of health benefit carriers' information systems; ensuring adequate coverage of OPM computer systems; and enhancing OIG's ability to develop CAATs and other tools, especially those necessary for further development of a data warehouse capability. A data warehouse offers the best opportunity for detecting incorrect health benefit payment transactions by medical providers, insurance carriers, and subscribers by accumulating all benefit claims for all fee-for-service insurance carriers in a single data repository. In addition, the data warehouse would provide the OIG's investigation program with the data needed to do proactive investigations and would provide OPM's program offices with critical raw data they can use to evaluate cost and utilization trends.

➢ An additional $138,000 and one FTE in general funds are needed to provide technical expertise in the field of pre-award contract auditing.

This resource would perform audits of selected bid proposals before OPM enters into contracts with vendors. The OIG believes that the agency will increase its larger contracting efforts while it further implements the President's Management Agenda.

## Strategies

➢ Ensure Federal Employees' Health Benefits and Federal Employees' Group Life Insurance contract compliance

through financial and performance audits, and quality assurance standards.

➢ Audit, or arrange for audit of, all OPM financial statements to express an opinion on the fair presentation of the statements, consider the internal controls over financial reporting, and test compliance with applicable laws and regulations.

➢ Monitor the use of independent public accountants who perform the trust fund financial statement audits. Conduct performance audits of OPM programs and operations.

➢ Provide a sufficient level of oversight of the Combined Federal Campaign program in order to create a broad sentinel effect on all local CFC campaigns.

➢ Identify and monitor sensitive, significant, or costly agency initiatives. Participate in Quality Improvement Teams.

➢ The OIG continues to place a high level of emphasis on working with OPM program offices to resolve problems that it identifies, while maintaining the high level of independence necessary to carry out its mission objectively. Recruit and retain a highly skilled, proficient, and technically competent audit staff based on available budget resources.

➢ Provide necessary training to ensure that staff has the proper skills to perform audit oversight activities. Ensure that all audit staff receive sufficient training to fulfill the requirements of the General

Accounting Office Yellowbook Auditing Standards.

➢ Provide broader audit coverage of OPM programs and FEHB carriers. Utilize computer-assisted auditing techniques and data mining—a technological tool used to discover hidden patterns and relationships in large amounts of data—to identify and strengthen internal control weaknesses. This measure will help ensure more efficient audits and help enhance global audit coverage of FEHB carriers.

➢ Obtain input from OIG customers to determine their satisfaction with OIG work. Measure timeliness of OIG reports, effectiveness of OIG recommendations, and the relevance and impact of OIG reviews. Gather this information through survey questionnaires.

➢ Conduct audits based on risk assessments that ascertain the potential for fraud, waste, and abuse in OPM programs. Utilize an objective rating methodology to determine risks on dollars, FTEs, strategic alliances, information systems, management systems, personnel changes, laws and regulations, and the control environment.

➢ Continue to work closely with OMB to update the Program Assessment and Rating Tool for the FEHBP integrity program. This tool was critical in developing the OIG's FY 2005 budget request and performance plan. Although the program scored 93 percent on the tool, two items were identified that

would improve FEHBP integrity. The first, "further develop evaluation capacity and analytical abilities through computer-assisted audit techniques and tools and develop a health benefits claims data warehouse," is addressed in this budget justification. The second, "incorporate independent evaluation into program management," is currently being researched and discussed to determine the most appropriate course of action.

## Verification and Validation

- **Audit Reports and Receivables Tracking System (ARRTS).** ARRTS is an automated tracking system that provides information regarding audits of FEHBP carriers. This system is shared by the OIG and the Center for Retirement and Insurance Services. The system is constantly reviewed by both organizations, and any discrepancies are resolved immediately. The information captured in this system is reported in the OIG's Semiannual Report to Congress.

- **Post-Audit Client Survey.** This survey tool is used by OIG management to identify areas where improvements can be made in the audit process and to enhance the overall effectiveness and quality of the organization.

## PROGRAM ACTIVITIES, OUTPUTS, OUTCOMES, AND PERFORMANCE METRICS (FROM OPM'S HUMAN CAPITAL LOGIC MODEL)

| Activity | Output | Outcome | Performance Indicators | | |
| --- | --- | --- | --- | --- | --- |
| | | | Indicator/Type | FY 2003 Results | FY 2004 Targets | FY 2005 Targets |
| Conduct audits of health benefits carrier contracts; Conduct audits of Annual Financial Statements, program and performance related information Pre and Post Award Contracts, Combined Federal Campaign and Information Systems<br><br>Strategic Goal 3; Objective 3<br><br>Full Cost in FY 2005:<br>$10.5M (TF); 81 FTE<br>$1.0 M (S&E); 13 FTE<br>$0.15 M (A&R); 1 FTE | Audit reports from FEHB carrier audits, financial and performance audits, pre-award contract and CFC audits; Semi-annual reports | Ensure FEHB and FEGLI contract compliance through financial and performance audits, and quality assurance standards | Efficiency indicators:<br>Return on investment; | $4 | $10 | $10 |
| | | | Carrier audit cycle; | 4.0 years | 3.0 years | 2.9 years |
| | | | FEHB Audit Recovery Rate. | 92%* | 70-75% | 70-75% |
| | | | Effectiveness Indicators:<br>Positive Financial impact; | $40.2 M | $143 M | $157 M |
| | | | # of carriers not audited within 5 year retention period; | 110 | 76 | 68 |
| | | | Average FEHBP Unaudited years. | 5.1 years | 4.8 years | 3.4 years |

\* Historical performance is 70-75%. FY 2003 result of 92% is viewed as an anomaly.

**OIG ANNUAL PERFORMANCE GOAL 2**

Detect, investigate, and prevent fraud, waste, and abuse against OPM programs.

## Strategic Objective

**Objective 3:** Federal employees, annuitants, and their families can choose from among quality and fiscally responsible carriers to address their specific insurance needs.

### BUDGETARY RESOURCES

|  | FY 2004 Enacted | FY 2005 Request | Change |
|---|---|---|---|
| Trust Fund | $5,303,000 | $5,953,000 | $650,000 |
| Salaries & Expenses | $447,000 | $450,000 | $3,000 |
| Total | $5,750,000 | $6,403,000 | $653,000 |

### FTE

|  | FY 2004 Enacted | FY 2005 Request | Change |
|---|---|---|---|
| Trust Fund | 35.0 | 41.0 | 6.0 |
| Salaries & Expenses | 5.0 | 5.0 | 0.0 |
| Total | 40.0 | 54.0 | 6.0 |

## Means

➤ An additional $671,000 and six FTE in trust funds are needed to increase criminal investigative oversight of the OPM-administered FEHBP and CSRS/FERS programs.

This request builds on the increment included in OPM's budget for FY 2004 and brings the level of FEHBP and retirement program investigative oversight to a point sufficient to reasonably manage the large number of investigations, referrals, and complaints that the OIG receives. Without a sufficient investigative presence, the OPM-administered trust fund programs are exposed to potentially serious problems. Examples include increased health risks to Federal

employees and their families; unobtained financial recoveries; and fewer warranted arrests, indictments, and convictions. Additionally, the application of these resources will strengthen the sentinel effect of the OIG's investigative operations.

The additional resources will finance special agent criminal investigators. Over the last 3 fiscal years, seven criminal investigators have achieved 53 arrests, 59 indictments, and 59 convictions, and obtained positive financial impact of over $16 million for the retirement and insurance program trust funds. Based on these historical data, the impact of additional resources in investigative operations would significantly increase these positive results (estimated arrests +13, estimated indictments +14, estimated convictions +14, positive financial impact +$5 million). However, the immediate results would not be this dramatic. The extensive training required (especially if the agents have not been exposed to health care fraud investigations) may take a year to complete. In addition, the average time spent investigating a retirement fraud case is at least a year and may take up to 1.5 years to complete all the way through the sentencing and restitution stages. Health care fraud cases can take an average of 3 years before arrests occur and restitution is ordered.

These added resources will also allow the OIG to participate more fully and in a more timely manner in U.S. Attorney-sponsored heath care fraud task forces throughout the country. Without the requested resources, investigative efforts will continue to erode and severely compromise OIG mandated investigative responsibilities.

➢ Conduct objective, aggressive, thorough, and timely investigations of all OPM programs where fraud and abuse are suspected.

➢ Pursue prosecution and restitution whenever possible.

➢ Publicize offender convictions for deterrent effect. The OIG has provided the National Health Care Antifraud Association (and similar organizations) with press releases regarding investigative efforts.

➢ Promote and protect the integrity of the FEHBP through debarment of untrustworthy health care providers.

➢ Fully utilize all phases of Section 2 of Public Law 105-266, the Federal Employees Health Care Protection Act of 1998. These phases include mandatory debarments, permissive debarments, and civil monetary penalties.

➢ Work with program managers and legislators to improve the legal tools needed to protect OPM programs from fraud and other illegal acts or abuse.

➢ Maintain investigative hotlines as a means of receiving information regarding fraud and abuse against OPM programs, as well as participate in health

care fraud task forces throughout the Nation.

➢ Work with other Federal law enforcement organizations and health carrier special investigations units to detect, prevent, and prosecute fraud and abuse.

## Strategies

➢ Recruit and retain highly skilled, proficient, and technically competent special agent criminal investigators based on available budget resources. The OIG has determined that the most effective deployment of investigative staff is to locate them in areas of the country where FEHBP and retirement benefits are provided. Given this, a number of the OIG's current criminal investigators have been located in the field and OIG plans to place new hires where current employees and annuitants reside. Recruitment efforts are specifically targeting these areas. In addition, experience has shown that investigators located in remote locations often work in cooperation with other law enforcement entities similarly located. This leads to better criminal oversight for OPM-administered programs.

➢ Provide necessary training to ensure that new criminal investigators are fully qualified to conduct criminal investigations. This training is extensive, especially if the agents have not been exposed to health care fraud investigations, and may take up to a year to complete.

➢ Impose civil monetary penalties in every case meeting statutory or regulatory guidelines where there is reasonable opportunity to recover funds.

➢ Negotiate agreed-upon payment schedules concurrently with imposition of civil monetary penalties.

➢ Conduct due process hearings promptly when necessary to adjudicate violations.

## Verification and Validation

• **Investigations Tracking System (ITS).** ITS is an automated tracking system that provides the status, resolution, and management oversight of investigative activities. During FY 2002, the OIG implemented a new state-of-the-art system that improves workload reporting and simplifies data input. The information captured in this system is also reported in the OIG's Semiannual Report to Congress.

• **Department of Justice review of OIG criminal/civil case referrals.** Many of the OIG's investigations are forwarded to the Department of Justice for prosecution. Justice and/or local U.S. Attorney offices closely scrutinize these cases.

• **Administrative Sanctions.** The OIG Administrative Sanctions Team operates OPMDebar, an automated database system that tracks all proposed, active, and inactive debarment cases, generates workload summaries, and provides demo-

graphic information regarding debarred providers.  As required by Executive Order 12549, the General Services Administration includes the name and address of individuals sanctioned by OPM in its comprehensive Governmentwide list of persons excluded from Federal programs.

## PROGRAM ACTIVITIES, OUTPUTS, OUTCOMES, AND PERFORMANCE METRICS (FROM OPM'S HUMAN CAPITAL LOGIC MODEL)

| Activity | Output | Outcome | Performance Indicators | | | |
|---|---|---|---|---|---|---|
| | | | Indicator/Type | FY 2003 Results | FY 2004 Targets | FY 2005 Targets |
| Conduct criminal investigations of health care providers and persons receiving benefits through FEHBP; issue administrative sanctions to health care providers who commit violations identified by statute or regulations<br><br>Strategic Goal 3; Objective 3<br><br>Full Cost in FY 2005:<br>$5.9 M (TF); 41 FTE<br>$0.45 (S&E); 5 FTE | Investigations, arrests, indictments and convictions | Detect, investigate and prevent fraud, waste and abuse against OPM programs | Effectiveness Indicators:<br>#  of arrests; | 10 | 35 | 55 |
| | | | # of indictments; | 14 | 33 | 53 |
| | | | # of convictions; | 13 | 33 | 53 |
| | | | # of debarments and suspensions; | 3,405 | 3,300 | 3,500 |
| | | | # of debarment inquiry responses. | 2,741 | 3,100 | 3,200 |

# Chapter 7
# Payment Accounts

This chapter presents OPM's FY 2005 budget request for the following payment accounts:

- Government Payment for Annuitants, Employee Health Benefits

- Government Payment for Annuitants, Employee Life Insurance

- Payment to the Civil Service Retirement and Disability Fund

Note that the annual performance goals, means, and indicators applicable to these three payment accounts can be found in previous sections.

# Government Payment for Annuitants, Employee Health Benefits

**(In Millions of Dollars)**

|  | FY 2003 Actual | FY 2004 Estimate | FY 2005 Request | FY 2005 Change |
|---|---|---|---|---|
| **Budget Authority** | 6,674 | 7,358 | 8,046 | 688 |
| **Obligations** | 6,674 | 7,358 | 8,046 | 688 |
| **Outlays** | 6,604 | 7,303 | 8,011 | 708 |

This appropriation has historically funded the Government's share of health benefits costs for annuitants and survivors who no longer have an agency to contribute the employer's share. The Office of Personnel Management requests the appropriation necessary to pay this contribution to the Employees Health Benefits Fund and the Retired Employees Health Benefits Fund. These trust revolving funds are available for:

- Payment of subscription charges to approved carriers for the cost of health benefits protection.

- Contributions for qualified retired employees and survivors who carry private health insurance under the Retired Employees Health Benefits Program.

- Payment of expenses incurred by OPM in administering the REHBP.

Funds appropriated to this account remain available until expended for the purpose of funding the Government's share of health benefits costs for annuitants and survivors who no longer have an agency to contribute the employer's share. OPM has the authority to notify the Secretary of the Treasury of the "such sums as may be necessary" to carry out these provisions.

# Government for Annuitants, Employee Life Insurance

**(In Millions of Dollars)**

|  | FY 2003 Actual | FY 2004 Estimate | FY 2005 Request | FY 2005 Change |
|---|---|---|---|---|
| **Budget Authority** | 34 | 35 | 35 | 0 |
| **Obligations** | 34 | 35 | 35 | 0 |
| **Outlays** | 34 | 35 | 35 | 0 |

Public Law 96-427, Federal Employees' Group Life Insurance Act of 1980, requires that all employees under age 65 who separate for the purposes of retirement on or after January 1, 1990, continue to make contributions toward their basic life insurance coverage (currently $0.33 per month for each $1,000 of coverage). As with active Federal employees, the Government is required to contribute one-third of the cost of the premium (currently $0.17 per month for each $1,000 coverage) for basic coverage. OPM, act-

ing as the payroll office on behalf of Federal retirees, is requesting the funds necessary to make the required Government contribution associated with annuitants' post-retirement basic life insurance coverage.

Funds appropriated to this account remain available until expended for the sole purpose of financing post-retirement life insurance benefits. OPM notifies the Secretary of the Treasury of the "such sums as may be necessary" to carry out these provisions each fiscal year.

# Payment to the Civil Service
# Retirement and Disability Fund

**(In Millions of Dollars)**

|  | FY 2003 Actual | FY 2004 Estimate | FY 2005 Request | FY 2005 Change |
|---|---|---|---|---|
| **Budget Authority** | 21,878 | 25,970 | 26,372 | 402 |
| **Obligations** | 21,878 | 25,970 | 26,372 | 402 |
| **Outlays** | 21,878 | 25,970 | 26,372 | 402 |

The Payment to the Civil Service Retirement and Disability Fund consists of an appropriation and a permanent indefinite authorization to pay the Government's share of retirement costs as defined in the Civil Service Retirement Amendments of 1969 (Public Law 91-93), the Federal Employees Retirement Act of 1986 (Public Law 99-335) and the Civil Service Retirement Spouse Equity Act of 1985 (Public Law 98-615). The payment is made directly from the General Fund of the U.S. Treasury into the Civil Service Retirement and Disability Fund and is in addition to appropriated funds contributed from agency budgets.

## Current Appropriation

Public Law 91-93 provides for an annual appropriation to amortize, over a 30-year period, all increases in Civil Service Retirement System costs resulting from acts of Congress granting new or liberalized benefits, extensions of coverage, or pay raises, exclusive of the effects of cost-of-living ad-

justments. OPM has notified the Secretary of the Treasury each year of the "such sums as may be necessary" to carry out these provisions.

## Permanent Indefinite Authorization

Public Law 91-93 also provides permanent indefinite authorization for the Secretary of the Treasury to transfer, on an annual basis, an amount equal to 5 percent interest on the Civil Service Retirement System's current statutory unfunded liability, calculated based on static economic assumptions, and annuity disbursements attributable to credit for military service.

Also, in accordance with Public Law 98-615, the Secretary of the Treasury is authorized on a permanent indefinite basis to transfer an amount equal to the annuities granted to eligible former spouses of annuitants who died between September 1978 and May 1985 who did not elect survivor coverage.

# Chapter 8
# Measurement and Evaluation Strategy

## The Human Capital Logic Model

During FY 2003, OPM reevaluated how it develops performance indicators and adopted a program logic approach by which the agency will be able to develop a more stable array of performance indicators that are predominately quantitative in nature and better focused on program outcomes. This new approach resulted in the development of the Human Capital Logic Model, which is based on the following premises:

1. Focusing performance measurement on programs and program outcomes instead of on goals would provide a stable basis for OPM's performance indicators.

2. The Program Assessment and Rating Tool supports a programmatic approach to performance measurement and program evaluation.

3. All OPM programs and functions ultimately lead to three Governmentwide human capital outcomes—Talent, Perform-

ance Culture, and Leadership/Knowledge Management, as defined in the Human Capital Standards for Success.

To develop the Human Capital Logic Model, OPM adopted the human capital outcomes as its overarching corporate outcomes and defined and organized its programs according to these outcomes.

The program logic approach represents a significant change from the organizational approach OPM has used heretofore to develop its performance goals and indicators. Under the organizational approach, OPM's offices first described their performance goals for a given fiscal year and then wrote performance indicators that would demonstrate whether the goal was achieved. OPM believes that the program logic approach will bring consistency and stability to its performance measurement system, because performance indicators will now be based on program outcomes instead of organizational goals.

## How the Logic Model Works

The program logic model (shown on the following page) assumes that Federal agencies are comprised of programs established for specific purposes. A program's purpose is extrapolated to describe the outcome(s) that program effects in the external environment. The extent to which these outcomes are achieved can be determined by multiple quantitative performance indicators which cluster

around the program outcomes and assess them from a variety of perspectives—i.e., process efficiency, program effectiveness, and financial improvement.

Since the programs and their outcomes are relatively stable entities, the performance indicators clustered around the outcomes are also

stable and thus can be tracked over time to assess progress.

As OPM continues to use the logic model, it will set "strategic targets" for each indicator that represent full achievement of the related program outcome. Consequently, OPM's executives and program managers will be able to compare actual performance to strategic targets and to identify performance gaps. They can then analyze these performance gaps and identify what they need in terms of resources, initiatives, strategies, or legislative changes to close these gaps. This information in turn can be used to develop performance goals and budget requests (see diagram below).
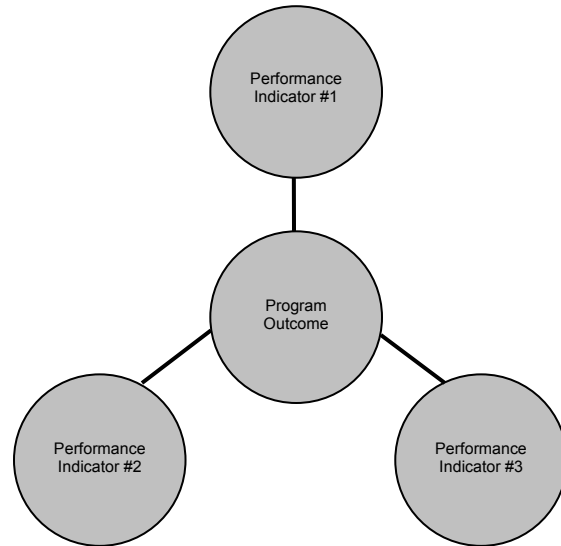
Thus, OPM's budget request and performance goals will become more performance-based



and will more clearly describe what results the agency will achieve at specific resource levels.
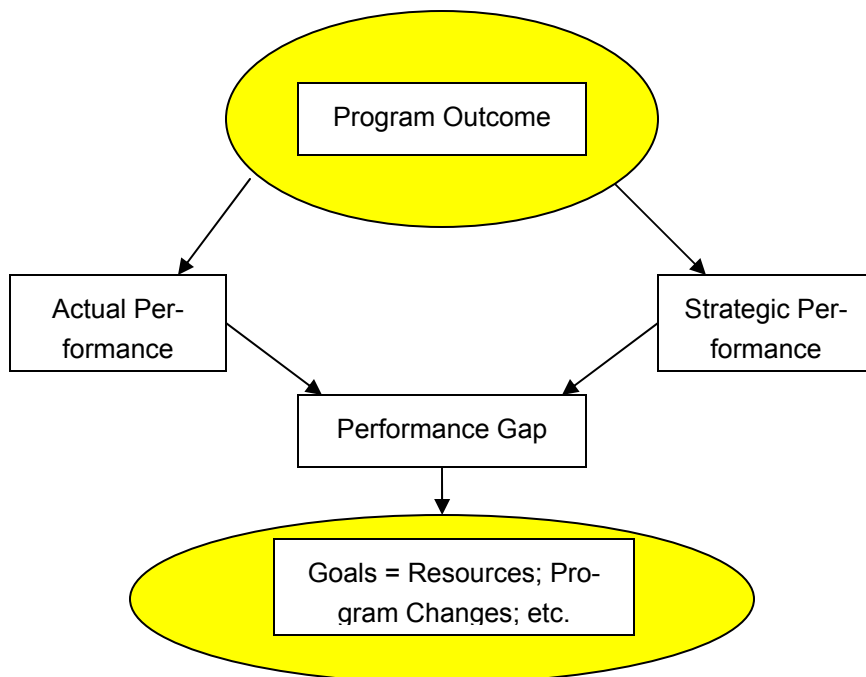
# PART Influences on the Human Capital Logic Model

A key influence in developing the Human Capital Logic Model was OPM's experience with the Program Assessment and Rating Tool which was applied to three of the agency's programs during the FY 2004 and FY 2005 budget processes. The programs subjected to PART analysis were the Federal Employees Retirement Program, the Federal Employees Group Life Insurance Program, and the Inspector General's FEHB Integrity Program.

The PART seeks to identify and define Federal programs and organizes an agency's goals, activities, outputs, and outcomes accordingly. OPM sought to leverage the lessons learned for its PART experiences, and to implement the PART recommendations made by OMB, by developing a model of its programs. This model defines each program's purpose and outcomes, as required by the PART, and also show the relationships between the program's outcomes, the activities OPM undertakes to administer the program, and the outputs produced in so doing.

The PARTs of the Retirement and Life Insurance program revealed that, under the agency's new organizational structure, OPM programs are spread across its operating divisions. That is, virtually every program has policy components that are carried out by the Division for Strategic Human Resources Policy; support and oversight components that are the responsibility of the Division for Human Capital Leadership and Merit Systems Accountability; and products and services that are delivered by the Division for Human Resources Products and Services.

In accordance with the precepts of the Human Capital Standards for Success, virtually all OPM programs and resources should lead to three overarching outcomes based on the three human capital drivers: Talent, Performance Culture, and Leadership Capacity. OPM adopted the outcomes described in the Standards for Success for these three drivers and leveraged the individual standards as performance metrics. As shown in the following table, OPM has organized all of its mission-related programs under these overarching outcomes and sees its Management Strategy as an enabling program.

OPM has developed a more detailed logic model that describes the specific activities, outputs, and outcomes for each of its programs. This detailed view also describes the performance indicators OPM has implemented or is implementing as it continues to work with this approach to performance measurement. Because the detailed logic model provides detail to the level of program activities, OPM is able to break down the model by activity and reassemble it by annual performance goal. Thus, each of OPM's FY 2005 performance goals is based upon a unique collection of program activities, outputs, outcomes, and performance indicators. These are delineated at the end of each performance goal in Chapter 6 of this budget request, and show the performance level OPM expects to achieve for each goal during FY 2005.

OPM will continue to refine the logic model to clarify and improve how program outcomes, outputs, and activities are described, and improve its performance indicators. The agency

recognizes that some program outcomes are not being fully measured by the indicators appearing in this budget request, and will continue to study potential new indicators and data sources as it applies the PART to its pro-

grams (the Federal Employees Health Benefits Program is scheduled for PART analysis in spring 2005) and prepares future budget requests.

## HUMAN CAPITAL LOGIC MODEL: CORPORATE OUTCOME VIEW

| | Talent | Performance Culture | Leadership/Knowledge Management |
|---|---|---|---|
| **Corporate Outcomes** | **Talent** Agency has closed most mission-critical skill, knowledge, and competency gaps and has made meaningful progress toward closing all such gaps. | **Performance Culture** Agency has a diverse, results-oriented, high-performance work force and a performance management system that effectively differentiates between high and low performance, and links individual/team/unit performance to organizational goals and desired results. | **Leadership/Knowledge Management** Agency leaders and managers effectively manage people, ensure continuity of leadership, and sustain a learning environment that drives continuous improvement in performance. |
| **Mission Programs** | Talent<br>Hiring & Recruiting<br>Workforce Information & Planning<br>Staffing & Examining<br>Work/Life<br><br>Benefits<br>Retirement<br>Health Benefits<br>Life Insurance<br>Long-Term Care Insurance | Performance Culture<br>Pay & Classification<br>Performance Management<br>Workforce Relations<br>Diversity<br>Merit System Compliance | Leadership Capacity<br>Executive Resources<br>Executive Pay & Accountability<br>Leadership Development |
| **Enabling Programs** | Management Strategy<br>Executive Services<br>Management & CFO<br>E-Government<br>Inspector General | | |

## Efficiency Indicators

Efficiency indicators will be high on OPM's performance measurement agenda as the agency continues to implement the logic model. OPM has newly established efficiency indicators for many of its program activities in this budget request. These new indicators were developed as part of OPM's ongoing implementation of the Budget and Perform-

ance Integration initiative under the President's Management Agenda. OPM recognizes that this work is not yet completed and will continue to review its internal business processes for opportunities to develop efficiency indicators for those program activities that do not yet have them.

# Agency Feedback

Feedback from other Federal agencies regarding the usefulness and effectiveness of OPM human capital policies and flexibilities is an important part of assessing the agency's performance. Therefore, during spring 2004, OPM will develop an array of new data collections to obtain this feedback on a regular—and, in some cases, an ongoing—basis. To minimize the impact on its scarce budgetary resources, OPM will share resources from across the agency to design and implement these data collections. Potential audiences will include staff working in agency human resources departments, including human resources and human capital specialists, benefits officers, and work/life coordinators.

OPM will also leverage the human capital network of human capital officers at OPM and their agency contacts. Feedback will additionally be collected from CHCOs, Federal managers, and—possibly—members of the President's Management Council.

The results from these various data collections will most likely be weighted and indexed and used to support specific performance indicators in the Human Capital Logic Model, for program evaluation studies when the data aligns with the purposes of these studies, and ongoing analysis by program staff.

# Summary of FY 2005 Annual Goals and Performance Indicators

| STRATEGIC HUMAN RESOURCES POLICY | | |
|---|---|---|
| **STRATEGIC GOAL 1:** Federal agencies adopt human resources management systems that improve their ability to build successful, high performance organizations. | | |
| **SHRP Annual Performance Goal 1**:Reform the structure and pay of the Senior Executive Service and improve developmental opportunities for its members. | | |
| **Indicator** | **FY 2004 Target** | **FY 2005 Target** |
| % of stakeholders who are satisfied with leadership policy and guidance | 70% | 70% |
| % of stakeholders who agree that leadership programs and initiatives encourage continuity of leadership | 20% | 20% |
| % of stakeholders who report that there is an active leadership development program in their agency | 20% | 20% |
| **SHRP Annual Performance Goal 2:** Design modernized Federal benefit programs that are cost-effective and competitive, and support agencies' recruitment and retention efforts. | | |
| **Indicator** | **FY 2004 Target** | **FY 2005 Target** |
| % of major Executive agencies that have a telework policy in place under section 356 of P.L. 106-346 | 100% | 100% |
| % of eligible workforce teleworking | 16% | 18% |
| % of major Executive agencies that give eligible employees formal notice of the opportunity to tele-work | 55% | 65% |
| % of employees who be-lieve work/life programs can help employees balance work/family needs | 40% | 45% |
| % New hires indicating work/life program is important | 5% | 6% |
| % of employees indicating work/life program is important | 5% | 6% |
| % of employees who indicate work/life programs made a difference in accepting/staying in Federal service | 5% | 6% |
| % stakeholders who indicate work/life benefits help them better manage workforce needs | 5% | 6% |
| Benchmarking indicates programs are competitive | At least average | At least average |
| % of new hires saying retirement benefits were important in deciding to seek Federal employment | 40% | 40% |
| % of current employees  who say retirement benefits are an important factor in their decision to remain in Federal service | 66% | 66% |
| Benchmarking retirement program competitiveness | At least average | At least average |
| % of new hires who say that Health Benefits were important in their decisions to seek Federal employment | 55% | 55% |
| % of  employees  who say Health Benefits are an important factor in their decision to remain in Federal service | 55% | 55% |
| Benchmarking Health Benefits program competitiveness | At least average | At least average |
| % of new hires who say that LI and LTC were important in their decisions to seek Federal employment | LI: 55%<br>LTC: 20% | LI: 55%<br>LTC: 20% |

| % of employees who say LI and LTC are an important factor in their decision to remain in Federal service | LI: 55% LTC: 20% | LI: 55% LTC: 20% |
|---|---|---|
| Benchmarking LI and LTC program competitiveness | At least average | At least average |

**SHRP Annual Performance Goal 3:** Develop new Governmentwide labor relations, disciplinary, and performance-based action systems.

| Indicator | FY 2004 Target | FY 2005 Target |
|---|---|---|
| % of stakeholders satisfied with policy, guidance, and support | 69% | 70% |
| % of Federal managers indicating that policy, guidance, and support help build a performance culture at their agency; i.e., (a) complaints, disputes and grievances are resolved fairly, (b) steps are taken to deal with poor performers, and (c) individuals are held accountable for achieving results | (a)  46% (b)  30% (c)  80% | (d)  48% (e)  33% (f)  80% |

**SHRP Annual Performance Goal 4**: Provide accurate and timely workforce statistics and information to customers.

| Indicator | FY 2004 Target | FY 2005 Target |
|---|---|---|
| Average processing time (days) to build a CPDF Status file each quarter | 5 days | 5 days |
| Average processing time (days) to build a CPDF Dynamics file each quarter | 5 days | 5 days |
| % of CPDF Status file data that are accurate | 97% | 97% |
| % of CPDF Dynamics file data that are accurate | 92% | 92% |
| % of customers who are satisfied with workforce information products and services | 88% | 88% |

**SHRP Annual Performance Goal 5**: Support the implementation of new, broad human resources flexibilities, including pay and performance management flexibilities at DHS and DOD, and build on lessons learned from these to provide agencies with additional strategic flexibilities for ensuring the performance culture of their work force.

| Indicator | FY 2004 Target | FY 2005 Target |
|---|---|---|
| Agency performance as assessed by HCAAF | Establish baseline | Exceed baseline |

**SHRP Annual Performance Goal 6:**  Provide agencies with new strategic flexibilities regarding Federal pay policy.

| Indicator | FY 2004 Target | FY 2005 Target |
|---|---|---|
| % of stakeholders satisfied with the design and implementation of new systems | 50% | 55% |
| Pay tables are updated in a timely manner | Meet milestones | Meet milestones |
| % of stakeholders aware of retention allowances | Improve by 5% | Improve by 5% |
| % of stakeholders aware of student loan repayments | Improve by 5% | Improve by 5% |
| % of stakeholders aware of recruitment incentives | Improve by 5% | Improve by 5% |

**SHRP Annual Performance Goal 7:** Increase the range of recruiting and hiring strategic flexibilities available to Federal agencies.

| Indicator | FY 2004 Target | FY 2005 Target |
|---|---|---|
| % of HR Specialists satisfied with hiring,  staffing, and training policies | 15% | 25% |
| % of employees indicating their work unit is able to recruit people with the | 44% | 49% |

| right skills | | |
|---|---|---|
| % of HR Specialists  satisfied with policy guidance | 15% | 25% |
| # of occupational standards issued | 4 | 4 |
| Weighted average age of classification standards | 192 months | 180 months |

## HUMAN CAPITAL LEADERSHIP & MERIT SYSTEM ACCOUNTABILITY

**STRATEGIC GOAL 2:** Federal agencies use effective merit-based human capital strategies to create a rewarding work environment that accomplished the mission.

**HCLMSA Annual Performance Goal 1:**  Lead agencies to strategically develop talent, leadership and performance culture to deliver results on agency mission.

| Indicator | FY 2004 Target | FY 2005 Target |
|---|---|---|
| **Talent** | | |
| Turnaround time on requests, inquiries and deliverables from agencies | Establish baseline | Average turnaround times decrease by 5% |
| Number of PMC agencies with significantly reduced skill gaps in mission critical occupations | 12 | 20 |
| Agency satisfaction with HCLMSA technical assistance | Establish baseline | Average of all agency satisfaction scores improves by 10% |
| Employee satisfaction score (FHCS) | Improvement in a significant # of agencies | Improvement in a significant # of agencies |
| **Leadership and Knowledge Management** | | |
| Turnaround time on requests, inquiries, and deliverables from agencies | Establish baseline | Average turnaround times decrease by 5% |
| Number of PMC agencies with quality leadership succession plans | 12 | 20 |
| Agency satisfaction with HCLMSA technical assistance | Establish baseline | Average of all agency satisfaction scores improves by 10% |
| Employee perspectives on leadership effectiveness (FHCS) | Improvement in a significant # of agencies | Improvement in a significant # of agencies |
| **Performance Culture** | | |
| Turnaround time on requests, inquiries and deliverables from agencies | Establish baseline | Average turnaround times decrease by 5% |
| Number of agencies with linked performance appraisal plans | 12 | 20 |
| Performance culture score (FHCS) | Improvement in average score of participating agencies | Improvement in a significant # of agencies |
| SES performance rating distribution as related to agency performance (PAR) | Establish baseline | Significant # of agencies have a correlation between SES performance results and PAR |
| Agency satisfaction with HCLMSA technical assistance | Establish baseline | Average of all agency satisfaction scores improves by 10% |

**HCLMSA Annual Performance Goal 2**: Ensure agency compliance with personnel practices required by law, executive order, and regulation.

| Indicator | FY 2004 Target | FY 2005 Target |
|---|---|---|
| Turnaround time on requests, inquiries and deliverables from agencies | Establish baseline | Average turnaround times decrease by 5% |
| % of PMC agencies under audit | 30% | 30% |
| % of agencies that take appropriate action on significant audit recommendations | Establish baseline | 75% |
| % of agencies that meet relevant personnel security standards | 75% | 90% |
| % of agencies that have workforce safety plans | 90% | 100% |

## HUMAN RESOURCES PRODUCTS AND SERVICES

**STRATEGIC GOAL 3:** Meet the needs of Federal Agencies, employees, and annuitants through the delivery of efficient and effective products and services.

**HRPS Annual Performance Goal 1**:  Support an improved hiring process by performing suitability casework and other investigative services effectively.

| Indicator | FY 2004 Target | FY 2005 Target |
|---|---|---|
| % applicant suitability determinations completed w/in contract timeframes | 99% | 99% |
| % Suitability Determinations sustained when appealed to MSPB | >99% | >99% |
| % BIs closed w/in contract delivery date | 40% | 75% |
| % of cases returned for correction | <1% | <1% |
| Full cost recovery for CFIS products & services | yes | Yes |
| % customers satisfied with CFIS products & services | 95% | 95% |

**HRPS Annual Performance Goal 2:** Improve the effectiveness of OPM's recruitment, assessment, staffing, and training/management assistance services through increased automation and technical assistance, while recovering the full cost of delivering these services.

| Indicator | FY 2004 Target | FY 2005 Target |
|---|---|---|
| Full cost recovery maintained over a three year period for reimbursable services | Yes | Yes |
| Agency acceptance rate of TMA project deliverables is at least 95% | >95% | >95% |
| >90% customers satisfied with Talent's products and services | ≥ 90% | >90% |
| % customers agreeing Talent's reimbursable services contribute to improving organizational effectiveness | 83% | 84% |
| >90% customers express repurchase intention (customer loyalty | >90% | >90% |

**HRPS Annual Performance Goal 3:**  To demonstrate improvement in individual leaders' knowledge and expected/actual performance or that of their organization as a result of HRPS training and developmental services.

| Indicator | FY 2004 Target | FY 2005 Target |
|---|---|---|
| Evaluation ratings for MDC, CEL, PMF programs (Scale of 1-5): | | |
| - Level 1 All Programs | 4.5 | 4.5 |
| - Level 1 PMF (formerly, PMI) Development | 4.2 | 4.3 |
| - Level 2 MDC and CEL | 4.0 | 4.0 |
| - Level 2 LDS | 4.0 | 4.1 |
| - Level 2 PMF (formerly, PMI) Development | No data | 4.1 |
| # training sessions | 328 | 340 |
| # participants | 9,950 | 10,274 |
| # participant training days | 83,186 | 84,850 |
| Full cost recovery for MDCs & FEI | Yes | Yes |

**HRPS Annual Performance Goal 4:** Retirement income security is facilitated by reducing claims processing times while increasing self-servicing and implementing new technology through the Retirement Systems Modernization project.

| Indicator | FY 2004 Target | FY 2005 Target |
|---|---|---|
| *Claims processing timeliness*: | | |
| -Interim Annuity Payment | 4.0 days | 4.0 days |
| - CSRS Annuity | 56 days | 52 days |
| - FERS Annuity | 80 days | 76 days |
| - CSRS Survivor | 29 days | 28 days |
| Claims processing unit cost | $89 | $89 |
| Customer Calls Handled | 1,500,000 | 1,500,000 |
| Call Handling Rate | 95% | 95% |
| Customer Service unit cost | $5.50 | $5.50 |
| % Services provided on-line | 40% | 40% |
| *Claims processing accuracy*: | | |
| - CSRS Annuity | 96% | 96% |

| | | |
|---|---|---|
| - FERS Annuity | 94% | 94% |
| - CSRS Survivor | 96% | 96% |
| Erroneous payment rate | 0.35% | 0.33% |
| % Annuitants satisfied with overall retirement services. | 93% | 93% |

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

| Indicator | FY 2004 Target | FY 2005 Target |
|---|---|---|
| FEHB Erroneous payment Rate | 0.36% | 0.34% |
| % of accredited FEHB plans meets or exceeds prior year level | ≥69% | ≥70% |
| % of customers enrolled in FEHB accredited plans meets or exceeds prior year level | ≥76% | ≥77% |
| Overall customer satisfaction scores for enrollees in FEHB plans meet or exceed industry standard | FEHB*: ≥industry standard | FEHB: ≥industry standard |
| FEGLI Paid Claims timeliness meets or beats 10 day industry standard | 10 days | 10 days |
| FSA measures to be determined later in FY 2004 | No data | TBD |
| FEGLI Paid Claims accuracy | 99.5% | 99.5% |
| FEGLI erroneous payment rate | 0.01% | 0.01% |
| FLTCIP Enrollment Totals | 216,230 | 232,230 |
| % of FLTCIP Service Calls Answered within 20 seconds | 85% | 85% |
| FLTCIP Service Call Center Handling Rate | 97% | 97% |
| % of FLTCIP customers who Rate Overall Satisfaction with Customer Service | 95% | 95% |

## MANAGEMENT AND CHIEF FINANCIAL OFFICER

**MANAGEMENT STRATEGY:** Create an environment that fosters the delivery of services to its customers and employees through effective communication and management of human capital, technology, financial resources and business processes.

**MCFO Annual Performance Goal 1**: Build the capacity of the agency to meet its goals and carry out its mission.

| Indicator | FY 2004 Target | FY 2005 Target |
|---|---|---|
| % of Annual Performance Goals met | 90% | 90% |
| Assign or update Position Sensitivity Designations for positions within OPM | 1750 | 1250 |
| Reduce the processing time for initiating the required background investigation for OPM employees | 14 days | 10 days |
| Reduction in time to control classified material | 3 days | 1 day |
| Time to publish new or updated BRP's | 170 days | 160 days |
| % of Position Sensitivity Designations | 85% | 100% |
| # of BIs completed | 350 | 500 |
| # of documents controlled | 150 | 175 |
| # of BRPs published or updated | 4 | 4 |
| Average Cost to provide human capital services per employee | $2,250 | $2,250 |
| Hiring cycle time from receipt of manager's request to hire | 45 days | 45 days |
| Overall management satisfaction with quality of HR services (per annual agency survey) | 90% | 90% |
| End of year Rating on HC Executive Scorecard | Green | Green |
| % of women in OPM workforce | 63.5% | 63.5% |

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| | | |
|---|---|---|
| % of minorities in OPM workforce | 36.4% | 36.4% |
| Cost savings that result from competitions | $4.0 M | $3.5 M |
| $ Savings on telecommunications | $10,000 | $10,000 |
| EOY Rating on Competitive Sourcing Executive Scorecard | Green | Green |
| FTE performing commercial activities competed | 529 | 500 |
| % of contract actions completed | 97% | 97% |
| % of contracts that are performance-based | 76% | 76% |
| Rate of unclear suspense accounts 60+ days old | 40% | 25% |
| % accounts receivable delinquent | 15% | 15% |
| Unqualified audit opinions | Unqualified | Unqualified |
| Material weaknesses | None | None |
| End of year rating on FP Executive Scorecard | Green | Green |
| End of year rating on BPI Executive Scorecard | Yellow | Green |
| % of time mainframe available during agreed upon service hours | 99% | 99% |
| Timely completion of system support requests | 90% | 92% |
| Material security weaknesses (in financial audits) | None | None |
| Computer Security Awareness Training provided | 100% | 100% |
| Complex password duration | 90 days | 90 days |

**Expanding e-Government Annual Performance Goal 1:** Federal agencies use OPM e-Gov human resources solutions to build successful, high-performance organizations.

| Indicator | FY 2004 Target | FY 2005 Target |
|---|---|---|
| Number of agencies for which tool is available | 18 agencies | 25 agencies |
| % of users judging the tool to be useful. | 50% | 70% |
| Plan complete | Revised Capital Asset plan for e-HRIS | Completed project plan |
| Project plan for implementing merger strategy | n/a* | Project plan, e-Payroll FEA architecture, and technology replacement report |
| Number of SF-186 forms submitted through e-Qip and received by PIPS | 5,000 | 12,000 |
| % of federal agencies that have deployed e-Qip | 10% | 25% |
| % of files submitted through e-Qip that was rejected | 5% | 2% |
| Increase number of eligible users (users registered) of the GoLearn site | 142,000 | 193,000 |
| Increase the annual number of GoLearn courses completed | 150,000 additional courses completed | 200,000 additional courses completed |
| Increase the number of participating entities | 58 | 75 |
| % of Federal job applicants applying on-line using ROS | 82% | 84% |
| % availability of applicant status tracking data | 82% | 84% |
| Customers satisfied with USAJOBS | 72 | 73 |
| % of customers satisfied with application process | 52.5% | 55% |
| Average number of visitors to site, daily | 226,750 | 272,100 |
| Number of applications/resumes on file annually | 650,000 | 812,000 |

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| OFFICE OF THE INSPECTOR GENERAL | | |
|---|---|---|
| **OPM Strategic Goal III:**  Meet the needs of Federal agencies, employees, and annuitants through the delivery of efficient and effective products and services. | | |
| **OIG Annual Performance Goal 1**: Provide independent oversight of agency programs, functions, and activities. | | |
| **Indicator** | **FY 2004 Target** | **FY 2005 Target** |
| Return on investment | $10 | $10 |
| Carrier audit cycle | 3 years | 2.9 years |
| FEHB Audit Recovery Rate | 70-75% | 70-75% |
| Positive Financial impact | $143 M | $157 M |
| # of  carriers not audited within 5 year retention period | 76 | 68 |
| Average FEHBP Unaudited years. | 4.8 years | 3.4 years |
| **OIG Annual Performance Goal 2**: Detect, investigate, and prevent fraud, waste, and abuse against OPM programs. | | |
| **Indicator** | **FY 2004 Target** | **FY 2005 Target** |
| # of arrests | 35 | 55 |
| # of indictments | 33 | 53 |
| # of convictions | 33 | 53 |
| # of debarments and suspensions | 3,300 | 3,500 |
| # of debarment inquiry responses | 3,100 | 3,200 |

# Program Evaluation and Performance Measurement Spending Plan

This Program Evaluation and Performance Measurement Spending Plan describes OPM's preliminary blueprint for leveraging the agency's performance measurement, evaluation, and research capacity to strengthen its ability to assess and evaluate its programs and initiatives, carry out ongoing program performance measurement, and conduct forward-looking research in support of human resources policy. Effectively managing these resources supports the agency's ability to fulfill its mission of building a high-quality and diverse Federal work force based on Merit System Principles.

During FY 2004, OPM will formalize the process by which research and evaluation activities are funded and prioritized. On behalf of the Director of OPM, the Associate Director for Management/Chief Financial Officer and the Chief Human Capital Officer will manage all research and evaluation funding. The MCFO and CHCO will issue a call for the submission of research and evaluation proposals that support OPM's Strategic Plan. Proposals submitted by the Associate Directors will include detailed cost estimates and may address needs related to data collection efforts. Initial research activities will focus more on synthesizing existing information and studies rather than conducting new research. Where appropriate, divisions will be asked to provide an "in-kind match"—either with dollars or staff time—to supplement resources provided from the central funding source. After all proposals have been received and evaluated, the MCFO and CHCO will make recommenda-

tions to the Director of OPM on the allocation of funding. The Director will make final funding decisions. This approach will also be applied to the selection of evaluation and research projects for FY 2005, when the agency's budget request for such activities will be $5 million.

Research and evaluation studies will tell OPM whether its programs are achieving their intended outcomes, whether these outcomes are being achieved at a reasonable cost, and in what areas they are lacking. The findings from these studies will lead to recommendations regarding program and policy changes to overcome these shortcomings. It is expected that recommendations regarding new program performance measures will flow from these studies and be implemented by the performance measurement staff in the MCFO Program Performance and Evaluation Branch. In addition, the application of the PART to OPM programs may identify the need for program evaluations and new performance measures.

OPM's three human capital/resource divisions can conduct research and evaluation efforts as well. As performance measures are established and refined, program offices will monitor their management decisions and operations against these metrics. Reviews conducted by the divisions might include forward-looking research and evaluations to identify human capital innovations and to identify potential solutions to those existing programs and policies identified as lacking by the Strategic Planning/Budget/PMA Scorecard Group. This

approach is consistent with OPM's statutory responsibility to maintain a research capability to help improve Federal personnel management (see Section 4702, 5 U.S.C.).

The cumulative effect of all OPM evaluation efforts will facilitate a focus on program outcomes, performance measurement, and a broad range of current and emerging initiatives in human resources policy. Research and evaluation of existing and new programs/policies will enable OPM to evaluate and improve its continuum of products and services.

## Preliminary Research and Evaluation Plan

OPM has developed a preliminary research and evaluation plan. The list of proposed studies will be refined during the second quarter of FY 2004 to ensure that it addresses the most crucial issues challenging OPM today. An estimated $500,000 to $600,000 (in centrally provided funding) will be required for each study. These potential studies, along with others, will be considered through the new review process for research and evaluation proposals. As a result, some studies may be deleted from this list and others added.

The current list of studies (see the following tables) address the development of a new personnel system for the Department of Homeland Security, the effectiveness of efforts to streamline the Federal hiring process, and the impact of new policy concerning SES pay re-

form. Other studies represent areas of significant importance to the Strategic Management of Human Capital initiative, such as an assessment of the effectiveness of the Federal Government's human capital structure and of the effectiveness of work force planning Governmentwide. Other studies stem from OPM's application of the PART to its programs or from other evaluation efforts already under way within OPM.

To conduct all of these studies—or a similarly comprehensive list—will take several years (see the last table in this chapter ). OPM is committed to establishing a vibrant evaluation culture and to addressing the crucial human capital issues challenging the Federal Government today.

### STUDY 1

| Title | The Effectiveness of the Federal Government's Human Capital Structure |
|---|---|
| Research Questions | Do CHCOs receive the assistance they need from OPM? |
| | What barriers prevent OPM HCOs from providing needed assistance? |
| | What barriers prevent CHCOs from affecting human capital outcomes? |
| Description | The success of the Federal human capital initiative requires that OPM HCOs provide the CHCOs with the information, guidance, and other assistance needed to manage human capital. OPM's assistance, however, will be moot if the CHCOs cannot or do not implement human capital programs in their agencies. This study will help ensure that CHCOs receive all needed assistance, which they can then apply to their agencies. |
| Data Collection | A survey will be used to assess CHCO satisfaction with OPM assistance and to identify barriers that hamper human capital initiatives. Interviews and a focus group with CHCOs will be used to provide additional information and to generate possible solutions. The Human Resources Directors Survey and focus groups will be used to identify barriers to the successful |

implementation of initiatives sponsored by the CHCOs.  Finally, managers will be surveyed to assess the practicality and feasibility of human capital initiatives at the line level.

## STUDY 2

| Title | A Study of the Development of the Department of Homeland Security and Implementation of a New Personnel System |
|---|---|
| Research Questions | How effective is DHS in recruiting and retaining a high-quality productive work force in accordance with Merit System Principles? |
| | How well have the different agency components been integrated into one culture? |
| | Are managers in DHS satisfied with the new personnel system, and do employees perceive it as fair? |
| | What changes in the policies and procedures relating to methods for disciplining employees would result in improved personnel management? |
| Description | In the Homeland Security Act of 2002, Congress provided DHS with a new set of human resources flexibilities.  Some of the expected effects will be measured as part of OPM's annual performance reporting.  An evaluation of the creation of DHS, implementation of the new personnel system, and overall effectiveness and fairness should be conducted.  The Homeland Security Act also provides for a demonstration project relating to disciplinary action.  This is a unique opportunity to study alternatives to the current disciplinary system. |
| Data Collection | Data collected for the performance measures described in the impact evaluation model for Strategic Goal 1, Objective 2; data for new human capital metrics now being developed at OPM, and additional measures and supporting data collections will be developed as needed to assess the practicality and feasibility of human capital initiatives at the line level. |

## STUDY3

| Title | Are the Federal Employees' Retirement and Life Insurance Programs (or the Entire Benefits Package) Designed to Meet the Needs of the Current and Future Work Force, and Do They Have a Positive Impact on Recruitment and Retention? |
|---|---|
| Research Questions | How comparable are Federal benefits programs to what private sector organizations offer their employees, and what evidence exists that they facilitate recruitment and retention? |
| | Does the current OPM Retirement Program have a positive impact on employee recruitment and retention? |
| | Does the current OPM Life Insurance Program have a positive impact on employee recruitment and retention? |
| | (Same questions for FEHB and other benefits.) |
| | To what extent are these benefits program impacts affected by the life stage of the employee/applicant? |
| | To what extent are these benefits program impacts similar to those found in the private sector? |
| | When compared with the private sector, or following research with employees and applicants, or industry, academic, association or other studies, are there aspects of the Retirement Program or Life Insurance Programthat need to be changed, amended, and/or expanded? |
| Description | OPM's experience in completing the Program Assessment and Rating Tool for the Federal Retirement and Life Insurance Programs raised some unanswered questions regarding the impact of these programs on recruitment and retention.  The efficiency and effectiveness of the benefits programs will be evaluated as part of the ongoing Government Performance and Results Act evaluation.  A special study is needed to examine the proposed research questions.  This study should be expanded to examine the impact of the entire Federal benefits |

| | package on recruitment and retention. |
|---|---|
| Data Collection | Performance data for the indicators relating to the Retirement and Life Insurance Programs will be collected as described in the Impact Evaluation Models that OPM developed to support its evaluation process. Additional data will be collected through a benchmarking study to obtain information from other sources, such as the private and nonprofit sectors. |

## STUDY 4

| | |
|---|---|
| Title | Return on Investments Study of OPM's Leadership Programs Using Kirkpatrick Level 3 and Level 4 Evaluations with Agency Volunteers to Determine Transfer of Training (Changes in Behavior) and Outcomes Achieved as a Result of Training |
| Research Questions | Have leadership program participants changed their behavior consistent with the skills learned in training courses? |
| | Are program participants actually having an impact in the area targeted for the training? |
| Description | OPM provides interagency residential leadership training and custom program development through its Management Development Centers and the Federal Executive Institute (FEI). The success of the leadership training programs is usually evaluated using participant reaction and learning gain. This study proposes to evaluate whether learned skills and knowledge lead to performance improvements and results such as changes in behavior; or tangible goals achieved as a direct result of the training. Goals used for this type of analysis must be specific and measurable. |
| Data Collection | Instructors from the Management Development Centers and FEI will work with interested agencies to collect the necessary data for the planned studies.. |

## STUDY 5

| | |
|---|---|
| Title | Causes of Improper Payments in the Retirement and Insurance Programs |
| Research Questions | What are the drivers of improper payments in the Retirement, Health Benefits, and Life Insurance Programs? |
| | How do the improper payment amounts and rates in these programs compare to those of other Federal benefits-paying programs? |
| Description | OPM's overpayments appear to be significantly lower than those of other Federal benefits-paying programs. This study will identify the causes of improper payments at OPM and benchmark OPM improper payment rates and its improvement program with those of other Federal agencies. |
| Data Collection | OPM improper payment rates and similar information from other Federal agencies, particularly benefits-paying agencies such as Center for Medicare Services for the Medicare Program, the Social Security Administration for the social security programs, the Veterans Administration, the Railroad Retirement Board, and others. |

## STUDY 6

| | |
|---|---|
| Title | The Impact of the New Policy for SES Pay Reform |
| Research Questions | Is there an increased impact of performance on pay and decreased impact of longevity? |
| | Is there a differential pay progression based on performance? |
| | Are high performers receiving more pay than low performers? |
| | Is there an increased perception by SES managers and employees of a link between pay and |

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| Description | performance, fairness, and increased satisfaction with pay? |
| --- | --- |
| | The legislative proposal for SES pay reform should address the major deficiencies of the current SES pay system and help agencies to link SES pay more closely to performance or contribution to mission accomplishment, and to support strategic human capital investments. |
| Data Collection | Actual data collections to be determined. |

## STUDY 7

| Title | The Impact of Categorical Ratings on the Examining Process |
| --- | --- |
| Research Questions | Are agencies correctly predetermining the categories so the best people are in the correct groups? |
| | Are agencies making clear distinctions between the categories (e.g., qualified, best qualified, etc.)? |
| | Do hiring officials perceive that they are getting better qualified candidates and that the process is simpler, more flexible, and is less time-consuming? |
| | Do qualified veterans in any category meet the requirements for that category and chosen for the position? |
| Description | Categorical ratings provide an alternative examining method that allows all candidates who meet the categorical requirements to be considered, with veterans going to the top of the list within any category.  This examining process in turn should improve the Federal hiring process (simpler process requiring less time and providing an increased number of candidates to hiring officials). |
| Data Collection | Actual data collections to be determined. |

## STUDY 8

| Title | The Effectiveness of the Workforce Planning Initiative through the Strategic Human Capital Initiative |
| --- | --- |
| Research Questions | Have agencies completed gap analyses? |
| | Have agencies implemented action plans that address recruitment, retention, and training? |
| | Have these efforts contributed to reduced competency gaps? |
| | Have agencies institutionalized a workforce planning system to facilitate continuous evaluation? |
| Description | Agency effectiveness is limited by the extent to which its employees possess the competencies needed to perform effectively.  This study will examine the effectiveness of workforce planning in terms of agencies' assessing, addressing, and reducing competency gaps. |
| Data Collection | Perceptual data will be collected from Chief Human Capital Officers, Human Resources Directors, and others.  Internal agency gap analysis reports will be collected and reviewed to provide data on the degree of gap reduction. |

## STUDY 9

| Title | The Effectiveness of Recent Changes to the Federal Hiring Process |
| --- | --- |
| Research | To what extent do agencies use recent OPM hiring innovations (e.g., Recruitment One-Stop, |

| Questions | categorical ratings, and demonstration projects)? |
|---|---|
| | To what extent do these innovations help agencies overcome recruitment barriers? |
| | Are there important elements of the hiring process that are consistent across agencies, are measurable, and can be benchmarked across the Federal community? |
| Description | The backbone of an effective Federal Government is the ability to build a work force with the competencies needed to drive agency success.  OPM's hiring initiative is designed to facilitate the hiring of high-quality candidates by improving the efficiency and effectiveness of recruitment and selection systems. |
| Data Collection | Data will be collected from all stakeholders in the hiring process:  CHCOs, human resources directors, managers, and applicants themselves to gather information on use of and satisfaction with these innovations, barriers to their use, and the availability of effectiveness data (e.g., time-to-hire).  Managers will be surveyed to assess satisfaction with the innovations and barriers that hamper their use.  Finally, applicant reactions to the recruitment and selection process will be assessed. |

## SCHEDULE OF PLANNED STUDIES

| Study | FY 2004 Quarter: | | | | FY 2005 Quarter: | | | | FY 2006 Quarter: | | | | FY 2007 Quarter: | | | | FY 2008 Quarter: | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 1st | 2nd | 3rd | 4th | 1st | 2nd | 3rd | 4th | 1st | 2nd | 3rd | 4th | 1st | 2nd | 3rd | 4th | 1st | 2nd | 3rd | 4th |
| 1: The Effectiveness of the Federal Government's Human Capital Structure | ▓ | ▓ | ▓ | ▓ | ▓ | ▓ | ▓ | ▓ | ▓ | ▓ | ▓ | ▓ | ▓ | ▓ | ▓ | ▓ | ▓ | ▓ | ▓ | ▓ |
| 2: A Study of the Development of the Department of Homeland Security and Implementation of a New Personnel System | ▓ | ▓ | ▓ | ▓ | ▓ | ▓ | ▓ | ▓ | ▓ | ▓ | ▓ | ▓ | ▓ | ▓ | ▓ | ▓ | ▓ | ▓ | ▓ | ▓ |
| 3: Are the Federal Employees' Retirement and Life Insurance Programs (or the Entire Benefits Package) Designed to Meet the Needs of the Current and Future Work Force, and Do They Have a Positive Impact on Recruitment and Retention? | | ▓ | ▓ | ▓ | ▓ | ▓ | ▓ | ▓ | | | | | | | | | | | | |
| 4: ROI Study of OPM's Leadership Programs Using Kirkpatrick Level 3 and Level 4 Evaluations with Agency Volunteers to Determine Transfer of Training (Changes in Behavior) and Outcomes Achieved as a Result of Training | | | | | | | | ▓ | ▓ | ▓ | ▓ | | | | | | | | | |
| 5: Causes of Improper Payments in the Retirement and Insurance Programs | | | | | | | | | | | ▓ | ▓ | ▓ | | | | | | | |
| 6: The Impact of New Policy for SES Pay Reform | | | | | | | | | | | | ▓ | ▓ | ▓ | ▓ | | | | | |
| 7: The Effectiveness of the Workforce Planning Initiative through the Strategic Human Capital Initiative | | | | | | | | | | | | | | ▓ | ▓ | ▓ | ▓ | | | |
| 8: The Impact of Categorical Ratings on the Examining Process | | | | | | | | | | | | | | | | ▓ | ▓ | ▓ | ▓ | |
| 9: The Effectiveness of Recent Changes to the Federal Hiring Process | | | | | | | | | | | | | | | | | | ▓ | ▓ | ▓ |