Congressional Budget Justification and Annual Performance Plan

Fiscal Year 2019

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Executive Summary

FY 2019 Budget Overview

The U.S. Office of Personnel Management (OPM) serves as the chief human resources (HR) agency and personnel policy manager for the Federal Government. The mission of the agency is to lead and serve the Federal Government in enterprise human resources management by delivering policies and services to achieve a trusted effective civilian workforce. OPM directs HR and employee management services, administers retirement benefits, manages healthcare and insurance programs, oversees merit-based and inclusive hiring into the civil service, and provides a secure employment process to attain this mission.

The Federal civil service system has gone decades without a full evaluation of its effectiveness and flexibility to meet the ever changing demands for our Government, not just for today, but into our future. The system has been subject to patchwork fixes, rather than the meaningful reforms needed to serve the American people. The President's Budget focuses on realigning the Federal workforce to mission, aligning total compensation with comparable private sector compensation practices, and pursuit of human capital reforms. The OPM Budget justification and Strategic Plan support these efforts, and OPM stands ready to develop and implement related policy proposals.

OPM requests **$295,920,000** in discretionary resources for Fiscal Year (FY) 2019. **$265,655,000** of this amount is for OPM activities. This funding will support OPM's executive leadership, administrative operations, and services to the Federal Government, its employees, retirees, and the American public. **$30,265,000** is for the Office of the Inspector General (OIG). The OIG routinely conducts independent audits, investigations and evaluations of OPM's programs and operations.

OPM Budget FY 2017 through FY 2019 – Discretionary Resources

OPM Budget Authority	FY 2017 Enacted	FY 2018 Annualized CR	FY 2019
Discretionary Appropriation	**$259,000,000**	**$257,241,131**	**$265,655,000**
Salaries and Expenses Total	**$119,000,000**	**$118,191,871**	**$132,172,000**
Salaries & Expenses	$108,000,000	$107,266,572	$118,172,000
IT Modernization S&E No-Year*	$11,000,000	$10,925,299	$14,000,000
Trust Fund Total	**$140,000,000**	**$139,049,260**	**$133,483,000**
Trust Fund Annual	$140,000,000	$139,049,260	$133,483,000
OIG Discretionary Appropriation	**$30,184,000**	**$29,979,020**	**$30,265,000**
Salaries & Expenses - OIG	$5,072,000	$5,037,556	$5,000,000
Trust Fund Annual - OIG	$25,112,000	$24,941,464	$25,265,000
OPM Total	**$289,184,000**	**$287,220,151**	**$295,920,000**

*The $11 million of IT Modernization resources in FY 2017 are available for use until the end of FY 2018.

The FY 2019 budget request includes funding to enable OPM to meet its statutory responsibilities to establish and oversee human capital policy and to provide personnel-related services pursuant to reimbursable arrangements. Our FY 2019 budget request continues investments that (1) strengthen our information technology and cybersecurity posture, (2) modernize the financial system used to account for and manage Federal Earned Benefits Trust Funds, and (3) launch efforts for a Government-wide Employee Digital Record (EDR).

This budget and OPM's 2018 – 2022 Strategic Plan address key areas of emphasis identified by the President's Management Council for OPM improvement.

OPM Strategic Priorities

OPM's Strategic Plan sets forth the goals and objectives that will allow the Agency to advance its core mission, contribute to efficiency across the Government in the area of human capital management, and more effectively serve its customers. The preparation of OPM's strategic plan involved collecting input from employees and ideas from program and mission support offices, as well as stakeholder and customer input obtained from more than 50 interviews. These interviews included current and former agency leaders, academia, good government groups, and private industry. OPM also considered information gathered from published reports, studies, and findings, such as those compiled by U.S. Government Accountability Office (GAO) and other entities, during the development of the plan.

Using the input and feedback received, OPM created a new strategic plan. This new plan is more focused than previous plans and contains three strategic goals and one operational excellence goal to improve both program operations and management functions. These four goals are:

- Transform hiring, pay, and benefits across the Federal Government to attract and retain the best civilian workforce
- Lead the establishment and modernization of human capital information technology and data management systems and solutions
- Improve integration and communication of OPM services to Federal agencies to meet emerging needs
- Optimize agency performance

While the information gleaned from current and former agency leaders, employees, and stakeholders served as the foundation for the plan, OPM also conducted a review of our functions to align the goals and objectives set forth in the plan with the key functions for which OPM is responsible: Human Capital Leadership, which includes policy, service, and oversight; Benefits, to include Federal benefits for employees and annuitants as well as retirement benefits; and Vetting, which includes investigations, policy and oversight functions related to suitability, and new responsibilities relating to fitness, and credentialing.

OPM's new plan serves as a blueprint for aligning resources, guides leadership decision making to attain goals and improve outcomes, and communicates agency core values to customers and stakeholders. OPM's divisions, offices, and their employees implement the programs and deliver the services that

enable the agency to achieve its mission. By focusing on the areas defined in the strategic plan, OPM will lead and serve Federal agencies in human capital management.

IT Modernization

OPM is responsible for operating and maintaining the information technology (IT) systems used to support the recruitment, hiring, and management of Federal employees, and administration of benefit programs for Federal employees. It is also responsible for the IT systems that support the background investigation processes that enable adjudication of suitability or fitness for Federal employment, to perform work under a Government contract, or to enlist in the armed forces; eligibility for access to classified information or to hold a position that is otherwise national security sensitive; and eligibility for

logical or physical access to Federal agency systems or facilities. The FY 2019 budget request includes $14 million to develop the EDR and continue the modernization of the Trust Fund Federal Financial System.

Employee Digital Record (EDR)

Many ideas emerged during the development of the new Strategic Plan. One that holds significant potential to drive efficiency is the idea to implement an innovative approach to the management of Federal employee records by creating a Government-wide EDR. Currently, HR data systems lack integration within agencies and interoperability among and between agencies and service providers. This results in redundancy, inefficient and occasionally inaccurate reporting, complex and costly vendor management, and incomplete data that makes it difficult to apply needed business processes to core HR functions (e.g., automated collection of employee service and payroll records that could be used to modernize retirement processing).

By establishing an EDR program, OPM provides Federal agencies a holistic and integrated opportunity to capitalize upon their Federal HR data in new and innovative ways while preserving appropriate privacy protections, data quality, and business relevance. The EDR program includes a data standards component, a more secure and more timely data exchange component, a data lake or centralized data repository component, and a business process improvement component. Each of these components will be managed to remain in harmony by a forward-looking governance structure that includes OPM experts, Federal HR experts, and industry experts. A Government-wide EDR is also an essential underpinning to an effective Shared Services environment. By establishing an EDR program, OPM plans to drive a Government-wide Federal HR data improvement strategy that will:

- Collect employee data once and use it many times across the employee lifecycle;
- Allow movement of Federal employees between agencies in an agile manner without re-entering data;
- Retain and manage records so that as employees move in and out of Government, their information can be easily retrieved for re-entry or for retirement processing;
- Leverage the latest advancements in technology to enable a common user experience, integrated and accessible data, and data security;

- Enable the elimination of burdensome manual data collection and reporting requirements from agencies and improve the quality and integrity of workforce data; and
- Save costs and improve efficiency across Government.

Development of an EDR has the potential to improve the efficiency of government operations by lowering agency costs, eliminating redundant processes, and improving the quantity and quality of information needed to support evidence-based policy development. OPM's FY 2019 request includes $5 million in appropriated no-year funding to begin development of the EDR, plus additional funds leveraged through the existing HR Line of Business program. OPM will work with the President's Management Council and agency stakeholders to direct a portion of partner agency contributions for HR Line of Business foundational activities and HRLOB's staff expertise to develop the data standards and governance for the EDR. In total, OPM expects an FY 2019 investment of up to $8 million (appropriated and contributed) in the EDR project.

A secure EDR will contain all relevant employee data to enable:

- advancement of human capital management policy that is evidence-based as well as in conformity with applicable law, and thus consistent with OPM's Strategic Goal 2, to lead the establishment and modernization of human capital information technology and data management systems and solutions;
- implementation of the Chief Human Capital Officers (CHCO) Council vision of access to lifecycle data for transaction processing and strategic decision making; and
- cloud solutions that leverage the latest advancements in technology for OPM, agencies, and shared service providers.

OPM recognizes that a coherent approach to managing data will enhance any business transformation or technology modernization effort. The intended benefits/outcomes for this project include the following:

- Provide a secure, portable, and modular Government cloud-based means to generate, store and exchange employee digital records.
- Achieve a substantial reduction in operation costs and increases the effectiveness of data collection across Government.
- Provide resources to effectively and efficiently address OPM data exchange pain points.
- Allow the Federal Government to better understand and manage the Federal workforce through accurate and available Human Capital data.

EXPECTED COST and COST SAVINGS ESTIMATES:

FY 2018: $2.1 million to stand up the initial components of the human capital data lake (the EDR's data repository that stores data in its native format) and properly design and build state of the art data exchange capabilities while retaining data protection and data quality.

FY 2019: Up to $8 million is needed to add more components to the human capital data lake, establish interfaces with systems and implement the new data exchange technology with shared service providers and agencies Government-wide. $5 million dollars is requested as an investment and is budgeted in the Office of the Chief Information Officer (OCIO), while the HRLOB will provide up to $3 million of supporting services. Additional investment will be required in FY 2020.

Long term, it is expected that current funding collected by OPM from agencies for the electronic official personnel file (eOPF), as well as the current appropriated Salaries and Expenses (S&E) funds used for the Enterprise Human Resources Integration Data Warehouse (EHRI-DW) operations, will be sufficient not only to collect the current payroll and personnel action records (Standard Form 50/52s), but also to expand data collection to the entire human capital lifecycle to include time and attendance, training, and employee performance records.

Trust Funds Modernization

Another critical strategic priority is the replacement of the financial system used to manage OPM's Earned Benefits Trust Funds. OPM manages the Earned Benefits Trust Funds, which is a unique aspect of financial management within the agency. The Trust Fund accounting system, Federal Financial System (FFS), is a centralized accounting system for the Earned Benefit Trust Funds. FFS is close to 20 years old and is used to perform financial management and accounting of over $1 trillion of combined assets for the Retirement, Health Benefits, and Life Insurance Programs for Federal employees and over 2.3 million monthly payments to annuitants. FFS is currently unable to perform many trust fund accounting and related business processes, leading to manual workarounds, which results in increased inefficiencies across multiple areas within OPM. Trust Funds Modernization will serve as a catalyst to propel automations within financial operations reducing manual labor effort and time, eliminating human errors, and reducing the overall cost of operation and maintenance by consolidating and integrating the processes of other related systems.

In late FY 2017, OPM began the planning phase to implement a modernized financial platform to replace FFS. In the planning phase, the focus was on establishing the Trust Funds Modernization Program Office as well as program and project frameworks. These efforts continue throughout FY 2018, as other activities begin: validating the As-Is and developing the To-Be business processes, validating the current FFS infrastructure (including critical interfaces/interfacing systems) and conducting requirements fit-gap assessments are planned. In FY 2019, OPM's budget request reflects resources needed to continue implementation of the agency's trust funds modernization effort. Planned activities include migration activities from the legacy environment, including data management activities, development and deployment of an integrated technical strategy and secured environment, and execution of organizational change management strategies internal and external to the agency. The outcome of this multi-year

endeavor will streamline investment accounting, transaction processing, and debt collection for trust fund programs and related business processes and operations.

Ongoing Information Technology Improvement

In support of its mission, OCIO has focused on reducing risks and enhancing customer benefits of OPM's IT systems, applications, and infrastructure through the migration of its systems to strategic data centers or other shared services. It is also modernizing the existing computing infrastructure with common security controls, current technology, and modern operations practices. Success in OCIO's modernization efforts has improved security, reduced risks to IT operations, and improved services to internal and external OPM customers. In FY 2017, OCIO:

- Continued data center consolidation resulting in a reduced data center inventory from nine centers to five;

- Improved core operations and maintenance and user experience through limited infrastructure refresh; and

- Expanded cybersecurity capabilities and priorities to include development and deployment of initial insider threat and detection capabilities, expansion of continuous monitoring tools and capabilities, and consolidation and unification of access management software. OCIO cybersecurity priorities include funding operations and maintenance for tools and services previously provided by the Department of Homeland Security as part of the Continuous Diagnostics and Mitigation (CDM) Program.

OPM received $11 million in the FY 2017 appropriations to be used for IT modernization. For the first time, there were a number of additional requirements that needed to be met before OPM could utilize these funds. The IT modernization plan was sent to the OPM IG on December 4, 2017. The IG has 90 days to review and provide comments on the plan. In addition, the law states that the plan must be prepared in consultation with the Director of the Office of Management and Budget, the Administrator of the United States Digital Service, and the Secretary of Homeland Security. These two-year funds are planned to be utilized during FY 2018 to re-align IT systems, reduce operations risks, and determine a migration path to a modernized platform and service model. The steps are defined and outlined in three common areas of improvement:

1. Governance – Additional staff to develop, document, implement, and manage projects and efforts to establish an Agency-wide Enterprise Architecture. This investment will establish the policy and oversight required to ensure the success of additional implementation strategies and future.

2. Environment Modernization – Segments of critical infrastructure were allowed to age beyond 'end of life' and pose a significant risk in performance and security to OPM IT operations. Investing in the upgrade of the current network infrastructure helps re-align the environment to match the efforts already established. This will be a significant modernization action and will ensure OPM implements innovative mechanisms and established architecture designs that provides enhanced services and capabilities, and improved efficiencies

3. Business Modernization – Begin refactoring legacy applications to move from outdated languages and infrastructures to modern languages and databases.

The IT system upgrades, applications development, infrastructure improvements, and migration to shared services will continue in FY 2019. In addition, OPM will continue modernizing its computing infrastructure with common security controls, current technology, and modern operations practices during FY 2019. In previous years, refreshing network devices and other infrastructure was postponed in favor of investments in cybersecurity and data center consolidation efforts. Thus, in FY 2019, as OPM reaches milestones in data center consolidations, some investments will be shifted to replace aged network devices, servers, laptops, and other devices.

FY 2019 Budget Request by Fund

OPM estimates that its total operating budget in FY 2019 will be **$2,059,138,263**. OPM is funded by a variety of sources. Our largest source is the Revolving Fund, which is comprised of fees or reimbursements provided by agencies for services OPM provides for activities covered by the Fund, which was created by statute. This also reflects OIG's oversight activities of this fund. These services include background investigations, human resources services as well as related tools and technologies, such as USAJOBS. OPM's next largest source is our transfers from OPM's Earned Benefits Trust Funds for administrative activities.

OPM's discretionary request consists of two appropriations, one for OPM's general activities, and the other for OPM's Office of the Inspector General (OIG). Both contain salaries and expenses and limitations on transfers from the Earned Benefits Trust Funds under OPM management. OPM's total FY 2019 discretionary request for general activities is **$265,655,000.**

OPM also manages the mandatory appropriations that provide for the transfer of resources from Treasury's general fund to the Earned Benefits Trust Funds for Federal employees and annuitants' benefits. The Trust Funds and the associated mandatory appropriations are discussed in more detail in the Earned Benefit Trust Funds section of this budget. Each fund is described below.

Salaries and Expenses

OPM requests **$132,172,000** in Salaries and Expenses (S&E) funds for personnel and non-personnel resources, to include **$14,000,000** of No-Year funds to support the Trust Fund Modernization effort initiated in FY 2017 and to develop the EDR. S&E funds will support the agency's various program offices as they implement OPM's strategic plan, and perform OPM's traditional statutory roles, including providing direction and oversight to other Federal agencies.

Trust Fund Transfers

For the administration of the civil service retirement and insurance programs, OPM requests **$133,483,000** in administrative transfers from the Earned Benefits Trust Funds. OPM is responsible for managing the Federal Government's health benefits and life insurance programs under the Federal Employees Health Benefits Program (FEHBP) and the Federal Employees' Group Life Insurance (FEGLI) Program. In addition, OPM administers the Civil Service Retirement System (CSRS) and

Federal Employees Retirement System (FERS), which are financed by the Civil Service Retirement & Disability Fund (CSRDF). The administrative Trust Fund transfers partially fund Retirement Services (RS), Healthcare and Insurance (HI), Planning and Policy Analysis (PPA), Office of the Chief Information Officer (OCIO), and Office of the Chief Financial Officer (OCFO) operations.

These transfers are described as Trust Fund Annual in this request and come from the following Trust Funds subject to Congressional limitation:

1. Civil Service Retirement and Disability Fund (CSRDF);

2. Federal Employees Health Benefits Fund (FEHBF); and

3. Federal Employees' Group Life Insurance Fund (FEGLI).

Mandatory Administrative Authorities

Several provisions under Title 5 of the United States Code (USC) and the Federal Erroneous Retirement Coverage Correction Act (FERCCA) authorize OPM to administer specific retirement program and insurance activities, and to transfer funds for the administrative cost of these activities from the Trust Funds. These authorities provide additional administrative transfers from the Trust Funds. Per 5 U.S.C. §8348 (a)(1)(B), OPM incurs expenses from CSRDF for the following activities:

1. Administering survivor annuities and elections (§8339 and §8341) and other annuity alternatives (§8343a and §8420a);

2. Making discretionary allotments and assignments and withholding State income taxes on monthly annuities (§8345(k) or §8469) upon annuitant request; and

3. Withholding taxes pursuant to section 3405 of title 26 or section 8345(k) or 8469 of this title.

Within the CSRDF, OPM may also incur expenses as deemed appropriate for the administration of FERCCA (P.L. 106-265, title II, §2302). OPM may incur expenses to administer the Federal Long-Term Care Insurance Program (FLTCIP) from the Employees' Life Insurance Fund (Id. at title I, §1002(a), codified at 5 U.S.C. §9004(f)(B)). Within the Federal Employees Health Benefits Program (FEHBP), OPM may defray reasonable expenses to administer the Federal Employee Dental and Vision Insurance Program (FEDVIP) (5 U.S.C. §8958 (f)(2)(A) and §8988 (f)(2)(A)). Resources used to administer the FLTCIP and FEDVIP are reimbursed to the funds by the participating insurance carriers.

Revolving Fund Activities

Business Line		FY 2018 Estimate	FY 2019 Estimate	Increase Decrease
USAJOBS	Revenue	$14,964,335	$15,293,618	$329,283
	Obligations	$14,964,335	$14,770,284	($194,051)
Human Resources Tools & Technology	Revenue	$54,000,000	$56,000,000	$2,000,000
	Obligations	$54,000,000	$54,926,853	$926,853
Enterprise Human Resources Integration	Revenue	$42,180,000	$45,180,000	$3,000,000
	Obligations	$42,180,000	$41,133,098	($1,046,902)
National Background Investigations Bureau	Revenue	$1,439,693,820	$1,361,688,884	($78,004,936)
	Obligations	$1,445,557,620	$1,367,727,684	($77,829,936)
Human Resource Solutions	Revenue	$206,088,829	$208,250,991	$2,162,162
	Obligations	$195,971,760	$207,918,968	$11,947,208
HR Line of Business	Revenue	$3,081,520	$3,150,000	$68,480
	Obligations	$3,081,520	$3,150,000	$68,480
Total Revenue		$1,760,008,504	$1,689,563,493	($70,445,011)
Total Obligations*		$1,755,755,235	$1,689,626,887	($66,128,348)

* Obligations exceed revenue in some instances because business lines use unobligated balances from prior years (i.e carryover)

** The Suitability Executive Agent is financed by NBIB. Their FY 2018 and FY 2019 obligations approximate $6M and are included in the NBIB estimate above.

*** The table excludes the Office of the Inspector General's planned use of approximately $2.5M in Revolving Fund resources to audit background investigation activities.

OPM requests authority to incur **$1,689,626,887** in FY 2019 obligations in our Revolving Fund, representing approximately a 4 percent decrease or $66 million from the FY 2018 estimate. Our Revolving Fund was established by Congress as a means of financing significant mandates (such as OPM's obligation to investigate and assess the character and conduct of applicants for the competitive service), and also allows us to extend critical HR services to other Federal agencies via several well established programs. Federal agencies pay OPM based on customer transactions, orders, fixed fees, or proportional contribution to cost. Broadly classified into three groups National Background Investigations Bureau (NBIB), Human Resources Solutions (HRS), and Enterprise Human Resources Integration (EHRI)), these activities are performed by Federal staff and contractors qualified for the service throughout several OPM organizations.

On October 1, 2016, NBIB was established within OPM. NBIB is OPM's largest revolving fund program. It is the primary provider of background investigations for the Federal Government, and currently performs approximately 95 percent of background investigations Government-wide. With the mission of delivering efficient and effective background investigations, NBIB plays a critical role in promoting the integrity and trustworthiness of the Federal workforce and employees of contractors who perform functions Federal employees would otherwise perform.

The National Defense Authorization Act (NDAA) of 2018 § 925 states that the Secretary of Defense has the authority to conduct all types of background investigations for Department of Defense (DOD)

personnel and mandates that, by October 1, 2020, DOD will assume responsibility for its own background investigations according to the implementation plan developed pursuant to §951(a)(1) of the NDAA of 2017. OPM (NBIB) is cooperating with the implementation of this provision and is continuing to analyze and create scenarios as DOD's implementation plan becomes more definitive.

At the time of the creation of this budget document, not enough information is known to fully determine how severely NBIB's FY 2019 budget will be influenced by the passage of the NDAA. However, it should be noted that this decision will affect OPM's and NBIB's fiscal posture and the design of future budgets. OPM is currently assessing the impact and implications to the agency in FY 2019 and beyond, and will remain flexible as more developments occur. A key concern is the impact of fixed program costs on the future pricing of non-DOD related background investigations, and the ability of OPM to finance its fixed infrastructure costs if NBIB's scope of responsibility is decreased (the cost of OPM's administrative infrastructure is currently proportionately distributed to all of OPM's funding sources).

OPM Budget by Fund FY 2017 through FY 2019

OPM Budget Authority	FY 2017 Enacted	FY 2018 Annualized CR	FY 2019
Discretionary Appropriation	**$259,000,000**	**$257,241,131**	**$265,655,000**
Salaries and Expenses Total	**$119,000,000**	**$118,191,871**	**$132,172,000**
Salaries & Expenses	$108,000,000	$107,266,572	$118,172,000
IT Modernization S&E No-Year*	$11,000,000	$10,925,299	$14,000,000
Trust Fund Annual Total	**$140,000,000**	**$139,049,260**	**$133,483,000**
Mandatory Administrative Authorities	**$68,145,651**	**$59,636,539**	**$63,098,814**
Trust Fund Mandatory Authority	**$68,145,651**	**$59,636,539**	**$63,098,814**
5 USC 8348 (a)(1)(B) - Retirement	$50,288,186	$49,633,582	$52,430,291
5 USC 8958(f)(2)(A) & 5 USC 8988(f)(2)(A) - Dental & Vision	$12,005,614	$5,996,416	$6,384,953
5 USC 9004(f)(B) - Long-Term Care	$3,649,796	$1,980,141	$2,108,343
FERCCA (P.L. 106-265) - Retirement	$2,202,055	$2,026,400	$2,175,227
Revolving Fund	**$1,739,706,856**	**$1,755,755,235**	**$1,689,626,887**
Advance and Reimbursements	**$7,000,000**	**$8,100,000**	**$10,492,562**
OIG Discretionary Appropriation	**$30,184,000**	**$29,979,020**	**$30,265,000**
Salaries & Expenses - OIG	$5,072,000	$5,037,556	$5,000,000
Trust Fund Annual - OIG	$25,112,000	$24,941,464	$25,265,000
OPM Total	**$2,104,036,507**	**$2,110,711,925**	**$2,059,138,263**

FY 2018 & FY 2019 Comparison of FTE —All Resources

OPM Budget Authority	FY 2018 Annualized CR	FY 2019
Salaries and Expenses	**959.8**	**809.7**
Trust Fund Annual	**850.8**	**826.8**
Trust Fund Mandatory Authority	**447.4**	**459.9**
5 USC 8348 (a)(1)(B) - Retirement	428.3	426.8
5 USC 8958(f)(2)(A) & 5 USC 8988(f)(2)(A) - Dental & Vision	3.4	9.8
5 USC 9004(f)(B) - Long-Term Care	3.7	11.3
FERCCA (P.L. 106-265) - Retirement	12.0	12.0
Revolving Fund	**3,948.0**	**3,985.0**
Advances & Reimbursements	**5.0**	**20.0**
OIG Discretionary Total	**152.0**	**154.0**
Salaries & Expenses - OIG	20.0	20.0
Trust Fund Annual - OIG	132.0	134.0
OPM Total	**6,363.0**	**6,255.4**

In FY 2019, OPM expects funding will support 6,255 full-time-equivalent (FTEs) employees. Of this total, the discretionary appropriations and mandatory Trust Fund transfers will support 2,095 FTEs (the sum of the Salaries and Expenses Total, Trust Fund Annual Total, and Mandatory Authority Total). These employees administer OPM's Government-wide responsibilities relating to HR policy, retirement and insurance programs, and execute OPM's day-to-day operations. Other funding sources (Revolving Fund, Advances and Reimbursements, and OIG's discretionary appropriations) cover the agency's remaining allocation of 4,160 FTEs.

FTEs funded by Salaries and Expenses appropriation decreased by 150 from FY 2018. HI has the largest reduction of 59 FTE attributed to the decreased need for support of the Multi-State Plan Program. The FTE from these reductions are realigned to support the Federal Employees Health Benefits Program. CIO decreased by 50 FTE due to refined staffing estimates for FY 2019. The remaining decline is concentrated in our OCFO, OGC, and MSAC organizations due to refined staffing estimates within their administrative operations.

The decrease in FTEs financed by OPM's Earned Benefits Trust Funds primarily represents a 39 FTE decrease in RS staffing. These reductions reflect the amount of FTEs that RS can afford in FY 2019 when budgeted at FY 2018 levels. HI increased by 39 FTE due to the realignment of the aforementioned staff from the Multi-State Plan Program to the Federal Employees Health Benefits Program. The Office of OPM's Chief Information Officer, Planning Policy and Analysis, and The Office of the Chief Financial Officer refined their staffing estimates for FY 2019 by decreasing total FTE by 24.

FY 2019 Budget Request by Object Class

The discretionary appropriation budget object class table shows how OPM intends to utilize our resources. The OIG is on a separate appropriation and is not included in this table.

Discretionary Appropriation Budget by Object Class

Object Class	FY 2018 Annualized CR	FY 2019	Increase/Decrease
Personnel Compensation	$121,516,102	$122,341,823	$825,721
Personnel Benefits	$36,999,526	$39,031,981	$2,032,455
Travel and transportation of person	$1,037,901	$1,597,179	$559,278
Transportation of things	$42,973	$60,452	$17,479
Communications, utilities and rent	$34,419,142	$42,299,765	$7,880,623
Printing and Reproduction	$755,758	$602,812	($152,946)
Other Services	$58,230,202	$58,935,932	$705,730
Supplies and Materials	$808,924	$596,569	($212,355)
Equipment	$3,430,603	$188,487	($3,242,116)
Total Object Class	**$257,241,131**	**$265,655,000**	**$8,413,869**
FTE	**1,810.6**	**1,636.5**	**(174.1)**

Salaries and Expenses Budget by Object Class

Object Class	FY 2018 Annualized CR	FY 2019	Increase/Decrease
Personnel Compensation	$55,224,699	$53,341,784	($1,882,915)
Personnel Benefits	$17,263,141	$16,743,685	($519,456)
Travel and transportation of person	$701,306	$1,021,841	$320,535
Transportation of things	$3,498	$1,320	($2,178)
Communications, utilities and rent	$18,422,814	$25,708,856	$7,286,042
Printing and Reproduction	$193,424	$198,575	$5,151
Other Services	$22,983,239	$34,797,269	$11,814,030
Supplies and Materials	$221,084	$216,450	($4,634)
Equipment	$3,178,666	$142,220	($3,036,446)
Total Object Class	**$118,191,871**	**$132,172,000**	**$13,980,129**
FTE	**959.8**	**809.7**	**(150.1)**

The FY 2019 S&E appropriation request increased $14 million from FY 2018. The increase is largely driven by a reclassification of OPM's leadership office budgets to S&E from Common Services, offset by efficiency savings across the fund. Considering object class, the FY 2019 budget reflects OPM's request for resources to support information licenses and tools related to technology modernization and migration efforts. Such items are budgeted in communications, utilities and rent. Personnel compensation decreased due the reduced need for staff to support the Multi-State Plan Program. The other services budget reflects a shift of the ongoing Trust Fund Financial System modernization project from trust fund financing in the

FY 2018 Annualized Continuing Resolution (which is based on FY 2017 appropriations) to the S&E appropriation.

Trust Fund Limitations – Budget by Object Class

Object Class	FY 2018 Annualized CR	FY 2019	Increase/Decrease
Personnel Compensation	$66,291,403	$69,000,039	$2,708,636
Personnel Benefits	$19,736,385	$22,288,296	$2,551,911
Travel and transportation of person	$336,595	$575,338	$238,743
Transportation of things	$39,475	$59,132	$19,657
Communications, utilities and rent	$15,996,328	$16,590,909	$594,581
Printing and Reproduction	$562,334	$404,237	($158,097)
Other Services	$35,246,963	$24,138,663	($11,108,300)
Supplies and Materials	$587,840	$380,119	($207,721)
Equipment	$251,937	$46,267	($205,670)
Total Object Class	**$139,049,260**	**$133,483,000**	**($5,566,260)**
FTE	**850.8**	**826.8**	**(24.0)**

The object class distribution of OPM's FY 2019 Trust Fund Annual request reflects the personnel intensive work performed to adjudicate retirement claims, provide customer service to Federal retirees and survivors, and administer health and life insurance programs. The changes requested for FY 2019 compared to FY 2018 reflect that the cost of personnel redirected from the Multi-State Plan Program (financed from S&E) are shifted to Federal insurance program administration, and the growing cost of personnel benefits, which is approaching 33 percent of salary. In addition, the budget for other services declines due to the shift of the Trust Fund Financial System modernization project to the S&E appropriation as discussed above.

OPM Budget FY 2018 Continuing Resolution & FY 2019 by Organization and Fund - Discretionary Resources

Organization	FY 2018 Annualized CR				FY 2019			
	Salaries and Expenses	Trust Fund Annual	Common Services	OPM Total	Salaries and Expenses	Trust Fund Annual	Common Services	OPM Total
Office of the Chief Information Officer	$29,352,271	$9,128,228	$46,990,839	**$85,471,338**	$34,577,470	$8,271,577	$52,150,953	**$95,000,000**
Congressional, Legislative and Intergovernmental Affairs	$0	$0	$2,280,612	**$2,280,612**	$2,151,352	$0	$0	**$2,151,352**
Employee Services	$32,831,884	$0	$0	**$32,831,884**	$33,049,769	$0	$0	**$33,049,769**
Equal Employment Opportunity	$0	$0	$845,674	**$845,674**	$0	$0	$899,987	**$899,987**
Facilities, Security & Emergency Management	$0	$0	$8,338,419	**$8,338,419**	$0	$0	$12,586,795	**$12,586,795**
Federal Prevailing Rate Advisory Committee	$171,042	$0	$0	**$171,042**	$182,690	$0	$0	**$182,690**
Healthcare & Insurance	$10,537,820	$17,482,492	$0	**$28,020,312**	$2,914,900	$22,486,847	$0	**$25,401,747**
HR Solutions	$382,175	$0	$0	**$382,175**	$0	$0	$0	**$0**
Merit System Accountability & Compliance	$13,378,848	$0	$1,218,445	**$14,597,293**	$12,872,291	$0	$1,311,052	**$14,183,343**
Office of Communications	$0	$0	$2,471,490	**$2,471,490**	$2,521,031	$0	$0	**$2,521,031**
Office of Procurement Operations	$388,784	$0	$3,727,802	**$4,116,586**	$639,018	$0	$5,059,712	**$5,698,730**
Office of Small and Disadvantaged Business Utilization	$0	$0	$381,263	**$381,263**	$0	$0	$471,880	**$471,880**
Office of the Chief Financial Officer	$645,586	$18,717,266	$25,433,626	**$44,796,478**	$9,576,483	$8,777,193	$24,596,520	**$42,950,196**
Office of the Director	$0	$0	$5,044,352	**$5,044,352**	$4,472,640	$0	$0	**$4,472,640**
Office of the General Counsel	$0	$0	$7,144,906	**$7,144,906**	$0	$0	$6,751,397	**$6,751,397**
Planning and Policy Analysis	$1,741,037	$7,496,725	$0	**$9,237,762**	$1,609,553	$6,116,057	$0	**$7,725,610**

Organization	FY 2018 Annualized CR				FY 2019			
	Salaries and Expenses	Trust Fund Annual	Common Services	OPM Total	Salaries and Expenses	Trust Fund Annual	Common Services	OPM Total
Rent/Centrally Funded Items	$9,627,330	$14,112,977	$0	**$23,740,307**	$11,006,425	$13,541,912	$0	**$24,548,337**
Retirement Services	$0	$59,302,958	$0	**$59,302,958**	$0	$59,881,737	$0	**$59,881,737**
Security, Suitability and Credentialing Line of Business	$496,605	$0	$0	**$496,605**	$500,000	$0	$0	**$500,000**
White House Fellows	$854,916	$0	$0	**$854,916**	$882,664	$0	$0	**$882,664**
Office of Strategy and Innovation	$7,600,000	$0	$0	**$7,600,000**	$6,404,436	$0	$0	**$6,404,436**
OPM Human Resources	$0	$0	$7,583,947	**$7,583,947**	$0	$0	$7,360,943	**$7,360,943**
OPM Sub Total	**$108,008,298**	**$126,240,646**	**$111,461,375**	**$345,710,319**	**$123,360,722**	**$119,075,323**	**$111,189,239**	**$353,625,284**
Appropriated Contribution to Common Services	$10,183,573	$12,808,614			$8,811,278	$14,407,677		
Non-Appropriated Contribution to Common Services				**($88,469,188)**				**($87,970,284)**
	$118,191,871	**$139,049,260**	**$111,461,375**	**$257,241,131**	**$132,172,000**	**$133,483,000**	**$111,189,239**	**$265,655,000**

* The budgetary resources reflected in this table differ slightly from what is displayed in the President's Budget Appendix. This is attributed to a recent reorganization impacting ES, HI, ODI, and PPA.

This table displays funding increases in FY 2019 over FY 2018 for CIO, FSEM, and OPO. CIO increased in both S&E and CS funding for FY 2019 due to increased support for ongoing continued improvement and maintenance efforts to OPM's IT infrastructure. The increases in both FSEM and OPO represent the realignment of labor costs from the Revolving Fund to each organization's Common Services budget. Lastly, this table also reflects the realignment of resources to support OPM's recent reorganization. More details about this reorganization can be found in the Organizational Framework section of this document.

FY 2019 Budget Request by Strategic Goals

OPM's FY 2018-2022 Strategic Plan contains four key goals that are focused on improving OPM systems and processes, which enable the agency to provide more efficient and effective services to the agency's customers. As required by the Government Performance and Results Modernization Act of 2010 (GPRAMA) (P.L. 111-352), OPM's budget request maps to its Strategic Plan.

OPM's FY 2019 performance budget reflects how the agency will fulfill its mission to *Lead and serve the Federal Government in enterprise human resources management by delivering policies and services to achieve a trusted, effective civilian workforce*. The agency's long-term vision is *Empowering Excellence in Government through Great People*.

The Performance Budget by Strategic Goal section of this document describes each strategic goal and objective and the resources budgeted for each in FY 2019. The final plan will be released concurrently with this budget request. The following table displays OPM's planned discretionary resource allocation against each strategic goal.

OPM Budget FY 2019 by Strategic Goal—Discretionary Resources

STRATEGIC_GOAL	FY 2019 Dollars	FTE
Transform hiring, pay, and benefits across the Federal Government to attract and retain the best civilian workforce	$39,695,354	222.5
Lead the establishment and modernization of human capital information technology and data management systems and solutions	$23,301,878	68.5
Improve integration and communication of OPM services to Federal agencies to meet emerging needs	$20,060,635	137.0
Optimize Agency Performance	$186,015,688	863.2
Activities Unaligned	$84,551,729	345.3
	$353,625,284	1636.5
Non- Appropriated Contribution to Common Services	($87,970,284)	
OPM Total	$265,655,000	1636.5

FY 2018-2019 Agency Priority Goals

Agency Priority Goals (APGs) reflect the top performance improvement priorities of agency leadership and the Administration. APGs reflect measurable results that leadership wants to accomplish over a two-year period, advancing progress toward longer-term strategic goals and objectives in the agency's strategic plan.

For the FY 2018-2019 cycle, OPM developed an APG in an area where agency leadership would like to drive progress and monitor implementation of actions in the agency reform plan required by OMB memo M-17-22. (Achievement of these goals will depend, to an extent, upon internal clearances that have yet to be obtained).

1. **Enable Federal employees to seamlessly transfer from one agency to another, with paperless processing.** By September 30, 2019, OPM will ensure implementation of Employee Digital Record data standards and associated application program interfaces (APIs) that demonstrate an initial capability toward Federal employees being able to transfer between agencies using paperless processing. (*Related objective: 2.3*)

The agency also developed a second APG focused on improving the hiring process.

2. **Improve the hiring process.** Strengthen the capabilities of Federal HR professionals by relaunching a delegated examining (DE) certification program that creates a level standard for all HR delegated examiners. By September 30, 2019, at least 43 percent of delegated examiners will complete the updated certification program. (*Related objective: 1.1*)

The Federal Government uses a three-pronged approach to manage APGs: 1) public goal setting, 2) data-driven performance review meetings with agency leadership no less than quarterly, and 3) quarterly public updates on Performance.gov. For additional information on APGs, please refer to www.Performance.gov.

Legislative Proposals

OPM prepares various legislative proposals during the preparation of its annual budget submission, which align with the strategic goals and objectives of the agency. OPM designs these proposals to enhance and improve its programs, increase efficiency in executing these programs, and reduce overall costs for the Government.

The Federal Government, with annual civilian personnel costs of almost $300 billion, should seek an optimally sized and skilled workforce operating out of locations best suited to accomplish its various missions.

OPM offers several proposals to begin to bring Federal total compensation more in line with the private sector. In addition, OPM will be working on an effort to begin to research and explore the potential benefits, including the recruitment benefit, of moving to a defined-contribution only annuity benefit for new Federal workers, and those desiring to transfer out of the existing hybrid system.

OPM is proposing legislative reform for the Federal Employees Health Benefits Program as well as retirement benefits. The FY 2019 legislative proposals for OPM are:

Federal Employees Health Benefits (FEHB)

Medical Liability Reform

The medical liability reform proposal would: 1) cap awards for noneconomic damages at $250,000 which will be indexed for inflation; 2) shorten the statute of limitations to three years from the date of discovery of an injury; 3) establish a fair-share rule to replace the current rule of joint-and-several liability; 4) allow evidence of claimants' income from collateral sources to be introduced at trial; and 5) allow courts to modify attorney's fee arrangements. In addition, the proposal would provide safe harbors for providers based on clinical standards; encourage the creation of expert panels and administrative health care tribunals, exclude provider expressions of regret or apology from evidence, and require courts to honor a request by either party to pay damages in periodic payments for any award over $50,000.

If enacted, the Administration's medical liability reform proposal would affect the FEHB Program beginning in 2021. Capping awards and shortening the statute of limitations could potentially reduce costs for malpractice insurance carriers. Additional costs to carriers are reflected in malpractice insurance premiums. Therefore, this proposal has the potential to lower malpractice insurance premiums, which in turns lowers healthcare costs overall. In addition, these reforms have the potential to reduce unnecessary healthcare utilization, or 'defensive medicine,' also reducing healthcare costs.

Modify the Government Contribution Rate Based on Plan Performance

Consistent with OPM's strategic objective to improve healthcare quality and affordability in the FEHB Program, the government contribution formula would be revised to encourage enrollment in high performing health plans to achieve savings. This proposal would revise the government contribution rate to base it on a plan's score from the FEHB Program Plan Performance Assessment. The base Government

contribution will be 70 percent of the weighted average FEHB premium up to 75 percent of an individual plan's premium, whichever is less. This amount would then be further adjusted based on the performance score. Under this proposal, FEHB plans would be divided into three groups representing lower performing plans, plans scoring within an expected range, and higher performing plans. Plans performing in the middle range would receive the base Government contribution. The percentage of premium paid by the Government will be increased or decreased by 5 percent for each individual plan in the top and bottom ranges, respectively. This proposal would incentivize enrollees to select high performing, high value plans by making them more affordable while simultaneously saving the government approximately 2 percent in premium contributions based on performance scores, enrollment, and rates.

Provide OPM Authority to Incorporate Provisions of the Anti-Kickback Act to the FEHB Program

This proposal would provide OPM the discretion to apply provisions of the Anti-Kickback Act to the FEHB Program. Providing OPM the authority to incorporate provisions of the Anti-Kickback Act will allow the FEHB Program to prohibit kickbacks, if deemed necessary.

Modify Existing Statute on Indemnity Benefit Plans in FEHB

This legislative change clarifies that an insurer offering the Indemnity Benefit Plan in FEHB does not need to be licensed in all states and the District of Columbia.

Provide Tax Preemption for Federal Employee Dental/Vision Program

This proposal provides a technical change to align FEDVIP with other Federal benefit programs and makes it clear that States taxes and fees may not be imposed on FEDVIP carriers.

Retirement and Government-wide Proposals

Change Retirement Calculation from High-3 Years to High-5 Years

This legislative proposal would change the annuity benefit calculation of future retirees. Rather than using the current average of a Federal employee's three highest salary-earning years (High-3), the calculation would use the highest five consecutive salary years.

The financial impact of utilizing the High-5 average salaries versus the High-3 for all new FERS retirees would create a savings to the Government of approximately $5.9 billion over ten years. Annual savings are projected to reach approximately $944 million in FY 2028, and are expected to continue to grow, as an increasing number of retirees would receive annuity benefits under this new calculation.

Eliminate FERS COLA, Reduce CSRS COLA by 0.5 Percent

This legislative proposal would eliminate cost of living adjustments (COLA) for current and future FERS retirees. Under current law, FERS retirees (starting at age 62) receive a full COLA if the Consumer Price Index (CPI) is up to 2 percent and up to 1 percent less than the change in the CPI if the change is more than 2 percent. This legislative proposal would change the policy, by eliminating the FERS COLA, and reducing the COLA for CSRS retirees by 0.5 percent. Approximately 75 percent of current retirees receiving benefits are from the CSRS population.

The financial impact of this proposal would create a savings to the Government of approximately $13.0 billion over five years and $50.2 billion over ten years.

Eliminate the FERS Annuity Supplement

This legislative proposal would eliminate the annuity supplement FERS retirees receive until the reach age 62, the age when they become eligible for Social Security. It would apply to all new FERS retirees.

The financial impact of eliminating the Annuity Supplement for FERS retirees would create a savings to the Government of approximately $18.7 billion over ten years.

Increase Employee Contributions to 50 Percent of Cost, Phased in at 1 Percent per year

This legislative proposal would increase Federal employee contributions to the Federal Employees Retirement System (FERS) such that an employee and employer would each pay half the normal cost. Under current law, Federal employees contribute between 0.8 percent and 4.4 percent of their salary towards their Federal pension. Federal agencies contribute the remainder of the normal cost. To mitigate the impact on employees, this provision would be phased in over several years, with individuals contributing an additional one percent of their salary each year until equalized.

The financial impact of this proposal would create a savings to the Government of approximately $2.3 billion in the first phased-in year, approximately $21.4 billion over five years, and approximately $68.7 billion over ten years.

Convert to a "Paid Time Off" Leave Model

At this time, a Federal employee with less than three years of service earns 13 paid vacation days each year. An employee with 3 to 15 years of service earns 20 vacation days and an employee with more than 15 years earns 26 vacations days annually. All employees, regardless of the number of years of service, earn 13 paid sick days each year that can be used if the conditions for use of sick leave are met. By combining Federal vacation and sick leave into a Paid Time Off plan, similar to that offered by some large, private sector employers, Federal employees would gain flexibility in how total leave balances are spent. This proposal would reduce the total number of leave days accrued by an employee annually, while adding a short-term disability insurance policy to protect employees who experience a serious medical situation or other eligible short-term disability event.

Scale Back Time-Based Pay Progression

The General Schedule (GS) pay system covers roughly 70 percent of Federal civilian employees. Separate pay systems cover other employees, such as senior executives and blue-collar workers.

The GS pay system consists of 15 pay grades and 10 steps within each grade. The standard within-grade (step) increase requires completion of a waiting period and certification that the employee is performing at an acceptable level of competence. Since almost all employees are certified as meeting the required minimum level of performance, standard within-grade increases are virtually automatic.

This proposal would slow longevity-based progression through the 10-step GS pay scale by adding one year to each within-grade increase waiting period. Thus, the waiting periods would be two years (instead

of one year) for progression to steps 2, 3, and 4; three years (instead of two years) for progression to steps 5, 6, and 7; and four years (instead of three years) for progression to steps 8, 9, and 10.

This proposal would curtail wage growth based on longevity of service by increasing the amount of time it takes an employee receiving only standard within-grade increases to progress from step 1 to step 10 — from 18 years in the current system to 27 years.

Appropriations Language

Salaries & Expenses (Including Transfer of Trust Funds)

For necessary expenses to carry out functions of the Office of Personnel Management (OPM) pursuant to Reorganization Plan Numbered 2 of 1978 and the Civil Service Reform Act of 1978, including services as authorized by 5 U.S.C. 3109; medical examinations performed for veterans by private physicians on a fee basis; rental of conference rooms in the District of Columbia and elsewhere; hire of passenger motor vehicles; not to exceed $2,500 for official reception and representation expenses; advances for reimbursements to applicable funds of OPM and the Federal Bureau of Investigation for expenses incurred under Executive Order No.10422 of January 9, 1953, as amended; and payment of per diem and/or subsistence allowances to employees where Voting Rights Act activities require an employee to remain overnight at his or her post of duty, [$148,341,000]$132,172,000, of which [$584,000]$639,018 may be used for strengthening the capacity and capabilities of the acquisition workforce (as defined by the Office of Federal Procurement Policy Act, as amended (41 U.S.C. 4001 et seq.)), including the recruitment, hiring, training, and retention of such workforce and information technology in support of acquisition workforce effectiveness or for management solutions to improve acquisition management, and of which [$37,000,000]$14,000,000 shall remain available until expended for information technology infrastructure modernization and Trust Fund Federal Financial System migration or modernization, and shall be in addition to funds otherwise made available for such purposes; and in addition [$131,414,000]$133,483,000 for administrative expenses, to be transferred from the appropriate trust funds of OPM without regard to other statutes, including direct procurement of printed materials, for the retirement and insurance programs: Provided, That the provisions of this appropriation shall not affect the authority to use applicable trust funds as provided by sections 8348(a)(1)(B), 8958(f)(2)(A), 8988(f)(2)(A), and 9004(f)(2)(A) of title 5, United States Code: Provided further, That no part of this appropriation shall be available for salaries and expenses of the Legal Examining Unit of OPM established pursuant to Executive Order No. 9358 of July 1, 1943, or any successor unit of like purpose: Provided further, That the President's Commission on White House Fellows, established by Executive Order No. 11183 of October 3, 1964, may, during fiscal year 2018, accept donations of money, property, and personal services: Provided further, That such donations, including those from prior years, may be used for the development of publicity materials to provide information about the White House Fellows, except that no such donations shall be accepted for travel or reimbursement of travel expenses, or for the salaries of employees of such Commission. Note.—A full-year 2018 appropriation for this account was not enacted at the time the budget was prepared; therefore, the budget assumes this account is operating under the Continuing Appropriations Act, 2018 (Division D of P.L. 115-56, as amended). The amounts included for 2018 reflect the annualized level provided by the continuing resolution.

Office of Inspector General

Salaries & Expenses (Including Transfer of Trust Funds)

For necessary expenses of the Office of Inspector General in carrying out the provisions of the Inspector General Act of 1978, including services as authorized by 5 U.S.C. 3109, hire of passenger motor vehicles, $5,000,000, and in addition, not to exceed [$25,000,000]$25,265,000 for administrative expenses to audit, investigate, and provide other oversight of the Office of Personnel Management's retirement and insurance programs, to be transferred from the appropriate trust funds of the Office of Personnel Management, as determined by the Inspector General: Provided, That the Inspector General is authorized to rent conference rooms in the District of Columbia and elsewhere. Note.—A full-year 2018 appropriation for this account was not enacted at the time the budget was prepared; therefore, the budget assumes this account is operating under the Continuing Appropriations Act, 2018 (Division D of P.L. 115-56, as amended). The amounts included for 2018 reflect the annualized level provided by the continuing resolution.

Organizational Framework
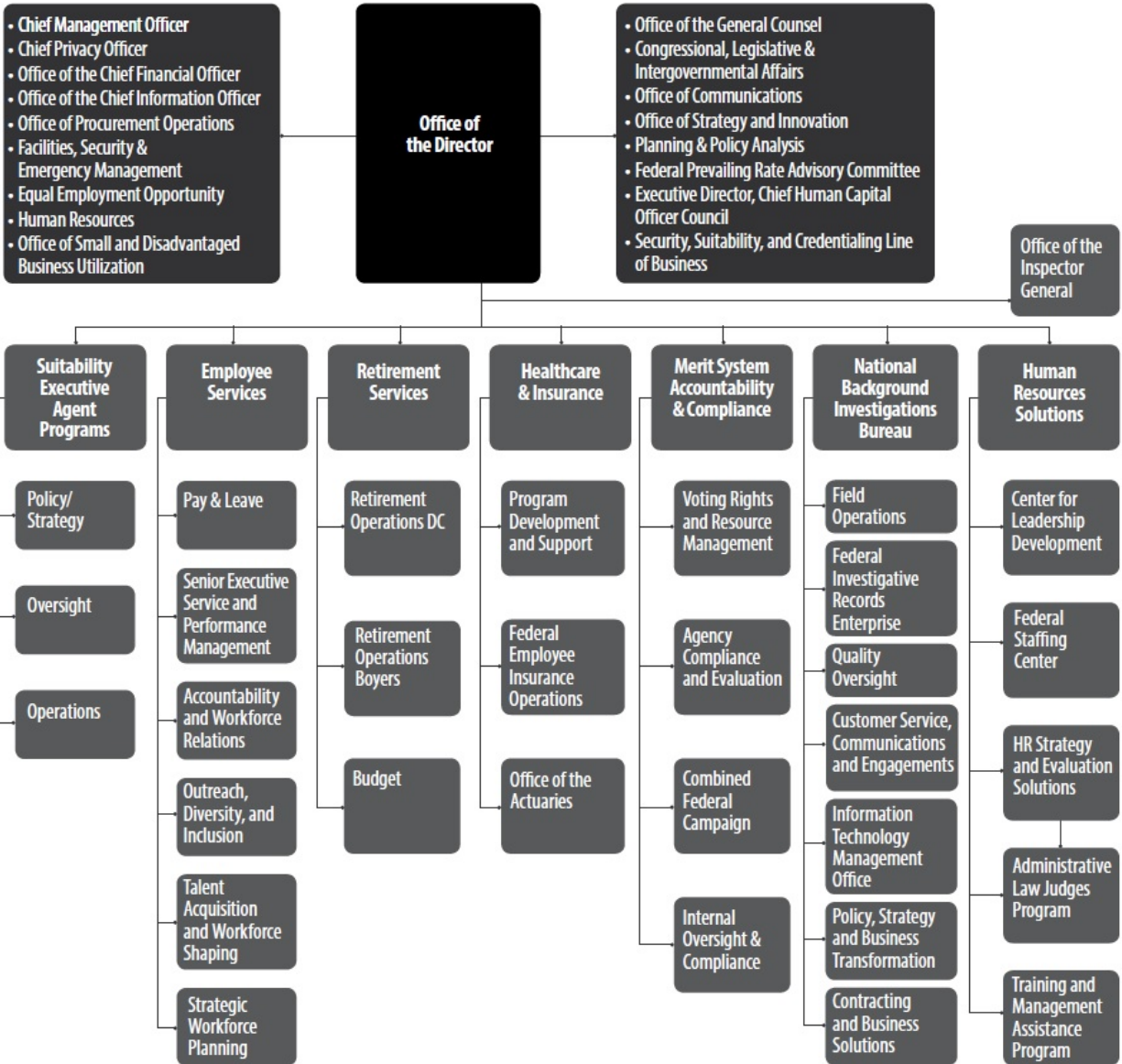
OPM's divisions and offices and their approximately 6,255 employees implement the programs and deliver the services that enable the agency to meet its strategic goals. The agency's organizational framework consists of program divisions and offices that both directly and indirectly support the agency's mission. In October 2017, OPM implemented organizational changes to better align and consolidate agency functions. These changes are intended to help OPM meet its strategic goals and priorities, and provide optimal service to customers. The following changes are now in effect.

- OPM created the new Office of Strategy and Innovation (OSI) to bring additional focus to how the agency uses data and research to develop human capital strategy and lead human resources innovation throughout the Federal Government. Two Groups from Planning & Policy Analysis (PPA), the Data Analysis Group and the Federal Employee Viewpoint Survey Group, have moved to OSI.

- The agency established a new Employee Services (ES) center: Outreach, Diversity, and Inclusion (ODI). The new ES/ODI consolidates and aligns OPM's Government-wide functions and responsibilities related to diversity and inclusion, recruitment and outreach, and veteran's employment. The new center brings together the existing ES/Veterans Services group, the ES/Recruitment Policy & Outreach group, and the OPM Office of Diversity and Inclusion. By co-locating these existing organizational units, the agency will be able to maximize and coordinate resources toward delivering on OPM's important work in these areas.

- OPM's internal Human Resources (HR) office is now a stand-alone staff office. Establishing the internal HR operational function as a separate office from Government-wide HR policy functions helps to better align HR with other OPM internal mission support functions and helps create greater focus and prioritization for both OPM's internally- and externally-focused HR functions.

- The agency realigned some functions into other organizations. OPM realigned the USAJOBS program management office from the Office of Chief Information Officer into Human Resources Solutions and the Office of Actuaries from PPA into Healthcare and Insurance.

Office of the Director

- Chief Management Officer
- Chief Privacy Officer
- Office of the Chief Financial Officer
- Office of the Chief Information Officer
- Office of Procurement Operations
- Facilities, Security & Emergency Management
- Equal Employment Opportunity
- Human Resources
- Office of Small and Disadvantaged Business Utilization

- Office of the General Counsel
- Congressional, Legislative & Intergovernmental Affairs
- Office of Communications
- Office of Strategy and Innovation
- Planning & Policy Analysis
- Federal Prevailing Rate Advisory Committee
- Executive Director, Chief Human Capital Officer Council
- Security, Suitability, and Credentialing Line of Business

Office of the Inspector General

Suitability Executive Agent Programs
- Policy/Strategy
- Oversight
- Operations

Employee Services
- Pay & Leave
- Senior Executive Service and Performance Management
- Accountability and Workforce Relations
- Outreach, Diversity, and Inclusion
- Talent Acquisition and Workforce Shaping
- Strategic Workforce Planning

Retirement Services
- Retirement Operations DC
- Retirement Operations Boyers
- Budget

Healthcare & Insurance
- Program Development and Support
- Federal Employee Insurance Operations
- Office of the Actuaries

Merit System Accountability & Compliance
- Voting Rights and Resource Management
- Agency Compliance and Evaluation
- Combined Federal Campaign
- Internal Oversight & Compliance

National Background Investigations Bureau
- Field Operations
- Federal Investigative Records Enterprise
- Quality Oversight
- Customer Service, Communications and Engagements
- Information Technology Management Office
- Policy, Strategy and Business Transformation
- Contracting and Business Solutions

Human Resources Solutions
- Center for Leadership Development
- Federal Staffing Center
- HR Strategy and Evaluation Solutions
- Administrative Law Judges Program
- Training and Management Assistance Program

OPM Budget FY 2018 & FY 2019 by Organization—All Resources

Organization	FY 2018 Annualized CR Dollars	FTE	FY 2019 Dollars	FTE	Variance Dollars	FTE
Chief Human Capital Officer Council	$1,100,000	5.0	$997,219	5.0	($102,781)	0.0
Congressional, Legislative and Intergovernmental Affairs	$2,280,612	16.0	$2,151,352	13.0	($129,260)	(3.0)
Employee Services	$32,831,884	191.8	$33,049,769	191.0	$217,885	(0.8)
Equal Employment Opportunity	$845,674	8.0	$899,987	7.0	$54,313	(1.0)
Facilities, Security & Emergency Management	$8,338,419	73.0	$12,586,795	73.0	$4,248,376	0.0
Federal Prevailing Rate Advisory Committee	$171,042	1.0	$182,690	1.0	$11,648	0.0
Healthcare & Insurance	$35,857,872	178.1	$33,638,076	170.4	($2,219,796)	(7.7)
HR Solutions	$196,353,934	462.0	$207,918,968	454.0	$11,565,034	(8.0)
Merit System Accountability & Compliance	$14,597,293	103.0	$16,678,686	102.0	$2,081,393	(1.0)
National Background Investigations Bureau	$1,439,693,820	3,351.0	$1,361,688,884	3,315.0	($78,004,936)	(36.0)
Office of Communications	$2,471,490	19.0	$2,521,031	17.0	$49,541	(2.0)
Office of Procurement Operations	$4,116,586	38.0	$5,698,730	35.0	$1,582,144	(3.0)
Office of Small and Disadvantaged Business Utilization	$381,263	2.0	$471,880	2.0	$90,617	0.0
Office of the Chief Financial Officer	$44,796,478	131.1	$43,459,131	118.0	($1,337,347)	(13.1)
Office of the Chief Information Officer	$199,871,531	350.3	$209,316,163	297.0	$9,444,632	(53.3)
Office of the Director	$5,044,352	30.0	$4,472,640	28.0	($571,712)	(2.0)
Office of the General Counsel	$7,144,906	41.0	$6,751,397	36.0	($393,509)	(5.0)
Office of the Inspector General	$29,979,020	152.0	$30,265,000	154.0	$285,980	2.0
Planning and Policy Analysis	$12,319,282	37.3	$11,047,972	28.3	($1,271,310)	(9.0)
Rent/Centrally Funded Items	$24,736,885	0.0	$25,615,337	0.0	$878,452	0.0
Retirement Services	$100,361,999	1,078.7	$101,987,799	1,038.0	$1,625,800	(40.7)
Security, Suitability and Credentialing Line of Business	$7,496,605	0.0	$7,500,000	12.0	$3,395	12.0
Suitability Executive Agent Programs	$5,863,800	0.0	$6,038,800	53.0	$175,000	53.0
White House Fellows	$854,916	5.0	$882,664	5.0	$27,748	0.0
Office of Strategy and Innovation	$7,600,000	43.0	$6,404,436	43.0	($1,195,564)	0.0
OPM Human Resources	$7,583,947	59.5	$7,360,943	57.7	($223,004)	(1.8)
OPM Total	**$2,192,693,610**	**6,375.8**	**$2,139,586,349**	**6255.4**	**($53,107,261)**	**-120.4**

* This table includes revolving fund-financed organizations and Common Services funding. Therefore, this table varies from the tables in the Executive Summary section

** The variance in FY 2018 total FTE varies between this table and the Executive Summary. This table reflects FTEs financed by the Revolving Fund in mission support offices.

*** The variance in FSEM and OPO from FY 2018 to FY 2019 is attributed to the realignment of Revolving Fund costs to the organizations Common Services budget.

**** The variance in MSAC from FY 2018 to FY 2019 is attributed to the organization including the A&R costs to administer the Voting Rights Program

***** $500,000 of SSCLOB was funded under the Office of the Director in FY 2018, but was realigned in FY 2019 to fall under SSCLoB's budget. Also included in FY 2019 is the Advances & Reimbursement funding for the program.

As shown in the above table OPM's gross budget decreased by more than $53 million from FY 2018. This reduction reflects a nearly $66 million decrease in estimated Revolving Fund and Advances and Reimbursement authority, and a discretionary budget increase of nearly $9 million from the FY 2018 Budget. This growth represents the resources sought as investments in effective programs to begin development of permanent employee digital records. This section describes each organization and the key roles and responsibilities it plays in contributing to the achievement of OPM's mission.

OPM's organizations are categorized into five different types of offices: Executive, Program, Mission Support, Others, and the Office of the Inspector General, which are detailed below:

Executive Offices

The Office of the Director (OD) provides guidance, leadership and direction necessary to lead and serve the Federal Government by delivering policies and services to achieve a trusted effective civilian workforce. The Suitability and Security Clearance Reform Performance and Accountability Council's Program Management Office (PAC PMO) is also housed within the OD. Also included within OD is the Executive Secretariat (ExecSec) function which is responsible for coordination and review of agency correspondence, policy and program proposals, regulations and legislation. ExecSec serves as the agency's regulatory interface with the Office of Management and Budget and the Federal Register. The office is also responsible for the administrative and resource management support for the OD and other executive offices. And finally, ExecSec coordinates OPM's international affairs activities and contacts.

Within OD, the Chief Privacy Officer/Senior Agency Official for Privacy serves as the principal privacy advisor to the OPM Director and is responsible for formulating and implementing OPM policies related to the collection, maintenance, and use of personally identifiable information. These responsibilities include compliance with the Privacy Act, the privacy provisions of the E-Government Act, and other privacy-related laws, regulations, and guidance throughout OPM.

Security, Suitability and Credentialing Line of Business (SSCLoB) is an interagency organization that is administratively housed within OPM's Office of the Director. The SSCLoB was established by and supports the Security, Suitability and Credentialing Performance Accountability Council, which is chaired by the Deputy Director for Management for the Office of Management and Budget, and is accountable to the President for enterprise-wide personnel vetting reforms. The PAC establishes the overall direction for and oversees the SSCLoB's work to identify and assist with implementing solutions that optimize personnel vetting investments, simplify delivery of personnel vetting services, establish shared services, and promote reciprocity, efficiency, and effectiveness across the personnel vetting enterprise.

Office of the General Counsel (OGC) provides legal advice and representation to the Director and OPM managers and leaders so they can work to provide the Federal Government an effective and trusted civilian workforce. OGC does this by rendering opinions, reviewing proposed policies and other work products, and commenting on their legal efficacy, serving as agency representatives in administrative litigation, and supporting the Department of Justice in its representation of the Government on matters concerning the civilian workforce. OGC also carries out several programmatic, substantive functions that

fulfill other statutory or regulatory mandates and thus benefit other OPM offices or the Executive Branch as a whole. For example, OGC is responsible for the Government-wide Hatch Act regulations, administers the internal agency Hatch Act and ethics programs, and serves in a policy and legal role in the Government-wide function of determining which Merit Systems Protection Board and arbitral decisions are erroneous and have a substantial impact on civil service law, and, thus, merit judicial review.

Congressional, Legislative and Intergovernmental Affairs (CLIA) is the OPM office that fosters and maintains relationships with Members of Congress and their staff. CLIA accomplishes its mission by keeping informed of issues related to programs and policies administered by OPM. CLIA staff attend meetings, briefings, markups and hearings in order to interact, educate, and advise agency, Congressional, State, and Local Governments. CLIA is also responsible for supporting Congressional efforts through providing technical assistance and substantive responses to Congressional inquiries.

Office of Communications (OC) coordinates a comprehensive effort to inform the public of the Administration's and OPM's goals, plans, and activities through various media outlets. The OC provides the American public, Federal agencies, and pertinent stakeholders with accurate information to aid in their planning and decision-making process. The OC coordinates the publication and production of all video products, printed materials, and websites generated by OPM offices. The office develops briefing materials for the Director and other OPM officials for various activities and events. The OC also plans events that amplify the Administration's and OPM's key initiatives within the agency and Government-wide.

Office of Strategy and Innovation (OSI) uses data and research to develop human capital strategy and lead human resources innovation throughout the Federal Government. OSI includes both a Data Analysis Group and the Federal Employee Viewpoint Survey Group.

Program Offices

Employee Services (ES) provides policy direction and leadership in designing, developing and promulgating Government-wide human resources systems and programs. ES supports agencies' recruitment, strategic workforce planning, pay, leave, performance management and recognition, leadership and employee development, work/life/wellness programs, and labor and employee relations efforts with tools, education, and direct support. ES provides technical support to agencies regarding the full range of human resources management policies and practices, to include veterans' employment as well as the evaluation of agency human resource programs. ES, through its center for Outreach, Diversity, and Inclusion, also examines policy options, Government-wide data trends, and employee survey findings that affect OPM's management of HR policy, as it relates to recruitment and outreach, diversity and inclusion, and veteran's employment throughout the Federal Government. ES develops comprehensive strategies to drive diversity and inclusion practices throughout the Federal Government and build a diverse and inclusive workforce, respecting individual and organizational cultures, while complying with merit principles and applicable Federal laws.

Retirement Services (RS) is responsible for administering, developing, and providing 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. RS is responsible for administering the Civil Service Retirement System (CSRS) and the Federal Employees Retirement System (FERS), serving nearly 2.6 million Federal retirees and survivors who receive monthly annuity payments. Even after a case is adjudicated and added to the annuity roll, OPM continues to serve annuitants by making address or tax status changes to annuitant accounts, sending out 1099-Rs, surveying certain annuitants to ensure their continued eligibility to receive benefits, and conducting other post adjudication activities.

Healthcare & Insurance (HI) consolidates OPM's healthcare and insurance responsibilities into a single organization. This includes contracting and program management functions such as the Federal Employees Health Benefits (FEHB) Program, Federal Employees' Group Life Insurance (FEGLI), Federal Long Term Care Insurance Program (FLTCIP), the Federal Employee Dental and Vision Insurance Program (FEDVIP), Flexible Spending Accounts for Federal Employees (FSAFEDS), and OPM's responsibilities to administer the Multi-State Plan Program.

Merit System Accountability & Compliance (MSAC) ensures through rigorous oversight that Federal agency human resources programs are effective and efficient, and comply with merit system principles and related civil service requirements. MSAC evaluates agencies' programs through a combination of OPM-led evaluations and participating in agency-led reviews. The evaluations may focus on all or some of the four systems of OPM's Human Capital Framework: (1) strategic planning and alignment of human resources to mission, (2) performance culture, (3) talent management, and (4) evaluation systems. MSAC reports may identify required corrective actions, which agencies must show evidence of implementing, as well as recommendations for agencies to improve their systems and procedures. MSAC also conducts special cross-cutting studies to assess the use of HR authorities and flexibilities across the Government. Moreover, MSAC reviews and renders decisions on agencies' requests to appoint political appointees to competitive or non-political excepted service positions to verify that such appointments are free of political influence. MSAC also adjudicates classification appeals, job grading appeals, Fair Labor Standards Act claims, compensation and leave claims, and declination of reasonable appeals, all of which provides Federal employees with administrative procedural rights to challenge compensation and related agency decisions without having to resort to seeking redress in Federal courts. MSAC has Government-wide oversight of the Combined Federal Campaign (CFC) and the Voting Rights programs. The mission of the CFC is to promote and support philanthropy through a program that is employee focused, cost-efficient, and effective in providing all Federal employees the opportunity to improve the quality of life for all. The Voting Rights Program deploys Federal observers to monitor polling sites (as determined by the Attorney General) and provides written reports to the Department of Justice. Finally, MSAC manages OPM's Office of Internal Oversight and Compliance (IOC). IOC drives the resolution of audit recommendations, and conducts program evaluations to strengthen OPM's risk management and operational performance.

Human Resources Solutions (HRS) is a reimbursable organization offering a complete range of tailored and standardized human resources products and services designed to meet the unique and dynamic needs of the Federal Government. As such, HRS provides customer agencies with innovative, high quality Government-to-Government solutions to help them develop leaders, attract and build a high quality public sector workforce, and achieve long-lasting results. This includes recruiting and examining candidates for Administrative Law Judge positions for employment by Federal agencies nationwide, managing the Leadership for a Democratic Society program, automating the full range of Federal rules and procedures for external hires, developing specialized assessments and performance management strategies, and offering Federal customers with requirements development expertise, ultimately procuring solutions through best-in-class awards.

National Background Investigations Bureau (NBIB) is responsible for providing investigative products and services for over 100 Federal agencies to use as the basis for a variety of personnel adjudicative decisions, including but not limited to security clearance and suitability decisions as required by Executive Orders and other rules and regulations. It focuses on continuous process improvements through innovation, stakeholder engagement, agile acquisition strategy, and a focus on national security. NBIB absorbed most of the roles, responsibilities, and staff of Federal Investigative Services starting in FY 2017. OPM and DOD are working together to implement provisions included in the 2018 NDAA, requiring a transfer of background investigation functions from OPM's NBIB to DOD.

Suitability Executive Agent (SuitEA) was established as a distinct program office within OPM in December 2016 to strengthen the effectiveness of suitability, fitness, and credentialing vetting across the Government. SuitEA prescribes suitability standards and conducts oversight of functions delegated to the heads of agencies while retaining jurisdiction for certain suitability determinations and taking Government-wide suitability actions when appropriate. SuitEA also issues guidelines and instructions to the heads of agencies to promote appropriate uniformity, centralization, efficiency, effectiveness, reciprocity, timeliness, and security in suitability/fitness/credentialing processes.

Mission Support Services

Human Resources (HR) is responsible for OPM's internal human resources management programs. OPM HR supports the human capital needs of program offices throughout the employment lifecycle, from recruiting and hiring candidates for employment opportunities at OPM, to coordinating career development opportunities, to processing retirement applications. The Chief Human Capital Officer leads HR, and is responsible for shaping corporate human resources strategy, policy, and solutions to workforce management challenges within the agency.

Chief Financial Officer (CFO) provides leadership and coordination of OPM financial management services, accounting, financial systems, budget, performance, enterprise risk management and internal controls programs which enable the agency to achieve strategic objectives and mission. Additionally, the CFO ensures the completion of timely and accurate financial reports that support decision making, comply with Federal requirements and demonstrate effective management of taxpayer dollars.

Chief Information Officer (CIO) develops the Information Resource Management Plan and defines the information technology vision and strategy to include information technology policy and security for OPM. The CIO manages the IT infrastructure that supports OPM business applications and operations. The CIO shapes the application of technology in support of the agency's Strategic Plan including information technology that outlines the long term strategic architecture and systems plans for agency information technology capital planning. The CIO supports and manages pre- and post-implementation reviews of major information technology programs and projects, as well as project tracking at critical review points. The CIO provides review and oversight of major information technology acquisitions for consistency with the agency's architecture and the information technology budget, and is responsible for the development of the agency's information technology security policies. The CIO leads the agency's information technology architecture engineering to further architecture integration, design consistency, and compliance with Federal standards. The CIO also works with other agencies on Government-wide projects such as E-Government, and developing long-term plans for human resource information technology strategies.

Facilities, Security & Emergency Management (FSEM) manages the agency's personal and real property, building operations, space design and layout, mail management, safety, physical security, and occupational health programs. FSEM provides personnel security, suitability, and national security adjudicative determinations for OPM personnel. FSEM directs the operations and oversees OPM's preparedness and emergency response programs. In addition, it oversees publishing and printing management for internal and external design and reproduction.

Office of Procurement Operations (OPO) awards and administers several thousand contract actions and interagency agreements annually, with an estimated value of $1 billion. OPO provides acquisition support to OPM programs and also provides assisted acquisition services in support of other Federal agencies that require support under OPM contracts. OPO supports the agency suspension and debarment program, as well as supports the small business utilization efforts for OPM in conjunction with public law, Federal regulations, and OPM contracting policies. The Acquisition Policy and Innovation function within OPO provides acquisition policy development and guidance agency-wide, as well as provides compliance and oversight over OPM's procurement program. OPO provides acquisition support and oversight for all Contracting Officers and Contracting Officer Representatives, and also manages and provides oversight of the purchase card program. OPO serves as OPM's liaison to the Office of Federal Procurement Policy, Chief Acquisition Officers Council, and other key external agency partnerships.

Office of Small and Disadvantaged Business Utilization (OSDBU) manages the development and implementation of appropriate outreach programs aimed at heightening the awareness of the small business community to the contracting opportunities available within OPM. The office's responsibilities, programs, and activities are managed under three lines of business: advocacy, outreach, and unification of the business process.

Equal Employment Opportunity (EEO) provides a fair, legally-correct, and expeditious EEO complaints process (for example, EEO counseling, Alternative Dispute Resolution, and EEO Complaints Intake, Investigation, Adjudication, and Record-Keeping). EEO also designs and implements all required internal OPM diversity and inclusion efforts to promote diversity management.

Other Offices

Planning and Policy Analysis (PPA) provides planning and analytical support to the agency. PPA assesses issues that affect Federal human resource programs and benefits. A particular area of responsibility has been the analysis of policy options, legislative changes, and trends affecting OPM's management of health and retirement benefits for Federal employees.

Federal Prevailing Rate Advisory Committee (FPRAC) studies the prevailing rate system and other matters pertinent to the establishment of prevailing rates under Subchapter IV of Chapter 53 of Title V, United States Code, and advises the Director of OPM on the Government-wide administration of the pay system for blue-collar Federal employees.

Office of the Inspector General

Office of the Inspector General (OIG) conducts comprehensive and independent audits, investigations, and evaluations relating to OPM programs and operations. It is responsible for administrative actions against health care providers that commit sanctionable offenses with respect to the FEHBP or other OPM programs. The OIG keeps the Director and Congress fully informed about problems and deficiencies in the administration of agency programs and operations, and the need for and progress of corrective action.

Performance Budget by Strategic Goal

This section aligns OPM's FY 2019 budget request to the agency's strategic plan. Funding amounts, performance measures and targets, and next steps are detailed for each objective in the strategic plan. It is intended to meet the requirements of the Office of Management and Budget (OMB) Circular A-11, Part 6, Section 240 – *Annual Performance Planning*.

The OPM Strategic Plan includes three strategic goals as well as one operational excellence goal to improve both program operations and cross-cutting management functions. The agency's goals and objectives will guide efforts to accomplish OPM's mission to *lead and serve the Federal Government in enterprise human resources management by delivering policies and services to achieve a trusted effective civilian workforce* and achieve its vision for *"Empowering Excellence in Government through Great People."*

Goals

OPM's goals are as follows:

1. Strategic Goal: Transform hiring, pay, and benefits across the Federal Government to attract and retain the best civilian workforce.

2. Strategic Goal: Lead the establishment and modernization of human capital information technology and data management systems and solutions.

3. Strategic Goal: Improve integration and communication of OPM services to Federal agencies to meet emerging needs.

4. Operational Excellence Goal: Optimize agency performance.

Programmatic Activities Not Aligned to Strategic Objectives

OPM performs certain functions as required by law or Executive Order that do not align directly with a specific strategic goal within the strategic plan. Such functions include, for example, the administration of the Combined Federal Campaign, providing voting rights observations for the Department of Justice (DOJ), and operating the President's Commission on White House Fellows.

Support Activities Not Aligned to Strategic Objectives

OPM has also included in its budgetary request funds for information technology, contracting, facilities and security, financial management, and overhead functions. These administrative and executive leadership activities are grouped in the strategic plan as capacity-enabling functions.

The following table shows the resources budgeted against each of OPM's goals. All resources are shown for each goal, including financing from:

- Advances and Reimbursements from other agencies for services performed on behalf of those agencies or to finance shared commitments such as the Chief Human Capital Officers Council;

- Common Services, which is an internal fund comprised of contributions from all of OPM's

funding sources to finance the administrative functions within the agency; and

- the Office of the Inspector General.

FY 2019 Budget Request by Goal and Fund—All Resources

Strategic Objectives	FY 2019	
	Dollars	FTE
Transform hiring, pay, and benefits across the Federal Government to attract and retain the best civilian workforce	**$1,435,267,201**	**3,677.4**
Salaries & Expenses	$10,358,770	66.7
Trust Fund Annual	$29,336,584	155.8
Revolving Fund	$1,394,500,156	3,441.0
5 USC 8958(f)(2)(A) & 5 USC 8988(f)(2)(A) - Dental & Vision	$658,023	3.8
5 USC 9004(f)(B) - Long-Term Care	$241,306	8.3
5 USC 8348 (a)(1)(B) - Retirement	$172,362	1.8
Lead the establishment and modernization of human capital information technology and data management systems and solutions	**$105,212,365**	**154.5**
Common Services	$4,111,020	25.5
Salaries & Expenses	$14,190,858	43.0
Revolving Fund	$81,910,487	86.0
IT Modernization S&E No-Year	$5,000,000	0.0
Improve integration and communication of OPM services to Federal agencies to meet emerging needs	**$135,557,137**	**409.0**
Salaries & Expenses	$20,060,635	137.0
Revolving Fund	$115,496,502	272.0
Optimize Agency Performance	**$301,813,750**	**1,441.2**
Common Services	$79,938,826	173.6
Salaries & Expenses	$21,777,846	18.0
IT Modernization S&E No-Year	$9,000,000	3.6
Trust Fund Annual	$75,299,016	668.0
Revolving Fund	$69,697,137	141.0
5 USC 8348 (a)(1)(B) - Retirement	$44,149,863	425.0
FERCCA (P.L. 106-265) - Retirement	$1,951,062	12.0
Activities Unaligned	**$161,735,896**	**573.3**
Common Services	$27,139,393	158.0
Salaries & Expenses	$42,972,613	184.3
Trust Fund Annual	$14,439,723	3.0
Revolving Fund	$28,022,605	45.0
Advances & Reimbursements Annual	$6,492,562	20.0
Advances & Reimbursements No Year	$4,000,000	0.0
5 USC 8958(f)(2)(A) & 5 USC 8988(f)(2)(A) - Dental & Vision	$5,603,000	6.0

Strategic Objectives	FY 2019	
	Dollars	FTE
5 USC 9004(f)(B) - Long-Term Care	$1,786,000	3.0
5 USC 8348 (a)(1)(B) - Retirement	$1,000,000	0.0
FERCCA (P.L. 106-265) - Retirement	$15,000	0.0
Salaries & Expenses - OIG	$5,000,000	20.0
Trust Fund Annual - OIG	$25,265,000	134.0
OPM Total	**$2,139,586,349**	**6,255.4**

Note: This table includes the budget of administrative activities funded by OPM's Common Services. Financing for Common Services from the Revolving Fund and the OIG is also reflected.

The following table is a more granular view of the prior table. It shows the operating resources budgeted to each objective within the goals, and includes financing from:

- Advances and Reimbursements from other agencies for services performed on behalf of those agencies or to finance shared commitments such as the Chief Human Capital Officers Council (CHCOC) and the Security, Suitability, and Credentialing Line of Business;
- Resources spent as Common Services, which is an internal fund comprised of contributions from all of OPM's funding sources to finance the administrative functions of the agency; and
- the Office of Inspector General.

FY 2019 Budget Request by Goal and Objective—All Resources

STRATEGIC_GOAL	STR_NO	STRATEGY	FY 2019 Dollars	FTE
Transform hiring, pay, and benefits across the Federal Government to attract and retain the best civilian workforce	1.1	Drive improvements to the hiring process so agencies are able to hire the best candidate in a timely manner	$42,866,846	181.0
	1.2	Achieve reforms to the pay system to drive performance excellence and greater responsiveness to changes in labor markets	$1,227,721	7.7
	1.3	Reduce the complexity and costs to administer Federal employee retirement earned benefits by achieving and implementing legislative reform	$1,545,609	10.0
	1.4	Improve healthcare quality and affordability in the FEHB program with 75 percent of enrollees in quality affordable plans	$29,077,615	163.7
	1.5	Transform the background investigation process to improve investigation timeliness	$1,360,549,410	3,315.0
Strategic Goal Total			**$1,435,267,201**	**3,677.4**
Lead the establishment and modernization of human capital information technology and data management systems and solutions	2.1	Establish a Center of Excellence by leveraging data analytics and research to advance evidence-based human capital management	$4,492,163	22.0
	2.2	Advance human capital management through the strategic use of interoperable HR IT that connects all parts of the talent management lifecycle and facilitates drives adoption of the Software as a Service model by the end of 2022	$42,114,977	73.0

STRATEGIC_GOAL	STR_NO	STRATEGY	FY 2019 Dollars	FTE
	2.3	Streamline data collection and leverage data repositories to enhance enterprise-wide Human Resource (HR) data analytics and reduce low-value reporting requirements	$58,605,225	59.5
Strategic Goal Total			**$105,212,365**	**154.5**
Improve integration and communication of OPM services to Federal agencies to meet emerging needs	3.1	Strengthen OPM coordination of policy, service delivery, and oversight resulting in agencies' achievement of human capital objectives	$126,087,931	358.0
	3.2	Achieve recognition as the trusted human capital management advisor	$9,469,206	51.0
Strategic Goal Total			**$135,557,137**	**409.0**
Optimize Agency Performance	4.1	Improve collaboration, transparency, and communication among OPM leadership to make better, more efficient decisions, increasing OPM's collaborative management score by 4 percentage points	$223,056	1.0
	4.2	Invest in OPM management and provide the tools managers need to maximize employee performance, improving OPM's score in dealing with poor performers by 4 percentage points	$1,666,272	17.2
	4.3	Exceed the Government-wide average satisfaction score for each agency mission support service	$187,671,493	363.5
	4.4	Improve retirement services by reducing the average time to answer calls to 5 minutes or less and achieve an average case processing time of 60 days or less	$112,252,929	1,059.5
Strategic Goal Total			**$301,813,750**	**1,441.2**
Activities Unaligned	5.1	Programmatic activities not aligned to strategic objective	$113,947,573	371.3
	5.2	Support activities not aligned to strategic objectives	$47,788,323	202.0
Strategic Goal Total			**$161,735,896**	**573.3**

FY 2019 Budget Request by Goal and Organization—All Resources

The following table shows FY 2019 operating resources for each strategic goal by organization. This includes:

- Advances and Reimbursements from other agencies for services performed on behalf of those agencies or to finance shared commitments such as the Chief Human Capital Officers Council;
- resources spent as Common Services which is an internal fund comprised of contributions from all of OPM's funding sources to finance the administrative functions within the agency; and
- the Office of Inspector General.

FY 2019 Goal Numbers	Transform hiring, pay, and benefits across the Federal Government to attract and retain the best civilian workforce 1	Lead the establishment and modernization of human capital information technology and data management systems and solutions 2	Improve integration and communication of OPM services to Federal agencies to meet emerging needs 3	Optimize Agency Performance 4	Activities Unaligned 5	Total All Objectives
Chief Human Capital Officer Council	$0	$0	$0	$0	$997,219	$997,219
Congressional, Legislative and Intergovernmental Affairs	$66,984	$0	$0	$0	$2,084,368	$2,151,352
Employee Services	$9,365,867	$3,279,120	$8,520,965	$0	$11,883,817	$33,049,769
Equal Employment Opportunity	$0	$0	$0	$0	$899,987	$899,987
Facilities, Security & Emergency Management	$0	$0	$0	$124,700	$12,462,095	$12,586,795
Federal Prevailing Rate Advisory Committee	$0	$0	$0	$0	$182,690	$182,690
Healthcare & Insurance	$22,759,088	$0	$0	$0	$10,878,988	$33,638,076
HR Solutions	$27,928,946	$37,627,389	$115,496,502	$0	$26,866,131	$207,918,968
Merit System Accountability & Compliance	$777,954	$393,694	$7,838,546	$0	$7,668,492	$16,678,686
National Background Investigations Bureau (NBIB)	$1,360,549,410	$0	$0	$0	$1,139,474	$1,361,688,884
Office of Communications	$0	$0	$0	$0	$2,521,031	$2,521,031
Office of Procurement Operations	$0	$0	$0	$220,915	$5,477,815	$5,698,730
Office of Small and Disadvantaged Business Utilization	$0	$0	$0	$0	$471,880	$471,880
Office of Strategy and Innovation	$0	$695,349	$3,701,124	$0	$2,007,963	$6,404,436

Goal Numbers	Transform hiring, pay, and benefits across the Federal Government to attract and retain the best civilian workforce 1	Lead the establishment and modernization of human capital information technology and data management systems and solutions 2	Improve integration and communication of OPM services to Federal agencies to meet emerging needs 3	Optimize Agency Performance 4	Activities Unaligned 5	All Objectives
Office of the Chief Financial Officer	$0	$0	$0	$43,018,555	$440,576	$43,459,131
Office of the Chief Information Officer	$0	$58,605,225	$0	$150,632,763	$78,175	$209,316,163
Office of the Director	$0	$0	$0	$0	$4,472,640	$4,472,640
Office of the General Counsel	$0	$0	$0	$0	$6,751,397	$6,751,397
Office of the Inspector General	$0	$0	$0	$0	$30,265,000	$30,265,000
OPM Human Resources	$0	$0	$0	$7,307,643	$53,300	$7,360,943
Planning and Policy Analysis	$6,318,527	$4,611,588	$0	$0	$117,857	$11,047,972
Rent/Centrally Funded Items	$0	$0	$0	$0	$25,615,337	$25,615,337
Retirement Services	$1,478,625	$0	$0	$100,509,174	$0	$101,987,799
Security, Suitability and Credentialing Line of Business(SSCLOB)	$0	$0	$0	$0	$7,500,000	$7,500,000
Suitability Executive Agent Programs	$6,021,800	$0	$0	$0	$17,000	$6,038,800
White House Fellows	$0	$0	$0	$0	$882,664	$882,664
OPM Total	$1,435,267,201	$105,212,365	$135,557,137	$301,813,750	$161,735,896	$2,139,586,349

*This table includes the budget administrative activities funded by OPM's Common Services. Financing for Common Services from the Revolving Fund and the OIG is also reflected

Strategic Goal 1: Transform hiring, pay, and benefits across the Federal Government to attract and retain the best civilian workforce

Performance Budget Request by Objective, Organization and Fund–All Resources

Strategic Objectives	FY 2019 Dollars	FTE
Transform hiring, pay, and benefits across the Federal Government to attract and retain the best civilian workforce		
1.1		
Drive improvements to the hiring process so agencies are able to hire the best candidate in a timely manner	**$42,866,846**	**181.0**
Employee Services		
Salaries & Expenses	$8,138,146	50.0
HR Solutions		
Human Resource Solutions	$27,928,946	73.0
Merit System Accountability & Compliance		
Salaries & Expenses	$777,954	5.0
Suitability Executive Agent Programs		
Investigative Services	$6,021,800	53.0
1.2		
Achieve reforms to the pay system to drive performance excellence and greater responsiveness to changes in labor markets	**$1,227,721**	**7.7**
Employee Services		
Salaries & Expenses	$1,227,721	7.7
1.3		
Reduce the complexity and costs to administer Federal employee retirement earned benefits by achieving and implementing legislative reform	**$1,545,609**	**10.0**
Congressional, Legislative and Intergovernmental Affairs		
Salaries & Expenses	$66,984	0.0
Retirement Services		
Trust Fund Annual	$1,478,625	10.0
1.4		`
Improve healthcare quality and affordability in the FEHB program with 75 percent of enrollees in quality affordable plans	**$29,077,615**	**163.7**
Healthcare & Insurance		
Trust Fund Annual	$21,859,759	132.3
5 USC 8958(f)(2)(A) & 5 USC 8988(f)(2)(A) - Dental & Vision	$658,023	3.8
5 USC 9004(f)(B) - Long-Term Care	$241,306	8.3
Planning and Policy Analysis		
Salaries & Expenses	$147,965	4.0
Trust Fund Annual	$5,998,200	13.5
5 USC 8348 (a)(1)(B) - Retirement	$172,362	1.8
1.5		
Transform the background investigation process to improve investigation timeliness	**$1,360,549,410**	**3,315.0**
National Background Investigations Bureau		
Investigative Services	$1,360,549,410	3,315.0
OPM Total	**$1,435,267,201**	**3677.4**

Strategic Objective 1.1: Drive improvements to the hiring process so agencies are able to hire the best candidate in a timely manner

Strategic Objective Owner: Kim Holden, Deputy Associate Director, Recruitment & Hiring, ES

Deputy Strategic Objective Owners: Ana Mazzi, Deputy Associate Director, MSAC; Dianna Saxman, Deputy Associate Director, Federal Staffing Group, HRS

FY 2018 and FY 2019 Next Steps and Anticipated Accomplishments:

In FY 2018-2019, ES will develop a plan to examine a variety of hiring mechanisms and processes. This will include amending the May 11, 2010, Presidential Memorandum mandating the use of "category rating" for competitive examining. Experience has shown "numerical ranking" can lead to more meaningful distinctions among applicants in certain circumstances than may be the case with category rating. OPM thinks agencies are best served when they have both methods at their disposal. OPM will seek statutory changes modifying the "rule of three" with the hope, through implementing regulation, of providing agencies authority to define the number of candidates to be considered at a time, using a cut-off score or similar mechanism. Veterans would still be granted preference points under this modified numerical ranking procedure. Agencies would also continue to be authorized to use "category rating" at their discretion, instead of straight numerically-based scoring. OPM will also examine the definition of public notice as it relates to Excepted Service Pathways Programs, and consider, in consultation with counsel, what options may be available to address agency concerns when the number of applications received for the Intern Program impose a significant burden.

Research has demonstrated that accurate and effective assessments are instrumental in helping hiring managers identify the best candidates for a position. However, hiring managers are often challenged by the details of developing an assessment strategy. In FY 2018-2019, ES and HRS will engage agency leaders, hiring managers and the human resources community through interviews, focus groups and round table discussions to identify best practices for designing agency assessment strategies to improve the quality of hires and to meet organizational goals. These discussions will focus on assessment strategies for identifying talent Government-wide, the use of more effective assessment tools to identify highly qualified applicants, and improving the definitions of specialized experience to screen applicants more effectively and differentiate between highly qualified candidates versus those who are minimally qualified. In addition, OPM currently offers agencies the capability to deliver innovative and robust online assessment solutions through USA Hire. By 2019, HRS anticipates expanding the number of vacancy announcements using USA Hire assessment by five percent in an effort to increase the quality of hires through this centralized online assessment platform. Further, HRS will continually evaluate the efficacy of assessment solutions offered, starting with replacing the outdated Administrative Careers with America written tests with more current USA Hire assessments.

ES, MSAC, HRS and USAJOBS will also develop a robust suite of educational options and technological tools to assist hiring managers in recruiting and selecting the best candidates for their positions. Launching the Federal Human Resources Institute staffing curriculum designed specifically for the Federal human resources workforce will provide the knowledge platform for effective human resource

consultative services.   OPM will migrate 95 percent of USA Staffing vacancies to the USA Staffing upgrade to create greater transparency for hiring managers on the status of their hiring actions via the upgrade's enhanced hiring manager interface. Developing and managing a dedicated Customer Relationship Management tool will allow hiring managers to maintain nationwide outreach contacts. Further, OPM will summarize and post Hiring Manager Satisfaction Survey results on the OPM website to promote easier access and increased transparency.

SuitEA envisions a process for Executive branch suitability vetting that employs state-of-the-art automated processes, improves information sharing and supports consistent application of standards, and provides effective guidance for, and oversight of, delegated suitability functions. In FY 2018-2019 SuitEA will build upon the "as is" discovery process it conducted with agencies in 2017 to develop a plan for strengthening and modernizing suitability vetting that aligns with the hiring process and employee lifecycle.

Implementation Organizations:

ES, MSAC, HRS and SuitEA

Performance Measure

Performance Measure	FY 2015 Result	FY 2016 Result	FY 2017 Result	FY 2018 Target	FY 2019 Target
Hiring manager satisfaction that applicants are referred in a timely manner and with the skills to perform the job	76.3	75.2	71.5	76	76.8

Performance Budget Request by Objective, Organization and Fund–All Resources

Strategic Objectives	FY 2019 Dollars	FTE
Transform hiring, pay, and benefits across the Federal Government to attract and retain the best civilian workforce		
1.1		
Drive improvements to the hiring process so agencies are able to hire the best candidate in a timely manner	**$42,866,846**	**181.0**
Employee Services		
Salaries & Expenses	$8,138,146	50.0
HR Solutions		
Human Resource Solutions	$27,928,946	73.0
Merit System Accountability & Compliance		
Salaries & Expenses	$777,954	5.0
Suitability Executive Agent Programs		
Investigative Services	$6,021,800	53.0
OPM Total	**$42,866,846**	**181.0**

Strategic Objective 1.2: Achieve reforms to the pay system to drive performance excellence and greater responsiveness to changes in labor markets

Strategic Objective Owner: Brenda Roberts, Deputy Associate Director, Pay & Leave, ES

Deputy Strategic Objective Owners: Kim Holden, Deputy Associate Director, Talent Acquisition and Workforce Shaping, ES; Tim Curry, Deputy Associate Director, Accountability and Workforce, ES; Julie Brill, Acting Deputy Associate Director, SES & Performance Management, ES

FY 2018 and FY 2019 Next Steps and Anticipated Accomplishments:

By the end of FY 2018, ES will complete a study identifying potential areas of improvement in Federal employee compensation and leave benefits systems. ES will partner with agency stakeholders to identify concerns and priority areas for improvement related to pay and leave systems, and also identify and engage with nonpartisan groups, think tanks, key Congressional leadership, and employee organizations to understand perspectives and pay and leave reform proposals.

By the end of FY 2019, ES will develop options for reforming Federal employee compensation and leave benefits systems. This will include options for optimizing use of existing pay and leave flexibilities to address agency stakeholders' concerns in the near term, and for development of any legislative proposals needed to change current pay and leave systems in the longer term.

Implementation Organizations:

ES

Milestones

Target Completion Date	Description
FY 2018	Complete a study identifying potential areas of improvement in Federal employee compensation and leave benefits systems
FY 2019	Develop options for reforming Federal employee compensation and leave benefits systems

Performance Budget Request by Objective, Organization and Fund–All Resources

Strategic Objectives	FY 2019 Dollars	FTE
Transform hiring, pay, and benefits across the Federal Government to attract and retain the best civilian workforce		
1.2		
Achieve reforms to the pay system to drive performance excellence and greater responsiveness to changes in labor markets	$1,227,721	7.7
Employee Services		
Salaries & Expenses	$1,227,721	7.7
OPM Total	$1,227,721	7.7

Strategic Objective 1.3: Reduce the complexity and costs to administer Federal employee retirement earned benefits by achieving and implementing legislative reform

Strategic Objective Owner: Ken Zawodny, Associate Director, RS

Deputy Strategic Objective Owner: Janel Fitzhugh, Chief, Legislative Affairs, CLIA

FY 2018 and FY 2019 Next Steps and Anticipated Accomplishments:

In FY 2018, RS and CLIA will submit at least four legislative proposals to Office of Management and Budget (OMB) for interagency clearance. RS and CLIA will work with OMB and agency partners to clear these proposals for transmittal to Congress. After receiving clearance from OMB, OPM will submit the cleared legislation to Congress for enactment and periodically follow up with Congressional contacts, supply additional necessary information and track the status through passage.

In FY 2019, RS and CLIA will develop and submit to OMB at least two additional retirement related draft bills for interagency clearance. These draft bills should reduce the complexity or cost of administering the Federal retirement program. To provide for the expenses that OPM incurs in providing retirement benefits to active and retired employees, and their survivors, OPM is proposing that OPM be reimbursed by a fixed percentage of agency and employee contributions to the Retirement Fund. This proposal would authorize and appropriate to OPM, on a permanent indefinite basis, a proportion, not to exceed three-quarters of one percent, of employer and employee contributions to the Retirement Fund. Amounts in excess of this amount would be available from the Retirement Fund subject to such annual limitation as the Congress may provide, as is the case under current law. The funds would be available to OPM for the costs it incurs in administering the CSRS and FERS retirement programs. Use of these administrative funds will be subject to the approval of the Director of OPM, in consultation with the OMB, and will remain subject to the oversight under the apportionment process.

Implementation Organizations:

RS and CLIA

Milestones

Target Completion Date	Description
FY 2018	Submit four legislative proposals for transmittal to Congress
FY 2019	Submit at least two retirement reform proposals to the Office of Management and Budget (OMB) for interagency clearance

Performance Budget Request by Objective, Organization and Fund–All Resources

Strategic Objectives	FY 2019 Dollars	FTE
Transform hiring, pay, and benefits across the Federal Government to attract and retain the best civilian workforce		
1.3		
Reduce the complexity and costs to administer Federal employee retirement earned benefits by achieving and implementing legislative reform	**$1,545,609**	**10.0**
Congressional, Legislative and Intergovernmental Affairs		
Salaries & Expenses	$66,984	0.0
Retirement Services		
Trust Fund Annual	$1,478,625	10.0
OPM Total	**$1,545,609**	**10.0**

Strategic Objective 1.4: Improve healthcare quality and affordability in the FEHB program with 75 percent of enrollees in quality affordable plans

Strategic Objective Owner: Alan Spielman, Director, HI

Deputy Strategic Objective Owner: Laurie Bodenheimer, Deputy Director, HI

FY 2018 and FY 2019 Next Steps and Anticipated Accomplishments:

In both FY 2018 and FY 2019, HI and PPA will provide technical assistance to FEHB carriers to foster their progress toward higher quality/customer service/resource use scores in the FEHB Plan Performance Assessment, through quarterly meetings of the Plan Performance Assessment best practices workgroup, the annual FEHB Call Letter (released in the second quarter of each fiscal year), educational sessions at the FEHB Carrier Conference each March, and carrier-specific performance feedback provided annually. To increase the affordability of FEHB plans, OPM will review the agency's guidance on high deductible health plans with health savings accounts to determine whether additional flexibility for carriers is needed. HI and PPA will also provide ongoing guidance in FY 2018 and FY 2019 to carriers regarding the planned implementation of the excise tax on high cost employer-sponsored health coverage. In FY 2018, OPM will develop proposed regulations to allow all FEHB carriers the same flexibility to offer three plan options. In addition, the agency will determine whether to seek a carrier for the Indemnity Benefit Plan. In FY 2018 and FY 2019, OPM will determine legislative or regulatory changes that would more strongly incentivize carriers to prioritize quality and affordability. HI will initiate actions to improve the FEHB enrollment experience, to include enhanced enrollee decision support and greater efficiency in enrollment and premium administration. HI will also provide more detailed information on quality and affordability of FEHB plans to agency benefits officers.

In addition to continuing the FY 2018 efforts, in FY 2019, HI and PPA will improve data collection from carriers and enhance OPM's analysis of existing data in order to provide benchmarking information to carriers on key trends and identify gaps in pharmaceutical drug coverage and potential adverse selection due to formulary design. In addition, OPM will seek to improve the portfolio of available FEHB plans and enhance competition by identifying and recruiting high-performing carriers to participate in the FEHB by offering comprehensive medical plans. OPM will also make enhancements to the existing FEHB plan comparison tool.

Implementation Organizations:

HI and PPA

Performance Measure

Performance Measure	FY 2015 Result	FY 2016 Result	FY 2017 Result	FY 2018 Target	FY 2019 Target
Percent of FEHB enrollees in quality affordable plans	-*	74.3%	Expected End of February 2018	74.5%	75%

*No historical data available for this period.

Performance Budget Request by Objective, Organization and Fund–All Resources

Strategic Objectives	FY 2019 Dollars	FTE
Transform hiring, pay, and benefits across the Federal Government to attract and retain the best civilian workforce		
1.4		`
Improve healthcare quality and affordability in the FEHB program with 75 percent of enrollees in quality affordable plans	**$29,077,615**	**163.7**
Healthcare & Insurance		
Trust Fund Annual	$21,859,759	132.3
5 USC 8958(f)(2)(A) & 5 USC 8988(f)(2)(A) - Dental & Vision	$658,023	3.8
5 USC 9004(f)(B) - Long-Term Care	$241,306	8.3
Planning and Policy Analysis		
Salaries & Expenses	$147,965	4.0
Trust Fund Annual	$5,998,200	13.5
5 USC 8348 (a)(1)(B) - Retirement	$172,362	1.8
OPM Total	**$29,077,615**	**163.7**

Strategic Objective 1.5: Transform the background investigation process to improve investigation timeliness

Strategic Objective Owner: Charles Phalen, Director, NBIB

Deputy Strategic Objective Owners: Jorge Shimabukuro, Deputy Assistant Director, NBIB

FY 2018 and FY 2019 Next Steps and Anticipated Accomplishments:

In FY 2018, NBIB will begin a multi-staged implementation process to initiate transformative changes through utilization of an integrated portfolio management approach. This implementation plan divides five joint capability areas into portfolios, with each portfolio embracing a number of initiatives. This plan will address fieldwork resources, automation and digitization, risk management, analytics-driven investigations, and increased transparency.

In FY 2018-2019 NBIB will work with DoD to develop, test, and deploy the National Background Investigations System (NBIS) while maintaining legacy IT systems within OPM for current NBIB operations and to provide a smooth and seamless transition. NBIB will increase investigative workforce capacity by hiring more Federal investigators and motivating NBIB contractors to employ additional contract investigators, to more expeditiously decrease pending case inventory and improve the timely delivery of high-quality cases to NBIB's Federal agency customers. NBIB will also develop its Law Enforcement Liaison Office to assist with centralization and outreach, as well as educate the law enforcement community on the needs of the national background investigation program. NBIB will identify law enforcement agencies, that are unable to meet background investigation record requests as required under 5 U.S.C. § 9101. In concert with those agencies, NBIB will develop a strategy to include identifying resources such as staffing, funding and automation to permit those agencies to become compliant. NBIB will further implement a continuous evaluation approach pursuant to guidance prescribed by new Federal Investigative Standards, and Executive Order 13467, as amended. This requires a review of the background of an individual at any time during the period of eligibility to determine whether that individual continues to meet the requirements for eligibility. Further, NBIB will maintain the current suite of records checks and add additional statewide law checks and other checks required by the Federal Investigative Standards capable of being done remotely from a central location. NBIB will also publish investigation prices in advance to support customer agencies' budget submission cycle. Creating a centralized law check reduces the average cost per check. This will allow Federal customers to better budget for price fluctuations. The NBIB Counterintelligence office will expand its ability to identify and evaluate background investigations and related suspicious indicator reporting to help detect potential counterintelligence, counterterrorism, and insider threats. OPM will add enhanced analytical tools that support background investigations that will better anticipate, detect, and counter malicious activities, as well as threats that could be posed by trusted insiders who may seek to do harm to the Government's personnel, property, and information systems. NBIB will continue supply order cost reductions through negotiations, market research, and use of required sources.

Implementation Organizations:

NBIB

Performance Measures

Performance Measure	FY 2015 Result	FY 2016 Result	FY 2017 Result	FY 2018 Target	FY 2019 Target
Percent of investigations determined to be quality complete	99.9%	99.9%	99.9%	99%	99%
Number of cases in the inventory	330,000*	573,000*	708,000*	637,200	10% Reduction from FY 2018 Result

*Rounded

Performance Budget Request by Objective, Organization and Fund–All Resources

Strategic Objectives	FY 2019 Dollars	FTE
Transform hiring, pay, and benefits across the Federal Government to attract and retain the best civilian workforce		
1.5		
Transform the background investigation process to improve investigation timeliness	**$1,360,549,410**	**3,315.0**
National Background Investigations Bureau		
Investigative Services	$1,360,549,410	3,315.0
OPM Total	**$1,360,549,410**	**3315.0**

Strategic Goal 2: Lead the establishment and modernization of human capital information technology and data management systems and solutions

Performance Budget Request by Objective, Organization and Fund–All Resources

Strategic Objectives	FY 2019 Dollars	FTE
Lead the establishment and modernization of human capital information technology and data management systems and solutions		
2.1		
Establish a Center of Excellence by leveraging data analytics and research to advance evidence-based human capital management	**$4,492,163**	**22.0**
Employee Services		
Salaries & Expenses	$3,253,120	17.0
HR Solutions		
Human Resource Solutions	$150,000	0.0
Merit System Accountability & Compliance		
Salaries & Expenses	$393,694	3.0
Office of Strategy and Innovation		
Salaries & Expenses	$695,349	2.0
2.2		
Advance human capital management through the strategic use of interoperable HR IT that connects all parts of the talent management lifecycle and facilitates drives adoption of the Software as a Service model by the end of 2022	**$42,114,977**	**73.0**
Employee Services		
Salaries & Expenses	$26,000	0.0
HR Solutions		
Human Resource Solutions	$37,477,389	64.0
Planning and Policy Analysis		
Salaries & Expenses	$1,461,588	9.0
HR Line of Business	$3,150,000	0.0
2.3		
Streamline data collection and leverage data repositories to enhance enterprise-wide Human Resource (HR) data analytics and reduce low-value reporting requirements	**$58,605,225**	**59.5**
Office of the Chief Information Officer		
Common Services	$4,111,020	25.5
Salaries & Expenses	$8,361,107	12.0
Enterprise Human Resources Integration	$41,133,098	22.0
IT Modernization S&E No-Year	$5,000,000	0.0
OPM Total	**$105,212,365**	**154.5**

Strategic Objective 2.1: Establish a Center of Excellence by leveraging data analytics and research to advance evidence-based human capital management

Strategy Objective Owner: Kimya Lee, Senior Advisor on Research & Evaluation, PPA

Deputy Strategic Objective Owners: Veronica Villalobos, Principal Deputy Associate Director, ES

FY 2018 and FY 2019 Next Steps and Anticipated Accomplishments:

In FY 2018, OPM will focus on gaining a deeper understanding of the agency's current data analytical and research capabilities. This will facilitate the development of an analytic roadmap for accelerating the agency's analytical capacity, both in terms of technology and talent upskill, and better equipping OPM to forecast its future needs. In FY 2018, OSI, with assistance from ES and HRS, will administer an internal survey of OPM's analytic workforce, and conduct interviews with OPM's senior leadership and key program officers to achieve a holistic view of the agency's current and future analytic needs. Further, OSI, ES, HRS, and the Privacy Officer will develop and implement a data usage framework that balances data security, privacy, and protection with data flexibility and usage. OPM will continue to target external collaborative partnerships with leading academic researchers and industry thought leaders in the human capital management space. Specifically, ES, HRS, and MSAC will host a series of Thought Leader Summits throughout FY 2018 that highlight emerging trends in human capital management. OSI, in collaboration with ES, HRS, and MSAC will also hold its Annual Research Summit, which will bring together Federal practitioners, academic researchers, non-profits, and industry leaders to discuss new ideas and current human capital management policy research. ES, OSI, HRS, and MSAC will increase external and internal engagements on strategic forecasting, demonstration projects, pilots, and research publications.

In FY 2019, OPM will begin publishing white papers targeted to a human capital management audience about the agency's engagements on strategic forecasting and pilots, and continue to produce research publications. In addition, OPM will host four webcasts that connect OPM's Community of Excellence, research professionals, CHCOs, and others across the Federal Government to participate in live discussions on critical human capital management topics. OPM will also continue to establish and execute MOUs or research agreements for information sharing and research project collaborations to help advance OPM's human capital management policy initiatives.

Implementation Organizations:

OSI, HRS, MSAC, and ES

Performance Measure

Performance Measure	FY 2015 Result	FY 2016 Result	FY 2017 Result	FY 2018 Target	FY 2019 Target
Percent of OPM policies that embed data analysis and research	-*	-*	-*	Establish Baseline	Establish Baseline

*No historical data available for this period.

Performance Budget Request by Objective, Organization and Fund–All Resources

Strategic Objectives	FY 2019 Dollars	FTE
Lead the establishment and modernization of human capital information technology and data management systems and solutions		
2.1		
Establish a Center of Excellence by leveraging data analytics and research to advance evidence-based human capital management	**$4,492,163**	**22.0**
Employee Services		
Salaries & Expenses	$3,253,120	17.0
HR Solutions		
Human Resource Solutions	$150,000	0.0
Merit System Accountability & Compliance		
Salaries & Expenses	$393,694	3.0
Office of Strategy and Innovation		
Salaries & Expenses	$695,349	2.0
OPM Total	**$4,492,163**	**22.0**

Strategic Objective 2.2: Advance human capital management through the strategic use of interoperable HR IT that connects all parts of the talent management lifecycle and facilitates drives adoption of the Software as a Service model by the end of 2022

Strategy Objective Owner: Dave Vargas, Director, HRLOB, PPA

Deputy Strategic Objective Owners: Reginald Brown, Principal Deputy Associate Director, HRS; Robert Leahy, Deputy Chief Information Officer, OCIO

FY 2018 and FY 2019 Next Steps and Anticipated Accomplishments:

In FY 2018, PPA's HRLOB will drive the development of Government-wide common talent management service delivery standards. ES will assist in the development of these standards. These standards will streamline how the practice of HR will be experienced from the employees' perspective, from the agency's perspective, and from the ecosystem's perspective.

In FY 2019, HRS will establish end-to-end talent management readiness by standing up multiple offerings of a complete end-to-end cloud-based Software-as-a-Service talent management suite, to be followed by agency adoption shortly thereafter.

Implementation Organizations:

PPA, ES and HRS

Milestones

Target Completion Date	Description
FY 2018	Complete Human Capital Federal Integrated Business Framework standards for all Talent Management Functions (Talent Acquisition, Talent Development, Employee Performance Management, Compensation and Benefits, and Separation and Retirement)
FY 2019	Make the USAService SaaS solutions available on a FedRamp "high" cloud available to agencies for the complete talent management lifecycle
FY 2019	Make one-two additional SaaS solutions available on a FedRamp "high" cloud to agencies for the complete talent management lifecycle

Performance Budget Request by Objective, Organization and Fund–All Resources

Strategic Objectives	FY 2019 Dollars	FTE
Lead the establishment and modernization of human capital information technology and data management systems and solutions		
2.2		
Advance human capital management through the strategic use of interoperable HR IT that connects all parts of the talent management lifecycle and facilitates drives adoption of the Software as a Service model by the end of 2022	**$42,114,977**	**73.0**
Employee Services		
Salaries & Expenses	$26,000	0.0
HR Solutions		
Human Resource Solutions	$37,477,389	64.0
Planning and Policy Analysis		
Salaries & Expenses	$1,461,588	9.0
HR Line of Business	$3,150,000	0.0
OPM Total	**$42,114,977**	**73.0**

Objective: 2.3: Streamline data collection and leverage data repositories to enhance enterprise-wide Human Resource (HR) data analytics and reduce low-value reporting requirements

Strategy Objective Owner: Dave Vargas, Director, HRLOB, PPA

Deputy Strategic Objective Owners: Robert Leahy, Deputy Chief Information Officer, OCIO; Veronica Villalobos, Principal Deputy Associate Director, ES

FY 2018 and FY 2019 Next Steps and Anticipated Accomplishments:

In FY 2018, PPA's HRLOB and OCIO, will establish an executive-level data governance board to promote accountability, transparency, and progress towards completing the Employee Digital Record. By the end of FY 2018, OPM will finalize the first release of Federal HR data standards that will establish a common data language so that Federal HR data can be standardized, stored, and exchanged. As part of the data standardization process, throughout FY 2018, PPA's HRLOB and OCIO, will define, and approve the format of, time and attendance-related data fields for the EDR. Further, PPA's HRLOB and OCIO will identify best of breed methods and processes to safeguard the agency's data, and will initiate a holistic and integrated data protection methodology.

In FY 2019, the agency will establish a cloud-based data repository to process and store a test group of payroll and time and attendance data elements. In addition, the agency will establish the first release of a state of the art data exchange platform that that allows standardized Federal HR data to be exchanged. In FY 2019, OPM will use the Human Capital Information Model (HCIM) (a real time registry and repository of human capital data elements, definitions, and metadata that was built using global industry data, standards, Federal Government data standards, and best practices) to help align the EDR data with the latest data standards and technology.

Implementation Organizations:

OCIO

Milestones

Milestones for this Strategic Objective are currently under development as part of OPM's Agency Priority Goal Action Plans to be released in March 2018.

Performance Budget Request by Objective, Organization and Fund–All Resources

Strategic Objectives	FY 2019 Dollars	FTE
Lead the establishment and modernization of human capital information technology and data management systems and solutions		
2.3		
Streamline data collection and leverage data repositories to enhance enterprise-wide Human Resource (HR) data analytics and reduce low-value reporting requirements	**$58,605,225**	**59.5**
Office of the Chief Information Officer		
Common Services	$4,111,020	25.5
Salaries & Expenses	$8,361,107	12.0
Enterprise Human Resources Integration	$41,133,098	22.0
IT Modernization S&E No-Year	$5,000,000	0.0
OPM Total	**$58,605,225**	**59.5**

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Strategic Goal 3: Improve integration and communication of OPM services to Federal agencies to meet emerging needs

Performance Budget Request by Objective, Organization and Fund–All Resources

Strategic Objectives	FY 2019 Dollars	FTE
Improve integration and communication of OPM services to Federal agencies to meet emerging needs		
3.1		
Strengthen OPM coordination of policy, service delivery, and oversight resulting in agencies' achievement of human capital objectives	**$126,087,931**	**358.0**
Employee Services		
Salaries & Expenses	$8,137,984	52.0
HR Solutions		
Human Resource Solutions	$110,439,884	248.0
Merit System Accountability & Compliance		
Salaries & Expenses	$7,510,063	58.0
3.2		
Achieve recognition as the trusted human capital management advisor	**$9,469,206**	**51.0**
Employee Services		
Salaries & Expenses	$382,981	2.0
HR Solutions		
Human Resource Solutions	$5,056,618	24.0
Merit System Accountability & Compliance		
Salaries & Expenses	$328,483	3.0
Office of Strategy and Innovation		
Salaries & Expenses	$3,701,124	22.0
OPM Total	**$135,557,137**	**409.0**

Strategic Objective 3.1: Strengthen OPM coordination of policy, service delivery, and oversight resulting in agencies' achievement of human capital objectives

Strategic Objective Owner: Ana Mazzi, Deputy Associate Director, MSAC

Deputy Strategic Objective Owners: Veronica Villalobos, Principal Deputy Associate Director, ES; Reginald Brown, Principal Deputy Associate Director, HRS

FY 2018 and FY 2019 Next Steps and Anticipated Accomplishments:

In FY 2018, ES, MSAC, and HRS will take a more holistic approach to developing integrated strategies to address Federal human capital management challenges. OPM will engage in a deliberate examination of the human capital policy, services and evaluation organizations to create a "collaborative framework." OPM will seize opportunities to proactively engage the Federal human capital community, program leaders, private industry, and academia on emerging trends in the human capital space, and how best to potentially operationalize those trends within the Federal human resources environment. OPM will collect baseline data from internal organizations of OPM to determine the current level of satisfaction with collaboration, and from external clients to determine the current level of satisfaction with policy, evaluation and services. By FY 2019, OPM's policy, evaluation and services organizations (ES, MSAC, and HRS) will strategize with the OC and OCIO to redesign the OPM website to improve information availability.

In FY 2019, OPM will implement the collaboration framework and continue to collect data and measure results on internal and external satisfaction. ES, MSAC, and HRS will work with other key offices in OPM, such as OGC and OES, to streamline the way policies, guidance, decisions, reports and products are released for implementation. OPM will be more timely and more responsive, improving the leadership OPM provides to the Federal human capital community and its external stakeholders.

Implementation Organizations:

ES, MSAC, and HRS

Performance Measure

Performance Measure	FY 2015 Result	FY 2016 Result	FY 2017 Result	FY 2018 Target	FY 2019 Target
Percent of users who agree OPM human capital services are helpful in achieving human capital objectives	-*	-*	-*	Establish Baseline	Establish Baseline

* No historical data available for this period.

Performance Budget Request by Objective, Organization and Fund–All Resources

Strategic Objectives	FY 2019 Dollars	FTE
Improve integration and communication of OPM services to Federal agencies to meet emerging needs		
3.1		
Strengthen OPM coordination of policy, service delivery, and oversight resulting in agencies' achievement of human capital objectives	**$126,087,931**	**358.0**
Employee Services		
Salaries & Expenses	$8,137,984	52.0
HR Solutions		
Human Resource Solutions	$110,439,884	248.0
Merit System Accountability & Compliance		
Salaries & Expenses	$7,510,063	58.0
OPM Total	**$126,087,931**	**358.0**

Strategic Objective 3.2: Achieve recognition as the trusted human capital management advisor

Strategic Objective Owner: Communications Director, OC

Deputy Strategic Objective Owner: Tim Curry, Deputy Associate Director, Accountability and Workforce Relations, ES; Joseph Semsar, Deputy Chief of Staff and Acting Communications Director, OD; Sara Ratcliff, Executive Director, CHCOC

FY 2018 and FY 2019 Next Steps and Anticipated Accomplishments:

The agency will establish new OPM branding to highlight the positive impact that the agency has on the human capital community. In FY 2018, OC will lead the effort to develop the new branding. OC will seek input from all OPM program areas using employee and customer focus groups, with assistance from ES, HRS, MSAC, and OSI. This branding will be used on OPM's website, all OPM publications, all OPM presentations, and other products by the end of FY 2018. The agency will highlight success stories that accentuate OPM's human capital leadership and OPM tools for supporting agencies in meeting their human capital goals and priorities. OC will use social media campaigns, blogs, press releases, and increased participation by OPM experts at major training events and conferences. OPM will develop and implement a standard feedback mechanism from customers on services provided, with involvement from ES, HRS, MSAC and OSI and will also develop and administer a periodic survey regarding overall satisfaction with OPM services, with involvement from OSI, ES, HRS, and MSAC.

The feedback mechanisms and surveys deployed in FY 2018 will help inform FY 2019 efforts.

Implementation Organizations:

ES, MSAC, HRS, and OSI

Performance Measure

Performance Measure	FY 2015 Result	FY 2016 Result	FY 2017 Result	FY 2018 Target	FY 2019 Target
Percent of the Federal human capital management community satisfied with OPM's services and guidance	-*	-*	-*	Establish Baseline	Establish Baseline

* No historical data available for this period.

Performance Budget Request by Objective, Organization and Fund–All Resources

Strategic Objectives	FY 2019 Dollars	FTE
Improve integration and communication of OPM services to Federal agencies to meet emerging needs		
3.2		
Achieve recognition as the trusted human capital management advisor	**$9,469,206**	**51.0**
Employee Services		
Salaries & Expenses	$382,981	2.0
HR Solutions		
Human Resource Solutions	$5,056,618	24.0
Merit System Accountability & Compliance		
Salaries & Expenses	$328,483	3.0
Office of Strategy and Innovation		
Salaries & Expenses	$3,701,124	22.0
OPM Total	**$9,469,206**	**51.0**

Strategic Goal 4: Optimize agency performance

Performance Budget Request by Objective, Organization and Fund–All Resources

Strategic Objectives	FY 2019 Dollars	FTE
Optimize Agency Performance		
4.1		
Improve collaboration, transparency, and communication among OPM leadership to make better, more efficient decisions, increasing OPM's collaborative management score by 4 percentage points	**$223,056**	**1.0**
Office of the Chief Financial Officer		
Common Services	$223,056	1.0
4.2		
Invest in OPM management and provide the tools managers need to maximize employee performance, improving OPM's score in dealing with poor performers by 4 percentage points	**$1,666,272**	**17.2**
OPM Human Resources		
Common Services	$1,666,272	12.2
Investigative Services	$0	5.0
4.3		
Exceed the Government-wide average satisfaction score for each agency mission support service	**$187,671,493**	**363.5**
Office of the Chief Information Officer		
Common Services	$47,990,508	66.0
Salaries & Expenses	$21,201,363	18.0
USAJOBS	$14,770,284	17.0
Human Resources Tools & Technology	$54,926,853	105.0
Facilities, Security & Emergency Management		
Common Services	$124,700	0.0
Office of Procurement Operations		
Common Services	$220,915	0.0
Office of the Chief Financial Officer		
Common Services	$24,072,004	67.9
Salaries & Expenses	$576,483	0.0
IT Modernization S&E No-Year	$9,000,000	3.6
Trust Fund Annual	$8,638,077	45.5
5 USC 8348 (a)(1)(B) - Retirement	$508,935	0.0
OPM Human Resources		
Common Services	$5,641,371	26.5
Investigative Services	$0	14.0
4.4		
Improve retirement services by reducing the average time to answer calls to 5 minutes or less and achieve an average case processing time of 60 days or less	**$112,252,929**	**1,059.5**
Office of the Chief Information Officer		
Trust Fund Annual	$8,257,827	27.5

Strategic Objectives	FY 2019 Dollars	FTE
5 USC 8348 (a)(1)(B) - Retirement	$3,485,928	4.0
Retirement Services		
Trust Fund Annual	$58,403,112	595.0
5 USC 8348 (a)(1)(B) - Retirement	$40,155,000	421.0
FERCCA (P.L. 106-265) - Retirement	$1,951,062	12.0
OPM Total	**$301,813,750**	**1,441.2**

*Resources supporting these FTE are for NBIB and are reflected in NBIB's strategic alignment

Strategic Objective 4.1: Improve collaboration, transparency, and communication among OPM leadership to make better, more efficient decisions, increasing OPM's collaborative management score by 4 percentage points

Strategic Objective Owner: Lisa Loss, Director, Suitability Executive Agent Programs

Deputy Strategic Objective Owners: Robert Leahy, Deputy Chief Information Officer, OCIO; Thomas Moschetto, Chief, Policy and Internal Controls, OCFO

FY 2018 and FY 2019 Next Steps and Anticipated Accomplishments:

In FY 2018, OPM will charter an assessment of SES leadership collaboration, transparency, and communication practices, and of best practices, to identify opportunities for improvements that will enhance outcomes. OPM will implement the actions identified. OPM will also solicit recommendations from senior leaders on how to strengthen communications and increase transparency in decision making, and select and implement mechanisms. OPM will also assess its current technology tools, assess how the tools are used to enable this objective, and identify gaps considering information needs. Further, to underline the importance of leadership focus on enterprise operations and to ensure appropriate leadership accountability for enterprise performance, OPM leadership, will develop a corporate performance scoring process.

OCFO will lead efforts to continue to build out the Enterprise Risk Management program as a mechanism for enhanced communication, understanding, and management of corporate risk. OPM will deploy to all program areas in FY 2019.

Implementation Organizations:

ES and OCFO

Performance Measure

Performance Measure	FY 2015 Result	FY 2016 Result	FY 2017 Result	FY 2018 Target	FY 2019 Target
Collaborative Management Score	58.4%	60.5%	61.5%	61.1%	62.5%

*No historical data available for this period.

Performance Budget Request by Objective, Organization and Fund–All Resources

Strategic Objectives	FY 2019 Dollars	FTE
Optimize Agency Performance		
4.1		
Improve collaboration, transparency, and communication among OPM leadership to make better, more efficient decisions, increasing OPM's collaborative management score by 4 percentage points	**$223,056**	**1.0**
Office of the Chief Financial Officer		
Common Services	$223,056	1.0
OPM Total	**$223,056**	**1.0**

Strategic Objective 4.2: Invest in OPM management and provide the tools managers need to maximize employee performance, improving OPM's score in dealing with poor performers by 4 percentage points

Strategic Objective Owner: Andrea Bright, Chief Human Capital Officer, HR

Deputy Strategic Objective Owner: Suzanne Logan, Deputy Associate Director and Federal Executive Institute Director, Center for Leadership Development, HRS

FY 2018 and FY 2019 Next Steps and Anticipated Accomplishments:

In FY 2018, OPM HR, in consultation with counsel, will review and update, as needed, its policy on Performance Management, Employee Conduct, and Discipline. The process will include gathering input from stakeholders on whether current policies establish unnecessary barriers for addressing poor performance or taking adverse actions to promote the efficiency of the service. OPM will review policy to see if it tracks requirements in statute and regulation and, if not, will consider whether they still reflect best practice. The agency will update policy, as needed, and, as required, negotiate with local unions if necessary to implement changes. OPM HR will also review and update guidance on awards and recognition to take into account both applicable law and best practices. OPM HR will review and update, as needed, the policy on Absence and Leave, reviewing and updating the section on administrative leave after the final Administrative Leave Act regulations are issued and, as required, negotiate with local unions, in consultation with counsel. OPM HR will also update Employee and Supervisory Factsheets, including incorporation of new policies and procedures, as applicable to provide enhanced resources to managers.

OPM HR will also promote better understanding of the Performance Improvement Plan (PIP) process by providing supervisors with guidance, and distributing further guidance to managers annually, beginning in FY 2018. OPM HR will also maintain data on PIPs, enhancing existing HR micro applications to facilitate reporting, and provide an annual PIP report to senior agency leadership. In addition, OPM HR will provide guidance on relevant considerations as to the best method for addressing particular conduct or performance problems when either a performance-based action or an adverse action could be justified and explain the benefits and drawbacks of each approach.

OPM HR will continue its new supervisor training, and design and deliver an enhanced version of this course. It will provide refresher training to Employee Relations staff, and establish resource pages within the Learning Management System. OPM HR will identify and deliver mandatory training for team leads, supervisors, managers, and SES, and will develop a mandatory training tracking system within Learning Management System. OPM HR will work with targeted components to identify specific challenges with addressing performance/conduct issues and appropriate supplemental training opportunities and resources for supervisors and managers.

OPM HR will review performance standards for OPM supervisors to promote accountability for managing performance and conduct. OPM HR will conduct focus groups with senior managers and key

officials from various programs in an effort to verify whether OPM's supervisory performance standards accurately and effectively manage accountability. If necessary, OPM will revise and implement (for FY 2019) new supervisory performance standards to better assess supervisory performance as to managing performance and conduct.

Further, OPM HR will promote real-time manager support mechanisms by issuing a quarterly notice to all supervisors providing employee relations points of contact for addressing performance/conduct issues; developing Standard Operating Procedures, templates, and other documents for routine employee relations activities; and expanding information available on the OPM Intranet to provide general guidance on the employee relations support available to supervisors and managers. Further, OPM HR will solicit feedback from supervisors regarding the accessibility and effectiveness of employee relations and policy experts, and suggestions for improvement, if applicable.

In FY 2019, OPM HR will promote better understanding of the PIP process, providing supervisors with annual guidance regarding PIPs, maintain data on PIPs, and provide an annual report to senior leadership on PIP issuances and completions. OPM HR will also continue to train managers and supporting human resources staff. It will maintain course completion tracking reports, including mandatory training course completions, to share with agency officials as appropriate. Further, OPM HR will issue quarterly notices to all supervisors providing employee relations points of contact for addressing performance/conduct issues. OPM HR will continue to communicate information on updated policies and procedures through emails, intranet postings, and other channels as needed.

Implementation Organizations:

HR

Performance Measure

Performance Measure	FY 2015 Result	FY 2016 Result	FY 2017 Result	FY 2018 Target	FY 2019 Target
Percent of employees satisfied with steps taken to address poor performance	43.8%	43.8%	43.9%	44.8%	45.8%

*No historical data available for this period.

Performance Budget Request by Objective, Organization and Fund–All Resources

Strategic Objectives	FY 2019 Dollars	FTE
Optimize Agency Performance		
4.2		
Invest in OPM management and provide the tools managers need to maximize employee performance, improving OPM's score in dealing with poor performers by 4 percentage points	$1,666,272	17.2
OPM Human Resources		
Common Services	$1,666,272	12.2
Investigative Services	$0	5.0
OPM Total	**$1,666,272**	**17.2**

Strategic Objective 4.3: Exceed the Government-wide average satisfaction score for each agency mission support service

Strategic Objective Owner: Dennis Coleman, Acting Chief Management Officer and Chief Financial Officer, OCFO

Deputy Strategic Objective Owners: David Garcia, Chief Information Officer, OCIO; Andrea Bright, Chief Human Capital Officer, HR; Juan Arratia, Senior Procurement Executive, OPO; Dean Hunter, Director, FSEM

FY 2018 and FY 2019 Next Steps Anticipated Accomplishments:

In FY 2018, the mission support offices (OCFO, OCIO, OPO, OPM HR, and FSEM) will focus efforts on analyzing data, including benchmarking results, for the mission support areas. The offices will review information from existing survey tools and instruments for each area, verify results, and identify underlying challenges and target areas for improvements. The offices will begin dialogue with external entities to identify successful practices for all mission support areas.

In FY 2019, the mission support offices will implement their strategies focused on improving service delivery in each area, incorporating successful practices identified through consultation with high performing agencies, industry partners, councils, and other applicable sources, establishing a framework to guide OPM's actions in exceeding Government-wide satisfaction scores by 2022.

Implementation Organizations:

OCFO, OCIO, OPO, HR, and FSEM

Performance Measures

Performance Measure	FY 2015 Result	FY 2016 Result	FY 2017 Result	FY 2018 Target	FY 2019 Target
Average satisfaction score for financial management quality from OPM senior supervisory employees	4.62	4.33	4.70	4.8	4.9
Average satisfaction score for human capital services quality from OPM senior supervisory employees	4.62	5.09	5.09	4.5	4.5
Average satisfaction score for information technology services quality from OPM senior supervisory employees	3.98	4.63	3.99	4.2	4.4
Average satisfaction score for contracting services quality from OPM senior supervisory employees	3.89	2.89	4.35	4.7	4.9

* No historical data available for this period.

Performance Budget Request by Objective, Organization and Fund–All Resources

Strategic Objectives	FY 2019 Dollars	FTE
Optimize Agency Performance		
4.3		
Exceed the Government-wide average satisfaction score for each agency mission support service	**$187,671,493**	**363.5**
Office of the Chief Information Officer		
Common Services	$47,990,508	66.0
Salaries & Expenses	$21,201,363	18.0
USAJOBS	$14,770,284	17.0
Human Resources Tools & Technology	$54,926,853	105.0
Facilities, Security & Emergency Management		
Common Services	$124,700	0.0
Office of Procurement Operations		
Common Services	$220,915	0.0
Office of the Chief Financial Officer		
Common Services	$24,072,004	67.9
Salaries & Expenses	$576,483	0.0
IT Modernization S&E No-Year	$9,000,000	3.6
Trust Fund Annual	$8,638,077	45.5
5 USC 8348 (a)(1)(B) - Retirement	$508,935	0.0
OPM Human Resources		
Common Services	$5,641,371	26.5
Investigative Services	$0	14.0
OPM Total	**$187,671,493**	**363.5**

Strategic Objective 4.4: Improve retirement services by reducing the average time to answer calls to 5 minutes or less and achieve an average case processing time of 60 days or less

Strategic Objective Owner: Kenneth Zawodny, Jr., Associate Director, RS

Deputy Strategic Objective Owners: David Garcia, Chief Information Officer, OCIO

FY 2018 and FY 2019 Next Steps and Anticipated Accomplishments:

In FYs 2018-2019, RS will continue to integrate process improvements for correspondence and claims processing and enhance reporting tools to monitor and address RS workloads. RS will also effectively use overtime to assist with timely processing. Further, RS will work with OCIO to investigate technological capabilities to help improve processing time and reduce wait times. In FY 2018, RS will implement new Services On-Line, which will, provide a more user friendly experience, and provide compatibility with any hand held device.

Also in FYs 2018-2019, RS will continue to provide Federal retirement policy technical assistance to all OPM offices and Congress, perform on-going audits of agency submissions, provide monthly feedback to agencies and payroll offices and alert them of trends and improvement opportunities, and identify training needs for agencies, develop job aids and on-line training modules, and conduct workshops on the retirement application process.

Implementation Organizations:

RS and OCIO

Performance Measures

Performance Measure	FY 2015 Result	FY 2016 Result	FY 2017 Result	FY 2018 Target	FY 2019 Target
Average number of minutes to answer phone calls	15.8	24.2	17.7	12	5
Average number of days to process retirement cases	56.2	54.1	67.0	60	60

Performance Budget Request by Objective, Organization and Fund–All Resources

Strategic Objectives	FY 2019 Dollars	FTE
Optimize Agency Performance		
4.4		
Improve retirement services by reducing the average time to answer calls to 5 minutes or less and achieve an average case processing time of 60 days or less	**$112,252,929**	**1,059.5**
Office of the Chief Information Officer		
Trust Fund Annual	$8,257,827	27.5
5 USC 8348 (a)(1)(B) - Retirement	$3,485,928	4.0
Retirement Services		
Trust Fund Annual	$58,403,112	595.0
5 USC 8348 (a)(1)(B) - Retirement	$40,155,000	421.0
FERCCA (P.L. 106-265) - Retirement	$1,951,062	12.0
OPM Total	**$112,252,929**	**1,059.5**

Programmatic Activities Not Aligned to Strategic Objectives

OPM performs certain functions as required by law or Executive Order that do not align directly with a specific strategic goal within the strategic plan. These mandated functions also include programs that benefit the Government at-large, including the administration of the Combined Federal Campaign, providing voting rights observations for the Department of Justice (DOJ), and operating the President's Commission on White House Fellows.

Performance Budget Request by Objective, Organization and Fund–All Resources

Strategic Objectives	FY 2019 Dollars	FTE
Activities Unaligned		
5.1		
Programmatic activities not aligned to strategic objective	**$113,947,573**	**371.3**
Chief Human Capital Officer Council		
Advances & Reimbursements Annual	$997,219	5.0
Congressional, Legislative and Intergovernmental Affairs		
Salaries & Expenses	$2,084,368	13.0
Employee Services		
Salaries & Expenses	$7,994,357	48.3
Equal Employment Opportunity		
Common Services	$899,987	7.0
Federal Prevailing Rate Advisory Committee		
Salaries & Expenses	$182,690	1.0

Strategic Objectives	FY 2019 Dollars	FTE
Healthcare & Insurance		
Salaries & Expenses	$2,914,900	14.0
Trust Fund Annual	$619,622	3.0
5 USC 8958(f)(2)(A) & 5 USC 8988(f)(2)(A) - Dental & Vision	$5,560,000	6.0
5 USC 9004(f)(B) - Long-Term Care	$1,777,000	3.0
HR Solutions		
Human Resource Solutions	$10,892,966	0.0
Merit System Accountability & Compliance		
Common Services	$1,292,982	9.0
Salaries & Expenses	$2,699,210	17.0
Office of Communications		
Salaries & Expenses	$2,521,031	17.0
Office of Small and Disadvantaged Business Utilization		
Common Services	$471,880	2.0
Office of Strategy and Innovation		
Salaries & Expenses	$2,007,963	19.0
Office of the General Counsel		
Common Services	$6,751,397	36.0
Office of the Inspector General		
Salaries & Expenses - OIG	$5,000,000	20.0
Trust Fund Annual - OIG	$25,265,000	134.0
Rent/Centrally Funded Items		
Salaries & Expenses	$11,006,425	0.0
Trust Fund Annual	$13,541,912	0.0
5 USC 8958(f)(2)(A) & 5 USC 8988(f)(2)(A) - Dental & Vision	$43,000	0.0
5 USC 9004(f)(B) - Long-Term Care	$9,000	0.0
5 USC 8348 (a)(1)(B) - Retirement	$1,000,000	0.0
FERCCA (P.L. 106-265) - Retirement	$15,000	0.0
Suitability Executive Agent Programs		
Investigative Services	$17,000	0.0
Security, Suitability and Credentialing Line of Business		
Salaries & Expenses	$500,000	0.0
Advances & Reimbursements Annual	$3,000,000	12.0
Advances & Reimbursements No Year	$4,000,000	0.0
White House Fellows		
Salaries & Expenses	$882,664	5.0
OPM Total	**$113,947,573**	**371.3**

Support Activities Not Aligned to Strategic Objectives

OPM has also included in its budgetary request funds for information technology, contracting, facilities and security, financial management, and overhead functions. These administrative activities are grouped in the strategic plan as support activities.

Performance Budget Request by Objective, Organization and Fund–All Resources

Strategic Objectives	FY 2019 Dollars	FTE
5.2		
Support activities not aligned to strategic objectives	**$47,788,323**	**202.0**
Office of the Chief Information Officer		
Common Services	$49,425	0.0
Salaries & Expenses	$15,000	0.0
Trust Fund Annual	$13,750	0.0
Employee Services		
Salaries & Expenses	$3,889,460	14.0
Facilities, Security & Emergency Management		
Common Services	$12,462,095	73.0
National Background Investigations Bureau		
Investigative Services	$1,139,474	0.0
Healthcare & Insurance		
Trust Fund Annual	$7,466	0.0
HR Solutions		
Human Resource Solutions	$15,973,165	45.0
Merit System Accountability & Compliance		
Common Services	$18,070	0.0
Salaries & Expenses	$1,162,887	4.0
Advances & Reimbursements Annual	$2,495,343	3.0
Office of Procurement Operations		
Common Services	$4,838,797	31.0
Salaries & Expenses	$639,018	4.0
Office of the Chief Financial Officer		
Common Services	$301,460	0.0
Trust Fund Annual	$139,116	0.0
Office of the Director		
Salaries & Expenses	$4,472,640	28.0
OPM Human Resources		
Common Services	$53,300	0.0
Planning and Policy Analysis		
Trust Fund Annual	$117,857	0.0
OPM Total	**$47,788,323**	**202.0**

Major Management Priorities and Challenges

Major management challenges are management and programmatic issues and risks that have greater vulnerability to waste, fraud, abuse and mismanagement, and where failure to perform could seriously affect the agency's mission delivery and ability to achieve its goals. Annually, OPM's Office of Inspector General (OIG) identifies the top management challenges facing the agency, dividing them into environmental challenges and internal challenges. Environmental challenges result mainly from factors external to OPM and may be long-term or even permanent. Internal challenges are likely short-term, temporary challenges.

Environmental Challenges

1. STRATEGIC HUMAN CAPITAL MANAGEMENT

Related Strategic Objective

Unaligned

Responsible Agency Officials

Mark Reinhold, Associate Director, Employee Services; Veronica Villalobos, Principal Deputy Associate Director, Employee Services; Linda Datcher, Manager, Learning and Development, Strategic Workforce Planning, Employee Services; Jason Barke, Manager, Forecast and Methods, Strategic Workforce Planning, Employee Services

Summary of Challenge

Strategic human capital management, specifically as it relates to closing skill gaps in Government-wide and agency-specific mission critical occupations, remains on the U.S. Government Accountability Office's (GAO) high-risk list of Government-wide challenges requiring focused attention.

FY 2017 Progress Update

In April 2017, OPM published the revised rule for Title 5, Code of Federal Regulations, Part 250, Subpart B, which requires agencies to incorporate program-specific workforce investments and strategies to close skills gaps into their Human Capital Operating Plans.

In FY 2017, the Government-wide and Federal Agency Skills Teams (FAST) provided quarterly updates to OPM on their skills gaps closure process, as defined in their action plans. OPM monitors quarterly reporting and provides assistance to agencies and Government-wide teams where appropriate.

In FY 2017, as part of its initiative to close HR skills gaps, OPM emphasized maintaining and building HR capability. Building HR capability involves continuously developing Federal HR professionals'

capacity to recruit and retain individuals with the knowledge, skills, and abilities to achieve agency missions.

In FY 2017, OPM (1) secured funding for a planned delegated examining certification program, (2) completed technical competencies for the HR specialty areas of classification and employee relations/labor relations, (3) incorporated the validated technical competencies for classification into HR specialist position descriptions and job opportunity announcement templates, and (4) marketed and launched eight new HR curriculum staffing courses.

In consultation with the Chief Human Capital Officers Council, OPM prioritized which technical competencies for the remaining HR specialty areas (performance management, benefits, compensation, HR development, policy, and HR information systems) to develop and validate next.

FY 2018-2019 Planned Actions

In FY 2018-2019, Federal Action Skills Teams will execute and monitor their action plans, submit quarterly reports to OPM, and review reports with the OPM Director. The quarterly reports will provide progress updates on planned actions and achievement of targets, and identify any issues or barriers. Federal Action Skills Teams and OPM will continue to monitor skill gaps risk reduction and closures through FY 2020.

OPM plans to develop a core curriculum for the staffing specialist position based on general competencies as well as technical competencies such as classification. Because delegated examining is a critical challenge for staffing specialists, OPM plans to continue to develop, consult internally about the legal framework for, approve, pilot, and launch a formal delegated examining certification program. Specifically, in FY 2018, OPM plans to develop and implement the assessment and tracking/registration system for the delegated examining certification program.

OPM will continue to post technical competencies and courses to enhance OPM's HR University.

OPM and the Executive Steering Committee for Closing HR Skills Gaps will continue to brand and communicate the overall effort to equip the HR community with the tools and resources needed to provide the best service to their customers.

Performance Measures

Performance Measure	FY 2015 Result	FY 2016 Result	FY 2017 Result	FY 2018 Target	FY 2019 Target
Percent of agencies reporting ≥60 percent progress in meeting cumulative milestones	-*	-*	66.7%	75%	80%
Percent of Government reporting ≥60 percent progress in meeting cumulative milestones	-*	-*	75.0%	75%	80%
Percent of agency monitoring progress metrics that are "met"	-*	-*	80.0%	75%	80%
Percent of Government-wide monitoring progress metrics that are "met"	-*	-*	75.0%	75%	80%

* No historical data available for this period.

Milestones

Milestones for the related strategic objective 1.1 are currently under development as part of OPM's Agency Priority Goal Action Plans to be released in March 2018.

2. FEDERAL HEALTH INSURANCE INITIATIVES

Related Strategic Objective

Strategic Objective 1.4 Improve healthcare quality and affordability in the FEHB program with 75 percent of enrollees in quality affordable plans

Responsible Agency Officials

Alan P. Spielman, Director, Healthcare and Insurance

A. Federal Employees Health Benefits (FEHB) Program

2A-1 HEALTH CLAIMS DATA WAREHOUSE

Summary of Challenge

OPM is responsible for delivering quality health care services to FEHB Program members while controlling the costs of premium increases. In response to this challenge, OPM initiated the Health Claims Data Warehouse project in order to collect, maintain, and analyze health care data on an ongoing basis, and better understand and control the drivers of health care costs in the FEHB Program.

FY 2017 Progress Update

The Health Claims Data Warehouse has made progress over the last few years and continues to evolve. Planning and Policy Analysis (PPA) and the Office of the Chief Information Officer (OCIO) have worked to provide a safe environment for data in the warehouse. Setbacks in obtaining the required data, however, have included the inability to get all FEHB carriers to provide the required data. PPA and Healthcare and Insurance (HI) are working with FEHB carriers to facilitate the release of their data. PPA has worked with HI and the Office of the General Counsel on required documentation describing how the Health Claims Data Warehouse data is used. Most recently, OPM met with additional external stakeholders to collect information that will inform ongoing efforts.

FY 2018-2019 Planned Actions

OPM's main priority is to get all FEHB carriers to release their data to OPM. PPA and HI are in discussions with the carriers, working groups, and other stakeholders to come to a consensus on what data can be transmitted and when it can be transmitted.

2A-2 PRESCRIPTION DRUG BENEFITS AND COSTS

Summary of Challenge

OPM provides oversight of prescription drugs benefits administered by health plans participating in the FEHB Program. Prescription drug costs represent approximately one fourth of the total FEHB Program costs. OPM promotes the principle that health plans should offer prescription drugs that are clinically

effective and provide value. Many carriers use pharmacy benefit managers to administer their prescription drug coverage. In order to offer a prescription drug benefit that is competitive and cost effective, OPM hired a Chief Pharmacy Officer with extensive formulary management experience.

FY 2017 Progress Update

The FEHB Program is market-based. Each FEHB Program plan offers comprehensive medical services, including services provided by physicians and other health care professionals, hospital services, surgical services, prescription medications, medical supplies and devices, and mental health services. At present, HI is not pursuing carving out pharmacy benefits. A proposal to carve out any of these services or the other services covered under the contract, and administer the benefit as a separate contract or program could undermine the fundamental market-based nature of the FEHB Program. OPM's research in this area has not proven that cost savings could be achieved that may offset the substantial risk of pursuing such a proposal. FEHB Program plans compete to offer all of the aforementioned benefits in a high quality manner at the most competitive price possible. In order to manage the cost of prescription drugs, OPM works with carriers to better manage pharmacy networks, focus on drug utilization techniques, coordinate coverage of specialty drugs between the medical and pharmacy benefit, optimize the prescription drug benefit via formulary design, implement effective cost comparison tools for members and prospective enrollees, and encourage sharing of best practices between the health plans.

FY 2018-2019 Planned Actions

In FY 2019, OPM will (1) work with insurance carriers to negotiate the best rates and benefits value, (2) advance cost management practices to manage pharmacy utilization, (3) increase access to care through initiatives such as telemedicine and continued emphasis on mental health parity, and (4) improve health care quality by promoting the prevention and management of chronic conditions. HI will evaluate the FEHB Program plan portfolio to explore opportunities to increase market competition in the FEHB Program.

2A-3 HEALTH BENEFITS CARRIERS' FRAUD AND ABUSE PROGRAMS

Summary of Challenge

Carriers participating in the FEHB Program are required to operate programs designed to prevent, detect, investigate, report, and eliminate fraud, waste, and abuse by employees, subcontractors, health care providers, and FEHB Program members. These programs must follow industry standards and adhere to mandatory information sharing requirements via written case notifications and referrals to OIG.

FY 2017 Progress Update

OPM has continued its strong collaboration with OIG to strengthen the fraud, waste, and abuse program, carrier reporting, and internal controls. During FY 2017, HI presented the FEHB fraud, waste, and abuse task force with an overview of a draft carrier letter (a revised version of Carrier Letter No. 2014-29) and discussed the proposed guidance to improve procedures and reporting. HI provided an overview and summary analysis of the 2015 fraud, waste, and abuse report, using this and other carrier feedback

opportunities to further refine ideas on new guidance. The task force session had high in-person or webcast attendance among health plans.

HI distributed a draft update to Carrier Letter No. 2014-29 to health plans in early November 2016. Carrier reporting has increased in recent years and the updates, improvements, and clarifications in the draft carrier letter will further improve health plans' understanding, compliance and reporting quantity and quality. It will also assist in compilation and analysis of that reporting.

OPM efforts are now guided by a formal HI fraud waste and abuse team that includes representatives from Program Analysis and Systems Support, all Health Insurance Groups, and Audit Resolution. The team regularly consults with the OIG. The establishment of the team has fostered collaboration, and has led to a better understanding of each entity's roles and responsibilities as they apply to the fraud, waste, and abuse program. Most importantly, formal involvement and participation by health insurance contracting officers has been particularly beneficial. These health insurance contracting officers (1) provide additional insight, greater knowledge and familiarity with current contract requirements, and identify potential changes/improvements to the fraud, waste, and abuse program, (2) serve as a resource/spokesperson to share fraud, waste, and abuse program information within their Health Insurance Groups, (3) serve as a resource and provide informed guidance to health plans, (4) provide valuable input in the process of proposing, reviewing, and finalizing improvements to the fraud, waste, and abuse program due to contract oversight experience that is better leveraged, and (5) add awareness regarding compliance and enforcement of fraud, waste, and abuse program requirements and health plan accountability.

OPM/HI reviewed and analyzed fraud, waste, and abuse reports from the FEHB health plans. Overall, reporting by health plans has improved. HI continues to partner with the OIG to resolve open fraud-related audit recommendations. OPM/HI is updating the fraud, waste, and abuse report with a "new look" moving forward. Rather than a simple compilation and aggregation of data, the report will be narrative in nature with the intent of offering reader's insights on results.

OPM will continue to collaborate among OIG, the fraud, waste, and abuse team, and the Audit Resolution function, to review reports, analyze data, strengthen the fraud, waste, and abuse programs, and improve compliance and reporting.

FY 2018-2019 Planned Actions

In FY 2018, OPM will distribute a new carrier letter to FEHB health plans with new carrier reporting requirements.

In FY 2019, OPM will receive and analyze FEHB carrier reports based on the new reporting requirements.

2A-4 MEDICAL LOSS RATIO IMPLEMENTATION AND OVERSIGHT

Summary of Challenge

OPM's Office of the Actuaries closely monitors the FEHB Program medical loss ratio methodology and documents each year's ratio for each community-rated plan, and the associated penalties or credits. The

Office of the Actuaries works closely with OPM's Office of the Chief Financial Officer to confirm that proper accounting for medical loss ratio credits and penalties is established so that both disbursement and receipts of medical loss ratio transactions are appropriately accounted for and documented.

In order to calculate the medical loss ratio, carriers divide the total portion of premium dollars spent on clinical services and quality improvement by the total premium income received. Community-rated carriers are required to spend at least 85 percent of premium dollars on medical care, and may use the remaining portion of premium dollars on other costs such as administration, overhead, and marketing.

OPM provides carriers with their subscription income to use in the medical loss ratio calculation. However, because of OPM's decentralized enrollment and payroll systems, these amounts may differ from the premium income amounts carriers have tracked in their own internal systems. Carriers may choose to use their own premium amounts when calculating the medical loss ratio, but these amounts are subject to audit.

FY 2017 Progress Update

OPM's transition to a FEHB Medical Loss Ratio for community-rated carriers has resulted in unique circumstances. OPM remains committed to providing appropriate, flexible, and responsible guidance, leadership, and oversight to carriers as they develop, submit, and support their Medical Loss Ratio calculations. OPM has (1) worked diligently to review and research the audit issues identified, (2) collaborated closely with OIG auditors, management, and leadership to understand and explore reported findings, and (3) consulted with the Office of the General Counsel, which has reviewed the facts and circumstances of the Federal income tax allocation method.

OPM acknowledges the importance of providing guidance that is flexible and not overly prescriptive to account for the diversity of carriers in the program. Nonetheless, OPM's 2018 rate instructions added language to clarify one way in which plans may calculate their FEHB specific Federal income tax.

OPM addresses Medical Loss Ratio calculation issues as the agency becomes aware of them and deems it necessary to address. OPM will continue to evaluate additions to the instructions when the agency feels it is necessary.

FY 2018-2019 Planned Actions

In FY 2018, HI will continue to evaluate strategies and approaches to streamline and improve how employees and annuitants enroll and change their FEHB enrollment with an eye towards reducing administrative costs and developing better data and analytics. HI is also committed to continuing to improve the information available in our FEHB Plan Comparison Tool to assist current and new enrollees to choose the best quality and affordable FEHB plan that meets the needs of themselves and their eligible family members.

2B. AFFORDABLE CARE ACT

Summary of Challenge

Attracting new issuers to the Multi-State Plan (MSP) Program continues to be a challenge. The statute does not give OPM authority to compel any issuer to participate in the MSP Program and explicitly prohibits OPM from requiring FEHB Program carriers to participate. Further, the statute does not authorize the preemption of state law requirements governing health insurance. This lack of preemption capability is a significant difference between the MSP Program and the FEHB Program. These statutory challenges have been amplified by the volatility of the individual and small group health insurance markets, which has caused a number of issuers to cease offering products on the Health Insurance Exchanges.

FY 2017 Progress Update

OPM continues to identify and contact health insurance issuers to encourage their participation in the MSP Program (the Program) in accordance with current Federal statute. OPM has had discussions with state-level issuers who have participated in the Program in the past but have declined to participate in 2017. OPM has also solicited ideas for improving the Program from the two current issuers.

In addition, OPM issued the MSP Program Annual Letter for Plan Year 2018, which emphasized OPM's program flexibility and also encouraged alternatives for issuer participation in the Program: https://www.opm.gov/media/5589092/mspp-annual-letter.pdf. Flexibilities include revoking the requirement that state-level issuers use "Multi-State Plan" in plan names for their MSP options, and leaving this decision to the state-level issuer.

FY 2018-2019 Planned Actions

OPM will continue to make the MSP Program available to interested issuers. However, given the uncertainties that persist in the individual health insurance market, OPM expects that adding new issuers to the MSP Program will continue to be very challenging. Given the current environment, and the increasing needs of other OPM insurance benefit programs, the agency is reallocating funding and strategic activities away from the MSP Program to other mission critical programs.

Performance Measures

Performance Measure	FY 2015 Result	FY 2016 Result	FY 2017 Result	FY 2018 Target	FY 2019 Target
Percent of FEHB enrollees in quality affordable plans	-*	74.3%	Expected End of February 2018	74.5%	75%

* No historical data for this period.

3. BACKGROUND INVESTIGATIONS

Related Strategic Objective

Strategic Objective 1.5 Transform the background investigation process to improve investigation timeliness

Responsible Agency Officials

Charles S. Phalen, Jr., Director, National Background Investigations Bureau

Summary of Challenge

In January 2016, the Federal Government announced a series of changes to modernize and better secure the way it conducts background investigations to help ensure the integrity of the Federal workforce. Central to this announcement was the establishing of the National Background Investigations Bureau (NBIB), a new organization with a strong national security focus, dedicated solely to the background investigations process. In addition to the NBIB standing up as a semi-autonomous bureau under OPM, the Department of Defense became responsible, pursuant to Executive Order 13741, for the design, development, and security of new IT systems to support NBIB's operational mission. OPM continues to be responsible for NBIB legacy systems.

NBIB is currently working to modernize business processes and tools, has in place a new organizational model to bolster security and intergovernmental communications, and utilizes an updated governance structure that will better align policy and operations and facilitate continuous improvements.

In FY 2017, OPM did not meet the timeliness targets established by the Director of National Intelligence or the targets listed in the Intelligence Reform and Terrorism Prevention Act of 2004. In FY 2017, the agency completed:

- the fastest 90 percent of all initial national security clearance investigations in 161 days, not meeting the target of 40 days;
- the fastest 90 percent of initial Secret national security investigations in 134 days, not meeting the target of 40 days; and
- the fastest 90 percent of initial Top Secret national security investigations in 331 days, not meeting the target of 80 days.

However, NBIB continues to exceed its target of over 99 percent of investigations determined to be quality complete.

FY 2017 Progress Update

In FY 2017, NBIB increased its investigator workforce by awarding two additional investigative fieldwork contracts, increasing the total number of investigative fieldwork contractors from two to four, and provided the four fieldwork investigative contractors with incentives to build capacity, increase production, and reduce the inventory of aged investigations. NBIB also hired 200 additional Federal investigators while backfilling existing and new vacancies (due to investigator attrition), and concentrated

the investigative workforce in the highest workload locations.

Further, NBIB began work with a cross-agency Backlog Reduction and Mitigation Initiative working group to identify potential initiatives and recommendations that will lead to the reduction of the investigative backlog and/or mitigate the impact to mission readiness. NBIB also improved business processes through the development of enterprise measures in collaboration with the Performance Accountability Council Project Management Office.

NBIB further secured and modernized its information technology through the development of an eAdjudication prototype. NBIB has also continued to partner with the DOD Defense Information Systems Agency to build a new, secure, and flexible case management system - the National Background Investigation System - to allow more efficient and effective case processes across the Government as a shared service.

FY 2018-2019 Planned Actions

In order to continue to improve productivity and reduce the existing inventory of investigations, NBIB plans to continue to increase field capacity and implement process improvements throughout its background investigation program. One challenge facing NBIB in FY 2018 and beyond is the legislative language in the FY 2018 National Defense Authorization Act §925, which directed Department of Defense (DOD) to assume, over time, responsibility for its own background investigations. The finalized transition plan and definitive impacts to NBIB and OPM are still being developed at the time of the creation of this budget document.

OPM will also continue to hire Federal investigators throughout FY 2018 as it works toward a revised strength of 1,975 investigators. NBIB will continue to work with all four of its fieldwork contractors, and use incentives to encourage capacity growth and increase productivity to address the overall inventory while maintaining quality and improving the timely delivery of investigations to its customers.

Performance Measures

Performance Measure	FY 2015 Result	FY 2016 Result	FY 2017 Result	FY 2018 Target	FY 2019 Target
Percent of investigations determined to be quality complete	99.9%	99.9%	99.9%	99%	99%
Number of cases in the inventory	330,000*	573,000*	708,000*	637,200	10% Reduction from FY 2018 Result

* Rounded

Milestones

Target Completion Date	Description
FY 2018	Implement Adjudicative and Federal Investigative Standards.
FY 2018	Establish enterprise-wide measures in coordination with Performance Accountability Council Project Management Office.
FY 2018	Complete Full Operating Capability stand-up of NBIB Business Transformation Office.
FY 2018	Implement enterprise-wide eAdjudication Prototype.
FY 2019	Implement e-Application at Initial Operating Capability. Implement NBIS at Initial Operating Capability and then Full Operating Capability.

Internal Challenges

4. INFORMATION SECURITY GOVERNANCE

Related Strategic Objective

Unaligned

Responsible Agency Officials

David Garcia, Chief Information Officer, Office of the Chief Information Officer; Cord Chase, Chief Information Security Officer, Office of the Chief Information Officer

Summary of Challenge

OPM has faced challenges in recruiting and retaining information system security professionals, and developing information security processes and controls to protect OPM's IT systems. In FY 2016, OPM made progress and successfully filled the vacant Chief Information Security Officer position and effectively centralized IT security responsibility under the Chief Information Security Officer.

FY 2017 Progress Update

In recognition of OPM's cyber-defense needs and to safeguard OPM's information technology systems, OPM has continued to implement critical enhancements to cybersecurity governance processes, network protections, access controls, and situational awareness. Working across organizations within OPM and with its interagency partners, OPM has enhanced the use of technology, development and deployment of cyber skills, and the implementation of new processes and controls to strengthen the security of OPM's networks. OPM takes a "defense in depth" approach to its cybersecurity program. Even if a potential vulnerability existed within the OPM environment, mitigations have been implemented that would require multiple defensive techniques to fail before a successful attack could be established.

Over the past eighteen months, OPM centralized cybersecurity under a Chief Information Security Officer (CISO), hired additional information system security officers (ISSOs), and is publishing policies that empower the CISO and Office of the Chief Information Officer (OCIO) to take further proactive steps to secure and control access to sensitive information. The central IT Cybersecurity organization housed under the CISO has scheduled regular, recurring discussions with the OPM Office of the Inspector General to collaborate and more effectively remediate audit findings in a timely manner.

Cybersecurity is more than the latest technology; it is also about people and processes. The CISO organization has helped successfully manage cybersecurity-related matters and enhancement of general cybersecurity awareness across the agency. OPM has also updated policies and processes to provide more consistent review of systems prior to authorization to operate, and continues to work towards a centralization of agency IT security management and accountability within the OCIO, where appropriate.

Cybersecurity awareness has been integrated into many internal agency-wide communication products such as the Director's Blog and Help Desk email communications. The effectiveness of OPM's increased end-user awareness was demonstrated in a recent Department of Homeland Security (DHS) phishing exercise where OPM showed significant improvement as compared to prior phishing exercises at OPM. OPM has also been working with DHS to ascertain how its efforts are working in real time.

OPM actively participated in numerous Government-wide Federal initiatives, including the Office of Management and Budget's Cyber Sprint, the identification of High Value Assets, Personal Identity Verification Implementation, and the establishment of incident response teams. OPM facilitated an expeditious implementation of the DHS Continuous Diagnostic and Mitigation program, as well as the DHS Einstein 3 Accelerated initiative. OPM embraced the DHS Cyber Hygiene Initiative and the DHS Binding Operational Directives to proactively detect and remediate identified vulnerabilities.

In FY 2017, the OCIO has established a framework to mature the processes in support of its Security Assessment and Authorization program. As a result of the Cyber Sprint and related efforts, OPM had updated all of its authorizations to operate by January 2017, and is continuously improving this program. In addition to these efforts, OCIO is also working towards the logical segmentation of the OPM network to separate the data, systems, and users to further enhance cybersecurity protections. OCIO will continue this initiative in FY 2018.

FY 2018-2019 Planned Actions

OPM will continue to utilize the processes and procedures established in the OPM Plan of Actions and Milestones Guide to close out Federal Information Security Management Act (FISMA) audit findings.

Performance Measures

Performance Measure	FY 2015 Result	FY 2016 Result	FY 2017 Result	FY 2018 Target	FY 2019 Target
Percent of FISMA audit findings mitigated	–*	75.7%	70.9%	90%	80%

* No historical data available for this period.

Milestones

Target Completion Date	Description
FY 2018	Close out recommendations related to continuous monitoring.

5. SECURITY ASSESSMENT AND AUTHORIZATION

Related Strategic Objective

Strategic Objective 2.1 Establish a Center of Excellence by leveraging data analytics and research to advance evidence-based human capital management

Strategic Objective 2.2 Advance human capital management through the strategic use of interoperable HR IT that connects all parts of the talent management lifecycle and facilitates drives adoption of the Software as a Service model by the end of 2022

Strategic Objective 2.3 Streamline data collection and leverage data repositories to enhance enterprise-wide Human Resource (HR) data analytics and reduce low-value reporting requirements

Responsible Agency Officials

Cord Chase, Chief Information Security Officer, Office of the Chief Information Officer

Summary of Challenge

Information System Security Assessment and Authorization is a comprehensive assessment that evaluates whether a system's security controls are meeting the security requirements of that system. In FY 2015, the OIG found that the number of OPM systems without a current and valid authorization increased, and the OIG reinstated its previous material weakness related to this issue in its FY 2015 FISMA audit.

FY 2017 Progress Update

During the 2016 Cyber Sprint, OCIO embarked on an "authorization sprint" to establish a baseline of compliance for all of OPM's authorizations to operate, and to allow the Authorizing Official to make an informed risk-based decision on whether to authorize a system to operate. As a result of the sprint, OPM updated all of its authorizations to operate (ATOs) by January 2017. Consistent with standard processes, the authorization letters clearly outlined the missing components and vulnerabilities and laid out necessary remediation for the system and the risks involved. Upon issuance of the ATOs, the Authorizing Officials began immediate efforts to address the identified vulnerabilities. In the meantime, OPM planned, developed, and executed more thorough follow-up assessments. Throughout the planning and rollout of this initiative, OIG was kept apprised, and collaborated with the OCIO, as appropriate.

OPM has established a framework to mature its authorization program and is continuously improving this program. OPM is also working on improving the assessment methodologies pursuant to which OPM analyzes authorizations to operate. Towards that end, OPM has been updating the templates, guidance, and policies that support the security assessment and authorization process.

FY 2018-2019 Planned Actions

Of OPM's current ATOs, 14 will expire in 2018. OPM is tracking the expiration date of all ATOs and has a schedule to complete new or reauthorized ATOs prior to the expiration of existing ATOs.

Performance Measures

Performance Measure	FY 2015 Result	FY 2016 Result	FY 2017 Result	FY 2018 Result	FY 2019 Result
Percent of OPM IT systems with FISMA required documentation	–*	67%	100%	100%	100%

* No historical data available for this period.

Milestones

Target Completion Date	Description
FY 2018	Reauthorize expiring Authorities to Operate as needed.

6. DATA SECURITY

Related Strategic Objective

Strategic Objective 2.1 Establish a Center of Excellence by leveraging data analytics and research to advance evidence-based human capital management

Strategic Objective 2.2 Advance human capital management through the strategic use of interoperable HR IT that connects all parts of the talent management lifecycle and facilitates drives adoption of the Software as a Service model by the end of 2022

Strategic Objective 2.3 Streamline data collection and leverage data repositories to enhance enterprise-wide Human Resource (HR) data analytics and reduce low-value reporting requirements

Responsible Agency Officials

David Garcia, Chief Information Officer, Office of the Chief Information Officer

Summary of Challenge

OIG's FY 2016 Top Management Challenges report stated that OPM's technical environment was complex and decentralized, and therefore difficult to secure. In order to enhance the security of its data and applications, OPM has focused on multi-factor authentication, data encryption, and implementation of the Continuous Diagnostics and Mitigation program.

FY 2017 Progress Update

OPM enforces multi-factor authentication, specifically PIV authentication, to grant all OPM users (both privileged and non-privileged) access to its network and information systems. This stringent layer of access control measures restricts access to only allow multi-factored (or PIV enabled) users.

In FY 2017, 53 percent (24 of 45) of current OPM FISMA systems had multi-factor authentication enabled. In addition, OPM has started to inventory multi-factor authentication at the application level in order to baseline compliance and facilitate planning. OPM plans to incorporate multi-factor authentication as a requirement when modernizing existing systems. New systems must have multi-factor authentication enabled in order to receive an Authority to Operate.

To further strengthen OPM's data security, 89.5 percent (17 of 19) of OPM managed High Value Asset systems have databases that are encrypted at rest.

FY 2018-2019 Planned Actions

In FY 2018, OPM will continue its multifaceted approach to secure its data and applications based on three overarching initiatives which focus on multi-factor authentication, data encryption, and implementation of the Continuous Diagnostics and Mitigation program. OPM plans to encrypt its High Value Asset databases and non-High Value Asset databases containing personally identifiable information as appropriate. OPM plans to prioritize making its High Value Assets multi-factor enabled at the application level, and will then focus on the remaining major applications, as appropriate. This will provide a better user experience in accessing the applications, while improving overall security, by eliminating application username and passwords. OPM's participation in Phase 2 of the DHS Continuous Diagnostics and Mitigation program will assist in this effort.

In FY 2019, OPM plans to complete multi-factor enablement for all of its FISMA systems. Where appropriate, data in the High Value Asset systems will be encrypted-at-rest.

Performance Measures

Performance Measure	FY 2015 Result	FY 2016 Result	FY 2017 Result	FY 2018 Target	FY 2019 Target
Percent of High Value Asset systems/applications Personal Identity Verification enabled	_*	_*	53.3%	75%	100%
Percent of network covered by phase 2 Continuous Diagnostics and Mitigation capabilities	–*	–*	0%	100%	100%

* No historical data available for this period.

Milestones

Target Completion Date	Description
FY 2018	Enable multi-factor authentication for two High Value Asset additional applications.

7. INFORMATION TECHNOLOGY INFRASTRUCTURE IMPROVEMENT PROJECT

Related Strategic Objective

Strategic Objective 2.1 Establish a Center of Excellence by leveraging data analytics and research to advance evidence-based human capital management

Strategic Objective 2.2 Advance human capital management through the strategic use of interoperable HR IT that connects all parts of the talent management lifecycle and facilitates drives adoption of the Software as a Service model by the end of 2022

Strategic Objective 2.3 Streamline data collection and leverage data repositories to enhance enterprise-wide Human Resource (HR) data analytics and reduce low-value reporting requirements

Strategic Objective 4.3 Exceed the Government-wide average satisfaction score for each agency mission support service

Responsible Agency Officials

David Garcia, Chief Information Officer, Office of the Chief Information Officer

Summary of Challenge

OPM has determined that its network infrastructure needed to be updated and migrated into a more centralized and manageable architecture. The OIG identified three challenges to OPM's IT infrastructure improvement project: (1) OPM's lack of a mature program to maintain a comprehensive, current, and accurate information system inventory, (2) the complexity of migrating old information systems (legacy technology) into a new environment, and (3) OPM's lack of dedicated funding to support the project.

FY 2017 Progress Update

In FY 2017, OPM closed four centers, reducing the agency's data center footprint from the nine in FY 2016 to the current five. Planning efforts are underway to further reduce the number of data centers to two strategically located data centers by the end of FY 2018. In addition, OPM successfully migrated the Consolidated Business Information System to a Federal shared service center. These were the key steps in OPM's Mitigate, Migrate, and Modernize initiative to achieve a more manageable IT architecture. The constraints imposed by seven months of operating under a continuing resolution, with a final amount for FY 2017 not being established until May 2017 precluded the OCIO from modernizing or upgrading its legacy IT infrastructure to the extent that was originally planned.

FY 2018-2019 Planned Actions

In FY 2018, OPM plans to refresh its legacy IT infrastructure using a three-pronged approach, to include upgrading end-of-life hardware, migrating off legacy operating systems and support software, and augmenting established policies and procedures. Hardware upgrades include replacement of core switches, lifecycle updates of network endpoints, a laptop refresh, and replacement of other mission critical hardware components. Software modernization plans include the roll out of Windows 2010. OPM also plans to add enhancements to actively develop, monitor, assess and enforce compliance with OCIO policies and Federal Information Technology Acquisition Reform Act requirements. The equipment and operating systems modernization will help achieve more efficient operations and provide for improved management, rationalization (that is, determining which applications should be kept, replaced, or retired), and standardization of software products across the agency. It will also help mitigate operational and cybersecurity risks associated with end-of-life assets.

In FY 2019, OPM will continue its focus on refreshing aged IT infrastructure so that hardware components have the proper vendor support. OPM will also continue legacy applications modernization within the major investments of Retirement Services, National Background Investigation Legacy Capability, and the Data Warehouse capability of the Human Resource Line of Business, and will initiate the next phase of the Trust Fund Federal Financial System modernization. The agency will institutionalize IT governance processes developed in FY 2018 to facilitate and manage modernization efforts.

Performance Measures

Performance Measure	FY 2015 Result	FY 2016 Result	FY 2017 Result	FY 2018 Target	FY 2019 Target
Percent of end-of-life hardware operating on OPM's infrastructure	_*	_*	30.35%	30% Reduction	50% Reduction

* No historical data available for this period.

Milestones

Target Completion Date	Description
FY 2018	Conduct market research for Federal Financial System modernization.
FY 2018	Secure FY 2017 IT modernization funds per FY 2017 budget appropriations.

8. STOPPING THE FLOW OF IMPROPER PAYMENTS

Related Strategic Objective

Unaligned

Responsible Agency Officials

Kenneth Zawodny, Jr., Associate Director, Retirement Services

Summary of Challenge

Although the improper payment rate is less than one percent, reducing improper payments by Federal agencies continues to be a top priority. OPM paid $82 billion in defined-benefits to retirees, survivors, representative payees, and families during FY 2016. OPM's retirement programs continue to meet OMB's definition of programs susceptible to significant improper payments because annual improper payments are more than $100 million per year. OPM's recapture rate for improper payments has improved from 67.2 percent in FY 2013 to 78 percent in FY 2016, and the agency recovered funds amounting to $106.6 million.

FY 2017 Progress Update

Retirement Services (RS) remains committed to stopping improper payments based on eligibility for continued benefits, death, and adjudication errors.

These ongoing efforts include the following two key data matches:

1. Consolidated Death Match: OPM compares the Consolidated Death Match with OPM's weekly annuity roll to identify annuitants who are reported as deceased by the Social Security Administration (SSA). The Validated Agency Match System processes the death information for the purpose of terminating Federal benefits and subsequently preventing improper payments. OPM initiates collection actions for any overpayments that are discovered.

2. Social Security Administration (SSA) Death Master File Match: Retirement Services conducts yearly data matches between OPM's annuity roll and the SSA Death Master File. These matches compare annuitant identifiers with current SSA death records. These matches supplement the

weekly Consolidated Death Match and help to identify reported deaths that might be missed in the Consolidated Death Matches due to timing differences.

Moreover, RS administers a number of surveys of the following activities to identify possible anomalies in the annuity roll that need to be investigated further, and to evaluate the ongoing entitlement status of specific and discrete populations of annuitants. These surveys include:

1. FERS Annuity Supplement: RS conducts the FERS annuity supplement survey annually. OPM sends the survey to all annuitants who receive the FERS supplement. Annuitants whose income has exceeded the minimum level of earning must have their annuities reduced.

2. Marital: RS conducts the marital survey annually to determine if surviving spouses are still eligible for benefits. The survey determines whether the surviving spouse remarried prior to age 55. The survivor annuity is terminated if the surviving spouse or former spouse was married to the employee for less than 30 years and remarries before age 55.

3. Representative Payee: RS conducts the representative payee survey to verify that the person receiving the benefits on behalf of an annuitant is the payee on record. The payee also certifies that he or she is using and managing the annuity in the best interest of the annuitant.

4. Student: RS conducts the student survey to verify that surviving children meet basic eligibility requirements. A student must be enrolled full time at an accredited educational institution for a monthly survivor annuity benefit.

5. Disability: RS conducts the legally mandated disability survey because there is a limit on the amount certain disabled retirees can earn in the calendar year. The annuitant cannot exceed the 80 percent earning capacity limit.

In addition, RS has updated the following three existing stand-alone efforts.

1. RS enhanced an online death reporting tool to gather more information up front to facilitate both the termination of annuity payments and the authorization of survivor benefits, if applicable.

2. RS continued the 1099R project, in which RS analyzes 1099Rs returned by the US Postal Service as undeliverable. Some are returned for changes of address, others are returned because the annuitant is deceased.

3. RS has initiated steps to survey a sampling of payees that are over age 90, to verify that they are still eligible for benefits.

FY 2018-2019 Planned Actions

OPM plans to complete discussions on a new memorandum of understanding with the Department of Labor's (DOL) Office of Workers' Compensation Program and OPM annuity benefits. Generally, individuals cannot receive benefits for total or partial disability from DOL's Office of Workers' Compensation and CSRS or FERS annuity payments at the same time.

OPM is also working on entering into an agreement to provide death data to the Social Security Administration.

OPM plans to continue to isolate root causes of overpayments based upon adjudication and/or system deficiencies.

Performance Measures

Performance Measure	FY 2015 Result	FY 2016 Result	FY 2017 Result	FY 2018 Target	FY 2019 Target
Rate of improper payments in the retirement program	0.38%	0.37%	0.38%	≤0.35%	≤0.36%

Milestones

Target Completion Date	Description
FY 2018	Obtain signed memorandum of understanding with the Department of Labor, Office of Workers' Compensation.
FY 2019	Automate one additional survey/match.

9. RETIREMENT CLAIMS PROCESSING

Related Strategic Objective

Strategic Objective 4.4 Improve retirement services by reducing the average time to answer calls to 5 minutes or less and achieve an average case processing time of 60 days or less

Responsible Agency Officials

Kenneth Zawodny, Jr., Associate Director, Retirement Services

Summary of Challenge

OPM is responsible for the administration of the Federal Retirement Program covering more than 2.7 million active employees, including the United States Postal Service, and nearly 2.6 million annuitants and survivors. OPM is dedicated to processing Federal retirement claims quickly and accurately to provide the best possible support to annuitants. During FY 2016, OPM processed 77.1 percent of the retirement cases within 60 days or less. Those cases were processed in 45 days, on average. Cases requiring more than 60 days took 100 days, on average.

FY 2017 Progress Update

Retirement Services (RS) has taken on the challenge of reducing call wait times, hiring 43 customer service specialists. RS also hired 15 additional legal administrative specialists. Further, RS delivered a pre-retirement seminar on Capitol Hill to Congressional staffers. The event was webcasted and the recording will be available to House and Senate staff.

RS also held two training events in Pittsburgh (275 attendees) and Atlanta (411 attendees). Benefits officers from agencies across the Federal Government took part in workshops on Federal retirement, insurance, benefits, and financial planning.

FY 2018-2019 Planned Actions

OPM will continue to integrate process improvements and enhance reporting tools to monitor and address RS workloads. OPM will also continue to implement the following initiatives from the IT Strategic Plan:

> 1. Electronic Retirement Record/Guide to Retirement Data Reporting Feeds: OPM will provide updates and continue to work with payroll office to test the Electronic Retirement Record.
>
> 2. Retirement Data Repository: OPM will expand and enhance the Retirement Data Repository data viewer by adding retirement systems and other electronic records, and expanding agency and payroll service provider access to those systems and records.
>
> 3. Data Bridge: OPM will expand the Interior Business Center data set bridge from the Retirement Data Repository to the Federal Annuity Claims Expert System.
>
> 4. Online Retirement Application: OPM will complete configuration and testing with the Interior Business Center. OCIO will lead the acquisition and implementation.
>
> 5. Case Management System: OPM will continue the Retirement Services configuration for the Enterprise Case Management System. OCIO will lead the acquisition and implementation.

In FY 2018, OPM will continue to provide Federal retirement policy technical assistance to all OPM offices and Congress, (2) perform on-going audits of agency submissions, (3) provide monthly feedback to agencies and alert agencies of trends and improvement opportunities, and (4) identify training needs for agencies, develop job aids and on-line training modules, as well as conduct workshops on the retirement application process.

OPM will also continue to identify customer service trends and implement process improvements to deliver optimal customer service experiences. In addition, OPM will maintain and enhance Services Online – OPM's retirement website.

Performance Measures

Performance Measure	FY 2015 Result	FY 2016 Result	FY 2017 Result	FY 2018 Target	FY 2019 Target
Average number of days to process retirement cases	56.2	54.1	67.0	60	60

Milestones

Target Completion Date	Description
FY 2018	Fully train all customer service specialists.
FY 2018	Train new legal administrative specialists in basic claims processing and advanced claims processing.
FY 2018	Cross-train legal administrative specialists on CSRS/FERS.

10. PROCUREMENT PROCESS FOR BENEFIT PROGRAMS

Related Strategic Objective

Strategic Objective 4.3 Exceed the Government-wide average satisfaction score for each agency mission support service

Responsible Agency Officials

Alan P. Spielman, Director, Healthcare and Insurance; Juan Arratia, Director, Office of Procurement Operations

Summary of Challenge

The Office of Procurement Operations (OPO) is responsible for soliciting, evaluating, and awarding agency contracts, orders, and agreements in accordance with the Federal Acquisition Regulation. OPO emphasizes the competitive solicitation process, which helps the Government receive the best value. Issuing timely competitive solicitations for OPM's benefits programs, specifically the BENEFEDS benefits portal, the Federal Long Term Care Insurance Program (FLTCIP), and the Federal Flexible Spending Account Program (FSAFEDS), has been an agency challenge for several years.

FY 2017 Progress Update

The Office of Procurement Operations (OPO) in collaboration with Healthcare and Insurance (HI) awarded, through full and open competition, the referenced FSAFEDS requirement in March 2016, the FLTCIP requirement in April 2016, and the BENEFEDS requirement in March 2017.

OIG Advisory Report 4K-RS-00-16-024, issued in October 2015, included four recommendations for OPO. OPM has formally closed two of those recommendations and is reviewing the remaining two for potential closure.

FY 2018-2019 Planned Actions

In FY 2018, delegated procurement authority is being clarified to properly reflect the administrative authority held by OPO and HI. In addition, OPO will implement and administer a newly awarded program management and IT program management office support contract to provide critical services to agency stakeholders.

Additionally, in FY 2018 OPO will implement formal oversight and compliance policy which was drafted in FY 2017. OPM anticipates that, through these actions successfully implemented, all OIG Advisory Report 4K-RS-00-16-024 recommendations will be successfully closed in FY 2018.

Performance Measures

Performance Measure	FY 2015 Result	FY 2016 Result	FY 2017 Result	FY 2018 Target	FY 2019 Target
Percent of FSAFEDS, FLTCIP, and BENEFEDS awards competitively executed	0%	67%	100%	100%	100%

Milestones

Target Completion Date	Description
FY 2018	Fully implement the approved oversight and compliance policy. Clarify Delegations of Administrative Authority.
FY 2018	Close out all remaining OIG Advisory Report 4K-RS-00-16-024 recommendations.

11. PROCUREMENT PROCESS OVERSIGHT

Related Strategic Objective

Strategic Objective 4.3 Exceed the Government-wide average satisfaction score for each agency mission support service

Responsible Agency Officials

Juan Arratia, Director, Office of Procurement Operations; Elijah Anderson, Director of Contracts, Office of Procurement Operations

Summary of Challenge

OPM's Office of Procurement Operations (OPO) is responsible for (1) providing centralized contract management that supports the operations and Government-wide mission of OPM, across the complete acquisition lifecycle, as well as directly supporting the agency suspension and debarment program, and (2) managing the agency purchase card program. In FY 2016, OPM awarded more than 3,000 transactions totaling $1.1 billion.

In FY 2015, OPO took steps to determine areas for improvement across the contracting function. An independent consulting firm conducted a strategic assessment of OPO's procurement compliance, procurement oversight, workload and staffing, and acquisition certification and training functional areas. Based on the assessment, the firm issued a report which included numerous findings and 16 recommendations. OPM's Office of Inspector General (OIG) validated these findings and recommendations through a subsequent audit dated July 8, 2016.

FY 2017 Progress Update

In FY 2017, OPO worked with OPM's Office of Internal Oversight and Compliance (IOC) to successfully execute a Corrective Action Plan that addresses OIG audit report recommendations in the following areas.

Resource Levels

In FY 2017, OPO secured limited contractor-provided resourcing support through an established FY 2016 contract. Contractor personnel support is limited and provides focused support for critical OCIO IT requirements and agency-wide closeout efforts. OPO also presented resource level challenges to OPM leadership using OMB benchmarking data. According to the benchmarking cost to spend ratio data, OPM has an estimated 60 fewer FTE or contractors than peer agencies (that is, agencies of similar size, with similar spend).

Delegation of Authority

In FY 2018, OPO will finalize the agency-wide warrant (delegated procurement authority) refresh so that such authority is current and properly administered through the established Federal Acquisition Institute Training Application System. In FY 2017, OPO completed OPM internal review of, approved, and disseminated a newly established oversight and compliance policy, and began full implementation of the policy in FY 2018. OPM commenced an aspect of this policy, contract file reviews, in June 2017. At that time, OPO began reviewing contract files that were awarded under delegated procurement authority. Contract file review efforts initiated in FY 2017 are a part of the standard oversight and compliance efforts that will be carried out going forward.

Customer Communications and Outreach

OPO conducted weekly or bi-weekly program reviews with all program offices to review current and planned procurement actions (for example, weekly reviews with the Office of the Chief Information Officer (OCIO) and Human Resource Solutions (HRS), and bi-weekly program reviews with Healthcare and Insurance (HI)).

OPO directly supported critical IT modernization projects. OPO communicated and collaborated with (1) OCIO on far-reaching IT modernization efforts under OCIO's Information Technology Infrastructure Improvement Project, (2) OCFO on the modernization of the Trust Fund Federal Financial System, and (3) NBIB and OCIO on the modernization of NBIB's IT systems.

OPO collaborated with the OMB Office of Federal Procurement Policy on the Acquisition 360 initiative. OPO is currently analyzing the survey data from the initiative to identify opportunities for improvement.

OPO also conducted multiple agency-wide briefings on updated policies and procedures, including policies on contracting officer representatives, acquisition planning policy, and ratifications of unauthorized commitments. Further, OPO held an Annual Training Forum, an Agency Acquisition Training Summit, and several requirements workshops.

Standardized Documentation and Updated Policies and Procedures

OPO continues to refresh dated guidance while establishing new policies and procedures. For example, OPO recently issued new policy or guidance on acquisition planning, contracting officer representatives, Procurement Administrative Lead Time (PALT), end-of-fiscal-year processing, and ratification of unauthorized commitments. Additionally, in Q4 FY 2017, OPO finalized, formally approved, and disseminated several policies including oversight and compliance, unique procurement instrument identifier, and contract file organization and storage. OPO began to implement these policies in FY 2018.

Policy and Procedure Training

OPO conducted agency-wide training, including an Annual Training Forum, an Agency Acquisition Training Summit, and several requirements workshops. OPO also conducted training associated with all newly released and/or refreshed policies and procedures, to include acquisition planning, contracting officer representative, and ratification of unauthorized commitments. In Q4 of FY 2017, OPO prepared for its Q1 FY 2018 internal training events and FY 2018 annual agency-wide acquisition conference,

which was held in Q1 FY 2018. The FY 2018 training included briefings on oversight and compliance, unique procurement instrument identifier, and contract file organization and storage policies.

Oversight and Compliance

OPO finalized, formally approved, and disseminated newly established oversight and compliance policy in Q4 FY 2017, and began full implementation of this policy in FY 2018. Further, OPO conducted Delegated Procurement Authority contract file reviews for HI and OCIO, and scheduled FY 2018 reviews of OIG and Human Resource Solutions. Contract file reviews, an aspect of oversight and compliance, will continue for all of the delegated procurement authority offices initiated in FY 2017. In FY 2017, OPO Acquisition Policy reviewed more than 600 contractual documents in accordance with Contracting Policy 1.603(b) Review and Approval of Contractual Documentation.

Accessibility of Documents

In FY 2016, OPO established an internal (agency-wide) wiki page which provides a single location for policies and procedures, procurement-related links, forms and templates, training, and program specific guidance. In FY 2017, OPO continually updated the wiki page, most recently including IT acquisitions and end-of-fiscal-year links and resources. OPO finalized, formally approved, and disseminated newly established contract filing policy in Q4 FY 2017, and began to implement this policy in FY 2018. This policy standardizes the content, storage location, and storage nomenclature of all contract files prepared in Q1 FY 2018 and beyond.

Improve Acquisition System

OPO submitted and received approval to fund contract system training for OPO staff and contractor support. OPO continues to face challenges to improving OPM's end-to-end acquisition process because OPM's contract writing and financial systems, managed by the OCFO, are not integrated and are outdated. The outdated contract writing system platform is no longer compatible with the Federal Procurement Data System. Dated, disjointed end-to-end systems currently drive continued manual, labor intensive data validation efforts, further taxing already limited OPO resources. OPO finalized, formally approved, and disseminated refreshed procurement instrument identifier policy in Q4 FY 2017, and began to implement this policy in FY 2018. This policy standardizes procurement numbering nomenclature in accordance with Federal regulations for all contractual transactions prepared in Q1 FY2018 and beyond. OPO has included updated associated with this policy in contract system refresh efforts both internal and external to OPM.

FY 2018-2019 Planned Actions

FY 2018

OPO will publish and present an OPO strategic plan. The plan addresses the staffing and resources required to support OPO's operations, and accounts for baselined workload, implementation of corrective actions to OIG findings, manual processing for agency processes and systems, and growth in requirements projected for FY 2018 and beyond. The plan also addresses OPM's multi-year operational contracting requirements. OPO will analyze and review these operational requirements for opportunities

to consolidate, improve acquisition planning and execution timeliness, and reduce the need for bridge contracts.

OPO will execute contract awards in support of modernization and operation and maintenance efforts across the agency, estimated at more than $2 billion. This includes OPO's direct support of agency modernization projects such as the Information Technology Infrastructure Improvement Project, Trust Fund Federal Financial System, and NBIB system modernization efforts supporting background investigation process transformation. It is anticipated that these critical modernization efforts will be effectively executed through FY 2018 and beyond.

In addition, OPO will implement updated policies and guidance documents to include oversight and compliance policy, contract file organization and storage policy, and unique procurement instrument identifier policy. OPO will continue file reviews and compliance checks initiated in FY 2017 in accordance with oversight and compliance policy.

OPO will continue to update the OPO wiki page (a centralized location for OPM staff to access procurement-related policies, procedures, guidance, samples, templates, training documents and other resources). Further, OPO will continue to improve customer communication through (1) established "critical procurement priorities lists" which are used each month to brief senior leadership, (2) weekly, bi-weekly, and monthly program reviews of all current and planned procurement actions with all program offices, (3) the OMB Office of Federal Procurement Policy 360 initiative, and (4) offering training, briefing, and outreach events to enhance customer satisfaction.

OPO will continue to drive the agency towards critical acquisition system improvements by continuing to (1) review the roles and responsibilities of the procurement process with all relevant stakeholders (program offices, OCFO, and OPO), (2) collaborate with leadership to improve OPM's end-to-end acquisition process, and (3) work with the OCFO to address the need for an upgraded contract writing and financial system that would more easily allow for the tracking of acquisition and procurement-related performance results.

FY 2019

OPO will continue resourcing, workload, communication and outreach, and end-to-end process and system efforts as detailed in the FY 2018 OPO strategic plan, and will implement the OPO FY 2019 strategic plan.

OPO will continue to update and implement policies and guidance documents, as well continue ongoing file reviews and compliance checks initiated in FY 2017 in accordance with oversight and compliance policy.

OPO will continue to update the OPO wiki page, and revise/update OPM acquisition career training policy by incorporating changes in the Office of Federal Procurement Policy memoranda and letters and the Federal Acquisition Institute Acquisition Career Manager Guidebook regarding the Federal Acquisition Certification.

Performance Measures

Performance Measure	FY 2015 Result	FY 2016 Result	FY 2017 Result	FY 2018 Target	FY 2019 Target
Percent of completed reviews conducted in accordance with contracting policy	0%	60%	85.8%	100%	100%

Milestones

Target Completion Date	Description
FY 2018	Publish and implement OPO FY 2018 strategic plan.
FY 2018	Execute contract awards in support of modernization and operation and maintenance efforts across the agency, estimated at more than $2 billion.
FY 2018	Implement updated policies and guidance documents, including oversight and compliance policy, contract file organization and storage policy, and unique procurement instrument identifier policy.
FY 2019	Publish and implement OPO FY 2019 strategic plan.

Earned Benefit Trust Funds

The Office of Personnel Management (OPM) administers the following Earned Benefit Trust Funds:

- FEHB – Federal Employees Health Benefits;
- FEGLI – Federal Employees' Group Life Insurance;
- CSRDF – Civil Service Retirement and Disability Fund;
- PSRHB – Postal Service Retiree Health Benefits; and
- FSA FEDS – Flexible Spending Accounts for Federal Employees.

These trust funds are among the largest held by the United States Government. For FY 2019, the net assets combined are estimated to total approximately $1.1 trillion, receipts are estimated to total $166 billion, and outlays are estimated to total $153 billion.

FY 2019 All Earned Benefit Funds (millions)

	CSRDF	FEHB/REHB	FEGLI	PSRHF	FSA FEDS	TOTAL
FY 2019 Estimated Start of Year Fund Balance	$949,829	$23,742	$45,113	$50,866	$66	$1,069,616
FY 2019 Estimated Receipts	$102,364	$58,304	$3,867	$1,316	$21	$165,872
FY 2019 Estimated Outlays	$88,099	$58,212	$3,102	$3,852	$18	$153,283
FY 2019 Estimated End of Year Fund Balance	$964,094	$23,834	$45,878	$48,330	$69	$1,082,205
FY 2019 Estimated Participants:						
Actives (Millions)	2,467	2,130	2,332			
Annuitants (Millions)	2,678	1,995	1,653			

Trust Fund Financing

A key component of OPM's mission is administering retirement, health benefits, long-term care and life insurance, dental and vision and flexible spending account programs for Federal employees, retirees, and their beneficiaries and maintaining the integrity of these programs. The table below highlights the estimated receipts and outlays for the Federal health benefit fund.

Employee Health Benefits Fund & Retired Employees Health Benefits Fund (millions)

	FY 2017 Actuals	FY 2018 Estimate	FY 2019 Estimate	FY 2018 - 19 Variance
Start of Year Balance	$21,280	$23,621	$23,742	$121
Receipts from the Public	$15,692	$16,683	$17,662	$979
Receipts from Federal Sources	$37,022	$38,371	$40,335	$1,964
Interest Earnings	$187	$209	$307	$98
Change in Uncollected Customer Payments	$0	$0	$0	$0
Total Program Outlays	$50,560	$55,142	$58,212	$3,070
End of Year Balance	$23,621	$23,742	$23,834	$92

Federal Employees Health Benefits Fund

The Federal Employees Health Benefits (FEHB) Fund is a revolving Trust Fund created by the Federal Employees Health Benefits Act of 1959. It finances the largest employer-sponsored group health insurance program in the world. The fund exists to collect and disburse health insurance premiums to private insurers who participate in the Federal Employees Health Benefit Program, and to maintain program reserves. Federal employees can choose from among Consumer-Driven and High Deductible plans that offer catastrophic risk protection with higher deductibles, health savings/reimbursable accounts and lower premiums, or Fee-for-Service (FFS) plans, and their Preferred Provider Organizations (PPO), or Health Maintenance Organizations (HMO).

The FEHB fund provides for the cost of health benefits for:

- active employees;

- employees who retired after June 1960, or their survivors;
- annuitants transferred from the Retired Employees Health Benefits (REHB) program as authorized by Public Law (P.L.) 93-246; and
- Tribal organizations including the Indian Health Care Improvement Reauthorization Act (IHCIA).

Retired Employees Health Benefits Fund

The Retired Employees Health Benefits (REHB) Fund, created by the Retired Federal Employees Health Benefits Act of 1960, provides for the costs of:

- retired employees and survivors who were enrolled in a Government-sponsored uniform health benefits plan;
- Government contributions are the same to retired employees and survivors who retain or purchase private health insurance; and
- OPM expenses to administer the program.

The REHB program is closed to new enrollees, and the enrolled population is dwindling. The projected population for FY 2018 is about 134 and for FY 2019 is about 111.

The FEHB and REHB funds are financed by:

- premium withholdings from active employees and annuitants;
- agency contributions to premiums for active employees;
- Government contributions to premiums for annuitants;
- premium collections from tribal organizations and employees; and
- contributions made by the United States Postal Service in accordance with the provisions of Public Law 101-508.

OPM maintains a contingency reserve, funded by employee and Government contributions that may be used to defray future cost increases or provide increased benefits. OPM makes payments to carriers from this reserve whenever carrier-held reserves fall below levels prescribed by OPM regulations or when carriers can demonstrate good cause, such as unexpected claims experience or variations from expected community rates. In determining a biweekly subscription rate to cover program costs, one percent is added for administrative expenses and three percent is added for a contingency reserve held by OPM for each carrier. OPM is authorized to transfer unused administrative reserve funds to the contingency reserve.

Federal Employees Health Benefits Fund – Legislative Proposals

The FY 2019 Budget contains five proposals, which are designed to enhance and improve the program, as well as reduce overall costs for the Government. These proposals are Medical Liability Reform, Modify the Government Contribution Rate Based on Plan Performance, Provide OPM Authority to Incorporate Provisions of the Anti-Kickback Act to the FEHBP, Modify Existing Statute on Indemnity Benefit Plans in FEHB, and Provide Tax Preemption for Federal Employee Dental/Vision Program. Two of these proposals have a financial impact on the FEHBP. The Medical Liability Reform proposal would reduce the costs of medical liability, which could lower overall healthcare costs. The proposal to modify the Government Contribution Rate Based on Plan Performance would improve healthcare quality and affordability for FEHBP. These proposals would not have any financial impact until 2021. Please refer to the Legislative Proposal section for more details on all of the FEHB proposals.

Employees Life Insurance Fund (millions)

	FY 2017 Actuals	FY 2018 Estimate	FY 2019 Estimate	FY 2018 - 19 Variance
Start of Year Balance	$44,168	$44,664	$45,113	$449
Receipts from the Public	$2,771	$2,859	$2,925	$66
Receipts from Federal Sources	$561	$573	$579	$6
Interest Earnings	$212	$60	$363	$303
Change in Uncollected Customer Payments	$0	$0	$0	$0
Total Program Outlays	$3,048	$3,043	$3,102	$59
End of Year Balance	**$44,664**	**$45,113**	**$45,878**	**$765**

The FEGLI fund finances payments to private insurance companies for Federal Employees' Group Life Insurance. FEGLI was established by passage of the Federal Employees' Group Life Insurance Act of 1954 (P.L. 83-598), on August 17, 1954. FEGLI is group term life insurance, meaning it does not build cash values or paid-up insurance values. The cost of Basic Insurance coverage is shared by the Federal employee (2/3), and the Federal Government (1/3). Your age does not affect the Basic premium cost, but new premium rates are set periodically. The FEGLI program is an employer-sponsored life insurance Trust Fund program. This program provides benefit payments to beneficiaries following the death of employees, retired employees, and eligible family members. Employees also have an additional dismemberment benefit. It is the largest group life insurance program in the world, covering more than 4 million Federal employees and retirees, and many of their family members. The FEGLI program offers Federal employees the opportunity to purchase group term life insurance, which provides financial protection to beneficiaries in the event of enrollee death or dismemberment (for employees). It also strengthens the appeal of Federal Government employment for highly qualified applicants, keeping Federal employment competitive with private industry. The above table highlights the estimated receipts and outlays for the Federal life insurance fund.

Non-Postal Service employees and all retirees under 65 pay two thirds of the premium costs for Basic coverage; agencies pay the remaining third. Optional and certain post-retirement Basic coverage are paid entirely by enrollees.

Civil Service Retirement and Disability Fund (millions)

	FY 2017 Actuals	FY 2018 Estimate	FY 2019 Estimate	FY 2018 - 19 Variance
Start of Year Balance	$914,037	$932,079	$949,829	$17,750
Receipts from the Public	$4,137	$4,663	$4,936	$273
Receipts from Federal Sources	$71,161	$71,852	$72,812	$960
Interest Earnings	$26,426	$25,939	$24,616	($1,323)
Total Program Outlays	$83,682	$84,704	$88,099	$3,395
End of Year Balance	**$932,079**	**$949,829**	**$964,094**	**$14,265**

Civil Service Retirement and Disability Fund with Legislative Proposals Impacts (millions)

	FY 2017 Actuals	FY 2018 Estimate	FY 2019 Estimate	FY 2018 - 19 Variance
Start of Year Balance	$0	$0	$0	$0
Receipts from the Public	$0	$0	$0	$0
Receipts from Federal Sources	$0	$0	$0	$0
Interest Earnings	$0	$0	$0	$0
Total Program Outlays	$0	$0	($1,893)	($1,893)
End of Year Balance	$0	$0	-$1,893	-$1,893

The Civil Service Retirement and Disability Fund (CSRDF) is the oldest and largest of the four trust funds administered by OPM. The fund is financed and structured very differently from the other three trust funds. It is characterized by permanent indefinite budget authority. Budget authority is the authority to incur obligations and pay expenses which become available to an agency during any fiscal year. Once approved, permanent budget authority is permanently available for all future years. Indefinite budget authority is used when the precise amount of budget authority required cannot be forecast in advance and must be determined at some future point in time (e.g. when actual receipts and expenses become known). The above table highlights the estimated receipts and outlays for the Federal retirement and disability fund.

The CSRDF finances two Federal civilian retirement systems: the Civil Service Retirement System (CSRS) established on May 22, 1920, and the Federal Employees Retirement System (FERS) established on June 6, 1986. CSRS is largely a defined benefit plan, covering Federal employees hired prior to 1984. CSRS participants do not participate in the Social Security system. FERS is a three-tiered pension program that uses Social Security as a base, provides an additional basic benefit, and includes a Thrift Savings Plan. FERS covers employees hired after 1983 and formerly CSRS-covered employees who elected to join FERS. For FY 2019, it is estimated that Federal employees will contribute approximately $4.3 billion to finance FERS and CSRS retirement benefits. Those will come in the form of salary withholdings of 0.8 percent for those under FERS and slightly higher for those under FERS RAE/FRAE, and 7 percent for CSRS.

CSRS has been financed under a statutory funding method passed by Congress in 1969. This funding method is based on the "static" economic assumptions of no future inflation, no future general schedule salary increases, and a 5 percent interest rate. Under CSRS, regular employees contribute 7 percent of pay. Law enforcement officers, firefighters, and congressional employees contribute an extra half percent of pay, and members of Congress an extra one percent of pay. Also under the static funding method for CSRS, the Treasury pays interest on any static unfunded liabilities that are not being financed by the Postal Service. The Treasury also makes payments to amortize, over a 30-year period, any increases in the static unfunded liability due to salary increases for Non-Postal employees that occurred during the year,

and pays for the cost of any benefits attributable to military service for both Postal and Non-Postal employees that were paid out during the year.

FERS is funded under a dynamic entry age normal funding method as prescribed in Chapter 84 of Title 5, United States Code. Employees and agencies together contribute the full amount of the dynamic normal cost rate. The normal cost rate is for the defined benefit plan only, and does not include the cost of Social Security or the thrift savings plan. FERS regular employees contribute a percentage of salary that is equal to the contribution rate for CSRS employees – 7.0 percent, less the 6.2 percent tax rate under the Old Age, Survivors and Disability Insurance (OASDI) portion of Social Security. Under FERS, the dynamic normal cost rates are as follows: For regular employees hired before 2013, the rate is 14.5 percent of pay (employees share, 0.8 percent, and employer's share, 13.7 percent). For regular employees hired during 2013 (known as FERS RAE/Revised Annuity Employees), the rate is 15.0 percent of pay (employee's share, 3.1 percent and employer's share, 11.9 percent); the Bipartisan Budget Act of 2013 included a provision to increase the normal cost rate of employee's contribution to FERS for individuals hired after 2013 and to maintain the employer's contribution rate at its current normal cost rate. Any contributions in excess of the amount necessary to satisfy FERS normal cost percentage will be credited to the assets of the CSRDF, thereby reducing the unfunded liability of the CSRS. For regular employees hired after 2013 (known as FERS FRAE/Further Revised Annuity Employees), the rate is 15.1 percent of pay (employee's share, 4.4 percent, employer's share, 11.9 percent, and excess, -1.2 percent).

An extra 0.5 percent of pay is contributed by Law Enforcement Officers, Firefighters, Air Traffic Controllers, Congressional employees, and Members of Congress because of earlier retirement eligibility provisions. .

Civil Service Retirement and Disability Fund – Legislative Proposals

The FY 2019 Budget contains four separate legislative proposals that could have an impact on the financing and benefits payable under the Civil Service Retirement System (CSRS) and the Federal Employees Retirement System (FERS). The first legislative proposal seeks to provide a source of savings to the Federal government by increasing the receipts to the Civil Service Retirement and Disability Fund (CSRDF) from Federal employees. The remaining legislative proposals seek to provide a source of savings to the Federal Government by reducing the outlays for annuity payments.

1. INCREASE EMPLOYEE CONTRIBUTIONS TO 50 PERCENT OF COST, PHASED IN AT ONE PERCENT PER YEAR - This proposal would increase Federal employee contributions to the Federal Employees Retirement System (FERS), such that an employee and employer would each pay half of the normal cost. Under current law, Federal employees contribute between 0.8 percent and 4.4 percent of their salary toward their Federal pension. Federal agencies contribute the remainder of the cost. To mitigate the impact on employees, this proposal will be phased in over several years, with individuals contributing an additional one percent of their salary each year until equalized.

2. REDUCE FEDERAL RETIREMENT BENEFITS – The remaining proposals would reduce Federal employees' retirement benefits by implementing changes to the Federal Employees Retirement System (FERS) and the Civil Service Retirement System (CSRS).

- One proposal would eliminate cost of living adjustments (COLA) for FERS retirees, and would reduce CSRS retiree COLA by 0.5 percent.

- The proposals would also implement other Federal retirement changes, such as eliminating the FERS Annuity Supplement for those employees who retire before Social Security eligibility age, and changing annuity calculations using an employee's highest five consecutive salary years instead of the current average of an employee's three highest salary years.

The employee retirement landscape continues to evolve as private companies are providing less compensation in the form of retirement benefits. The shift away from defined benefit programs and cost of living adjustments for annuitants is part of that evolution. By comparison, the Federal Government continues to offer a very generous package of retirement benefits in the form of deferred compensation. Consistent with the goal of bringing Federal retirement benefits more in line with the private sector, adjustments to reduce the long-term costs associated with these benefits are included in this proposal.

Postal Service Retiree Health Benefits Fund (millions)

	FY 2017 Actuals	FY 2018 Estimate	FY 2019 Estimate	FY 2018 - 19 Variance
Start of Year Balance	$51,495	$49,491	$50,867	$1,376
Receipts from the Public (Postal Service)	$0	$3,681	$0	($3,681)
Receipts from Federal Sources	$0	$0	$0	$0
Interest Earnings	$1,446	$1,339	$1,316	($23)
Total Program Outlays	$3,450	$3,645	$3,852	$207
End of Year Balance	$49,491	$50,866	$48,331	-$2,535

This account receives from the Postal Service: 1) the pension savings provided to the Postal Service by the Postal Civil Service Retirement System Funding Reform Act of 2003 (P.L.108–18) that were held in escrow during 2006; 2) payments defined within P.L.109–435, and modified by P.L. 111–68, to begin the liquidation of the Postal Service's unfunded liability for post-retirement health benefits; and 3) beginning in 2017, payments for the actuarial cost of Postal Service contributions for the post-retirement health benefits for its current employees. This account also receives any surplus resources of the Civil Service Retirement and Disability Fund that are not needed to finance future retirement benefits under the Civil Service Retirement System to current or former employees of the Postal Service that are attributable to civilian employment with the Postal Service. The above table highlights the estimated receipts and outlays for the Postal retiree health benefit fund.

Under the current law, the Postal Service stopped paying annual premium costs to the Employees and Retired Employees Health Benefits Fund for its post-1971 current annuitants. Instead, these premium

payments will be paid from amounts that the Postal Service remits to the Postal Service Retiree Health Benefits Fund. Payments for a proportion of the premium costs of Postal Service annuitants' pre-1971 service continues to be paid by the General Fund of the Treasury through the Government Payment for Annuitants, Employees Health Benefits account.

Federal Flexible Spending Risk Reserve Account (millions)

	FY 2017 Actuals	FY 2018 Estimate	FY 2019 Estimate	FY 2018 - 19 Variance
Start of Year Balance	$60	$51	$66	$15
Receipts from the Public	$1	$30	$20	($10)
Receipts from Federal Sources	$1	$1	$1	$0
Program Obligations (Mandatory)	$0	$9	$9	$0
Agency Administrator Cost and Program	$11	$7	$9	$2
End of Year Balance	$51	$66	$69	$3

Flexible Spending Accounts for Federal Employees (FSAFEDS) constitute voluntary tax-advantaged benefit plan. These accounts also allow Federal employees to pay for eligible out-of-pocket health care and dependent care expenses with their own pre-tax dollars. The average person will save about 30 percent on dependent care and health care expenses after taxes.

There are three types of accounts under the FSA Feds Program:

1. Health Care Flexible Spending Accounts (HCFSA);

2. Limited Expense Health Care Flexible Spending Account (LEX HCFSA); and

3. Dependent Care Flexible Spending Account (DCFSA).

The funds cannot be transferred between accounts. DCFSAs currently have a minimum annual election of $100 and $5,000 maximum. HCFSAs and LEX HCFSAs currently have a minimum annual election of $100 and $2,650 maximum. There are currently about 417,000 individuals with HCFSAs, 7,700 individuals with LEX HCFSAs and 77,000 individuals with DCFSAs.

The Risk Reserve account contains the accumulated balance of fees which are collected from reserve fees and forfeited funds. The reserve fees are from employing agencies whose employees participate in the FSAFEDS program, and forfeited balances of Flexible Spending Accounts. The agency fees are calculated based on the number of employees from each agency participating in the program. Resources are obligated to indemnify the FSA program administrator when claims against FSA accounts exceed resources contributed to the accounts from participating employees (early in the program year). Once account contributions exceed benefits, the FSA program administrator reimburses the reserve account. Account resources are also used for the agency's administration of the program. The above table highlights the estimated receipts and obligations for the Federal flexible spending accounts.

OPM's actuaries have determined that the current value of the risk reserve account is more than sufficient to indemnify the program administrator. Since FY 2013, OPM has used risk reserves to offset agency fees paid to the program administrator in order to reduce the surplus balance and meet its target account level.

Payment Accounts

OPM receives "such sums as necessary" mandatory appropriations for payments from the General Fund to the Civil Service Retirement and Disability Fund, the Employees Health Benefits Fund, and the Employees Group Life Insurance Fund. The purposes and estimated amount of these payments are described in this section.

Government Payment for Annuitants, Employees Health Benefits (millions)

	FY 2017 Actuals	FY 2018 Estimate	FY 2019 Estimate	FY 2018 - 19 Variance
Budget Authority	$12,654	$12,917	$13,642	$725
Obligations	$12,654	$12,917	$13,642	$725
Outlays	$12,616	$12,917	$13,642	$725

This appropriation funds the Government's share of health benefit costs for annuitants and survivors. OPM requests the appropriation necessary to pay this contribution to the Employees Health Benefits Fund and the Retired Employees Health Benefits Fund. This appropriation covers:

- the Government's share of the cost of health insurance for annuitants as defined in sections 8901 and 8906 of Title 5, United States Code;

- the Government's share of the cost of health insurance for annuitants (who were retired when the Federal employees health benefits law became effective), as defined in the Retired Federal Employees Health Benefits Act of 1960; and

- the Government's contribution for payment of administrative expenses incurred by OPM in administration of the Retired Federal Employees Health Benefits Act.

For FY 2019, budget authority and obligations will increase by $725 million due to projected growth in the cost of health insurance, and in the number of annuitants with FEHB coverage.

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 "such sums as may be necessary" to carry out these provisions.

Government Payment for Annuitants, Employees Life Insurance (millions)

	FY 2017 Actuals	FY 2018 Estimate	FY 2019 Estimate	FY 2018 - 19 Variance
Budget Authority	$43	$44	$45	$1
Obligations	$43	$44	$45	$1
Outlays	$43	$44	$45	$1

P.L. 96-427, Federal Employees' Group Life Insurance Act of 1980, enacted October 10, 1980, requires that all employees under age 65 who retired 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 of coverage) for basic coverage for annuitants. OPM, acting as the payroll office on behalf of Federal retirees, is requesting the funds necessary to make the required Government contribution for annuitants' post-retirement basic life coverage.

For FY 2019, budget authority and obligations will increase $1.0 million due to the number of annuitants under age 65 with FEGLI 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 "such sums as may be necessary" to carry out these provisions each fiscal year.

Payment to the Civil Service Retirement and Disability Fund (millions)

	FY 2017 Actuals	FY 2018 Estimate	FY 2019 Estimate	FY 2018 - 19 Variance
Budget Authority	$40,636	$40,653	$41,253	$600
Obligations	$40,636	$40,653	$41,253	$600
Outlays	$40,636	$40,653	$41,253	$600

The Payment to the Civil Service Retirement and Disability Fund (CSRDF) 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 (P.L. 91-93), the Federal Employees Retirement Act of 1986 (P.L. 99-335), and the Civil Service Retirement Spouse Equity Act of 1985 (P.L. 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 that will be contributed from agency budgets.

The unfunded liability of new and increased annuity benefits becoming effective on or after October 20, 1969, as authorized by 5 U.S.C.8348, and annuities under special Acts to be credited to the Civil Service Retirement and Disability Fund, such sums as may be necessary: provided, that annuities authorized by the Act of May 29, 1944, and the Act of August 19, 1950 (33 U.S.C. 771-775), may hereafter be paid out of the Civil Service Retirement and Disability Fund.

Detail of Payment Account (millions)

	FY 2017 Actuals	FY 2018 Estimate	FY 2019 Estimate	FY 2018 - 19 Variance
Current Appropriation	$15,049	$14,900	$14,700	($200)
Permanent Indefinite Authorization	$25,534	$25,700	$26,500	$800
Payment for Spouse Equity	$53	$53	$53	$0
Total	**$40,636**	**$40,653**	**$41,253**	**$600**

Current Appropriation: Payment of Government Share of Retirement Costs

P.L. 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 adjustments (COLAs). OPM notifies the Secretary of the Treasury each year of "such sums as may be necessary" to carry out these provisions.

Permanent Indefinite Authorization: Transfers for Interest on Static Unfunded Liability and Payment of Military Service Annuities

P.L. 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 static unfunded liability, calculated based on static economic assumptions, and annuity disbursements attributable to credit for military service. These values reflect the additional liability for military service credit of former United States Postal Service employees. This provision was enacted by the Postal Accountability and Enhancement Act (P.L.109-435).

For FY 2019, the Permanent Indefinite Authorization will increase $800 million due to an increase in the amount of interest to be transferred from Treasury.

Payment for Spouse Equity

P.L. 98-615 provides the Secretary of the Treasury 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.

Revolving Fund Activities

Pursuant to Title 5, U.S.C. §1304 (e) (1), OPM is authorized to use Revolving Funds without fiscal year limitations to conduct background investigations, training, personnel management services, and other functions that OPM is authorized or required to perform on a reimbursable basis. Under this guidance, OPM operates several programs, which are funded by fees or reimbursement payments collected from other agencies and other payments. These include National Background Investigation (NBIB), which operates OPM's background investigations program, and the Human Resources Solutions (HRS), under which OPM provides services, either directly or through private sector partners, on various human resources issues. OPM also operates revolving fund activities for USAJOBS, the U.S. Government's official system/program for Federal jobs and employment information, through which individuals may locate and apply for jobs at Federal agencies.

The following programs are authorized to use Revolving Funds:

- National Background Investigations Bureau
- Suitability Executive Agent
- Human Resources Solutions
- Enterprise Human Resources Data Warehouse
- Human Resources Line of Business
- Human Resources Tools & Technology
- USAJOBS

The following table discusses the business lines followed by a detailed description of the activities supported by OPM's Revolving Fund, which is aligned with OPM's statutory authority.

OPM Budget Authority	FY 2019
USAJOBS	$14,770,284
Human Resources Tools & Technology	$54,926,853
Enterprise Human Resources Integration	$41,133,098
National Background Investigations Bureau*	$1,367,727,684
Human Resource Solutions	$207,918,968
HR Line of Business	$3,150,000
OPM Total	**$1,689,626,887**

*Suitability Executive Agent's budget authority is approximately $6M and is included in NBIB's authority.

National Background Investigations Bureau

NBIB provides personnel background investigative services on a fee-for-service basis to assist its Federal agency customers in determining individuals' suitability and fitness for Federal civilian, military, and contract employment, eligibility for logical and physical access to agency systems and facilities, and eligibility for access to classified national security information.

Throughout FY 2019, NBIB will focus on bolstering security and intergovernmental communications and innovating its business processes, information technology, and tools. NBIB's whole of Government and national security focus was created to allow for increased communication and information sharing, as well as a more appropriate alignment. NBIB has hired experienced personnel to support the NBIB mission and head up new NBIB programs: Federal Investigative Records Enterprise (FIRE), Policy, Strategy and Business Transformation (PSBT), Customer Service, Communications and Engagements (CSCE), and Contracting and Business Solutions (CBS).

These new programs, along with the entire NBIB, have a focus of modernizing and increasing transparency of background investigations:

- FIRE is responsible for automating, standardizing and managing Government-wide investigative records collection and retention, reducing burden on field investigators and the "paper footprint" by leveraging new and evolving data sources that meet the Federal Investigative Standards.

- PSBT is responsible for providing investigative policy guidance, research and analysis to determine the need for policy modifications, new policy or clarification of current policy, as well as institutionalizing use of data, analytics, technology and innovative solutions to improve processes and decision making.

- CSCE enhances customer engagement to increase transparency of NBIB operations and improve customer partnerships by sharing policy changes, continuous process and system improvements, and investigative information with both Federal agencies and the public.

- CBS fulfills NBIB's unique acquisition needs. It develops acquisition strategies to encourage innovation and collaboration with industry, and enhance the acquisition resources directly devoted to NBIB to ensure national security and background investigation expertise.

During FY 2018 and continuing through FY 2019, NBIB will undertake efforts for the implementation of a full spectrum of improvements across the Background Investigation program that will maximize capability and effectiveness of the investigative workforce by instituting business process reengineering efforts. Improvements will address technology, process changes and data-based decision making, all of which are needed in order to effectively improve the background investigation process.

In addition to process improvements to create efficiencies to reduce total man-hours required to complete cases, NBIB has implemented capacity growth initiatives. Increasing the capacity of investigators remains pivotal to decreasing the backlog of cases currently pending. NBIB will continue to focus on hiring of both additional Federal staff and increased contractor production. Four new fieldwork contracts were awarded to provide background investigations, and NBIB is offering incentives for building capacity, increasing production, and reducing inventory of aged investigations. A cross-agency working group will

create recommendations on potential initiatives that will lead to the reduction of the investigative backlog or mitigate the impact to mission readiness. Additionally, the building of a new secure and comprehensive case management system will allow for more effective case processing across the Government as a shared service.

IT security is of upmost importance, and a major mission driver at NBIB. As required by Executive Order 13741, the Department of Defense supports NBIB's operational mission by designing, developing, and securing new background investigation IT systems, called National Background Investigation System (NBIS). NBIB is the functional requirements owner for NBIS. While NBIS is being created, legacy IT systems vital to NBIB's ongoing work will continue to be secured, maintained, and updated by OPM.

NBIB offers its Federal customers investigations based on five tiers with an Expandable Focused Investigation model at each tier. The newly established tiered approach increases consistency across types of investigations and clarity into the type of investigation being completed. The price of each type of investigation varies based on the estimated fieldwork and time it will take to complete. Prices are determined and justified using a cost allocation model. The significant cost drivers that impact pricing considerations include Federal and contracted investigative fieldwork, third-party search fees, the accuracy of workload projections, policy changes (for example, new Federal investigative standards), and major infrastructure upgrades. Based on customer feedback, NBIB has committed to informing its Federal customers of changes in prices in time for those agencies to best account for investigation costs in their out-year annual budgets. The FY 2019 prices were published in June 2017, in line with the budget cycle, and at a minimal 1.7 percent average increase from FY 2018 prices.

The FY 2018 National Defense Authorization Act (NDAA) Section 925, allows the Defense Security Service to conduct background investigations for personnel of the Department of Defense (DOD). OPM and DOD are working together to implement provisions included in the 2018 NDAA and to formulate a transition strategy to implement this change. This transition of responsibilities will likely affect product pricing and have fiscal impacts on OPM at large.

As the largest revolving fund program, NBIB makes a vital contribution to the financing of OPM's infrastructure and administrative activities. In FY 2019, only a portion of background investigation cases are expected to transfer to DOD, so the impact on OPM's funding will likely be moderate. The agency's budget anticipates a $5 million reduction in NBIB contributions to administrative operations in FY 2019; however, in FY 2020, and beyond, a larger portion of cases is expected to transfer from OPM to DOD. OPM is set to launch a comprehensive analysis of the impacts on OPM of this transition of work to DOD. This effort will detail how the NDAA provisions impact the programmatic, operational and financial condition of OPM and will quantify the potential shortfalls in OPM's funding.

Suitability Executive Agent

Suitability Executive Agent (SuitEA) was established as a distinct program office within OPM in December 2016 to strengthen the effectiveness of suitability vetting across the Government by providing a focal point within OPM for leadership, process improvement, and modernization. Pursuant to Executive

Order 13467, as amended, the OPM Director is the Suitability & Credentialing Executive Agent, with specific Government-wide responsibilities that include:

- prescribing suitability standards (the standards by which agencies determine whether an individual is suitable, based on character and conduct, for appointment or continued employment in a covered position), minimum standards of fitness, and credentialing standards; position designation requirements; investigative standards, policies, and procedures;
- making suitability determinations and taking suitability actions;
- promoting reciprocal recognition of suitability or fitness determinations;
- approving and renewing polygraph requests from agencies for use in hiring;
- issuing guidelines and instructions to the heads of agencies to promote appropriate uniformity, centralization, efficiency, effectiveness, reciprocity, timeliness, and security in suitability/fitness/credentialing processes;
- prescribing performance standards and a system of oversight for suitability or fitness functions delegated to the head of another agency;
- developing continuous vetting and reporting requirements for all positions; and
- making a continuing review of agency programs for suitability/fitness/credentialing vetting.

SuitEA carries out these responsibilities through a policy office, an oversight team that conducts assessments of Federal agencies, and an operations staff. SuitEA also develops course content and delivers instruction for the FLETA-accredited, reimbursable, suitability training programs offered at NTC. SuitEA co-led the effort to develop training standards for SSC functions and chaired the development and implementation of National Training Standards for Suitability Adjudicators. The standards promote uniform decision making across Government, professional development of the suitability workforce, and reciprocal recognition of favorable determinations. SuitEA will continue to work with the Performance Accountability Council to enhance standards for suitability, fitness, and credentialing vetting.

NBIB is a key strategic partner and provides data to support suitability program oversight as well as investigations to support suitability adjudicative operations. The NBIB systems house much of the information technology that supports OPM's suitability functions. As the background investigation systems are rebuilt or built new by the Department of Defense both SuitEA and NBIB will provide requirements to meet the needs of SSC programs. NBIB also collects the revolving funds used for SuitEA through background investigations pricing. SuitEA funding is factored into NBIB pricing and budgeted by the background investigation customers.

Human Resource Solutions

Operating under the provisions of the Revolving Fund, 5 U.S.C.§ 1304(e)(1), HRS provides customer agencies with innovative and competitive, high quality Government-to-Government solutions designed to assist them in attracting and building a high quality public sector workforce, developing effectual leaders, and achieving sustainable results.

HRS is comprised of five program areas operating under two major reimbursable offerings (Government provided and third-party contractor). Each program is internally supported by the Center for Management Services (CMS) and the Resource Management Office (RMO).

The Center for Leadership Development (CLD) – offers cross-agency educational programs grounded in leadership theory, develops Executive Core Competencies, and offers learning management systems to support Federal workforce development.

The Federal Staffing Center (FSC) – delivers expert examining, high-level strategic staffing, recruitment and branding, and complete human resources lifecycle solutions designed to attract, assess, and build a high-quality Federal workforce.

HR Strategy and Evaluation Solutions (HRSES) – offers organizational and individual-focused strategies that help agencies plan and position for maximum performance.

The Administrative Law Judges Program (ALJP) – plans, operates, and directs the recruitment, examination, and employment of ALJs Government-wide.

The Training and Management Assistance Program (TMAP) – delivers direct and indirect human capital strategy, organizational performance improvement, and training and development, delivered through an Indefinite Delivery, Indefinite Quantity, contract vehicle.

Center for Leadership Development (CLD) (Related Objective 3.1)

Federal Executive Institute (FEI) – offers open-enrollment (interagency) and custom (single-agency) programs, distance and blended-learning approaches, international programs and academic partnerships to provide training flexibility for customer agencies while offering a complete range of leadership training courses, including the premier Leadership for a Democratic Society (LDS) program, the new SES Leading Edge program, and the International Leadership Development program.

Eastern Management Development Center (EMDC) – provides interagency and single agency open enrollment courses and custom solutions for agency and professional area leadership development. Programs and courses are designed to provide leadership development to Government employees at various stages of their Federal career. A key offering of EMDC is the Leadership Education and Development (LEAD) certificate programs—each of which is comprised of core, skill immersion, assessment, and policy courses delivered in the classroom, online, or through blended delivery options. Thirty-five Development Center courses address leadership competencies and essential leadership knowledge, skills and abilities. Several EMDC courses meet American Council on Education standards for college credit. EMDC is managing and refining the regionally delivered Federal leadership development certificate programs throughout the U.S.

Western Management Development Center (WMDC) – develops and delivers custom leadership solution programs, defined as single agency or community of practice solutions provided at WMDC, client, or neutral locations. WMDC provides assessments of needs solutions, design and delivery of courses or programs, evaluation of solution effectiveness, and coaching or mentoring. WMDC has a number of long-standing programs, such as the Asia Pacific Center in Hawaii, the Aberdeen Proving Ground Senior

Leadership Cohort programs, and the National Security Agency leadership development programs. WMDC partners regularly with other OPM entities and other agencies for combined services and Federal spaces.

USA Learning® (USAL) – provides clients with reimbursable customized Learning Management Systems, Online Forums such as Communities of Practice and Social Media integration, Executive Coaching, Online Assessments, virtual conferencing and various online technological support tools. In addition, USA Learning® supports training platforms within OPM, including Diversity Training, Ethics, The Learning Connection, HR University, Hiring Reform, the Presidential Management Fellows online assessments, cyber security courses, and specialized training. External to the Office of Personnel Management, USAL supports 18 of 24 Cabinet level agencies and over 40 small agencies and the Department of Defense.

The Presidential Fellows Programs (PFP) – offers two program options – one designed to bring high performers into Government within two years of completing an advanced degree, and the other to allow seasoned executives with at least 25 years of public leadership who desire to "give back" to the Government. Through either program, outstanding American citizens are provided opportunities to serve their country in challenging ways by using their strengths and talents, and Federal agencies are provided with the highest quality talent prepared to tackle the unique challenges facing the Government.

Design Lab – assists agencies in translating the creativity of their employees into innovative action. Through guiding the development of human center design capabilities in individuals for use as a problem-solving choice, the Lab is able to work successfully with U.S. Government agencies and foreign governments to solve persistent problems while focusing on the affected people. The result is tailor-made solutions designed to suit the needs of the affected individuals.

Federal HR Institute (FHRI) – provides open enrollment human resource skills courses for the professional development of the Federal HR community. It will be the only comprehensive Federal HR development program of its kind. FHRI is developing courseware across all major HR functions--Staffing & Classification, ER/LR, Performance, Benefits, Compensation, HR Development, HR Systems and HR Business Partner.

Broadly, CLD's pricing structure covers all applicable direct expenses, indirect CLD costs, and OPM overhead while maintaining competitive prices. Prior to the beginning of each fiscal year, CLD analyzes the planned delivery schedule for the year, based on past and projected customer needs, and uses prescribed costing tools to determine tuitions for all deliverables. For USA Learning, the costing model is the cost of the services requested plus either a 10 percent or 15 percent overhead for administrative and indirect costs.

Federal Staffing Center (FSC)

Automated Systems Management Group (USA Staffing® Program Office) (Related Objective 2.2) – automates the staff acquisition life cycle by recruiting, assessing, evaluating, certifying, selecting, and onboarding quality candidates for Federal positions. USA Staffing allows agencies to develop and post job opportunity announcements via USAJOBS, create competency-based assessment tools and position

descriptions, review application documents online, rate and rank applications, send applicant notifications, electronically refer candidates to hiring officials for review and selection, audit certificates online, create an online recruitment case file with annotations, select and onboard new hires, and perform advanced analytics on all aspects the hiring process. Customer agencies have unlimited use of USA Staffing for announcement posting, assessment development, classification, applicant review, referral, selection, onboarding including eOPF transmittal, and reporting. It includes online training modules, online integrated help functionality, help desk support, robust reporting, and data interconnections.

Staff Acquisition Group (SAG) (Related Objective 1.1) – provides expert examining, strategic staffing, and recruitment and branding solution services to Federal agencies to attract and retain top performers, including examining and assessment solutions, automated entrance-in-duty support, coaching and consulting services, technical HR training, candidate development program support, and recruitment strategy development and evaluation.

USA Hire ℠ Group (Related Objective 1.1) – an online assessment platform that provides Federal agencies with high quality, cutting-edge assessments designed to identify top talent. USA Hire ℠ helps agencies hire the best by incorporating better assessments in the hiring process in an efficient and effective manner. USA Hire ℠ assessments are simple to implement and applicant-friendly. Standard assessments are available "off-the-shelf" and ready to go for 120 common job series. Agencies can also use USA Hire ℠ to automate existing assessment content or to develop new online assessments.

FSC uses two main fee structures: user fees and fixed rate. User fees are paid annually, based on the number of licensed HR users in their organization. Agencies are able to increase or decrease their license number in proportion to their annual hiring trends. FSC offers volume discounts as the number of system users increases. Fixed price rates are based on actual trends over time and the cost to provide services, including consulting.

HR Strategy and Evaluation Services (HRSES):

Assessment and Evaluation Group (Related Objective 3.1):

Leadership and Workforce Development Assessment (LWDA) - develops, validates, and administers leadership and workforce planning assessments to assess leader and employee effectiveness. Assessments target competencies, personality, and leadership potential. LWDA also conducts competency modeling and gap assessments for workforce training and development.

Selection and Promotion Assessment (SPA) - develops, validates, and administers cognitive and non-cognitive competency assessments for selection, promotion, and diagnostic purposes. This includes job analysis, written and non-written tests, job knowledge tests, performance tests, and computer simulations. SPA also provides assessment training and support, as well as the USA Hire℠ online assessment platform.

Organizational Assessment (OA) – provides surveys, including employee climate, customer satisfaction, exit, and custom surveys; the USA Survey automated survey administration and reporting system; OPM Leadership 360™; action planning and organizational development; mentoring programs; and program evaluation.

HR Strategy Group (Related Objectives 2.2 and 3.1):

Position Management and Classification (PMC) (Related Objective 3.1) – position management and reviews; desk audits; position descriptions; and evaluation statements.

Performance Management (PM) (Related Objective 3.1) – the USA Performance℠ automated performance management system (Related Objective 2.2); Employee and Labor Relations consulting and training; performance management strategy and program development; performance appraisal program development; performance plan reviews; supervisor, manager, and executive performance management training; and telework services.

Workforce Planning and Reshaping (WPR) (Related Objective 3.1) – workload and workflow analysis and reengineering; organization structure and staffing model recommendations; restructuring/reduction in force; Most Efficient Organization; environment scanning; SWOT analyses; workforce analysis and recommendation reports; competency modeling for mission critical occupations; competency model linkages to agency strategic plans; competency and staffing gap analysis against current and future requirements; succession management; and related consulting and training services.

Pricing for HRSES products and services are based on one of three models: (1) fixed price for off the shelf products, and services, (2) customized solutions that typically build upon existing products and services, and (3) services and consultation available on retainer. HRSES pricing is typically scalable, based on quantities of specific products or services (for example, the number of participants being assessed) and the selection of optional services. Pricing for products and services are based primarily on labor costs for each product or service.

Administrative Law Judges Program (ALJP) (Related Objective 3.1):

In accordance with 5 U.S.C. § 1104(a)(2) and other provisions of Title 5, OPM has sole authority for administering the examination under which Federal agencies select new Administrative Law Judges (ALJs) and offer merit system appointments. Under this authority the ALJP office has exclusive responsibility for planning, operating and directing the nationwide ALJ program, including recruiting, administering the examination, maintaining the register from which agencies make ALJ competitive appointments, and referring qualified candidates. In addition, the ALJP office reviews and approves agency requests for ALJ personnel actions and manages the ALJ Loan, Senior ALJ, and ALJ Priority Referral Programs.

ALJ program services are provided to Federal agencies on a reimbursable basis, using annual estimates for program costs. Costs include direct labor for the ALJ Program Office staff and non-ALJ staff, and any additional non-labor expenses needed to run the program, such as travel expenses, incumbent ALJ assistance, facilities, training, etc., and OPM agency overhead.

Training and Management Assistance (TMA) Program (Related Objective 3.2):

The TMAP deploys public and private partnerships to deliver private sector human capital, organizational performance improvement, and training services to Federal agencies. It partners with GSA, which provides acquisition expertise. The program provides Federal agencies an expedited procurement process

using two Multiple Award, Indefinite Delivery/Indefinite Quantity contract vehicles (Human Capital and Training Solutions (HCaTS) and HCaTS Small Business) in the areas of: (1) training and development, (2) human capital strategy, and (3) organizational performance improvement. TMAP provides Government-wide customers the highest-performing and most cost effective means to develop, deploy, transform and improve a human capital management system through its consolidated, pre-negotiated acquisition vehicles and program management services. True to OPM's mission, the TMAP supports the return on customers' investment in products, services, and solutions in human capital, performance improvement, and training, fulfilling OPM's mandate to provide these services to agencies under 5 U.S.C. §§1104, 1304, and 4116, as well as Executive Order 11348.

TMAP uses a tiered pricing structure for assisted acquisition services. As of FY 2017, the tiers and pricing consist of the following:

- $20M+: 3 percent
- $10M to $19.999M: 5 percent
- $2.5M to $9.999M: 7 percent
- $500K to $2.499M: 10 percent
- $0 - $499K: HCaTS SB, HCaTS Direct or alternative (GSA Schedule, OPM Service, Shared Service, etc.)

A two percent contract access fee is assessed on every project whether through HCaTS Assisted Acquisition Services or HCaTS Direct Access Services. This free helps GSA and OPM cover their costs in establishing and maintaining the HCaTS contracts.

Center for Management Services (CMS) (Related Objective 5.2):

Provides strategic, financial, operational, and infrastructure support to HRS Practice Areas via three offices: Strategy, Operations and Support (SOS), Marketing and Business Development, and Human Resources (HR).

Strategy, Operations, and Support (SOS) – leads enterprise-wide business operations and processes through strategic planning and execution, audit and corrective action plan development and execution, IT liaison and coordination, space and security project facilitation, and special projects.

Marketing and Business Development - develops, manages, and deploys customer-facing programs and projects that support HRS enterprise-wide outreach and communications goals; manages the HRS internal research and development program; and interfaces with other branches to plan and deploy effective internal communications programs.

Human Resources (HR) – provides a variety of management support services, including HR operations, training and development, recruitment consultation with practice area senior executives and managers, strategic workforce planning, personnel actions, performance management and awards, classification and re-classification of employee position descriptions, employee and labor relations, and several OPM and HRS specific projects.

Resource Management Office (RMO) (Related Objective 5.2):

The HRS Resource Management Office (RMO) is dedicated to providing HRS leadership, senior managers, and program managers with comprehensive and direct financial and budget support to effect corporate-level financial management efficiency, sustainability and excellence. Responsibilities include budget formulation and execution, financial analysis, research and reconciliations, procurement and invoicing management, Accounting Code Structure Integrity, Accounts Revivable and Cash support, custom and ad-hoc financial reporting.

Planned FY 2019 Activities

FSC will continue partnering with agencies to hire the best talent to meet their missions by providing the full range of hiring products and services for the Acquire stage of the HR lifecycle, including: recruitment and branding services, examining services, strategic staffing services, onboarding support, technical training delivery, support for USA Hire implementation and usage, and the USA Staffing Talent Acquisition System.

As a result of customer agency priorities, USA Staffing will maintain parallel IT systems (that is, a legacy version and the upgraded version) until all work has been completed in Legacy, including the Administrative Law Judges hiring set to open August 2017. FY 2018 will be an investment year as OPM finishes moving customers to the upgrade and adding functionality as customers request enhancements. OPM will begin decommissioning the legacy system in FY 2018 and see cost reduction starting in FY 2019.

FSC will continue expanding the use of USA Hire ℠ assessments by Federal agency customers, manage growth of the program office to evolve with predicted increase in usage/volume, and refine processes as required. The USA Hire PMO will coordinate with personnel psychologists in HRSES to pilot the use of cut scores for USA Hire standard assessments. Targeted job series include GS-201 (HR Specialist), GS-2210 (IT Specialist), and GS-1102 (Contracting Specialist). If the pilot is successful, the USA Hire PMO will aim to expand cut scores to other Federal job series.

In partnership with FSC and CLD, HRSES will continue expanding the capabilities in its IT systems and the products and services delivered using those systems. OPM deployed the full USA Performance ℠ system in FY 2016, adding capability for non-SES appraisals. In FY 2017, focus shifted to expanding functionalities to incorporate universal configurability to all performance plans and programs. In FY 2018, OPM will focus on building out data exchanges with personnel systems to drive record updates in an end-to-end environment. In FY 2019, OPM will focus on expanding to include a compensation and awards component.

HRSES plans to build new content for the USA Hire ℠ online assessment platform, expanding series coverage and providing more online assessment options for agencies.

Additionally, HRSES will continue to partner with FSC to deploy the classification component of USA Staffing™, and work with customer agencies to fully implement while updating their libraries of position descriptions.

To meet customer need, HRSES will reorganize the HR Strategy group to provide infrastructure for increased delivery capability in support of the rapidly-growing USA Performance ℠ customer base.

Continuing the momentum from FY 2018, OPM and GSA will fully develop the HCaTS Community of Practice as a center of excellence for the HCaTS stakeholders. This HCaTS community will become the hub for all Federal HCaTS acquisition, market research, shared best practices, and lessons learned aligned with the Human Capital Framework. The HCaTS Community of Practice is positioned to become a centerpiece of public and private engagements for improving human capital outcomes for the Federal Government.

FY 2019 is anticipated to represent the first year that useful data (from FY 2018) about the value and efficacy of the HCaTS contracts will be available. This will mark the first time the TMA Program will have solid, Government-wide figures to use to support data-driven decision making and reporting to OPM, GSA, OMB and the White House. Analysis of FY 2018 data in FY 2019 will provide OPM with performance data in the areas of spend under management, efficiency and effectiveness of human capital management, training and development, performance and organizational improvement, and workforce reshaping projects initiated at the beginning of FY 2018, based upon OMB Memorandum 17-22.

In FY 2019, the two HCaTS contracts will likely undertake their first periodic on-ramp and off-ramp activities. Through on-ramp activities, new vendors may be granted an opportunity to compete for supplemental awards under the two HCaTS contracts. The off-ramp activities may find that some vendors exiting who were previously granted awards were not able to prove their value. These periodic on-ramp/off-ramp processes will keep vendor capabilities fresh, allow for new innovations, enhance competition and drive heightened vendor performance.

OPM will take a greater role in ensuring the deliverables and outcomes of the task orders under the two HCaTS contracts meet the requirements of the ordering agencies. GSA will use its acquisition expertise to build improvements to the long-term and flexible contracting vehicle. GSA's expertise will help OPM to better focus on its core mission of HC. This focus should lead to increased customer satisfaction and agency adoption of the two HCaTS contracts, as evidenced by business volume, repeat customers, and referrals. By maintaining a stable volume of customers TMAP can continue to recover costs and generate additional economies of scale and scope for the Federal Government. Increased TMAP business volumes enable centralized program resources (that is, contracting officers, facilities, and other fixed costs) to be spread across a wider base of customers.

Federal HR Institute (FHRI) will have four levels of HR curriculum available to the Federal community and actively market to become the preferred provider of HR skills training to Government HR professionals.

FHRI will be delivering HR courses in OPM field locations nationwide via web-based blended learning and technology-enabled media, along with physical classroom events, as required. This will ensure the entire Federal community has access to the FHRI learning experience.

WMDC will launch an Organization Development and Coaching line of business with financial augmentation by WMDC. Staffing plans are conservative, beginning with a GS-15 Director and adding program management and support later in FY 2018/19, as revenue allows.

WMDC will pursue and internally vet the addition of a PLA-type program in Japan. At present, a request is being developed with a sponsor in Japan.

CLD worked throughout FY 2017 with OPO to re-compete the Instructional Management Services contract. While the current contract expires in February 2018, CLD and OPO are targeting an award date of October 2017. This allows a necessary overlap in contract support while the newly selected 8A Small Business learns CLD's requirements and begins to service CLD's needs.

FEI will continue to develop and deliver programs to at least 500 Federal Senior Executives through its Government-wide Senior Executive Development Portfolio – SES Leading EDGE. The programs will include two (2) SES Orientation Briefings, four (4) SES Onboarding Forums, and at least four (4) SES Enterprise Leadership Labs. The offerings will range from day-long to two-day sessions. The objectives are to strengthen Senior Executives in enterprise leadership, heighten awareness of interrelationships among the five Executive Core Qualifications, blend private and public sector strategies to deliver results, recognize the SES role as the major link between top political appointees and the rest of the Federal work force, and advance their capacity to recognize and address strategic issues.

The SES Leading EDGE Programs will deliver (A) two Government-wide Career SES Orientation Briefings in FY 2018; four SES Leadership Onboarding Forums between October 2017 and May 2018, with support from the Partnership for Public Service; and at least four SES Enterprise Leadership Labs between November 2017 and June 2018.

Enterprise Human Resource Data Warehouse

The Data Warehouse Program comprises two programs, the electronic Official Personnel Folder (eOPF) and Enterprise Human Resources Integration Data Warehouse (EHRIDW), supporting the e-Government initiative designed to leverage the benefits of information technology, as required by the E-Government Act of 2002. The goal of these two programs is to streamline and automate the collection, aggregation, and sharing of Federal employee HR, payroll, and training information Government-wide. The investment broadly supports the OPM mission by enabling the agency to provide the Federal HR community with access to employee data to improve workforce planning for hiring, skills development, retention strategies and Government-wide policy.

The eOPF system is a web-based application that is capable of storing, processing, and displaying career lifecycle documents of all current, separated, and retired Federal Employees. The system has replaced the several manual HR process by automating the much of the Federal Government's HR processes and creating a streamlined Federal HR document system for all Federal employees. The eOPF covers Title 5 Executive Branch departments and agencies, with some exceptions, as well as some components of the Legislative, Judiciary, and other independent agencies and organizations, with a total user population of more than 2.4 million. The Data Warehouse Program provides the eOPF application through a fee-for-service arrangement with participating agencies.

Planned FY 2019 Activities

In FY 2019, Data Warehouse Program will redesign the eOPF and EHRIDW into a single application providing access to a broader scope of data for employees, agencies, OPM data scientists, and other stakeholders. For Federal employees, the DWP will continue to leverage new tools and technologies to provide access to additional data through "My eOPF", implement a single XML data interface, and develop additional opportunities to share data across platforms when appropriate, and support a data centric approach for collecting, maintaining, and enabling HR data.

In addition, following the Data Warehouse Program investment for hardware and migration of the infrastructure from the Department of the Interior data center in Colorado to OPM's data center in Georgia in FY 2017, OPM will continue the effort modernize and enhance the environments that support all Program applications. This will provide Federal employees, the HR community, and OPM analysts and auditors with convenient and timely access to Data Warehouse Program data with greater efficiency and at a lower cost.

The success of the Data Warehouse Program's fee-for-service component depends on the continuation of incoming funds through existing and new partner agencies subscribing to eOPF services. These services include support for agencies' online personnel folders as well as maintenance and support for infrastructure, applications, software maintenance, program management, system security, helpdesk support, and various tools.

Planned FY 2019 Accomplishments

In FY 2019, eOPF will continue requiring operations and maintenance as well as Back-file and Day Forward Conversion services. The pricing structure for eOPF maintenance is a fixed price per license (that is, electronic folder) and is based on the number of active users at the customer agency. The eOPF license maintenance, paid annually by the customer, covers the following services: (1) Program Management Office support; (2) licenses; (3) record storage and transfer services provided by the National Personnel Records Center; (4) license maintenance, (5) scanning services, (6) IT security, (7) OPM Common Services, (8) IT hosting and maintenance services, and (8) credit monitoring.

Human Resources Line of Business

In Fiscal Year (FY) 2004, the U.S. Office of Management and Budget (OMB) and Office of Personnel Management (OPM) launched the Human Resources Line of Business (HRLOB) Initiative, for which OPM is the managing partner. Between FY 2005 and 2015, the HRLOB led the consolidation of agency personnel action processing, benefits management, and payroll systems into HRLOB Shared Service Centers, which resulted in more than $1 billion in cost avoidance Government-wide.

HR LOB created a strategic framework to enable the CHCOC Future State Vision for Human Resources Information Technology (HRIT), aimed at developing a single, integrated Federal HRIT environment to support the 21st century Federal workforce. The Framework builds on the HRLOB's previous success, and when fully implemented, will result in the modernization of HRIT service delivery, improvement of

HR data management and standardization, and the effective use of strategic sourcing, resulting in an additional $1 billion in cost avoidance over the next 10 years.

In FY 2019, HRLOB will continue to build out and implement relevant parts of this Framework to provide foundational support that drives Agency and Provider development, adoption, and implementation of the Employee Digital Record. OPM, through the HRLOB, will work with the President's Management Council, Multi Agency Strategy Committee (MAESC), Unified Shared Services Management (USSM), and other relevant stakeholders to ensure that HRLOB priorities and activities are leveraged toward achieving the goal of end-to-end paperless processing for certain HR functions.

To the extent funding allows, HRLOB will continue to execute other opportunities outlined in the HRLOB strategic framework, which supports the CHCO Council Future State Vision by enabling the development of an integrated, Government-wide HRIT environment.

The suite of HRLOB activities are expected to include:

- Human Capital Standards Management & Modernization to define a modern operational model for Federal HCM; and promote functional standards for HC service delivery, performance, data exchange, and security; provide foundational support that drives Agency and Provider adoption and implementation of EDR's new HC Data Exchange standards.

- Human Capital Community Engagement & Communication to unify the voice of the HC community in defining HC priorities, and objectives, pinpointing common challenges, and identifying Federal solutions;

- Human Capital Policy, Performance & Operations to support the issuance and implementation of HC policy, align established HCM frameworks to Federal acquisition strategies, and identify opportunities to enhance HC performance Government-wide; and

HRLOB activities will advance the achievement of the following goals:

- Drive Human Capital Advancement - Create a modern, standardized human capital environment that meets the need of the Federal workforce and enables the continuous improvement of HC management and service delivery.

- Enhance Service Value - Increase efficiencies in the acquisition, development, and delivery of HC services and supporting systems to improve service quality and reduce duplicative spend.

- Unify the Human Capital Community - Enable collaboration between HC customers, providers, executive stakeholders, and supporting partners to leverage the Government's collective expertise in establishing common HC principles.

- Improve the Employee Experience - Support the complete, secure, and timely sharing of information across an employee's career to improve confidence in Federal HC management.

Human Resources Tools & Technology

The HRS Information Technology Program Management Office provides technology support in the form of IT systems development and hosting, supplying both internal and external customers a wide variety of information technology services in the human resources arena.

Planned FY 2019 Activities

In FY 2019, OPM will prioritize the maintenance and sustainment of the various programs, including OPM's Human Resources Solutions and USAJOBS. The HRS IT Program Management Office will continue to provide technical support, web-based applications, hosting and programming support for a wide variety of systems, including but not limited to: OPM's Talent Acquisition System - USAStaffing; USAJOBS; and a wide variety of other web-based applications used by dozens of Federal agencies. Additionally, the Program Management Office is hosting various OPM systems in its secure environment, which will yield a revenue increase of 15 percent.

The Program Management Office delivers leading-edge, innovative, high quality human resource information technology products and services that contribute to organizational effectiveness. The Program Management Office is comprised of four lines of business: OPM's Human Resources Solutions, Other OPM, Employee Self Service Systems, and Other HRIT Support. All of these lines of business contain IT systems that span the HR life cycle, as indicated in the descriptions below.

USAJOBS

USAJOBS is a centralized platform at www.usajobs.com that acts as a portal for Federal recruitment available for all Government positions, whether competitively or non-competitively sourced. USAJOBS delivers the service by which Federal agencies meet their legal obligation (5 USC 3327 and 5 USC 3330) to provide public notice of Federal employment opportunities in the competitive service to Federal employees and the public. The technology and program operations offer Federal agencies and job seekers a modern platform to support online recruitment, marketing and a job application solution.

USAJOBS is a job board and a resume and document repository for candidate information. USAJOBS also provides extensive Federal employment information to the public, coordinates recruitment information across agencies, and interacts with job seekers through the use of social media and help desk support. USAJOBS gathers customer satisfaction data on the USAJOBS system, as well as the Federal hiring process. This information is used by the USAJOBS Program Office to improve the tools and processes those job seekers and applicants use to apply for Federal employment.

USAJOBS is the "front door" to the Federal hiring process as it showcases the vast majority of the Federal Government's job opportunities in one place. It also offers applicants a centralized portal to store their application documentation such as transcripts, resumes, SF-50s, DD-214s and other documents. In turn, applicants use USAJOBS as the central integration point when applying for jobs. They integrate from USAJOBS to the various backend-hiring systems using and reusing their resumes and other documentation across multiple hiring systems and job applications. USAJOBS then collects and displays application status updates for each job that the applicant applies.

USAJOBS' primary focus is on delivering the next generation of the website. USAJOBS will implement a website that (1) clearly guides applicants to the information they need to make confident job search and application decisions, (2) provides a thoughtfully crafted, personalized experience that a user can trust, (3) conveys information in a language that every applicant can understand, (4) sets clear application expectations, (5) serves as the most trusted resource for Federal hiring information and (6) reflects how today's diverse populations (millennial, genX , baby boomer) find out and apply for jobs. It is expected to take approximately 24 months to implement the 17 ideas generated through the Human Centered Design research. In addition, there are two tracks within the next generation framework. The first track is to redesign the job seeker/applicant experience, and the second track is to deliver agency recruitment tools.

Planned FY 2019 Activities

USAJOBS will continue with the implementation of eight production releases. The roadmap for the next generation will evolve and be communicated through the USAJOBS Executive Steering Committee, along with any scope updates that may arise during the implementation phase. There is a planned acquisition to acquire job matching and resume parsing tools. In relation to the agency tools, USAJOBS will implement an account creation and management solution in order to transition the tools from a pilot phase to a full rollout to all agency customers. Lastly, the program office will conduct extensive usability testing throughout the design and implementation phases to ensure the product meets user needs.

Planned FY 2019 Accomplishments

In FY 2019, the program will deliver the remaining next generation initiatives stemming from the Human Centered Design research. USAJOBS will continue to identify requirements; design and prototype solutions, deliver enhancements and measure changes to ensure the products and services meet customer expectations. The program will deliver eight production releases based upon demand.

The Office of the Inspector General

Budget Request – Fiscal Year 2019

Salaries & Expenses and Trust Fund

The Office of Personnel Management (OPM), Office of the Inspector General (OIG) is requesting **$30,265,000** for its Fiscal Year (FY) 2019 budget. Our request is composed of $5,000,000 from the Salaries and Expenses (S&E) General Fund and $25,265,000 from the OPM Trust Funds.

Budgetary Resources	FY 2017 Enacted		FY 2018 CR		FY 2019 CBJ	
	$	FTE	$	FTE	$	FTE
Salaries & Expenses	$5,072,000	20	$5,037,556	20	$5,000,000	20
Trust Fund Annual	$25,112,000	132	$24,941,464	132	$25,265,000	134
Total Discretionary (dollars)	**$30,184,000**	**152**	**$29,979,020**	**152**	**$30,265,000**	**154**

Revolving Fund

For FY 2019, the OIG estimates that $2,748,000 and 17 FTE will be required for OPM Revolving Fund (RF) oversight activities. The 2018 National Defense Authorization Act (NDAA) §925 states that, "not later than October 1, 2020, the Secretary of Defense shall commence carrying out the implementation plan," to conduct background investigations for DoD personnel. The impact of NDAA is assumed to result in a significant reduction of RF funding for the National Background Investigations Bureau (NBIB). As a result, the OIG plans to continue to be conservative in its RF spending.

Budgetary Resources	FY 2017 Enacted		FY 2018 CR		FY 2019 CBJ	
	$	FTE	$	FTE	$	FTE
Revolving Fund (Estimated)	$3,770,000	26.0	$3,816,000	26.0	$2,748,000	17.0
OIG Total (dollars)	**$3,770,000**	**26.0**	**$3,816,000**	**26.0**	**$2,748,000**	**17.0**

Cybersecurity Oversight

Activity	OIG Office	$	FTE
Cybersecurity Oversight	Audits	$265,000	2.0
Total		**$265,000**	**2.0**

As part of its FY 2019 request, the OIG is requesting $265,000 above its FY 2018 request to ensure greater cybersecurity oversight of the Federal Employees Health Benefits Program (FEHBP). The recent data breaches at OPM, as well as at FEHBP health carriers Anthem, Excellus, and Premera Blue Cross Blue Shield, highlight the need to increase cybersecurity in the health insurance industry. Our

office provides oversight of the approximately 260 private health insurance plans that contract with OPM as part of the FEHBP. These private health plans process sensitive Personal Health Information (PHI) and Personally Identifiable Information (PII) for over eight million Federal employees, retirees, and dependents -- using some 80 separate information technology (IT) audit sites that process over 250 million health claims for the FEHBP annually. In order to provide an increased level of IT audit oversight for these programs, the OIG requires an additional $265,000 for two FTE.

Our office has seven IT auditors responsible for covering all 80 IT audit sites. We are able to complete approximately seven full-scope IT audits per year, meaning there is an 11-year time span between audits. Given the rapidly changing pace of technology and the increasing frequency and sophistication of cyber-attacks, this is clearly insufficient. We believe that the cybersecurity controls of FEHBP carriers should be independently evaluated at least every three years. Additional resources would allow us to increase our oversight in accordance with the following plan: We would use these FTE as part of our new strategy to perform limited-scope IT audits in addition to our full-scope IT audits.

The limited-scope IT audits would be significantly smaller in scale than our full-scope audits and would focus on the highest-risk elements of an organization's cybersecurity program. The audits are designed to quickly and efficiently determine whether FEHBP health insurance plans have critical controls in place to protect sensitive PHI and PII from cyberattacks. Our analysis estimates that an additional eight FTE performing both limited scope and full scope audits would allow us to carry out cybersecurity audit work at all 80 audit sites at the desired three-year audit cycle. The requested additional two FTE are a critical first step in expanding our oversight of this vulnerable program.

OIG Overview

The OIG was established as a statutory entity on April 16, 1989. It operates under the authority of the Inspector General Act of 1978 (P.L. 95-452), as amended. The Inspector General Act requires that each OIG:

- Conduct and supervise independent and objective audits, investigations, and evaluations 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; and,
- Keep the agency head and Congress fully and currently informed of problems in agency programs and operations.

The OIG contains the following organizational components: the Office of Audits, the Office of Investigations, the Office of Evaluations, the Office of Management, and the Office of Legal and Legislative Affairs.

The Office of Audits

The Office of Audits conducts comprehensive and independent audits of OPM programs, operations, and contractors. Office of Audits assists the Director of OPM and Congress by lending credibility to the information reported by the agency and providing information to improve accountability and facilitate decision-making.

The Office of Audits core responsibility is auditing the activities of OPM contractors that underwrite and provide health and life insurance benefits to Federal employees and annuitants, and their dependents and survivors, through the FEHBP and the Federal Employees' Group Life Insurance Program. There are approximately 260 insurance carriers participating in the FEHBP with annual premium payments that exceed $52 billion. In addition, the Office of Audits conducts audits of OPM's Retirement Program, which manages the Civil Service Retirement and Disability Fund (CSRDF). The CSRDF has approximately $900 billion in assets and makes monthly payments to approximately 2.5 million annuitants and survivors which exceed $82 billion annually.

The Office of Audits also conducts a wide range of audit activity covering other OPM programs and administrative operations, such as:

- Financial statement audits required by the Chief Financial Officers Act;
- Audits of OPM's compliance with laws and regulations;
- Information systems audits at health insurance carriers and at OPM;
- Audits of Pharmacy Benefit Managers;
- Audits of the Federal Long Term Care Insurance Program;
- Audits of the Federal Employee Dental and Vision Insurance Program carriers;
- Audits of OPM programs that involve the range of the agency's responsibilities, including RF activities such as background investigations and human resources services; and,
- Audits of the organizations that administer the Combined Federal Campaign.

The Office of Investigations

FEHBP Investigations. The Office of Investigations investigates potential fraud committed against the FEHBP. Much of this work is coordinated with Department of Justice prosecutors, the Federal Bureau of Investigation, and other Federal, state, and local law enforcement agencies. In addition, the Office of Investigations' special agents work closely with the numerous health insurance carriers participating in the FEHBP, providing an effective means for reporting instances of possible fraud by FEHBP health care providers and subscribers. Our efforts target cases of maximum monetary exposure within the FEHBP and situations where patients are at risk of harm. Our work is prioritized to protect enrollees and their families, as well as recovering millions of dollars annually for the FEHBP Trust Fund.

Retirement Investigations. The Office of Investigations conducts investigations of potential fraud against the Civil Service Retirement System and the Federal Employees Retirement System. Our proactive efforts to identify fraud within these programs include data-matching initiatives and routine

review of reclamation actions. The Office of Investigations also investigates cases of potential fraud referred to our office through our hotlines or from the OPM program and quality assurance offices.

Revolving Fund Investigations. OPM's RF programs comprise the largest component of OPM and employ the majority of OPM employees and contractors. In particular, the NBIB program presents many inherent risks because much of the work is performed by background investigators who are supervised remotely. Their work product is relied upon as the basis for crucial governmental decisions. Fraudulent, falsified, incomplete, or incorrect background investigations can compromise national security by allowing the employment and the granting of security clearances to potentially unsuitable persons.

Other Investigations. The Office of Investigations also investigates potential instances of fraud against OPM's non-Trust Fund program activities, as well as employee and contractor misconduct and other wrongdoing.

The Office of Evaluations

The Office of Evaluations conducts nationwide studies of OPM programs from a broad, issues-based perspective. The Office of Evaluations provides the OIG with a means to analyze agency and contractor programs and operations quickly and to evaluate operational efficiency, effectiveness, and vulnerabilities. The work of this group includes special reviews that may arise, such as Congressional requests for studies or information requiring immediate attention. This includes agency management requests for independent assessments of specific areas of an operation, or matters of urgent concern. Evaluators in this group use a variety of methods and techniques to study, evaluate, and assess an operation in order to develop recommendations for their reports to agency management, Congress, the Council of Inspectors General on Integrity and Efficiency (CIGIE), and the public. The reviews offer practical recommendations to improve the efficiency and effectiveness of OPM programs, with a focus on the prevention of fraud, waste, and abuse.

The Office of Management

The Office of Management is responsible for the following OIG support functions: information technology, human capital, budget, procurement and facilities. The Office of Management also has the operational responsibility for FEHBP Administrative Sanctions.

Administrative Sanctions. The OIG debars and suspends health care providers that present a threat to the integrity of the FEHBP and potentially to the health and safety of enrollees and their family members. Administrative sanctions are accomplished through the Federal Employees Health Care Protection Act of 1998 (P.L. 105-266), and other related authorities, as well as by delegation from OPM. These authorities authorize the debarment, suspension, or imposition of financial assessments on health care providers who have committed any of 18 potentially sanctionable offenses.

The Office of Legal and Legislative Affairs

The Office of Legal and Legislative Affairs advises the IG on all legal and regulatory matters related to the specific functions of a Federal Inspector General and general personnel, administrative, and policy

issues related to the operation of a Federal agency. The Office of Legal and Legislative Affairs provides legal guidance and support to the other offices within the OIG, including support on criminal procedure, audit guidelines, procurement, and guidance on the functions of and programs administered by OPM. Significantly, the AIG for Legal and Legislative Affairs serves as the debarment official in conjunction with the Office of Management as noted above regarding administrative sanctions. The Office of Legal and Legislative Affairs works with OPM on various matters and coordinates with the Department of Justice on both criminal and civil matters.

The Office of Legal and Legislative Affairs also interacts with Congress on behalf of the OIG. In addition to the requirement that Federal IGs submit Semiannual Reports to Congress, the OIG also has a responsibility to recommend policies that would reduce fraud, waste, and abuse and to inform both the agency head and Congress of serious problems or abuses within the agency's programs. The Office of Legal and Legislative Affairs assists the OIG in performing these duties by working with Congress and OPM to promote legislative proposals that will further efforts to combat fraud, waste, and abuse.

The Office of Legal and Legislative Affairs also serves as an intermediary between the OIG and the general public. The Office of Legal and Legislative Affairs coordinates answers to press inquiries and oversees external publications and releases. In addition, the Office of Legal and Legislative Affairs responds to requests received by the OIG under the Freedom of Information Act and Privacy Act.

OIG Performance Metrics and Other Statistical Information

Performance Metrics

The following performance metrics demonstrate how the OIG measures improvements in organizational effectiveness in the accomplishment of our mission and goals.

	FY 2016 Result	FY 2017 Result	FY 2018 Goal	FY 2019 Goal
Percentage of Items Completed on Audit Agenda, in accordance with Yellow Book Standards	96%	92%	89%	89%
Percentage of Audit Reports issued that meet OIG timeliness and quality guidelines	95%	96%	89%	89%
Percentage of investigative cases closed during a fiscal year which resulted in a successful outcome (i.e., criminal action, civil action or administrative action).	92%	90%	90%	90%
Percentage of quality improvement recommendations (revisions to contracts, policies, carrier letters, etc.) accepted by OIG senior staff and referred to stakeholders to mitigate fraud, waste and abuse.[A]	na	na	90%	90%
Number of debarments and suspensions	923	858	800	800

[A]*New Measure.*

Other Statistical Information

The following statistical information demonstrates to the public the impact of the collective efforts of the OIG, OPM, and its contractors in reducing fraud, waste, and abuse. The statistical information reported by the OIG, while indicative of the effectiveness of our oversight, is not solely under the control of or based on the OIG's efforts.

For example, improper payments and questionable contract charges identified by the OIG in its audits of FEHBP health carriers are referred to OPM for resolution. Based on its review of the audit findings and the response from the audited entity, OPM determines whether the questioned costs will be allowed or disallowed. This may be because additional information was provided by the audited entity that was not available at the time of the audit, legal or contractual constraints, or that OPM has a different perspective on controversial issues arising out of the occasional conflict between program managers and oversight officials. Whatever the reason, the effect is that questionable activities identified by the OIG are sometimes dismissed by OPM as acceptable costs to the program.

Additionally, even when OPM disallows costs, there are situations that occur that limit the recovery of those costs. The health plans are only required to return funds that were originally paid to individuals, doctors, or hospitals if they can be recovered from those payees. Also, the health plans sometimes contest disallowed costs and OPM determines that the best course is to settle for a fraction of the money owed to the program.

The net effect of all of this is that identified improper payments and questionable charges are rarely if ever fully recovered. The table below graphically demonstrates this by representing two distinct financial metrics based on the initial questioned costs and the costs that OPM has committed to recovery. Questioned costs are a direct measurement of the OIG's performance, while the second benchmark is based on circumstances that are largely outside of the OIG's control. The recovery rate is also intended to describe this discrepancy, and is calculated on a rolling five-year average to smooth out annual fluctuations. Recent large and controversial audit findings where determination or recovery are still outstanding impacted this measurement significantly in FY 2017.

Another statistic that we believe is important to communicate is the 'audit cycle', which is a measure of our ability to provide comprehensive oversight of the universe of audit entities, primarily health insurance companies. The targets represent an ideal goal of being able to audit all entities at least once in a cycle. The goal is based on a risk assessment, and is also influenced by contract terms about how long financial and other records are subject to audit. This is not intended to be a performance metric, but rather a gap analysis between what we could achieve with full staffing and what we are able to do with current staff.

	FY 2016 Result	FY 2017 Result
Positive Financial Impact Using Questioned Costs[A]	$126,915,515	$92,958,930
ROI Using Questioned Costs[A]	$5	$4

		FY 2016 Result	FY 2017 Result
Positive Financial Impact Using Management Commitment to Recover Funds[A]		$120,514,452	$82,184,447
ROI Using Management Commitment to Recover Funds[A]		$5	$3
Questioned Costs[B,B1]		$83,884,025	$52,253,034
FEHBP Audit Cycles (in years)[C]	Target		
Experience-Rated Carrier Audits[C1]	7	5	13.1
Community-Rated Carrier Audits[C2]	4	8.8	15.5
Carrier IT Security Audits	3	12.9	13.0
Audit Recovery Rate[D]		75%	65%
Number of Debarment and Suspension Inquiries		4,790	4,769

[A] *The OIG calculates positive financial impact and Return on Investment (ROI) in two different ways. The first method uses the total questioned costs from audit reports (fully under OIG control), while the second uses the total of Management Commitments to Recover Funds (determinations made by OPM) in place of questioned costs. Both include the total of investigative recoveries OPM receives after an OIG investigative case is closed, and both methods are presented using a five year average. Both methods of calculating PFI and ROI show a significant decrease from FY 2016 to FY 2017. This is mainly due to the fact that investigative recoveries in FY 2012 were much larger than in FY 2017 ($172 million vs. $12 million). The five year average for FY 2016 includes FY 2012, while FY 2017 does not.*

[B] *Questioned cost means a cost that is questioned by the auditor because of an audit finding: (1) Which resulted from a violation or possible violation of a provision of a law, regulation, contract, grant, cooperative agreement, or other agreement or document governing the use of Federal funds, including funds used to match Federal funds; (2) Where the costs, at the time of the audit, are not supported by adequate documentation; or (3) Where the costs incurred appear unreasonable and do not reflect the actions a prudent person would take in the circumstances.*

– [B1] *In FY 2016 the Questioned Costs were $83.9 million, while in FY 2017 they were $52.3 million. These are single year totals of questioned costs from audit reports issued, and this is not an unusual variance from year to year. This is part of the reason we use a 5 year average when reporting positive financial impact and ROI.*

[C] *An audit cycle measures the frequency of completed audits of carriers or other auditees in an audit universe. For example, if there are 100 carriers and 10 audits are done each year, the audit cycle is 10 years. For FEHBP carriers, regulations require that they maintain documentation supporting rates and costs for six years. Our target audit cycle for these carriers is based on this and the realization that audits of contract years 5 or more years old are much less efficient. The average target cycle for Experience-Rated Carriers is seven years because there are a number of smaller carriers for which it does not make economic sense to audit more frequently than every 10 or 15 years. The Carrier IT target audit cycle is a function of the rapidly evolving IT environment.*

– [C1] *The Experience-Rated Carrier audit cycle increased from 5.0 years in FY 2016 to 13.1 years in FY 2017. The FY 2016 calculated cycle of 5.0 years is an aberration due to the completion of an audit of Anthem Blue Cross Blue Shield, a group of 14 BCBS health plans. Although this has been counted as 14 audits, because they are part of a single group the manpower required to complete the audits is much less than it would be for 14 individual and unrelated audits.*

– [C2] *The Community-Rated Carrier audit cycle increased from 8.8 years in FY 2016 to 15.5 years in FY 2017. This increase is a result of significant staff losses during the year which could not be replaced quickly. The Community-Rated Audits Group was therefore able to complete significantly fewer audits than needed to achieve their target audit cycle. The group has since been able to recruit replacements, most of whom are starting in the second quarter of FY 2018. Once trained, the additional staff will allow for the completion of more audits each year and a reduction in the audit cycle.*

[D] *The audit recovery rate represents the percentage of questioned costs from audit reports that are ultimately recovered and returned to the FEHBP Trust Fund (a small percentage of questioned costs may relate to other programs). The recovery rate presented is a 5-year average, but because it is not unusual for the audit resolution process to take two or three years, or even more in some cases, the reported rate is based on incomplete information. To partially compensate for this, we include receivables in the calculation, some of which may not be recovered.*

The decrease in the recovery rate from FY 2016 (75%) to FY 2017 (65%) is partially due to the fact that there are approximately $20 million of FY 2017 questioned costs for which the agency has not yet made a determination to allow or disallow the costs. The recovery rate for the most recent 5-year period for which all audit resolution activity is complete (FY 2009 – FY 2013) is 72%.

Object Class Tables

Salaries and Expenses

Object Class	FY 2017 Enacted	FY 2018 CR	FY 2019 CBJ	FY 2018–19 Variance
Personnel compensation	$3,044,000	$3,057,000	$3,057,000	$0
Personnel benefits	$905,000	$922,000	$922,000	$0
Travel and transportation of persons	$80,000	$85,000	$85,000	$0
Transportation of things	$0	$0	$0	$0
Communications, utilities, and rent	$333,000	$760,556	$723,000	($37,556)
Printing and reproduction	$0	$0	$0	$0
Other services	$710,000	$213,000	$213,000	$0
Supplies and materials	$0	$0	$0	$0
Equipment	$0	$0	$0	$0
Land and structures	$0	$0	$0	$0
Total (dollars)	**$5,072,000**	**$5,037,556**	**$5,000,000**	**($37,556)**
FTE	**20.0**	**20.0**	**20.0**	**0.0**

Trust Fund

Object Class	FY 2017 Enacted	FY 2018 CR	FY 2019 CBJ	FY 2018–19 Variance
Personnel compensation	$14,536,000	$14,578,000	$14,764,000	$186,000
Personnel benefits	$4,591,000	$4,644,000	$4,723,000	$79,000
Travel and transportation of persons	$755,000	$807,000	$807,000	$0
Transportation of things	$8,000	$10,000	$10,000	$0
Communications, utilities, and rent	$2,155,000	$3,535,464	$3,594,000	$58,536
Printing and reproduction	$11,000	$20,000	$20,000	$0
Other services	$1,879,000	$774,000	$774,000	$0
Supplies and materials	$140,000	$76,000	$76,000	$0
Equipment	$1,037,000	$497,000	$497,000	$0
Land and structures	$0	$0	$0	$0
Total (dollars)	**$25,112,000**	**$24,941,464**	**$25,265,000**	**$323,536**
FTE	**132.0**	**132.0**	**134.0**	**2.0**

Additional Reporting Requirements

The following information is provided to adhere to the requirements of the Inspector General Reform Act of 2008 (P.L. 110-498)

Participation in CIGIE Resource Summary - includes all resources (dollars)

Budget Source	FY 2018 CR $	FY 2018 CR FTE	FY 2019 CBJ $	FY 2019 CBJ FTE	Increase/Decrease $	Increase/Decrease FTE
OIG Salaries and Expenses	$3,902	0.0	$3,902	0.0	$0	0.0
OIG Trust Funds	$74,131	0.0	$62,098	0.0	($12,033)	0.0
OIG Total (dollars)	**$78,033**	**0.0**	**$66,000**	**0.0**	**($12,033)**	**0.0**

Training Resource Summary - includes all resources (dollars)

Budget Source	FY 2018 CR $	FY 2018 CR FTE	FY 2019 CBJ $	FY 2019 CBJ FTE	Increase/Decrease $	Increase/Decrease FTE
OIG Salaries and Expenses	$163,000	0.0	$163,000	0.0	$0	0.0
OIG Trust Funds	$188,000	0.0	$188,000	0.0	$0	0.0
Revolving Fund (Estimated)	$120,000	0.0	$120,000	0.0	$0	0.0
OIG Total (dollars)	**$471,000**	**0.0**	**$471,000**	**0.0**	**$0**	**0.0**

Evidence and Evaluation

Current Efforts and Future Plans

OPM has integrated data, analytics, and research in the agency's day-to-day operations and decision making, reflecting a strategic priority to enhance, promote, and integrate evidence-based decision making. The practice of evidence-based decision making involves using the best available data, both quantitative and qualitative, along with scientific evidence to make decisions that are empirically supported as well as compliant with applicable law.

With this effort, the overall use of data has expanded throughout the agency and across the Federal workforce. OPM analyzes HR data as part of its Federal Workforce Priorities Report, HRStat, and the skills gap closure initiative. OPM analyzes FEHB program data to assist enrollees in selecting quality health plans. OPM analyzes Senior Executive Service (SES) Onboarding Survey and SES Exit Survey data to gain insight into hiring and retaining SES employees. OPM has continued to build and expand Unlocktalent.gov, incorporating additional agency specific administrative data. Administrative data refers to data that is collected as part of an agency's routine operations and mission delivery, whereas survey data is typically collected for statistical purposes. With respect to administrative data, OPM has started to proactively explore the Enterprise Human Resource Integration (EHRI) system data. For example, OPM analyzed EHRI data and noticed an upward trend in the use of excepted service hiring authorities in the Executive Branch. OPM subsequently conducted an excepted service evaluation study. OPM is leading the Government-wide cybersecurity adoption of a new coding structure aligned to the National Initiative for Cybersecurity Education Framework and continues to actively provide guidance, training sessions, and technical assistance to all agencies.

- **2017 Federal Workforce Priorities Report:** Effective April 11, 2017, Title 5, Code of Federal Regulations, Part 250, Subpart B, Strategic Human Capital Management, requires OPM to issue the quadrennial Federal Workforce Priorities Report (the report). The report communicates key Government-wide human capital priorities and suggested strategies based on extensive research conducted over a two-year period, and helps inform agency strategic and human capital planning. OPM requested that agencies align their human capital management strategies to support the report, as demonstrated in Human Capital Operating Plans. The report establishes Government-wide human capital priorities based upon current and emerging workforce challenges. However, the report is not intended to serve as a plan that obligates the human capital community to specific actions, timeframes, and measures of success. Rather, the report includes a process for establishing such Government-wide requirements, and may be used as a resource by agencies when developing human capital goals and strategies.

  Agencies will engage in activities to support the priorities, while maintaining flexibility and autonomy in how they do so. Agencies will use Human Capital Operating Plans to document supporting agency efforts, including timeframes and performance measures. Agencies will use evaluation initiatives, such as HRStat and Human Capital Reviews, to help monitor progress,

assess effectiveness, and refine strategies. The Human Capital Operating Plans, in turn, will be updated annually, as needed and determined by each agency. Therefore, the priorities will be implemented by agencies within various stages of the human capital management cycle.

- **HR Stat:** HRStat is an institutionalized Government-wide effort based on the Government Performance and Results Modernization Act of 2010 (GPRAMA), in which Federal agencies facilitate data-driven quarterly reviews. HRStat is also now institutionalized with 5 CFR 250 (B) which became effective in April 2017. OPM issued the HRStat guidance to help agencies continually improve their analytics capability to inform leadership decisions and support organizational outcomes. OPM developed a Maturity Model Assessment Tool along with the guidance to help agencies assess their HRStat's progress and maturity towards advancing their agencies' missions, goals, and objectives. OPM will provide each HRStat agency a report that contains an analysis of their self-assessment as well as provide consultative assistance to ensure that agencies have the necessary resources to achieve improvements. OPM continues to lead HRStat Community of Practice meetings, which are held semi-annually in person and bi-monthly virtually, to provide guidance, assistance, and training on Government-wide HRStat implementation.

- **Skills Gap Closure Strategies using Data Analysis:** Closing skills gaps in Government-wide and agency mission critical occupations is a collaborative effort between OPM and the Chief Human Capital Officers Council's formal Executive Steering Committee for Skills Gaps. OPM implemented a data-driven, multi-factor model that helped agencies identify mission critical occupations that were at the greatest risk for skills gaps. Based on the results of the multi-factor model, agencies identified one to three agency-specific high risk mission critical occupations to focus on, to close skills gaps. OPM also led the effort to support the Federal Agency Skills Teams (the Government-wide and agency established teams who are responsible for identifying root causes, developing action plans, establishing measures, and monitoring results) by providing the training and supporting guidance on how to take action to complete each requirement.

OPM worked with agencies to ensure that they conducted a comprehensive root cause analysis, developed an action plan with milestones, and developed long-term and short-term measures. OPM implemented a quarterly reporting requirement. As a result, in the latest GAO High Risk report, the leadership criteria was moved from "partially met" to "met." Additionally, to institutionalize the skills gaps method, OPM revised Title 5, Code of Federal Regulations, Part 250, Subpart B. Agencies will be responsible for using the OPM designated method to identify skills gaps, monitor and address skills gaps within Government-wide and agency mission critical occupations, describe the skills and human capital information required to achieve agency goals and objectives within agency strategic plans, and include explicit descriptions of agency skill and competency gaps that must be closed in their Human Capital Operating Plans. OPM issued guidance and has conducted webinars for agencies on the plans and the new requirements under the regulation.

- **SES Onboarding Survey:** The SES Onboarding Survey is administered by OPM to newly-appointed SES members across the Government. The purpose of this survey is to: (1) gather information on the prior work and developmental experiences that helped prepare executives for the SES; (2) gain a better understanding of the onboarding experiences of newly-appointed SES; and (3) further inform the state of SES onboarding in the Federal Government. Agencies are encouraged to use the results from this Government-wide report to inform and continuously improve SES recruitment and hiring, leadership talent management and succession planning, executive development, and strategic implementation of SES onboarding programs. OPM hosts regular meetings with HR personnel responsible for onboarding new executives to share ways agencies are implementing OPM's Executive Onboarding Guidance. The guidance gives instruction for agencies to establish a formal Executive Onboarding Program informed by OPM's Enhanced Executive Onboarding Model and Government-wide Executive Onboarding Framework. The guidance also outlines the critical requirements and a flexible framework for agencies to provide support to new executives through their first year of service in their newly appointed positions. The guidance is intended to give agencies the latitude to customize the program according to the agency's needs and the individual executive's developmental needs. The data will allow OPM and agencies to assess how agencies are implementing the guidance, and determine areas for improvement.

- **SES Exit Survey:** The SES Exit Survey is an ongoing data collection effort that is designed to (1) capture information regarding the circumstances under which senior executives leave the Federal Government and (2) provide executives with an opportunity to give candid feedback about their work experiences. OPM analyzes the data on an annual basis. The data presented is intended to support agency and Government-wide recruitment, engagement, retention, and succession planning efforts for current and future executives. Specifically, the most recent report provides insight on (1) SES separations, (2) stay factors, (3) factors influencing decisions to leave, (4) succession management, (5) performance management, (6) compensation, and (7) executive perceptions of the SES and agency. With SES retirement rates remaining high and steady, it is imperative for OPM and agencies to understand what they can do to engage and retain top-performing executives, while mitigating factors that cause executives to leave the Federal Government. Agencies with sufficient response rates receive agency-specific reports. In addition, OPM has hosted forums where agency points of contacts share information on how they use the information, as well as ways to improve survey participation. For the 2017 survey report, please refer to
https://www.chcoc.gov/sites/default/files/2017%20SES%20Exit%20Survey%20Report.pdf.

- **Unlocktalent.gov:** Unlocktalent.gov is an innovative and comprehensive data visualization dashboard created by OPM to help Government leaders (1) make data-driven decisions and (2) design initiatives to improve employee engagement and the overall performance of the Federal workforce. The dashboard incorporates administrative data from OPM's Enterprise Human Resources Integration—Statistical Data Mart and data from the Federal Employee Viewpoint Survey (FEVS).

OPM advanced its commitment to making data, including workforce statistics and Government-wide survey results and reports, more accessible to agencies, Federal employees, and the general public. With Unlocktalent.gov, users can view employee engagement, job satisfaction, and agency workforce data, including charts, graphs, and maps, and drill down to lower levels within the agency. Unlocktalent.gov allows for comparisons among agencies, and also provides agency trends. The community of practice page is also a useful resource for agency best practices and information sharing.

OPM has recently increased the amount of data available on the site. The agency indicators page, once a static page, now includes numerous measures organized into five sections consistent with the new Human Capital Framework: (1) workforce demographics, (2) talent management, (3) performance management, (4) strategic planning and alignment, and (5) evaluation. OPM has incorporated secondary pages for each measure, which include additional data breakouts. Data for these pages comes from the survey and the data mart. The agency indicators page allows users to gain more insight into their agency's workforce through data in order to create an effective work environment by forecasting the short and long-term needs to enhance decision making and improve the overall health of the organization.

Another recent enhancement is the employee engagement cross demographic feature for the employee engagement index. This feature allows users to cross two demographic categories for the employee engagement index at the overall agency level. Crossing two demographic categories allows agencies to dig deeper into the results to gain a better understanding of where resources are needed to improve engagement.

OPM has communicated these resources and features with Unlocktalent.gov agency points of contact. OPM speaking engagements highlighting UnlockTalent.gov have also increased awareness, as well as the number of users. At the end of FY 2017, there were a total of 18,446 UnlockTalent.gov users, an increase of 2,229 users since the beginning of FY 2017.

OPM plans to shift the focus of Unlocktalent.gov to the agency indicators page to focus on overall performance and the health of the agency. OPM will continue to (1) build out the agency indicators page by incorporating agency level data, (2) add secondary pages with additional data breakouts, and (3) add new measures. At the same time, OPM will reorganize the structure and content of the community of practice page, making the page more user-friendly and allowing agency users an easier and quicker way to access the content. These improvements will help agencies remain current with research and best practices and allow for proactive responses to changes.

- **Leveraging Performance Data in the Federal Employees Health Benefits (FEHB) Program:** Every plan in the Federal Employees Health Benefits (FEHB) program reports clinical quality, customer service, and resource use data to OPM. These performance measures form the core of the plan performance assessment, a system that encourages health plan quality by linking objective performance to profit factors. The agency selects assessment measures focused on the needs of the FEHB population, including blood pressure control, claims processing times, and

avoidance of unnecessary antibiotics. This alignment reinforces the incentive for plans to excel in the areas most important to FEHB members. The agency implemented the assessment in 2016 and is leveraging the data to assist enrollees in selecting quality health plans.

Each year, four million Federal employees and retirees choose a health plan from among the more than 250 health plan options available in the FEHB program. These options offer an array of choices to members, and the agency provides resources such as the plan comparison tool to assist members in the annual selection process. In order to highlight quality health plans available to consumers, OPM is transforming the display of plan information on the website and within the plan comparison tool to highlight such plans. In addition, summary scores based on objective assessment measures will be easily available on the agency website, enabling members to view quality characteristics most important to them. This initiative condenses multiple assessment data points into meaningful, useful consumer information consistent with the principles of choice architecture.

To achieve maximum impact, the agency is aligning the assessment data with several additional aspects of health plan selection. Because agency benefit officers are a critical resource for employees seeking assistance with enrollment, OPM is offering them additional quality information to enhance the effectiveness of their outreach.

- **Excepted Service Evaluation Study:** OPM's Merit System Accountability and Compliance (MSAC) began a Government-wide study of excepted service hiring in FY 2017, based on its analysis of various data points. Specifically, OPM observed a pattern of compliance and policy issues that emerged from the results of human capital evaluations it conducted over the last five years. After conducting data analysis of key variables in OPM's Enterprise Human Resource Integration system, OPM found an increasingly upward trend in the use of excepted service hiring authorities in the Executive Branch.

The goals of the excepted service study are to:

1. assess the extent to which agencies use various excepted service appointing authorities;

2. evaluate the effectiveness of excepted service hiring policies and practices; and

3. identify areas of non-compliance with applicable laws and regulations.

The findings may also help OPM identify and address knowledge gaps among HR and hiring officials about excepted service hiring. Any Government-wide patterns or anomalies found in agency hiring policies and operations also may be helpful in identifying any needed changes or clarification in OPM's guidance to agencies relating to excepted service hiring.

OPM will issue its findings to the agencies included in the study, presenting information about their overall use of excepted service hiring authorities and key findings specific to each agency by August 2017. OPM will issue a Government-wide report on the use of excepted service hiring authorities by the end of the second quarter of FY 2018.

- **Cybersecurity:** In order to map the Federal cybersecurity workforce to the development of the Federal Cybersecurity Workforce Strategy, OPM analyzed data housed in the Enterprise Human Resources Integration data warehouse to gain a better understanding of the Federal Cybersecurity workforce. This included data on the current permanent, non-seasonal, non-student, full-time Cybersecurity workforce, accessions, and separations. Although OPM's confidence in the data was limited due to several issues related to (1) the newness of the data element codes, (2) the completeness of the data in the Government-wide dataset, and (3) agencies' accuracy in assigning the data element codes to their workforces, the analysis has helped cybersecurity human capital experts throughout the Government to drive their strategic focus.

  In addition, through the *Cybersecurity Workforce Assessment Act of 2015*, OPM is leading the Government-wide adoption of a new coding structure aligned to the National Initiative for Cybersecurity Education Framework, and continues to actively provide guidance, training sessions, and technical assistance to all agencies. By April 2018, agencies will complete coding all cybersecurity positions under the framework, as required by the Act, and OPM will work with agencies to continue to analyze the needs of their cybersecurity workforces.

Evidence and Capacity Building Proposals

OPM's evidence and capacity building proposals take a holistic approach and have a direct and indirect impact on millions of Federal employees — current, future and returning employees. The research covers a range of topics that will help Federal agencies recruit and hire top talent from across America, as well as establish a secure Federal Employee Digital Record, which is essential in managing the end-to-end human capital data lifecycle. The final top-priority request focuses on a distinct aspect of the Federal Employees Health Benefits Program -- the Health Claims Data Warehouse.

- **Drive Improvements to the Federal Hiring Process:** Providing needed services to the American people requires a talented, highly-skilled Federal workforce that draws from all segments of society. To hone skills that will help Federal agencies recruit and hire top talent from across America, OPM will examine a variety of hiring mechanisms and processes to improve the ability of Federal agencies to acquire needed talent. Relying on past efforts, and in accord with GAO's Report on Federal Hiring, GAO-16-521, OPM will seek to identify improvements to the hiring process by:

  1. analyzing the extent to which current Federal hiring authorities are meeting agencies' needs;

  2. using administrative data, including the Enterprise Human Resources Integration – Statistical Data Mart, time to hire data, applicant flow data, as well as survey data, and qualitative data including focus groups, to identify root causes of hiring challenges; and

  3. conducting research on national, state, and local governments across the globe to identify successful practices.

  Based on this effort, OPM will use this research to determine improved approaches to refining, eliminating, or expanding authorities, as needed.

Driving improvement to the Federal hiring process is an evidence-building proposal. This proposal does not require a statutory change for implementation. However, results from our comprehensive research may result in a proposal for statutory change.

- **Federal Employee Digital Record (EDR):** While the employee lifecycle is clearly defined by statute and understood as a practice, the Federal Government finds it difficult to manage the end-to-end human capital data lifecycle due to authoritatively duplicative siloed HRIT systems that are unable to interface and exchange data. Currently, agency HR data systems lack integration and interoperability among and between agencies and service providers, resulting in redundancy, inefficient and inaccurate reporting, complex and costly vendor management, and incomplete data that makes it nearly impossible to apply modern business processes to core HR functions (for example, automated collection of employee service and payroll records that could be used to modernize retirement processing). This is primarily due to inconsistencies and incompatibility of cross-Government legacy HRIT data exchange capabilities, lack of data standards or inconsistent application of existing standards, unstructured data transformation, and data security and privacy concerns.

  OPM will establish a secure EDR, with as close to live updates as technologically feasible, that will contain all relevant employee data. By creating a permanent EDR, OPM will be positioned to drive a data collection strategy that would:

  1. collect employee data once and use it many times across the employee lifecycle;

  2. allow movement of Federal employees between agencies in an agile manner without re-entering data;

  3. retain and manage records so that when employees move in and out of Government, their information can be easily retrieved for re-entry or for retirement processing;

  4. leverage the latest advancements in technology to enable a common user experience, integrated and accessible data, and data security; and

  5. save costs and improve efficiency across Government.

  The Federal Employee Digital Record proposal is a dual purpose -- both evidence-building and capacity-building. This proposal does not require a statutory change for implementation. The EDR effort will be informed through foundational standards development and implementation carried out by the HR Line of Business, and its agency partners.

- **Health Claims Data Warehouse (HCDW):** The HCDW is an initiative to collect, maintain, and analyze data on an ongoing basis to better understand and control the drivers of health care costs in the Federal Employees Health Benefits Program (FEHBP). OPM continues to make significant, positive progress, and has increased its efforts to build an analytical and research data warehouse that will help to fulfill the administrative responsibility of ensuring the FEHBP participants receive quality health care services while controlling the costs of premium increases. Over the last few years, the HCDW has continued to evolve. OPM continues to work diligently to ensure the warehouse provides a safe environment for data. Recent setbacks have included the inability to get all FEHB carriers to

provide the required data. OPM is in discussions with the FEHB carriers to facilitate the release of their data.

The Health Claims Data Warehouse is both an evidence-building and capacity-building proposal. The HCDW will provide OPM's data analysis, statisticians, and healthcare economists access to claims data that will be used to analyze the FEHBP costs and actively manage the program to ensure the best value for both Federal employees and taxpayers. The HCDW will also expand OPM's capability by analyzing program-wide claims data that it has not routinely collected.

This proposal does not require a statutory change for implementation.

Administrative Data for Statistical Purposes

OPM will use existing enhanced administrative datasets related to applications for the Federal service and the hiring process. These administrative datasets encompass USAJOBS, USA Staffing, and USA Hire source systems. This data coupled with potential administrative data from the Enterprise Human Resources Integration – Statistical Data Mart provides OPM with the opportunity to (1) conduct analyses that identify strategies for improving agency HR recruitment and hiring processes and (2) inform OPM human capital policy. Analyses include:

1. Sourcing analysis: A research effort, in collaboration with agency and private sector partners, to identify the most effective recruitment sources for highly-qualified applicants for mission critical occupations. Data sources include USAJOBS and USA Staffing administrative data and hiring manager satisfaction survey data.

2. Job posting analysis: A review of USAJOBS and USA Staffing administrative data, including applicant conversion rates by geographic location, announcement type, and appointing authority, to identify the optimal job posting strategy for mission critical occupations.

3. Time to hire analysis: Using USA Staffing administrative data, an analysis of the overall time to hire as well as specific milestones to identify bottlenecks in the hiring process with the goal of decreasing the time it takes to recruit, select, hire, and bring new employees on board.

4. Applicant flow data analysis: Ongoing analysis at the OPM and agency level to identify trends in the hiring process for particular demographic groups. Data sources include USAJOBS and USA Staffing administrative data.

5. Assessment and competency analysis: A review of the degree to which agency assessment strategies, including the use of specific competencies, lead to technically qualified and successful employees. Data sources include USA Staffing and USA Hire administrative data.

Other Requirements

Low Priority Program Activities

As part of OPM's planning required by OMB memo M-17-22, efforts are underway to implement reforms to lower-priority program activities.

Enforcing the Regulatory Reform Agenda

Under Executive Order (EO) 13777, titled "Enforcing the Regulatory Reform Agenda," OPM is required to identify a Regulatory Reform Officer and establish a Regulatory Reform Taskforce to evaluate existing regulations and make recommendations to the Administrator regarding their repeal, replacement, or modification, consistent with applicable law. To report the progress of OPM efforts toward meeting the requirements of EO 13777 and 13771, OPM has issued 0 of regulatory actions, 0 of deregulatory actions, and imposed 0 total incremental costs associated with regulatory actions in FY 2017. For FY 2018, OPM has set a goal of imposing 0 incremental costs associated with regulatory actions in FY 2018. The costs reported are annualized at a 7 percent discount rate and are expressed in 2016 year dollars.

Cross-Agency Priority Goals

Per the GPRA Modernization Act requirement to address cross agency priority goals in the agency strategic plan, the Annual Performance Plan, and the Annual Performance Report, please refer to www. Performance.gov for OPM's contributions to those goals and progress where applicable.

UNITED STATES OFFICE OF PERSONNEL MANAGEMENT
Washington, DC 20415

Chief Information
Officer

January 11, 2018

MEMORANDUM FOR OPM's FY 2019 BUDGET SUBMISSION

Subject: Budget Justification - IT Resource Statement

In compliance with the Federal Information Technology Acquisition Reform Act of 2014, we hereby affirm the following:

- The Chief Information Officer has reviewed and approved the major IT investments portion of the U.S. Office of Personnel Management's budget request for the 2019 fiscal year;

- The Chief Information Officer had a meaningful role in reviewing planned IT resources for most major program objectives, and evaluating increases and decreases in IT resources; and

- OPM's IT Portfolio Summary includes best possible estimates for IT resources in the budget request.

_____
Daniel Marella
Deputy Chief Financial Officer

_____
David Garcia
Chief Information Officer

REPRESENTATION OF ORIGINAL DOCUMENT

Table of Acronyms

ACA	Affordable Care Act
ALJ	Administrative Law Judges
ATO	Authority to Operate
CAF	Contract Access Fee
CDM	Continuous Diagnostics and Mitigation
CFC	Combined Federal Campaign
CFO	Chief Financial Officer
CFR	Code of Federal Regulations
CHCO	Chief Human Capital Officer
CHCOC	Chief Human Capital Officer Council
CIO	Chief Information Officer
CLIA	Congressional, Legislative and Inter-Governmental Affairs
CMS	Center for Management Services
COLA	Cost of Living Adjustment
COR	Contracting Officer Representative
CPARS	Contractor Performance Assessment Reports
CPI	Consumer Price Index
CR	Continuing Resolution
CSRDF	Civil Services Retirement and Disability Fund
CSRS	Civil Service Retirement Service
DCFSA	Dependent Care Flexible Spending Account
DHS	Department of Homeland Security
DNI	Director of National Intelligence
DOD	Department of Defense

DOJ	Department of Justice
DWP	Data Warehouse Program
ECQ	Executive Core Qualifications
EDR	Employee Digital Record
EEO	Equal Employment Opportunity
EEOC	Equal Employment Opportunity Commission
EHRI	Enterprise Human Resources Integration
EHRIDW	Enterprise Human Resources Integration Data Warehouse
EHRI-SDM	Enterprise Human Resources Integration-Statistical Data Mart
EMDC	Eastern Management Development Center
eOPF	Electronic Official Personnel Folders
ES	Employee Services
FBI	Federal Bureau of Investigation
FEDVIP	Federal Employee Dental Vision Insurance Program
FEGLI	Federal Employees' Group Life Insurance
FEHB	Federal Employees Health Benefits Program
FEI	Federal Executive Institute
FERCCA	Federal Erroneous Retirement Coverage Correction Act
FERS	Federal Employees Retirement System
FEVS	Federal Employment Viewpoint Survey
FFS	Federal Financial System
FIS	Federal Investigative Service
FISMA	Federal Information Security Management Act
FITARA	Federal Information Technology Acquisition Reform Act
FLTCIP	Federal Long-Term Care Insurance Program

FPRAC	Federal Prevailing Rate Advisory Committee
FRAE	Further Revised Annuity Employees
FSAFEDS	Flexible Spending Accounts for Federal Employees
FSC	Federal Staffing Center
FSEM	Facilities, Security, and Emergency Management
FTE	Full-time Equivalent
FWS	Federal Wage System
FY	Fiscal Year
GAO	Government Accountability Office
GPRA	Government Performance and Results Act
GSA	General Services Administration
HC	Human Capital
HCAAF	Human Capital Assessment and Accountability Framework
HCaTS	Human Capital and Training Solutions
HCDW	Health Claims Data Warehouse
HCFSA	Health Care Flexible Spending Accounts
HHS	Department of Health and Human Services
HEDIS	Healthcare Effectiveness Data and Information Set
HI	Healthcare and Insurance
HMO	Health Maintenance Organization
HRIT	Human Resources Information Technology
HRLOB	Human Resources Line of Business
HRS	Human Resources Solutions
HRSES	Human Resources Strategy and Evaluation Solutions
HRTT	Human Resources Tools and Technology

HRU	Human Resources University
IHCIRA	Indian Health Care Improvement Reauthorization Act
IOC	Office of Internal Oversight & Compliance
IRB	Investment Review Board
IRC	Internal Revenue Code
IRT	Interagency Incident Response Team
ISCM	Information Security Continuous Monitoring
IPA	Independent Public Accounting
IT	Information Technology
LEX HCFSA	Limited Expense Health Care Spending Account
MA/IDIQ	Multiple Award, Indefinite Delivery/Indefinite Quantity
MAESC	Multi-Agency Executive Steering Committee
MBD	Marketing and Business Development
MCO	Mission Critical Occupation
MSAC	Merit System Accountability & Compliance
MSP	Multi-State Plans
MSPB	Merit Systems Protection Board
MSPP	Multi-State Plan Program
NBIB	National Background Investigations Bureau
NDAA	National Defense Authorization Act
NHO	National Health Operations
NPRC	National Personnel Records Center
O&M	Operations & Maintenance
OASDI	Old-Age Survivors Disability Insurance
OC	Office of Communications

OCIO	Office of the Chief Information Officer
OCFO	Office of the Chief Financial Officer
OD	Office of the Director
ODI	Office of Diversity & Inclusion
OEI	Office of Evaluations and Inspections
OES	Office of the Executive Secretariat
OGC	Office of the General Counsel
OIG	Office of the Inspector General
OLLA	Office of Legal and Legislative Affairs
OMB	Office of Management and Budget
OPM	Office of Personnel Management
OPO	Office of Procurement Operations
OSDBU	Office of Small and Disadvantaged Business Utilization
OSI	Office of Strategy and Innovation
P.L.	Public Law
PACPMO	Performance Accountability Council, Program Management Office
PBM	Pharmacy Benefit Manager
PII	Personally Identifiable Information
PHI	Personal Health Information
PMO	Program Management Office
PPA	Planning and Policy Analysis
PSRHB	Postal Service Retiree Health Benefits
RAE	Revised Annuity Employees
RDBMS	Relational Database Management System
REHB	Retired Employees Health Benefits

RMG   Resource Management Group

RMO   Resource Management Office

RS   Retirement Services

S&E   Salaries & Expenses

SAG   Staff Acquisitions Group

SES   Senior Executive Service

SOS   Strategy, Operations and Support

SSA   Social Security Administration

SSCLOB   Security, Suitability, and Credentialing Line of Business

SSP   Shared Services Provider

SuitEA   Suitability Executive Agent

THEO   OPM Employee Intranet

TMAP   Training and Management Assistance Program

USC   United States Code

USSM   Unified Shared Services Management

WMDC   Western Management Development Center

WPR   Workforce Planning and Reshaping

U.S. Office of Personnel Management

Chief Financial Officer

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