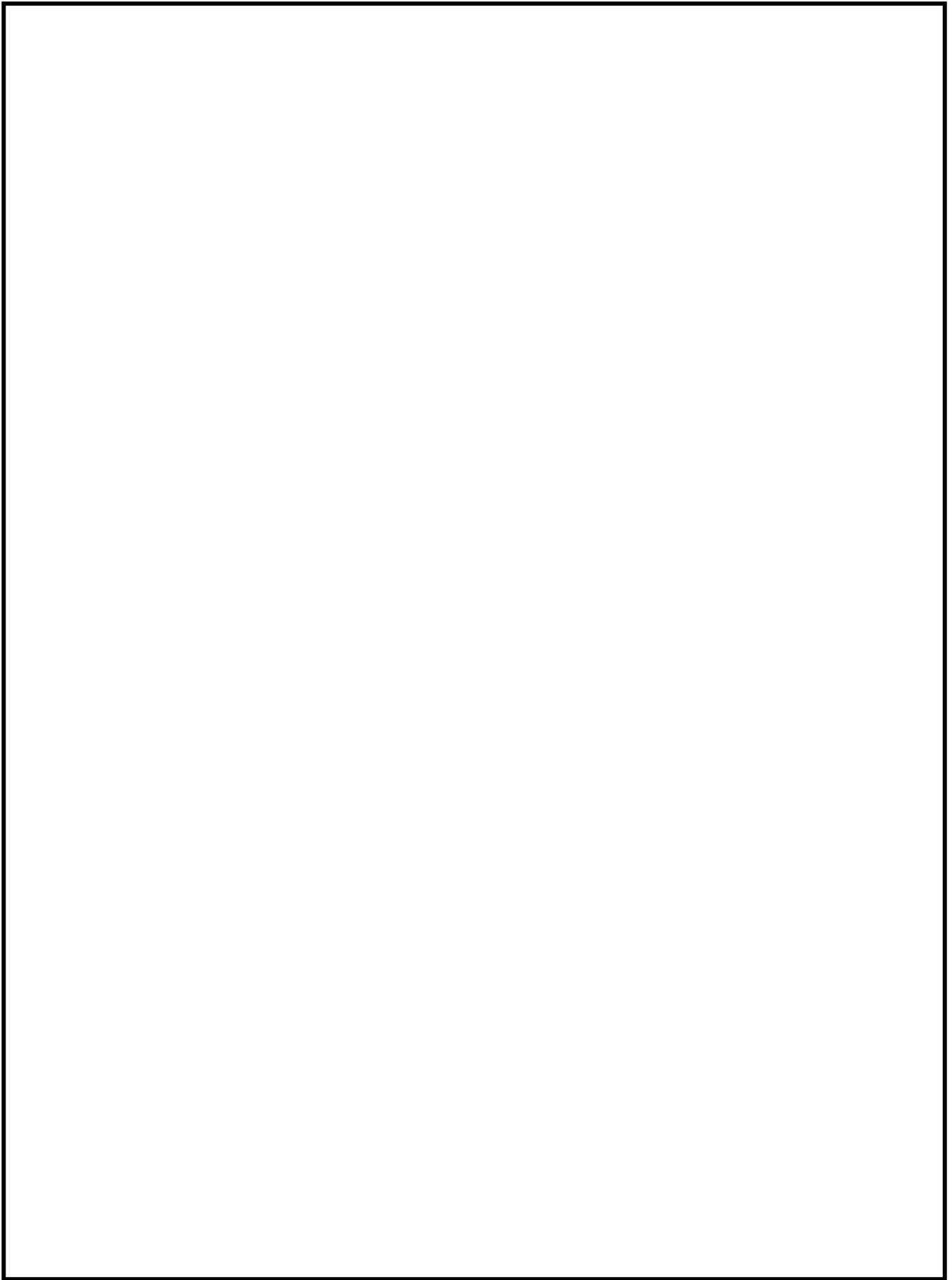


**FEDERAL HUMAN RESOURCES MANAGEMENT  
FOR THE 21ST CENTURY**

**UNITED STATES  
OFFICE OF PERSONNEL MANAGEMENT**

**STRATEGIC PLAN  
FY 2000 - FY 2005**

**June 30, 2000**



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## OUR MISSION

In order to support the Federal Government's ability to have the best workforce possible to do the best job possible,

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

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

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

**We safeguard** employee benefit trust funds.

## OUR VISION

How well the Federal Government works depends on Federal workers. We see our mission as helping agencies get the right people in the right jobs so they can produce the best results. To do this, we partner with agencies to create systems that recruit, develop, manage and retain a high quality and diverse workforce. Congress has entrusted us with regulating these systems, and the President relies on us to continuously improve them. Our vision is a Government that meets and often exceeds the public's expectations because of the impressive character and competence of Federal employees.

## OUR VALUES

Our core values are constant and embody: respect for institutions of democracy, a civil service based on merit principles, the dignity of the individual employee and customer, and the ability to change and adapt. We are committed to maintaining an environment that fosters:

- ! Our greatest strength: the skills and knowledge of the OPM family;
- ! A work ethic that constantly strives for high quality and customer satisfaction through excellence, innovation and creativity;
- ! Equity, integrity, fairness and loyalty in all aspects of our work relationships;
- ! A workforce that reflects the high quality and diversity of our society;
- ! Leadership and empowerment at all levels through clear and open communications;
- ! Partnership at all levels with responsible and accountable participation;
- ! Improved services through cross-functional collaboration, teamwork and recognition;
- ! Continuous development and learning at all levels; and
- ! A balance between work and family.

## **OUR STRATEGIC PLAN**

This is a time of profound change in the Federal Government. Even as the Federal workforce has shrunk in the last six years by about 365,000 positions, Federal functions continue to expand and evolve, based on legislative mandates and citizen expectations. We at OPM have eliminated a higher proportion of staff than any other Federal agency and have set an example in making the hard decisions necessary to operate within dramatically reduced funding levels while continuing to fulfill our purpose. This strategic plan describes how we will continue to seek better ways to carry out our mission.

It updates our first strategic plan, written in 1997, by moving beyond what we have accomplished since then and reaching out to FY 2005 to define how we will help shape Federal human resources management. In revising our plan, we have used the results of our own policy studies, listened to our stakeholders and, specifically, benefitted from the views of the Congress, the General Accounting Office, the Office of Management and Budget, the Merit Systems Protection Board, the National Academy of Public Administration and OPM's Inspector General. We have made our plan a clearer, more concise explanation of what we intend to do, how we intend to do it and how we will measure our success. We have halved the number of objectives listed in our 1997 plan, allowing us to focus attention on those we consider our highest priorities. Although it is now expressed more succinctly, we have not strayed at all from the mission set out in our original plan.

Before listing our specific goals and objectives, we offer this broad view of our strategy for the next five years.

### **WHERE WE'RE GOING**

Over the next five years, we will continue to focus attention throughout the Government on the importance of aligning human resources management with mission accomplishment. HR alignment means first recognizing that people – the Federal workforce – are the most important element in delivering results to the American public, and then taking the steps necessary to develop and support the workforce as they do their jobs. This support includes developing effective labor-management strategies that empower managers and employees to work together to deliver results. Success requires equipping agencies with the flexible systems necessary to recruit, develop, manage and retain human resources in a way that fits each agency's unique strategic vision and plans.

We will promote these activities while serving the interests of the Government as an employer by adhering to essential Governmentwide values such as merit system principles, accountability, veterans' preference, workforce diversity and family-friendly policies. We will also continue our stewardship of the Government's earned employee benefits systems, which are best designed and managed on a Governmentwide basis.

The importance of the Government's human resources has been widely recognized by, among others, the President's Management Council, the National Partnership for Reinventing Government, the Chief Financial Officers Council, the Chief Information Officers Council and the Domestic Policy Council. This recognition has led to increased pressures on the Government's human resources management systems, such as compensation, performance management and staffing, to be adaptable to specialized

needs and purposes. Many of these systems are aging and were originally created to function for organizations viewed as more alike than different in their work cultures and labor markets.

Best practice and benchmarking studies make it clear that uniform approaches in areas like compensation, performance management and staffing will not effectively serve agencies and their differing strategic objectives. Agencies are eager for additional flexibilities to meet critical needs. As much as possible, we will use regulatory authority to make appropriate flexibilities available. We will also formulate legislative proposals, where needed, to add further flexibilities. We are committed to providing all agencies and all segments of the workforce the flexibilities necessary to meet their strategic goals more effectively.

At the same time, we recognize that additional flexibilities increase the need to ensure that the Government's personnel systems are designed and operated under merit principles. We will meet that need through appropriate monitoring and oversight. Also, where Congress has already acted to give individual agencies more human resources management flexibility, we will help those agencies develop their new systems and continue to provide appropriate oversight.

Finally, we recognize that human resources alignment and increased flexibilities place additional responsibility on human resources professionals and require new competencies and greater technical expertise. As part of our leadership role, we will help agencies build the capability of their own human resources staff so that they can provide a higher level of strategic assistance to their line managers and employees.

## **HOW OUR STRATEGIC PLAN GOALS AND OBJECTIVES RELATE TO OUR ANNUAL PERFORMANCE PLAN**

Beginning in FY 1999, our Annual Performance Plan was completely integrated with our Congressional Budget Justification. Because it is linked to the budget, the details of the Annual Plan are organized by program area and funding source. The Annual Performance Plan links directly to our Strategic Plan in three ways.

First, the Annual Performance Plan contains a section entitled, "Resource Summary by Goal" which has tables showing the resources (dollars and FTE) devoted to each of our strategic goals by program area and funding source.

Second, the Annual Performance Plan has a section entitled, "Crosswalk to Strategic Plan" that is a complete listing of all the individual annual program goals that relate to each Strategic Plan goal and objective.

Third, in the body of the Annual Performance Plan, as each program area is discussed its annual goals are shown along with the strategic goal and objectives to which they are contributing. Thus the Annual Performance Plan clearly demonstrates how specific performance measures and incremental performance improvements are expected to achieve long-term goals and objectives.

## **OPM'S STRATEGIC GOALS**

**GOAL I**      **LEAD. THE FEDERAL GOVERNMENT EFFECTIVELY RECRUITS, DEVELOPS, MANAGES AND RETAINS A HIGH QUALITY AND DIVERSE WORKFORCE EVEN AS THE LABOR MARKET AND WORKPLACE UNDERGO SIGNIFICANT AND CONTINUOUS CHANGE.**

**GOAL II**      **PROTECT. THE FEDERAL GOVERNMENT, AS AN EMPLOYER, CONSISTENTLY HONORS MERIT PRINCIPLES IN MANAGING ITS WORKFORCE.**

**GOAL III**      **SERVE. OPM'S HIGH QUALITY, COST EFFECTIVE HUMAN RESOURCES SERVICES MEET THE EVOLVING NEEDS OF FEDERAL AGENCIES, EMPLOYEES, RETIREES, THEIR FAMILIES AND THE PUBLIC.**

**GOAL IV**      **SAFEGUARD. THE EMPLOYEE BENEFIT TRUST FUNDS ARE MODELS OF FINANCIAL EXCELLENCE AND INTEGRITY.**

## OUR GOALS AND OBJECTIVES

**GOAL I LEAD. THE FEDERAL GOVERNMENT EFFECTIVELY RECRUITS, DEVELOPS, MANAGES AND RETAINS A HIGH QUALITY AND DIVERSE WORKFORCE EVEN AS THE LABOR MARKET AND WORKPLACE UNDERGO SIGNIFICANT AND CONTINUOUS CHANGE.**

Here are the objectives we have set to help us achieve this goal and a brief rationale for each objective.

- C A flexible, competitive and performance-oriented compensation and benefits environment that allows the Government to recruit, manage and retain a quality Federal workforce is developed by FY 2002.

*To support the administration's initiatives to restructure the existing Federal pay and benefits systems and sustain the Government's ability to compete with other employers, we at OPM established a Strategic Compensation Policy Center and a Benefits Design and Delivery Center. We are coordinating a comprehensive approach to dealing with strategic compensation issues, researching best practices and working with stakeholders to examine alternatives and formulate policy proposals. At the same time, we will proceed with more immediate program initiatives, including pursuing employee performance management approaches that support an appropriate array of pay and benefits to attract and retain skilled employees.*

- C A model for workforce planning, analysis and forecasting, plus state-of-the-art tools and strategies for recruitment, selection and succession planning, are available to agencies by FY 2002.

*Federal agencies increasingly must rely on workforce planning to satisfy the need for a new skills mix. That need results from the growing importance of information technology, changes in the nature of work, an expected surge in retirements by skilled workers and reductions in the workforce as agencies focus on core missions. Agencies are turning to us for help to avoid costly duplication of efforts.*

- C Federal agencies have an increased understanding of and commitment to a family-friendly workplace culture that helps workers balance their careers and personal responsibilities.

*The most competitive companies in the private sector find that family-friendly programs help them attract and retain the best workers. As the demographics of the workforce continue to evolve, so do the expectations and needs of employees. Family-focused programs are essential to helping our Federal workforce balance the ever increasing demands of work and family life.*

- C Effective and cooperative labor-management relationships continually improve performance and service to the public.

*Federal agencies work toward improving services to the American people and saving taxpayer dollars. Effective labor-management relations can have a substantial impact on agencies' efforts to move toward increased efficiency, progress and competitiveness in Government.*

- C Streamlined agency hiring, which incorporates new hiring authorities, computer technology for on-the-spot examining and an assortment of competency-based employment assessment tools that can be tailored to agency requirements, is in place by FY 2003.

*The currently tight labor market for skilled workers has led employers to seek better ways to reach persons with the right skills, to find ways to assess applicants' competencies accurately and to use technology to speed the process. Examples of initiatives to meet these needs include: using the Internet to help college students identify careers and job opportunities in the Government; identifying and targeting key sources for recruiting diverse, skilled workers; developing flexible, cost-effective Governmentwide intern programs; applying new competency-based assessment tools which are more reliable than narrower traditional examinations; and taking full advantage of computers for all aspects of getting agencies the people they need.*

- C By FY 2003, Governmentwide hiring selections are based on broader measures of job-related competencies, and occupation definitions are aligned so that they are compatible with those used in the private sector.

*We have long used measures of job-related abilities, education, and experience when we hire Federal employees, but those measures have been incomplete. Measures of length of experience did not directly assess competencies that should have been gained from that experience. Measures of what people know did not always address abilities to solve problems or deal with people. Because of different occupational definitions, experiences in the public and private sectors have been hard to compare and evaluate.*

- C Human resources development strategies result in Federal training being a more outcome-oriented, measurable improvement function by FY 2004.

*Advances in technology and increased skills needs are changing the workplace at an ever increasing rate. We need to ensure that we continue to train Federal employees to take full advantage of these technological advances and to acquire the skills and learning needed to succeed in a changing workplace. Our agency is currently chairing the President's Task Force on Federal Training and Technology and supporting its operation and activities.*

- C Efficient and cost-effective human resources technology improvements, designed through the Governmentwide Human Resources Technology Council, are available to all agencies by FY 2004.

*In recent years, Federal agencies have been working independently to improve human resources services provided to managers and employees through the use of human resources information systems. We will partner with the Human Resources Technology Council to provide a forum to address common issues and to craft a long-term strategic vision and action plan for human resources information systems initiatives.*

- C By the end of FY 2000, effective and timely tools are in place for creating alternative dispute resolution programs that can reduce the cost of disputes, reduce litigation and increase employee satisfaction with the dispute resolution process.

*It has been demonstrated that the use of alternative dispute resolution (ADR) approaches in the earliest stages of a workplace conflict can lead to a simpler resolution that conserves resources. As important, incorporating ADR techniques into conflict resolution processes can contribute to establishing a partnership environment and help bring about positive change in an organization's culture.*

- C The personnel security community makes effective use of the investigative policy we establish and the leadership we provide as a member of the U.S. Security Policy Forum.

*We must exercise our regulatory and policy authority in a way that best serves national security.*

- C By FY 2004, the Government's executive personnel systems will appropriately distinguish leadership and technical/professional attributes and help agencies develop, select and manage an exceptional executive corps.

*The technology explosion, the focus on performance-based Government, and the changing composition and fluidity of the workforce call for a different approach to management and leadership. Among the ideas fostered by our 1998 draft Framework for Improving the Senior Executive Service (SES) that deserve further study is restructuring the Government's executive personnel systems. We will revisit the organization, structure and composition of our senior personnel systems to maintain the focus of the SES on finding and using the best executive talent, and we will continue to refine systems for hiring and managing senior personnel.*

- C Clear and effective human resources regulations, policies and guidance continue to be developed, implemented and communicated to support agencies' missions and to carry out the will of the Congress and of the President, as expressed in law and directive.

*A major reason for our existence, reinforced by over a century of civil service laws and presidential directives, is to see that those laws are properly implemented and to exercise our regulatory and policy authority in a way that best serves national interests.*

## **STRATEGIES FOR ACHIEVING GOAL I**

We will:

- % Work with agencies and interagency groups (primarily the Human Resources Management Council) to leverage resources and to ensure that laws and presidential initiatives are implemented in ways that are most compatible with agencies' needs.
- % Work with all of our stakeholders to ensure that their interests are represented in our policies and guidance as we develop new approaches to compensation, workforce planning, automation systems and other initiatives.
- % Work with experts both within the Federal Government and elsewhere to develop proposals for pay, awards and new benefit packages.
- % Work with congressional oversight committees to design appropriate legislative proposals and implement the resulting policies.
- % Seek out and test new approaches that apply the best practices of public and private sector employers, taking advantage of compliance reviews, demonstration projects, surveys, professional literature, conferences and other sources.
- % Write policies and guidance in plain language and communicate them broadly through a variety of channels.

## **MEASURES FOR GAUGING ACHIEVEMENT OF GOAL I**

- % Adherence to strategic timetables (source: agency accomplishment reports)
- % Increased agency use of systems for accountability, alternative dispute resolution, continuous learning, competency-based assessment and other programs promoted by our initiatives (source: reports from agencies)
- % Customer satisfaction (source: OPM agency surveys, focus group results)
- % Organizational effectiveness (source: employee surveys, our evaluations of agency operations)
- % Workforce quality (source: agency performance reports, special studies)
- % Cost savings (source: comparative cost data - e.g., for information technology initiatives; subjective data - e.g., justification from agencies nominating their alternative dispute resolution program for the annual Director's award)
- % Reduced litigation (source: case data collected by adjudicatory agencies)
- % Extent to which agencies have implemented policies and standards (source: evaluation reports)

- % Diversity (source: Civilian Personnel Data File, labor market data)
- % Evaluation study results (source: special internal studies, external studies by the Merit Systems Protection Board, General Accounting Office, National Academy of Public Administration, etc.)
- % Comments received in response to proposed regulations published in the Federal Register (source: comments from stakeholders)

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**GOAL II PROTECT. THE FEDERAL GOVERNMENT, AS AN EMPLOYER, CONSISTENTLY HONORS MERIT PRINCIPLES IN MANAGING ITS WORKFORCE.**

Here are the objectives we have set to help us achieve this goal and a brief rationale for each objective.

- C Agencies adhere to the merit system principles and other laws, rules, regulations and public policies governing human resources management.

*By law, we are charged with ensuring that HR activities comply with merit system principles. Agencies currently adhere closely to these principles, but there are occasional lapses. These lapses could become more common as line managers are delegated more authority to make HR decisions, strict regulations are replaced by more flexible guidelines, seasoned HR staff retire and local HR services are consolidated.*

- C By FY 2003, agencies have implemented accountability systems that effectively hold responsible officials accountable for their human resources operations and results.

*Delegation, deregulation and downsizing call for this emphasis on management accountability.*

- C All agency units that conduct employment examinations under our delegated authority are fully trained, covered by effective internal accountability systems and meet our criteria for recertification by FY 2004.

*Most examinations are best conducted at an agency's own site to meet specific needs. We have recently delegated examining authority to agencies, but we retain legal responsibility to ensure that the examining is done correctly. Personnel offices in many agencies have restructured and downsized, lost experienced staff, and face heavy turnover. These realities require a positive effort to train and inform examiners about applicable laws and regulations, including merit principles.*

- C Decisions of Federal adjudicatory agencies and of OPM in acting on appeals are consistent with civil service laws, regulations and policies.

*At times we must intervene to interpret our own regulations and policies when they are involved in cases decided by other bodies. Third party decisions that are not consistent with civil service laws, rules and regulations could potentially affect the entire Federal Government. We also are authorized by Civil Service Rule 5.1 to grant exceptions to our regulations in the face of hardship, where the intent of the regulation can be preserved.*

## **STRATEGIES FOR ACHIEVING GOAL II**

We will:

- % Evaluate human resources management compliance and effectiveness at agencies on a cyclical basis and as special needs arise.
- % Inspect and evaluate agencies' personnel security and suitability programs.
- % Develop and test alternative methods of review in response to the increase in alternative personnel systems.
- % Develop standards and other aids for testing the effectiveness of accountability systems.
- % Pursue an executive order requiring agency accountability systems.
- % Provide agencies with a variety of tools (e.g., video, pamphlet) to help managers understand and apply the merit system principles.
- % Develop automated training and policy resources for delegated examining operations in agencies and guide the development of agencies' internal accountability systems for those operations.
- % Identify, analyze and, when necessary, act on those third party decisions warranting our formal intervention, reconsideration or judicial review.

## **MEASURES FOR GAUGING ACHIEVEMENT OF GOAL II**

- % Impact of actions required and recommended in evaluation reports; utility of report findings for other agencies; scope and number of policy improvements fostered by evaluations; agency satisfaction with the evaluation process; quality, timeliness and cost of evaluations; agency human resources management improvements resulting from evaluations (source: balanced scorecard used in Outcome Assessment Reports)
- % Perceptions of equity and merit (source: Merit System Principles Questionnaire)
- % Increased accountability and effectiveness of human resources management in agencies (source: feedback from reviews, studies and surveys, including the Merit System Principles Questionnaire)

**GOAL III SERVE. OPM'S HIGH QUALITY, COST EFFECTIVE HUMAN RESOURCES SERVICES MEET THE EVOLVING NEEDS OF FEDERAL AGENCIES, EMPLOYEES, RETIREES, THEIR FAMILIES AND THE PUBLIC.**

Here are the objectives we have set to help us achieve this goal and a brief rationale for each objective.

C These major human resources programs provide Governmentwide cost-effective service that meets or exceeds customer expectations:

p USAJOBS - Timely, accurate and complete employment information is available for employees and the public.

*We are legally required to provide access to Federal job listings to the public, including veterans, minorities, persons with disabilities, welfare-to-work candidates, students, dislocated workers and other groups that have experienced difficulty in the past with obtaining fair consideration in the job market.*

p Central Personnel Data File (CPDF) - Accurate and timely workforce statistics and information are available to decision makers.

*CPDF is the primary national source for Federal civilian employee statistics. The file dates from 1972 and currently covers 1.8 million employees. Program offices within OPM, central management agencies, the Congress and many academic customers routinely rely on CPDF information.*

p Compensation administration - Timely and accurate information and assistance are provided to decision makers for pay and leave administration purposes.

*Federal law authorizes or requires us to regulate or administer more than 50 separate statutory provisions governing pay and leave for Federal civilian employees. We provide advice and assistance to agencies implementing these statutory provisions, including making annual pay adjustment, so they can attract and retain a competent workforce.*

C By FY 2005, a modernized retirement system will be more cost efficient than the current system and will provide:

- prompt, accurate and consistent customer service to all stakeholders;
- accurate and timely payments to benefit recipients;
- accurate and consistent benefits counseling for eligible participants; and
- at least 90 percent customer satisfaction with all retirement services (claims processing, telephone services and retirement counseling).

*Retirement Systems Modernization, relying on re-engineered business processes, is necessary to meet our long term customer service, financial management and business goals for the Civil Service Retirement and Disability Programs. It is also necessary to support the more complex processing required by the Federal Employees Retirement System.*

- C Insurance program benefits are flexible, comprehensive, quality driven and based on informed choice.

*If the Federal Government is to continue to provide its employees with one of the nation's best employer-based health care systems, then we must ensure that the insurance programs provide customers with flexible and comprehensive benefits. Further, these benefits must be delivered by highly-rated health plans in a quality-driven, cost-effective and timely manner. To achieve this, we will implement the Patient's Bill of Rights and mental health and substance abuse parity within the Federal Employees Health Benefits Program, and adopt the Consumer Assessment of Health Plans Survey instrument as an industry standard. In addition, we will implement a long term care insurance program, when enacted by Congress, and propose new flexible benefit offerings leveraged by the Government's purchasing power. If we effectively communicate these options and health plan performance and cost information to our customers, they will have the tools they need to select health benefit coverage that best meets their needs.*

- C Our technical assistance and information on human resources policies and programs are timely, useful, accurate, accessible and user friendly.

*To explain laws, regulations and policies and to give expert advice, each year we handle many thousands of phone calls, letters, email, visits and speaking engagements. Our primary goal is to aid and strengthen the headquarters personnel office in an agency, but we also handle inquiries from congressional staff, stakeholder groups, current employees, job-seekers and other citizens. We conduct conferences on specific human resources management topics to provide the most current guidance and to share best practices with agency specialists. We also team with agencies and groups of agencies to solve common problems and to improve HR professionalism.*

- C Direct services to agencies (both reimbursable and non-reimbursable) provide cost-effective choices to meet individual and Governmentwide customer needs.

*There is a need for cost-effective and high quality HR services to assist agencies in achieving a diverse and talented workforce and to contribute to Governmentwide cost savings through economies of scale.*

- C The competencies and leadership effectiveness of Federal executives and managers continuously improve through training, development and voluntary mobility.

*We need to ensure that agencies select new leaders who can manage present challenges and keep growing to meet new ones, and that current leaders continually learn and grow to address changing conditions and managerial requirements.*

### **STRATEGIES FOR ACHIEVING GOAL III**

We will:

- % Take maximum advantage of technology to disseminate program and employment information, facilitate training and serve customers (for example, use electronic media, including our website and CD ROM formats, to widely disseminate core policy and program information; use USAJOBS websites, touch screens and automated telephone technology to fully disseminate employment information; enhance access to selected information in the CPDF; use virtual training rooms, distance learning and video teleconferencing to provide widely available yet cost-effective training; use telecommunications and web technologies to process customer requests for service).
- % Use plain language to explain requirements and options.
- % Improve procedures to ensure that OPM and agencies provide consistent guidance.
- % Work with interagency groups and stakeholders to deliver integrated human resources solutions that leverage Governmentwide automated applications, delivery channels, databases and expertise to meet agency-specific needs.
- % Promote the accreditation of health carriers by the National Commission for Quality Assurance and other accrediting organizations and provide consumers with accreditation information.
- % Collaborate with health care industry representatives, the National Commission for Quality Assurance, the Health Care Finance Administration, the Department of Health and Human Services and the Foundation for Accountability to promote the use of health care quality outcome measures and improve the consumer information available to insurance program customers.
- % Complete the Retirement System Modernization Project and ensure linkage between the project and initiatives being pursued by the Human Resources Technology Council.
- % Expand services provided by Teleservice Centers and expand toll-free telephone access to overseas locations.
- % Train staff in customer service and information technology skills.
- % Form comprehensive long-term strategic alliances with key agencies to improve individual, team and agency performance. These alliances include partnerships with organizations in the area of

executive leadership and are designed to promote knowledge generation, capture best practices and enhance services for these key customers.

### **MEASURES FOR GAUGING ACHIEVEMENT OF GOAL III**

- % Customer satisfaction (source: annual program-specific customer satisfaction surveys, on-line public customer satisfaction surveys, focus groups, repeat customer data, system usage data )
- % Timeliness of operations (source: operational system data, request response time records, claims processing times)
- % Quality of operations (source: quality assurance system data, accuracy, reliability)
- % Cost savings (source: comparative cost data, overall program administrative costs, unit cost per program output)
- % Number of partnerships, improved quality of relationships, individual behavior change and organizational impact (source: customer surveys, focus groups, program evaluations, system operational data)

**GOAL IV SAFEGUARD. THE EMPLOYEE BENEFIT TRUST FUNDS ARE MODELS OF FINANCIAL EXCELLENCE AND INTEGRITY.**

Here is the objective we have set to help us achieve this goal and a brief rationale for the objective.

- C The trust fund financial systems are in full compliance with the Federal Financial Management Improvement Act (FFMIA) and the Federal Managers' Financial Integrity Act (FMFIA) by FY 2003.

*Our financial stewardship of the employee benefit trust funds includes maintaining oversight and control of the funds' deposits, disbursements, investments and receivables. We have earned an unqualified audit opinion on all of the trust funds' financial statements in the past two years, and we plan to sustain this in the future. We will continue to pursue initiatives to resolve material weaknesses and non-conformances in the trust fund financial systems necessary to bring them into full compliance with the FFMIA and FMFIA. While we have made progress in the past several years, weaknesses persist, and so will our efforts to overcome them.*

**STRATEGIES FOR ACHIEVING GOAL IV**

We will:

% Assure the integrity of the trust funds by:

- modernizing and fully integrating the trust fund financial systems and subsystems;
- documenting financial policies and procedures using in-house financial policy staff, supplemented by contractor support; and
- using financial staff to work with insurance carriers to strengthen carrier financial reporting so that all carriers submit audited annual financial statements that are in compliance with Governmentwide accounting standards.

% Strengthen our Federal payroll office oversight and monitoring program by using in-house staff to conduct on-site visits to agency payroll offices, review payroll records and audit findings that pertain to the administration of the employee earned benefit programs.

% Strengthen in-house financial oversight by recruiting auditors for quality assurance staff and cross training current quality assurance staff in financial audit and review techniques.

% Assure the preservation of financial management knowledge by establishing an in-house succession planning program.

% Make full use of the findings from the independent oversight provided by the Office of the Inspector General.

**MEASURES FOR GAUGING ACHIEVEMENT OF GOAL IV**

% Unqualified audit opinions (source: audit reports)

% No material weaknesses (source: Annual FMFIA assurance reports)

% Validation of FFMIA and FMFIA compliance (source: Chief Financial Officer/Office of the Inspector General reports)



## OUR CORPORATE MANAGEMENT STRATEGIES

We cannot hope to achieve our goals and objectives unless we organize and manage our internal resources effectively. Recognizing the critical importance of our corporate management strategies, we have made them an integral part of our strategic plan.

### HUMAN RESOURCES MANAGEMENT

**GOAL:** We can recruit, develop and maintain the highly skilled and diverse workforce necessary to accomplish our current and future strategic goals with efficiency and innovation.

Our success results directly from the attitudes, skills and drive of our employees. Our human resources management practices support OPM by ensuring that we recruit and develop the workforce we need to do our work most efficiently and effectively. Our challenge is to attract, retain, motivate and reward skilled employees in this environment of rapid technological and social change. In order to meet these challenges, we will pursue the following objectives:

- Clear and effective internal human resources policies and guidance continue to be developed, implemented and communicated to support the strategic management of our workforce.
- By FY 2003, workforce planning tools are developed and deployed. These tools enable managers to ensure that the workforce needs of the organization are met, and that the workforce is aligned in a way that best supports accomplishment of our strategic goals.
- By FY 2001, an incentive awards program is in place that recognizes employees for their performance achievements as they relate to the accomplishment of our corporate strategic goals.
- By FY 2001, partnerships with a variety of schools, organizations and community associations facilitate recruitment of a workforce that reflects the diversity of the public we serve.
- By FY 2004, innovative employee education and training programs and practices are in place to cultivate a workforce that is flexible, optimally trained and capable of adapting to changing technology. This includes the use of Intranet-based training and other methods that enable and encourage self development.
- Our work environment is continually enhanced and attracts, retains and satisfies employees and contributes to mission accomplishment.
- By FY 2002, new technologies are implemented in personnel data, processing and staffing services to provide fast, accurate and efficient human resources services.
- By FY 2001, a plan for leadership succession management is in operation.

## **STRATEGIES FOR ACHIEVING THIS GOAL**

We will:

- % Base recruitment and staffing on agencywide workforce planning information.
- % Study baseline data for employee incentive awards, benchmark with other agencies and seek out and test new approaches to incentive awards.
- % Based on analysis of demographics, enrollment statistics, etc., identify schools, organizations and community associations that offer the kinds of skills and diversity we want to recruit into our workforce.
- % Track the progress of employee development activities to achieve current core competencies, and track developing employment and program trends to ensure that competencies remain current.
- % Implement recommendations from the Presidential Training Technology Task Force, and benchmark against other organizations to learn best practices and processes.
- % Maintain a participatory and constructive relationship between labor and management that increases job satisfaction and uses innovative techniques to resolve issues.
- % Develop a succession planning program that uses cross organizational placement, leadership development, career management and mentoring to ensure that our future leaders reflect the diversity of America and are able to move into critically important positions as they become vacant.
- % Work with our managers and employees to ensure that internal human resources policies and guidance meet their needs.

## **MEASURES FOR GAUGING ACHIEVEMENT OF THIS GOAL**

- % Extent to which we meet our annual performance and strategic goals (source: annual performance reports)
- % Internal customer satisfaction (source: internal customer satisfaction surveys)
- % Extent to which employees receive the training they need to help them meet our Core Competency framework objectives (source: internal reports)
- % Increased hires of individuals in occupations and at grade levels where underrepresentation has been identified (source: affirmative employment reports)
- % Compliance and effectiveness of our internal human resources operations (source: program evaluation reports)

## **INFORMATION TECHNOLOGY MANAGEMENT**

**GOAL:** Our information technology (IT) processes and infrastructure meet the evolving technology needs of our program offices and the mandates of the Clinger-Cohen Act.

IT will play an increasingly critical role in our ability to leverage resources to accomplish our strategic goals. Prudent application of technology will ensure that these resources are used most efficiently and effectively. The following specific objectives will help achieve the IT Management strategic goal:

- A sound and integrated agencywide IT architecture that provides a standards based, interoperable and secure technology environment to support our program offices is implemented by FY 2001.
- An enhanced IT capital planning, control and development process is in place by FY 2002 and results in optimal decisions on technology investments and the efficient and effective design and operation of automated systems to achieve our strategic goals.
- Our mission-critical systems and information are protected by an enhanced, robust IT security program, which is implemented by FY 2002.
- A revitalized information resources management program is in place by FY 2003 that meets the requirements of the Paperwork Reduction, Freedom of Information and Privacy Acts and ensures that our critical records are safeguarded.

### **STRATEGIES FOR ACHIEVING THIS GOAL**

We will:

- % Periodically assess the IT needs of our staff, update our IT Architecture Vision and Technical Reference Model to maintain technical currency, and refresh deployed technology on a standard life cycle to sustain our IT infrastructure investment.
- % Conduct an effective IT project review process and ensure the use of standards-based development techniques, which make certain that our capital investments in IT deliver the desired business outcomes.
- % Provide computer security training, test and evaluate our IT security program with the assistance of external experts, and implement appropriate security enhancements to protect our valuable resources.
- % Implement improved records management practices focusing on the use of technology to help store, access and safeguard data.

## **MEASURES FOR GAUGING ACHIEVEMENT OF THIS GOAL**

- % Conformance of systems to our IT architecture standards (source: internal system reviews)
- % Cost effectiveness of IT initiatives (source: financial data and IT initiative justifications)
- % Adherence of system development efforts to project budget and schedules (source: internal review of project plans)
- % Absence of security breaches and positive evaluation regarding security issues (source: internal and external security evaluations)
- % Compliance with laws and regulations involving the storage, disposition, access and protection of data and records (source: internal and external evaluations)

## **FINANCIAL MANAGEMENT**

**GOAL:** We safeguard OPM's financial resources and provide financial management leadership, services and information to OPM programs to assist them in meeting their strategic goals.

We operate two financial systems: the Financial Management System, which is the primary administrative accounting system; and the Employee Benefits System, which supports the Federal employee earned benefits programs totaling more than \$67 billion in annual benefit payments from the Trust Funds that we administer. Together, these systems contain eleven applications that support the unique management and accounting functions of the agency or specific programs. In addition to the objectives below, which apply to all of our programs and accounts, specific objectives for the Employee Benefits System appear under strategic goal IV.

The following specific objectives will help achieve our Financial Management strategic goal:

- C For FY 2000 and thereafter, timely financial statements are produced for all OPM accounts, and they receive unqualified audit opinions.
- C All material weaknesses are eliminated and there is compliance with Federal financial guidelines.
- C Accurate and timely reports are provided as required by OMB, Treasury and other Federal agencies, and Congress.
- C The timeliness and accuracy of financial services and information provided to our internal customers is improved.

### **STRATEGIES FOR ACHIEVING THIS GOAL**

We will:

- % In FY 2001, evaluate and implement recommendations to improve OPM's administrative financial systems resulting from a contractor-conducted study of the systems' requirements and a gap and alternatives analysis.
- % Develop a strong, effective financial management community within OPM.
- % Provide needed training on financial management to OCFO staff, the financial management staff in OPM programs, and OPM managers.

### **MEASURES FOR GAUGING ACHIEVEMENT OF THIS GOAL**

- % Audit results (source: Inspector General, Independent Public Accountant and GAO audits)

% Accuracy and timeliness of reports to OMB and Treasury (source: feedback from OMB and Treasury)

% Responsiveness and quality of service to our customers (source: customer feedback)

% Number of material weaknesses eliminated.

% Financial reconciliations (source: reconciliation of accounts to the general ledger and Department of Treasury cash balances)

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## OUR OPERATING ENVIRONMENT

### WHO OUR STAKEHOLDERS ARE

Our work affects a wide range of stakeholders who represent many points of view. They include the U.S. taxpayer; Congress; the President's Management Council; agency personnel directors and their Human Resources Management Council; agency heads, managers and supervisors; current Federal employees; employee unions and the National Partnership Council; the many Federal Executive Boards and Associations that coordinate Federal efforts in the field; professional and management associations; Federal annuitants and their organizations; job-seekers; veterans and their service organizations; minorities, women and persons with disabilities and their organizations; colleges and universities and their associations; displaced Federal employees; insurance carriers; charitable organizations that participate in the Combined Federal Campaign; a variety of interagency organizations; and, of course, our own employees.

### KEY EXTERNAL FACTORS THAT AFFECT OUR GOALS AND OBJECTIVES

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#### GOVERNMENTWIDE ISSUES

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- < Title 5 of the U.S. Code provides most of our authority to carry out laws and to represent the President in managing the Federal civil service. However, there is a trend among agencies to seek independence from coverage by title 5, at least to the extent that the laws control hiring choices, pay levels and employee appeal rights. Agencies which have been given legislative authority to depart from title 5 have tended, through their own choices and through separate legislation, to become indistinguishable from a title 5 personnel system except in terms of pay. That is due, in part, to a general political consensus that values hiring and retaining employees on the basis of merit, treating employees fairly and granting hiring preference to veterans who served during times of conflict.

What agencies reportedly want to avoid in hiring is having to announce vacancies broadly, apply formal rating and ranking procedures to evaluate candidates, apply veterans' preference and limit selection to the top three qualified candidates. Part of that interest is based on a misperception of flexibilities already available and a lack of awareness of the standards for selection processes required by title VII of the Civil Rights Act of 1964, as amended, and by the Uniform Guidelines on Employee Selection Procedures (referenced in 5 CFR 300.103), which apply even when the competitive procedures of title 5 may not. We are working to better educate managers about the tools available to them and about their legal responsibilities. We are also considering options that have been tested in human resources demonstration projects and which could increase agency discretion in hiring, while preserving merit principles and veterans' preference.

The real challenge is to give agencies more authority and accountability for managing their workforce, while keeping the judgment of individual managers subordinate to the "rule of law" – the collective judgment of the Congress, the President and, through a democratic process, the people.

Laws are regularly changed in attempts to make the existing system work better. It seems far better to make improvements that will offer options to all agencies, not just a few.

*Strategic Goals Most Affected: I and II*

- < For the years covered by this plan, the labor market for skilled workers in the U.S. is expected to remain tight, particularly in some information technology specialties. This skilled worker shortage limits agencies' abilities to recruit and retain good employees. Agencies have some compensation flexibility to improve competitiveness, but that may not be enough under current law. Also, research has shown that a key retention factor is the employee's relationship with the first-line supervisor, so agencies need to do a good job in selecting and developing managers. They also need coherent, long-term recruitment plans and cannot rely on last-minute recruitment trips or job announcements. We are available to help agencies design such plans.

*Strategic Goals Most Affected: I and III*

- < Actions of any branch of the Government can affect the public's trust and confidence in the Government as a whole. That public perspective makes a difference in how attractive the Government is as an employer. In the mid-1990's polls showed a resumption of students' interests in public service, independent of income consideration. We can join agencies, when requested, to promote public service employment, and we will continue our compliance reviews to avoid employment scandals which could reduce public confidence.

*Strategic Goals Most Affected: I and II*

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## **RELATIONSHIPS WITH OTHER FEDERAL AGENCIES**

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- < Although we have increased the delegation of human resources management to agencies and created new flexibilities for use by managers, some agencies have retained internal HR policies and structures which continue older, more rigid procedures and keep decisions centralized. Some agencies are also not informing managers or field HR offices of changes in Governmentwide human resources requirements. Since the changes were made to carry out Presidential initiatives, consistent with law, which should apply to all Executive Branch organizations, we are aggressively using our Internet website to make policy information directly available to managers, employees and employee representatives.

*Strategic Goals Most Affected: I, II, III*

- < Decisions by the Equal Employment Opportunity Commission, the Federal Labor Relations Authority and the Merit Systems Protection Board can have a substantial impact on OPM regulations. We adjust policy guidance to ensure that agencies act in compliance with precedent-setting decisions. When, in our opinion, a third party adjudicatory agency issues an erroneous decision that could have a Governmentwide impact on civil service laws, regulations and policies,

we provide our interpretations of regulations and policies to third party adjudicatory agencies and to courts.

*Strategic Goals Most Affected: I and II*

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## **THE HUMAN RESOURCES COMMUNITY**

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- < In recent years the Federal HR community has downsized more than other professions. During the reduction, the Government lost many of its most experienced HR specialists. That loss of expertise created a need to improve HR training and increase oversight of adherence to the merit system principles. We have been working with training providers to update their curricula to recognize the competencies and skill sets needed for the expanded roles of HR professionals. Our program offices now regularly hold conferences to discuss developments in subject matter areas, such as employee relations and staffing. We have also established “train the trainers” programs and a handbook to support agencies’ use of delegated examining. We have an interest in enhancing the professionalism of Federal human resources specialists and in looking at the HR community as a whole, developing agencies’ HR readiness, support and flexibility.

*Strategic Goals Most Affected: I, II, III*

- < The Federal human resources community is dealing with many issues to which a single department or agency cannot easily devote staff. These issues include the application of new technology to human resources work, the development and measurement of the competencies needed today by HR professionals, the simplification of position classification, and the development of performance measures for HR work. Past experience and funding limitations suggest that agencies will band together to address these issues, often turning to us for our expertise, assistance and project management abilities.

*Strategic Goals Most Affected: I, II, III*

## PROGRAM EVALUATION

### Measurement and Program Evaluation Systems

Our strategic planning and annual performance measurement process emphasizes formal, quantifiable methods for evaluating our effectiveness in accomplishing our goals. Our objectives are stated as long-term, outcome-oriented performance goals, to be achieved over the foreseeable future (roughly within a five-year period). We identified strategies and measures for each goal that will enable us to assess our achievements. We chose measures based on cost-effectiveness, availability, reliability/validity and meaningfulness to stakeholders. Our evaluation program emphasizes balanced, multiple measures that include effectiveness, timeliness, cost and customer satisfaction.

Like all agencies, we are continuing to focus on the quality and reliability of the measures used to set and assess progress toward our goals. Our annual performance plans include specific steps being taken each year to ensure our data are sufficiently robust for decision making. These measurement data are defined and collected by the specific program areas and made available via internal management information systems. Some examples of program measures include the balanced scorecard used to assess oversight reviews, usage statistics for information sites such as *USAJOBS*, increases in number of agencies providing family-friendly flexibilities, customer satisfaction from job seekers and annuitants, timeliness of new policy issuances, and financial savings from Governmentwide programs.

In addition to the program specific measurement information, we conduct two nationwide surveys periodically that enable us to track our impact over time. The *OPM Customer Satisfaction Survey* is given to two important groups of customers: all agency Human Resources (HR) directors and a Governmentwide random sample of HR specialists. The survey includes questions about our policy leadership, technical assistance, service support and product ratings. The first survey was given in 1998 and provided a baseline from which our progress can be tracked. This survey has excellent internal validity and reliability and should have an increased response rate as it becomes clear that we will take this data seriously. We post the results on our website for use by program areas, senior management and employees.

In 1999 we updated the survey to include questions about our newest initiatives and products and made a considerable effort to improve the response rate from 1998. Increasing the sample size for the HR specialist resulted in an improved confidence level of plus or minus two percentage points. Unfortunately, even though more than 50% of HR directors responded to the survey, the overall size of this population was too small to enable us to confidently rely on the results. We are examining our survey program for FY 2000 and beyond to ensure that we are able to obtain reliable and valid data at a frequency that will enable us to track our progress in customer service.

Our second nationwide survey, the *Merit System Principles Questionnaire*, is distributed to a random sample of Federal employees in the last quarter of the year, with results timed to be used in oversight reviews during the subsequent year. This survey includes questions on the perception of merit principles and human resources management effectiveness, including effective use of employees. Our program offices use the results as surrogate measures of certain objectives and as indicators of needed improvements in policy. However, this questionnaire is not specifically designed for measuring

performance. Therefore, results from the survey must be supported by related objective data from other sources to provide a complete picture of performance results. The first version of the survey was used for the FY 1997 - FY 1999 review cycles. The new version of the survey (updated in late FY 1999 for the FY 2000 - FY 2005 review cycle) is significantly shorter and the questions are reorganized and refocused on the respondents' immediate experience and work unit. The data from the new version will be used as the baseline for tracking performance for the duration of this strategic plan.

The performance measurement and survey data are augmented by targeted program evaluations, both internal and external, geared toward providing objective and quantifiable information on specific program areas. Because formal program evaluations can be costly, we schedule our internal efforts on a cyclic basis that enables evaluation of all major program areas. We also focus on critical issues as the need arises. Our program evaluation activities are primarily conducted within the appropriate program offices and are supplemented by evaluations conducted by external contractors when necessary. In addition, our Office of Merit Systems Oversight and Effectiveness conducts special studies on contemporary, crosscutting human resources management issues. Our Office of the Inspector General also conducts periodic evaluation studies and audits of our programs which provide an additional source of internal feedback.

Formal evaluations of specific OPM programs, as well as more global studies of human resources management issues and challenges, are conducted periodically by external organizations such as the General Accounting Office, the Merit Systems Protection Board, the National Partnership for Reinventing Government, the National Academy of Public Administration and the groups that audit our trust funds. We use these reports as key evaluations of our programs and supplement these reports when conflicting information results.

Our continuing interaction with the Human Resources Management Council provides informal feedback on our performance, as well as information regarding current Federal human resources management issues. Additional informal feedback occurs daily as our staff respond to hundreds of inquiries from agency personnel offices, managers and employees seeking advice and guidance about specific problems or interpretations of existing laws and regulations.

### **Program Evaluation Schedule**

As mentioned above, internal program evaluation is conducted in a decentralized fashion within OPM program areas. As an agency, however, we are committed to the principle of conducting in-depth program evaluations in every major human resources program area over the next five years. Depending on the status and level of recent policy, statutory and regulatory activity, some program areas will be able to conduct program evaluation of policy development activities, some of implementation and some of results. A tentative schedule for these evaluations by program area is included below. Other evaluations, including special studies conducted by the Office of Merit Systems Oversight and Effectiveness, will address issues of special interest each year. These evaluations will be reported in annual performance plans and are not included here.

## Program Evaluation Schedule

OPM program area	general scope or topic	key questions to be addressed	general methodology	by FY__
Retirement and Insurance	business process reengineering	optimum business practices for Retirement Systems Modernization	independent review and analysis	2001
Senior Executive Service programs	SES staffing, performance management, continual learning	contribution of SES systems to effectiveness of Federal management and meeting the needs of agency executives	longitudinal survey of all members of the SES	2002
Investigations	Personnel Investigations Processing System	effectiveness of technology-based, integrated system	independent review and assessment	2002
Executive & Management Development	major components of three Executive Development Centers	impact of training on increasing employee skills, changing behavior in the workplace, and improving mission effectiveness	Kirkpatrick's four-level training evaluation model	2003
Compensation Administration	compensation administration policy review	extent to which legislative and regulatory proposals reflect agency needs for flexibility	customer satisfaction survey, HRMC input, other stakeholder input	2003
Merit Systems Oversight and Effectiveness	expanded oversight & accountability of alternative personnel systems	merit, HRM effectiveness and mission accomplishment in alternative personnel systems	meta-analysis of results from oversight reviews, demonstration project evaluations, and accountability systems	2004
Human Resources Development (HRD) and Learning	strategies for leading Federal HRD and protecting/serving the development and learning needs of the Federal workforce	extent to which: agency HRD is mission focused, outcome oriented, measurable, fair, effective, and collaborative; HRD data is reliable; and our HRD business well-being indicators are effective.	multiple, including targeted studies, agency reviews, focus groups, comments from stakeholders, and compliance reviews and studies done by external agencies.	2004
Employment	delegated examining	extent to which overall program meets agency needs, uses available options, adheres to legal requirements	synthesis of data from surveys and oversight reviews.	2005

## **Use of Performance and Program Evaluation Results**

The OPM Executive Board, through the agency Strategic Initiatives Coordinator and the OPM GPRA working group, provides oversight and agency coordination of the evaluation program. The OPM Executive Board consists of the Director, Deputy Director, Associate Directors, Chief Financial Officer, Chief Information Officer, Director of Human Resources and EEO, and the President of AFGE Local 32. The GPRA working group consists of representatives from all OPM program offices and organizations. They will track and report on the goals and objectives, recommend necessary adjustments to them, and affirm or modify the measurements and resources being applied.

Since FY 1999, our senior executive performance plans have been aligned with the strategic planning and measurement systems, and in FY 2000 all employees' performance plans will be so aligned. Every employee and manager will know what the strategic goals and objectives of the agency are, how progress toward them will be measured on an agency and individual basis, and how the measures and progress toward goals will be used to evaluate individual performance and determine awards.

We will report the results of the performance measurement and program evaluation activities to our stakeholders, including Congress, the Human Resources Management Council, Office of Management and Budget, General Accounting Office, Merit Systems Protection Board and others, in the required annual performance reports and via special reports as necessary. The information will allow us to more effectively:

- formulate new and revised policy;
- improve the quality of products and services;
- update strategic plans;
- prepare annual budgets;
- establish program-level work plans;
- assess individual and organizational performance; and
- ensure accountability and control.

## **Use of Program Evaluation to Define Our Goals and Objectives**

Although our primary strategic direction for the future has not changed, the strategic goals and objectives in this updated strategic plan reflect information learned from a variety of internal and external evaluations, surveys and reports. A list of studies used in updating this plan and in continuously evaluating our work is included in Appendix B. The issues raised and results contained in these reports confirm and support the direction we are taking to lead Federal human resources (HR) management well into the new century.

These studies have identified the increasing desire of agencies to seek exemptions from portions of title 5, in part to deal with the shift toward a knowledge-based economy and workforce. Agencies need more flexible, yet consistent programs and policies in order to make the best use of their human resources in meeting their mission requirements. Our objectives listed under strategic goal I are designed to address these needs. However, as discussed more fully in the external factors section, it is

also clear from the studies that the HR workforce is significantly smaller, and that more line managers are fully involved in HR management. Delegation and deregulation mean there is a greater need for HR management accountability and an expanded oversight program (see our objectives under strategic goal II). Advances in technology and the increased HR role of line managers both lead to our focus on providing HR services and modernizing Governmentwide HR data systems (see our objectives under strategic goal III). Finally, required audits of our trust funds and other financial management systems prompt the objectives established in strategic goal IV.

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## APPENDIX A: A CLOSER LOOK AT OPM

### OUR RECENT PAST

Over the past six years we have crystallized our mission, completed a major redesign of our functions and privatized two major programs: training and investigations. We have strengthened our oversight role as the custodian of the merit system and have successfully transformed a major part of employment information and staffing services to a reimbursable basis. We have steadily improved customer service in employee earned benefit programs through investment in technology.

These steps, along with more than commensurate reductions in administrative services, have allowed us to succeed with greatly reduced resources and to transform service delivery to our customers. We centralized agency administrative functions to make better use of technology and automation and eliminated all of our regional headquarters, while preserving nationwide service delivery. We have reduced our FTE level from the FY 1993 baseline of 6,208 when we began our downsizing effort to 2,984 in FY 1999, a cumulative reduction of 3,224 FTE. This 52% decrease is a far greater reduction than that of any other Federal agency.

### OUR CURRENT ROLE

Federal human resources management is in the midst of dramatic changes. We have reduced regulatory restrictions on taking personnel actions and have delegated extensive personnel authority to agencies. At the same time, the number of personnel specialists in the Government has been reduced sharply, causing agencies to automate, centralize, contract out, or find other solutions to service delivery problems.

With our encouragement, agencies are delegating many personnel authorities to line managers, and the work of human resources professionals is shifting from processing actions to advising managers on how to make the best use of their human resources to accomplish their mission.

As these changes occur, our role has turned increasingly to working with agencies to ensure that managers exercise their delegated authorities properly and effectively. Merit principles dictate that Federal agencies invest taxpayers' money only in employees who are most likely to do a good job, and that decisions about employment, pay, performance, etc. are objective, job-related and fair.

In carrying out our functions, we rely heavily on our expert staff, cutting-edge technology and unique Governmentwide information systems. We operate through a close partnership with agencies, particularly in considering and resolving issues through the Human Resources Management out of Federal Personnel Directors, and in consultation with the President's Management Council.

### **More specifically, we at the Office of Personnel Management:**

**help set human resources rules with agencies' involvement.** Human resources laws usually require us to issue implementing regulations. Where there is legal flexibility, we strive for an approach that best helps agencies accomplish their missions, relying heavily on advice from those agencies. We

want to make sure that our regulations and oversight activity keep agencies in compliance with law, but also avoid unnecessary constraints on managers. We act as a partner with the Office of Management and Budget in reviewing legislative proposals affecting human resources management and in proposing legislative and executive initiatives to the President after consulting with agencies and other stakeholders. We participate in litigation before courts and administrative adjudicatory bodies on significant issues of civil service law.

**protect the merit system and veterans' rights through oversight.** We assess agencies' effectiveness in human resources management at the Governmentwide, agency and installation levels. The information gathered is used for policy development and for ensuring compliance with both the merit principles and personnel laws and regulations. Data we gather enhances agency capability for self-evaluation and assists agencies in operating personnel programs that effectively support mission accomplishment. We certify agency delegated examining units and evaluate their compliance. We also review personnel systems outside the competitive service to determine whether their adherence to merit principles warrants an agreement allowing the interchange of employees between these systems and the competitive service without further examination. Veterans' rights are an integral part of the merit-based personnel system that we protect.

**help agencies recruit instantly and nationwide.** On behalf of all agencies, we administer a Governmentwide, computerized listing of all job vacancies in the competitive service currently open to outside applicants, plus many vacancies that are outside the competitive service. This listing allows agencies to quickly reach a wide range of potential employees and provides for open competition from all segments of society. Job seekers find it easy to learn about job openings 24 hours a day, 7 days a week, through the Internet, touch-screen kiosks in agencies, colleges and universities, and by touch-tone telephone.

**support agencies in merit-based candidate assessment and hiring.** Roughly three-fourths of the 1.8 million non-Postal civil servants are in the competitive service, which means their selection is guided by the merit principles and procedures we administer. These procedures are based on the validity and objectivity of selection criteria as well as laws that ensure that all receive equal opportunity, while granting selection preference to certain veterans based on their service. Our examining experts continue to develop a wide range of assessment instruments for agencies' use. We provide examining policy advice and assistance, as well as direct reimbursable services to agencies for recruitment, candidate evaluation and application processing.

**support agencies in workforce restructuring.** The Federal Government is in a period of profound change, driven by the forces of improved management and reduced budgets. Agencies are responding through workforce restructuring, involving often significant organizational redesign and staff reductions. We work closely with agencies to ensure they can effectively restructure while maintaining needed skills, quality and diversity in the workforce. Our expert staff set policy, provide guidance and administer the Federal programs for reductions in force, separation incentives and early retirement, and provide advice on internal reorganization and career transition initiatives. We also provide direct reimbursable services in these areas.

**ensure the suitability of Federal employees and provide for personnel investigations.** We set and communicate Governmentwide investigations policy for the Federal personnel security program, ensure the suitability of Federal employees, and carry out on-site inspections to make sure agencies are following established policies. We also provide, on a reimbursable basis through a contractor, personnel investigations relating to suitability and security.

**promote executive leadership for a results-oriented Government.** Without exceptional leaders who can lead and motivate people, build coalitions and partnerships, and deliver quality services, the Government would not be able to serve the American people effectively. We provide leadership and services to help agencies select, develop and manage strong, results-oriented executives who have a broad corporate perspective and a commitment to public service. Our services include administering executive and management development programs through three interagency residential training centers: the Executive Institute in Charlottesville, VA, and the Management Development Centers in Shephardstown, WV, and Denver, CO.

**provide Governmentwide human resources development leadership.** We administer the Government Employees Training Act and are responsible for promoting effective agency training programs. Because the Federal workforce has become predominately knowledge based, strategic agency investments in education and training are critical to mission accomplishment. We are promoting learning as a performance improvement tool; exploring innovative technologies for training delivery; considering new approaches to support learning, such as individual learning accounts; and supporting and collaborating with interagency groups to make effective use of learning technology and other methods to enhance workforce skills. We also provide assistance to Federal agencies through a multi-million dollar contract-based Training and Management Assistance program designed to improve human resources management.

**operate the nation's largest retirement programs.** We administer the Civil Service Retirement System and the Federal Employees' Retirement System, which together cover more than 5 million active and retired Federal employees from all agencies and disburse more than \$40 billion each year in earned retirement benefits.

**manage employee health and life insurance programs.** We set the standards for, contract with, and oversee the performance of benefit providers under the Federal Employees Group Life Insurance and the Federal Employees Health Benefits programs. These highly regarded programs serve more than 10 million customers (active Federal employees, retirees and covered family members) in all agencies.

**administer the system for setting Federal compensation.** In setting compensation, the Government does what most other large employers do. Agencies look at the duties of a job to determine the right occupation and level (job classification); refer to documentation of what other employers pay for that work, the relative value of the work within the organization, and what the agency is able to pay (the pay scale); and then adjust pay over time, based on the employee's contribution. We do the research and set the standards for classifying jobs and participate with others in establishing the pay scales for a variety of pay systems. These pay scales are adjusted to account for labor markets and to address recruitment and retention problems. Similarly, to recruit and retain the optimum

workforce, we develop benefits packages, including leave, insurance and retirement, that not only seek to match the value of non-Federal sector benefits, but also to serve as national models for other employers.

**provide tools for effective employee performance management.** We have a leadership role in promoting effective performance management and ensuring that individual accountability is established and maintained throughout the Federal workforce. We set guidelines for evaluating, developing and rewarding employee performance that leave agencies free to design and use appraisal, training and awards approaches that suit them best. We also provide models and technical assistance for planning, measuring, developing and rewarding performance at the individual, group and organizational levels. In addition, we provide agencies and managers with guidance and assistance about how to identify and correct performance problems in accordance with requirements to assure that employees are treated fairly.

**take the lead in Government labor and employee relations.** We are an advisor and consultant to agency officials in developing effective labor-management relations, employee relations practices and family-friendly workplaces that contribute to mission accomplishment. We are the single clearinghouse for Governmentwide information on best practices, innovations, data trends and other information in these areas. We help agencies work effectively with Federal labor organizations that represent 1.1 million Federal employees. We consult with labor organizations and agency managers and labor-relations officials on Governmentwide rules, regulations and directives affecting conditions of employment. In cooperation with the National Partnership Council, we champion collaborative labor-management relationships that promote improved performance, results and service to the public. In addition, we provide leadership for agency employee relations activities that cover employee discipline, employee assistance, employee health, workplace violence and work and family programs.

**enhance the ability of Federal employees to balance work and family responsibilities.** We maintain the Family Friendly Workplace Advocacy Office which is designed to serve as the Governmentwide, central point for employees and agency staff to contact for information regarding family-friendly initiatives, laws and regulations. This office supports and promotes many initiatives, including childcare, eldercare and telecommuting.

**enhance and administer the Federal Government's family friendly leave programs.** We take a leadership role in developing and administering the Governmentwide family friendly leave programs (i.e., family and medical leave; sick leave for family care, bereavement and adoption purposes; annual leave for personal needs; and the leave transfer and leave bank programs). The family friendly leave programs are a model to all employers and demonstrate the Federal Government's recognition of the importance of family responsibilities and commitment to assisting Federal employees in balancing their work and family responsibilities. We are recognized as an innovator in developing and administering leave programs that foster goodwill and create a more compassionate workplace, resulting in a more productive workforce.

**advance Governmentwide automation of human resources management systems.** We have a crucial interest in ensuring that agencies are able to make the best and most cost-effective use of automation to achieve human resources management objectives. To this end, we lead the interagency

Human Resources Technology Council, which is responsible for crafting a long-term strategic vision and goals for using information technology in human resources management Governmentwide. The Council promotes cooperatively developed systems and operations to solve common problems and prevent costly duplication of efforts, as advocated by the Clinger-Cohen Act of 1996.

**manage a comprehensive workforce information system.** We set the standards for information that goes into employees' Official Personnel Folders at agencies, we retain ownership of those records, and we provide instructions for release of personnel data under the Freedom of Information Act and the Privacy Act. We also collect and electronically maintain employee data in a Central Personnel Data File to support and improve Federal personnel management decisions. In addition, we are required by law to gather, analyze and maintain statistical data on the diversity of the Federal workforce, and to prepare evaluation reports to Congress.

**seek improvement through innovative human resources management projects.** We work with other Federal agencies on demonstration projects and alternative personnel systems to explore better and simpler ways to manage Federal personnel. We also conduct studies and learn from the research of others.

## **OUR LEGAL AUTHORITY**

The President has authority, provided by the Constitution and by specific laws, to oversee the personnel management functions of the Executive branch and of agencies outside the Executive branch that employ persons in the competitive service. By law (5 U.S.C. 1104), "the President may delegate, in whole or in part, authority for personnel management functions, including authority for competitive examinations, to the Director of the Office of Personnel Management." That law also provides that the Director of OPM may delegate some or most of those functions to agencies and establish standards for their conduct. Other laws have given additional personnel management authority directly to the Director of OPM.

The Civil Service Act of 1883 established the Civil Service Commission in response to scandals over giving Government jobs as rewards for political service. Even then, however, a major goal was to improve the quality of the Nation's civil service. Other countries had already established high quality benchmarks by hiring civil servants on the basis of merit, often determined by education or a written test.

For nearly 100 years, the United States Civil Service Commission evolved in ways that strengthened its hand in improving the management of the Executive branch. The Civil Service Reform Act of 1978 continued that evolution by transferring personnel management responsibilities to a new Office of Personnel Management that was more directly accountable to the President. Implementing that change were Executive Order 12107 of December 28, 1978, and Reorganization Plan No. 2 of 1978 (5 U.S.C. App.), effective January 1, 1979.

Over the years, many other laws embraced developments in private sector personnel practices and showed a continuing public interest in fairness and efficiency for the civil service. A partial listing of those laws gives some sense of the range of our responsibilities: Retirement Act (1920), Classification

Acts (1923, 1949), Veterans' Preference Act (1944, including procedures for reductions in force and adverse actions, and establishing a "rule of 3" to limit hiring only to top candidates), Annual and Sick Leave Act (1951), Incentive Awards Act (1954), Group Life Insurance Act (1954), Government Employees Training Act (1958), Health Benefits Act (1959), Federal Salary Reform Act (1962), Civil Rights Act (1964), Federal Employee Pay Comparability Acts (1970, 1990), Intergovernmental Personnel Act (1971), Equal Employment Opportunity Act (1972), Social Security Reform Act (1983), Federal Employees Retirement System Act (1986), Whistle Blower Protection Act (1989), Federal Employees Family Friendly Leave Act (1994), Uniformed Services Employment and Reemployment Rights Act (1994), Veterans Employment Opportunities Act (1998), and continuing provisions placed in annual appropriations acts.

Presidents have also issued key Executive orders on personnel matters, such as those broadening the scope of the competitive service and establishing personnel offices in departments and agencies (E.O. 7916, 1938); establishing the personnel security program (E.O. 10450, 1953); permitting collective bargaining (E.O. 10988, 1962); defining responsibilities for employee training (E.O. 11348, 1967); setting out rights and responsibilities in collective bargaining (E.O. 11491, 1969); establishing labor-management partnerships (E.O. 12871, 1993), and prohibiting discrimination based upon sexual orientation (E.O. 13160, 1999) and status as a parent (E.O. 13152, 2000).

All of these laws and executive orders explicitly support the activities described in our goals and objectives. In the aggregate, they give us responsibility to serve the public by providing human resources management leadership and high quality services based on merit principles, in partnership with Federal agencies and employees.

At the core of Federal personnel law are these merit system principles, found in 5 U.S.C. 2301(b):

- (1) *Recruitment should be from qualified individuals from appropriate sources in an endeavor to achieve a work force from all segments of society, and selection and advancement should be determined solely on the basis of relative ability, knowledge and skills, after fair and open competition which assures that all receive equal opportunity.*
- (2) *All employees and applicants for employment should receive fair and equitable treatment in all aspects of personnel management without regard to political affiliation, race, color, religion, national origin, sex, marital status, age, or handicapping condition, and with proper regard for their privacy and constitutional rights.*
- (3) *Equal pay should be provided for work of equal value, with appropriate consideration of both national and local rates paid by employers in the private sector, and appropriate incentives and recognition should be provided for excellence in performance.*
- (4) *All employees should maintain high standards of integrity, conduct and concern for the public interest.*

- (5) *The Federal work force should be used efficiently and effectively.*
- (6) *Employees should be retained on the basis of the adequacy of their performance, inadequate performance should be corrected, and employees should be separated who cannot or will not improve their performance to meet required standards.*
- (7) *Employees should be provided effective education and training in cases in which such education and training would result in better organizational and individual performance.*
- (8) *Employees should be—*
- (A) *protected against arbitrary action, personal favoritism, or coercion for partisan political purposes, and*
  - (B) *prohibited from using their official authority or influence for the purpose of interfering with or affecting the result of an election or a nomination for election.*
- (9) *Employees should be protected against reprisal for the lawful disclosure of information which the employees reasonably believe evidences—*
- (A) *a violation of any law, rule, or regulation, or*
  - (B) *mismanagement, a gross waste of funds, an abuse of authority, or a substantial and specific danger to public health or safety.*

## **APPENDIX B: PERTINENT EVALUATION STUDIES**

### MERIT SYSTEMS PROTECTION BOARD (MSPB)

"THE ROLE OF DELEGATED EXAMINING UNITS: HIRING NEW EMPLOYEES IN A DECENTRALIZED CIVIL SERVICE" (AUGUST 1999)

"FEDERAL SUPERVISORS AND POOR PERFORMERS," THE SECOND IN A SERIES WHICH LOOKS AT HUMAN RESOURCES ISSUES IN THE FEDERAL GOVERNMENT (JULY 1999)

"FEDERAL SUPERVISORS AND POOR PERFORMERS," THE SECOND IN A SERIES WHICH LOOKS AT HUMAN RESOURCES ISSUES IN THE FEDERAL GOVERNMENT (JULY 1999)

OFFICE OF POLICY AND EVALUATION "CUSTOMER SURVEY" (JUNE 1999)

"CIVIL SERVICE EVALUATION: THE EVOLVING ROLE OF THE U.S. OFFICE OF PERSONNEL MANAGEMENT" (JULY 1998)

"FEDERAL SUPERVISORS AND STRATEGIC HUMAN RESOURCES MANAGEMENT" (JUNE 1998)

"THE CHANGING FEDERAL WORKPLACE: EMPLOYEE PERSPECTIVES" (MARCH 1998)

"ADHERENCE TO THE MERIT PRINCIPLES IN THE WORKPLACE: FEDERAL EMPLOYEES' VIEWS" (SEPTEMBER 1997)

"ACHIEVING A REPRESENTATIVE FEDERAL WORKFORCE: ADDRESSING THE BARRIERS TO HISPANIC PARTICIPATION" (SEPTEMBER 1997)

"FAIR AND EQUITABLE TREATMENT: A PROGRESS REPORT ON MINORITY EMPLOYMENT IN THE FEDERAL GOVERNMENT" (AUGUST 1996)

"THE RULE OF THREE IN FEDERAL HIRING: BOON OR BANE?" (DECEMBER 1995)

"SEXUAL HARASSMENT IN THE FEDERAL WORKPLACE: TRENDS, PROGRESS, CONTINUING CHALLENGES" (NOVEMBER 1995)

"REMOVING POOR PERFORMERS IN THE FEDERAL SERVICE: AN ISSUE PAPER" (SEPTEMBER 1995)

"LEADERSHIP FOR CHANGE: HUMAN RESOURCE DEVELOPMENT IN THE FEDERAL GOVERNMENT" (JULY 1995)

"TEMPORARY FEDERAL EMPLOYMENT: IN SEARCH OF FLEXIBILITY AND FAIRNESS" (SEPTEMBER 1994)

"WORKING FOR AMERICA: AN UPDATE" (JULY 1994)

OPM INSPECTOR GENERAL

ALL REPORTS

OFFICE OF MERIT SYSTEMS OVERSIGHT AND EFFECTIVENESS (OMSOE/OPM)

"THE HR WORKFORCE CRISIS: MEETING THE CHALLENGE OF CHANGE: AN OCCUPATION IN TRANSITION PART III" (DECEMBER 1999)

"STRATEGIC HUMAN RESOURCES MANAGEMENT: ALIGNING WITH THE MISSION" (SEPTEMBER 1999)

"LOOKING TO THE FUTURE: HUMAN RESOURCES COMPETENCIES: AN OCCUPATION IN TRANSITION PART II" (JULY 1999)

"FEDERAL HUMAN RESOURCES EMPLOYMENT TRENDS: AN OCCUPATION IN TRANSITION PART I" (MAY 1999)

"OPPORTUNITY LOST: OPENNESS IN THE EMPLOYMENT PROCESS" (APRIL 1999)

"POOR PERFORMERS IN GOVERNMENT: A QUEST FOR THE TRUE STORY" (JANUARY 1999)

"HUMAN RESOURCES MANAGEMENT ACCOUNTABILITY SYSTEM DEVELOPMENT GUIDE" (DECEMBER 1998)

"HUMAN RESOURCES MANAGEMENT POLICIES AND PRACTICES IN TITLE 5-EXEMPT ORGANIZATIONS" (AUGUST 1998)

"INCENTIVE AWARDS STUDY" (AUGUST 1998)

"DOWNSIZING IN THE FEDERAL GOVERNMENT" (AUGUST 1998)

"DEREGULATION AND DELEGATION OF HUMAN RESOURCES MANAGEMENT IN THE FEDERAL GOVERNMENT" (JULY 1998)

DOD S&T REINVENTION LABORATORY DEMONSTRATION PROGRAM - STATUS REPORT (JUNE 1998)

USDA DEMONSTRATION PROJECT PROGRAM - SUMMATIVE EVALUATION REPORT (MAY 1998)

"APPROPRIATENESS OF NON-TECHNICAL TRAINING" (JANUARY 1998)

"WORKERS COMPENSATION - ADMINISTRATION LABORATORY SITE STUDY" (JANUARY 1998)

NATIONAL INSTITUTE OF STANDARDS AND TECHNOLOGY DEMO PROJECT - SUMMATIVE REPORT  
1988 - 1995 (JUNE 97)

“HUMAN RESOURCES MANAGEMENT ACCOUNTABILITY IN FEDERAL AGENCIES: CURRENT EFFORTS  
AND FUTURE DIRECTIONS” (JANUARY 1997)

NATIONAL ACADEMY OF PUBLIC ADMINISTRATION (NAPA)

“NEW OPTIONS, NEW TALENT: THE GOVERNMENT GUIDE TO THE FLEXIBLE WORKFORCE” (AUGUST  
1998)

“ALTERNATIVE SERVICE DELIVERY: A VIABLE STRATEGY FOR FEDERAL GOVERNMENT HUMAN  
RESOURCES MANAGEMENT” (NOVEMBER 97)

“NEW TIMES, NEW COMPETENCIES, NEW PROFESSIONALS - A GUIDE FOR IMPLEMENTING A  
COMPETENCY MODEL FOR HR PROFESSIONALS: A STRATEGY FOR BECOMING A HIGH PERFORMANCE  
ORGANIZATION” (OCTOBER 1997)

“MANAGING SUCCESSION AND DEVELOPING LEADERSHIP: GROWING THE NEXT GENERATION OF  
PUBLIC SERVICE LEADERS” (AUGUST 97)

“A GUIDE FOR EFFECTIVE STRATEGIC MANAGEMENT OF HUMAN RESOURCES” (JUNE 96)

“IMPROVING THE EFFICIENCY AND EFFECTIVENESS OF HUMAN RESOURCES SERVICES” (JUNE 96)

“A COMPETENCY MODEL FOR HUMAN RESOURCES PROFESSIONALS” (JUNE 96)

“INVESTMENT IN PRODUCTIVITY: SUCCESSFUL HUMAN RESOURCES DEVELOPMENT PRACTICES”  
(OCTOBER 96)

“PRACTICAL APPLICATIONS FOR FEDERAL AGENCIES” (NOVEMBER 96)

GENERAL ACCOUNTING OFFICE (GAO)

“RESULTS ACT: OBSERVATIONS ON THE OFFICE OF PERSONNEL MANAGEMENT’S FISCAL YEAR 2000  
ANNUAL PERFORMANCE PLAN” (JULY 30, 1999)

“SMALL BUSINESS ADMINISTRATION: REVIEW OF SELECTED PERSONNEL PRACTICES” (APRIL 23, 1999)

“YEAR 2000 COMPUTING CHALLENGE: OPM HAS MADE PROGRESS ON BUSINESS CONTINUITY  
PLANNING” (MAY 24, 1999)