

UNITED STATES OFFICE OF PERSONNEL MANAGEMENT

Summary of Performance and Financial Information

Fiscal Year 2013

a New Day for Federal Service



UNITED STATES OFFICE OF PERSONNEL MANAGEMENT
MARCH 2014

United States
of America



THE UNITED STATES OFFICE
of PERSONNEL MANAGEMENT

FISCAL YEAR 2013
SUMMARY OF PERFORMANCE AND FINANCIAL INFORMATION

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MESSAGE *from the* DIRECTOR

It is my pleasure to submit the United States Office of Personnel Management's (OPM or the Agency) FY 2013 Summary of Performance and Financial Information (SPFI). The SPFI summarizes performance information from OPM's FY 2013 Annual Performance Report and financial information from our FY 2013 Agency Financial Report. This approach improves reporting by providing a succinct and more understandable overview of OPM's use of its resources. All three documents are available on the OPM website at <http://www.opm.gov/about-us/budget-performance/performance/>. Together they provide a comprehensive assessment of OPM's performance against annual targets, performance summary, financial statements, notes on financial statements, and a report of the independent auditors.

Agency Priority Goals

Agency Priority Goals (APGs) are measurable commitments to deliver specific results for the American people. These five goals represent near-term, implementation-focused high priorities for both the Administration and OPM that can be accomplished without additional funding or new legislation, and relate directly to OPM's major performance improvement initiatives: 1) Ensure high quality Federal employees; 2) Increase health insurance choices for Americans; 3) Reduce Federal retirement processing time; 4) Maintain speed of national security background investigations; and 5) Improve performance culture in the five Goals-Engagement-Accountability-Results (GEAR) pilot agencies to inform the development of Government-wide policies.

Finance

OPM received an unqualified audit opinion on its FY 2013 consolidated financial statements from the independent public accounting (IPA) firm of KPMG LLP, for the fourteenth consecutive year. This opinion was achieved in light of unique challenges with Continuing Resolutions followed by the Joint Committee sequester. OPM's conservative approach to spending facilitated the ability to successfully operate within the budget levels required by sequestration. Along with the unqualified audit opinion, OPM can also provide unqualified assurance for its internal control over financial reporting for FY 2013. Additionally, OPM received an unqualified audit opinion on the FY 2013 individual financial statements of the Retirement, Health Benefits, and Life Insurance Programs.

Look Ahead

As the new Director of the Office of Personnel Management, I am focused on meeting the existing agency priority goals as well as a number of additional priorities. As part of our efforts to drive employee and organizational performance, we must tout the accomplishments and incredible work Federal employees do every day across the government. To deliver on that, OPM must be a champion of the Federal worker. In addition, we must recruit and retain a workforce that reflects the many varied backgrounds and perspectives of America. To do that, we need to have processes in place – from resume to retirement – that allow us to attract, onboard, train, develop, and honor the service of top talent.

Part of our mission is to provide the highest quality of service to our customers: Federal employees, agencies, retirees, and uninsured Americans. This requires strong performance management, a commitment to a results oriented culture, strategic information technology, employee engagement, and evidence-based policies. As I look ahead to the coming year, the focus on these additional priorities will enhance our efforts on the Agency Priority Goals.

Conclusion

OPM employees have the talent, creativity and dedication to produce positive and tangible results for the American people. We will continue to implement initiatives throughout the organization to improve the performance of our programs and the accountability of our employees. Only by focusing on measured results and diligent oversight of the agency's financial resources can we further our ability to meet the unique human resource challenges of the Federal government and ensure a world-class 21st Century civilian workforce for Federal employees, retirees, OPM partners, and most importantly the American people whom we serve.



Katherine Archuleta

Director

March 31, 2014

Introduction

OPM is the central human resources agency for the Federal government. Its mission is to “Recruit, Retain and Honor a World-Class Workforce to Serve the American People.” To carry out this mission, OPM provides human resource advice and leadership to Federal agencies, supports these with human resource policies, holds agencies accountable for their human resource practices, and upholds the merit system principles. Additionally, OPM delivers human resource products and services to agencies on a reimbursable basis, including personnel investigations, leadership development and training, staffing and recruiting assistance, supporting organizational assessments, and training and management assistance. OPM also delivers services directly to Federal employees, those seeking Federal employment, and Federal retirees and their beneficiaries.

OPM operates from its headquarters in the Theodore Roosevelt Federal Office Building at 1900 E Street, NW, Washington, D.C., 20415. OPM delivers a variety of products and services with the help of approximately 5,000 employees in D.C., its field presence in 16 locations across the country, and operating centers in Pittsburgh and Boyers, Pennsylvania; Ft. Meade, Maryland; and Macon, Georgia. OPM’s website is www.opm.gov.

About This Report

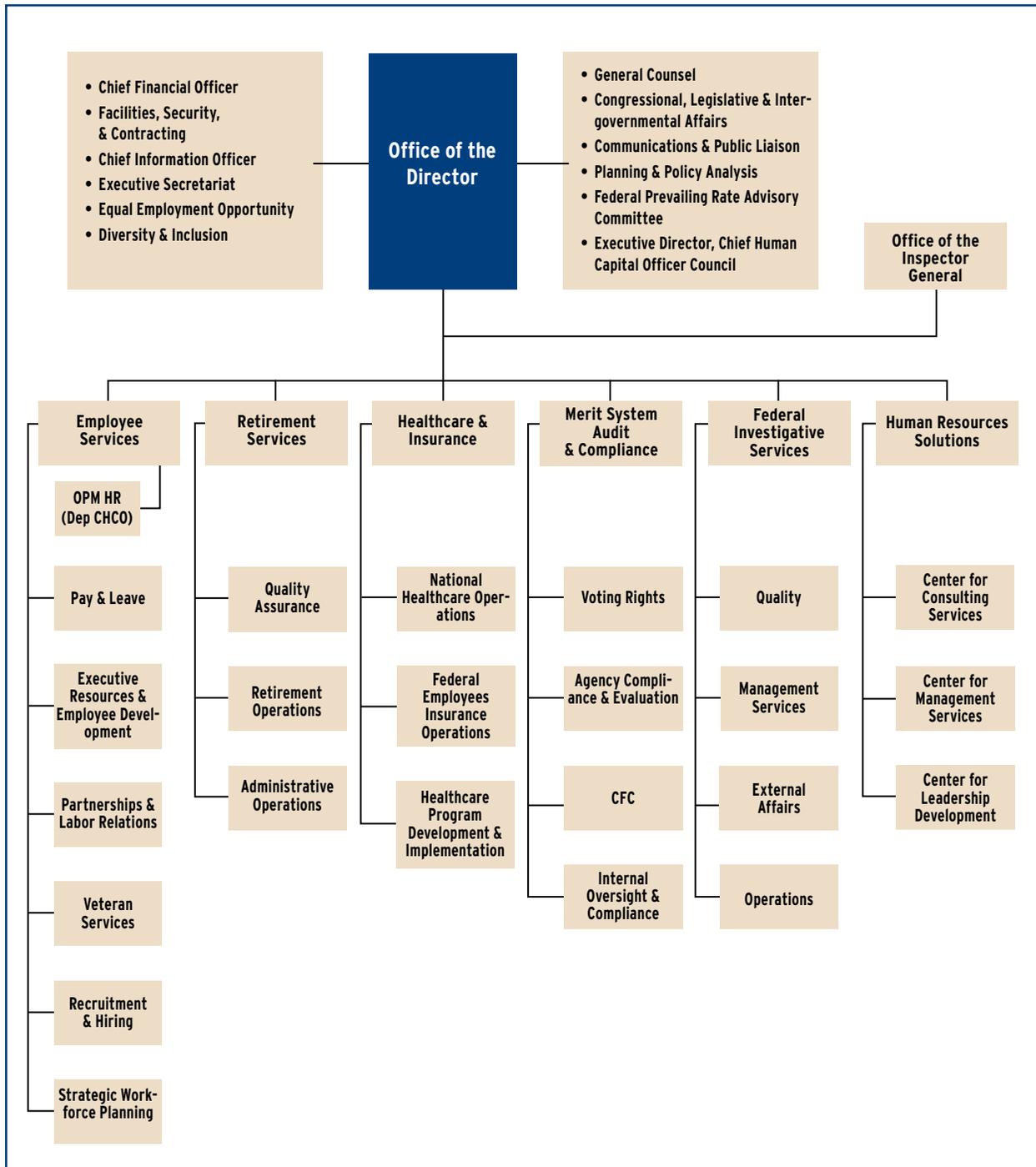
The FY 2013 SPFI is designed to be an executive summary highlighting both financial and performance results. OPM has chosen to produce the SPFI as an alternative to the consolidated Performance and Accountability Report pursuant to Office of Management and Budget (OMB) Circular A-136.

This SPFI is one in a series of reports used to convey our budget, performance, and financial information to our constituents. OPM believes this approach will improve reporting by making the information more meaningful and transparent to the public, and by providing a more succinct and understandable reporting of OPM’s use of its resources. OPM performance and financial reports can be found on the OPM website at <http://www.opm.gov/about-us/budget-performance/performance/>.

Suggestions for improving this document can be sent to the following address:

U.S. Office of Personnel Management
Budget and Performance
Room 5416
1900 E Street NW
Washington, D.C. 20415

FY 2013 Organizational Structure



Agency Priority Goals

APGs are measurable commitments to deliver specific results for the American people. An APG is a near-term result or achievement that the Administration and OPM want to accomplish by September 30, 2013 that relies on agency implementation, as opposed to budget or legislative accomplishments. These goals are highly relevant to the public and are aligned to the agencies key mission areas in order to produce significant results.

OPM's current set of APGs are the following:

- 1) Ensure high quality Federal employees
- 2) Increase health insurance choices for Americans
- 3) Reduce Federal retirement processing time
- 4) Maintain speed of national security background investigations
- 5) Improve performance culture in the five GEAR* pilot agencies to inform the development of Government-wide policies

* *GEAR is intended to be a new way to manage employee performance. The five pilot agencies are OPM, the Coast Guard, Energy, Veterans Affairs, and Housing and Urban Development departments.*

The progress OPM has made in FY 2013 to accomplish these goals is below. For more information on APGs across the Federal government, please visit the Federal government's performance website at www.performance.gov/.

Program Performance Reviews

As part of fulfilling its responsibilities under the Government Performance and Results Act (GPRA) Modernization Act of 2010, OPM is committed to conducting a program review process, which we have named OPM Performance Point. The goal of OPM Performance Point, which was initiated in October 2011, is to conduct inclusive, evidence-based reviews to evaluate agency priority goal progress, identify issues and potential solutions that will improve program performance. Performance reviews are undertaken in all program areas and occur on a rotating basis every six to seven weeks. The reviews are conducted with participation from the OPM senior management team, including the Director and all Associate Directors. Action items resulting from the reviews are recorded and tracked.

Priority Goal #1: Ensure High Quality Federal Employees

Goal Statement: By September 30, 2013, increase Federal manager satisfaction with applicant quality (as an indicator of hiring quality) from 7.7 to 8.3 on a scale of 1 to 10, while continually improving timeliness, applicant satisfaction, and other hiring process efficiency and quality measures.

Overview

President Obama's Memorandum of May 11, 2010, *Improving the Federal Recruitment and Hiring Process*, outlined the Administration's comprehensive initiative to address major, long-standing impediments to recruit and hire the best and the brightest into the Federal civilian workforce. OPM is spearheading the Government-wide initiative to reform recruiting, hiring and retention policies and procedures. The reform effort will encompass multiple years and will require sweeping changes to streamline and improve the hiring process. OPM leads the effort to ensure Federal agencies acquire, assess, and retain employees with the specific competencies necessary to achieve agencies' goals and missions.

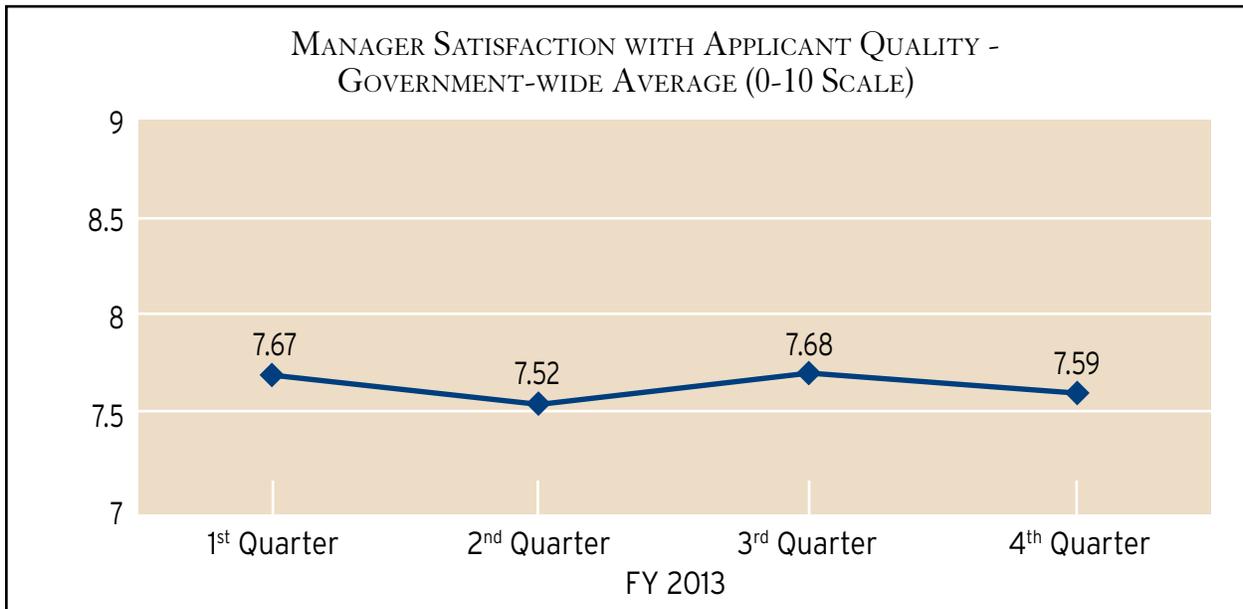
OPM continues to assist agencies in finding, hiring, and retaining the best talent possible for the Federal government. As the human resources management agency for the Government, OPM is responsible for ensuring the Federal hiring process is merit based and protects veterans' preference. However, inherent in this leadership role, OPM is also responsible for bringing forth new ideas and efficiencies to the Government's hiring system and monitoring and evaluating their effectiveness. Agencies have indicated in their Human Capital Management Reports (HCMR) that they are focusing on data from the manager satisfaction survey for improvement.

FY 2013 Progress

OPM established a FY 2013 goal of increasing Federal manager satisfaction with applicant quality (as an indicator of hiring quality) from 7.7 to 8.3 on a scale of 1 to 10, while continually improving timeliness, applicant satisfaction, and other hiring process efficiency and quality measures.

The target of 8.3 for manager satisfaction with applicant quality was not met this year. Quarterly reporting for this target yielded 7.67 for the first quarter, 7.52 for the second quarter, 7.68 for third quarter, and 7.59 for fourth quarter, therefore, resulting in an overall decline for the Government-wide manager satisfaction with applicant quality. The FY 2013 results were significantly impacted by two large agencies that experienced declining results, representing 60 percent of the total first quarter manager responses.

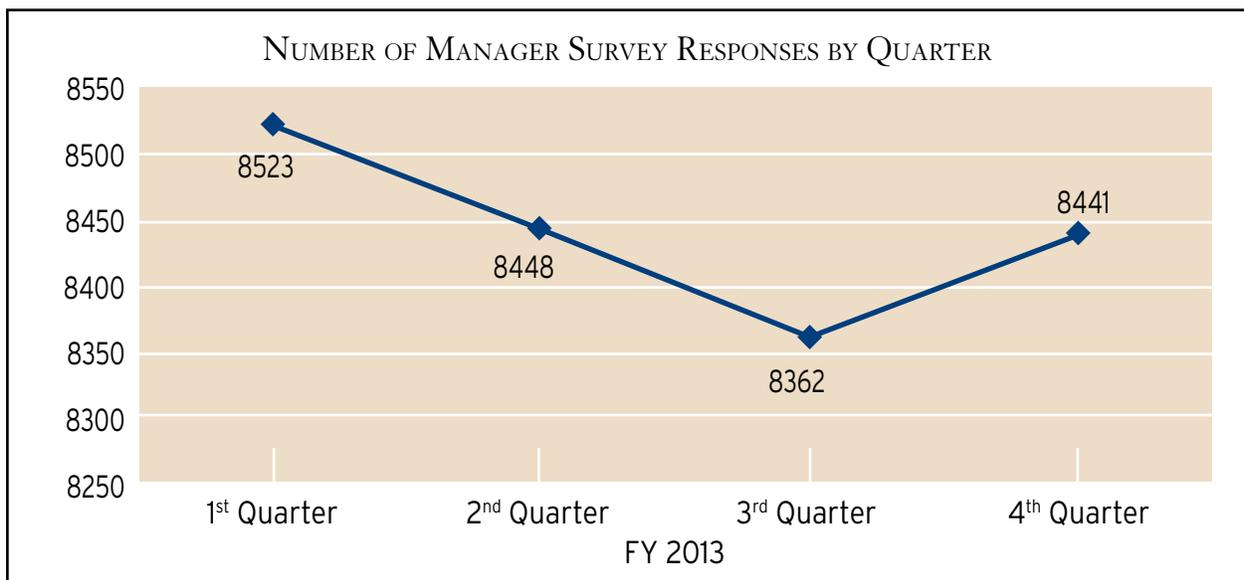
Agencies that were previously recognized as Government-wide top performers in manager satisfaction with applicant quality are now experiencing significant reductions in hiring, making it more difficult to counter the larger, lower performing agencies. The hiring lapses hiring freezes, reductions in force, and furloughs are all challenges agencies are experiencing and have impacted OPM's ability in meeting the 8.3 target.



OPM demonstrates that manager involvement in the hiring process result in those managers rating the quality of applicants higher than those who are not involved. Consequently, OPM promotes and supports agency strategies to increase managers' participation in the hiring process. OPM worked with agencies throughout fiscal year 2012 and 2013 to increase the manager response rate for the Manager Satisfaction Survey to achieve sufficient responses for analysis and decision-making. In addition, OPM facilitated a discussion between Deputy Chief Human Capital Officers (CHCO) on the barriers to managers completing the survey and the data reinforces the effectiveness of our efforts.

OPM actively encourages agencies to promote participation in the Manager Satisfaction Surveys as a means to measure whether other hiring reform measures are having the desired results. Additionally, the surveys provide important data on managers' involvement in workforce planning, recruiting, and interviewing, and collaboration with their Human Resources (HR) organization.

The number of manager responses to the Manager Satisfaction Survey in FY 2013 reached 34,000, up from 11,000 in FY 2010. The number of manager responses started with 8,523 in the first quarter and decreased to 8,441 by the fourth quarter. OPM will continue to work with agencies to improve participation and will explore how to associate manager's satisfaction with the hiring process and the quality of the hire to a specific employee, thus enabling agencies to better evaluate the hire (i.e.: did they meet expectations of the hiring manager) and identify best practices.



Priority Goal #2: Increase Health Insurance Choices for Americans

Goal Statement: By October 1, 2013 expand competition within health insurance markets by ensuring participation of at least two multi-state health plans in State Affordable Insurance Exchanges.

Overview

Under the Affordable Care Act (ACA), OPM has been designated as the agency responsible for implementing and overseeing the Multi-State Plan Program (MSPP). In accordance with the Act, OPM will contract with at least two health insurance issuers who will offer a Multi-State Plan (MSP) Option to consumers through the Health Insurance Marketplace. The law requires MSP Options be offered in at least 31 states in the first year, with coverage expanding to all 50 states and the District of Columbia by year four.

Each MSP Option will be one of several health insurance plan options which individuals and small business employers will be able to choose on the Affordable Insurance Exchange (i.e., Marketplace) in every state. Marketplaces are expected to provide health insurance coverage for as many as 27 million Americans. The initial enrollment period to purchase health insurance in the Marketplace began October 1, 2013, and coverage for those who enrolled by December 15 will become effective on January 1, 2014.

A MSP Option is a new type of health insurance plan that has never been offered before in the private insurance market or through public programs. As a general rule, MSP Options are subject to the same state and federal laws and regulations as are the qualified health plans that will also be offered through the Marketplace. Though MSP Options must generally go through the state's form and rate filing procedures, all MSP Options will be certified

by OPM, and they will not have to apply separately to each state for certification to offer coverage in that state's Marketplace.

Some states are establishing and operating their own health insurance Marketplace. Other states have chosen not to create their own Marketplace but will be serviced by the Federally Facilitated Marketplace operated by the HHS. OPM is implementing the MSPP during the same time period that Marketplaces are being established, both by individual States and by HHS.

FY 2013 Progress

OPM established a FY 2013 goal of expanding competition within health insurance markets by ensuring participation of at least two multi-state health plans in State Affordable Insurance Exchanges.

The target of ensuring participation of at least two multi-state health plans in State Affordable Insurance Exchanges is being characterized as partially met. OPM signed a contract with the Blue Cross and Blue Shield Association (BCBSA) on September 12, 2013. BCBSA signed on behalf of several of its local plans to offer MSP Options in 31 states. Although OPM technically completed the goal, because the agency entered a contract with more than one issuer (i.e., with multiple Blue Cross and Blue Shield (BCBS) issuers), OPM is recognizing partial completion to acknowledge the success of the signed contract and also the agency's aim to enter a contract with at least another non-BCBS issuer in order to increase Marketplace competition.

OPM published rules in the Federal Register which explained to consumer groups and health insurance issuers how the MSPP would operate this fiscal year. The MSPP Notice of Proposed Rule Making (NPRM) was published in the Federal Register from December 5, 2012 to January 4, 2013. A total of 358 public comments were received. On March 11, 2013, the MSPP final regulation was published in the Federal Register. The final regulation established the guidelines for phased expansion of the MSPP to all 50 states, the policy on fraud and abuse prevention, and provided details on how enrollees will file an appeal if their health plan denies their claim to pay for a medical procedure.

OPM developed new technology this fiscal year to collect, review, and certify that all rates and benefits offered by each MSP Option are in compliance with applicable state and federal laws. Health insurance issuers must use this new technology to submit their plan (i.e., bronze, silver, gold, and/or platinum plan) and benefit data to OPM for consideration as a MSP Option. After an issuer is certified to be a MSP Option, OPM transmits the rate and benefit data to the Health Insurance Oversight System (HIOS), System Electronic Rate Filing Form (SERFF), and to State-Based Marketplaces. More than 150 MSP Options available this year can be found on all types of Marketplaces—Federally facilitated, Partnership, and State-Based Marketplaces.

For each MSP Option, OPM reviewed its network of pharmacies, hospitals and medical providers. Once again, OPM developed new technology, and the technology was used to assess network adequacy.

Throughout this fiscal year, OPM hosted numerous outreach events to inform employees and stakeholders about the MSPP and Marketplace roll out. OPM staff met with healthcare policy experts, issuers, and auditors at the 2013 Federal Employees Health Benefits (FEHB) Program Carrier Conference on March 21-22, 2013. MSPP presentations were given to the National Association of Insurance Commissioners (NAIC), Tribal Self-Governance Advisory Committee (TSGAC), National Governors Association (NGA), National Conference of Insurance Legislators (NCOIL), and minority and small business groups. In addition, forums were hosted for the Chief Human Capital Officers Council (CHCOC) and benefit officers from other agencies. Lastly, a relationship was established with each state's Department of Insurance (DOI), and also with the specific office in those states operating their own online health information and insurance comparison tool, to coordinate MSPP roll out across the United States.

In addition to standing up the MSPP, OPM implemented a provision of the ACA that required Members of Congress and some of their staff to purchase health insurance through the Marketplace. OPM also developed

rules on how Congressional employees would obtain health insurance through the Marketplace and, along with the DC Health Link and House and Senate administrative offices, OPM led the implementation of this provision. The final regulation was published on October 2, 2013, and it was fully implemented by November 11, 2013, the beginning of open season for the Federal Employee's Health Benefit Program (FEHBP). Finally, OPM hosted briefings with Members of Congress and their staffs to explain the Marketplace enrollment process.

Priority Goal #3: Reduce Federal Retirement Processing Time

Goal Statement: By July 31, 2013, Retirement Services (RS) will have eliminated its case backlog so that 90 percent of all claims will be adjudicated within 60 days.

Overview

The Office of Personnel Management (OPM) is responsible for the administration of the Federal Retirement Program covering over 2.7 million active employees and 2.5 million annuitants. This responsibility is shared with agency partners who counsel their employees and administer the initial retirement application process, and submit the employee's application, with all supporting documentation, to OPM's RS organization. Because some of the information contained in retirement applications is payroll data, this process is coordinated with Payroll Shared Service Centers (SSC), with whom agencies contract to provide payroll services. When the records submitted by the agencies and the SSCs are accurate and complete, processing is much faster. However, when data elements are missing, OPM must request the documentation necessary to process the request—a significant time and labor burden, contributing to OPM's current inventory. In order to reduce the inventory within 18 months so that all but the most complex retirement cases are processed within 60 days, OPM focused on the following four pillars: People; Productivity and Process Improvement; Partnerships with Agencies; and Partial, Progressive IT Improvements.

FY 2013 Progress

OPM established a FY 2013 goal of Retirement Services eliminating its case backlog to facilitate 90 percent of all claims being adjudicated within 60 days.

The target of adjudicating 90 percent of all claims within 60 days was not met. Between January and March of 2013, OPM processed the highest number of cases since the Strategic Plan was implemented. At this point OPM was on track to eliminate the pending case inventory as described in the Strategic Plan as case processing significantly increased. However, two occurrences beyond OPM's control prevented OPM from achieving our target processing time of 60 days and the July 31st date for the elimination of the backlog. First, Voluntary Early Retirement Authority (VERA) and Voluntary Separation Incentive Program (VSIP) offered by the U.S. Postal Service (USPS) added over 20,000 cases to the workload. Second, funding reductions due to sequestration required OPM to stop all overtime work on retirement processing in April of 2013, reducing our processing capacity. Reduced funding also caused a reduction in call center hours, which impacted customer service. By the end of the 2013 fiscal year, we were able to invest some additional funds in limited overtime, and starting in 2014, overtime and the call center capacity were restored to regular operations.

The elimination of overtime and surge of retirement claims significantly impacted RS' ability to meet the FY 2013 Agency Priority Goal. RS, however, remains committed to processing 90 percent of claims within 60 days, starting in July 2014. It has been integrated into the FY 2014-2015 Agency Priority Goal strategy.

The following bullets outline OPM's progress in FY 2013 as aligned with the RS Strategic Plan.

Progress Update

- Reduced the retirement claims inventory to 17,719 at the end of FY 2013. This is a reduction of 71 percent when compared with the 61,108 cases in the claims inventory at the release of the RS Strategic Plan in January of 2012.
- Answered 82 percent of incoming calls (FY 2013 target was 82 percent).
- Processed Interim Payments in an average of 5 days in FY 2013.

People

- Hired 23 Legal Administrative Specialists (LAS)
- Hired 23 Customer Service Representative (CSR) temps for the year-end surge and Postal Early Out.
- Cross-trained 25 CSRs to handle interim pay surge related to Postal Early Out and year-end surge.
- Assembled Tiger Teams for year-end surge and Postal Early Out. Tiger Teams consisted of subject matter experts brought together to focus on improving specific aspects of an activity. The Teams finalized 14,611 claims between February and May of 2013. Surge efforts involving Tiger Teams ended on May 20, 2013.
- Trained LAS on intermediate and advanced claims to be able to process the full scope of work.
- Implemented managerial and leadership training to support continued supervisory development.

Productivity And Process Improvements

- Implemented lessons learned from the Boyers Lean Six Sigma Review. RS now uses standard checklists and a Development Cell to review and assemble complete cases before distributing them to LAS for adjudication. This allocation of work gives the LAS more time to process claims, thus increasing productivity.
- Made improvements through the Lean Six Sigma initiative, with 59 projects identified. Of those projects 90 percent were completed and 81 percent implemented. This included establishing Standard Operating Procedures related to processing, redistributing functions for greater work alignment, and implementing improved tracking mechanisms.

Partnering With Agencies

- Received 92 percent complete retirement submissions as a ratio of incomplete cases as of September 2013.
- Conducted audits on all agency retirement packages during the screening and development stage of processing. Results are entered into the Agency Audit Tracking System and reports are generated that calculate the Government-wide and individual agency accuracy rates. The percentage of new claims with errors is reported monthly on the OPM website. <http://www.opm.gov/about-us/budget-performance/strategic-plans/agency-audit-monthly-update.pdf>
- Provided two webcasts, in coordination with the Chief Human Capital Officers Council, that targeted issue areas identified through OPM's retirement case submission audit process. Three webcasts were also held to develop Agency Benefits Officers' knowledge and skill sets.
- Worked with agencies to improve the exchange of data needed to provide an interim payment prior to final adjudication. For FY 2013, the interim payment annuitants receive averages 80 percent of the final annuity payment.
- Provided continued agency outreach with the U.S. Postal Service (USPS) and the Defense Finance and Accounting Service (DFAS), to enhance services delivered to retirees.

Partial, Progressive IT Improvements

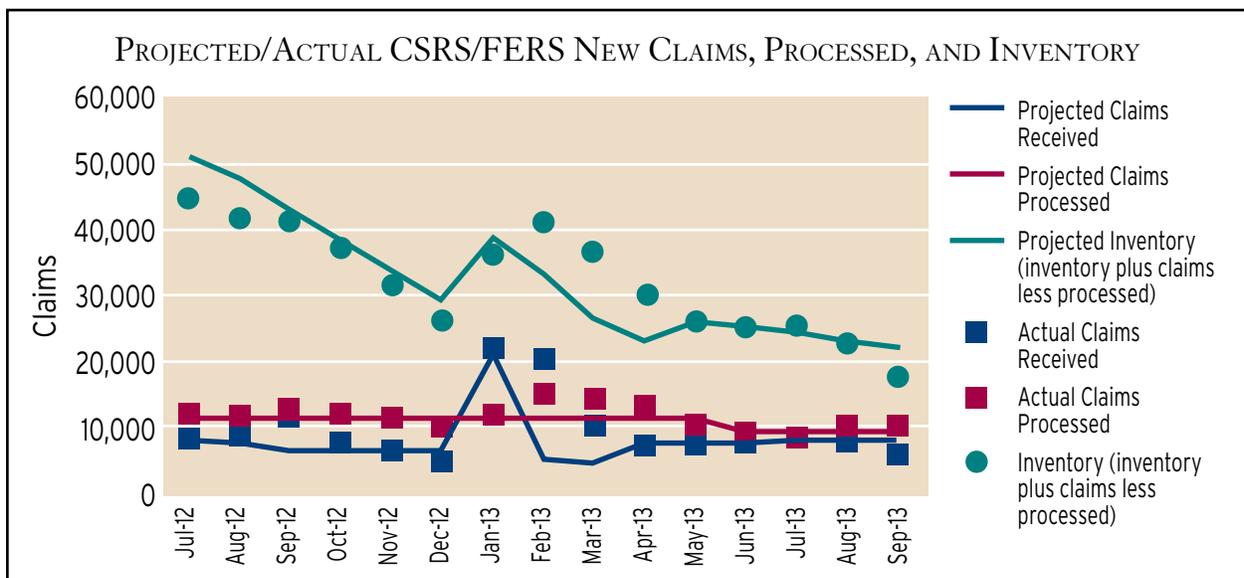
- Actively encouraged individuals to take advantage of the resources available through Services On-Line (SOL). SOL provides retirement services on demand, enabling users to accomplish a wide variety of transactions online such as viewing case status while in interim pay, updating email and/or address

information, and other retirement related activities. Users completed over 3.7 million SOL transactions between March 2013 and September 2013.

- Revamped the Retirement toll free number’s menu option to emphasize SOL and provide a simplified structure.
- Worked with agencies and Payroll providers to have retirees opt in to electronic payment, and now more than 98 percent of retirees use Electronic Funds Transfer vice paper check.
- Launched a Status Viewer for retiring employees to follow the progress of their case adjudication while in interim pay status in 2012. Since August 2012, there has been an average of 8,000 views per week using this tool.
- Made ongoing adjustments and enhancements to the retirement calculator known as the Federal Annuity Claims Expert System (FACES), consistent with legislatively mandated changes to Federal retirement programs.
- Developed the capability to send general email messages to annuitants who have registered their email address. As of August 2013, RS had approximately 360,000 annuitant email addresses for general mass messages. OPM can save around \$270,000 in avoided printing and postage costs for each notice it sends electronically if all 360,000 customers opt to receive electronic notices.

OPM remains committed to improving all areas of retirement case related production by refining and implementing Lean Six Sigma activities, training, and diverting resources to areas needing concentrated efforts to reduce the inventory. OPM closely examines the needs to hire Retirement replacement staff and to project and implement improvements through IT. RS continues to work with partner agencies to provide information to enhance the retirement experience of their employees.

Based on available resources and what we know now, OPM expects to restore extended work hours and overtime funding in FY 2014, so that we can reduce the claims inventory in pending claims to reach our goal of completing 90 percent of claims within 60 days of receipt starting in July 2014. The graph below outlines our progress in reducing the inventory as of September 2013.



Priority Goal #4: Maintain Speed of National Security Background Investigations

Goal Statement: Through September 30, 2013, maintain a 40 day or less average completion time for the fastest 90 percent of initial national security investigations.

Overview

OPM provides approximately 95 percent of the background investigations for more than 100 Federal agencies. These background investigations are used as a basis for agencies to make security clearance, suitability, or fitness determinations. To support high-volume investigative requirements, OPM manages a complex suite of automated systems, and in 2004, the year Congress passed the Intelligence Reform and Terrorism Prevention Act (IRTPA), initial clearance investigations for Top Secret clearances took an average of 392 days and all initial clearances averaged 179 days. At the end of FY 2012, 90 percent of all initial investigations took an average of 35 days to complete. While we have made significant progress on timeliness, we have maintained our focus on quality. OPM employs new quality assessment tools in our quality review processes to ensure that our background investigations meet investigation standards. In addition, OPM is engaged in an interagency Quality Assessment Working Group that we co-chair with the Department of Defense (DOD) and the Office of the Director of National Intelligence (ODNI). The working group brings together over 20 Federal agencies involved in investigations and adjudications to work to ensure consistency of background investigations across the Federal government and to standardize the evaluation of quality within the Federal government.

FY 2013 Progress

Although the priority goal of investigative timeliness is a legal mandate outlined in IRTPA, optimal investigative performance is dependent on a proper balance of quality and cost along with timeliness. FY 2013 milestones were established to support the priority goal, understanding that effective support of reciprocity policies which permit agencies to quickly accept the investigative and adjudicative work of other agencies without additional resource investments, will always provide the best value to the American taxpayer.

OPM has three ways of capturing information related to quality (Central Adjudication Facility (CAF) rework requests; OPM's web-based Quality Assessment Tool; and Adjudicator calls to OPM's quality hotline). These tools allow us to detect potential errors. OPM is also working with Office of the Director of National Intelligence (ODNI) on defining executive branch wide quality standards for background investigations and revising tools and measures to universally assess quality to standard.

In an effort to be more transparent in the way OPM establishes its pricing, Federal Investigative Services (FIS) obtained contractor support to assist with business management planning. Additionally, FIS collaborated with the Chief Financial Officer (CFO) organization in developing a cost allocation model and organizing monetary resources.

OPM's partnership with the ODNI and DOD in leading Security and Suitability Process Reforms has given the Executive Branch a roadmap to improve quality and sustain congressionally mandated timeliness standards, and OPM will continue to ensure the recommended process reforms are successfully implemented.

In FY 2013, OPM exceeded the congressionally mandated time of averaging 40 days or less for completion of 90 percent of initial national security investigations by five days, and exceeded the goal of 99 percent quality completion rate with 99.83 percent of all our investigations meeting quality standards.

Priority Goal #5: Improve Performance Culture in the Five GEAR Pilot Agencies to Inform the Development of Government-wide Policies

Goal Statement: By September 30, 2013, employee responses to the annual Employee Viewpoint Survey in each of five agencies participating in a performance culture pilot project will increase by five percent or greater on the results-oriented culture index and the conditions for employee engagement index, using 2011 survey results as the baseline.

Overview

GEAR began with the goal of improving the federal performance management system; the goal evolved into a set of recommendations for changing the performance culture of Federal agencies. By engaging front-line employees and agency managers through their labor unions and chief human capital officers (CHCO's), a working group of the National Council on Federal Labor-Management Relations and the Chief CHCO developed a report on better ways of selecting the right people for supervisory opportunities, adequately training them, and subsequently supporting them in the conduct of their supervisory responsibilities. GEAR provides ways to drive the importance of employee performance management up to the highest levels of our agencies by promoting accountability through Open Government and driving agencies' top priorities. These are the five broad recommendations of GEAR:

- Articulate a high performance culture
- Align employee performance management with organizational performance management
- Implement accountability at all levels
- Create a culture of engagement
- Improve the assessment, selection, development, and training of supervisors

OPM is the lead on a test of the GEAR system underway at five agencies: OPM, the U.S. Coast Guard, and the Departments of Energy (DOE), Veterans Affairs (VA), and Housing and Urban Development (HUD).

FY 2013 Progress

OPM established a FY 2013 goal of increasing employee responses to the annual Employee Viewpoint Survey by five percent or greater on the results-oriented culture index and the conditions for employee engagement, for participating agencies.

Overall, the 2013 responses demonstrate a significant decrease in employee satisfaction and continue last year's declines across the majority of questions, despite the tremendous strengths and dedication shown by Federal employees. In addition to continued decreases in satisfaction with pay, one of the biggest declines this year was whether employees had sufficient resources needed to get their jobs done. This descent contributed to fewer employees recommending their organizations as good places to work.

Factors such as an unprecedented 3-year pay freeze, automatic reductions from the sequester that included furloughs for hundreds of thousands of employees, and reductions in training and other areas are clearly taking their toll on the Federal workforce – and this survey was administered prior to the Government shutdown.

The target of meeting or exceeding 5 percent on the results-oriented culture index and the conditions for employee engagement was not met for any of the reported participating agencies, OPM, DOE, and HUD. Coast Guard and VA did not implement the initiative on a large enough scale throughout the organization to have meaningful metrics to report.

OPM's key indicators for this agency priority goal come from the results of the 2013 Employee Viewpoint Survey (EVS). A specific set of EVS questions or survey sub-factors make up the Performance Culture Index and the Employee Engagement Index respectively (see Appendix B for more information). These indexes measure how well agencies are engaging employees to create an effective results-oriented performance culture. Agency specific results for OPM, HUD, and DOE are shown below.

Key Indicator - Performance Culture	FY 2011 Baseline	FY 2012 Interim Result	FY 2013 Target	FY 2013 Actual
Performance Culture Index - OPM	60.20	59.40	63.21	60.00
Performance Culture Index - HUD	49.30	49.60	51.77	45.00
Performance Culture Index - DOE	52.80	53.30	55.44	52.00
Key Indicator - Employee Engagement	FY 2011 Baseline	FY 2012 Interim Result	FY 2013 Target	FY 2013 Actual
Employee Engagement Index - OPM	71.70	70.70	75.29	72.00
Employee Engagement Index - HUD	61.40	62.00	64.47	57.00
Employee Engagement Index - DOE	63.40	64.90	66.57	64.00

From FY 2011 to FY 2013, OPM had an agency priority goal to help other agencies improve their performance culture and conditions of employee engagement via implementation of recommendations known as GEAR, which stands for Goals, Engagement, Accountability and Results. The GEAR framework was developed by a broad group of stakeholders, including agencies via the CHCO Council, national labor unions and management associations via the National Council on Federal Labor-Management Relations, and OPM policy makers. GEAR is consistent with OPM's longstanding performance management regulations found at 5 CFR 430 but places emphasis on successful implementation of performance culture management practices to improve results rather than evaluating the design of a performance management system or measuring compliance with required elements of a well-designed system.

Agencies that chose to formally pilot implementation of GEAR during FY 2012 and FY 2013 fell short of their goals, as measured by the Employee Viewpoint Survey (EVS). During this turbulent period, which included a three-year pay freeze and the effects of budget sequestration, most EVS results declined. Relative to other agencies (ordinal rankings) OPM improved both performance culture and conditions of employee engagement during this period. The other full scale pilot agencies (the Department of Energy and the Department of Housing and Urban Development) also slightly improved their performance culture relative to other agencies.

In 2013, the CHCO Council convened a working group to consider next steps in GEAR implementation, and recommendations have been developed. In early 2014 the Government Accountability Office also issued a report that largely supports GEAR and recommends that OPM, the CHCO Council and individual agencies clarify their roles and responsibilities. Although GEAR is no longer an agency priority goal for OPM, the President's Second Term Management Agenda includes a goal to create a culture of excellence and engagement to improve performance. The CHCO Council is again working with the National Council on Federal Labor-Management Relations to identify successful management practices, cultural barriers and enablers of engagement, and ways to measure and provide incentives to improve employee engagement. Past efforts on GEAR will be incorporated into this work, and OPM will provide support to agencies that are seeking to implement cultural changes consistent with GEAR and performance management regulations.

OPM Top Management Challenges

On October 31, 2012, OPM's Office of the Inspector General (OIG) identified the top management challenges facing the Agency. The OIG divided the challenges into two key types:

Environmental Challenges, which result mainly from factors external to OPM and which may be long term or even permanent; and Internal Challenges, which OPM has more control over and which are likely short-term, temporary challenges. The top management challenges are shown below:

Environmental Challenges

- Strategic Human Capital;
- Federal Health Insurance Initiatives; and,
- Background Investigations.

Internal Challenges

- Information System Development;
- Information Security Governance;
- Financial Management System and Internal Controls; Revolving Fund and Salaries and Expenses Accounts;
- Stopping the Flow of Improper Payments; and,
- Retirement Claims Processing.

During FY 2013, OPM made significant strides in addressing the management challenges identified by the OIG. A detail accounting of OPM's FY 2013 actions to address the management challenges can be found in OPM's FY 2013 Agency Financial Report at <http://www.opm.gov/about-us/budget-performance/performance/2013-agency-financial-report.pdf>.

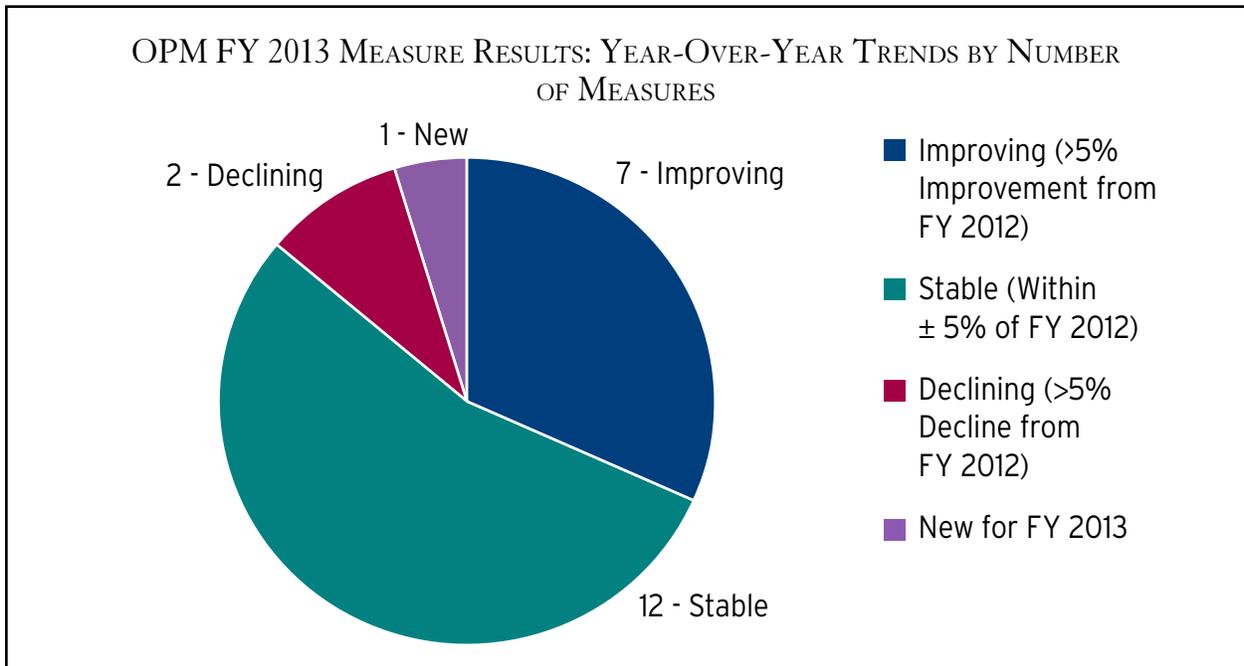
OPM's Mission and Strategic Goals

The OPM Strategic Plan 2014-2018 is the starting point for performance and accountability. The strategic plan includes the Agency's mission statement and also describes OPM's five strategic goals. These strategic goals are as shown in the table below. The strategic goals are supported by a series of implementation strategies and performance indicators to gauge progress. OPM also reviews its performance measures as part of the annual budget planning, which ensures both internal and external stakeholders understand the level of program performance expected for the resources.

OPM'S MISSION: Recruit, Retain, and Honor a World-Class Workforce to Serve the American People	
Strategic Goals	Goal Statements
Hire the Best	Recruit and hire the most talented and diverse Federal workforce possible to serve the American people
Respect the Workforce	Provide the training, benefits, and work-life balance necessary for Federal employees to succeed, prosper, and advance in their careers
Expect the Best	Ensure the Federal workforce and its leaders are fully accountable and are fairly appraised while having the tools, systems, and resources to perform at the highest levels to achieve superior results
Honor Service	Ensure comparable recognition and reward for exemplary performance of current employees and honor the careers of Federal retirees
Improve Access to Health Insurance	Develop and administer programs that provide high quality and affordable health insurance to uninsured Americans through Affordable Insurance Exchanges, uninsured Americans with pre-existing medical conditions who cannot otherwise purchase coverage, and employees of tribes or tribal organizations

FY 2013 Performance Results

Our goal at OPM is to improve performance in areas where we set targets, exceeding those targets when we can, and making tremendous progress toward them, even when the targets themselves are missed. It is not about meeting targets for their own sake, but to advance a larger purpose and usually with multiple external factors affecting prospects for success. With this perspective in mind, the figure below shows a year-over-year comparison of OPM's performance measure results.



Of the 22 measures being reported in FY 2013, there is one new measure, 20 measure results are either stable or improving, and only two results declined by more than five percent from FY 2012. Areas where OPM has improved in FY 2013 include: 1) Index score of customer satisfaction with HR Solutions products and services; 2) Percent of customers agreeing that HR Solutions products and services contribute to Government effectiveness; 3) Number of tribal enrollees in the Federal Employees Health Benefits Program; 4) Percent of agencies that meet or exceed their baseline goal for hiring veterans. OPM had two declining measures in FY 2013, however these areas were unrelated to any declining results from the previous year.

This perspective of the data should offer a level of comfort to the reader knowing that although OPM did not meet six performance targets in FY 2013, only two performance measures are in the declining category. This information will allow OPM managers to focus their efforts in the upcoming year to improve our performance in FY 2014 and beyond. The GPRM Modernization Act requires agencies to report whether they met, or are on track to meet specific targets. This information is provided in the following tables.

Summary Performance Tables by Strategic Goal

Strategic Goal #1: Hire *the Best*

Performance Measure	FY 2009 Results	FY 2010 Results	FY 2011 Results	FY 2012 Results	FY 2013 Results	FY 2013 Target	Met/ Not Met	Year-over Year Trend
For CHCO agencies, percent of applicants that respond to the Chief Human Capital Officer (CHCO) survey with a positive rating indicating satisfaction with the job application process	70%	70%	69%	70%	70%	72%	Not Met	↔ Stable
Percent of agencies that meet or exceed their baseline goal for hiring veterans	n/a	n/a	91%	83%	100%	80%	Met	↗ Improving
Percent of employees in the Federal government with targeted disabilities	n/a	0.95%	0.96%	0.99%	1.01%*	1.50%	Not Met	↔ Stable
Average number of days to complete the fastest 90 percent of initial national security investigations to meet the Intelligence Reform and Terrorism Prevention Act	n/a	39	40	36	35	40	Met	↔ Stable
Percent of investigations determined to be quality complete	n/a	n/a	n/a	n/a	99.83%	99%	Met	n/a

n/a - Not Applicable - no historical data available for this period.

*Data only available through the end of FY 2013 3rd quarter.

Strategic Goal #2: Respect *the* Workforce

Performance Measure	FY 2009 Results	FY 2010 Results	FY 2011 Results	FY 2012 Results	FY 2013 Results	FY 2013 Target	Met/ Not Met	Year-over Year Trend
Percent increase in FEHB premiums less than or equal to private sector premium increases for comparable benefits	n/a	7.3%	3.8%	3.4%	3.7%	FEHBP ≤ Private Sector	Met	↔ Stable
Percent of FEH BP enrollees satisfied vs. health industry standard	FEHBP 77% Industry 62%	FEHBP 77% Industry 63%	FEHBP 76% Industry 64%	FEHBP 78% Industry 66%	FEHBP = 79.2 Industry Standard = 65.3	FEHBP ≥ Industry Standard	Met	↔ Stable
Percent of health benefits claims processed within 30 working days	98%	99%	98%	97%	98.4%	98%	Met	↔ Stable
Average number of days to pay Federal Employees Group Life Insurance Claims	5.5	4.3	4.4	4.2	3.9	<10 day industry standard	Met	↔ Stable
Percent of Federal Long Term Care Insurance program customers satisfied with overall customer service	99%	93%	92%	91%	93.41%	90%	Met	↔ Stable
FEHBP prescription drug cost growth as a percentage of the private sector industry average.	n/a	n/a	n/a	2.2%	FEHBP-4.4% weighted average	FEHBP ≤ Industry Standard	Met	↔ Stable

n/a - Not Applicable - no historical data available for this period.

Strategic Goal #3: Expect *the* Best

Performance Measure	FY 2009 Results	FY 2010 Results	FY 2011 Results	FY 2012 Results	FY 2013 Results	FY 2013 Target	Met/ Not Met	Year-over Year Trend
Percent of delegated examining units found to have severe problems with their competitive examining programs demonstrate satisfactory level of competence or cease to operate independently within one year following completion of an audit	n/a	n/a	100%	91%	85%	85%	Met	↘ Declining
Index score of customer satisfaction with HR Solutions products and services (ACSI-Equivalent Index)	84	80	75	76	82.8	80	Met	↗ Improving
Percent of customers agreeing that HR Solutions products and services contribute to Government effectiveness	99%	93%	87%	88%	96%	90%	Met	↗ Improving
Percent of (OPM internal) jobs certificates issued within 15 days (Hiring timeframes against 80-day model standards)	n/a	75%	87%	80%	92%	80%	Met	↗ Improving
Percent of CHCO agencies having a Performance Culture Index (PCI) of 55 or more	n/a	52%	56%	48%	32%	42%	Not Met	↘ Declining

n/a - Not Applicable - no historical data available for this period.

Strategic Goal #4: Honor Service

Performance Measure	FY 2009 Results	FY 2010 Results	FY 2011 Results	FY 2012 Results	FY 2013 Results	FY 2013 Target	Met/ Not Met	Year-over Year Trend
Relative ratio of complete retirement submission versus incomplete cases	n/a	77%	82%	85%	92%	88%	Met	↗ Improving
Percent of retirement and survivor claims processed accurately	91%	94%	94%	92%	93%	95%	Not Met	↔ Stable
Average unit cost for processing retirement claims	\$81.97	\$105.94	\$107.62	\$101.89	\$91.37	\$108.29	Met	↗ Improving
Rate of improper payments in the retirement program	0.32%	0.35%	0.34 %	0.36%	0.36%	0.35%	Not Met	↔ Stable
Percent of customers satisfied with overall retirement services	85%	81%	76%	73%	76%	75%	Met	↔ Stable

n/a - Not Applicable - no historical data available for this period.

Strategic Goal #5: Improve Access to Health Insurance

Performance Measure	FY 2009 Results	FY 2010 Results	FY 2011 Results	FY 2012 Results	FY 2013 Results	FY 2013 Target	Met/ Not Met	Year-over Year Trend
Number of tribal enrollees in the Federal Employees Health Benefits Program	n/a	n/a	n/a	3,323	8,865	10,000	Not Met	↗ Improving

n/a - Not Applicable - no historical data available for this period.

FY 2013 Financial Report

In accordance with the Chief Financial Officers Act of 1990 and the Government Management Reform Act of 1994, OPM prepares consolidated financial statements, which include OPM operations, as well as the individual financial statements of the Retirement, Health Benefits, and Life Insurance Programs. These statements are audited by an independent certified public accounting firm, KPMG LLP. For the fourteenth consecutive year, OPM has earned an unqualified audit opinion on its consolidated financial statements and on the individual financial statements of the Retirement, Health Benefits, and Life Insurance Programs, respectively. These consolidated and individual financial statements are the:

- Balance Sheet (consolidated)
- Statement of Net Cost (consolidated)
- Statement of Changes in Net Position (consolidated)
- Statement of Budgetary Resources (combined)

Balance Sheet

The Balance Sheet is a representation of OPM's financial condition at the end of the fiscal year. It shows the resources OPM holds to meet its statutory requirements (Assets); the amounts it owes that will require payment from these resources (Liabilities); and, the difference between them (Net Position).

Assets

At the end of FY 2013, OPM held \$987 billion in assets, an increase of 2.7 percent from \$961 billion at the end of FY 2012. The majority of OPM's assets are intragovernmental, representing claims against other Federal entities. The Balance Sheet separately identifies intragovernmental assets from all other assets.

The largest category of assets is investments at \$836 billion, which represents 84.7 percent of all OPM assets. OPM invests all Retirement, Health Benefits, and Life Insurance Program collections not needed immediately for payment in special securities issued by the U.S. Treasury. As OPM routinely collects more money than it pays out, its investment portfolio and its total assets, in normal years, usually both grow. However, in FY 2013, as a result of the Debt Issuance Suspension Period (DISP) that began on May 20, 2013, and continued until October 17, 2013, the investment portfolio decreased by 11.4 percent, with the largest decrease for investments occurring in the Retirement Program. See Note IJ in Section 2 of the Agency Financial Report (AFR) for further information on the DISP.

In FY 2013, the Total Earned Retirement Program Revenue was less than the applicable cost applied to the Pension Liability by \$17.5 billion. When the net effect is favorable, the Retirement Program has the ability to reinvest interest earnings and apply the excess funds to the U.S. Treasury Transferred-In to subsidize the under funding of the Civil Service Retirement System (CSRS). The CSRS under funding was a total of more than \$33.0 billion for FY 2013, which combined with the DISP, resulted in a decrease in the investment portfolio of \$107.6 billion for FY 2013 from FY 2012.

Liabilities

At the end of FY 2013, OPM's total liabilities were \$2,149 billion, an increase of 4.6 percent from \$2,054 billion at the end of FY 2012. Three line items — the Pension, Post-Retirement Health Benefits, and the Actuarial Life Insurance Liabilities — account for 99.4 percent of OPM's liabilities. These liabilities reflect estimates by professional actuaries of the future cost, expressed in today's dollars, of providing benefits to participants in the future.

To compute these liabilities, the actuaries make many assumptions about the future economy and about the demographics of the future Federal employee and annuitant (retirees and their survivors) populations.

The *Pension Liability*, which represents an estimate of the future cost to provide Civil Service Retirement System (CSRS) and Federal Employment Retirement System (FERS) benefits to current employees and annuitants, is \$1,774 billion at the end of FY 2013, an increase of \$95 billion, or 5.7 percent from the end of the previous year.

The *Post-Retirement Health Benefits Liability*, which represents the future cost to provide health benefits to active employees after they retire, is \$315 billion at the end of FY 2013. This reflects a decrease of approximately \$9 billion from the amount at the end of FY 2012, or -.3 percent.

The *Actuarial Life Insurance Liability* is different from the Pension and Post-Retirement Health Benefits Liabilities. Whereas the other two are liabilities for "post-retirement" benefits only, the Actuarial Life Insurance Liability is an estimate of the future cost of life insurance benefits for both deceased annuitants and for employees who die in service. The Actuarial Life Insurance Liability increased by approximately \$.3 billion in FY 2013 to \$47 billion, or .6 percent from the end of the previous year.

Statement of Net Cost

The Statement of Net Cost (SNC) in the Federal government is different from a private-sector income statement in that the SNC reports expenses first and then subtracts the revenues that financed those expenses to arrive at a net cost.

OPM's SNC presents its cost of providing four major categories of benefits and services: Civil Service Retirement and Disability Benefits (CSRS and FERS), Health Benefits, and Life Insurance Benefits, as well as Human Resources Services. OPM derives its Net Cost by subtracting the revenues it earned from the gross costs it incurred in providing each of these benefits and services.

OPM's total FY 2013 Net Cost of Operations was \$113.0 billion, as compared with a \$142.0 billion net cost in FY 2012. The primary reasons for the decrease in net cost is due to changes in the actuarial assumptions, which offset the actual Cost of Living Adjustment (COLA) and salary increase being lower than anticipated, as further discussed in OPM's FY 2013 Agency Financial Report at <http://www.opm.gov/about-us/budget-performance/performance/2013-agency-financial-report.pdf>.

Statement of Budgetary Resources

In accordance with Federal statutes and implementing regulations, OPM may incur obligations and make payments to the extent it has budgetary resources to cover such items. The Statement of Budgetary Resources (SBR) presents the sources of OPM's budgetary resources, their status at the end of the year, obligated balances, and the relationship between its budgetary resources and the outlays it made against them.

As presented in the SBR, a total of \$232.6 billion in budgetary resources was available to OPM for FY 2013. OPM's budgetary resources in FY 2013 included \$59.4 billion (25.6 percent) carried over from FY 2012, plus three major additional sources:

- Appropriations Received = \$44.2 billion (19.0 percent)
- Trust Fund receipts of \$93.4 billion, less \$15.9 billion* not available = \$77.5 billion (33.3 percent)
- Spending authority from offsetting collections (SAOC) = \$51.5 billion (22.1 percent)

** Total budgetary resources do not include \$15.9 billion of Trust Fund receipts for the Retirement obligations pursuant to public law. In addition, in accordance with P.L. 109-435, contributions for the PSRHB Fund of the Health Benefits Program are precluded from obligations totaling \$46.9 billion and therefore temporarily not available.*

Appropriations are funding sources resulting from specified Acts of Congress that authorize Federal agencies to incur obligations and to make payments for specified purposes. OPM's appropriations partially offset the increase in the Pension Liability in the Retirement Program, and fund contributions for retirees and survivors who participate in the Health Benefits and Life Insurance Programs.

Trust Fund Receipts are Retirement Program contributions and withholdings from participants, and interest on investments.

Spending Authority from Offsetting Collections includes contributions made by and for those participating in the Health Benefits and Life Insurance, and revenues in Revolving Fund Programs.

FY 2013 SUMMARY OF PERFORMANCE AND FINANCIAL INFORMATION

U.S. OFFICE OF PERSONNEL MANAGEMENT
 CONSOLIDATED BALANCE SHEETS
 As of September 30, 2013 and 2012
 (In Millions)

	FY 2013	FY 2012
ASSETS		
Intragovernmental:		
Fund Balance with Treasury [Note 2]	\$129,684	\$2,050
Investments [Note 3]	836,255	943,810
Accounts Receivable [Note 4]	18,844	13,003
Total Intragovernmental	984,783	958,863
Accounts Receivable from the Public, Net [Note 4]	1,275	1,340
General Property and Equipment, Net	20	33
Other [Note 1L]	754	721
TOTAL ASSETS	\$986,832	\$960,957
LIABILITIES		
Intragovernmental [Note 6]	\$730	\$710
Federal Employee Benefits:		
Benefits Due and Payable	11,155	11,079
Pension Liability [Note 5A]	1,773,500	1,678,200
Postretirement Health Benefits Liability [Note 5B]	315,295	316,197
Actuarial Life Insurance Liability [Note 5C]	46,737	46,446
Total Federal Employee Benefits	2,146,687	2,051,922
Other [Notes 6 and 7]	1,318	1,357
Total Liabilities	2,148,735	2,053,989
NET POSITION		
Unexpended Appropriations	93	137
Cumulative Results of Operations	(1,161,996)	(1,093,169)
Total Net Position	(1,161,903)	(1,093,032)
TOTAL LIABILITIES AND NET POSITION	\$986,832	\$960,957

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

FY 2013 SUMMARY OF PERFORMANCE AND FINANCIAL INFORMATION

U.S. OFFICE OF PERSONNEL MANAGEMENT CONSOLIDATED STATEMENTS OF NET COST For the Years Ended September 30, 2013 and 2012 <i>(In Millions)</i>			
		FY 2013	FY 2012
Provide CSRS Benefits	Gross Costs	\$45,914	\$70,405
	Less: Earned Revenue	16,903	20,325
	Net Cost	29,011	50,080
	(Gain)/Loss on Pension, ORB, or OPEB Assumption Changes [Note 5A]	39,707	82,866
	Net Cost of Operations [Notes 9 and 10]	\$68,718	\$132,946
Provide FERS Benefits	Gross Costs	\$44,437	\$43,199
	Less: Earned Revenue	42,672	41,439
	Net Cost	1,765	1,760
	(Gain)/Loss on Pension, ORB, or OPEB Assumption Changes [Note 5A]	42,309	23,201
	Net Cost of Operations [Notes 8 and 9]	\$44,074	\$24,961
Provide Health Benefits	Gross Costs	\$42,102	\$37,735
	Less: Earned Revenue	41,999	46,932
	Net Cost	103	(9,197)
	(Gain)/Loss on Pension, ORB, or OPEB Assumption Changes [Note 5B]	722	(7,880)
	Net Cost of Operations [Notes 8 and 9]	\$825	(\$17,077)
Provide Life Insurance Benefits	Gross Costs	\$3,968	\$4,636
	Less: Earned Revenue	3,999	4,343
	Net Cost	(31)	293
	(Gain)/Loss on Pension, ORB, or OPEB Assumption Changes [Note 5C]	(858)	745
	Net Cost of Operations [Notes 8 and 9]	(\$889)	\$1,038
Provide Human Resource Services	Gross Costs	\$1,871	\$2,012
	Less: Earned Revenue	1,607	1,896
	Net Cost of Operations [Notes 8 and 9]	\$264	\$116
Total Net Cost of Operations	Gross Costs	\$138,292	\$157,987
	Less: Earned Revenue	107,180	114,935
	Net Cost	31,112	43,052
	(Gain)/Loss on Pension, ORB, or OPEB Assumption Changes [Notes 5A, 5B, and 5C]	81,880	98,932
	Net Cost of Operations [Notes 8 and 9]	\$112,992	\$141,984

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

FY 2013 SUMMARY OF PERFORMANCE AND FINANCIAL INFORMATION

U.S. OFFICE OF PERSONNEL MANAGEMENT
 CONSOLIDATED STATEMENTS OF CHANGES IN NET POSITION
 For the Years Ended September 30, 2013 and 2012
 (In Millions)

	FY 2013	FY 2012
Beginning Balances	(\$1,093,169)	(\$995,082)
Budgetary Financing Sources:		
Appropriations Used	44,137	43,863
Other Financing Sources	28	34
Total Financing Sources	44,165	43,897
Net Cost of Operations	112,992	141,984
Net Change	(68,827)	(98,087)
Cumulative Results of Operations - Ending Balance	(\$1,161,996)	(\$1,093,169)
<i>UNEXPENDED APPROPRIATIONS</i>		
Beginning Balance	\$137	\$154
Budgetary Financing Sources:		
Appropriations Received	44,170	44,039
Appropriations Used	(44,137)	(43,863)
Other Budgetary Financing Sources	(77)	(193)
Total Budgetary Financing Sources	(44)	(17)
Total Unexpended Appropriations - Ending Balance	93	137
Net Position	(\$1,161,903)	(\$1,093,032)

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

FY 2013 SUMMARY OF PERFORMANCE AND FINANCIAL INFORMATION

U.S. OFFICE OF PERSONNEL MANAGEMENT
 COMBINED STATEMENTS OF BUDGETARY RESOURCES
 For the Years Ended September 30, 2013 and 2012
 (In Millions)

	FY 2013	FY 2012
BUDGETARY RESOURCES		
Unobligated Balance, Brought Forward, October 1	\$59,416	\$55,944
Recoveries of Prior Year Unpaid Obligations	79	149
Other Changes in Unobligated Balance	(8)	(8)
Unobligated Balance, from Prior Year Budget Authority, Net	59,487	56,085
Appropriations	121,614	118,360
Spending Authority from Offsetting Collections	51,463	51,279
Total Budgetary Resources	<u>\$232,564</u>	<u>\$225,724</u>
STATUS OF BUDGETARY RESOURCES		
Obligations Incurred: [Note 12]		
Direct	\$168,428	\$164,103
Reimbursable	1,716	2,205
Total Obligations Incurred	<u>170,144</u>	<u>166,308</u>
Unobligated Balance, End of Year:		
Apportioned	274	282
Unapportioned	62,146	59,134
Total Unobligated Balance, End of Year	<u>62,420</u>	<u>59,416</u>
Total Budgetary Resources	<u>\$232,564</u>	<u>\$225,724</u>
CHANGE IN OBLIGATED BALANCE		
Unpaid Obligations:		
Unpaid Obligations, Brought Forward, October 1	\$14,679	\$14,098
Obligations Incurred	170,144	166,308
Less: Outlays, Gross	170,244	165,578
Less: Recoveries of Prior Year Unpaid Obligations	79	149
Unpaid Obligations, End of Year	<u>\$14,500</u>	<u>\$14,679</u>
Uncollected Payments:		
Uncollected Payments, Federal Sources, Brought Forward, October 1	\$3,239	\$3,352
Change in Uncollected Payments, Federal Sources	(272)	(113)
Uncollected Payments, Federal Sources, End of Year	<u>\$2,967</u>	<u>\$3,239</u>
Memorandum (Non-add) Entries:		
Obligated Balance, Start of Year	\$11,440	\$10,746
Obligated Balance, End of Year	\$11,533	\$11,440
BUDGET AUTHORITY AND OUTLAYS, NET		
Budget Authority, Gross	\$173,077	\$169,639
Less: Actual Offsetting Collections	51,737	51,393
Less: Change in Uncollected Customer Payments from Federal Sources	(272)	(113)
Budget Authority, Net	<u>\$121,612</u>	<u>\$118,359</u>
Outlays, Gross	\$170,244	\$165,578
Less: Actual Offsetting Collections	51,737	51,393
Outlays, Net	118,507	114,185
Less: Distributed Offsetting Receipts	34,639	34,730
Agency Outlays, Net	<u>\$83,868</u>	<u>\$79,455</u>

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

Appendix A: Acronyms and Abbreviations

Acronym	Definition
ACA	Affordable Care Act
ACSI	American Customer Satisfaction Index
AFR	Agency Financial Report
APG	Agency Priority Goal
BCBS	Blue Cross Blue Shield
BCBSA	Blue Cross Blue Shield Association
CAF	Central Adjudication Facility
CFO	Chief Financial Officer
CHCO	Chief Human Capital Officer
CHCOC	Chief Human Capital Officer's Council
COLA	Cost of Living Adjustment
CSR	Customer Service Representative
CSRS	Civil Service Retirement System
DFAS	Defense Finance and Accounting Service
DISP	Debt Issuance Suspension Period
DOD	Department of Defense
DOE	Department of Energy
DOI	Department of Insurance
EVS	Employee Viewpoint Survey
FACES	Federal Annuity Claims Expert System
FEHB	Federal Employees Health Benefits
FEHBP	Federal Employees Health Benefits Program
FERS	Federal Employees Retirement System
FIS	Federal Investigative Services
FY	Fiscal Year
GEAR	Goals-Engagement-Accountability-Results
GPRA	Government Performance and Results Act
HCMR	Human Capital Management Report
HEDIS	Healthcare Effectiveness Data and Information Sets
HHS	Department of Health and Human Services
HIOS	Health Insurance Oversight System
HR	Human Resources
HUD	Department of Housing and Urban Development
IPA	Independent Public Accounting
IRTPA	Intelligence Reform and Terrorism Prevention Act

Acronym	Definition
IT	Information Technology
LAS	Legal Administrative Specialists
LLP	Limited Liability Partnership
MSP	Multi-State Plan
MSPP	Multi-State Plan Program
NAIC	National Association of Insurance Commissioners
NGA	National Governors Association
NPRM	Notice of Proposed Rulemaking
ODNI	Office of the Director of National Intelligence
OIG	Office of the Inspector General
OPEB	Other postemployment
OMB	Office of Management and Budget
OPM	Office of Personnel Management
ORB	Other retirement benefits
PCI	Performance Culture Index
PSRHB	Post Service Retiree Health Benefits
RS	Retirement Services
SBR	Statement of Budgetary Resources
SERFF	System Electronic Rate Filing Form
SNC	Statement of Net Cost
SOL	Service On-Line
SPFI	Summary of Performance and Financial Information
SSC	Shared Services Centers
TSGAC	Tribal Self-Governance Advisory Committee
USPS	U.S. Postal Service
USCG	U.S. Coast Guard
VA	Department of Veterans Affairs
VERA	Voluntary Early Retirement Authority
VSIP	Voluntary Separation Incentive Program



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