

UNITED STATES OFFICE OF PERSONNEL MANAGEMENT

# Congressional Budget Justification

Fiscal Year 2018





## UNITED STATES OFFICE OF PERSONNEL MANAGEMENT

Washington, DC 20415

**MAY 23 2017**

The Director

The Honorable Shelley Moore Capito  
Chairman  
Subcommittee on Financial Services and  
General Government  
Committee on Appropriations  
United States Senate  
172 Russell Senate Office Building  
Washington, DC 20510

The Honorable Tom Graves  
Chairman  
Subcommittee on Financial Services and  
General Government  
Committee on Appropriations  
United States House of Representatives  
2078 Rayburn House Office Building  
Washington, DC 20515

The Honorable Christopher Coons  
Ranking Member  
Subcommittee on Financial Services  
and General Government  
Committee on Appropriations  
United States Senate  
127A Russell Senate Office Building  
Washington, DC 20510

The Honorable Mike Quigley  
Ranking Member  
Subcommittee on Financial Services  
and General Government  
Committee on Appropriations  
U.S. House of Representatives  
2458 Rayburn House Office Building  
Washington, DC 20515

Dear Chairman Capito and Chairman Graves:

Please find attached the U.S. Office of Personnel Management's (OPM) Fiscal Year (FY) 2018 Congressional Budget Justification. OPM's total budget request of \$309 million in discretionary resources includes \$279 million for OPM operations, and \$30 million to support the Office of the Inspector General (OIG). OPM's FY 2018 request is \$38 million above its FY 2017 appropriations.

OPM will dedicate resources to serve the Federal government, its employees and retirees, and the American people. This budget request will strengthen OPM's mission to recruit, retain, and honor a world-class workforce.

In FY 2018, OPM will play an essential role in supporting Federal agencies in their strategic human capital management. Specifically, in response to OMB Memorandum M-17-22 *Comprehensive Plan for Reforming the Federal Government and Reducing the Federal Civilian Workforce*, OPM will support agencies' workforce reshaping efforts and will (1) provide technical assistance and policy guidance, (2) expeditiously review and act on agency requests to use workforce reshaping authorities such as Voluntary Early Retirement Authority (VERA) and Voluntary Separation Incentive Payments (VSIP), (3) provide informational and training sessions, and (4) offer a wide range of human capital products and services.

OPM's FY 2018 budget request includes \$37 million for information technology modernization efforts. OPM will dedicate these resources to (1) consolidate its remaining data centers, (2) fund cybersecurity tools and programs such as the Continuous Diagnostics and Mitigation program, (3) refresh aged IT infrastructure such as network devices, servers, and laptops, and (4) invest in quality assurance, enterprise architecture, and IT governance. Finally, OPM will migrate and/or modernize OPM's legacy information systems, including the Trust Fund Federal Financial System (FFS) used to manage the Federal Earned Benefits Trust Fund.

This budget proposal is aligned to OPM's performance goals, and will strengthen OPM's ability to lead and serve agencies in strategic human capital management and fulfill the President's vision to make government lean, accountable, and more efficient.

I appreciate the opportunity to respond to your interest in this matter. If you have any questions, please contact Janel R. Fitzhugh, Chief, Congressional, Legislative and Intergovernmental Affairs, at (202) 606-1300.

Sincerely,

  
Kathleen M. McGettigan  
Acting Director

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# Executive Summary

## FY 2018 Budget Overview

The U.S. Office of Personnel Management (OPM) serves as the chief human resources agency and personnel policy manager for the Federal Government. The mission of the agency is to *Recruit, Retain and Honor a World-Class Workforce to Serve the American People* by directing human resources and employee management services, administering retirement benefits, managing healthcare and insurance programs, overseeing merit-based and inclusive hiring into the civil service, and providing a secure employment process.

OPM requests **\$309,755,000** in discretionary resources for Fiscal Year (FY) 2018. **\$279,755,000** of this amount is for OPM activities. This funding will support OPM's executive leadership, administrative operations and services to the Federal Government, its employees, retirees, and the American public. **\$30,000,000** is for the Office of the Inspector General (OIG). The OIG routinely conducts independent audits, investigations and evaluations on OPM's programs and operations.

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## OPM Budget FY 2016 through FY 2018 – Discretionary Resources

OPM Budget Authority	FY 2017		
	FY 2016 Enacted	Annualized CR	FY 2018 Request
<b>Discretionary Appropriation</b>	<b>\$245,238,000</b>	<b>\$244,771,805</b>	<b>\$279,755,000</b>
<b>Salaries and Expenses Total</b>	<b>\$120,688,000</b>	<b>\$120,458,574</b>	<b>\$148,341,000</b>
Salaries & Expenses	\$118,188,000	\$117,963,326	\$111,341,000
IT Modernization S&E No-Year			\$37,000,000
NBIB S&E No-Year	\$2,500,000	\$2,495,248	
<b>Trust Fund Annual Total</b>	<b>\$124,550,000</b>	<b>\$124,313,231</b>	<b>\$131,414,000</b>
<b>OIG Discretionary Appropriation</b>	<b>\$26,844,000</b>	<b>\$26,792,969</b>	<b>\$30,000,000</b>
Salaries & Expenses - OIG	\$4,365,000	\$4,356,702	\$5,000,000
Trust Fund Annual - OIG	\$22,479,000	\$22,436,267	\$25,000,000
<b>OPM Total</b>	<b>\$272,082,000</b>	<b>\$271,564,774</b>	<b>\$309,755,000</b>

This budget requests funding to enable OPM to meet its statutory responsibilities to establish and oversee human capital policy, to provide personnel-related services pursuant to reimbursable arrangements, and to strengthen our delivery of agency-wide administrative services. Our FY 2018 budget request continues investments requested for FY 2017 that (1) strengthened our information technology and cyber security posture, (2) began the process of modernizing the financial system used to account for and manage Federal Earned Benefits Trust Funds, (3) and expanded customer service capacity in Retirement Services.

## Reforming the Federal Government and Reshaping the Federal Workforce

During FY 2018, OPM will play an essential role in supporting agencies as they begin implementing plans to fulfill the President's vision of a leaner, more accountable, and more efficient Government. To support Federal agencies in their workforce reshaping efforts, OPM will:

1. Provide technical assistance and policy guidance;
2. Review and act on agency requests to use certain workforce reshaping tools that require OPM's approval (e.g., Voluntary Early Retirement Authority, Voluntary Separation Incentive Payments, etc.);
3. Provide informational and training sessions for agency decision makers and implementers; and
4. Offer a wide range of reimbursable human capital products and services related to workforce reshaping and maximizing employee performance.

During FY 2018, OPM will dedicate resources to promptly and thoroughly respond when agencies come to OPM requesting technical assistance, or to request the use of authorities administered by OPM. OPM will also assemble expert Agency Assistance Teams who can provide direct, high-level technical assistance to agencies. OPM will provide resources and information on the strategic workforce planning process, the use of human capital analytics, and the design of effective and efficient organizations. OPM's support and technical assistance will also include helping the workforce during change using transition assistance programs and work-life resources. OPM will consult with agencies and provide tools and guidance on how to use employee development and performance management to maximize employee engagement and accountability. In addition, OPM will support agency HR teams and managers by coordinating opportunities for agencies to share best practices (using collaboration tools and by sponsoring panel sessions for information sharing.) These activities will help agencies conduct workforce reshaping both strategically and in accordance with sound human capital management practices.

### IT Modernization

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

OPM is focusing on risk management and enhancement of the customer benefits of IT systems, applications, and infrastructure through three areas of focus – **Mitigate, Modernize, and Migrate**. OPM focused on Mitigate during FYs 2014 through 2016 by mitigating security risks. OPM is now implementing its migration strategy by focusing on efforts to Migrate its systems to strategic data centers or other shared services and Modernize the computing infrastructure with common security controls, current technology and modern operations practices.

## **Migrate**

OPM's efforts to Migrate are centered on the continued data center consolidation and optimization initiatives. By mid-year FY 2017 OPM has reduced its data center inventory from nine centers to six centers. With one additional migration in process, OPM plans to be in five centers by the end of FY 2017. OPM will continue with data center consolidation in FY 2018 and anticipates reaching a target of two data centers by the end of FY 2018.

The data center consolidations provide a foundation for enhanced data security, expanded agency decision level capabilities and improved user experience. Two program areas that will be the focus of these efforts are the Health Claims Data Warehouse and the Human Capital Management (USA Suite). The Health Claims Data Warehouse will add security and computing capacity, which will provide additional management oversight and quality assurance over all Federal health claims. A large step forward in the end user experience for the Human Capital Management (USA Suite) will come with enhancements to provide a standard, common single sign-on capability and multi-factor authentication access across a collection of human resource management tools used by both employees and Federal talent management professionals. As the data center consolidation efforts are completed through the end of FY 2018, the migration efforts will be completed and the focus will turn to the following modernization efforts.

## **Modernize**

OPM's continued efforts to Modernize will focus on improving security and risk management for IT operations and improving services to internal and external OPM customers. This will be accomplished by focusing on expansion of cybersecurity capabilities, improving core operations and maintenance through network management and infrastructure refresh, and investing in quality assurance, enterprise architecture and governance.

The cybersecurity priorities include funding operations and maintenance for additional cyber tools. Additional cyber priorities include development and deployment of advanced insider threat and detection capabilities, expansion of continuous monitoring tools and capabilities, and consolidation and unification of access management software.

In previous years, refreshing network devices and other infrastructure was postponed in favor of investments in cybersecurity and data center consolidation efforts. These priority decisions led to over 60% of network devices and laptops being beyond manufacturer support. Funds will be used to replace aged network devices, servers, laptops, and other devices. Another critical area for replacement is the financial system used to manage OPM's Earned Benefits Trust Funds.

The **Trust Fund Federal Financial System (FFS)** is currently unable to meet many trust fund accounting and related business processes, resulting in increased inefficiencies across multiple areas within OPM. FFS Modernization will serve as a catalyst to propel automations within financial operations reducing manual labor effort and time, eliminating human errors, and reducing the overall cost of operation and maintenance by consolidating and integrating the processes of other related systems.



Investments are required to raise the OPM Office of the Chief Information Officer (OCIO) organizational and process maturity levels in support of functions such as quality assurance, enterprise architecture and governance. These and other core capabilities are needed to deliver critical technology services, initiatives, and business capabilities. For example, utilization of agile development practices through training and mentoring from digital experts (e.g. 18F, US Digital Services, etc.) will improve deliveries and lower delivery risk, providing timelier implementation of solutions with great assurance.

The Chief Human Capital Officer (CHCO) Council, in their future vision for the Human Resources Information Technology (HRIT), stated that redundant and siloed HR systems inhibit the government’s ability to access and share data that is critical for transactional processing and strategic decision making. The CHCO Council established as strategic goals for employees to have a common user experience and for all data to be standardized and accessible. The Office of Management and Budget (OMB) established the Unified Shared Services Management (USSM) organization to develop a Government-wide direction for improving service delivery and the efficient consumption of IT services. OPM’s Chief Information Officer (CIO), in conjunction with the HR Line of Business (HRLOB) as the managing partner for the Human Capital business function, is working on the development of data standards for the entire human capital lifecycle as well as the next generation of data exchange protocols to both standardize data and make it available.

The vision is that OPM will develop a Federal employee digital record that will contain all relevant data fields using Government-wide recognized standards. These data fields are needed to perform all human capital enabling functions such as hiring, payroll, benefits management, retirement, and other lifecycle components. Also, OPM will host all digital records in a new secure cloud with the proper tools for analytics and visualization to allow for secure access and the conversion of data into actionable information.

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### Details of IT Modernization Budget for FY 2018

Description	Scope	Cost
Data Center Consolidation	Continue the OPM data center consolidation efforts by moving from five to the final target of two	\$5,000,000
Cybersecurity	New and additional cybersecurity tools and programs to advance OPM cyber efforts	\$3,500,000
Refresh Aged IT Infrastructure	Refresh critical aged network and end user hardware and software	\$8,000,000
Retirement Services Legacy Systems	Reengineer/replace legacy capability	\$4,000,000
Quality Assurance, Enterprise Architecture and Governance	Resources to build up quality assurance, enterprise architecture and IT governance	\$5,000,000
HRLoB Data Centric Strategy	Develop a strategy to allow more efficient and effective support of Federal HR functions through the use of data	\$2,100,000
Federal Financial System	Trust Fund Federal Financial System migration or modernization	\$9,400,000
<b>Total FY 2018 Request</b>		<b>\$37,000,000</b>

## **FY 2018 Budget Request by Fund**

OPM estimates that its total operating budget in FY 2018 will be **\$2,130,635,918**. OPM is funded by a variety of sources. Our largest source is the Revolving Fund which is comprised of fees provided by agencies for services we provide. These services include background investigations, human resources services and related tools and technologies such as USAJOBS. Next largest are our transfers from OPM's Earned Benefits Trust Funds for administrative activities. OPM's discretionary request consists of two appropriations, one for OPM's general activities, and the other for OPM's Office of the Inspector General (OIG). Both contain salaries and expenses and limitations on transfers from the Earned Benefits Trust Funds under OPM management. OPM's total FY 2018 discretionary request for general activities is **\$279,755,000**.

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

### **Salaries and Expenses**

OPM requests **\$148,341,000** in Salaries and Expenses (S&E) funds for personnel and non-personnel resources, to include **\$37,000,000** of No-Year funds to support OPM IT Modernization efforts. S&E funds will support the agency's various program offices as they continue to implement OPM's strategic plan, and perform OPM's traditional statutory roles, including providing direction and oversight to other Federal agencies.

### **Trust Fund Transfers**

For the administration of the civil service retirement and insurance programs, OPM requests **\$131,414,000** in administrative transfers from the Earned Benefits Trust Funds. OPM is responsible for managing the Federal Government's health benefits and life insurance programs under the Federal Employees Health Benefits Program (FEHBP) and the Federal Employees Group Life Insurance (FEGLI) Program. In addition, OPM administers the Civil Service Retirement System (CSRS) and Federal Employees Retirement System (FERS) which are financed from the Civil Service Retirement & Disability Fund (CSRDF). The administrative Trust Fund transfers partially fund Retirement Services (RS), Healthcare and Insurance (HI), Planning and Policy Analysis (PPA), Office of the Chief Information Officer (OCIO), and Office of the Chief Financial Officer (OCFO) operations.

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

1. Civil Service Retirement and Disability Fund (CSRDF);
2. Federal Employees Health Benefits Fund (FEHBF); and
3. Federal Employees' Group Life Insurance Fund (FEGLI).

## **Mandatory Administrative Authorities**

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

1. Administering survivor annuities and elections (§8339 and §8341) and other annuity alternatives (§8343a and §8420a);
2. Making discretionary allotments and assignments and withholding State income taxes on monthly annuities (§8345(k) or §8469) upon annuitant request; and
3. Withholding taxes pursuant to section 3405 of title 26 or section 8345(k) or 8469 of this title.

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

## **Revolving Fund**

OPM requests authority to incur **\$1,756,921,377** in obligations in FY 2018 in our Revolving Fund, representing approximately a two percent decrease (or \$28,408,337) from the revised estimates for FY 2017. Our Revolving Fund allows us to extend critical Human Resources (HR) services to other Federal agencies via several well established programs. Federal agencies pay OPM based on customer transactions, orders, and fixed fees. Broadly classified into three groups (National Background Investigations Bureau (NBIB), Human Resources Solutions (HRS), and Enterprise Human Resources Integration (EHRI)), these activities are performed by Federal staff and contractors qualified for the service throughout several OPM organizations.

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

The National Defense Authorization Act (NDAA) of 2017 §951 requires the Secretary of Defense to develop a plan for the Department of Defense (DOD) to conduct, after October 1, 2017, background investigations for its personnel, and it requires the Secretary of Defense and Director of OPM to develop a plan to transfer investigative personnel from OPM to DOD in proportion to the background and security investigative workload that would be assumed by DOD if the plan is implemented. If implemented, this plan would affect OPM's fiscal posture and the construct of future budget submissions. DOD has

undertaken a study, as a result of the NDAA 2017, § 951, to determine the impact of moving part of OPM’s Background Investigations Program to the DOD, namely the Defense Security Service (DSS), and OPM (NBIB) has cooperated by providing critical information, notwithstanding its preference (and proven ability) to continue to serve as the primary investigative service provider for DOD as well as the Government as a whole. In the interim, to be prudent, OPM is assessing the impact and implications to the agency in FY 2018 and beyond if the plan is implemented.

## Note on Budget Tables

*The Consolidated Appropriations Act of 2017 (P.L. 115-31) was enacted after preparation of this document was substantially complete. All comparisons of OPM’s FY 2018 request are made against the annualized alignment of resources provided by the three Continuing Resolutions (CR) enacted for FY 2017 (Public Laws 114-223, 114-254, and 115-30), and as reflected in Operating Plans previously submitted to Congress.*

### OPM Budget FY 2016 through FY 2018—All Resources

OPM Budget Authority	FY 2016 Enacted	FY 2017 Annualized CR	FY 2018 Request
<b>Discretionary Appropriation</b>	<b>\$245,238,000</b>	<b>\$244,771,805</b>	<b>\$279,755,000</b>
<b>Salaries and Expenses Total</b>	<b>\$120,688,000</b>	<b>\$120,458,574</b>	<b>\$148,341,000</b>
Salaries & Expenses	\$118,188,000	\$117,963,326	\$111,341,000
IT Modernization S&E No-Year			\$37,000,000
NBIB S&E No-Year	\$2,500,000	\$2,495,248	
<b>Trust Fund Annual Total</b>	<b>\$124,550,000</b>	<b>\$124,313,231</b>	<b>\$131,414,000</b>
<b>Mandatory Administrative Authorities</b>	<b>\$70,002,240</b>	<b>\$59,940,701</b>	<b>\$63,850,684</b>
5 USC 8348(a)(1)(B) (Retirement)	\$49,884,368	\$49,288,186	\$53,140,880
5 USC 8958(f)(2)(A) & 5 USC 8988(f)(2)(A) (Dental & Vision Ins.)	\$15,889,668	\$6,447,314	\$6,420,146
5 USC 9004(f)(B) (Long-Term Care)	\$2,041,172	\$2,014,746	\$2,120,065
FERCCA (P.L. 106-265) (Retirement)	\$2,187,032	\$2,190,455	\$2,169,593
<b>Revolving Fund</b>	<b>\$1,769,510,184</b>	<b>\$1,739,706,856</b>	<b>\$1,755,930,234</b>
<b>Advances &amp; Reimbursements</b>	<b>\$1,100,000</b>	<b>\$8,100,000</b>	<b>\$1,100,000</b>
<b>OIG Discretionary Appropriation</b>	<b>\$26,844,000</b>	<b>\$26,792,969</b>	<b>\$30,000,000</b>
Salaries & Expenses - OIG	\$4,365,000	\$4,356,702	\$5,000,000
Trust Fund Annual - OIG	\$22,479,000	\$22,436,267	\$25,000,000
<b>OPM Total</b>	<b>\$2,112,694,424</b>	<b>\$2,079,312,331</b>	<b>\$2,130,635,918</b>

## Revolving Funds – Revenue and Obligations

Business Line		FY 2017 Revised Estimate	FY 2018 Estimate	Increase/Decrease
Investigative Services	Revenue	\$1,451,183,080	\$1,445,732,620	(\$5,450,460)
	Obligations	\$1,451,183,080	\$1,445,732,620	(\$5,450,460)
Training Services (HRS)	Revenue	\$83,358,422	\$85,569,534	\$2,211,112
	Obligations	\$81,863,649	\$83,841,616	\$1,977,967
Consulting Services (HRS)	Revenue	\$88,668,476	\$94,223,295	\$5,554,819
	Obligations	\$91,259,081	\$94,666,182	\$3,407,101
Vendor Services (HRS)	Revenue	\$51,341,000	\$26,296,000	(\$25,045,000)
	Obligations	\$47,351,492	\$17,463,957	(\$29,887,535)
Employment Services HRTT (CIO)	Revenue	\$50,000,000	\$53,000,000	\$3,000,000
	Obligations	\$49,671,651	\$51,991,146	\$2,319,495
Enterprise Human Resource Integration (CIO)	Revenue	\$34,522,441	\$36,134,094	\$1,611,653
	Obligations	\$46,444,380	\$45,180,000	(\$1,264,380)
HRLOB Activities (PPA)	Revenue	\$3,000,000	\$3,000,000	\$0
	Obligations	\$3,000,000	\$3,081,520	\$81,520
USAJOBS (CIO)	Revenue	\$12,884,440	\$14,486,587	\$1,602,147
	Obligations	\$14,556,381	\$14,964,336	\$407,955
	<b>Total Revenue</b>	<b>\$1,774,957,859</b>	<b>\$1,758,442,130</b>	<b>(\$16,515,729)</b>
	<b>Total Obligations*</b>	<b>\$1,785,329,714</b>	<b>\$1,756,921,377</b>	<b>(\$28,408,337)</b>

In FY 2018, OPM expects funding will support 6,376.1 full-time-equivalent (FTEs) employees. Of this total, the discretionary appropriations and Mandatory Trust Fund transfers will support 2,261.1 FTE (the sum of Salaries and Expenses Total, Trust Fund Annual Total, and Mandatory Authority Total). These employees administer OPM’s HR policy, retirement and insurance programs, and execute OPM’s day-to-day operations. Other funding sources (Revolving Fund, Advances and Reimbursements, and OIG’s discretionary appropriations) cover the agency’s remaining allocation of 4,115 FTEs.

The increase in FTEs funded by the Salaries and Expenses appropriation is concentrated in our OCIO, Facilities, Security's and Emergency Management (FSEM), PPA and HI organizations. CIO staff support our infrastructure modernization effort. The FTE increase in FSEM results from a realignment of the existing staff from NBIB to Common Services fund. FTE increases in HI and a portion of the increases in PPA support the continued requirement to offer multi-state health insurance plans on state insurance exchanges. The remainder of PPA FTE increases support increased data analytic capacity.

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

FTE growth financed by OPM’s Earned Benefits Trust Funds primarily represents Retirement Program customer service staff that we planned to hire in FY 2017, enabled by the recently enacted Consolidated Appropriations Act of 2017. OPM’s Chief Information Officer and Healthcare and Insurance organizations also plan small numbers of additional staffing.

### FY 2017 & FY 2018 Comparison of FTE —All Resources

OPM Budget Authority	FY 2017 Annualized CR	FY 2018 Request
<b>Salaries and Expenses Total</b>	<b>851.1</b>	<b>964.1</b>
<b>Trust Fund Annual Total</b>	<b>767.1</b>	<b>850.6</b>
<b>Mandatory Authority Total</b>	<b>399.8</b>	<b>446.4</b>
5 USC 8348(a)(1)(B) (Retirement)	378.3	427.3
5 USC 8958(f)(2)(A) & 5 USC 8988(f)(2)(A) (Dental & Vision Ins.)	5.5	3.4
5 USC 9004(f)(B) (Long-Term Care)	4.0	3.7
FERCCA (P.L. 106-265) (Retirement)	12.0	12.0
<b>Revolving Fund</b>	<b>3,708.3</b>	<b>3,958.0</b>
<b>Advances &amp; Reimbursements</b>	<b>5.2</b>	<b>5.0</b>
<b>OIG Discretionary Total</b>	<b>145.0</b>	<b>152.0</b>
Salaries & Expenses - OIG	19.0	20.0
Trust Fund Annual - OIG	126.0	132.0
<b>OPM Total</b>	<b>5,876.5</b>	<b>6,376.1</b>

\*FY 2017 FTE estimates reflect the cumulative impact of Continuing Resolutions and mandated hiring freezes. There are differences between the President’s Budget and this display for FY 2017.

### FY 2018 Budget Request by Object Class

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

### Discretionary Appropriation Budget by Object Class

Object Class	FY 2017 Annualized CR	FY 2018 Request	Increase/Decrease
Personnel compensation	\$109,503,563	\$122,971,710	\$13,468,147
Personnel benefits	\$36,494,730	\$36,217,539	(\$277,191)
Travel and transportation of persons	\$1,171,157	\$917,611	(\$253,546)
Transportation of things	\$30,970	\$55,881	\$24,911
Communications, utilities, and rent	\$39,963,592	\$34,242,300	(\$5,721,292)
Printing and reproduction	\$334,866	\$762,501	\$427,635
Other services	\$56,065,243	\$80,099,778	\$24,034,535
Supplies and materials	\$731,341	\$808,862	\$77,521
Equipment	\$476,343	\$3,678,818	\$3,202,475

Object Class	FY 2017		Increase/Decrease
	Annualized CR	FY 2018 Request	
<b>Total</b>	<b>\$244,771,805</b>	<b>\$279,755,000</b>	<b>\$34,983,195</b>
<b>FTE</b>	<b>1,624.0</b>	<b>1,818.9</b>	<b>194.9</b>

The distribution of our FY 2018 Salaries and Expenses appropriation request by object class is primarily reflective of OPM's request for resources to support information technology modernization and migration efforts. Increases in other services and equipment are for the infrastructure modernization and modernization/migration of the Trust Fund Federal Financial System. Communication, utilities and rent decreases are reflective of lower costs of legacy software leases. Personnel growth in the OCIO and in Healthcare and Insurance are reflected in personnel compensation growth.

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### Salaries and Expenses Budget by Object Class

Object Class	FY 2017		Increase/Decrease
	Annualized CR	FY 2018 Request	
Personnel compensation	\$50,104,339	\$56,513,963	\$6,409,624
Personnel benefits	\$16,613,406	\$16,369,197	(\$244,209)
Travel and transportation of persons	\$652,573	\$597,463	(\$55,110)
Transportation of things	\$1,845	\$538	(\$1,307)
Communications, utilities, and rent	\$22,479,167	\$18,111,166	(\$4,368,001)
Printing and reproduction	\$214,719	\$202,236	(\$12,483)
Other services	\$29,875,704	\$52,890,923	\$23,015,219
Supplies and materials	\$266,412	\$231,290	(\$35,122)
Equipment	\$250,409	\$3,424,224	\$3,173,815
<b>Total</b>	<b>\$120,458,574</b>	<b>\$148,341,000</b>	<b>\$27,882,426</b>
<b>FTE</b>	<b>857.0</b>	<b>967.9</b>	<b>110.9</b>

The object class distribution of OPM's FY 2018 request from the Trust Fund Annual is reflective of the personnel intensive work performed to adjudicate retirement claims, provide customer service to Federal retirees and survivors, and administer health and life insurance programs. The changes requested for FY 2018 compared to the FY 2017 Annualized Continuing Resolution support retirement program customer service staff growth initiated in FY 2017 and staff growth in Healthcare and Insurance.

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## Trust Fund Annual – Budget by Object Class

Object Class	FY 2017		
	Annualized CR	FY 2018 Request	Increase/Decrease
Personnel compensation	\$59,399,224	\$66,457,747	\$7,058,523
Personnel benefits	\$19,881,324	\$19,848,342	(\$32,982)
Travel and transportation of persons	\$518,584	\$320,148	(\$198,436)
Transportation of things	\$29,125	\$55,343	\$26,218
Communications, utilities, and rent	\$17,484,425	\$16,131,134	(\$1,353,291)
Printing and reproduction	\$120,147	\$560,265	\$440,118
Other services	\$26,189,539	\$27,208,855	\$1,019,316
Supplies and materials	\$464,929	\$577,572	\$112,643
Equipment	\$225,934	\$254,594	\$28,660
<b>Total</b>	<b>\$124,313,231</b>	<b>\$131,414,000</b>	<b>\$7,100,769</b>
<b>FTE</b>	<b>767</b>	<b>851</b>	<b>84.0</b>



## OPM Budget FY 2017 & FY 2018 by Organization and Fund—Discretionary Resources

Organization	FY 2017			FY 2018					
	Annualized CR Salaries and Expenses	Trust Fund Annual	Common Services	OPM Total	Request Salaries and Expenses	Trust Fund Annual	Common Services	OPM Total	
Chief Information Officer	\$33,602,210	\$9,218,533	\$40,924,439	\$83,745,182	\$46,084,972	\$9,190,642	\$44,383,333	\$99,658,947	
Congressional, Legislative and Intergovernmental Affairs			\$2,141,352	\$2,141,352			\$2,421,816	\$2,421,816	
Employee Services	\$31,402,047		\$8,119,329	\$39,521,376	\$31,415,248		\$8,100,909	\$39,516,157	
Equal Employment Opportunity			\$810,533	\$810,533			\$1,013,124	\$1,013,124	
Facilities, Security & Emergency Management			\$8,081,614	\$8,081,614			\$12,686,047	\$12,686,047	
Federal Prevailing Rate Advisory Committee	\$196,792			\$196,792	\$205,845			\$205,845	
Healthcare & Insurance	\$11,224,861	\$11,511,101		\$22,735,962	\$12,009,872	\$14,185,845		\$26,195,717	
Merit System Accountability & Compliance	\$13,069,256		\$1,210,407	\$14,279,663	\$13,025,812		\$1,346,777	\$14,372,589	
National Background Investigations Bureau	\$1,996,198			\$1,996,198					
Office of Communications			\$2,015,649	\$2,015,649			\$2,296,466	\$2,296,466	
Office of Diversity and Inclusion	\$1,975,004			\$1,975,004	\$1,803,799			\$1,803,799	
Office of Procurement Operations	\$553,085		\$3,439,722	\$3,992,807	\$584,000		\$4,604,876	\$5,188,876	
Office of Small and Disadvantaged Business Utilization			\$417,277	\$417,277			\$530,850	\$530,850	
Office of the Chief Financial Officer	\$622,032	\$9,053,187	\$27,661,901	\$37,337,120	\$10,050,000	\$9,845,242	\$24,439,477	\$44,334,719	
Office of the Director	\$449,298		\$4,244,963	\$4,694,261	\$500,000		\$5,038,670	\$5,538,670	
Office of the General Counsel			\$5,657,063	\$5,657,063			\$7,602,080	\$7,602,080	
Planning and Policy Analysis	\$9,423,957	\$11,459,015		\$20,882,972	\$9,007,325	\$10,049,865		\$19,057,190	
Rent/Centrally Funded Items	\$8,713,760	\$14,405,566	\$377,281	\$23,496,607	\$11,344,711	\$13,331,499		\$24,676,210	
Retirement Services		\$54,401,431		\$54,401,431		\$60,629,585		\$60,629,585	
White House Fellows	\$793,715			\$793,715	\$849,312			\$849,312	
<b>OPM Sub Total</b>	<b>\$114,022,215</b>	<b>\$110,048,833</b>	<b>\$105,101,530</b>	<b>\$329,172,578</b>	<b>\$136,880,896</b>	<b>\$117,232,678</b>	<b>\$114,464,425</b>	<b>\$368,577,999</b>	

Organization	FY 2017 Annualized CR Salaries and Expenses	Trust Fund Annual	Common Services	OPM Total	FY 2018 Request Salaries and Expenses	Trust Fund Annual	Common Services	OPM Total
Appropriated Contribution to Common Services	\$6,436,359	\$14,264,397			\$11,460,104	\$14,181,322		
Non-Appropriated Contribution to Common Services				(\$84,400,775)				(\$88,822,999)
	<b>\$120,458,574</b>	<b>\$124,313,230</b>	<b>\$105,101,530</b>	<b>\$244,771,803</b>	<b>\$148,341,000</b>	<b>\$131,414,000</b>	<b>\$114,464,425</b>	<b>\$279,755,000</b>

\*The FY 2018 Budget maintains \$37 million in funding for OPM's IT modernization efforts, of which \$9.4 million is included in the CFO's budget for IT modernization associated with the Trust Fund Federal Financial System. The FY 2017 Annualized CR for OCIO reflects \$10 million of additional FY 2017 operating costs.

## FY 2018 Budget Request by Strategic Goals

OPM’s FY 2014-2018 Strategic Plan contains five key goals that are focused on improving internal OPM systems and processes that enable the agency to provide more efficient and effective services to our customers. OPM’s Strategic Plan also contains five goals that are focused on OPM’s external responsibilities as the lead agency for HR policy, HR products and services, benefits policy and administration, and background investigation services. As required by the Government Performance and Results Modernization Act of 2010 (GPRAMA) (P.L. 111-352), our budget request maps to our Strategic Plan.

OPM’s FY 2018 performance budget reflects how the agency will fulfill its mission to *Recruit, Retain, and Honor a World-Class Workforce to Serve the American People*. The agency’s long-term vision is to *make the Federal Government America’s model employer for the 21<sup>st</sup> Century*.

The Performance Budget by Strategic Goal section of this document describes each strategic goal and the resources budgeted for each strategy in FY 2018. OPM’s strategic plan is nearing the end of its current cycle. We are developing a new strategic plan that will be released in February 2018 concurrent with OPM’s FY 2019 budget request. The following table displays OPM’s planned resource allocation against each strategic goal, excluding Revolving Fund program activities.

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### OPM FY 2018 Budget by Strategic Goal—Discretionary Resources

STRATEGIC_GOAL	FY 2018 Request Dollars	FTE
Diverse and Effective OPM Workforce	\$11,885,789	51.0
Timely, Accurate, and Responsive Customer Service	\$668,441	5.9
Evidence-Based Policy and Practices	\$1,835,046	10.9
Efficient and Effective Information Systems	\$123,270,908	213.9
Transparent and Responsive Budgets	\$7,072,981	39.3
Engaged Federal Workforce	\$1,987,381	16.5
Improved Retirement Services	\$59,679,585	638.0
Healthier Americans	\$29,515,483	196.0
Increase the Efficiency and Effectiveness of Human Capital Management Across the Federal Government	\$23,015,335	161.3
Additional Government-wide Mandated or Compliance Function Supported by OPM	\$28,538,113	166.7
Enabling Structural Capacity Functions of OPM	\$81,108,937	315.2
<b>OPM Subtotal</b>	<b>\$368,577,999</b>	<b>1,815</b>
Non-Appropriated Contribution to Common Services	(\$88,822,999)	
<b>OPM Total</b>	<b>\$279,755,000</b>	<b>0</b>

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# Major Management Priorities and Challenges

The GPRA Modernization Act of 2010 (GPRAMA) provides important tools to help agencies resolve their major management challenges. GPRAMA requires agencies to describe their major management challenges and identify associated performance information in their Annual Performance Plans. Since this Congressional Budget Justification also serves as our Annual Performance Plan, a discussion of the management challenges is included here.

Major management challenges are management and programmatic issues and risks that have greater vulnerability to waste, fraud, abuse and mismanagement, and where failure to perform could seriously affect the agency's mission delivery and ability to achieve its goals. Annually, OPM's Office of Inspector General (OIG) identifies the top management challenges facing the agency, dividing them into environmental challenges and internal challenges. Environmental challenges result mainly from factors external to OPM and may be long-term or even permanent. Internal challenges are likely short-term, temporary challenges. In FY 2016 the OIG identified the following 11 challenges.

OPM also identified an additional management priority related to Federal Employees Health Benefits (FEHB) Program Plan Performance Assessment, a key area for innovation and improvements.

## Environmental challenges:

1. Strategic human capital management
2. Federal health insurance initiatives
3. Background investigations

## Internal challenges:

4. Information security governance
5. Security assessment and authorization
6. Data security
7. Information technology infrastructure improvement project
8. Stopping the flow of improper payments
9. Retirement claims processing
10. Procurement process for benefit programs
11. Procurement process oversight

## Additional Management Priority:

12. FEHB Program Plan Performance Assessment

Each of the following sections includes (1) a summary of the challenge or priority, (2) a FY 2016 progress update, (3) FY 2017-2018 planned actions to address the challenge, and (4) the related

milestones, performance measures, and targets OPM will use to track progress with respect to the challenge or priority.

## **Environmental challenges**

### **1. Strategic Human Capital**

#### **Closing Skills Gaps**

##### **Related Strategy and Agency Priority Goal**

- Strategy 10.02: Provide guidance, tools, and training to help agencies attain human capital management goals and meet OPM requirements
- Agency Priority Goal: HR Workforce Capability

##### **Responsible Agency Officials**

- Veronica Villalobos, Principal Deputy Associate Director, Employee Services
- Linda Datcher, Manager, Learning and Development, Strategic Workforce Planning, Employee Services
- Mark Reinhold, Associate Director, Employee Services

#### **Summary of the Challenge**

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

#### **FY 2016 Progress Update**

Throughout FY 2016, OPM continued to lead and support the Chief Human Capital Officers (CHCO) Council's formal Executive Steering Committee in identifying and closing skills gaps in Government-wide and agency-specific mission critical occupations. In FY 2016, high-risk Government-wide mission critical occupations included economist, HR specialist, auditor, acquisition, cybersecurity, and the STEM functional area.

Upon identifying the Government-wide and agency-specific mission critical occupations, OPM and the CHCO Council identified and established Federal Action Skill Teams responsible for leading the effort to: (1) identify root causes of skill gaps in the occupations, (2) develop strategies to address prioritized root causes, (3) establish goals and outcome-oriented metrics, (4) document action plans to address skill gaps, and (5) submit quarterly updates to OPM to monitor progress on executing action plans and achieving targets.

The Government-wide Federal action skill teams were led by occupational leaders who are respected senior technical subject matter experts in Government-wide mission critical occupations. The occupational leaders were partnered with a CHCO who provided human resource policy and strategy guidance.

In March and April 2016, OPM conducted four in-person training sessions and one virtual training session for Federal action skill teams on topics such as how to apply root cause analysis and develop action plans and metrics. Throughout the process, OPM, in coordination with the executive steering committee, provided on-going support and technical guidance to agencies and occupational leaders.

Concurrently, OPM, in coordination with OMB, published the proposed rule for revising Title 5, Code of Federal Regulations, Part 250. The regulation, among other things, addresses skill gaps and requires agencies to: (1) make progress toward closing any knowledge, skill, and competency gaps, (2) use the OPM designated method to identify skill gaps, (3) monitor and address skill gaps within Government-wide and agency mission critical occupations, (4) describe the skills and human capital information required to achieve agency goals and objectives according to agency strategic plans, and (5) include explicit descriptions of agency skill and competency gaps that must be closed according to annual human capital operating plans.

OPM has had success in creating an infrastructure and governance structure for closing HR skills gaps across the Federal Government. The agency has built coalitions with professionals across the Federal Government to participate and collaborate on activities that will assist agencies in developing strategies over the scope of the five-year strategic plan for closing HR skills gaps.

#### **FY 2017-2018 Planned Actions**

At the end of FY 2016 through Q1 FY 2017, 95 percent of all Federal Action Skills Teams have submitted the following to OPM: (1) root cause analyses of skill gaps in mission critical occupations, (2) action plan strategies to address root causes, and (3) action plan metrics. Some agencies are still working on their submissions, but OPM has worked with those agencies to support the completion of these actions. In Q2 FY 2017 through FY 2020, Federal Action Skills Teams will execute and monitor their action plans, submit quarterly reports to OPM, and review reports with the OPM Director. The quarterly reports will provide progress updates on planned actions and achievement of targets, and identify issues or barriers. Federal Action Skills Teams and OPM will continually monitor skill gaps risk reduction and closures through FY 2020.

OPM will develop a core curriculum for the staffing specialist position based on general competencies as well as technical competencies such as classification. Because delegated examining is a critical area of non-compliance for staffing specialists, OPM will develop, approve, pilot, and launch a formal Delegated Examining Certification Program.

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

OPM and the Executive Steering Committee for Closing HR Skills Gaps will continue to work on branding and communicating the overall effort for equipping the HR community with the tools and resources needed to provide the best service to their customers.

## Performance Measures

Performance Measure	FY 2014 Results	FY 2015 Results	FY 2016 Results	FY 2016 Target	FY 2017 Target	FY 2018 Target
Percent of high-risk mission critical occupations/areas making progress toward meeting closing skill gap targets	—*	—*	72%	New Measure	Establish Baseline	≥75%

## Milestones

Target Completion Date	Description
September 2016 - September 2017	Continue to post the technical competencies and courses to HRU.gov.
January 2017 - September 2017	Pilot new Delegated Examining Certification and evaluate for scalability (dependent on funding and resources).
June 2017	Complete classification technical competencies and start curriculum design and development.
September 2017	Pilot staffing courses and evaluate Government-wide assessment model.
September 2017	CHCO Council assumes operations of HRU.gov.

## 2. Federal Health Insurance Initiatives

### Federal Employees Health Benefits Program (FEHBP)

#### Program-wide Claims Analysis/Health Claims Data Warehouse

##### Related Strategies and Agency Priority Goal

- Strategy: 9.01 Sponsor high quality, affordable insurance products
- Strategy: 9.02 Optimize insurance-related business processes

##### Responsible Agency Officials

- Anne Easton, Acting Director, Planning and Policy Analysis
- Alan P. Spielman, Director, Healthcare and Insurance

##### Summary of the Challenge

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\* No historical data available for this period.

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

### **FY 2016 Progress Update**

In FY 2016, OPM completed the development of the Health Claims Data Warehouse system. OPM's primary challenges are (1) to enter the claims data into the system in a way that facilitates data analysis and manipulation, and (2) to secure the data. OPM implemented high security features such as data encryption, masking, and redaction, to protect sensitive health information. The system was granted an Authority to Operate by OPM's Chief Information Security Office. Additionally, the OIG reviewed the security systems in place for the warehouse and provided recommendations that were implemented to protect sensitive data. The OIG did not perform a full-scope audit; rather the OIG performed a quick review and notified OPM. This quick review identified several problems, which the OIG verified had been addressed. The OIG did not attest to the security of the system as a whole.

### **Prescription Drug Benefits and Costs**

#### **Summary of the Challenge**

OPM provides oversight of prescription drug costs administered by health plans participating in the FEHBP. Prescription drug costs represent approximately one fourth of the total FEHBP costs. Therefore, OPM promotes the principle that health plans should offer their best arrangements for prescription drugs. Many carriers use pharmacy benefit managers to administer their prescription drug coverage. OPM hired a new Chief Pharmacy Officer with extensive formulary management experience.

#### **FY 2016 Progress Update**

The agency has called on participating health plans to:

- better manage pharmacy networks;
- implement, operate, and reinforce drug utilization management strategies;
- coordinate coverage of specialty drugs between the medical and pharmacy benefit;
- utilize formulary design principles to optimize the prescription drug benefit; and
- implement cost comparison tools that give current and prospective enrollees access to user-friendly information about the formulary tier and member cost-share for prescription drugs.

Self-reported data from carriers demonstrate efforts to keep the prescription drug benefit competitive and cost effective, as almost all of the 20 plans with the largest FEHB enrollment utilized cost-share tiers. The specific tiers varied, with Generic Drugs, Preferred Brand Name, and Non-preferred Brand Name tiers being the most common. Of the largest 20 plans' networks, 15 were characterized as broad, four as managed, and one as tiered.



HI launched an improved plan comparison tool to empower employees, enhance transparency, and promote choice. This tool was available during the 2016 FEHB Open Season for current and prospective enrollees.

Plans continued to employ utilization management strategies, with the biggest change in increased implementation of coordination of benefits for Medicare Part B. In 2014, plans covering 28 percent of members had coordination of benefits, increasing to 92 percent of members in 2015. All of the largest 20 plans, and 90 percent of all plans, utilize retrospective drug utilization review. Medication therapy management is used by 75 percent of the largest 20 plans and 70 percent of all plans, a slight increase from 67 percent of all plans in 2014. Use of narrow networks remains unchanged from 2014 for the largest 20 plans at 20 percent, and has increased slightly for all plans from 28 to 30 percent.

Depending on the drug, plans employ strategies such as quantity limits, step therapy, and prior approval. For example, 16 of the largest 20 plans use quantity limits as a narcotic management strategy. Step therapy is used for nine of the largest 20 plans for sleep medications. A prior approval requirement is applied to many high-cost specialty drugs, such as Humira. Humira (a common injectable treatment for Rheumatoid Arthritis) requires prior approval in 17 of the largest 20 plans.

Of the largest 20 plans, all offer a drug cost calculator with at least the ability to search for individual drugs. Seventeen plans utilize an interactive tool. Member uptake varies by plan, from zero to 56 percent of members utilizing the cost tool.

In presentation forums and written communication with carriers, OPM emphasized the safe and effective use of pain medications, the availability of medication-assisted therapy for individuals diagnosed with opioid use disorder, and enhancing access to narcotic reversal agents.

## **Health Benefit Carriers' Fraud and Abuse Programs**

### **Summary of the Challenge**

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

### **FY 2016 Progress Update**

In response to recent OIG audits and annual carrier reporting, OPM further examined its practices and procedures and has made several changes to strengthen its existing fraud, waste, and abuse monitoring and enforcement. In FY 2016, OPM:

- strengthened its productive relationship with the OIG in addressing open fraud-related audit recommendations;
- presented an overview of the fraud, waste, and abuse program requirements and discussed updated guidance reporting to the FEHBP Fraud, Waste, and Abuse Task Force meeting in January 2016;

- worked with auditors, Audit Resolution, and HI's Program Analysis and Systems Support groups to conduct more comprehensive training for HI Contract Specialists on updated fraud, waste, and abuse requirements; and
- coordinated with internal stakeholders to review, analyze, and respond to questions from the annual reports received from the plans and the challenges plans face in meeting reporting requirements.

## **Medical Loss Ratio Implementation and Oversight**

### **Summary of the Challenge**

OPM's Office of the Actuaries closely monitors the FEHBP medical loss ratio methodology and documents each year's ratio for each community-rated plan, and the associated penalties or credits. The Office of the Actuaries works closely with OPM's Office of the Chief Financial Officer to confirm that proper accounting for medical loss ratio credits and penalties is established so that both disbursement and receipts of medical loss ratio transactions are appropriately accounted for and documented.

In order to calculate the medical loss ratio, carriers divide the total portion of premium dollars spent on clinical services and quality improvement by the total premium income received. Community-rated carriers are required to spend at least 85 percent of premium dollars on medical care, and may use the remaining portion of premium dollars on other costs such as administration, overhead, and marketing. OPM provides carriers with their subscription income to use in the medical loss ratio calculation. However, because of OPM's decentralized enrollment and payroll systems, these amounts may differ from the premium income amounts carriers have tracked in their own internal systems. Carriers may choose to use their own premium amounts when calculating the medical loss ratio, but these amounts are subject to audit.

### **FY 2016 Progress Update**

OPM recognizes that OIG has noted inconsistencies on the subscription income report. However, given the FEHBP's decentralized enrollment and payroll systems, the payment collection and disbursement method to carriers is not able to yield a completely precise result. Therefore, the agency allows carriers to use their own income calculation in the FEHBP medical loss ratio calculation. OPM has begun to explore the creation of a centralized enrollment database to mitigate these challenges.

## **Affordable Care Act**

### **Summary of the Challenge**

Securing sufficient resources to further implement the Multi-State Plan Program (MSPP), as well as attracting new issuers to the program, continues to be a challenge. The statute does not give OPM authority to compel any issuer to participate in the MSPP and explicitly prohibits OPM from requiring FEHBP carriers to participate.

Further, the statute does not authorize the preemption of state law requirements governing health insurance. This lack of preemption capability is a significant difference between the MSPP and the

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FEHBP. These statutory challenges have been amplified by the volatility of the individual and small group health insurance markets, which has caused a number of issuers to cease offering products on the Health Insurance Exchanges.

**FY 2016 Progress Update**

To meet the goal of making MSPP options available for enrollment in as many states as possible, OPM has accomplished the following:

- contracted with the Blue Cross Blue Shield Association and two Co-Ops to offer MSPP options in 32 states plus the District of Columbia in 2016;
- continued to develop relationships with state health care regulators to facilitate the exchange of information on MSPP operations and the state-specific requirements governing the sale of health insurance in a state;
- held a MSPP issuer conference in November 2015;
- conducted outreach efforts to insurance issuers and other groups to raise awareness of the MSPP in order to expand the MSPP to additional states;
- continued to work with the OMB and the Department of Health and Human Services (DHHS) to develop standard operating procedures for collecting the MSPP user fee;
- compiled and transmitted information on each applicable state-level issuer to (1) the DHHS for the Federally Facilitated Marketplace, (2) states that intend to operate their own exchange but utilize the prescribed DHHS templates, and (3) states that operate their own marketplace; and
- held a second meeting of the MSPP Advisory Board, established in FY 2015, to exchange information, ideas, and recommendations regarding the administration of the MSPP.

**FY 2017-2018 Planned Actions**

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

**Performance Measures**

Performance Measure	FY 2014 Results	FY 2015 Results	FY 2016 Results	FY 2016 Target	FY 2017 Target	FY 2018 Target
Percent increase in FEHB premiums	3.2%	6.40%	4.44%	≤Industry Trend	≤Industry Trend	≤ Industry Trend

Note: OPM discontinued the MSP enrollment measure due to environmental factor related to the instability in the Exchange markets.

## Milestones

Target Completion Date	Description
September 2017	Complete negotiations on FEHBP benefits and rates for the 2018 plan year. Maintain health care costs at or below industry trend.
September 2017	Advance cost management practices through negotiations with FEHBP carriers to manage pharmacy utilization.

### 3. Background Investigations

#### Related Strategy and Agency Priority Goal

- Strategy: 8.01 Enhance policy, procedures and processes used to ensure people are fit to serve
- Agency Priority Goal: Background Investigations

#### Responsible Agency Official

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

#### Summary of the Challenge

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

NBIB has modernized business processes and tools, a new organizational model to bolster security and intergovernmental communications, and an updated governance structure that will better align policy and operations and facilitate continuous improvements.

In FY 2016, OPM did not meet the timeliness targets established by the Director of National Intelligence or the targets listed in the Intelligence Reform and Terrorism Prevention Act of 2004. In FY 2016, the agency completed:

- the fastest 90 percent of all initial national security clearance investigations in 123 days, not meeting the target of 40 days;
- the fastest 90 percent of initial Secret national security investigations in 108 days, not meeting the target of 40 days; and
- the fastest 90 percent of initial Top Secret national security investigations in 220 days, not meeting the target of 80 days.

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

### **FY 2016 Progress Update**

In 2016, OPM undertook steps designed to regain its previous ability to meet timeliness targets (which it had met for a number of years). In order to reduce the backlog and improve the timeliness of background investigations, in FY 2016, OPM began the process to hire 400 additional Federal investigators. By the end of FY16, NBIB had hired 363 new Federal investigators. Another 37 investigators were brought on board at the beginning of FY 2017 (during October 2016). In total, 400 job offers were extended to qualified job candidates. OPM also awarded fieldwork contracts to two additional investigative service providers -- increasing the number of contractors from two to four. This increased capacity is planned to result in improvements in timeliness while maintaining the high quality standards OPM has continuously achieved.

### **FY 2017-2018 Planned Actions**

In order to improve production output and reduce the existing inventory of investigations, NBIB plans to continue to increase field capacity and implement additional process improvements to enhance productivity. One challenge facing NBIB in FY 2018 is the legislative language in the FY 2017 National Defense Authorization Act §951, which mandated that DOD prepare a plan to potentially transition a large portion of the program to the Department of Defense. OPM's obligation to assist DOD with information requests related to that plan has drained resources from NBIB at a time that it continues to try to focus on reducing the backlog and improving timeliness.

During Q2 of FY 2017, NBIB began the process of hiring an additional 200 Federal field investigators, and will continue to hire throughout FY 2018 toward a revised strength of 1,975 investigators. Having on-boarded the third fieldwork contractor in February 2017, and the fourth fieldwork contractor in April 2017, NBIB will continue to work with all four fieldwork contractors, encouraging capacity growth and increased productivity to address the overall inventory and improve timeliness.

NBIB has completed, or is in the process of completing, four workload initiatives to assess efficiencies that might be gained, better streamline the investigative process, and reduce the amount of time it takes to complete an investigation:

- (1) Focused Report Writing: aimed at reducing report writing time through use of more concise Reports of Investigation;
- (2) Centralized Interviews: aimed at reducing investigator travel time by conducting subject interviews in geographically central locations;
- (3) Telephone Interviews: aimed at gaining enhanced flexibility/efficiency without affecting overall quality by revising existing telephonic interview guidance; and
- (4) Video Conferencing Interviews: aimed at meeting investigative interview requirements in remote areas internationally or at understaffed locations in CONUS.

## Performance Measures

Performance Measure	FY 2014 Results	FY 2015 Results	FY 2016 Results	FY 2016 Target	FY 2017 Target	FY2 018 Target
Percent of investigations determined to be quality complete	99.9%	99.9%	99.8%	≥99%	≥99%	≥99%
Average number of days to complete the fastest 90 percent of all initial national security investigations	35	67	123	≤40	≤40	≤40
Average number of days to complete the fastest 90 percent of initial Secret national security investigations	30	58	108	≤40	≤40	≤40
Average number of days to complete the fastest 90 percent of initial Top Secret national security investigations	75	147	220	≤80	≤80	≤80

## Milestones

Target Completion Date	Description
March 2017	Complete pilot and implement Focused Report Writing initiative for Federal field.
March 2017	Complete and issue guidance for Telephonic Interviews initiative.
March 2017	Complete pilot for Video Conferencing Interviews initiative.
September 2017	Deliver full capability for all tiers of the 2012 Federal Investigation Standards.
September 2017	Continue to increase capacity to improve timeliness and decrease the current backlog of investigations.
September 2017	Implement Executive branch-wide quality standards.
September 2017	Work with the Performance Accountability Council Project Management Office and the Performance Improvement Council to develop, implement, and continuously re-evaluate and revise outcome-based measures to gauge the effectiveness of the background investigations process.
September 2017	Onboard an additional 200 Federal investigators.
September 2017	Complete Centralized Interview Workload initiative.
September 2018	Implement Focused Report Writing with fieldwork contractors.

## Internal challenges

### 4. Information Security Governance

#### Related Strategy and Agency Priority Goal

- Strategy: 4.03 Implement enterprise initiatives that leverage capabilities and tools throughout OPM
- Agency Priority Goal: Cybersecurity Monitoring

#### Responsible Agency Official

- Cord Chase, Chief Information Security Officer

#### Summary of the Challenge

Information security governance is primarily focused on identifying key roles and responsibilities and managing information security policy development, oversight, and ongoing monitoring activities. In FY 2016, OPM successfully filled the vacant Chief Information Security Officer position and effectively centralized IT security responsibility under the Chief Information Security Officer.

#### FY 2016 Progress Update

In FY 2016, OPM hired additional information system security officers to support the system owners with their Federal Information Security Management Act (FISMA) compliance responsibilities.

OPM continued to work closely with our oversight entities to address and close FISMA audit findings and remediate identified potential weaknesses. OPM established a Plan of Actions and Milestones (POAMs) Management Review Board that will provide consistent management decisions on the creation, review, update, closure, and cancellation of Plans of Actions and Milestones.

Since 2007, OPM has 218 FISMA audit findings. As of the end of FY 2016, OPM had mitigated 165 out of the 218 findings (75.7 percent).

In addition, OPM updated performance standards for IT Project Managers within the Office of the Chief Information Officer to include elements for complying with FISMA requirements, such as maintaining valid Authorities to Operate (ATOs) for information systems and remediating POAMs.

#### FY 2017-2018 Planned Actions

OPM will continue to utilize the processes and procedures established in the OPM Plan of Actions and Milestones Guide to close out FISMA audit findings. OPM plans to implement a Continuous Diagnostics and Mitigation (CDM) tool provided by DHS as a central repository to track all Plans of Action and Milestones (POAMs) and estimated completion dates.

## Performance Measures

Performance Measure	FY 2014 Results	FY 2015 Results	FY 2016 Results	FY 2016 Target	FY 2017 Target	FY 2018 Target
Percent of FISMA audit findings mitigated	—*	—*	75.7%	80%	≥90%	≥90%

## Milestones

Target Completion Date	Description
FY 2017 Q3	Close out recommendations related to ATOs.
FY 2017 Q4	Close out recommendations related to security management.
FY 2018 Q4	Close out recommendations related to continuous monitoring.

## 5. Security Assessment and Authorization

### Related Strategy and Agency Priority Goal

- Strategy: 4.03 Implement enterprise initiatives that leverage capabilities and tools throughout OPM
- Agency Priority Goal: Cybersecurity Monitoring

### Responsible Agency Official

- Cord Chase, Chief Information Security Officer

### Summary of the Challenge

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

### FY 2016 Progress Update

In FY 2016, OPM launched two major IT system compliance initiatives. To support this effort, OPM hired additional information system security officers to support the system owners and awarded an ATO support contract to help standardize the authorization process. At the end of FY 2016, 67.4 percent of OPM IT Systems had a current ATO; the remaining were completed in Q2 FY 2017.

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\* No historical data available for this period.



### **FY 2017-2018 Planned Actions**

OPM completed its ATO sprint efforts with 100 percent of all systems having a current ATO and achieved FISMA compliance for its information systems as of Q2 FY 2017. Of OPM's current ATOs, 10 are set to expire in 2017, and 14 will expire in 2018. OPM is tracking the expiration date of all ATOs and has a schedule to complete new ATOs prior to the expiration of existing ATOs.

### **Performance Measures**

<b>Performance Measure</b>	<b>FY 2014 Results</b>	<b>FY 2015 Results</b>	<b>FY 2016 Results</b>	<b>FY 2016 Target</b>	<b>FY 2017 Target</b>	<b>FY 2018 Target</b>
Percent of OPM IT Systems with FISMA required documentation	-*	-*	67%	≥50%	≥80%	100%

### **Milestones**

<b>Target Completion Date</b>	<b>Description</b>
FY 2017 Q4	Reauthorize expiring Authorities to Operate as needed.
FY 2018	Reauthorize expiring Authorities to Operate as needed.

## **6. Data Security/Management**

### **Related Strategy and Agency Priority Goal**

- Strategy: 4.03 Implement enterprise initiatives that leverage capabilities and tools throughout OPM
- Agency Priority Goal: Cybersecurity Monitoring

### **Responsible Agency Official**

- David DeVries, Chief Information Officer

### **Summary of the Challenge**

OIG's FY 2016 Top Management Challenges report stated that OPM's technical environment was complex and decentralized, and stated that these characteristics made it extremely difficult to secure. Over the past several years, the OIG credited OPM with increasing the staffing levels of its network security team, and procuring a variety of tools to help automate efforts to secure the OPM network. However, the OIG's FY 2015 Federal Information Security Management Act (FISMA) audit determined that not all of these tools were being utilized to their fullest capacity, and found that OPM was having difficulty implementing and enforcing the new controls on all endpoints of its decentralized infrastructure.

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\* No historical data available for this period.

**FY 2016 Progress update**

In FY 2016, OPM encrypted 63.6 percent of its high value databases, exceeding its target of 60 percent, and completed deployment of two-factor strong authentication for all users, which provides a strong barrier to OPM’s networks from individuals who are not authorized to have access.

OPM was one of the first agencies in the Federal Government to fully implement Phase 1 of the Department of Homeland Security’s (DHS) Continuous Diagnostics and Mitigation (CDM) program. In FY 2016, OPM exceeded its target to cover 95 percent of its network by Phase 1 of the CDM program, which identifies cybersecurity risks on an ongoing basis and prioritizes these risks based on the potential severity of the risk. Phase 1 included installing security tools in the areas of hardware asset management, software asset management, vulnerability management, and configuration settings management. The agency is currently preparing for Phase 2, which began in FY 2017. Phase 2 capabilities include access control management, security-related behavior management, credentials and authentication management, and privileges. OPM will continue implementation of Phase 2 in coordination with DHS. CDM will also allow OPM to communicate with DHS more rapidly and effectively during any potential cybersecurity incident.

**FY 2017-2018 Planned Actions**

OPM will continue its multifaceted approach to secure its data and applications based on three overarching initiatives focused on multifactor authentication, data encryption, and implementation of the CDM program. OPM plans to encrypt its High Value Asset databases and non- High Value Asset databases containing Personally Identifiable Information (PII). OPM will prioritize making its High Value Assets multi-factor enabled at the application level, and will then focus on the remaining major applications, as appropriate. This will provide a better user experience in accessing the applications, while improving overall security, by eliminating application username and passwords. OPM’s participation in Phase 2 of the DHS CDM program will assist in this effort.

**Performance Measures**

Performance Measure	FY 2014 Results	FY 2015 Results	FY 2016 Results	FY 2016 Target	FY 2017 Target	FY 2018 Target
Percent of network covered by Phase 1 Continuous Diagnostics and Mitigation (CDM) capabilities	-*	-*	100%	≥95%	≥95%	Completed
Percent of network covered by Phase 2 Continuous Diagnostics and Mitigation (CDM) capabilities	-*	-*	N/A until FY 2017	-*	≥95%	100%

\* No historical data available for this period.

## Milestones

Target Completion Date	Description
FY 2017 Q4	Implement Phase 2 of the CDM program.
FY 2017 Q4	Enable multi-factor authentication for two HVA applications.
FY 2018 Q3	Enable multi-factor authentication for two HVA additional applications.

## 7. Information Technology Infrastructure Improvement Projects

### Related Strategy and Agency Priority Goal

- Strategy: 4.03 Implement enterprise initiatives that leverage capabilities and tools throughout OPM
- Agency Priority Goal: Cybersecurity Monitoring

### Responsible Agency Official

- David DeVries, Chief Information Officer

### Summary of the Challenge

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

### FY 2016 Progress Update

OPM has implemented an application inventory management tool to track and manage all software applications. The Department of Homeland Security (DHS) Continuous Diagnostics and Mitigation (CDM) program includes additional tools to monitor software deployed on the network and supplement the application inventory. In addition, OPM has also consolidated its hardware asset inventory into another application.

In FY 2016, Federal IT Business Solutions, a division within the Office of the Chief Information Officer (OCIO), completed a technology and platform upgrade of Employee Express. (Employee Express is an automated system that Federal employees use to make their personnel and payroll transactions electronically.) Additionally, OPM continues to work on the incremental modernization of OPM's retirement systems using a digital services team. For OPM's broader portfolio of applications, the agency has also begun to identify the baseline for owned applications, create application profiles, and start the development of Analysis of Alternatives (AoAs). OPM reinstated its Investment Review Board (IRB) to provide corporate review of IT investments.

In addition, in August 2016, the OPM IRB approved the Infrastructure as a Service Analysis of Alternatives, which recommended that OPM consolidate the nine data centers that it currently

operates to two strategic locations in Macon, GA and Boyers, PA. The Analysis of Alternatives was developed in further compliance with the OMB's Federal Data Center Optimization Initiative. OPM has made significant progress with the data center consolidation effort, and has moved out of two data centers, with plans to vacate two additional data centers by the end FY 2017. These actions will reduce OPM's data center inventory from nine to five data centers, with plans being developed to move out of the remaining three centers, to obtain OPM's target goal of operating out of two locations by the end of FY 2018.

**FY 2017-2018 Planned Actions**

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

**Performance Measures**

Performance Measure	FY 2014 Results	FY 2015 Results	FY 2016 Results	FY 2016 Target	FY 2017 Target	FY 2018 Target
Percent of end-of-life hardware operating on OPM's infrastructure	-*	-*	-*	New Measure	Establish Baseline	Establish Baseline

**Milestones**

Target Completion Date	Description
FY 2017 Q3	Migrate Consolidated Business Information System to a shared service center.
FY 2017 Q3	Decommission two additional data centers.
FY 2018 Q1	Conduct market research for Federal Financial System modernization.

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\* No historical data available for this period.

## 8. Stopping the Flow of Improper Payments

### Related Strategy and Agency Priority Goal

- Strategy: 7.03 Advance the 21st century customer-focused retirement processing system for claims adjudication in a timely and accurate manner
- Agency Priority Goal: Retirement Services Case Processing

### Responsible Agency Official

- Kenneth Zawodny, Jr. Associate Director, Retirement Services

### Summary of the Challenge

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

### FY 2016 Progress Update

The improper payments rate for the Retirement Program was 0.37 percent, well below the 1.5 percent threshold prescribed by statute. The percentage to deceased annuitants is only roughly one third of that total.

OPM developed and issued a comprehensive improper payments plan in 2012. OPM completed a revision of the plan in July 2015, and will update the plan in by the end of FY 2017 and each year thereafter.

OPM has initiated an on-going, concerted effort to review and correct social security numbers across the annuity roll so that both OPM's records and those of Social Security Administration (SSA) contained in its Death Master File will have accurate and complete information.

During FY 2016, OPM continued to identify and document overpayment and cost savings through the Disability Earnings Match by terminating annuity payments to annuitants based on earned income information from the SSA. The Consolidated Death Match has identified and documented overpayments with receipt of death data from the SSA.

OPM is working with SSA on a new Information Exchange Agreement that would authorize OPM to provide SSA with recurring death information from OPM's annuity roll. This would enable SSA to better protect the integrity of its own Death Master File.

OPM continued work on renewing its agreement with the Department of Labor's (DOL) Office of Workers Compensation Program to conduct a match that would identify beneficiaries receiving both wage loss compensation for disability or death under the Federal Employees' Compensation Act, and retirement or death benefits under the Civil Service Retirement System or the Federal

Employees Retirement System for the same period. The concurrent receipt of both benefits is prohibited.

**FY 2017-2018 Planned Actions**

In FY 2017, OPM will obtain data on a small sample of annuitants over age 90 to validate that they are still alive and entitled to an annuity. OPM will also finalize a new Information Exchange Agreement with the SSA that would authorize OPM to provide death records from OPM’s annuity roll to the SSA. This would help the SSA protect the integrity of its Death Master File.

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

**Performance Measures**

Performance Measure	FY 2014 Results	FY 2015 Results	FY 2016 Results	FY 2016 Target	FY 2017 Target	FY 2018 Target
Rate of improper payments in the retirement program	0.38%	0.38%	0.37%	≤0.37%	≤0.36%	≤0.35%

**Milestones**

Target Completion Date	Description
September 2017	Conduct project to sample annuitants over age 90.

**9. Retirement Claims Processing**

**Related Strategy and Agency Priority Goal**

- Strategy: 7.03 Advance the 21st century customer-focused retirement processing system for claims adjudication in a timely and accurate manner
- Agency Priority Goal: Retirement Services Case Processing

**Responsible Agency Official**

- Kenneth Zawodny, Jr. Associate Director, Retirement Services

**Summary of the Challenge**

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

## **FY 2016 Progress Update**

OPM continues to implement the core components in the Retirement Services Strategic Plan, which includes delivering quality customer service; implementing productivity and process improvements; partnering with agencies so that they are submitting complete and accurate retirement packages for quicker processing; and making progressive information technology improvements. OPM used Lean Six Sigma to streamline and standardize internal processes, for example, reviewing and assembling complete cases before distributing them to Legal Administrative Specialists for adjudication. OPM also partnered with the Defense Finance and Accounting Service and United States Postal Service to help with claims processing, and coordinated biweekly meetings with United States Postal Service and the National Personnel Records Center to address common retirement processing issues.

OPM is focused on transitioning the Retirement Program to a paperless system. To realize this vision, Retirement Services (RS) partnered with OPM's Office of the Chief Information Officer to establish a centralized repository of data to capture, validate, and maintain information concerning an employee's career that will ultimately affect retirement calculations. RS also established the capability to gather electronic data from the agency HR office and payroll service provider and send it to a centralized data repository.

OPM has embarked on five major IT initiatives that should ultimately lead OPM to realize its IT strategic vision, including the (1) Electronic Retirement Record, (2) Retirement Data Repository, (3) Data Bridge, (4) Online Retirement Application, and (5) Case Management System. These initiatives are at varying levels of completion.

## **FY 2017-2018 Planned Actions**

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

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

In FY 2017, OPM will continue to (1) advise and provide Federal retirement policy technical assistance to all OPM offices, the Chief Human Capital Officers Council, and Congress, (2)

develop and deliver a training based on surveyed needs, and (3) provide feedback to agencies on claims deficiencies.

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

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

### Performance Measures

Performance Measure	FY 2014 Results	FY 2015 Results	FY 2016 Results	FY 2016 Target	FY 2017 Target	FY 2018 Target
Percent of retirement claims processed within 60 days	79%	70.1%	77.1%	≥90%	≥90%	≥90%

### Milestones

Target Completion Date	Description
FY 2017 Q3	Get updated dataset with new field.
FY 2017 Q3	Complete analysis of updated data.
FY 2017 Q3	Finish data reconciliation.
FY 2017 Q4	Put processing report into test environment.
FY 2018 Q1	Move processing report into production.

## 10. Procurement Process for Benefit Programs

### Responsible Agency Officials

- Juan Arratia, Senior Procurement Executive
- Gregory Blaszkowski, Division Director, Acquisition Policy & Innovation, Office of Procurement Operations
- Elijah Anderson, Division Director, Office of Procurement Operations

### Summary of the Challenge

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



management office (PMO), Information Technology (IT), and operations and maintenance support contracts supporting the Benefit Programs.

**FY 2016 Progress Update**

OPO awarded, through full and open competition, a new FSAFEDS contract in March 2016 and a new Federal Long Term Care contract in April 2016. The BENEFEDS procurement was awarded in March 2017. In addition, in FY 2016, OPO initiated bi-weekly program reviews with OPM’s Healthcare and Insurance (HI) program office (which administers the benefits programs). OPO will continue to provide oversight and management support to the delegated HI procurement authority through the commencement of a file review and compliance check process based on developing policies and guidance.

**FY 2017-2018 Planned Actions**

Through the latter half of FY 2017 and into FY 2018, OPO will be actively working on implementing new program management and IT support contracts valued at over \$125 million over five years. These contracts will support both National Health Operations (NHO) and Federal Employee Health Benefits (FEHB) under the Benefit Programs.

OPO will continue to publish and implement updated policies and procedures related to the procurement process such as acquisition planning, Federal Acquisition Certification for Contracting Officer’s Representatives, and procurement integrity. The OPO will also continue to disseminate changes or updates to Federal contracting policies and regulations as they are promulgated. In collaboration with Employee Services (ES), the OPO will continue to understand, review, and finalize the roles and responsibilities of HI personnel who support contract administration. This includes finalizing the roles and responsibilities of Contracting Officer Representatives responsible for Benefits Program contracts.

The OPO has begun to implement an oversight and compliance process for HI, and plans to fully implement the process by the end of Q1 FY 2018. The OPO will continue to refresh and develop the process through FY 2018 based on initial file reviews and compliance checks.

**Performance Measures**

Performance Measure	FY 2014 Results	FY 2015 Results	FY 2016 Results	FY 2016 Target	FY 2017 Target	FY 2018 Target
Percent of FSAFEDS, FLTCIP, and BENEFEDS awards competitively executed	-*	0%	67%	New Measure	100%	100%

\* No historical data available for this period.

## Milestones

Target Completion Date	Description
Ongoing	Continue to publish and implement updated policies and procedures which support the procurement process.
Ongoing	Continue to collaborate with Employee Services to review the roles and responsibilities of Healthcare and Insurance employees who support contract administration.
FY 2017 Q3	Initiate oversight efforts and commence initial file review and compliance checks for Healthcare and Insurance.
FY 2017 Q3 – Q4	Solicit and award Healthcare and Insurance IT Program Management Office (HI IT PMO) contract.
FY 2018 Q1	Fully implement the oversight and compliance process for Healthcare and Insurance. Begin performance under the HI IT PMO contract to support NHO and FEHB as well as award the IT support contract. These awards will be in direct support of open season efforts.
FY 2018 and Ongoing	Refresh and develop file review and compliance check process policy based on findings from initial file reviews and compliance checks.

## 11. Procurement Process Oversight

### Responsible Agency Officials

- Juan Arratia, Senior Procurement Executive
- Gregory Blaszkowski, Division Director, Acquisition Policy & Innovation, Office of Procurement Operations
- Elijah Anderson, Division Director, Office of Procurement Operations

### Summary of the Challenge

OPM's Office of Procurement Operations (OPO) is responsible for providing centralized contract management that supports the operations and Government-wide mission of OPM, across the complete acquisition lifecycle, as well as directly supporting the agency suspension and debarment program, and managing the agency purchase card program. In FY 2015, OPM awarded nearly 4,200 transactions totaling \$1.2 billion and in FY 2016, more than 3,000 transactions totaling \$1.1 billion.

In FY 2015, OPO took steps in determining areas for improvement across the contracting function. These efforts were supported through a consulting company that performed an independent strategic assessment of OPO's procurement compliance, procurement oversight, workload and staffing, and acquisition certification and training. The consulting group issued a report of its findings, including 16 recommendations. OPM's Office of Inspector General (OIG) validated these findings through an audit dated July 8, 2016.

### FY 2016 Progress Update

OPM's Office of Procurement Operations has:

- Requested and received approval for 11 additional hires over previously approved staffing levels, reviewed benchmarks for similarly situated contracting offices to assess performance and

staffing, and created and filled new senior positions to support procurement policy development and compliance/oversight functions;

- Developed and issued new contracting officer warrant policy and established an agency warrant module within the Federal Acquisition Institute Training Application System and continued ongoing efforts to better understand, manage, and oversee roles and responsibilities associated with contract administration functions performed within offices that have delegated procurement authority such as the Healthcare and Insurance program office;
- Developed and issued new policy and/or internal guidance in several other areas such as proper file documentation and maintenance, review and approval process, contract review board, acquisition planning, ratification of unauthorized commitments, and purchase card transaction review process;
- Initiated collaboration with OPM's Lean Six Sigma process improvement team on mapping the agency-wide end-to-end procurement process to identify solutions to address timeliness and quality issues;
- Started monthly program reviews with all program offices to review current and planned procurement actions; and
- Developed training for both OPO and agency-wide staff in several critical areas to include small business subcontracting, the OPO review and approval process, contract review board process, contracting officer warrants, procurement ethics and source selection process, and OPM's contract writing system.

#### **FY 2017-2018 Planned Actions**

- Present an acquisition staffing plan to the agency that addresses required staffing and resource requirements to support the operations of OPO (i.e., staffing requirements based on baselined workload, implementation of corrective actions to OIG findings, accounting for manual processing for agency processes and systems, and growth in requirements project for FY 2017 and FY 2018);
- Develop a strategic acquisition plan that captures multiyear OPM requirements that will support analysis and review of requirements to include consolidations and timely acquisition planning and execution to help reduce the need for bridge contracts;
- Execute contract awards in support of modernization and operation and maintenance (O&M) efforts across the agency, estimated at over \$2 billion to include:
  - IT Security
  - Enterprise Infrastructure Services
  - Electronic Official Personnel Folder (eOPF)
  - Enterprise Human Resources Integration (EHRI)
  - NBIB Development, Modernization, and Enhancement (DME) and O&M
  - Learning Management System
  - Trust Fund replacement
  - Retirement and Benefits System DME and O&M

- Cost Accounting and Budget Management System
- Human Resource Solution DME and O&M
- Data Center Consolidation
- Develop and implement an updated policies and guidance documents to include Contracting Officer Representatives (COR) policy, Acquisition Planning policy, and Ratification of Unauthorized Commitments policy;
- Commence initial file reviews and compliance checks based on existing policy and guidance, and refresh and develop file review and compliance process policy based on findings from the initial file review and compliance checks;
- Develop and issue new policy and/or internal guidance on the following topics: Contract Filing Refresh (FY 2017 Q4); Program Management (Federal Acquisition Certification for Program and Project Managers) (FY 2017 Q4); Contractor Performance Assessment Reports (CPARS) Refresh (FY 2017 Q4);
- Revise/update OPM acquisition career training policy by incorporating changes in the Office of Federal Procurement Policy Memoranda and Letters and the Federal Acquisition Institute Acquisition Career Manager Guidebook regarding the Federal Acquisition Certification (FY 2017 Q4 – FY 2018);
- Continue to update the OPO Wiki page (a centralized location for OPM staff to access procurement-related policies, procedures, guidance, samples, templates, training documents and other resources);
- Continue to improve customer communication by (1) developing "Critical Procurement Priorities Lists" which are used each month to brief senior leadership, (2) conducting monthly program reviews of all current and planned procurement actions with all program offices, (3) continuing the OMB/Office of Federal Procurement Policy 360 Initiative and use the Initiative's FY 2017 survey data to increase collaboration between program offices and vendors and identifying opportunities to improve, (4) offering training and briefing events and enhancing the joint internal customer satisfaction survey; and
- Improve the acquisition system by (1) continuing to review the roles and responsibilities of the procurement process with all relevant stakeholders (program offices, OCFO, and OPO), (2) continuing efforts to improve OPM's end-to-end acquisition process (currently acquisition planning, programming, budgeting, and contract execution includes manual data entry and tracking because OPM's contract writing and financial systems are not integrated and are outdated, and the contract writing system platform is no longer compatible with the Federal Procurement Data System), and (3) continuing to work with the OCFO to address the need for an upgraded contract writing and financial system that would more easily allow for the tracking of acquisition and procurement-related performance indicators.

## Performance Measures

Performance Measure	FY 2014 Results	FY 2015 Results	FY 2016 Results	FY 2016 Target	FY 2017 Target	FY 2018 Target
Percent of completed reviews conducted in accordance with contracting policy	-*	0%	60%	New Measure	85%	100%

## Milestones

Target Completion Date	Description
Ongoing	Continue to support the review and approval process throughout the contract lifecycle.
Ongoing	Continue to publish and implement updated policies and procedures that support the procurement process.
FY 2017 Q4	Commence initial file review and compliance check process based on existing policy and guidance.
FY 2017 – FY 2018	Develop and implement acquisition staffing and strategic acquisition plans. Staffing requirements will be baselined against OPO workload, both operational and nonoperational, and strategically applied to those critical agencies acquisition issues. These include for example, ongoing implementation of OIG corrective actions, accounting for manual processing within the agencies end-to-end systems, continued growth in requirements projected in FY 2017, FY 2018 and beyond, and the consolidation and timely acquisition planning and execution which reduces the need for high risk bridge contracts.
FY 2017 - FY 2018	Approve and issue the following policies: Acquisition Planning, Federal Acquisition Certification - Contracting Officer's Representative (FAC-COR), Contract Filing (Refresh), Federal Acquisition Certification for Program and Project Managers (FAC-P/PM), and Contractor Performance Assessment Reports (CPARs) Refresh.
FY 2017 Q4	Finalize refresh efforts associated with the current OPM Acquisition Career Training Policy and submit for review and approval.

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\* No historical data available for this period.

## **Additional Management Priority**

### **12. Federal Employees Health Benefits (FEHB) Program Plan Performance Assessment**

- Strategy: 9.01 Sponsor high quality, affordable insurance products
- Strategy: 9.02 Optimize insurance-related business processes
- Agency Priority Goal: FEHB Plan Performance

#### **Responsible Agency Official**

- Alan P. Spielman, Director, Healthcare and Insurance

#### **Summary of the Priority**

OPM has implemented the FEHB Plan Performance Assessment, an industry-leading initiative linking FEHB carrier profit to overall performance in clinical quality, customer service, resource use, and the business transactions that support contract oversight. All FEHB plans that were required to report (plans not in their first year) were able to report both Healthcare Effectiveness Data and Information Set (HEDIS) and Consumer Assessment of Healthcare Providers and Systems (CAHPS) measures. These industry standard measures are used to compute clinical quality, customer service, and resource use Quality, Customer Service, and Resource Use (QCR) scores for each plan. The QCR calculation methodology was transparent and reproducible. OPM combined QCR data with contract oversight information to calculate profit or payment adjustments for each contract. The successful payout of the first cycle of Plan Performance Assessment puts OPM in an industry leading role and was arguably the most important achievement of FY 2016. It will continue to shape results and the FEHB portfolio.

#### **FY 2016 Progress Update**

All FEHB plans that were required to report Healthcare Effectiveness Data and Information Set (HEDIS) and Consumer Assessment of Healthcare Providers and Systems (CAHPS) measures to OPM were able to do so. In October 2016, OPM provided a plan preview period for carriers to review and confirm their QCR score calculation before the scores were finalized. Final QCR scores reflect a range of performance across all plan types. Mean QCR scores for HMOs and PPOs were very close, at 0.621 and 0.628 respectively.

By designating this as an Agency Priority Goal, OPM created public accountability for FEHB plan performance by reporting on the three high priority measures publicly on Performance.gov. Performance results are expressed in terms of the percentage of FEHB plans that exceeded the 50th percentile for their plan type. In 2016, 46 percent of FEHB plans exceeded the national average for timely prenatal care, 49.1 percent for controlling blood pressure, and 44.5 percent for plan all-cause readmissions. This represented an improvement over 2015 results for prenatal care and controlling blood pressure, but future years' data will be needed to reliably assess trends.

CAHPS results are important indicators of enrollee experience that complement objective measures of clinical quality. Notably, 57 percent of FEHB carriers performed at or above the 50th percentile on four or more CAHPS measures when compared to all commercial carriers reporting nationwide. This reflects a continued area of strength in the FEHB Program.

**FY 2017-2018 Planned Actions**

In response to FEHB carrier feedback, OPM announced a new method through which a carrier can add value to its performance score. This calculation, known as the “improvement increment” relies on a comparison of eligible measures over a two-year period. Carriers performing below the 50th percentile in the first year and improving at a rate greater than the national average improvement by similar plan types can earn additional credit toward their overall QCR scores.

The FY 2017 reporting cycle presents opportunities to streamline data submission, as well as to assess FEHB trends in health care quality, customer satisfaction, and resource use.

## Performance Measures

Performance Measure	FY 2014 Results	FY 2015 Results	FY 2016 Results	FY 2016 Target	FY 2017 Target	FY 2018 Target
Percent of plans with all-cause readmission to hospital within 30 days of inpatient hospital stay above the national commercial 50th percentile	49%	51%	44.5%	≥51%	≥2016 Result	≥2017 Result
Percent of plans controlling blood pressure above the national commercial 50th percentile	49%~	43%	49.2%	≥43%	≥2016 Result	≥2017 Result
Percent of plans with timely prenatal care above the national commercial 50th percentile	39.8%	41.0%	46.0%	≥41%	≥2016 Result	≥2017 Result

~ Previously reported results revised in October 2016 following a National Committee for Quality Assurance revision to the methodology in 2015.

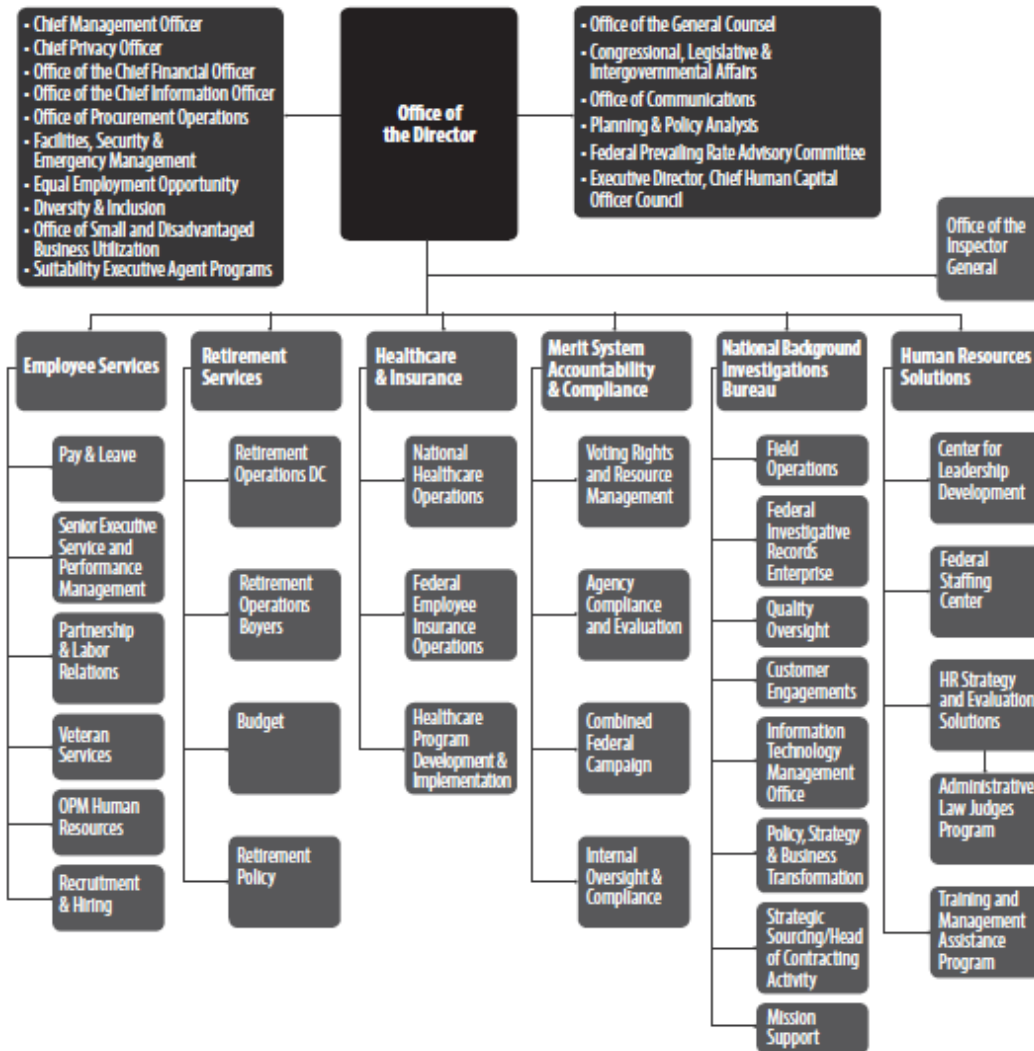
## Milestones

Target Completion Date	Description
September 2017	Complete negotiations on FEHBP benefits and rates for the 2018 plan year.
December 2017	Complete collection and scoring of performance measures for the 2018 plan year.



# Organizational Framework

OPM’s divisions and offices and their approximately 6,376 employees implement the programs and deliver the services that enable the agency to meet its strategic goals. The agency’s organizational framework consists of program divisions and offices that both directly and indirectly support the agency’s mission.



## OPM Budget FY 2017 & FY 2018 by Organization—All Resources

Organization	FY 2017		FY 2018		Variance	
	Annualized CR Dollars	FTE	Request Dollars	FTE	Dollars	FTE
Chief Human Capital Officer Council	\$1,100,000	5.2	\$1,100,000	5.0	\$0	-0.2
Chief Information Officer	\$197,527,027	304.5	\$214,289,211	360.3	\$16,762,184	55.8
Congressional, Legislative and Intergovernmental Affairs	\$2,141,352	15.0	\$2,421,816	16.0	\$280,464	1.0
Employee Services	\$39,521,376	223.1	\$39,516,157	234.5	-\$5,219	11.4
Equal Employment Opportunity	\$810,533	7.0	\$1,013,124	8.0	\$202,591	1.0
Facilities, Security & Emergency Management	\$8,081,614	44.0	\$12,686,047	73.0	\$4,604,433	29.0
Federal Prevailing Rate Advisory Committee	\$196,792	1.0	\$205,845	1.0	\$9,053	0.0
Healthcare & Insurance	\$29,888,310	136.5	\$33,972,717	160.1	\$4,084,407	23.6
HR Solutions	\$220,270,939	388.0	\$195,971,759	460.0	\$24,299,180	72.0
Merit System Accountability & Compliance	\$14,279,663	103.0	\$14,372,589	103.0	\$92,926	0.0
National Background Investigations Bureau	\$1,408,136,198	3,180.0	\$1,445,732,619	3,351.0	\$37,596,421	171.0
Office of Communications	\$2,015,649	17.0	\$2,296,466	19.0	\$280,817	2.0
Office of Diversity and Inclusion	\$1,975,004	12.0	\$1,803,799	11.0	-\$171,205	-1.0
Office of Procurement Operations	\$3,992,807	33.0	\$5,188,876	35.0	\$1,196,069	2.0
Office of Small and Disadvantaged Business Utilization	\$417,277	2.0	\$530,850	2.0	\$113,573	0.0
Office of the Chief Financial Officer	\$37,337,120	114.7	\$44,334,719	131.1	\$6,997,599	16.4
Office of the Director	\$11,694,261	44.0	\$5,538,670	30.0	-\$6,155,591	-14.0
Office of the General Counsel	\$5,657,063	37.0	\$7,602,080	41.0	\$1,945,017	4.0
Office of the Inspector General	\$26,792,969	145.0	\$30,000,000	152.0	\$3,207,031	7.0
Planning and Policy Analysis	\$24,515,163	89.0	\$22,770,901	99.6	-\$1,744,262	10.6
Rent/Centrally Funded Items	\$24,549,807	0.0	\$25,743,210	0.0	\$1,193,403	0.0
Retirement Services	\$93,289,265	970.5	\$105,030,647	1,078.5	\$11,741,382	108.0
White House Fellows	\$793,715	5.0	\$849,312	5.0	\$55,597	0.0
<b>OPM Total</b>	<b>\$2,154,983,904</b>	<b>5,876.5</b>	<b>\$2,212,971,414</b>	<b>6,376.1</b>	<b>\$57,987,510</b>	<b>499.6</b>

Note: This chart includes the budget of executive and administrative activities which are funded by OPM's Common Services. This chart includes all funds and their contributions to OPM's Common Services. The FY 2017 enacted amounts shown for Revolving Fund programs have been revised.

OPM's gross discretionary budget request increased by \$38 million from the FY 2017 Annualized CR budget. This growth demonstrates the dedication of needed resources into our technology, investigation and retirement programs. This increase is proposed for critical targeted investments that are necessary to sustain on-going efforts. This section contains descriptions of each organization and the key roles and responsibilities it plays in contributing to the achievement of OPM's overall mission.

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

## **Executive Offices**

*The Office of the Director (OD)* provides guidance, leadership and direction necessary to make the Federal Government the model employer in the United States, and OPM its model agency. OD is the leadership of OPM, the agency responsible for attracting and retaining an innovative, diverse and talented workforce to make the Federal Government a model employer for the 21st century. The Suitability and Security Clearance Reform Performance and Accountability Council's Program Management Office (PAC PMO) is also housed within the OD.

**Budget Highlights:** With the abolishment of the Ombudsman function, the need for Office of the Executive Secretariat (OES) to remain independent from the OD became unnecessary; therefore, in January 2017 the OES staff, functions and budgetary resources were realigned under the OD.

*Office of the General Counsel (OGC)* provides legal advice and representation to the Director and OPM managers and leaders so they can work to provide the Federal Government an effective and trusted civilian workforce. OGC does this by rendering opinions, reviewing proposed policies and other work products, and commenting on their legal efficacy, serving as agency representatives in administration litigation, and supporting the Department of Justice in its representation of the Government on matters concerning the civilian workforce. OGC also carries out several programmatic, substantive functions that fulfill other statutory or regulatory mandates and thus benefit other OPM offices or the Executive Branch as a whole. For example, OGC is responsible for the Government-wide Hatch Act regulations, administers the internal agency Hatch Act and ethics programs and serves in a policy and legal role in the Government-wide function of determining which Merit Systems Protection Board and arbitral decisions are erroneous and have a substantial impact on civil service law, and, thus, merit judicial review.

**Budget Highlights:** OGC's request represent an increase to FTE for needed attorneys that provide legal support and represent OPM in legal matters. Additionally, this request will support the E-discovery system which is litigation support software and related services for use in connection with litigation and related oversight and information requests.

*Congressional, Legislative and Intergovernmental Affairs (CLIA)* is the OPM office that fosters and maintains relationships with Members of Congress and their staff. CLIA accomplishes its mission by keeping informed of issues related to programs and policies administered by OPM. CLIA staff attends meetings, briefings, mark ups and hearings in order to interact, educate and advise agency, Congressional, State, and Local Governments.

**Budget Highlights:** CLIA's budget reflects its continued efforts of advising the Director and OPM

officials on all matters that are important to Congress. CLIA's advice and counsel also help prepare the Director and senior officials for testimony on the Capitol Hill on matters related to civil service law and regulations—from hiring reform to pay and retirement issues.

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

**Budget Highlights:** OC's budget provides for continues support of overseeing, guiding, planning, and coordinating the writing, publication, and production of all communication products – printed materials, photos/videos, website, and social media postings generated from OPM offices—including briefing materials for the Director and other OPM officials.

*Equal Employment Opportunity (EEO)* provides a fair, legally-correct and expeditious EEO complaints process (for example, EEO counseling, Alternative Dispute Resolution, and EEO Complaints Intake, Investigation, Adjudication, and Record-Keeping).

**Budget Highlights:** EEO's budget continues to build on its responsibility to manage and administer OPM's Special Emphasis Programs and advising the Director on all diversity and internal EEO related matters.

*Office of Diversity and Inclusion (ODI)* examines policy options, Government-wide data trends, and employee survey findings that affect OPM's management of HR policy, as it relates to diversity and inclusion throughout the Federal Government. ODI develops comprehensive strategies to drive diversity and inclusion practices throughout the Federal Government and build a diverse and inclusive workforce, respecting individual and organizational cultures, while complying with merit principles and applicable Federal laws. ODI also designs and implements all required internal OPM diversity and inclusion efforts to promote diversity management.

**Budget Highlights:** ODI continues to promote a diverse work environment. ODI assist with OPM's recruitment and staffing objectives. ODI promotes diversity and inclusion through internal discussions, meetings, and written instruction.

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

Officers and Contracting Officer Representatives, and also manages and provides oversight of the Procurement Card Program. OPO serves as OPM's liaison to the Office of Federal Procurement Policy, Chief Acquisition Officers Council, and other key external agency partnerships.

**Budget Highlights:** In 2016 a workforce planning study was conducted to assess potential operational and financial impacts of the implementation of the NBIB on OPO. The study found that the OPO was not properly staffed. To address this finding, the OPO budget request includes resources to hire additional staff to address its current shortfall of resources.

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

**Budget Highlights:** This budget predominantly supports Federal staff.

## Program Offices

*Employee Services (ES)* provides policy direction and leadership in designing, developing and promulgating Government-wide human resources systems and programs. OPM continued to support agencies' recruiting and hiring programs with tools, education and direct support. Additionally, ES provides recruitment, strategic workforce planning, pay, leave, performance management and recognition, leadership and employee development, work/life/wellness programs and labor and employee relations. ES provides technical support to agencies regarding the full range of human resources management policies and practices, to include veterans' employment as well as the evaluation of their human resource programs. ES also manages the operation of OPM's internal human resources program.

**Budget Highlights:** ES' budget request provides for a range of technical assistance and policy guidance to support agency workforce reshaping efforts. It also provides for information and training sessions that support agency decision makers and implementers such as strategic workforce planning and the use of human capital analytics to inform human capital planning, maximize employee performance, accountability, and engagements, supporting the workforce during times of change.

*Retirement Services (RS)* is responsible for administering, developing, and providing Federal employees, retirees and their families with benefits programs and services that offer choice, value and quality to help maintain the Government's position as a competitive employer. RS is responsible for administering the Civil Service Retirement System (CSRS) and the Federal Employees Retirement System (FERS), serving nearly 2.6 million Federal retirees and survivors who receive monthly annuity payments. Even after a case is adjudicated and added to the annuity roll, OPM continues to serve annuitants by making address or tax status changes to their accounts, sending out 1099-Rs, surveying certain annuitants to ensure their continued eligibility to receive benefits, and other post adjudication activities.

**Budget Highlights:** In FY 2016, RS' call handling rate was 67 percent, well below the industry standard of 95 to 97 percent. The actual number of calls after duplicates can be estimated at 2.3 million calls annually. RS' budget increase will provide additional resources in order to increase its

capacity and improve the average speed of answer from 16 minutes to 10 minutes. These additional resources will also improve e-mail response. Since 2010, RS experienced a 30 percent increase in the volume that was received via retire@opm.gov, accounting for over 370,000 e-mails received annually. There are about 1,000,000 annuitants and survivors that have an e-mail account on file with RS.

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

**Budget Highlights:** HI's request supports the implementation of portions of the National Defense Authorization Act which enables certain TRICARE eligible individuals to participate in the Federal Employees Dental and Vision Program (FEDVIP) administered by OPM. This effort will include negotiating rates and benefits such that eligible TRICARE individuals may join FEDVIP effective January 1, 2019. Additionally, this request includes efforts to enhance the FEHB Program Plan Performance Assessment to greater incentivize market-based, results-oriented, affordable quality healthcare in the FEHB Program market.

***Merit System Accountability & Compliance (MSAC)*** ensures through rigorous oversight that Federal agency human resources programs are effective and efficient, and comply with merit system principles and related civil service requirements. MSAC evaluates agencies' programs through a combination of OPM-led evaluations and participating in agency-led reviews. The evaluations may focus on all or some of the four systems of the Human Capital Framework: strategic planning and alignment of human resources to mission, performance culture, talent management, and evaluation systems. MSAC reports may identify required corrective actions, which agencies must show evidence of implementing, as well as recommendations for agencies to improve their systems and procedures. MSAC also conducts special cross-cutting studies to assess the use of HR authorities and flexibilities across the Government. Moreover, MSAC reviews agencies' requests to appoint political appointees to competitive or non-political excepted service positions to ensure such appointments are free of political influence. MSAC also adjudicates classification appeals, job grading appeals, Fair Labor Standards Act claims, compensation and leave claims, and declination of reasonable appeals, all of which provides Federal employees with an administrative due process rights to challenge compensation and related agency decisions without having to resort to seeking redress in Federal courts.

MSAC has Government-wide oversight of the Combined Federal Campaign (CFC) and the Voting Rights programs. The mission of the CFC is to promote and support philanthropy through a program that is employee focused, cost-efficient, and effective in providing all Federal employees the opportunity to improve the quality of life for all. The Voting Rights Program deploys Federal observers to monitor polling sites (as determined by the Attorney General) and provides written reports to the Department of Justice. Finally, MSAC manages OPM's Office of Internal Oversight and Compliance (IOC). IOC drives the resolution of audit recommendations, conducts program evaluations, and oversees the review of



capital investments to strengthen OPM's risk management and operational performance.

**Budget Highlights:** MSAC's budget largely will be used to carry out OPM's statutory mission of ensuring, through its largest component, Agency Compliance and Evaluation, Federal human capital management across the Government is effective, efficient, and in compliance with merit system principles and other civil service requirements.

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

**Budget Highlights:** HRS' budget will provide workforce reshaping solutions to support Federal agencies experiencing mission, workforce, structural, and budgetary changes. Additionally, HRS will develop and offer a comprehensive HR curriculum to the Federal HR community to address skills gaps, expand the Presidential Management Fellows Program from a talent acquisition program to a leadership development program to build the next generation of leaders, further develop USA Performance to support the performance management of SES and GS employees, and continue the formulation of an end-to-end HR services process to support Federal agencies and stakeholders from hire to retire.

**National Background Investigations Bureau (NBIB)** is responsible for providing investigative products and services for over 100 Federal agencies to use as the basis for a variety of adjudicative decisions, including but not limited to security clearance and suitability decisions as required by Executive Orders and other rules and regulations. It focuses on continual process improvements through innovation, stakeholder engagement, agile acquisition strategy, and a focus on national security. NBIB absorbed the roles, responsibilities, and staff of Federal Investigative Services (FIS) starting in fiscal year 2017.

**Budget Highlights:** NBIB's budget will invest in the development of automated tools to support efficiency and consistency. Automating front-end processes to reduce hardcopy investigation requests will support Background Investigations timeliness standards, as well as better support and even reduce or eliminate manual processes. It will also continue to increase workforce capacity by both hiring Federal investigators and employing additional contract investigators to more expeditiously decrease pending case inventory and improve the timely delivery of cases to NBIB's Federal agency customers.

## **Mission Support Services**

**Chief Financial Officer (CFO)** provides leadership and coordination of OPM financial management services, accounting, financial systems, budget, performance, enterprise risk management and internal controls programs which enable the agency to achieve strategic objectives and mission. Additionally, the

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OCFO ensures the completion of timely and accurate financial reports that support decision making comply with Federal requirements and demonstrate effective management of taxpayer dollars.

**Budget Highlights:** OCFO's budget request reflects additional resources required to continue efforts to migrate and modernize its legacy Trust Fund Federal Financial System (FFS), used to perform financial management and accounting for the Retirement, Health Benefits, and Life Insurance Programs for Federal employees. The FFS is currently unable to meet many trust fund accounting and related business processes resulting in increased inefficiencies across multiple areas within OPM. FFS Modernization will serve as a catalyst to propel automations within financial operations reducing manual labor effort and time, eliminating human errors, and reducing the overall cost of operation and maintenance by consolidating and integrating the processes of other related systems. In addition, this request include efforts to achieve cost savings and increased productivity and efficiency by using Shared Services arrangements to deliver financial services and programs (accounts payables/receivables transaction processing, financial system O&M, Trust Funds Accounting System modernization, travel administration and management, payroll and time and attendance services).

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

**Budget Highlights:** OPM OCIO's budget request includes resources to continue its efforts to improve security, reduce risks to IT operations, and improve services to internal and external OPM customers. This will be accomplished by focusing on expansion of cybersecurity capabilities, improving core operations and maintenance through network management and infrastructure refresh, and investing in quality assurance, enterprise architecture and governance. The cybersecurity priorities include funding operations and maintenance for additional cyber tools. Additional cyber priorities include development and deployment of advanced insider threat and detection capabilities, expansion of continuous monitoring tools and capabilities, and consolidation and unification of access management software.

**Facilities, Security & Emergency Management (FSEM)** manages the agency's personal and real property, building operations, space design and layout, mail management, safety, physical security and



occupational health programs. FSEM provides personnel security, suitability, and national security adjudicative determinations for OPM personnel. FSEM directs the operations and oversees OPM's preparedness and emergency response programs. In addition, it oversees publishing and printing management for internal and external design and reproduction.

**Budget Highlights:** The increase in FSEM is a reflection of realigning the Personnel Security, Physical Security and Facilities functions from NBIB back to FSEM. This resulted in the realignment of 29 FTEs.

## Other Offices

*Planning and Policy Analysis (PPA)* provides planning and analytical support to the Director and the agency. PPA assesses issues that affect OPM across the full array of human resources programs and benefits. A particular area of responsibility is the analysis of policy options, legislative changes and trends that affect OPM's management of health and retirement benefits for Federal employees. To assure benefits provide maximum value and to promote security, the office conducts actuarial analyses, as well as statistical analyses using large databases such as the Enterprise Human Resources Integration – Statistical Data Mart (EHRI-SDM) (containing Federal employee data) and the Health Claims Data Warehouse (HCDW). PPA develops and standardizes data analysis policies related to evidence-based decisions and practices. The Director of PPA also serves as OPM's Performance Improvement Officer.

**Budget Highlights:** PPA's request includes resources to deploy the Federal Employee Viewpoint Survey (FEVS) and provide agency and Government-wide reports on employee engagement, employee satisfaction, and other measures reflecting the views of the civilian workforce. It will also administer the Health Claims Data Warehouse to analyze claims data to identify sources of benefit and utilization costs and to formulate health care program changes and enhancements to reduce cost increases, improve outcomes, and improve efficiency in FEHB Program administration.

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

**Budget Highlights:** This budget predominantly supports Federal staff.

## Office of the Inspector General

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

**Budget Highlights:** Please reference the Office of the Inspector General section within this budget request.

# Appropriations Language

## Salaries & Expenses (Including Transfer of Trust Funds)

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

Note.—A full-year 2017 appropriation for this account was not enacted at the time the budget was prepared; therefore, the budget assumes this account is operating under the Further Continuing Appropriations Act, 2017 (P.L. 114–254). The amounts included for 2017 reflect the annualized level provided by the continuing resolution.

## OIG Salaries & Expenses (Including Transfer of Trust Funds)

For necessary expenses of the Office of Inspector General in carrying out the provisions of the Inspector General Act of 1978, including services as authorized by 5 U.S.C. 3109, hire of passenger motor vehicles \$5,000,000, and in addition, not to exceed \$25,000,000 for administrative expenses to audit, investigate,

and provide other oversight of the Office of Personnel Management's retirement and insurance programs, to be transferred from the appropriate trust funds of the Office of Personnel Management, as determined by the Inspector General: Provided, That the Inspector General is authorized to rent conference rooms in the District of Columbia and elsewhere.

Note.—A full-year 2017 appropriation for this account was not enacted at the time the budget was prepared; therefore, the budget assumes this account is operating under the Further Continuing Appropriations Act, 2017 (P.L. 114–254). The amounts included for 2017 reflect the annualized level provided by the continuing resolution.

## **General Provisions of Specific Interest to OPM**

TITLE VI GENERAL PROVISIONS—THIS ACT (*Financial Services and General Government Appropriations Act, 2016.*)

SEC. 619. (a) There are appropriated for the following activities

The amounts required under current law:

- (1) Compensation of the President (3 U.S.C. 102).
- (2) Payments to—
  - (A) the Judicial Officers' Retirement Fund (28 U.S.C.377(o));
  - (B) the Judicial Survivors' Annuities Fund (28 U.S.C.376(c)); and
  - (C) the United States Court of Federal Claims Judges' Retirement Fund (28 U.S.C. 178(l)).
- (3) Payment of Government contributions—
  - (A) with respect to the health benefits of retired employees, as authorized by chapter 89 of title 5, United States Code, and the Retired Federal Employees Health Benefits Act (74 Stat. 849); and
  - (B) with respect to the life insurance benefits for employees retiring after December 31, 1989 (5 U.S.C. ch.87).
- (4) Payment to finance the unfunded liability of new and increased annuity benefits under the Civil Service Retirement and Disability Fund (5 U.S.C. 8348).
- (5) Payment of annuities authorized to be paid from the Civil Service Retirement and Disability Fund by statutory provisions other than subchapter III of chapter 83 or chapter 84 of title 5, United States Code.

(b) Nothing in this section may be construed to exempt any amount appropriated by this section from any otherwise applicable limitation on the use of funds contained in this Act.

TITLE VII GENERAL PROVISIONS—GOVERNMENT-WIDE (*Financial Services and General Government Appropriations Act, 2016.*)

SEC. 734. During fiscal year 2018, for each employee who—

(1) retires under section 8336(d)(2) or 8414(b)(1)(B) of title 5, United States Code; or

(2) retires under any other provision of subchapter III of chapter 83 or chapter 84 of such title 5 and receives a payment as an incentive to separate, the separating agency shall remit to the Civil Service Retirement and Disability Fund an amount equal to the Office of Personnel Management's average unit cost of processing a retirement claim for the preceding fiscal year. Such amounts shall be available until expended to the Office of Personnel Management and shall be deemed to be an administrative expense under section 8348(a)(1)(B) of title 5, United States Code.

# Performance Budget by Strategic Goal

This section aligns OPM's FY 2018 budget request to our strategic plan. Funding amounts, performance measures and targets are detailed for each strategy in the strategic plan. It is intended to meet the requirements of the Office of Management and Budget (OMB) Circular A-11, Part 6, Section 240 – *Annual Performance Planning*.

The OPM Strategic Plan includes targeted goals for the management of the agency as well as for the program outcomes the agency is charged with delivering. The management goals are internally-focused on OPM systems and processes and the program outcome goals are externally-focused on OPM's responsibilities. The management goals of improved information technology, employee engagement, transparent budget, customer service, and evidence-based policy support the efforts to achieve OPM's core mission. The agency's goals and strategies will guide efforts to accomplish its mission to *recruit, retain, and honor a world-class workforce to serve the America people* and achieve its vision for the Federal Government to *become America's model employer for the 21st century*.

OPM's strategic plan is nearing the end of its current cycle. We are developing a new strategic plan that will be released in February 2018 concurrent with OPM's 2019 budget request.

## Strategic Goals

OPM's strategic goals are as follows:

1. Management Goal: Attract and engage a diverse and effective OPM workforce.
2. Management Goal: Provide timely, accurate, and responsive service that addresses the diverse needs of our customers.
3. Management Goal: Serve as the thought leader in research and data-driven human resource management and policy decision making.
4. Management Goal: Manage information technology systems efficiently and effectively in support of OPM's mission.
5. Management Goal: Establish and maintain responsive, transparent budgeting and costing processes.
6. Outcome Goal: Provide leadership in helping agencies create inclusive work environments where a diverse Federal workforce is fully engaged and energized to put forth its best effort, achieve their agency's mission, and remain committed to public service.
7. Outcome Goal: Ensure that Federal retirees receive timely, appropriate, transparent, seamless, and accurate pension retirement benefits.
8. Outcome Goal: Enhance the integrity of the Federal workforce.
9. Outcome Goal: Provide high quality health benefits and improve the health status of Federal employees, Federal retirees, their families, and populations newly eligible for OPM-sponsored health insurance products.
10. Outcome Goal: Increase the efficiency and effectiveness of human capital management across the Federal Government.

## Additional Government-wide Mandated or Compliance Functions Supported by OPM

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

## Enabling Structural Capacity Functions of OPM

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

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

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

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## FY 2018 Budget Request by Strategic Goal and Fund—All Resources

STRATEGIC_GOAL	FY 2018 Request Dollars	FTE
<b>Diverse and Effective OPM Workforce</b>	<b>\$19,275,155</b>	<b>71.9</b>
Trust Fund Annual	\$1,926,604	5.6
Salaries & Expenses	\$2,791,946	7.5
Common Services	\$7,167,239	37.9
5 USC 8348(a)(1)(B) (Retirement)	\$197,489	1.5
5 USC 8958(f)(2)(A) & 5 USC 8988(f)(2)(A) (Dental & Vision Ins.)	\$2,894	0.0
5 USC 9004(f)(B) (Long-Term Care)	\$806	0.0
Advances & Reimbursements	\$62,335	0.2
Revolving Fund	\$7,125,842	19.2
<b>Timely, Accurate, and Responsive Customer Service</b>	<b>\$668,441</b>	<b>5.9</b>
Trust Fund Annual	\$55,761	1.0
Salaries & Expenses	\$612,680	4.9
<b>Evidence-Based Policy and Practices</b>	<b>\$1,835,046</b>	<b>10.9</b>
Trust Fund Annual	\$55,761	1.0
Salaries & Expenses	\$1,779,285	9.9
<b>Efficient and Effective Information Systems</b>	<b>\$342,377,538</b>	<b>363.4</b>
Trust Fund Annual	\$15,276,428	43.3
Salaries & Expenses	\$22,031,138	40.7
Common Services	\$48,963,342	129.9
5 USC 8348(a)(1)(B) (Retirement)	\$3,482,301	3.0
Revolving Fund	\$215,624,329	146.5
IT Modernization S&E No-Year	\$37,000,000	0.0
<b>Transparent and Responsive Budgets</b>	<b>\$9,168,604</b>	<b>58.1</b>

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STRATEGIC_GOAL	FY 2018 Request Dollars	FTE
Trust Fund Annual	\$472,596	3.2
Salaries & Expenses	\$1,113,924	3.7
Common Services	\$5,486,461	32.4
5 USC 8348(a)(1)(B) (Retirement)	\$100,000	0.8
Revolving Fund	\$1,995,623	18.0
<b>Engaged Federal Workforce</b>	<b>\$103,974,520</b>	<b>247.5</b>
Salaries & Expenses	\$1,987,381	16.5
Revolving Fund	\$101,987,139	231.0
<b>Improved Retirement Services</b>	<b>\$103,790,647</b>	<b>1,071.0</b>
Trust Fund Annual	\$59,679,585	638.0
5 USC 8348(a)(1)(B) (Retirement)	\$42,160,000	421.0
FERCCA (P.L. 106-265) (Retirement)	\$1,951,062	12.0
<b>Enhanced Federal Workforce Integrity</b>	<b>\$1,338,868,678</b>	<b>3,330.3</b>
Revolving Fund	\$1,338,868,678	3,330.3
<b>Healthier Americans</b>	<b>\$37,917,112</b>	<b>204.1</b>
Trust Fund Annual	\$17,387,090	112.8
Salaries & Expenses	\$12,128,393	83.2
5 USC 8348(a)(1)(B) (Retirement)	\$169,000	1.0
5 USC 8958(f)(2)(A) & 5 USC 8988(f)(2)(A) (Dental & Vision Ins.)	\$6,215,129	3.4
5 USC 9004(f)(B) (Long-Term Care)	\$2,017,500	3.7
<b>Increase the Efficiency and Effectiveness of Human Capital Management Across the Federal Government</b>	<b>\$91,739,709</b>	<b>348.3</b>
Salaries & Expenses	\$23,015,335	161.3
Revolving Fund	\$68,724,374	187.0
<b>Additional Government-wide Mandated or Compliance Function Supported by OPM</b>	<b>\$39,371,229</b>	<b>192.7</b>
Salaries & Expenses	\$17,604,521	110.6
Common Services	\$10,933,592	56.1
Revolving Fund	\$10,833,116	26.0
<b>Enabling Structural Capacity Functions of OPM</b>	<b>\$123,984,735</b>	<b>472.0</b>
Trust Fund Annual	\$22,378,853	45.7
Salaries & Expenses	\$16,816,293	30.8
Common Services	\$41,913,791	238.7
5 USC 8348(a)(1)(B) (Retirement)	\$1,000,000	0.0
5 USC 8958(f)(2)(A) & 5 USC 8988(f)(2)(A) (Dental & Vision Ins.)	\$43,000	0.0
5 USC 9004(f)(B) (Long-Term Care)	\$9,000	0.0
Advances & Reimbursements	\$1,037,665	4.8
FERCCA (P.L. 106-265) (Retirement)	\$15,000	0.0
Revolving Fund	\$10,771,133	0.0
Salaries & Expenses - OIG	\$5,000,000	20.0
Trust Fund Annual - OIG	\$25,000,000	132.0
<b>OPM Total</b>	<b>\$2,212,971,414</b>	<b>6,376.1</b>

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

- Advances and Reimbursements from other agencies for services performed on behalf of those agencies or to finance shared commitments such as the Chief Human Capital Officers Council (CHCOC) and the Security, Suitability, and Credentialing Line of Business;

- Resources spent as Common Services, which is an internal fund comprised of contributions from all of OPM’s funding sources to finance the administrative and leadership functions of the agency; and
- The Office of Inspector General.

## FY 2018 Budget Request by Goal and Strategy—All Resources

STRATEGIC_GOAL	STR_NO	STRATEGY	FY 2018 Request Dollars	FTE
Diverse and Effective OPM Workforce	1.01	Deploy agile recruitment and outreach tactics to attract a diverse and talented workforce	\$2,461,903	18.2
	1.02	Create a work environment where OPM employees are fully engaged and energized to put forth their best efforts and achieve OPM's mission	\$13,829,274	50.4
	1.03	Ensure Agencies Have Timely and Sufficient Information to Make Decisions such as Credentialing, Suitability, and /or Security Clearance Determinations	\$2,983,978	3.3
<b>Strategic Goal Total</b>			<b>\$19,275,155</b>	<b>71.9</b>
Timely, Accurate, and Responsive Customer Service	2.02	Ensure that Available Benefits Align with Best Practices and Employee's Needs	\$236,826	3.0
	2.04	Improve customers understanding of the policies and procedures that apply throughout the employee lifecycle	\$431,615	2.9
<b>Strategic Goal Total</b>			<b>\$668,441</b>	<b>5.9</b>
Evidence-Based Policy and Practices	3.01	Create an owner to drive focused attention to data analysis	\$226,894	1.0
	3.02	Build strong data analysis, infrastructure and implementation tools and talent	\$1,496,630	7.9
	3.04	Hold Agencies to Account for Improvements in Strategic Human Resources Management	\$111,522	2.0
<b>Strategic Goal Total</b>			<b>\$1,835,046</b>	<b>10.9</b>
Efficient and Effective Information Systems	4.01	Commit to an enterprise-wide IT systems strategy based on principle that business drives IT strategy	\$1,095,478	12.1
	4.02	Implement enabling successful practices and initiatives that strengthen IT leadership and IT governance	\$9,593,679	32.5
	4.03	Implement enterprise initiatives that leverage capabilities and tools throughout OPM	\$67,147,192	112.3
	4.04	Implement business initiatives that provide capabilities spanning the HR life cycle, allowing OPM and other federal agencies to achieve their missions	\$264,541,189	206.5



STRATEGIC_GOAL	STR_NO	STRATEGY	FY 2018 Request Dollars	FTE
<b>Strategic Goal Total</b>			<b>\$342,377,538</b>	<b>363.4</b>
<b>Transparent and Responsive Budgets</b>	<b>5.02</b>	Institutionalize corporate prioritization	\$6,991,065	48.3
	<b>5.03</b>	Widely inform key stakeholders on new agency budget process	\$336,257	1.9
	<b>5.04</b>	Configure and Deploy Agency-wide Cost Accounting Models	\$1,841,282	7.9
<b>Strategic Goal Total</b>			<b>\$9,168,604</b>	<b>58.1</b>
<b>Engaged Federal Workforce</b>	<b>6.01</b>	Design and deliver leadership training to increase employee engagement	\$76,257,572	130.0
	<b>6.03</b>	Provide a comprehensive suite of engagement services and models for agencies and employees	\$21,204,540	85.1
	<b>6.04</b>	Ensure agencies target, address, and measure key drivers of employee engagement	\$5,681,378	28.0
	<b>6.05</b>	Partner with agencies to drive greater diversity, inclusion and employee engagement	\$831,030	4.4
<b>Strategic Goal Total</b>			<b>\$103,974,520</b>	<b>247.5</b>
<b>Improved Retirement Services</b>	<b>7.01</b>	Prepare the Federal workforce for retirement beginning from entry-on-duty across every stage of the employee life-cycle	\$1,000,000	7.0
	<b>7.02</b>	Improve OPM service to Federal agency benefit officers	\$1,900,000	7.0
	<b>7.03</b>	Advance the 21st-century, customer-focused retirement processing system for claims adjudication in a timely and accurate manner	\$100,890,647	1,057.0
<b>Strategic Goal Total</b>			<b>\$103,790,647</b>	<b>1,071.0</b>
<b>Enhanced Federal Workforce Integrity</b>	<b>8.01</b>	Enhance policy, procedures and processes used to ensure people are fit to serve	\$1,338,868,678	3,330.3
<b>Strategic Goal Total</b>			<b>\$1,338,868,678</b>	<b>3,330.3</b>
<b>Healthier Americans</b>	<b>9.01</b>	Sponsor high quality, consumer friendly, affordable insurance products	\$27,012,112	120.5
	<b>9.02</b>	Optimize insurance-related business processes	\$7,120,480	53.9
	<b>9.03</b>	Improve preventive services delivery to employees, retirees, families, tribal employees, and newly insured Americans	\$1,992,514	13.7
	<b>9.04</b>	Develop novel partnerships in support of population health and enhance outreach and health literacy	\$1,792,006	16.0

STRATEGIC_GOAL	STR_NO	STRATEGY	FY 2018 Request Dollars	FTE
<b>Strategic Goal Total</b>			<b>\$37,917,112</b>	<b>204.1</b>
<b>Increase the Efficiency and Effectiveness of Human Capital Management Across the Federal Government</b>	<b>10.01</b>	Through the Category Management Initiative, enable the Federal Government to have products, services and providers that support the human capital management and organizational performance of Federal agencies	\$3,215,428	20.0
	<b>10.02</b>	Provide guidance, tools, and training to help agencies attain human capital management goals and meet OPM requirements	\$66,480,220	190.9
	<b>10.03</b>	Hold agencies accountable for closing skills in their mission critical occupations	\$8,096,728	32.5
	<b>10.04</b>	Assure effective human capital management of Senior Executive Service (SES) and other senior employees	\$3,710,457	26.4
	<b>10.05</b>	Hold agencies accountable for maintaining efficient, effective and compliant human capital management programs and accountability systems	\$10,236,876	78.5
	<b>Strategic Goal Total</b>			<b>\$91,739,709</b>
<b>Additional Government-wide Mandated or Compliance Function Supported by OPM</b>		Direct customer-facing program activities have components that do not directly support a Goal or Strategy	\$39,371,229	192.7
<b>Strategic Goal Total</b>			<b>\$39,371,229</b>	<b>192.7</b>
<b>Enabling Structural Capacity Functions of OPM</b>		Indirect or internal-facing programs	\$123,984,735	472.0
<b>Strategic Goal Total</b>			<b>\$123,984,735</b>	<b>472.0</b>
<b>OPM Total</b>			<b>\$2,212,971,414</b>	<b>6,376.1</b>

## FY 2018 Budget Request Strategy by Organization—All Resources

The following table shows FY 2018 operating resources for each strategic goal by organization. This includes:

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

Organization	FY 2018 Request										FY 2018 Request Total	
	Diverse and Effective OPM Workforce 1	Timely, Accurate, and Responsive Customer Service 2	Evidence-Based Policy and Practices 3	Efficient and Effective Information Systems 4	Transparent and Responsive Budgets 5	Engaged Federal Workforce 6	Improved Retirement Services 7	Enhanced Federal Workforce Integrity 8	Healthier Americans 9	Increase the Efficiency and Effectiveness of Human Capital Management Across the Federal Government 10		Additional Government-wide Mandated or Compliance Function Supported by OPM Other
Chief Human Capital Officer Council	\$62,335	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,037,665	\$1,100,000
Chief Information Officer	\$1,809,677	\$0	\$0	\$208,631,564	\$0	\$0	\$0	\$0	\$0	\$0	\$3,847,970	\$214,289,211
Congressional, Legislative and Intergovernmental Affairs	\$97,880	\$0	\$0	\$0	\$66,538	\$0	\$0	\$0	\$0	\$0	\$2,257,398	\$2,421,816
Employee Services	\$5,296,579	\$431,615	\$781,594	\$2,586,945	\$0	\$326,076	\$0	\$0	\$0	\$9,787,289	\$20,306,059	\$39,516,157
Equal Employment Opportunity	\$31,146	\$0	\$0	\$0	\$9,294	\$0	\$0	\$0	\$0	\$0	\$972,684	\$1,013,124
Facilities, Security & Emergency Management	\$87,056	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$12,598,991	\$12,686,047
Federal Prevailing Rate Advisory Committee	\$18,145	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$187,700	\$205,845
Healthcare & Insurance	\$753,496	\$111,522	\$111,522	\$1,945,843	\$286,702	\$0	\$0	\$0	\$30,763,632	\$0	\$0	\$33,972,717
HR Solutions	\$1,923,589	\$0	\$0	\$0	\$1,732,408	\$101,987,139	\$0	\$0	\$0	\$68,724,374	\$21,604,249	\$195,971,759
Merit System Accountability & Compliance	\$484,174	\$0	\$131,399	\$560,774	\$264,937	\$205,508	\$0	\$0	\$0	\$10,038,618	\$2,687,179	\$14,372,589

Organization	FY 2018 Request											FY 2018 Request Total
	Diverse and Effective OPM Workforce 1	Timely, Accurate, and Responsive Customer Service 2	Evidence-Based Policy and Practices 3	Efficient and Effective Information Systems 4	Transparent and Responsive Budgets 5	Engaged Federal Workforce 6	Improved Retirement Services 7	Enhanced Federal Workforce Integrity 8	Healthier Americans 9	Increase the Efficiency and Effectiveness of Human Capital Management Across the Federal Government 10	Additional Government-wide Mandated or Compliance Function Supported by OPM Other	
National Background Investigations Bureau	\$4,898,857	\$0	\$0	\$101,701,869	\$263,215	\$0	\$0	\$1,338,868,678	\$0	\$0	\$0	\$1,445,732,619
Office of Communications	\$57,638	\$0	\$0	\$0	\$31,938	\$0	\$0	\$0	\$0	\$0	\$2,206,890	\$2,296,466
Office of Diversity and Inclusion	\$552,576	\$0	\$0	\$0	\$20,767	\$831,030	\$0	\$0	\$0	\$0	\$399,426	\$1,803,799
Office of Procurement Operations	\$170,182	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5,018,694	\$5,188,876
Office of Small and Disadvantaged Business Utilization	\$30,175	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$500,675	\$530,850
Office of the Chief Financial Officer	\$854,601	\$0	\$0	\$17,917,252	\$5,690,663	\$0	\$0	\$0	\$0	\$0	\$19,872,203	\$44,334,719
Office of the Director	\$342,170	\$0	\$0	\$0	\$215,705	\$0	\$0	\$0	\$0	\$0	\$4,980,795	\$5,538,670
Office of the General Counsel	\$221,390	\$0	\$0	\$0	\$301,568	\$0	\$0	\$0	\$0	\$0	\$7,079,122	\$7,602,080
Office of the Inspector General	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$30,000,000	\$30,000,000
Planning and Policy Analysis	\$574,476	\$125,304	\$810,531	\$9,033,291	\$0	\$624,767	\$0	\$0	\$7,153,480	\$3,189,428	\$1,259,624	\$22,770,901
Rent/Centrally Funded Items	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$25,743,210	\$25,743,210
Retirement Services	\$990,000	\$0	\$0	\$0	\$250,000	\$0	\$103,790,647	\$0	\$0	\$0	\$0	\$105,030,647
White House Fellows	\$19,013	\$0	\$0	\$0	\$34,869	\$0	\$0	\$0	\$0	\$0	\$795,430	\$849,312
<b>OPM Total</b>	<b>\$19,275,155</b>	<b>\$668,441</b>	<b>\$1,835,046</b>	<b>\$342,377,538</b>	<b>\$9,168,604</b>	<b>\$103,974,520</b>	<b>\$103,790,647</b>	<b>\$1,338,868,678</b>	<b>\$37,917,112</b>	<b>\$91,739,709</b>	<b>\$163,355,964</b>	<b>\$2,212,971,414</b>

## Strategic Goal 1: Diverse and Effective OPM Workforce

### Strategic Goal Statement:

#### Attract and engage a diverse and effective OPM workforce.

Evidence demonstrates that organizations with a greater percentage of engaged employees outperform those with a lower percentage of engaged employees. Engaged employees are demonstrably more productive than their less engaged colleagues. OPM’s performance is largely dependent on the performance of its employees. The delivery of OPM products and services, whether policy analysis or claims processing, are labor intensive. In order to attract and engage a diverse and effective OPM workforce, the agency must invest in its most valuable resource – its employees. It is critical that OPM make these investments in its people in order to achieve its mission.

To that end, OPM intends to pursue the following three strategies:

- Develop an agile set of recruitment and outreach approaches to attract talented and diverse new employees (i.e., OPM will leverage technology and social media to create communities around specific mission areas) and identify and address any barriers to diversity.
- Deploy a comprehensive approach to employee engagement. OPM wants to build leadership commitment and ownership of the engagement approach through supervisory training and improved assessment and selection of supervisors. Further, the agency will train supervisors in problem-solving methods that empower their teams to develop excellent solutions. OPM will increase communication to its employees and promote inclusion by identifying and using available communication vehicles, including OPM’s intranet (THEO.opm.gov).
- Continue to support ongoing training and development by setting consistent standards across OPM for evidence-based decisions on training investments. The agency will use OPM Learning to close identified skills gaps – agency-specific. The agency will focus on competencies such as problem-solving, data analysis, influencing/negotiating, and strategic thinking. The agency will support mentoring programs and train OPM employees on the agency’s culture.

### Performance Budget Request by Strategy, Organization and Fund–All Resources

STRATEGIC GOAL/STRATEGY	FY 2018 Request Dollars	FTE
<b>Diverse and Effective OPM Workforce</b>		
<b>1.01</b>		
Deploy agile recruitment and outreach tactics to attract a diverse and talented workforce	\$2,461,903	18.2
<b>Employee Services</b>		
Common Services	\$2,411,229	17.8
<b>Office of Diversity and Inclusion</b>		
Salaries & Expenses	\$50,674	0.4
<b>1.02</b>		

<b>STRATEGIC GOAL/STRATEGY</b>	<b>FY 2018 Request Dollars</b>	<b>FTE</b>
<b>Create a work environment where OPM employees are fully engaged and energized to put forth their best efforts and achieve OPM's mission</b>	<b>\$13,829,274</b>	<b>50.4</b>
<b>Chief Human Capital Officer Council</b>		
Advances & Reimbursements	\$42,335	0.2
<b>Chief Information Officer</b>		
Salaries & Expenses	\$94,750	0.3
Trust Fund Annual	\$116,568	0.7
Common Services	\$715,907	2.5
5 USC 8348(a)(1)(B) (Retirement)	\$3,627	0.0
Revolving Fund	\$105,104	0.0
<b>Employee Services</b>		
Salaries & Expenses	\$784,495	2.3
Common Services	\$1,509,270	10.8
<b>Equal Employment Opportunity</b>		
Common Services	\$24,902	0.1
<b>Federal Prevailing Rate Advisory Committee</b>		
Salaries & Expenses	\$18,145	0.1
<b>HR Solutions</b>		
Revolving Fund	\$1,923,589	0.0
<b>Office of Diversity and Inclusion</b>		
Salaries & Expenses	\$461,334	0.5
<b>Office of the Chief Financial Officer</b>		
Trust Fund Annual	\$149,887	0.6
Common Services	\$466,509	1.6
<b>Office of the Director</b>		
Common Services	\$307,170	1.3
<b>Office of the General Counsel</b>		
Common Services	\$206,390	0.5
<b>Retirement Services</b>		
Trust Fund Annual	\$800,000	4.0
5 USC 8348(a)(1)(B) (Retirement)	\$190,000	1.5
<b>White House Fellows</b>		
Salaries & Expenses	\$17,013	0.3
<b>Merit System Accountability &amp; Compliance</b>		
Salaries & Expenses	\$360,914	1.0
Common Services	\$23,982	0.0
<b>Healthcare &amp; Insurance</b>		
Salaries & Expenses	\$243,274	0.0
Trust Fund Annual	\$322,147	0.0
<b>Congressional, Legislative and Intergovernmental Affairs</b>		
Common Services	\$77,880	0.2
<b>Office of Communications</b>		
Common Services	\$47,638	0.5
<b>Planning and Policy Analysis</b>		
Salaries & Expenses	\$267,991	2.3
Trust Fund Annual	\$238,923	0.3
5 USC 8348(a)(1)(B) (Retirement)	\$1,300	0.0
5 USC 8958(f)(2)(A) & 5 USC 8988(f)(2)(A) (Dental & Vision Ins.)	\$1,655	0.0

STRATEGIC GOAL/STRATEGY	FY 2018 Request Dollars	FTE
<b>Office of Procurement Operations</b>		
Salaries & Expenses	\$4,599	0.0
Common Services	\$74,962	0.0
<b>Office of Small and Disadvantaged Business Utilization</b>		
Common Services	\$24,175	0.1
<b>Facilities, Security &amp; Emergency Management</b>		
Common Services	\$87,056	0.0
<b>National Background Investigations Bureau</b>		
Revolving Fund	\$4,115,783	18.7
<b>1.03</b>		
Ensure Agencies Have Timely and Sufficient Information to Make Decisions such as Credentialing, Suitability, and /or Security Clearance Determinations	\$2,983,978	3.3
<b>Chief Human Capital Officer Council</b>		
Advances & Reimbursements	\$20,000	0.0
<b>Chief Information Officer</b>		
Salaries & Expenses	\$65,968	0.0
Trust Fund Annual	\$85,874	0.0
Common Services	\$423,587	0.0
Revolving Fund	\$198,292	0.5
<b>Employee Services</b>		
Salaries & Expenses	\$167,750	0.0
Common Services	\$423,835	2.5
<b>Equal Employment Opportunity</b>		
Common Services	\$6,244	0.0
<b>Office of Diversity and Inclusion</b>		
Salaries & Expenses	\$40,568	0.3
<b>Office of the Chief Financial Officer</b>		
Trust Fund Annual	\$88,205	0.0
Common Services	\$150,000	0.0
<b>Office of the Director</b>		
Common Services	\$35,000	0.0
<b>Office of the General Counsel</b>		
Common Services	\$15,000	0.0
<b>White House Fellows</b>		
Salaries & Expenses	\$2,000	0.0
<b>Merit System Accountability &amp; Compliance</b>		
Salaries & Expenses	\$89,396	0.0
Common Services	\$9,882	0.0
<b>Healthcare &amp; Insurance</b>		
Salaries & Expenses	\$113,075	0.0
Trust Fund Annual	\$75,000	0.0
<b>Congressional, Legislative and Intergovernmental Affairs</b>		
Common Services	\$20,000	0.0
<b>Office of Communications</b>		
Common Services	\$10,000	0.0
<b>Planning and Policy Analysis</b>		
Salaries & Expenses	\$10,000	0.0
Trust Fund Annual	\$50,000	0.0

STRATEGIC GOAL/STRATEGY	FY 2018 Request Dollars	FTE
5 USC 8348(a)(1)(B) (Retirement)	\$2,562	0.0
5 USC 8958(f)(2)(A) & 5 USC 8988(f)(2)(A) (Dental & Vision Ins.)	\$1,239	0.0
5 USC 9004(f)(B) (Long-Term Care)	\$806	0.0
<b>Office of Procurement Operations</b>		
Common Services	\$90,621	0.0
<b>Office of Small and Disadvantaged Business Utilization</b>		
Common Services	\$6,000	0.0
<b>National Background Investigations Bureau</b>		
Revolving Fund	\$783,074	0.0
<b>OPM Total</b>	<b>\$19,275,155</b>	<b>71.9</b>

**Strategy: 1.01 Deploy agile recruitment and outreach tactics to attract a diverse and talented workforce**

Performance Measure	FY 2014 Results	FY 2015 Results	FY 2016 Results	FY 2016 Target	FY2017 Target	FY2018 Target
Percent of hiring managers who indicate they were actively involved in recruiting to fill the position	52%	62%	60%	New Measure	≥60%	≥60%

**Strategy: 1.02 Create a work environment where OPM employees are fully engaged and energized to put forth their best efforts and achieve OPM's mission**

Performance Measure	FY 2014 Results	FY 2015 Results	FY 2016 Results	FY 2016 Target	FY2017 Target	FY2018 Target
OPM's Federal Employee Viewpoint Survey Employee Engagement Index score	72%	71.1%	71.3%	≥73%	≥74%	≥74%
Overall New IQ Score	64%	64%	64%	≥66%	≥67%	≥67%



**Strategy: 1.03 Provide targeted learning and developmental opportunities for OPM’s employees**

Performance Measure	FY 2014 Results	FY 2015 Results	FY 2016 Results	FY 2016 Target	FY2017 Target	FY2018 Target
Percent of employees satisfied with the opportunity to improve their skills as reported in the Employee Viewpoint Survey	62%	64%	66.6%	≥65%	≥65%	≥65%

## Strategic Goal 2: Timely, Accurate, and Responsive Customer Service

### Strategic Goal Statement:

**Provide timely, accurate, and responsive service that addresses the diverse needs of our customers.**

OPM has a diverse set of customers that includes Federal employees, retirees, Federal human resource professionals, Federal agencies, uninsured Americans, and job applicants. While it may not be possible to have a single approach to customer service to meet the diverse needs of such a wide range of customers, OPM’s customer-facing components stand to gain much from sharing information and strategies with one another. The bottom line is that OPM’s customers should expect a consistently high standard of service quality.

### Performance Budget Request by Strategy, Organization and Fund–All Resources

STRATEGIC GOAL/STRATEGY	FY 2018 Request Dollars	FTE
<b>Timely, Accurate, and Responsive Customer Service</b>		
<b>2.02</b>		
Ensure that Available Benefits Align with Best Practices and Employee's Needs	\$236,826	3.0
<b>Healthcare &amp; Insurance</b>		
Salaries & Expenses	\$55,761	1.0
Trust Fund Annual	\$55,761	1.0
<b>Planning and Policy Analysis</b>		
Salaries & Expenses	\$125,304	1.0
<b>2.04</b>		
<b>Improve customers understanding of the policies and procedures that apply throughout the employee lifecycle</b>	<b>\$431,615</b>	<b>2.9</b>
<b>Employee Services</b>		
Salaries & Expenses	\$431,615	2.9
<b>OPM Total</b>	<b>\$668,441</b>	<b>5.9</b>

**Strategy: 2.01 Develop and implement a strategic plan for customer service that addresses each of our major program goals**

Performance Measure	FY 2014 Results	FY 2015 Results	FY 2016 Results	FY 2016 Target	FY2017 Target	FY2018 Target
Percent of program offices meeting their customer satisfaction score targets	—*	43.8%	70.0%	Establish Baseline	Establish Baseline	≥72.2%
Percent of OPM employees who took online customer service training	—*	22.0%	28.1%	Establish Baseline	≥30%	≥35%

**Strategy: 2.02 Promote shared accountability for the customer service strategy**

Performance Measure	FY 2014 Results	FY 2015 Results	FY 2016 Results	FY 2016 Target	FY2017 Target	FY2018 Target
Percent of program offices measuring their customer service accuracy	—*	25.0%	46.7%	Establish Baseline	≥75%	≥90%
Percent of program offices measuring their customer service responsiveness	—*	31.3%	53.3%	Establish Baseline	≥75%	≥90%
Percent of program offices measuring customer service timeliness	—*	37.5%	60.0%	Establish Baseline	≥75%	≥90%

**Strategy: 2.03 Improve IT Capabilities to interface with customers**

Performance Measure	FY 2014 Results	FY 2015 Results	FY 2016 Results	FY 2016 Target	FY2017 Target	FY2018 Target
Percent of Strategy 2.03 milestones from the Customer Experience Strategic Plan completed	—*	37.5%	45.8%	≥40%	≥40%	≥50%

\* No historical data available for this period.

**Strategy: 2.04 Improve customers understanding of the policies and procedures that apply throughout the employee lifecycle**

Performance Measure	FY 2014 Results	FY 2015 Results	FY 2016 Results	FY 2016 Target	FY2017 Target	FY2018 Target
Percent of Strategy 2.04 milestones from the Customer Experience Strategic Plan completed	—*	50.0%	54.5%	≥10%	≥60%	≥75%

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\* No historical data available for this period.

## Strategic Goal 3: Evidence-Based Policy and Practices

### Strategic Goal Statement:

**Serve as the thought leader in research and data-driven human resource management and policy decision making.**

As the Federal Government’s human resource leader, OPM designs and executes policies that touch all Federal agencies, their leaders, workers, applicants, and retirees (and their survivors). Effective policy leadership, design and enforcement require decision making informed by evidence as well as operative legal requirements. The objective of this strategic goal is to further OPM’s lead role in setting HR policy by enabling OPM employees involved in HR policy and program design to ask meaningful and significant questions about the policy’s context, components and potential impacts; design strong research methods and analytic tools to understand root causes, correlations and possible future scenarios; and communicate results of analyses to drive solid decisions and policy design. Through this goal, OPM will create standard operating procedures for informing human resources management and policy decisions with evidence generated through rigorous data analytics.

This goal supports the Administration’s data strategy and focuses on evidence-based policy and program design and management, positioning OPM to create policies and programs founded on reliable, valid and appropriate data from a range of sources, and to communicate policy and program options and decisions in ways that better enable stakeholders to understand the basis for HR decisions. The complexities and challenges of HR policy and management in 21st century Government, requires OPM to position Human Capital policy and management for current and future requirements.

As part of OPM’s mission, the Agency collects, manages, and analyzes a range of HR data from a variety of sources. In order to optimize policy design and practices, OPM needs a cohesive structure to manage, integrate and apply data across the agency and with external partners. This focus on data quality standards, research design and analytic tools will support OPM’s policy development and operations and enable OPM to contribute further to rigorous research and evaluations. The agency will continue to be vigilant with respect to the need to protect Personally Identifiable Information (PII), information protected by the Privacy Act, and other confidential information in compliance with the law and accepted practice.

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### Performance Budget Request by Strategy, Organization and Fund–All Resources

STRATEGIC GOAL/STRATEGY	FY 2018 Request Dollars	FTE
<b>Evidence-Based Policy and Practices</b>		
<b>3.01</b>		
Create an owner to drive focused attention to data analysis	\$226,894	1.0
<b>Planning and Policy Analysis</b>		
Salaries & Expenses	\$226,894	1.0
<b>3.02</b>		

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STRATEGIC GOAL/STRATEGY	FY 2018 Request Dollars	FTE
<b>Build strong data analysis, infrastructure and implementation tools and talent</b>	<b>\$1,496,630</b>	<b>7.9</b>
<b>Employee Services</b>		
Salaries & Expenses	\$781,594	4.9
<b>Merit System Accountability &amp; Compliance</b>		
Salaries & Expenses	\$131,399	1.0
<b>Planning and Policy Analysis</b>		
Salaries & Expenses	\$583,637	2.0
<b>3.04</b>		
<b>Hold Agencies to Account for Improvements in Strategic Human Resources Management</b>	<b>\$111,522</b>	<b>2.0</b>
<b>Healthcare &amp; Insurance</b>		
Salaries & Expenses	\$55,761	1.0
Trust Fund Annual	\$55,761	1.0
<b>OPM Total</b>	<b>\$1,835,046</b>	<b>10.9</b>

### Strategy: 3.01 Create an owner to drive focused attention to data analysis

FY 2017 Milestones
Issue the first annual research agenda report
Host a summit to showcase the research studies, including the methods and findings

FY 2018 Milestones
Finalize research topics and issue call for studies
Evaluate proposals and select studies
Release the FY2017 Research Agenda Findings Report
Hold 2018 OPM Research Summit
Receive draft FY2018 Research Agenda Findings Report

### Strategy: 3.02 Build strong data analysis, infrastructure and implementation tools and talent

Performance Measure	FY 2014 Results	FY 2015 Results	FY 2016 Results	FY 2016 Target	FY2017 Target	FY2018 Target
Percent of analysts who are satisfied with analytics software	—*	78%	—*	New Measure	No Survey (Biannual)	≥80%
Percent of analysts who agree that they have all the analytic tools needed to do their jobs	—*	47%	—*	New Measure	No Survey (Biannual)	≥50%

### Strategy: 3.03 Develop partnerships to access and analyze data

Performance Measure	FY 2014 Results	FY 2015 Results	FY 2016 Results	FY 2016 Target	FY2017 Target	FY2018 Target
Cumulative number of signed research agreements with academic institutions, professional associations, think tanks, or industry	—*	2	2	≥5	≥7	≥9

### Strategy: 3.04 Make data analytics a fundamental part of OPM culture

Performance Measure	FY 2014 Results	FY 2015 Results	FY 2016 Results	FY 2016 Target	FY2017 Target	FY2018 Target
Number of employees (students) who completed a data analytics course	—*	6	33	≥150	≥165	≥165

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\* No historical data available for this period.

## Strategic Goal 4: Efficient and Effective Information Systems

### Strategic Goal Statement:

**Manage information technology systems efficiently and effectively in support of OPM’s mission.**

A significant portion of OPM’s budget is spent on information technology (IT). For the most part, OPM IT expenditures will be dedicated to the maintenance, development, and support of IT systems for specific Human Resource (HR) business functions, such as retirement, background investigations, hiring, etc. The remainder of the expenditures support OPM’s workforce to include such tools as email, calendaring, remote access, internet access, file storage, etc. Through the development and implementation of the OPM-wide IT strategy, published in February 2014 and as modified in subsequent years, OPM is taking steps to manage its IT systems more efficiently and effectively. By taking a corporate approach, OPM will leverage IT capabilities in one program area to support other program areas, benefitting the entire Federal Government.

In addition to these actions, OPM has made progress in strengthening its broader cybersecurity defenses and will continue to make this a top priority in FY 2017 and FY 2018. Congressional support will be paramount in order for OPM to continue to enhance the security of its data including health insurance information, records concerning retirees and their families, payroll records, and the official personnel records for the Federal Government.

### Performance Budget Request by Strategy, Organization and Fund—All Resources

STRATEGIC GOAL/STRATEGY	FY 2018 Request Dollars	FTE
<b>Efficient and Effective Information Systems</b>		
<b>4.01</b>		
<b>Commit to an enterprise-wide IT systems strategy based on principle that business drives IT strategy</b>	<b>\$1,095,478</b>	<b>12.1</b>
<b>Chief Information Officer</b>		
Common Services	\$989,619	11.1
<b>Merit System Accountability &amp; Compliance</b>		
Salaries & Expenses	\$62,769	1.0
<b>Planning and Policy Analysis</b>		
Salaries & Expenses	\$43,090	0.0
<b>4.02</b>		
<b>Implement enabling successful practices and initiatives that strengthen IT leadership and IT governance</b>	<b>\$9,593,679</b>	<b>32.5</b>
<b>Chief Information Officer</b>		
Common Services	\$3,299,486	15.7
Salaries & Expenses	\$2,083,199	11.8



<b>STRATEGIC GOAL/STRATEGY</b>	<b>FY 2018 Request Dollars</b>	<b>FTE</b>
IT Modernization S&E No-Year	\$53,353	0.0
<b>Planning and Policy Analysis</b>		
Revolving Fund	\$3,081,520	0.0
Salaries & Expenses	\$1,076,121	5.0
<b>4.03</b>		
<b>Implement enterprise initiatives that leverage capabilities and tools throughout OPM</b>	<b>\$67,147,192</b>	<b>112.3</b>
<b>Chief Information Officer</b>		
Common Services	\$35,106,764	90.4
Salaries & Expenses	\$16,241,055	21.9
IT Modernization S&E No-Year	\$15,799,373	0.0
<b>4.04</b>		
<b>Implement business initiatives that provide capabilities spanning the HR life cycle, allowing OPM and other federal agencies to achieve their missions</b>	<b>\$264,541,189</b>	<b>206.5</b>
<b>Chief Information Officer</b>		
5 USC 8348(a)(1)(B) (Retirement)	\$3,482,301	3.0
Revolving Fund	\$110,840,940	146.5
Trust Fund Annual	\$8,988,200	38.3
IT Modernization S&E No-Year	\$11,747,274	0.0
<b>Employee Services</b>		
Common Services	\$1,403,974	0.0
Salaries & Expenses	\$1,182,971	0.0
<b>Office of the Chief Financial Officer</b>		
Common Services	\$8,136,701	12.7
Trust Fund Annual	\$380,551	1.0
IT Modernization S&E No-Year	\$9,400,000	0.0
<b>Merit System Accountability &amp; Compliance</b>		
Common Services	\$26,798	0.0
Salaries & Expenses	\$471,207	1.0
<b>Healthcare &amp; Insurance</b>		
Salaries & Expenses	\$870,726	0.0
Trust Fund Annual	\$1,075,117	0.0
<b>Planning and Policy Analysis</b>		
Trust Fund Annual	\$4,832,560	4.0
<b>National Background Investigations Bureau</b>		
Revolving Fund	\$101,701,869	0.0
<b>OPM Total</b>	<b>\$342,377,538</b>	<b>363.4</b>

**Strategy: 4.01 Commit to a Federal enterprise-wide IT systems strategy based on the principle that business drives IT strategy**

Performance Measure	FY 2014 Results	FY 2015 Results	FY 2016 Results	FY 2016 Target	FY2017 Target	FY2018 Target
Percent of Federal Human Capital Data Model with standards published	0%	1.37%	1.37%	≥15%	≥25%	Discontinued
Percent of Federal Human Capital Business Reference Model Functional Framework developed	—*	—*	20.0%	Establish Baseline	≥48%	≥60%

**Strategy: 4.02 Implement enabling successful practices and initiatives that strengthen IT leadership and IT governance**

Performance Measure	FY 2014 Results	FY 2015 Results	FY 2016 Results	FY 2016 Target	FY2017 Target	FY2018 Target
Percent of major investments with IT program managers certified in Federal Acquisition Institute Training Application System	—*	63.6%	50.0%	≥80%	100%	100%

**Strategy: 4.03 Implement enterprise initiatives that leverage capabilities and tools throughout OPM**

Performance Measure	FY 2014 Results	FY 2015 Results	FY 2016 Results	FY 2016 Target	FY2017 Target	FY2018 Target
Percent of systems with multi-factor authentication enabled	—*	—*	—*	New Measure	New Measure	64.4%

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\* N/A - Not Available - no historical data available for this period

\* No historical data available for this period.

**Strategy: 4.04 Implement business initiatives that provide capabilities spanning the HR life cycle, allowing OPM and other Federal agencies to achieve their missions**

Performance Measure	FY 2014 Results	FY 2015 Results	FY 2016 Results	FY 2016 Target	FY2017 Target	FY2018 Target
External customer satisfaction rating with OPM IT services	—*	2.5 Below Standards	2.5 Below Standards	≥4 Highly Satisfied	≥4 Highly Satisfied	≥4 Highly Satisfied

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\* No historical data available for this period.

## **Strategic Goal 5: Transparent and Responsive Budgets**

### **Strategic Goal Statement:**

#### **Establish and maintain responsive, transparent budgeting and costing processes.**

The uncertain budget environment imposes an imperative on all agency officials to manage financial resources to position the agency to meet strategic priorities. OPM has allocated and aligned agency budgets to agency strategies and is tracking expenditures and resource allocations aligned to program areas and object classes. Aligning budget setting and expenditure tracking to agency strategies fosters a continuous focus on achievement of the agency's strategic goals. Other tools, such as activity-based costing and common services allocation methodology, will improve clarity for senior managers as they collectively target resources toward achieving the agency's strategic goals. The final result must be a transparent process that supports the Director's and senior officials' ability to prioritize and adjust resources to align with current and future priorities.

In 2014, OPM implemented a new budget prioritization process that better identifies funding requirements, validates justifications, assesses priorities, and offers a platform for making decisions corporately. The agency utilized the Lean Six Sigma process improvement methods and human centered design techniques and facilitation to establish this process and develop a tool that is being utilized by agency senior leaders, program offices and financial management officials. The progress made in FY 2014 on activities for Strategies 5.01 and 5.03 under this goal established the foundation for more visibility and transparency in OPM's overall budget process. OPM continues efforts to appropriately align the budget to support agency strategic goals, justify requirements, and routinely monitor spending to determine that resources are utilized efficiently. OPM has added Strategy 5.04, incorporating a managerial cost accounting program, to build on prior-year accomplishments. This will further enhance transparency and support OPM's methodology for determining, assigning, tracking and managing costs within the agency.

The following activities will sustain and enhance this goal:

1. a corporate prioritization process;
2. deployment of an agency-wide managerial cost accounting model that directly traces costs and accurately aligns costs to core OPM activities and strategies; and
3. timely monthly financial reports that reliably display OPM actual expenditures versus budget for each major organizational component, program, and strategic outcome and performance measures; and that can be segmented by activity.

To successfully complete Goal 5 activities, all OPM program offices, managers, and financial analysts must fully engage and provide technical knowledge and expertise regarding specific program areas. Their involvement will make it more likely that tools and processes meet the needs of their business structure and produce results that are actionable and support corporate decision making. Support and oversight from OPM senior leadership will provide direction, focus and accountability.

## Performance Budget Request by Strategy, Organization and Fund–All Resources

STRATEGIC GOAL/STRATEGY	FY 2018 Request Dollars	FTE
<b>Transparent and Responsive Budgets</b>		
<b>5.02</b>		
<b>Institutionalize corporate prioritization</b>	<b>\$6,991,065</b>	<b>48.3</b>
<b>HR Solutions</b>		
Revolving Fund	\$1,732,408	16.0
<b>Office of the Chief Financial Officer</b>		
Common Services	\$3,471,183	21.2
Salaries & Expenses	\$300,000	0.0
Trust Fund Annual	\$179,245	1.0
<b>Office of the General Counsel</b>		
Common Services	\$301,568	2.0
<b>Retirement Services</b>		
5 USC 8348(a)(1)(B) (Retirement)	\$50,000	0.4
Trust Fund Annual	\$75,000	0.6
<b>White House Fellows</b>		
Salaries & Expenses	\$34,869	0.6
<b>Merit System Accountability &amp; Compliance</b>		
Salaries & Expenses	\$264,937	2.0
<b>Healthcare &amp; Insurance</b>		
Salaries & Expenses	\$143,351	1.0
Trust Fund Annual	\$143,351	1.0
<b>Office of Communications</b>		
Common Services	\$31,938	0.5
<b>National Background Investigations Bureau</b>		
Revolving Fund	\$263,215	2.0
<b>5.03</b>		
<b>Widely inform key stakeholders on new agency budget process</b>	<b>\$336,257</b>	<b>1.9</b>
<b>Equal Employment Opportunity</b>		
Common Services	\$9,294	0.1
<b>Office of Diversity and Inclusion</b>		
Salaries & Expenses	\$20,767	0.1
<b>Office of the Chief Financial Officer</b>		
Common Services	\$23,953	0.1
<b>Office of the Director</b>		
Common Services	\$215,705	1.4
<b>Congressional, Legislative and Intergovernmental Affairs</b>		
Common Services	\$66,538	0.2

STRATEGIC GOAL/STRATEGY	FY 2018 Request Dollars	FTE
<b>5.04</b>		
<b>Configure and Deploy Agency-wide Cost Accounting Models</b>	<b>\$1,841,282</b>	<b>7.9</b>
<b>Office of the Chief Financial Officer</b>		
Common Services	\$1,366,282	6.9
Salaries & Expenses	\$350,000	0.0
<b>Retirement Services</b>		
5 USC 8348(a)(1)(B) (Retirement)	\$50,000	0.4
Trust Fund Annual	\$75,000	0.6
<b>OPM Total</b>	<b>\$9,168,604</b>	<b>58.1</b>

### Strategy: 5.01 Implement Cost Re-baselining

OPM discontinued this strategy in FY 2017 because the agency completed work in FY 2016.

### Strategy: 5.02 Institutionalize Corporate Prioritization

Performance Measure	FY 2014 Results	FY 2015 Results	FY 2016 Results	FY 2016 Target	FY2017 Target	FY2018 Target
Percent of stakeholders who agree that OPM's budget processes are transparent	—*	—*	33.2%	Establish Baseline	≥35.2%	≥37.2%
Percent of stakeholders who agree that OPM's budget processes and activities are responsive to their needs	—*	—*	—*	Establish Baseline	≥33.1%	≥35.1%

### Strategy: 5.03 Widely inform key stakeholders on new agency budget process

Performance Measure	FY 2014 Results	FY 2015 Results	FY 2016 Results	FY 2016 Target	FY2017 Target	FY2018 Target
Percent of stakeholders who agree that information about OPM's budget processes, activities, and tools is communicated to users	—*	—*	49.2%	Establish Baseline	≥51.2%	≥53.2%

\* No historical data available for this period.

**Strategy: 5.04 Configure and Deploy Agency-wide Cost Accounting Models**

Performance Measure	FY 2014 Results	FY 2015 Results	FY 2016 Results	FY 2016 Target	FY2017 Target	FY2018 Target
Revolving Fund net income (three year rolling average)	\$272,000,000	\$125,000,000	\$162,463,230.54*	≥\$0	≥\$0	≥\$150 million

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\* FY 2016 result was revised in May 2017

## **Strategic Goal 6: Engaged Federal Workforce**

### **Strategic Goal Statement:**

**Provide leadership in helping agencies create inclusive work environments where a diverse Federal workforce is fully engaged and energized to put forth its best effort, achieve their agency's mission, and remain committed to public service.**

To foster a heightened connection between employees, their work, and their organizations, Federal agencies and managers must facilitate employees' ability to find personal meaning in their work, take pride in their work and their organization, and believe they are valued contributors.

Engaged employees are passionate and dedicated to their jobs and to their organizations. They feel a special bond with their agencies and put forth discretionary effort needed to improve their own performance and agency results. Employee engagement is linked to important outcomes, including agency performance, sick-leave usage, EEO complaints, and turnover. Engaged employees are less likely to leave their agency, while those who are unengaged will likely start to look for opportunities elsewhere. Key drivers of employee engagement are communication, employee inclusion, opportunities for development, and recognition. Strong leadership and supervision also are critical to promoting an engaged workforce as they have a great deal of influence over the factors that drive engagement.

OPM's Employee Services (ES), Human Resources Solutions (HRS), Office of Diversity & Inclusion (ODI), Planning and Policy Analysis (PPA), and Merit System Accountability and Compliance (MSAC) will directly support this strategy to drive agencies to target, address and measure key drivers of employee engagement. ES will provide policy direction and leadership in designing, developing and promulgating Government-wide systems and programs; HRS will offer standardized as well as customized products and services to agencies on a reimbursable basis; ODI will provide leadership and efforts focused on developing, driving and monitoring strategies and initiatives designed to create a more diverse and inclusive Federal workforce; PPA will develop and provide metrics and analysis; and MSAC will monitor and assess agency participation and training effectiveness.

Having researched the drivers, components and outcomes of engagement as a foundation, OPM will implement five strategies to address this strategic goal. Recognizing the critical role of leaders and the importance of having tangible actions and measures, OPM will:

- (1) provide leadership training to increase employee engagement;
- (2) support agencies in hiring leaders strong in managing and leading high performing organizations;
- (3) provide a comprehensive suite of engagement services and models for agencies and employees;
- (4) drive agencies to target, address, and measure key drivers of employee engagement; and
- (5) partner with agencies to drive greater diversity, inclusion and employee engagement.



OPM anticipates that accomplishment of these strategies will provide positive outcomes Government-wide. Increased employee engagement can improve performance, and lead to employee and agency effectiveness. OPM will use existing and new measures to evaluate the implementation of inclusion and engagement efforts and related outcomes. OPM and other partner agencies have designed the Unlocking Federal Talent dashboard for data-driven reviews of employee engagement and launched GovConnect Phase I pilots.

Moreover, the investments requested will expand Government-wide efficiencies and improve employee engagement. For example, investment in rigorous assessments for hiring leaders will allow agencies to identify individuals with the capabilities required to effectively build, manage, and retain an engaged workforce. Similarly, investment in GovConnect will further the suite of engagement services and make the Federal workforce talent more agile and collaborative, both within and across agencies.

Various program contingencies and constraints may affect the achievement and the level of achievement of the strategies, accomplishments and milestones planned for strategies associated with this goal. The primary recurring factors are available resources within OPM and other agencies, as well as the active participation of other agencies.

### Performance Budget Request by Strategy, Organization and Fund—All Resources

STRATEGIC GOAL/STRATEGY	FY 2018 Request Dollars	FTE
<b>Engaged Federal Workforce</b>		
<b>6.01</b>		
Design and deliver leadership training to increase employee engagement	\$76,257,572	130.0
<b>Employee Services</b>		
Salaries & Expenses	\$38,440	0.0
<b>HR Solutions</b>		
Revolving Fund	\$76,219,132	130.0
<b>6.03</b>		
Provide a comprehensive suite of engagement services and models for agencies and employees	\$21,204,540	85.1
<b>Employee Services</b>		
Salaries & Expenses	\$287,636	2.1
<b>HR Solutions</b>		
Revolving Fund	\$20,721,726	82.0
<b>Planning and Policy Analysis</b>		
Salaries & Expenses	\$195,178	1.0
<b>6.04</b>		
Ensure agencies target, address, and measure key drivers of employee engagement	\$5,681,378	28.0
<b>HR Solutions</b>		
Revolving Fund	\$5,046,281	19.0
<b>Merit System Accountability &amp; Compliance</b>		

STRATEGIC GOAL/STRATEGY	FY 2018 Request Dollars	FTE
Salaries & Expenses	\$205,508	2.0
<b>Planning and Policy Analysis</b>		
Salaries & Expenses	\$429,589	7.0
<b>6.05</b>		
<b>Partner with agencies to drive greater diversity, inclusion and employee engagement</b>	<b>\$831,030</b>	<b>4.4</b>
<b>Office of Diversity and Inclusion</b>		
Salaries & Expenses	\$831,030	4.4
<b>OPM Total</b>	<b>\$1,039,745,20</b>	<b>247.5</b>

**Strategy: 6.01 Design and deliver leadership training to increase employee engagement**

Performance Measure	FY 2014 Results	FY 2015 Results	FY 2016 Results	FY 2016 Target	FY2017 Target	FY2018 Target
Percent of components of CHCO organizations that increased "leaders lead" scores	—*	57.3%	70.2%	≥50%	≥68%	≥70%
Number of participants who achieve mastery of competencies upon completion of the manager or executive level LEAD certificate program	—*	20	9	Establish Baseline	Establish Baseline	≥12
Number of CHCO agencies using Manager and Executive level certificate programs	—*	23	23	Establish Baseline	Establish Baseline	≥20

\* No historical data available for this period.

**Strategy: 6.02 Support agencies in hiring leaders strong in managing and leading high performing organizations**

Performance Measure	FY 2014 Results	FY 2015 Results	FY 2016 Results	FY 2016 Target	FY2017 Target	FY2018 Target
Percent of components of CHCO organizations that increased "leaders lead" scores	—*	57.3%	70.2%	≥50%	≥68%	≥70%

**Strategy: 6.03 Provide a comprehensive suite of engagement services and models for agencies and employees**

Performance Measure	FY 2014 Results	FY 2015 Results	FY 2016 Results	FY 2016 Target	FY2017 Target	FY2018 Target
Percent of CHCO Act Agency component-level reports that have been accessed on the Federal Employee Viewpoint Survey Online Reporting and Analysis Tool	—*	72.6%	83.1%	≥95%	100%	100%
Percent of CHCO Act Agency lower-level components reports that have been accessed on the Federal Employee Viewpoint Survey Online Reporting and Analysis Tool	—*	44.8%	66.5%	≥75%	≥90%	≥90%
Percent of users satisfied with Unlocktalent.gov	—*	—*	28.7%	Establish Baseline	≥40%	≥40%
Percent of components of CHCO organizations that increased "leaders lead" scores	—*	57.3%	70.2%	≥50%	≥68%	≥70%

\* No historical data available for this period.

**Strategy: 6.04 Ensure agencies target, address and measure key drivers of employee engagement**

Performance Measure	FY 2014 Results	FY 2015 Results	FY 2016 Results	FY 2016 Target	FY2017 Target	FY2018 Target
Percent of components of CHCO organizations that increased "leaders lead" scores	—*	57.3%	70.2%	≥50%	≥68%	≥70%

**Strategy: 6.05 Partner with agencies to drive greater diversity, inclusion and employee engagement**

Performance Measure	FY 2014 Results	FY 2015 Results	FY 2016 Results	FY 2016 Target	FY2017 Target	FY2018 Target
Percent of non-seasonal, full-time permanent employees onboard in the Federal Government with targeted disabilities	1.07%	1.10%	1.10%	≥1.1%	≥1.2%	≥1.2%
Percent of components of CHCO organizations that increased "leaders lead" scores	—*	57.3%	70.2%	≥50%	≥68%	≥70%
Percent of USAJOBS hiring actions for which managers and/or Human Resources Government-wide reviewed applicant flow data	53.0%	76.6%	99.5%^	≥50%	≥75%	≥85%

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\* No historical data available for this period.

## Strategic Goal 7: Improved Retirement Services

### Strategic Goal Statement:

**Ensure that Federal retirees receive timely, appropriate, transparent, seamless, and accurate retirement benefits.**

The Federal Government’s commitment to its employees does not end when someone retires from service. OPM administers retirement and insurance benefits for nearly 2.6 million annuitants, survivors, and family members. The agency must provide quality delivery of those benefits and respond to retiree questions and concerns in a caring and timely manner. While real progress has been made over the last four years and the strategies outlined below have been implemented in part, they have not yet been fully achieved. Additionally, it is important to recognize that successful benefits processing is not only a result of an efficient processing system and communication with agencies, but also a fully engaged employee who is preparing to retire.

### Performance Budget Request by Strategy, Organization and Fund–All Resources

STRATEGIC GOAL/STRATEGY	FY 2018 Request Dollars	FTE
<b>Improved Retirement Services</b>		
<b>7.01</b>		
Prepare the Federal workforce for retirement beginning from entry-on-duty across every stage of the employee life-cycle	\$1,000,000	7.0
Retirement Services		
Trust Fund Annual	\$1,000,000	7.0
<b>7.02</b>		
Improve OPM service to Federal agency benefit officers	\$1,900,000	7.0
Retirement Services		
Trust Fund Annual	\$1,900,000	7.0
<b>7.03</b>		
Advance the 21st-century, customer-focused retirement processing system for claims adjudication in a timely and accurate manner	\$100,890,647	1,057.0
Retirement Services		
5 USC 8348(a)(1)(B) (Retirement)	\$42,160,000	421.0
FERCCA (P.L. 106-265) (Retirement)	\$1,951,062	12.0
Trust Fund Annual	\$56,779,585	624.0
<b>OPM Total</b>	<b>\$103,790,647</b>	<b>1,071.0</b>

**Strategy: 7.01 Prepare the Federal workforce for retirement from entry-on-duty across every stage of the employee life-cycle**

Performance Measure	FY 2014 Results	FY 2015 Results	FY 2016 Results	FY 2016 Target	FY2017 Target	FY2018 Target
Relative ratio of complete retirement submissions versus incomplete cases	84%	87.7%	89.2%	≥90%	≥90%	≥90%

**Strategy: 7.02 Improve OPM service to Federal agency benefit officers**

Performance Measure	FY 2014 Results	FY 2015 Results	FY 2016 Results	FY 2016 Target	FY2017 Target	FY2018 Target
Percent of benefits officers trained per year	65%	93.0%	83.8%	≥52%	≥60%	≥65%
Overall customer satisfaction with guidance material, webinars, virtual conference, live conference, and training	—*	—*	78.1%	Establish Baseline	≥78%	≥78%

**Strategy: 7.03 Advance the 21st century customer-focused retirement processing system for claims adjudication in a timely and accurate manner**

Performance Measure	FY 2014 Results	FY 2015 Results	FY 2016 Results	FY 2016 Target	FY2017 Target	FY2018 Target
Average unit cost (direct labor only) for processing retirement claims	\$ 129.83	\$ 124.48	\$ 127.86	≤ \$128.47	≤\$128.15**	≤\$128.15**
Percent of retirement and survivor claims processed accurately	94%	94.1%	95.6%	≥95%	≥95%	≥95%
Percent of retirement claims processed within 60 days	79%	70.1%	77.1%	≥90%	≥90%	≥90%

\* No historical data available for this period.

\*\* OPM is converting to a full cost accounting model which will likely change the current calculations for this measure.

Performance Measure	FY 2014 Results	FY 2015 Results	FY 2016 Results	FY 2016 Target	FY2017 Target	FY2018 Target
Percent of customers satisfied with overall retirement services	78%	76.5%	72.2%	≥75%	≥78%	≥78%
Rate of improper payments in the retirement program	0.38%	0.38%	0.37%	≤0.37%	≤0.36%	≤0.35%
Percent of retirement program customer calls handled	76%	72.0%	66.8%	≥78%	≥75%	≥75%

## Strategic Goal 8: Enhanced Federal Workforce Integrity

### Strategic Goal Statement:

#### Enhance the integrity of the Federal workforce

The integrity of the Federal workforce is enhanced through the review of the suitability of individual applicants, ongoing reviews of Federal employees, and the oversight of agency Human Resources systems that promote fairness and merit in all hiring and assessment processes.

Under the Civil Service Rules, the Director of OPM establishes suitability standards for the competitive service, conducts suitability investigations, and makes (or delegates) suitability determinations to determine that those whom agencies select and retain to serve the United States Government and the American people are fit to serve.

As the Suitability Executive Agent, the Director is responsible for developing and implementing consistent, uniform policies, tools, and processes for determinations of suitability, assignment to sensitive positions, and access to Federal facilities and information systems. Executing these responsibilities encompasses the collection of background investigation information. OPM's activity in support of this goal helps protect our national security and provides the American people a reliable and responsible employee team they can trust in fulfilling important Government functions.

OPM is mandated by statute to carry out delegated human resource authorities in accordance with merit system principles and OPM standards. In addition, Executive Order 13197 (*Government-wide Accountability for Merit System Principles; Workforce Information*) authorizes OPM to hold Executive departments and agencies accountable to the President for effective human capital management.

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### Performance Budget Request by Strategy, Organization and Fund—All Resources

STRATEGIC GOAL/STRATEGY	FY 2018 Request Dollars	FTE
<b>Enhanced Federal Workforce Integrity</b>		
<b>8.01</b>		
Enhance policy, procedures and processes used to ensure people are fit to serve	\$1,338,868,678	3,330.3
<b>National Background Investigations Bureau</b>		
Revolving Fund	\$1,338,868,678	3,330.3
<b>OPM Total</b>	<b>\$1,338,868,678</b>	<b>3,330.3</b>



**Strategy: 8.01 Enhance policy, procedures and processes used to ensure people are fit to serve**

Performance Measure	FY 2014 Results	FY 2015 Results	FY 2016 Results	FY 2016 Target	FY2017 Target	FY2018 Target
Percent of investigations determined to be quality complete	99.9%	99.9%	99.8%	≥99%	≥99%	≥99%
Average number of days to complete the fastest 90 percent of all initial national security investigations	35	67	123	≤40	≤40	≤40
Average number of days to complete the fastest 90 percent of initial Secret national security investigations	30	58	108	≤40	≤40	≤40
Average number of days to complete the fastest 90 percent of initial Top Secret national security investigations	75	147	220	≤80	≤80	≤80

## **Strategic Goal 9: Healthier Americans**

### **Strategic Goal Statement:**

**Provide high quality health benefits and improve the health status of Federal employees, Federal retirees, their families, and populations newly eligible for OPM-sponsored health insurance products.**

This goal recognizes OPM's role in improving the health status of populations covered under OPM-sponsored health insurance programs. Incorporating responsibilities required by the Affordable Care Act, populations served by OPM-sponsored health insurance programs include tribal employees and formerly uninsured Americans served by Multi-State Plans in addition to Federal employees, Federal retirees, and dependents of Federal employees and retirees.

High quality health insurance promotes access to care, supports better health and better care, empowers enrollee choice, and increases employee loyalty. Better care prevents long term disability and disease, stabilizes chronic conditions, and minimizes hospitalization. Effective worksite wellness programs along with health conscious workers and community environments complement insurance benefits and reinforce positive choices. Additional benefits, such as life insurance, long term care, dental and vision insurance, and flexible spending accounts improve employee quality of life, meet unique family needs, and increase employee loyalty.

Planning and Policy Analysis (PPA) provides strategic analysis and workforce information to the OPM Director and supports the performance goals of the agency. PPA analysis spans the full range of human resource management issues facing Federal agencies (such as pay and benefits) and involves a variety of analytical tools (including actuarial analysis, surveys, economic analysis, and policy analysis).

OPM's Healthcare & Insurance (HI) program oversees the management of insurance benefits for more than 8.2 million Federal employees, retirees, and their families, as well as tribal employees and their families. The HI organization consolidates all of OPM's healthcare and insurance responsibilities into a single organization. These include the Federal Employees Health Benefit Program (FEHBP), Federal Employees' Group Life Insurance (FEGLI), Flexible Spending Account (FSAFEDS), Federal Long Term Care Insurance Program (FLTCIP), and Federal Employee Dental Vision Insurance Program (FEDVIP). The HI program also administers Multi-State Plan contracts, which are offered to Americans, including those previously uninsured, through the Exchange under the authority of the Affordable Care Act (ACA). PPA supports the HI program and the ACA responsibilities by providing policy support, and actuarial and data analysis.

## Performance Budget Request by Strategy, Organization and Fund–All Resources

STRATEGIC GOAL/STRATEGY	FY 2018 Request Dollars	FTE
<b>Healthier Americans</b>		
<b>9.01</b>		
<b>Sponsor high quality, consumer friendly, affordable insurance products</b>	<b>\$27,012,112</b>	<b>120.5</b>
<b>Healthcare &amp; Insurance</b>		
5 USC 8958(f)(2)(A) & 5 USC 8988(f)(2)(A) (Dental & Vision Ins.)	\$5,920,422	1.2
5 USC 9004(f)(B) (Long-Term Care)	\$1,630,908	1.3
Salaries & Expenses	\$5,693,737	36.7
Trust Fund Annual	\$10,597,588	67.3
<b>Planning and Policy Analysis</b>		
5 USC 8348(a)(1)(B) (Retirement)	\$169,000	1.0
5 USC 8958(f)(2)(A) & 5 USC 8988(f)(2)(A) (Dental & Vision Ins.)	\$215,129	1.0
5 USC 9004(f)(B) (Long-Term Care)	\$240,500	1.0
Salaries & Expenses	\$161,045	1.0
Trust Fund Annual	\$2,383,783	10.0
<b>9.02</b>		
<b>Optimize insurance-related business processes</b>	<b>\$7,120,480</b>	<b>53.9</b>
<b>Healthcare &amp; Insurance</b>		
5 USC 8958(f)(2)(A) & 5 USC 8988(f)(2)(A) (Dental & Vision Ins.)	\$79,578	1.2
5 USC 9004(f)(B) (Long-Term Care)	\$146,092	1.4
Salaries & Expenses	\$1,515,642	7.8
Trust Fund Annual	\$1,646,110	9.5
<b>Planning and Policy Analysis</b>		
Salaries & Expenses	\$1,439,424	12.0
Trust Fund Annual	\$2,293,634	22.0
<b>9.03</b>		
<b>Improve preventive services delivery to employees, retirees, families, tribal employees, and newly insured Americans</b>	<b>\$1,992,514</b>	<b>13.7</b>
<b>Healthcare &amp; Insurance</b>		
Salaries & Expenses	\$1,739,768	11.7
Trust Fund Annual	\$107,505	1.0
<b>Planning and Policy Analysis</b>		
Trust Fund Annual	\$145,241	1.0
<b>9.04</b>		
<b>Develop novel partnerships in support of population health and enhance outreach and health literacy</b>	<b>\$1,792,006</b>	<b>16.0</b>
<b>Healthcare &amp; Insurance</b>		
Salaries & Expenses	\$1,578,777	14.0
Trust Fund Annual	\$107,505	1.0

STRATEGIC GOAL/STRATEGY	FY 2018 Request Dollars	FTE
<b>Planning and Policy Analysis</b>		
Trust Fund Annual	\$105,724	1.0
<b>OPM Total</b>	<b>\$37,917,112</b>	<b>204.1</b>

**Strategy: 9.01 Sponsor high quality, consumer friendly, affordable insurance products**

Performance Measure	FY 2014 Results	FY 2015 Results	FY 2016 Results	FY 2016 Target	FY2017 Target	FY2018 Target
Number of tribes, tribal organizations or urban Indian organizations participating in FEHB	61	85	90	≥84	≥92	≥101
Number of tribal employees enrolled in FEHB	15,580	17,500	19,551	≥18,000	≥20,000	≥22,000
Percent of FEHBP enrollees satisfied	82%	72.9%	73.8%	≥Industry Trend (61.8%)	≥Industry Trend	≥Industry Trend

**Strategy: 9.02 Optimize insurance related business processes**

Performance Measure	FY 2014 Results	FY 2015 Results	FY 2016 Results	FY 2016 Target	FY2017 Target	FY2018 Target
Percent of plans with all-cause readmission to hospital within 30 days of inpatient hospital stay above the national commercial 50th percentile	49%	51%	44.5%	≥51%	≥2016 Result	≥2017 Result

**Strategy: 9.03 Improve preventive services delivery to employees, retirees, families, tribal employees, and newly insured Americans**

Performance Measure	FY 2014 Results	FY 2015 Results	FY 2016 Results	FY 2016 Target	FY2017 Target	FY2018 Target
Percent of adults receiving flu shots based on Consumer Assessment of Healthcare Providers and Systems Effective Care	50%	49%	50.9%	Contextual	Contextual	Contextual
Percent of plans controlling blood pressure above the national commercial 50th percentile	49%~	43%	49.2%	≥43%	≥2016 Result	≥2017 Result

Performance Measure	FY 2014 Results	FY 2015 Results	FY 2016 Results	FY 2016 Target	FY2017 Target	FY2018 Target
Percent of plans with timely prenatal care above the national commercial 50th percentile	39.8%	41.0%	46.0%	≥41%	≥2016 Result	≥2017 Result

~ Previously reported results revised in October 2016 following a National Committee for Quality Assurance revision to the methodology in 2015.

### **Strategy: 9.04 Develop novel partnerships in support of population health and enhance outreach and health literacy**

Performance Measure	FY 2014 Results	FY 2015 Results	FY 2016 Results	FY 2016 Target	FY2017 Target	FY2018 Target
Percent of employees aware of FEHB tobacco cessation benefit	10.2%	—*	16.3%	≥15%	≥20%	No Survey (Biannual)

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\* No historical data available for this period.

## Strategic Goal 10: Efficient and Effective Federal Human Capital Management

### Strategic Goal Statement:

**Increase the efficiency and effectiveness of human capital management across the Federal Government by providing procedures and services that increase accountability, and provide greater organizational and management flexibility.**

OPM is mandated by statute to ensure Federal agencies (1) carry out their delegated human resource authorities in accordance with merit system principles and (2) operate with effective and efficient human capital management systems and practices. In addition, Executive Order 13197 (“Government-wide Accountability for Merit System Principles; Workforce Information”) authorizes OPM to hold executive departments and agencies accountable to the President for effective human capital management.

Furthermore, newly implemented regulations in Chapter 5 of the Code of Federal Regulations (CFR) Part 250, subpart B, call for OPM to guide, enable, and assess agencies in their establishment of robust human resources evaluation systems and integration of strategic human capital management in overall agency planning and mission accomplishment. This goal also supports the Administration’s data strategy and focuses on evidence-based policy and management by ensuring OPM's decision making is data-driven.

OPM plays a unique and vital role in leading Federal systems and standards for strategic human capital management. OPM performs this role through policy leadership, accountability and compliance work, and training agencies to conduct their own delegated examining and HR evaluations, as well as the provision of human capital products and services that move agencies toward 21st century talent management strategies.

As the President's advisor on Federal human capital management, OPM is regularly called upon to provide leadership in the human capital components of key management initiatives. Examples include leading the People and Culture Cross-Agency Priority Goal, conducting annual in-person Human Capital Reviews with individual agencies, closing skills gaps in fulfillment of the CHCO Act and in response to GAO's high risk report, and most recently serving as OMB's designated category manager for the human capital category of Federal spending.

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### Performance Budget Request by Strategy, Organization and Fund–All Resources

STRATEGIC GOAL/STRATEGY	FY 2018 Request	
	Dollars	FTE
<b>Increase the Efficiency and Effectiveness of Human Capital Management Across the Federal Government</b>		
<b>10.01</b>		
<b>Through the Category Management Initiative, enable the Federal Government to have products, services and providers that support the human capital management and organizational performance of Federal agencies</b>	<b>\$3,215,428</b>	<b>20.0</b>
Employee Services		

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<b>STRATEGIC GOAL/STRATEGY</b>	<b>FY 2018 Request Dollars</b>	<b>FTE</b>
Salaries & Expenses Appropriation	\$26,000	0.0
<b>Planning and Policy Analysis</b>		
Salaries & Expenses Appropriation	\$3,189,428	20.0
<b>10.02</b>		
<b>Provide guidance, tools, and training to help agencies attain human capital management goals and meet OPM requirements</b>	<b>\$66,480,220</b>	<b>190.9</b>
<b>Employee Services</b>		
Salaries & Expenses Appropriation	\$3,978,016	24.9
<b>HR Solutions</b>		
RF - Training Services (HRS)	\$62,472,204	166.0
<b>Merit System Accountability &amp; Compliance</b>		
Salaries & Expenses Appropriation	\$30,000	0.0
<b>10.03</b>		
<b>Hold agencies accountable for closing skills in their mission critical occupations</b>	<b>\$8,096,728</b>	<b>32.5</b>
<b>Employee Services</b>		
Salaries & Expenses Appropriation	\$1,844,558	11.5
<b>HR Solutions</b>		
RF - Training Services (HRS)	\$6,252,170	21.0
<b>10.04</b>		
<b>Assure effective human capital management of Senior Executive Service (SES) and other senior employees</b>	<b>\$3,710,457</b>	<b>26.4</b>
<b>Employee Services</b>		
Salaries & Expenses Appropriation	\$3,710,457	26.4
<b>10.05</b>		
<b>Hold agencies accountable for maintaining efficient, effective and compliant human capital management programs and accountability systems</b>	<b>\$10,236,876</b>	<b>78.5</b>
<b>Employee Services</b>		
Salaries & Expenses Appropriation	\$228,258	1.5
<b>Merit System Accountability &amp; Compliance</b>		
Salaries & Expenses Appropriation	\$10,008,618	77.0
<b>OPM Total</b>	<b>\$91,739,709</b>	<b>348.3</b>

**Strategy 10.01: Through the Category Management Initiative, enable the Federal Government to have products, services and providers that support the human capital management and organizational performance of Federal agencies**

Performance Measure	FY 2014 Results	FY 2015 Results	FY 2016 Results	FY 2016 Target	FY2017 Target	FY2018 Target
Number of "hallway" users	—*	—*	219	New Measure	≥100	≥200
Number of vendors who deliver human capital goods and services that meet the "best in class" criteria	—*	—*	84	New Measure	≥75	≥75

**Strategy 10.02: Provide guidance, tools, and training to help agencies attain human capital management goals and meet OPM requirements**

Performance Measure	FY 2014 Results	FY 2015 Results	FY 2016 Results	FY 2016 Target	FY2017 Target	FY2018 Target
Index score of customer satisfaction with quality of delegated examining and evaluator training	90	97.8	97.9	≥90	≥92	≥92
Index score of customer satisfaction with HR Solutions products and services (ACSI-Equivalent Index)	78.8	76	80	≥80	≥10 Points Above Federal Average	≥10 Points Above Federal Average

**Strategy 10.03: Hold agencies accountable for closing skills gaps in their mission critical occupations**

Performance Measure	FY 2014 Results	FY 2015 Results	FY 2016 Results	FY 2016 Target	FY2017 Target	FY2018 Target
Percent of high-risk mission critical occupations/areas making progress toward meeting closing skill gap targets	—*	—*	72%	—*	Establish Baseline	≥75%

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\* No historical data available for this period



**Strategy 10.04: Assure effective human capital management of Senior Executive Service (SES) and other senior employees**

Performance Measure	FY 2014 Results	FY 2015 Results	FY 2016 Results	FY 2016 Target	FY2017 Target	FY2018 Target
Percent of Senior Executive Service and Senior Level/ Scientific or Professional performance appraisal systems that have met the certification criteria	78%	81.6%	82.5%	≥83%	≥83%	≥83%
Customer Satisfaction with USA Performance (ACSI Equivalent Score)	—*	86.5	95.3	≥65	≥10 Points Above Federal Average	≥10 Points Above Federal Average

**Strategy 10.05: Hold agencies accountable for maintaining efficient, effective and compliant human capital management programs and accountability systems**

Performance Measure	FY 2014 Results	FY 2015 Results	FY 2016 Results	FY 2016 Target	FY2017 Target	FY2018 Target
Percent of agency human capital or human resources offices evaluated by OPM that demonstrate progress in improving their human capital programs	89%	82.8%	88.5%	≥75%	≥75%	≥75%
Percent of required actions cited in reports that are addressed by agencies within prescribed timeframes	88%	85.0%	92.5%	≥85%	≥85%	≥85%

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\* No historical data available for this period

## Additional Government-wide Mandated or Compliance Functions Supported by OPM

In addition to its major program-related activities, OPM has included in its budget request funds to cover executive direction and leadership, legal advice and representation, public affairs, legislative liaison, and equal employment opportunity management. Funding for these activities will be used to facilitate OPM’s ability to meet its goals and objectives. Additionally, our request includes resources needed to administer these and other activities that are external to the agency’s mission.

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### Performance Budget Request by Strategy, Organization and Fund–All Resources

STRATEGIC GOAL/STRATEGY	FY 2018 Request Dollars	FTE
<b>Additional Government-wide Mandated or Compliance Function Supported by OPM</b>		
<b>Direct customer-facing program activities have components that do not directly support a Goal or Strategy</b>	<b>\$39,371,229</b>	<b>192.7</b>
<b>Chief Information Officer</b>		
CIO Common Services	\$3,847,970	17.6
<b>Employee Services</b>		
Salaries & Expenses Appropriation	\$15,451,027	98.5
<b>HR Solutions</b>		
RF - Training Services (HRS)	\$10,833,116	26.0
<b>Office of the General Counsel</b>		
Common Services	\$7,079,122	38.5
<b>White House Fellows</b>		
Salaries & Expenses Appropriation	\$795,430	4.1
<b>Merit System Accountability &amp; Compliance</b>		
Common Services	\$6,500	0.0
Salaries & Expenses Appropriation	\$1,358,064	8.0
<b>OPM Total</b>	<b>\$39,371,229</b>	<b>192.7</b>

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### Employee Services

Employee Services (ES) performs the following Government-wide policy functions that do not uniquely align with individual strategies in OPM’s Strategic Plan:

- Manages recruitment and hiring policy development and provides technical assistance to Federal agencies on hiring, classification and recruitment guidance;
  - Develops and implements regulations and policies, and provides day-to-day oversight and assistance to agencies on the selection, development, performance management, and recognition of Federal executives and senior professionals and comprehensive programs that help employees balance their work, family, and other personal responsibilities;
  - Implements, manages, and improves Government-wide pay and leave administration policies and programs that will assist Federal agencies in meeting their strategic goals to attract, motivate, and retain high quality employees from diverse backgrounds;
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- Manages Government-wide policy on adverse actions, performance-based actions and title II of the No FEAR Act;
- Advises the Director on and recommends seeking review of erroneous Merit System Protection Board decisions that may have a substantial impact on civil service laws;
- Provides technical assistance to Federal agencies to assure their human resources programs are effective and efficient and support mission objectives; and
- Provides Government-wide leadership for improving employment opportunities for veterans in the Federal civil service.

### **Office of the Director**

As the leadership office of OPM, the Office of the Director (OD) staff affects all agency strategic goals. In addition to managing the structural functions of the agency, the Director is also responsible for Government-wide mandated functions. In order to accomplish goals included within the Director's initiatives, the Director staffs the OD with the appropriate talent to improve program efficiency by analyzing existing processes, recommending improvements where needed and identifying other operational enhancements that will help the agency to better perform its mission. OPM works in several broad categories to recruit retain and honor a world-class workforce for the American people. The Director and OD senior staff provides Government-wide oversight for:

- Conducting background investigations for prospective employees and security clearances across Government, with hundreds of thousands of cases each year;
- Upholding and defending the merit systems in the Federal civil service, making sure that the Federal workforce uses fair practices in all aspects of personnel management and complies with applicable law;
- Managing retirement benefits for retired Federal employees and their families;
- Administering health and other insurance programs for Federal employees and retirees;
- Managing Federal job announcement postings at USAJOBS.gov, and setting policy on Government-wide hiring procedures;
- Leading in the development, testing and implementation of new Government-wide policies that relate to personnel issues; and
- Providing training and development programs and other management tools for Federal employees and agencies.

In addition, OD oversees the Chief Human Capital Officers Council (CHCO). The CHCO Council is formally established by the Chief Human Capital Officers Act of 2002, which was enacted as part of the Homeland Security Act, Public Law 107-296. The purpose of the Council is to:

Advise OPM, OMB and agency leaders on human capital strategies and policies, as well as on the assessment of human capital management in Federal agencies;

Inform and coordinate the activities of its member agencies on such matters as modernization of human resources systems, improved quality of human resources information, and legislation affecting human resources management operations and organizations; and

Assist member CHCOs and other officials with similar responsibilities in fulfilling their individual responsibilities.

### **Security, Suitability, and Credentialing Line of Business Performance Accountability Council, Program Management Office**

The Security, Suitability, and Credentialing Line of Business (SSCLoB) Performance Accountability Council, Program Management Office (PACPMO) was established pursuant to a recommendation arising from the Suitability and Security Processes Review of 2014 to achieve implementation efforts set forth in Review's Report to the President. The report addressed enterprise-wide solutions for determining:

- eligibility for access to classified information or to hold a sensitive national security position;
- suitability to hold a Federal position or fitness to hold an excepted service position or to perform work for a contractor on behalf of the Federal Government (suitability/fitness); and
- eligibility for logical and/or physical access to Federal systems and facilities (credentialing).

The SSCLoB supports development of enterprise-wide solutions for personal security, suitability/fitness, and credentialing by establishing mechanisms to oversee Executive Branch spending, align agency investments to an enterprise strategy, and drive efficiencies in the overall system. Funding for the SSCLoB/PACPMO is included in the OD budget.

### **Congressional, Legislative and Intergovernmental Affairs**

Congressional, Legislative and Intergovernmental Affairs (CLIA) serves as the principal liaison with Congressional Committees, Members of Congress, and their staffs. CLIA also works with White House Legislative Affairs and OMB to coordinate the Administration's position on matters under OPM's jurisdiction. CLIA is responsible for staffing Congressional hearings, meetings, and briefings; commenting on legislative documents; drafting testimony and legislation; responding to Congressional inquiries in a timely fashion; and developing outreach activities to educate Congressional staff on OPM programs. CLIA also serves as OPM's principal interface with State, and Local Governments. Given the role of CLIA, the organization contributes to each strategic goal with a primary focus on creating a diverse and effective agency workforce, customer service, Government-wide and external stakeholder support, and support of internal program functions.

### **Office of Communications**

The Office of Communications (OC) coordinates a comprehensive effort to inform the public of the Administration's and OPM's goals, plans and activities through various media outlets. The OC provides the American public, Federal agencies and pertinent stakeholders with accurate information to aid in their planning and decision making process. The OC coordinates the publication and production of all video products, printed materials, and websites generated by OPM offices. The office develops briefing materials for the Director and other OPM officials for various activities and events. The OC also plans events that amplify the Administration's and OPM's key initiatives within the agency and Government-wide. The OC consults with internal customers to develop communications plans that present in plain language: background and purpose of the given initiative; core message, target audiences, and appropriate

channel(s) of communication; the linkage to the agency strategic priorities; and, the “call to action” behavior or activity the target audience should aim to complete. Each plan is completed and implemented through ongoing collaboration with subject matter experts and liaison with special interests groups, other agencies and the White House.

### **Diversity & Inclusion**

The Office Diversity & Inclusion (ODI) program office examines policy options, Government-wide data trends, and employee survey findings that affect OPM’s management of HR policy, specifically including Diversity & Inclusion throughout the Federal Government. The DI office develops comprehensive strategies to drive and integrate Diversity & Inclusion practices throughout the Federal Government and to help build a diverse and inclusive workforce, respecting individual and organizational cultures, while complying with merit principles and applicable Federal laws. The DI office designs and implements all required internal OPM special observance and special emphasis initiatives to promote diversity management.

The DI program impacts five of the eleven agency strategic goals. There is a significant focus on a diverse, effective, and engaged workforce. Given the reporting responsibilities and Government-wide impact, there is also a considerate involvement with customer service, Government-wide and external stakeholders support, and support of internal program functions.

### **Equal Employment Opportunity**

Equal Employment Opportunity (EEO) provides a fair, legally-correct and expedient EEO complaints process (e.g., EEO counseling, Alternative Dispute Resolution, and EEO Complaints Intake, Investigation, Adjudication, and Record-Keeping). The EEO office also prepares and issues all internal EEO Complaints Processing Reports required of OPM; and supports Human Capital Management through the delivery of policy, guidance, environmental assessment and training.

### **Federal Prevailing Rate Advisory Committee**

The Federal Prevailing Rate Advisory Committee (FPRAC) is the statutory labor-management committee responsible, pursuant to subchapter IV of Chapter 53 of Title V, USC, for advising the Director of the OPM on the administration of the Federal Wage System (FWS). FWS is the pay plan which covers the Federal Government’s approximately 230,000 prevailing rate employees.

FPRAC has existed since 1972. It has five management members, five labor members, and a Chair appointed by the Director of OPM. The allocation of labor and management seats is guided by statute.

The Committee generally meets monthly at the call of the Chair. Its meetings are open to the public; and meeting transcripts and annual summaries are posted on the OPM web site.

FPRAC’s ongoing responsibilities include:

- Review policies of the FWS pay system to insure that OPM regulations are applied properly and are updated as needed;

- Review and recommend updates of FWS wage area boundaries to reflect changes in Metropolitan Statistical Area definitions, commuting patterns, FWS employment levels, private sector employment and other pertinent factors;
- Review regulatory criteria for determining FWS wage area boundaries and recommend changes in these criteria when appropriate;
- Review survey jobs and survey methods that form the basis for FWS wage determination;
- Review policies on FWS basic and premium pay administration and recommend revisions as appropriate;
- Review on an as-needed basis the many exceptions to the basic FWS pay plan, and recommend changes to these exceptions; and
- Address concerns about the FWS pay system that are brought to FPRAC by Federal agencies, their employees' unions, and Members of Congress—and recommend responses to the Director of OPM.

### **Merit Systems Accountability & Compliance – Office of Combined Federal Campaign**

The mission of the Combined Federal Campaign (CFC) is to promote and support philanthropy through a program that is employee focused, cost-efficient, and effective in providing all Federal employees the opportunity to improve the quality of life for all. CFC is the largest and most successful annual workplace charity campaign, with 37 CFC campaigns throughout the country and internationally to help raise millions of dollars each year. Pledges made by Federal civilian, postal and military donors during the campaign season support eligible non-profit organizations that provide health and human service benefits throughout the world. The CFC staff review thousands of national or international charities who apply each year.

### **Merit Systems Accountability & Compliance--Federal Voting Rights**

The Voting Rights Act of 1965, requires OPM to provide trained Federal observers to monitor and report on those elections of political subdivisions (counties, cities, etc.) designated by the Attorney General. The Act is designed to prevent voting qualifications or practices that deny or abridge a citizen's right to vote because of race, color, or language. The Act's framers assigned the observer function to OPM because the Department of Justice (DOJ) must rely on a neutral third-party witness when litigating against non-compliant jurisdictions. OPM accomplishes this mission through a cadre of over 800 intermittent observers, many of whom are bilingual in English and one of 10 other languages. Currently, DOJ reimburses OPM for all costs associated with the deployment of observers (ranging from \$1 million to \$4 million annually).

### **Office of the General Counsel**

The Office of the General Counsel (OGC) provides legal advice and representation to OPM managers and leaders so they can work to provide the Federal Government with an effective and trusted civilian workforce. OGC does this by rendering opinions, reviewing proposed policies and other work products and commenting on their legal efficacy, serving as agency representatives in administrative litigations, and supporting the Department of Justice (DOJ or Justice) in its representation of the Government on matters concerning the civilian workforce.

OPM's OGC advises on proposed performance and adverse actions and on the drafting of the final decisions and handles appeals to the Merit Systems Protection Board (MSPB), complaints through the EEO office, and grievances lodged by OPM's own employees. OGC's representation of OPM in administrative litigation goes well beyond the workload generated by OPM's own employees. Because of OPM's oversight of programs that affect all the other agencies, OGC also handles administrative litigation at the MSPB and Equal Employment Opportunity Commission (EEOC) arising from OPM's Government-wide functions, including, but not limited to: suitability determinations that OPM adjudicates with respect to applicants to or employees of other agencies; administration of the administrative law judge program; reimbursable staffing work that agencies solicit OPM to perform on their behalf; application of OPM staffing and pay regulations by agencies to their applicants and employees across the Government; and administration of various employee benefit programs OPM administers, including the Federal Employees Health Benefits (FEHB) Program, the retirement programs, the Federal Employee Group Life Insurance Program (FEGLI), and the Federal Long-Term Life Insurance Program. OGC is also obligated by statute to provide litigation support to Justice as to Federal actions concerning these matters, including litigation arising under the Privacy Act relating to the personal information that OPM collects and stores in connection with its duties. These litigation matters may affect large groups of applicants, employees and other individuals, and involve potential liability in the millions of dollars. OGC appears before the Government Accountability Office (GAO) and the administrative boards of contract appeals to represent the agency in bid protests and serves as OPM's liaison with DOJ when bid protests are brought at the Court of Federal Claims. Once again, this activity involves not only contracts awarded to handle OPM's own internal work but also contracts awarded to perform Government-wide functions such as background investigations, the FEHB Program, and the reimbursable work Human Resources Solutions performs. Furthermore, OGC advises OPM contracting officers on contract claims and liaises with Justice when such claims reach the Federal courts.

In addition, the MSPB and the Federal Labor Relations Authority call upon OGC for legal opinions concerning cases before them that are not OPM-specific, but implicate the Civil Service Reform Act or the Federal labor statute. Moreover, OGC supports DOJ's representation of the Government in the Federal courts whenever there is litigation involving another agency that implicates a statute entrusted to OPM to interpret or an OPM regulation. As a consequence, OGC supports DOJ in its handling of a variety of complex cases arising at other agencies, and advises the Office of the Solicitor General when the resolution of an issue before the Supreme Court could have a significant impact on the civil service.

OGC carries out several programmatic, substantive functions that fulfill other statutory and regulatory mandates and thus benefit other OPM offices. For example, OGC is responsible for Government-wide Hatch Act regulations and administering OPM's internal compliance program with respect to the Hatch Act. OGC also plays a policy and legal role in the Government-wide function of determining which MSPB and arbitral decisions are erroneous, may have a substantial impact on civil service law and, accordingly, merit judicial review. OGC also is responsible for OPM's ethics program, the disposition of certain claims and garnishment issues, the disposition of appeals from initial OPM decisions concerning requests under the Freedom of Information and Privacy Acts, and the disposition of requests for documents or testimony in administrative or judicial litigation not involving OPM.



It is difficult to predict what specific work will require OGC's attention in FY 2018 or what proportion of OGC's work will be devoted to each area. Our priorities often shift on short notice in response to new developments that affect what the Director and staff, along with the program offices, may need from us, for example, the urgent need to focus upon advisory, programmatic, and litigation matters arising from the data breaches announced in 2015. OGC generally cannot foresee what claims individuals or organizations will bring against the agency in advance, nor know in advance in what matters DOJ will seek our guidance. Even advisory priorities are often reset following events over which OPM had no warning. For example, OGC performed work as a part of the 120-day review following the 2013 Navy Yard incident, and served on the team that provided recommendations to the President following that incident. OGC is still supporting efforts to implement recommendations arising from that review and providing legal advice in connection with the rejuvenated Security, Suitability, and Credentialing Line of Business Performance Accountability Council (PAC), and the related Program Management Office (PACPMO).

We do anticipate that there will continue to be a significant amount of work providing litigation support to Justice in connection with multidistrict litigation consolidating lawsuits filed in response to the 2015 data breaches. We have been and will continue to support the agency's efforts to continuously enhance the security of OPM's systems and data, and to respond appropriately to oversight inquiries. We now have an attorney devoting her full-time attention to this work, and plan to use an existing vacancy to hire another attorney to help lead that effort. We have already devoted substantial effort to guiding the agency in the appropriate interpretation of the Federal Information Security Modernization Act, as amended, the Federal Information Technology Acquisition Reform Act, the DATA Act and other statutory requirements that require continuous attention; that work will definitely continue.

We will continue to devote substantial effort to support the work of the National Background Investigations Bureau (NBIB), the new OPM office launched in October 2016 to serve as the primary investigative services provider to the Government. Two attorneys work full-time on these matters, and many others provide advisory and litigation support on individual matters involving NBIB's work, including for example, contract administration; advice concerning the appropriate interpretation of rules governing forms, record notices, and the like; and, of course, litigation arising from personnel actions. Simultaneously, we will support the new office within the Office of the Director to support the work of the Director as Suitability Executive Agent. We anticipate that assisting that office to enhance the profile of the suitability program, through increased attention to oversight and guidance, will command a significant portion of OGC's attention. The implementation of new regulations governing position designation and the timing of inquiries about criminal and credit history will likely occupy a good portion of that time.

OGC will continue to provide substantial support to the HRS Administrative Law Judge Program Office, which is currently administering the examining process on a nearly continuous basis, requires support for administrative decisions, and generates significant and sometimes novel litigation.

OGC's work can be counter-cyclical. When other offices are reshaping and downsizing, OGC's workload increases. For that reason FY 2018 is likely to be a particularly challenging year for OGC staff as we



assist Employee Services and the Office of the Director and other OPM offices to support the rest of Government in the new administration's efforts to make Government leaner and more efficient.

Much of OGC's litigation workload continues to be related to Government-wide functions (for example, litigation about hiring authorities such as the Pathways programs, defense of suitability cases that OPM/NBIB reserves to itself and adjudicates for other agencies and our support to DOJ on pay and retirement matters) and in FY 2018, it seems likely there may be litigation arising from the new administration's direction to agencies to reassess their current organizational structures and arrive at an appropriate size for their core missions, some of which efforts will implicate regulations or guidance for which OPM has been or will be responsible (e.g. OPM's regulations on reductions in force, voluntary separation incentive payments, and voluntary early retirement actions). OGC also will likely be involved in the implementation of the Competitive Service Act, which permits the sharing of a hiring certificate developed by agency with other agencies, and a new statute redefining how administrative leave may be used (and directing OPM to promulgate comprehensive regulations for the first time). OGC also may well spend significant effort interpreting and implementing new presidential directives concerning regulatory reform for purposes internal to OPM.

In recent years, OGC has been heavily involved in assisting the agency to respond to requests for information from the study arm of the MSPB and in connection with GAO audits and engagements, and has committed to provide staff for GAO engagements earlier in the process so as to be of more assistance to MSAC and responding offices throughout the process and not just at the end. The outcome of proposed legislation concerning the future of programs authorized under the Affordable Care Act may require attention from OGC as our program offices adjust to any changes.

OGC also regularly provides guidance as to social media, which the agency is using with greater frequency to update the public on OPM activities. As OPM expands stakeholder engagement using emerging technologies, new complex legal issues arise that OGC must address, such as compliance with Federal laws, including the Federal Records Act. Further, OGC continues to actively work to protect OPM's intellectual property rights and prevent the tarnishing of OPM's brands by actors seeking to impersonate OPM for financial gain.

OGC's efforts in defending the agency, advising Justice, and rendering advice that helps the agency avoid undue litigation risk, save money for the agency and other parts of the Government. That impact does not encompass the unquantifiable but undeniable value OGC brings to the Federal Government as a whole through its efforts to help OPM and agencies provide the Federal Government with an effective and trusted workforce under governing law. OGC's work product also helps to protect and burnish OPM's reputation and thus its recognition as a thought leader within Government.

### **Planning and Policy Analysis**

Planning and Policy Analysis (PPA) provides planning and analytical support to the Director and the agency. PPA assesses issues that affect OPM across the full array of human resources programs and benefits. PPA conducts statistical analyses using large databases such as the Enterprise Human Resources Integration – Statistical Data Mart (EHRI-SDM) (Federal workforce data). PPA administers the Government-wide Federal Employee Viewpoint Survey (FEVS) and UnlockTalent.gov, an interactive

dashboard with publicly available workforce information from the FEVS, EHRI and other HR resources. PPA also develops and standardizes data analysis policies related to evidence-based decisions and practices. PPA also provides support for agency leadership by providing consultancy on Lean Six Sigma to improve processes by including more employees and affected parties in decision making through communities of practice.

### **President's Commission on White House Fellows**

The White House Fellows program (WHF) was established under Executive Order 11183. The Executive Order requires OPM to provide administrative assistance to the President's Commission on White House Fellows. This program is responsible for providing gifted and highly motivated Americans with firsthand experience in the process of governing the Nation and a sense of personal involvement in the leadership of society. This program attracts a broad range of qualified applicants and participants who receive valuable leadership development and public service opportunities.

## Enabling Structural Capacity Functions of OPM

In addition to its mission-related programs, OPM has also included in its budgetary request funds to cover information technology, contracting, facilities and security; financial management; and overhead functions. Funds for these activities will be used to advance OPM towards meeting its goals.

### Performance Budget Request by Strategy, Organization and Fund—All Resources

STRATEGIC GOAL/STRATEGY	FY 2018 Request Dollars	FTE
<b>Enabling Structural Capacity Functions of OPM</b>		
<b>Indirect or internal-facing programs</b>	<b>\$123,984,735</b>	<b>472.0</b>
<b>Chief Human Capital Officer Council</b>		
Advances & Reimbursements To S&E	\$1,037,665	4.8
<b>Employee Services</b>		
Common Services	\$2,352,601	13.8
Salaries & Expenses Appropriation	\$2,502,431	14.6
<b>Equal Employment Opportunity</b>		
Common Services	\$972,684	7.8
<b>Federal Prevailing Rate Advisory Committee</b>		
Salaries & Expenses Appropriation	\$187,700	0.9
<b>HR Solutions</b>		
RF - Training Services (HRS)	\$10,771,133	0.0
<b>Office of Diversity and Inclusion</b>		
Salaries & Expenses Appropriation	\$399,426	5.3
<b>Office of the Chief Financial Officer</b>		
Common Services	\$10,824,849	40.3
TF Limit - Annual	\$9,047,354	45.7
<b>Office of the Director</b>		
Common Services	\$4,480,795	27.3
Salaries & Expenses Appropriation	\$500,000	0.0
<b>Office of the Inspector General</b>		
OIG Salaries & Expenses	\$5,000,000	20.0
OIG TF Limit - Annual	\$25,000,000	132.0
<b>Rent/Centrally Funded Items</b>		
TF Dental and Vision Benefits	\$43,000	0.0
Trust Fund Title 5 - FERCCA	\$15,000	0.0
Trust Fund Title 5 - Long Term Care	\$9,000	0.0
Salaries & Expenses Appropriation	\$11,344,711	0.0
TF Limit - Annual	\$13,331,499	0.0
Trust Fund - Title V	\$1,000,000	0.0
<b>Merit System Accountability &amp; Compliance</b>		
Common Services	\$1,279,615	10.0
Salaries & Expenses Appropriation	\$43,000	0.0
<b>Congressional, Legislative and Intergovernmental Affairs</b>		
Common Services	\$2,257,398	15.6
<b>Office of Communications</b>		
Common Services	\$2,206,890	18.0

STRATEGIC GOAL/STRATEGY	FY 2018 Request Dollars	FTE
<b>Planning and Policy Analysis</b>		
Salaries & Expenses Appropriation	\$1,259,624	6.0
<b>Office of Procurement Operations</b>		
Common Services	\$4,439,293	31.0
Salaries & Expenses Appropriation	\$579,401	4.0
<b>Office of Small and Disadvantaged Business Utilization</b>		
Common Services	\$500,675	1.9
<b>Facilities, Security &amp; Emergency Management</b>		
Common Services	\$12,598,991	73.0
<b>OPM Total</b>	<b>\$123,984,735</b>	<b>472.0</b>

**Facilities, Security and Emergency Management**

Facilities, Security & Emergency Management (FSEM) manages the agency’s personal and real property, building operations, space design and layout, mail management, realty, safety, physical security and occupational health programs. FSEM provides personnel security, suitability, and national security clearance determinations for OPM personnel. The organization directs the operations and oversees OPM’s preparedness and emergency response programs. The organization also oversees publishing and printing management for internal and external design and reproduction, including graphics design work.

**Office of Procurement Operations**

Office of Procurement Operations (OPO) awards and administers several thousand contract actions and interagency agreements annually, with an estimated value between \$1.0 billion-\$1.2 billion. OPO provides acquisition support to OPM programs and also provides assisted acquisition services in support of other Federal agencies that require support under OPM contracts. OPO manages the agency suspension and debarment program, as well as supports the Small Business efforts for OPM in conjunction with public law, Federal regulations, and OPM contracting policies. The Acquisition Policy and Innovation function within OPO provides acquisition policy development and guidance agency-wide, as well as provides compliance and oversight over OPM’s procurement program. OPO provides acquisition career management support and oversight for all Contracting Officers and Contracting Officer Representatives, and also manages and provides oversight of the Procurement Card Program. OPO serves as OPM’s liaison to the Office of Federal Procurement Policy, Chief Acquisition Officers Council, and other key external agency partnerships.

**Office of Small and Disadvantaged Business Utilization**

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

## **Office of the Chief Financial Officer**

The Office Chief Financial Officer (OCFO) ensures stewardship over OPM's financial resources and executes activities and processes that support the agency's ability to achieve mission requirements and comply with Federal statutes and mandates set for financial management. The organization is specifically responsible for the following programs and functions: accounting, budget, performance, financial systems and services (to include payroll administration, travel operations, employee debt management, vendor payments, receivables, etc.), internal controls, enterprise risk management, financial policy and reporting. Through an integrated effort its five organizations, Financial Services, Budget & Performance, Financial Operations Management, Projects & Initiatives, and Policy & Internal Control, OCFO leads OPM program offices in effectively managing agency resources, delivers services, tools and reports that are responsive to customer business needs, provides information to make well informed business decisions, and executes methods and processes to ensure adequate controls are in place to monitor the execution of financial programs and services.

## **Employee Services**

In addition to providing policy direction and leadership to a myriad of Government-wide human resources systems and programs (SES, senior leadership, recruitment, pay, leave, and performance management, leadership and employee development work/life/wellness programs and labor and employee relations), ES also provides technical support to internal OPM mission requirements that include but are not limited to: the full range of human resources management policies and practices, veterans' employment as well as the evaluation of their human resource programs. ES manages the operation of OPM's internal human resources program.

## **Merit Systems Accountability & Compliance**

Merit Systems Accountability & Compliance's (MSAC) Internal Oversight and Compliance (IOC) division drives the resolution of audit recommendations, conducts program evaluations, and oversees the review of capital investments to strengthen OPM's risk management and operational performance. IOC staff focuses a significant amount of time on closing existing audit recommendations to strengthen OPM programs and reduce the backlog. OPM programs need our advice and assistance in responding to audit requirements, developing corrective action plans, and in working with oversight organizations to resolve issues and clarify expectations. IOC is relied upon to alert the Director on operational weaknesses or failures that could impact OPM's ability to meet its mission, goals, and objectives.

## **Human Resources Solutions (HRS) – Center for Management Services (CMS)**

Internally, CMS provides IT, space, HR services, and analytical marketing support to all HRS practice areas. These functions ensure HRS has the operational support, infrastructure support, and marketing and business management services essential to the direction and operation of HRS, including employee training, employee and labor relations, and employee workplace well-being programs.

- Creates, manages and deploys customer-facing programs and projects that directly support the business development, outreach, and communications goals for HRS' practice areas. This activity directly supports OPM's goal to build its brand image among Federal agencies and other

stakeholder audiences, and position OPM as experts in recruiting and retaining a diverse, world-class workforce.

- Develop and execute an all-HRS Communications Strategy and Plan, support individual component marketing efforts, and provide communication advice and counsel to HRS senior leadership and practice area managers and supervisors. In support of this plan, HRS is improving performance across a wide range of tasks and skill sets, from developing new marketing strategies to staff training programs aimed at providing a broader understanding of customer needs.

### **Planning and Policy Analysis**

PPA also provides support for agency leadership by providing consultancy on Lean Six Sigma to improve processes by including more employees and affected parties in decision making through communities of practice.

### **Office of the Inspector General**

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

# Earned Benefits Trust Funds

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

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

These Trust Funds are among the largest held by the United States Government. For FY 2018, the net assets combined are estimated to total approximately \$1.1 trillion, receipts are estimated to total \$166 billion, and outlays are estimated to total \$149 billion.

## FY 2018 Major Earned Benefit Funds (Millions)

	CSRDF	FEHB/REHB	FEGLI	TOTAL
FY 2018 Estimated Start of Year Fund Balance	\$912,429	\$22,424	\$45,602	\$980,455
FY 2018 Estimated Receipts	\$98,045	\$56,572	\$4,486	\$159,103
FY 2018 Estimated Outlays	\$85,959	\$55,869	\$3,058	\$144,886
FY 2018 Estimated End of Year Fund Balance	\$924,515	\$23,127	\$47,030	\$994,672
FY 2018 Estimated Participants:				
Actives (Millions)	\$2,495	\$2,111	\$2,425	
Annuitants (Millions)	\$2,680	\$2,133	\$1,522	

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

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

	FY 2016 Actual	FY 2017 Estimate	FY 2018 Estimate	FY 2017-2018 Variance
Start of Year Balance	\$20,775	\$21,485	\$22,424	\$939
Receipts from the Public	\$14,818	\$15,945	\$16,950	\$1,005
Receipts from Federal Sources	\$35,483	\$37,398	\$39,418	\$2,020
Interest Earnings	\$446	\$157	\$204	\$47
Change in Uncollected Customer Payments	\$0	\$0	\$0	\$0
Total Program Outlays	\$50,037	\$52,561	\$55,869	\$3,308
<b>End of Year Balance</b>	<b>\$21,485</b>	<b>\$22,424</b>	<b>\$23,127</b>	<b>\$703</b>

Note: this display combines the FEHB and REHB Funds

### **Federal Employees Health Benefits Fund**

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

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

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

In 2016, OPM began offering a Self Plus One enrollment tier within the FEHB as enacted by the Bipartisan Budget Act of 2013.

### **Retired Employees Health Benefits Fund**

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

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

The REHB program is closed to new enrollees, and the enrolled population is dwindling. The projected population for FY 2017 is about 168 and for FY 2018 is about 138.

The FEHB and REHB funds are financed by:

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



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

The FY 2018 President’s Budget includes a package of proposals that would reduce the costs of medical liability, and are expected to reduce the cost of health insurance, including within the FEHBP. If enacted during the FY 2018 budget cycle, the earliest we believe these proposals would impact FEHB premiums would be with insurance contracts issued for FY 2020.

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### Employees Life Insurance Fund (millions)

	FY 2016 Actual	FY 2017 Estimate	FY 2018 Estimate	FY 2017-2018 Variance
Start of Year Balance	\$43,254	\$44,372	\$45,602	\$1,230
Receipts from the Public	\$2,732	\$3,005	\$3,078	\$73
Receipts from Federal Sources	\$556	\$550	\$560	\$10
Interest Earnings	\$806	\$659	\$848	\$189
Change in Uncollected Customer Payments	\$0	\$0	\$0	\$0
Total Program Outlay	\$2,976	\$2,984	\$3,058	\$74
<b>End of Year Balance</b>	<b>\$44,372</b>	<b>\$45,602</b>	<b>\$47,030</b>	<b>\$1,428</b>

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

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

Premiums for optional coverages changed on January 1, 2016, with premiums decreasing for many age bands. In conjunction with the new rates, OPM held a FEGLI Open Season from September 1, 2016 through September 30, 2016. This open season was the first since 2004. The open season provided Federal employees the opportunity to enroll or change coverage, an opportunity that is usually limited to new employees or to those experiencing certain life events. By bringing in new enrollees, OPM will be able to maintain the solvency of the program and to keep premiums stable.

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### Civil Service Retirement and Disability Fund (millions)

	FY 2016 Actual	FY 2017 Estimate	FY 2018 Estimate	FY 2017-2018 Variance
Start of Year Balance	\$883,218	\$898,609	\$912,429	\$13,820
Receipts from the Public	\$3,851	\$4,124	\$4,392	\$268
Receipts from Federal Sources	\$66,210	\$66,743	\$68,290	\$1,547
Interest Earnings	\$28,188	\$25,860	\$25,363	(\$497)
Total Program Outlays	\$82,858	\$82,907	\$85,959	\$3,052
End of Year Balance	\$898,609	\$912,429	\$924,515	\$12,086

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

The CSRDF finances two Federal civilian retirement systems: the Civil Service Retirement System (CSRS) established on May 22, 1920, and the Federal Employees Retirement System (FERS) established on June 6, 1986. CSRS is a defined benefit plan, covering Federal employees hired prior to 1984. CSRS participants do not participate in the Social Security system. FERS is a three-tiered pension program that uses Social Security as a base, provides an additional basic benefit, and includes a Thrift Savings Plan. FERS covers employees hired after 1983 and formerly CSRS-covered employees who elected to join FERS. For FY 2018, it is estimated that Federal employees will contribute approximately \$3.8 billion to finance FERS and CSRS retirement benefits. Those will come in the form of salary withholdings of 0.8 percent for those under FERS and slightly higher for those under FERS RAE/FRAE and 7 percent for CSRS. It also gained nearly \$27 billion through contributions from Federal agencies on behalf of their employees.

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

FERS is funded under a dynamic entry age normal funding method as prescribed in Chapter 84 of Title 5, United States Code. Employees and agencies together contribute the full amount of the dynamic normal cost rate. The normal cost rate is for the defined benefit plan only, and does not include the cost of Social Security or the Thrift Plan. FERS regular employees contribute a percentage of salary that is equal to the contribution rate for CSRS employees – 7 percent, less the 6.2 percent tax rate under the Old Age, Survivors and Disability Insurance (OASDI) portion of Social Security. Under FERS, the dynamic normal cost rates are as follows: For regular employees hired before 2013, the rate is 14.5 percent of pay (employee’s share, 0.8 percent and employer’s share, 13.7 percent); For regular employees hired during 2013 (known as FERS RAE/Revised Annuity Employee), the rate is 15 percent of pay (employee’s share, 3.1 percent and employer’s share, 11.9 percent); The Bipartisan Budget Act of 2013 included a provision to increase the normal cost rate of employee’s contribution to FERS for individuals hired after 2013 and to maintain the employer’s contribution rate at its current normal cost rate. Any contributions in excess of the amount necessary to satisfy FERS normal cost percentage will be credited to the assets of the CSRDF, thereby reducing the unfunded liability. For regular employees hired after 2013 (known as FERS FRAE/ Further Revised Annuity Employee), the rate is 15.1 percent of pay (employee’s share, 4.4 percent, employer’s share, 11.9 percent, and excess, -1.2%).

An extra 0.5 percent of pay is contributed by Law Enforcement Officers, Firefighters, Air Traffic Controllers, Congressional employees, and Members of Congress. This normal cost (for RAEs/FRAEs and Non-RAEs/FRAEs) is for the defined benefit plan only, and does not include the cost of Social Security or the Thrift Savings Plan. FERS regular employees contribute a percentage of salary that is equal to the contribution rate for CSRS employees - 7 percent, as set forth above, less the 6.2 percent tax rate under the Old Age, Survivors and Disability Insurance (OASDI) portion of Social Security.

The Budget proposes several legislative changes that impact the financing and benefits paid from the CSRDF:

1. INCREASE EMPLOYEE CONTRIBUTIONS TO 50% OF COST AT A RATE OF 1% PER YEAR - This proposal would increase federal employee contributions to the Federal Employee Retirement System (FERS), equalizing employee and employer contribution to FERS so that half of the normal cost would be paid by each. For some specific occupations, such as law enforcement officers and firefighters, the cost of their retirement package necessitates a higher normal cost percentage. For those specific occupations, this proposal would increase, but not equalize employee contributions. This adjustment will reduce the long term cost to the Federal government, by reducing

the government's contribution rate. To lessen the impact on employees, this proposal will be phased in, increasing employee contributions at a rate of 1 percent per year.

2. **REDUCE FEDERAL ANNUITIES** - This proposal would reduce federal employee annuities, by implementing changes to the Federal Employee Retirement System (FERS) and the Civil Service Retirement System (CSRS).
  - The proposal would eliminate cost of living adjustments (COLA) for FERS retirees, and would reduce CSRS retiree COLA by 0.5 percent.
  - The proposal would also implement other Federal retirement changes, such as eliminating the FERS Special Retirement Supplement for those employees who retire before Social Security eligibility age, and changing annuity calculations to include an employee's "High-5" salary years instead of "High-3" salary years.

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

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### Postal Service Retiree Health Benefits Fund (millions)

	FY 2016 Actual	FY 2017 Estimate	FY 2018 Estimate	FY 2017-2018 Variance
Start of Year Balance	\$45,237	\$46,738	\$49,872	\$3,134
Receipts from the Public (Postal Service)	\$0	\$5,289	\$2,683	(\$2,606)
Receipts from Federal Sources	\$0	\$0	\$0	\$0
Interest Earnings	\$1,501	\$1,350	\$1,328	(\$22)
Total Program Outlays	\$0	\$3,505	\$3,763	\$258
<b>End of Year Balance</b>	<b>\$46,738</b>	<b>\$49,872</b>	<b>\$50,120</b>	<b>\$248</b>

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

Under the current law, the Postal Service ceased paying annual premium costs for its post-1971 current annuitants directly to the Employees and Retired Employees Health Benefits Fund after 2016. Instead, these premium payments will be paid from amounts that the Postal Service remits to this fund. Payments

for a proportion of the premium costs of Postal Service annuitants' pre-1971 service would continue to be paid by the General Fund of the Treasury through the Government Payment for Annuitants, Employees Health Benefits account.

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**Federal Flexible Spending Risk Reserve Account (millions)**

	FY 2016 Actual	FY 2017 Estimate	FY 2018 Estimate	FY 2017-2018 Variance
Start of Year Balance	\$69	\$43	\$28	(\$15)
Receipts from the Public	\$9	\$10	\$12	\$2
Receipts from Federal Sources	\$1	\$1	\$1	\$0
Program Obligations (Mandatory)	\$18	\$14	\$12	(\$2)
Agency Administrator Cost and Program Admin Fee	\$18	\$12	\$9	(\$3)
<b>End of Year Balance</b>	<b>\$43</b>	<b>\$28</b>	<b>\$20</b>	<b>(\$8)</b>

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

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

1. Health Care Flexible Spending Accounts (HCFSA);
2. Limited Expense Health Care Flexible Spending Account (LEX HCFSA); and
3. Dependent Care Flexible Spending Account (DCFSA).

The funds cannot be transferred between accounts. DCFSAs currently have a minimum annual election of \$100 and \$5,000 maximum. HCFSAs and LEX HCFSAs currently have a minimum annual election of \$100 and \$2,600 maximum. There are currently about 401,000 individuals with HCFSAs, 6,000 individuals with LEX HCFSAs and 71,000 individuals with DCFSAs.

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

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

## Payment Accounts

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

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### Government Payment for Annuitants, Employees Health Benefits (millions)

	FY 2016 Actual	FY 2017 Estimate	FY 2018 Estimate	FY 2017-2018 Variance
Budget Authority	\$12,195	\$12,701	\$13,431	\$730
Obligations	\$12,195	\$12,701	\$13,431	\$730
Outlays	\$12,117	\$12,875	\$13,431	\$556

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

- the Government’s share of the cost of health insurance for annuitants as defined in sections 8901 and 8906 of Title 5, United States Code;
- the Government’s share of the cost of health insurance for annuitants (who were retired when the Federal employees health benefits law became effective), as defined in the Retired Federal Employees Health Benefits Act of 1960; and
- the Government’s contribution for payment of administrative expenses incurred by OPM in administration of the Retired Federal Employees Health Benefits Act.

The Government payment account estimated budget authority includes anticipated payments being remitted to the U.S. Postal Service to finance a portion of its post-1971 annuitants’ health benefits costs.

For FY 2018, budget authority and obligations will increase by \$730 million due to projected growth in the cost of health insurance, and in the number of annuitants with FEHB coverage.

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

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### Government Payment for Annuitants, Employees Life Insurance (millions)

	FY 2016 Actual	FY 2017 Estimate	FY 2018 Estimate	FY 2017-2018 Variance
Budget Authority	\$44	\$45	\$46	\$1
Obligations	\$44	\$45	\$46	\$1
Outlays	\$44	\$45	\$46	\$1

P.L. 96-427, Federal Employees Group Life Insurance Act of 1980, enacted October 10, 1980, requires that all employees under age 65 who retired on or after January 1, 1990, continue to make contributions toward their basic life insurance coverage (currently \$0.33 per month for each \$1,000 of coverage). As with active Federal employees, the Government is required to contribute one-third of the cost of the premium (currently \$0.17 per month for each \$1,000 of coverage) for basic coverage for annuitants. OPM, acting as the payroll office on behalf of Federal retirees, is requesting the funds necessary to make the required Government contribution for annuitants' post-retirement basic life coverage.

For FY 2018, budget authority and obligations will increase by \$1 million due to the number of annuitants under age 65 with FEGLI coverage.

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

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

	FY 2016 Actual	FY 2017 Estimate	FY 2018 Estimate	FY 2017-2018 Variance
Budget Authority	\$36,664	\$36,558	\$37,458	\$900
Obligations	\$36,664	\$36,558	\$37,458	\$900
Outlays	\$36,664	\$36,558	\$37,458	\$900

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

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



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**Detail of Payment Account (millions)**

	FY 2016 Actual	FY 2017 Estimate	FY 2018 Estimate	FY 2017-2018 Variance
Current Appropriation	\$11,726	\$11,600	\$11,500	(\$100)
Permanent Indefinite Authorization	\$24,879	\$24,900	\$25,900	\$1,000
Payment for Spouse Equity	\$58	\$58	\$58	\$0
<b>Total</b>	<b>\$36,664</b>	<b>\$36,558</b>	<b>\$37,458</b>	<b>\$900</b>

**Current Appropriation: Payment of Government Share of Retirement Costs**

P.L. 91-93 provides for an annual appropriation to amortize, over a 30-year period, all increases in Civil Service Retirement System costs resulting from acts of Congress granting new or liberalized benefits, extensions of coverage, or pay raises, exclusive of the effects of cost-of-living adjustments (COLAs). OPM notifies the Secretary of the Treasury each year of “such sums as may be necessary” to carry out these provisions.

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

P.L. 91-93 also provides permanent indefinite authorization for the Secretary of the Treasury to transfer, on an annual basis, an amount equal to five percent interest on the Civil Service Retirement System’s current static unfunded liability, calculated based on static economic assumptions, and annuity disbursements attributable to credit for military service. These values reflect the additional liability for military service credit of former United States Postal Service employees. This provision was enacted by the Postal Accountability and Enhancement Act (P.L.109-435).

For FY 2018, the Permanent Indefinite Authorization will increase \$1 billion due to an increase in the amount of interest to be transferred from Treasury.

**Payment for Spouse Equity**

P.L. 98-615 provides the Secretary of the Treasury to transfer an amount equal to the annuities granted to eligible former spouses of annuitants who died between September 1978 and May 1985 who did not elect survivor coverage which individuals may locate and apply for jobs at Federal agencies.



# Revolving Fund Activities

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

The following programs are authorized to use Revolving Funds:

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

The following table displays the Revolving Fund lines of business and FY 2018 budget estimates. A detailed description of the activities supported by our Revolving Fund is shown on the next page.

OPM Budget Authority	FY 2018 Request
<b>Revolving Fund</b>	
RF Enterprise Human Resources Integration	\$42,180,000
RF HRLOB Activities	\$3,081,520
RF Employment Services (HRTT)	\$54,000,000
RF - USAJOBS	\$14,964,336
RF Investigative Services	\$1,445,732,619
RF - Training Services (HRS)	\$195,971,759
<b>OPM Total</b>	<b>\$1,755,930,234</b>

## National Background Investigations Bureau

The creation of the National Background Investigations Bureau (NBIB) was announced in January 2016, and the official rollout of NBIB occurred in FY 2017. For the purposes of this document, OPM’s background investigations group formally known as FIS will be called NBIB. Great strides have been made in FY2017 standing up NBIB, and even after this budget submission there will be more actions with results to further enhance the background investigation program and processes.

The NBIB provides personnel background investigative services to determine individuals' suitability and fitness for Federal civilian, military, and contract employment, eligibility for logical and physical access to agency systems and facilities, and eligibility for access to classified national security information. NBIB provides over 95 percent of the Federal Government's background investigations on a fee-for-service basis. NBIB plays a key role in providing the Federal Government with a suitable workforce that protects national security and is worthy of public trust. It is dedicated to delivering quality and innovative investigative products to our customer agencies that benefit and protect all Americans.

Federal customers of the NBIB can request a variety of investigation types, ranging from non-fieldwork intensive background checks such as National Agency Checks, up to more in-depth background checks such as a Tier-5 investigation. The price of each type of investigation varies based on the estimated fieldwork and time it will take to complete. Prices are determined and justified using a Cost Allocation Model (CAM). The significant cost drivers that impact pricing considerations include Federal and contracted investigative fieldwork, third-party search fees, the accuracy of workload projections, policy changes (e.g. new Federal investigative standards), and major infrastructure upgrades.

NBIB's organizational structure is subject to change once the NBIB transition is completed and a new approved organizational structure is in place. For the purposes of this submission the eight subcomponents of NBIB are: Field Operations, Federal Investigative Records Enterprise, Quality Oversight, Customer Engagements, Information Technology Management Office, Policy, Strategy, and Business Strategy, Contracting Business Solutions, and the Office of the Director.

NBIB has brought about a renewed emphasis on background investigations within OPM, and allows for somewhat more autonomy in practice. A new organizational structure streamlines operations, and brings in key employees to assist with the mission of the new Bureau. IT security will remain a focus for NBIB and it will continue its work with the DOD to assist in upgrading and securing its systems. Throughout FY 2017 DOD, OMB, PAC, DNI, OPM, and other agencies, will continue to work together to perpetuate the smooth transition from FIS to NBIB. This FY 2018 budget reflects NBIB's best effort to remain cost effective and as efficient as possible.

The new Federal Investigative Standards established requirements for conducting background investigations to determine eligibility for logical and physical access, suitability for U.S. Government employment, fitness to perform work for, or on behalf of, the U.S. Government as a contract employee, and eligibility for access to classified information or to hold a sensitive position. The standards consist of five tiers with an Expandable Focused Investigation (EFI) model at each tier. In FY 2018 all five tiers will be delivered and operational allowing Federal customers a new and innovative menu of investigation options.

NBIB will continue to invest resources in order to automate, enhance, and streamline the investigative process, and also enhance IT security. By working closely with the OPM and DOD CIOs, NBIB will continue to enhance the security of its data. Through a staggered approach, eventually almost all legacy systems will be updated with new security functions and increased productivity. Automation will continue to improve, in accordance with the 2012 Federal Investigative Standards (see Executive Order 13467, as amended), which will enhance investigative products and improve its ability to remain current with customer needs and evolving security threats.

NBIB's focus on growing its capacity to appropriately address the current and projected workload inventory began in FY 2016 and is expected to continue through FY 2018. Through re-competition of investigative contracts and increased hiring of Federal investigative staff, the backlog of cases can be worked in a more effective manner. NBIB is continuously monitoring case inventory and hiring in the geographic locations with the greatest need for investigators. Implementation of various innovative methods to increase efficiencies without compromising the quality of products will continue until the backlog starts to decrease. NBIB strives to provide its customers with a quality product in a timely manner.

Through Federal Review of all completed background investigations and daily random review of closed cases to identify any deficiencies, identify error trends and training needs, NBIB will continue to maintain a level of over 99 percent of investigations that are quality complete prior to delivering the final product to the Federal customer. In FY 2018 NBIB will continue to focus on security clearance timeframes. Increasing Federal and contracting investigator capacity and pursuing enhancements to the investigative process will get NBIB closer to the goals set by the Intelligence Reform and Terrorism Prevention Act (IRPTA) standard of completing all initial national security background investigations within the target of 90 percent completed in an average of 40 days or less and the fastest 90 percent of initial Top Secret investigations in an average of 80 days and Secret initial clearance investigations in less than 40 days.

**Anticipated FY 2018 Accomplishments:**

- Continue to work with DOD to develop, test and begin employing the National Background Investigations System (NBIS) while maintaining legacy IT systems within OPM.
- Invest in the development of automated tools to support efficiency and consistency. Automating front-end processes to reduce hardcopy investigation requests will support Background Investigations timeliness standards, as well as better support and even reduce or eliminate manual processes.
- Continue to increase workforce capacity by both hiring Federal investigators and employing additional contract investigators to more expeditiously decrease pending case inventory and improve the timely delivery of cases to NBIB's Federal agency customers.
- Creation of a Law Enforcement Liaison Office to assist with centralization and outreach.
- Pursuant to guidance prescribed by the new Federal Investigative Standards, and Executive Order 13467, as amended, NBIB plans to implement a continuous evaluation (CE) approach. This requires a review of the background of an individual at any time during the period of eligibility to determine whether that individual continues to meet the requirements for eligibility.
- Maintain the current suite of records checks as well as add additional Statewide LAW checks and other checks required by the Federal Investigative Standards that can be done remotely from a central location. Creating a centralized LAW check (Statewide) reduces the average cost per check from \$14.32 (completed by Field Agent) to \$2.24 (completed by Automated Leads personnel).
- Publish investigation prices in advance to coincide with the budget cycle. This will allow Federal customers to better budget for price fluctuations, and allow NBIB to mitigate financial risks associated with advanced pricing.
- The NBIB Counterintelligence (CI) office will continue to expand how it identifies and evaluates background investigations and related suspicious indicator reporting to help identify potential CI,

counterterrorism (CT) and Insider Threats. Adding enhanced analytical tools that support background investigations will better anticipate, detect, and counter malicious activities, as well as threats posed by trusted insiders who may seek to do harm to the Government's personnel, property, and information systems. Continuation of supply order cost reductions through negotiations, market research, and use of required sources.

### **Human Resources Solutions (HRS)**

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

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

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

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

HR Strategy and Evaluation Solutions (HRSES) – offers customers organizational and individually focused strategies designed to aid in planning and positioning for maximum performance.

The Training and Management Assistance Program (TMAP) – offers human capital and training services, through an expedited Indefinite Delivery, Indefinite Quantity procurement contract.

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

### ***Center for Leadership Development***

- *Federal Executive Institute (FEI)* – offers open-enrollment (interagency) and custom (single-agency) programs, distance and blended-learning approaches, international programs and academic partnerships to provide training flexibility for customer agencies while offering a complete range of leadership training courses, including the premier Leadership for a Democratic Society (LDS) program and the new SES Leading Edge program.
- *Eastern Management Development Center/Western Management Development Center (EMDC/WMDC)* - provides interagency and single agency open enrollment courses and custom solutions for agency and professional area leadership development. Programs and courses are designed to provide leadership development to government employees at various stages of their Federal career. The EMDC Leadership Education and Development (LEAD) curriculum is comprised of core, skill immersion, assessment, and policy courses delivered in the classroom,

online, or through blended delivery options. Thirty-five Development Center courses address leadership competencies and essential leadership knowledge, skills and abilities. Most courses meet American Council on Education standards for college credit.

- *USA Learning®* – provides clients with reimbursable customized Learning Management Systems, Online Forums such as Communities of Practice and Social Media integration, Executive Coaching, Online Assessments, virtual conferencing and various online technological support tools. In addition, USA Learning® supports training platforms within OPM, including Diversity Training, Ethics, The Learning Connection, HR University, Hiring Reform, the Presidential Management Fellows online assessments, and Specialized Training for the Federal Investigative Service Directorate.
- *The Presidential Fellows Programs (PFP)* – There are two programs at different points of maturity. First, the Presidential Management Fellows program (PMF) is an ongoing program that brings high performers into government within two years of completing an advanced degree. The intent of PMF is to develop the next generation of government leaders. A second fellowship initiative is in the process of being formalized. It will bring seasoned private sector executives to the government on limited term appointments to help solve national challenges. Through this program, outstanding American citizens will be provided opportunities to serve their country by using their unique executive strengths and exceptional talents, imparting that knowledge to agencies.
- *HR University (HRU)* – is the Federal Government’s “one stop” training resource center for the Federal Human Resources professional. Utilizing a web-based platform, HRU provides HR professionals with a wide variety of specialized training and development resources, including multiple delivery learning options (blended learning), career maps, curriculum framework, course catalogues and registration, and cross-agency mentoring opportunities.
- *Design Lab* – assists agencies in translating the creativity of their employees into innovative action. Through guiding the development of human centered design capabilities for use as a problem-solving choice, the Lab is able to work successfully with U.S. government agencies and foreign governments to solve persistent problems while focusing on the affected people. The result is tailor-made solutions designed to suit the needs of the affected individuals.
- *Learning Center* – a multi-platform learning environment providing employees with classes and personal counseling sessions designed to aid them in furthering their careers.

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

#### ***Federal Staffing Center***

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- *USA Staffing®* - automates the full range of Federal rules and procedures for external hires, including competitive service (e.g. Title 5) and excepted service (e.g. Title 38) positions that cover more than 200 hiring authority codes. USA Staffing is fully operational across many Federal agencies and streamlines the hiring and on-boarding process to enable agencies to recruit, assess, certify, select and on-board the top talent necessary to accomplish their missions, plan effectively, and build high-performing organizations.
- *Staff Acquisition Group (SAG)* – provides expert Examining, Strategic Staffing, and Recruitment and Branding Solution services to Federal agencies needed to attract and retain top performers, including examining and assessment solutions, automated entrance-in-duty support, coaching and consulting services, technical HR training, candidate development program support, and recruitment strategy development and evaluation.
- *USA Hire<sup>SM</sup>* Group – an online assessment program which provides Federal agencies with high quality, cutting-edge assessments designed to identify top talent. USA Hire aids agencies in hiring the best by incorporating better assessments in the hiring process in an efficient and effective manner. USA Hire<sup>SM</sup> assessments are simple to implement and applicant-friendly. Standard assessments are available “off-the-shelf” and ready to go for 76 common occupational series. Agencies can also use USA Hire<sup>SM</sup> to automate existing assessment content or to develop new online assessments.

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

### ***HR Strategy and Evaluation Services***

#### **Assessment and Evaluation Group**

- *Leadership and Workforce Development Assessment* - develops, validates, and administers leadership and workforce planning assessments to assess leader and employee effectiveness. Assessments target competencies, personality, and leadership potential. Also, conducts competency modeling and gap assessments for workforce training and development.
- *Selection and Promotion Assessment* - develops, validates, and administers cognitive and non-cognitive competency assessments for selection, promotion, and diagnostic purposes. This includes job analysis, written and non-written tests, job knowledge tests, performance tests, and computer simulations. Also provides assessment training and support, as well as the USA Hire<sup>SM</sup> online assessment platform.
- *Organizational Assessment* – surveys, including employee climate, customer satisfaction, exit, and custom surveys; the USA Survey automated survey administration and reporting system; OPM Leadership 360<sup>TM</sup>; action planning and organizational development; mentoring programs; and program evaluation.

#### **HR Strategy Group:**



- *Organization Design and Position Classification* – workload and workflow analysis and reengineering, occupational analysis, organizational structure and staffing model recommendations, position management, most efficient organization, restructuring and reduction in force, and organizational reviews and desk audits.
- *Performance Management* – the USA Performance automated performance management system; performance management strategy and program development; performance appraisal program development; performance plan reviews; supervisor, manager, and executive performance management training; and telework services.
- *Workforce and Succession Planning* – environment scanning, Strengths, Weaknesses, Opportunities, and Threats (SWOT) analyses, workforce analysis and recommendation reports, competency modeling for mission critical occupations, competency model linkages to agency strategic plans, competency and staffing gap analysis against current and future requirements, and succession management.

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

#### ***Administrative Law Judges Program***

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

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

The President's Budget proposes to create a one-year probationary period for ALJs. OPM will work with OMB and affected Federal agencies to further develop this proposal.

#### ***Training and Management Assistance Program***

Employs public/private partnerships to deliver private sector human capital and training services, along with the associated assisted acquisition and program management services, to Federal agencies. The program provides Federal agencies an expedited procurement process using two Multiple Award,

Indefinite Delivery/Indefinite Quantity (MA/IDIQ) contract vehicles: HCaTS (Human Capital and Training Solutions) and HCaTS Small Business. TMAP provides Government customers the highest-performing and most cost effective means to develop, deploy, transform and improve their human capital management systems through its consolidated, pre-negotiated acquisition vehicles and program management services. True to the OPM mission, the TMA Program supports continual improvement of human capital and training investments throughout the Federal government by embracing evolving human capital and training practices and policies aligned with the Human Capital Assessment and Accountability Framework (HCAAF). The TMA Program plays a vital role in fulfilling OPM's mandate to provide these services to agencies under 5 U.S.C. §§ 1104, 1304, and 4116, in addition to Executive Order 11348.

The General Services Agency (GSA) provides Contract Administration services and assists OPM with TMA HCaTS Program Management services. The costs of the contract administration services are recovered through a Contract Access Fee (CAF) that is paid by awarded vendors for each task order issued under the HCaTS contracts. The CAF is paid by the vendors on a prorated basis as work is completed and invoiced.

TMA's costs associated with delivering assisted acquisition services to Federal agencies for acquiring human capital and training services from contracted private firms is recovered through an established assisted acquisition services fee schedule. The management fee covers the general assisted acquisition and project management services costs which are shared with GSA as they are providing the contracting support and the major financial management support activities. The management fee is a graduated percentage fee applied to all work performed based on customer funding received for a given project. The graduated fee may be adjusted over time to enable the program to generate the right mix of demand and supply to recover total costs.

***Center for Management Services:***

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

- *Strategy, Operations, and Support (SOS)* – leads enterprise-wide business operations and processes through Strategic Planning & Execution, Audit & Corrective Action Plan Development & Execution, IT Liaison & Coordination, Space & Security Project Facilitation, and Special Projects (e.g. USA Suite, USSM, Director's Reports).
- *Marketing and Business Development (MBD)* - develops, manages, and deploys customer-facing programs and projects that support HRS enterprise-wide outreach and communications goals; manages the HRS internal research and development program and interfaces with other branches to plan and deploy effective internal communications programs.
- *Human Resources (HR)* – provides a variety of management support services, including HR operations, training and development, recruitment consultation with practice area senior executives and managers, strategic workforce planning, personnel actions, performance management and



awards, classification and re-classification of employee position descriptions, employee and labor relations, and spearheads several OPM and HRS specific projects.

- *Resource Management Group (RMG)* - provides comprehensive, corporate-level financial and budget support to HRS leadership, senior managers, and program managers in order to safeguard HRS' compliance with Revolving Fund (RF) laws, regulations and policies, and to further the direction and interest of the HRS Associate Director. Service offerings include budget formulation and execution, business operations support, Accounting Code Structure Mapping, travel support, procurement and invoicing management, strategic planning support and goal-focused budget and spending alignment, enhanced internal financial reporting, monthly financial target reviews, budgetary quality control, error-reduction focused requisition monitoring and oversight, and financial reconciliation initiatives for active and expired projects.

### **Planned FY 2018 Activities**

FEI will develop a mobile based app to augment its CLD Central Learning Management System. The app will be available for download on a variety of mobile platforms (e.g.—iOS, Android) and will provide program participants with real-time updates and connection to FEI program curriculum, social learning and other functionalities.

USA Learning® will enhance its security infrastructure to support a larger customer base.

SES Programs will seek to offer the Presidential SES Fellows Program beginning in FY 2018.

The Design Lab will formalize a cohesive set of offerings focused on providing progressive learning in design-led innovation across multiple specialty areas and proficiency levels.

As a result of customer agency priorities, the USA Staffing Upgrade transition will extend beyond FY 2017, and USA Staffing will maintain parallel systems (i.e., a legacy version and the upgraded version) until all agencies complete their transition. FY 2018 will be an investment year as customers are moved to the Upgrade, adding functionality as customers request enhancements. Decommission of the legacy system will begin in FY 2018, with cost reductions starting in FY 2019.

The full USA Performance<sup>SM</sup> system was deployed in FY16, adding capability for non-SES appraisals. HRSES will now focus on expanding functionalities, building out integrations with personnel systems, and expanding to include a compensation component.

Within USA Hire<sup>SM</sup>, HRSES will focus on building new content for the online assessment platform, expanding series coverage, and providing more online assessment options for agencies.

TMA anticipates FY18 to be the first full operating year under the Human Capital and Training Solutions contracts and the last operating year of the legacy TMA IDIQ contract. OPM/General Services Administration (GSA) will work to fully develop the Human Capital & Training Hallway as a center of excellence for the Human Capital and Training community. This HC&T Hallway will become the hub for all Federal Human Capital & Training acquisition, market research, shared best practices and shared project outcomes aligned with the Human Capital Assessment and Accountability

Framework (HCAAF). The HC&T Community of Practice is poised to become a centerpiece of public/private engagements for improving human capital outcomes for the Federal government.

FY 2018 will also likely represent the first year that useful data about the value and efficacy of the HCaTS contracts (and by association, the TMA Program) will be available for analysis through the Human Capital & Training Category Management efforts. This is a very exciting development as it will mark the first time in the almost 30-year history of the TMA Program that solid, Government-wide data will be available for use to support data-driven decision making and reporting to OPM, GSA, Office of Management and Budget (OMB) and the White House.

The two HCaTS contracts will likely undertake their first periodic on-ramp/off-ramp activities in FY18. Through on-ramp activities, new vendors may be granted an opportunity to compete for supplemental awards under the two HCaTS contracts. The off-ramp activities may find that some vendors who were previously granted awards may not be able to prove their value and may be asked to exit the program. These periodic on-ramp/off-ramp processes will keep vendor capabilities fresh, allow for new innovations to be discovered, enhance competition and drive heightened vendor performance.

### ***Innovations***

WMDC will take the CLD lead in standing up a robust Coaching Services line of business, with a focus on the establishment of a “point and click” coach matching and payment portal for government employees to access coaching services.

Federal Executive Institute (FEI) – SES Leading EDGE is piloting two sessions of a new SES Enterprise Leadership Lab in 3rd and 4th Quarter FY16. The Labs are highly immersive, interactive five-hour programs that generate new perspectives and approaches, as well as offer safe, systemic, evidence-informed approaches to hone skills and test approaches to address enterprise and strategic “hot topics”. FEI will analyze this approach based on participant feedback as the curriculum is designed for 2017.

The Staff Acquisition Group (SAG) piloted a cybersecurity detail opportunity for customer HR Specialists to work with SAG in order to learn to use the USA Staffing Upgrade. Customers were afforded the opportunity to practice their skills by conducting examining in the live system with oversight, training, and mentoring from SAG HR Specialists. Six HR Specialists across Government participated in this 120-day detail. Using the USA Staffing upgrade they successfully posted 63 cybersecurity vacancies and issued 84 certificates.

As part of HRSES continued effort to enhance the complete USA Suite of Services, HRSES plans full implementation of USA PerformanceSM in FY17. Emphasis is being placed on expanding functionality to compensation capabilities, analyzing the potential for adding functionality to support the new Senior Professional basic system, and continuing connectivity enhancements with USA Staffing and other OPM HR systems.

HCaTS will continue to allow for all contract types at the task order level (i.e., Fixed-Price, Cost-Reimbursement, Time-and-Materials, and Labor-Hour) which will support innovative approaches to assisting Federal agencies in achieving their mission goals and objectives through human capital

solutions. Task orders may also combine more than one contract type (e.g., FFP/Cost, FFP/Labor-Hour, etc.). Additionally, task orders may include Share-in-Savings arrangements, incentives, performance based measures, multi-year or option periods, and commercial or non-commercial items.

### **Data Warehouse Program (DWP)**

The Data Warehouse Program comprises two programs, the electronic Official Personnel Folder (eOPF) and Enterprise Human Resources Integration Data Warehouse (EHRIDW), supporting the e-Government initiative designed to leverage the benefits of information technology as required by the E-Government Act of 2002. The goal of these two programs is to streamline and automate the collection, aggregation, and sharing of Federal employee human resources (HR), payroll, and training information Government-wide. The investment broadly supports the Office of Personnel Management's (OPM) mission by enabling the agency to provide the Federal human resources (HR) community with access to employee data to improve workforce planning for hiring, skills development, retention strategies and Government-wide policy. The eOPF is a tool which enables agencies to recruit, retain, and honor supporting OPM's strategic goal to "Serve as the thought leader in research and data-driven human resource management and policy decision making."

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

### **Planned FY 2018 Activities**

In FY 2018, Data Warehouse Program will re-architect the eOPF and EHRIDW into a single application providing access to a broader scope of data for employees, agencies, OPM data scientists, and other stakeholders. For Federal employees, the DWP will continue to leverage new tools and technologies to provide access to additional data through "My eOPF", implement a single XML data interface, and develop additional opportunities to share data across platforms when appropriate, and support a data centric approach for collecting, maintaining, and enabling HR data.

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

The success of the Data Warehouse Program's fee-for-service component depends on the continuation of incoming funds through existing and new partner agencies subscribing to eOPF services. These

services include support for agencies online personnel folders as well as maintenance and support for infrastructure, applications, software maintenance, program management, system security, helpdesk support, and various tools.

### **Planned FY 2018 Accomplishments**

In FY 2018, eOPF will continue requiring operations and maintenance as well as Back-file and Day Forward Conversion services. The pricing structure for eOPF maintenance is a fixed price per license (i.e., electronic folder) and is based on the number of active users at the customer agency. The eOPF license maintenance, paid annually by the customer, covers the following services: (1) Program Management Office Support; (2) Oracle Licenses; (3) Record Storage and Transfer Services provided by the National Personnel Records Center (NPRC); (4) License Maintenance, (5) Scanning Services; (6) IT security, (7) OPM Common Services; (8) IT hosting and maintenance services and (8) credit monitoring.

### **Human Resources Line of Business (HRLOB)**

HRLOB is essential to OPM's role of developing effective HR policies, implementing innovative HR solutions and services, and promoting the strategic management of human capital Government-wide . Additionally, the HRLOB has been tasked by the OPM Director with creating and implementing a Strategic Framework to enable the Chief Human Capital Officers Council (CHCOC) Future State Vision for HR Information Technology (HRIT) aimed at developing a single, integrated Federal HRIT environment to support the 21st century Federal workforce. The Framework builds on HRLOB's previous success, and when fully implemented, will result in the modernization of HR service delivery, improved HR data management and standardization, and the effective use of strategic sourcing, saving the Federal government an additional \$1 billion over the next 10 years.

### **Planned FY 2017/2018 Activities**

**HRLOB Program Management** – Manage HRLOB budget formulation/execution, Federal reporting, and back office operations to achieve program objectives and mandates; lead HRLOB financial, contracting, administrative, and risk management activities to support the HRLOB investment and ensure continued funding.

**Human Capital Community Engagement** – Unify the voice of the human capital (HC) community in defining HC priorities, and objectives, pinpointing common challenges, and identifying Federal solutions; manage the customer agency governance body to address common HC challenges and shape the direction of the HRLOB; increase CxO linkages and involvement as recommended by the Strategic Framework; manage strategic stakeholder outreach to government leadership, external partner organizations, and entities and individuals impacted by/influential to program initiatives; manage HRLOB OMB MAX web tools to facilitate stakeholder interest/working groups, communities of practice, and active cross-agency collaboration.

**Human Capital Policy, Performance, and Operations** – Support the issuance and implementation of HC policy, align established HCM frameworks to Federal acquisition strategies, and identify opportunities to enhance HC service offerings/delivery Government-wide ; facilitate end-to-end HC policy development/implementation and address issues in the current policy environment to enable

timely, efficient, and consistent policy guidance/adoption; review and provide recommendation on agency Major IT Business Cases and other phase-required documentation to support the new OMB/USSM investment review process and ensure alignment with HC standards; support GSA Federal Acquisition Service and OPM HC Category Manager initiatives; engage provider/vendor communities to identify HC solutions that meet the needs of Federal customers; consult on USSM's Provider Performance Framework (including ProviderStat), and support shared service center migrations initiated prior to March 1, 2016 through to completion.

**Human Capital Standards Management and Modernization** – Define a modern operational model for Federal Human Capital Management; develop, maintain, and promote functional standards for HC service delivery, performance, data exchange, and security; socialize functional frameworks among customer agencies to encourage the adoption of HC business requirements and acquisition standards; engage functional SMEs, agency leaders, and HC practitioners in best practice sharing and insight generation to promote continuous HC improvement; initiate functional framework refreshes and manage change request processes.

### **Planned FY 2018 Accomplishments**

In FY 2018, the HRLOB will continue to execute opportunities outlined in the HRLOB Strategic Framework. The HRLOB will focus on creating service delivery models, performance reference models, and data reference models for the following Human Capital Business Reference Model subfunctions: Talent Acquisition, Compensation Management (including Payroll), and Benefits Management. Ultimately, the work of the HRLOB will help achieve 4 key goals:

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

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

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

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

### **Human Resources Tools & Technology Program (HRTT)**

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

### **Planned FY 2018 Activities**

FY 2018 activities prioritize the maintenance and sustainment of the various programs, including OPM's Human Resources Solutions and USAJOBS. The HRS IT PMO will continue to provide

technical support, web-based applications, hosting and programming support for a wide variety of systems, including but not limited to: OPM's Talent Acquisition System - USAStaffing; OPM's Federal Government job board - USAJOBS; and a wide variety of other web-based applications used by dozens of Federal agencies. Additionally, the PMO is hosting various OPM systems in its secure environment, which will yield a revenue increase of 15%.

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

### **Human Resources Solutions Line of Business**

The OPM Human Resources Solutions (HRS) LOB is the HRS IT PMO's largest. Accounting for 50 percent of its annual revenue, our PMO provides OPM's HRS organization with technical support, web-based applications, hosting, and programming support. The primary system the PMO supports is USAStaffing, OPM's Talent Acquisition System, which enables Federal agencies to effectively recruit, assess, certify, and onboard qualified candidates for Federal positions. The PMO facilitates system compliance with Federal hiring regulations, flexibilities, and authorities, in conjunction with OPM's OCIO. In addition, the HRS IT PMO provides smaller-scale information technology services for other organizations within HRS. These services enable HRS to fulfill customer demand for automation in the areas of talent acquisition, onboarding, employment, and performance management.

### **Other OPM Line of Business**

This LOB is comprised of products and services provided to other non-HRS organizations within OPM. Among the OPM offices our PMO supports are the USAJOBS Program Office and Retirement Services. HRS IT PMO is responsible for the design, development and hosting of USAJOBS.gov. The system integrates with USAStaffing and several commercial staffing systems. For Retirement Services, the PMO hosts the Services Online application -- a web-based self-service delivery system for civil service retirees and survivor annuitants who receive regular annuity payments and Federal tax information. These systems support the recruitment and retirement aspects of the HR life cycle.

### **Employee Self Service Systems Line of Business**

Two primary products offered within the Employee Self Service Systems LOB serve more than six million people worldwide. The first, Employee Express, is accessible by phone and via the Web, and provides automated information that empowers Federal employees to initiate the processing of their discretionary personnel-payroll transactions electronically. The second, myPay, provides the same service to Department of Defense Federal employees, military members, and military retirees.



### **Other HRIT Line of Business**

The HRS IT PMO provides technical support and hosting for a series of other projects that are not otherwise classified within the other three lines of business. Services provided within this LOB fill information technology gaps within customer agencies at an affordable price.

The HRS IT PMO will continue to deliver products and services to our customers as outlined above, allowing agencies it services to become high-performing organizations and supporting their HR life cycle needs through affordable information technology solutions. HRS IT PMO will recover costs of operations by managing dozens of individual reimbursable agreements with its customers. Costs and associated pricing models are determined through a rigorous assessment of direct costs of service delivery, indirect costs of program administration, and the OPM common services assessment. For years, the PMO has had a strong base of repeat customers who choose our products and services for quality, innovation, value, and proven performance. This will continue in FY 2018. With an FY 2016 American Customer Satisfaction Index-equivalent score of 86, the PMO far surpasses the national average of 63.9 for Federal agencies. Further, 100 percent of customers in the survey say our products and services contribute to organizational effectiveness.

### **Planned FY 2018 Accomplishments**

In FY 2018, the HRS IT PMO will continue to achieve the following:

- process nearly eight million applications through OPM's Talent Acquisition System - USAStaffing;
- provide better than 99.5 percent system availability for USAStaffing;
- provide maintenance, support, and enhancements for a variety of web-based applications;
- maintain more than three million unique log-ins for OPM's USAJOBS;
- facilitate an average of 85 million searches per month on USAJOBS.gov for approximately 15 million monthly visitors to the site;
- host a web-based, self-service delivery system for civil service retirees and survivor annuitants who receive regular annuity payments via the Services Online platform; and
- provide automated information to more than six million people worldwide which allow them to initiate the processing of their discretionary personnel-payroll transactions.

### **USAJOBS**

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

USAJOBS is a job board and a resume and document repository for candidate information. USAJOBS also provides extensive Federal employment information to the public, coordinates recruitment information across agencies, and interacts with job seekers through the use of social media and help desk

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support. USAJOBS gathers customer satisfaction data on the USAJOBS system, as well as the Federal hiring process. This information is used by the USAJOBS Program Office to improve the tools and processes those job seekers and applicants use to apply for Federal employment.

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

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

### **Planned FY 2018 Activities**

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

### **Planned FY 2018 Accomplishments**

In FY 2018, the program will deliver the remaining next generation initiatives stemming from the Human Centered Design research. USAJOBS will continue to identify requirements; design and prototype solutions, deliver enhancements and measure changes to ensure the products and services meet customer expectations. The program will deliver eight production releases based upon demand.



# Office of the Inspector General

The Office of Personnel Management (OPM), the Office of the Inspector General (OIG) is requesting **\$30,000,000** for its Fiscal Year (FY) 2018 budget. Our request is composed of \$5,000,000 from the Salaries and Expenses (S&E) General Fund and \$25,000,000 from the OPM Trust Funds.

Budgetary Resources	FY 2016 Enacted		FY 2017 Annualized CR		FY 2018 Request		Variance	
	\$	FTE	\$	FTE	\$	FTE	\$	FTE
Salaries & Expenses	\$4,365,000	19	\$4,356,702	19	\$5,000,000	20	\$643,298	1
Trust Fund Annual	\$22,479,000	126	\$22,436,267	126	\$25,000,000	132	\$2,563,733	6
<b>Total Discretionary (dollars)</b>	<b>\$26,844,000</b>	<b>145</b>	<b>\$26,792,969</b>	<b>145</b>	<b>\$30,000,000</b>	<b>152</b>	<b>\$3,207,031</b>	<b>7</b>

The OIG has outlined the program areas to be funded under the FY 2018 budget request, which is \$3,207,031 above our FY 2017 Annualized CR budget.

The OIG requests additional investments in the following areas:

Investment Area	OIG Office	\$	FTE
Oversight of OPM's Information Technology (IT)	Audits	\$120,000	1.0
OIG IT Infrastructure	Management	\$2,347,031	1.0
Oversight and Enforcement	Legal	\$172,000	1.0
Improper Payments-FEHB	Investigations	\$318,000	2.0
Increase OIG Oversight-FEHB	Audits	\$250,000	2.0
<b>Total</b>		<b>\$3,207,031</b>	<b>7.0</b>

## **Oversight of OPM's Information Technology (IT) Security & Modernization (\$120,000 for 1 Full Time Employee (FTE))**

In Fiscal Year 2015, OPM initiated a major, agency-wide Cybersecurity information technology (IT) infrastructure project, which was estimated to cost \$93 million over multiple years, excluding the yet-to-be fully determined costs for systems migration. The scope and focus of the project has changed in recent months, but nevertheless, the agency remains engaged in a major data center consolidation and modernization of its legacy applications. OPM has requested \$37 million over a number of years to support these initiatives.

Due to the costs and complexity of the project, OIG oversight is required to ensure that important steps, such as thorough project management and testing of IT security controls, are completed. We believe that a strong OIG oversight presence will help ensure the success of such a significant and ambitious project. To that end, the OIG is requesting funding for additional audit staff for FY 2018 so that we can conduct an adequate level of oversight without negatively impacting our work in other critical program areas.

### **Modernization & Migration of the OIG IT Infrastructure (\$2,347,031, including 1 FTE)**

The OPM OIG has continued to grow in its complexity and scope since its establishment in 1990. We are an ever evolving organization that must be positioned to respond appropriately to potential fraud, waste and abuse in programs administered by OPM. The OIG must also ensure that OPM is following best business practices by operating in an effective and efficient manner.

In FY 2018, the OIG will need to continue to invest in necessary IT security improvements and the modernization of OIG systems, while also funding the OIG system migration to OPM's new IT environment. The OIG is entrusted with highly sensitive data and information from the multitude of OPM benefits programs, which is stored and analyzed in our FEHBP Data Warehouse, an essential administrative and analytical tool used in our oversight of the FEHBP. The FEHBP Data Warehouse has facilitated more efficient and effective oversight of the FEHBP by enhancing the ability of auditors, investigators, analysts, and FEHBP administrative sanctions analysts to identify improper payments and assess levels of exposure to alleged fraud, waste, and abuse. For example, our Information System Audit Group performs claim audits using data mining techniques in order to identify insurance claim overcharges to the FEHBP. This team is dependent upon the OIG Data Warehouse to perform its audit work. Since October 1, 2013, this team's work has led to the recovery of \$38,084,837 in taxpayer dollars. The modernization of the FEHBP Data Warehouse will enable us better disseminate health claims data to OIG Auditors and Investigators. Also, improvements to the FEHBP Data Warehouse will provide additional big data capabilities, such as new analytics applications, new Business Intelligence tools and data types that follow current IT best practices. This will make the Audits and Investigations more efficient and effective.

In addition, the OIG supports other internal file servers, databases, and forensics systems that support Audits and Investigations day-to-day operations. The OIG proposes that additional investments be made to the modernization of the OIG IT Infrastructure so that the OIG is better equipped to face the present and future oversight of OPM services and programs. The OIG plans to make improvements to our Investigations Tracking System. We plan to add additional functionality that will allow seamless reporting of potential FEHBP fraud by health carriers to be recorded in our Investigations Tracking system. Currently, this reporting is recorded manually. This enhancement will improve the fraud reporting process, allowing Investigations to respond to and investigate allegations of fraud, waste or abuse from FEHBP carriers in a more efficient manner. In FY 2018, the OIG will need to continue to invest in necessary IT infrastructure and security improvements, which include Virtual Desktop Infrastructure (VDI), Penetration Testing, and Disaster Recovery. A VDI solution will provide more efficient desktop administration, and enhanced security, management, and support. Penetration Testing will strengthen continuous security monitoring and assessment/authorization effort on OIG systems and to identify threats facing our applications, enabling us to protect systems and data from malicious attacks. The establishment of a Disaster Recovery system will create a geographic separated site, we will be able to provide a business continuity solution for services housed at OPM/OIG HQ. This also ensures FISMA security compliance and provides quick recovery time/data backup. By taking these measures, the OIG is taking the necessary steps to increase the security and continuity of operations of the IT that support

Audits and Investigations. The OIG believes that these investments will strengthen our ability to provide oversight of OPM services and programs.

The OIG relies upon OPM for certain IT services, and owns IT systems that reside on OPM's IT platform but are independently operated by the OIG. Therefore, the OIG will be expected to contribute funding towards OPM's IT Modernization Project as well as funding the costs of security improvements and migrating OIG systems to the new environment. The OIG is continuing to work with OPM on a plan for integrating the OIG-owned and operated systems into the new OPM IT environment, which will require implementation of multi-layered enhanced security software and controls for the OIG systems. The research, testing, development, and maintenance that the OIG must conduct to integrate, migrate and sustain our systems within OPM's new IT environment will require additional resources.

### **Legal Oversight & Enforcement (\$172,000 for 1 FTE)**

The Office of Legal and Legislative Affairs (OLLA) provides legal advice and services to the Inspector General regarding all legal and regulatory matters pertaining to the powers, authorities, and responsibilities invested in the OIG by the Inspector General Act. In light of the Office's independence from operational control by the agency head, this includes the full range of general personnel, administrative, and policy issues related to the operation of a Federal agency.

OLLA furnishes advice and support to the OIG on such specific topics as criminal law and procedure, appropriations and fiscal law, procurement rules, and interpretation of law and regulations supporting programs administered by OPM. OLLA also coordinates OIG legal matters affecting the agency with OPM's Office of General Counsel and consults with the Department of Justice attorneys regarding both criminal and civil matters. Further, a senior OLLA attorney exercises delegated statutory authority for debarring and suspending health care providers from participation in the Federal Employees Health Benefits Program under P.L. 105-226, the Federal Employees Health Care Protection Act of 1998.

In addition, OLLA also provides support to the Council of the Inspectors General on Integrity and Efficiency (CIGIE) in various areas, including serving as a co-chair of the CIGIE work group that is working on CIGIE's statutorily designated responsibilities under the Administrative Leave Act of 2016.

The recent IT breaches of Federal Employees Health Benefits Program (FEHBP) carriers Anthem and Premera Blue Cross Blue Shield, and OPM continue to result in extensive Freedom of Information Act requests and litigation involving discovery of OIG documents. OLLA has been impacted greatly by the additional workload of current litigation involving these breaches. In FY 2018, we request \$172,000 to hire one additional attorney to help with the increased workload.

### **Improper Payments Enforcement - Federal Employees Health Benefits Program (FEHBP)** **(\$318,000 for 2 FTE)**

Fraudulent billings to health care programs, both public and private, are estimated to be between 3 and 10 percent of total health care expenditures. The resulting improper payments significantly impact the cost of providing health insurance. The FEHBP is the largest employer-sponsored group health insurance program in the United States, covering over 8 million Federal employees, retirees, and dependents, at an annual operating cost of over \$45.8 billion. Applying the most conservative estimate regarding fraudulent

billings (3 percent) suggests the FEHBP annually issues over \$1.3 billion in improper payments as a result of fraud.

Since 2012, the OIG has experienced an exponential increase in FEHBP fraud notifications (e.g., 3,351 health care fraud allegations received in 2016, versus 599 in 2011). Due to this increase in notifications of suspected fraud and our limited resources to appropriately handle these allegations, the OIG has had to close between 42 percent and 58 percent of the FEHBP allegations we received without investigation since 2012. In FY 2014, 270 of the cases we closed without investigation had over \$50,000 in FEHBP claims exposure per case. In order to investigate instances of fraud within the FEHBP, the OIG requires an additional \$318,000 and 2 FTE that will initially help address some of this increased workload.

**Increase OIG Oversight - FEHBP (\$250,000 for 2 FTE)**

The OIG is responsible for conducting statutorily mandated audits of OPM programs, which includes oversight of FEHBP plans, health carrier information systems, and Pharmacy Benefit Managers (PBMs) programs and operations. In order to provide an increased level of audit oversight for these programs, the OIG requires an additional \$250,000 for 2 FTE.

Limitations on budgetary resources and staff have resulted in the loss of an average of 33 auditable contract years annually and an estimated \$7.7 million per year in audit recoveries for Community-Rated FEHBP audits over the last 5 years. In addition, our analysis shows that for Experience-Rated FEHBP audits we lose, on average, approximately 33 plan years annually. This equates to lost recoveries of approximately \$9.1 million annually. Additional FTEs would be used to enhance our on-going FEHBP audit activities and begin to reduce these lost audit years and recoveries.

The recent data breaches at Anthem and Premera highlight the need for an increased focus on cybersecurity in the health insurance industry. OPM contracts with approximately 250 private health insurance plans as part of the FEHBP, and these organizations process sensitive personal health information for over 8 million Federal employees, retirees, and dependents. There are 90 separate IT audit sites, since many of the plans use shared systems and data centers to process this information.

In an effort to increase our oversight presence at these plans, the OIG has developed a strategy to perform limited-scope reviews in addition to our full-scope IT audits. These reviews would be significantly smaller in scale than our audits, and would focus on the highest-risk elements of an organization's cybersecurity program. The OIG hopes to hire additional FTEs in future years that would be dedicated to performing these limited-scope reviews, and increasing the number of full-scope audits performed each year.

## OIG's Oversight of OPM's Revolving Fund Programs

On February 12, 2014, President Obama signed the OPM IG Act (P.L. 113-80). The purpose of the OPM IG Act is “to provide that the Inspector General of the Office of Personnel Management may use amounts in the Revolving Fund of the Office to fund audits, investigations, and oversight activities.”

Budgetary Resources	FY 2016 Enacted		FY 2017 Annualized CR		FY 2018 Request	
	\$	FTE	\$	FTE	\$	FTE
Revolving Fund (Estimated)	\$3,376,000	21.0	\$3,770,000	26.0	\$3,816,000	26.0
<b>OIG Total (dollars)</b>	<b>\$3,376,000</b>	<b>21.0</b>	<b>\$3,770,000</b>	<b>26.0</b>	<b>\$3,816,000</b>	<b>26.0</b>

\*Note – Variance between FY 2018 versus FY 2017 are the result of the following:

- Revolving Fund (\$46,000) represents the estimated increase in payroll required for Revolving Fund oversight

For FY 2018, the OIG estimates that \$3,816,000 and 26 FTE will be required for OPM Revolving Fund oversight activities. These resources will be utilized to oversee OPM's Revolving Fund programs, which are projected to generate more than \$1.7 billion in FY 2018. Currently, the OPM Revolving Fund consists of the following programs: the National Background Investigations Bureau (NBIB), which replaced the Federal Investigative Services (FIS) on September 29, 2016; Human Resources (HR) Solutions; Enterprise Human Resources Integration (EHRI); HR Line of Business (HRLoB); HR Tools & Technology (HRTT); and USAJOBS.

The past results of the OIG's work in these program areas demonstrates the importance of vigorous, adequately-resourced oversight capacity to allow OPM and the OIG to identify internal control weaknesses and fraudulent activity, and strengthen preventive controls. The workload has ranged from technical audit work with the USAJOBS website to the continuing flow of allegations involving falsification of background investigations and abuse of authority referred to our office by the quality assurance area of the NBIB.

The OIG's Office of Investigations has a unit dedicated to revolving fund criminal investigative cases, a majority of which come from NBIB referrals to our office. The OIG anticipates that our criminal investigative caseload may increase if the NBIB establishes its own support and administrative structure separate from OPM's current shared services.

### Existing Responsibilities

In FY 2018, the OIG will continue to provide audit and investigative oversight of the Federal Employee Health Benefits Program, including FEHBP plans, health carrier information systems, and Pharmacy Benefit Managers, as well as the Civil Service Retirement System/Federal Employees Retirement System programs and operations. The OIG oversees and achieves positive impact within the FEHBP by reducing potential health and safety risks for Federal employees, annuitants, and their families and annually recovering tens of millions of dollars for the FEHBP and the OPM Trust Funds, as well as the Treasury general fund. The OPM Trust Funds have assets of over \$1 trillion and disburse over \$135 billion annually.

In addition to the FEHBP audit and investigative activities, the OIG also recommends proposals for legislative and contractual changes to be implemented in future years. The OIG has worked actively and cooperatively with both the Congress and OPM to promote the transparency of parties doing business with the FEHBP, such as PBMs. OPM's adoption of transparency principles for PBM contracts has the potential to reduce prescription drug costs for all FEHBP enrollees.

The OIG's efforts in reducing improper payments in the Federal retirement programs and other targeted areas of operation are direct deterrents to fraud, waste, and abuse and are absolutely dependent upon this funding request. Our efforts within the NBIB background investigations program have targeted fraud and abuse that have a direct impact on national security.

The OIG will continue to provide oversight to other large OPM Trust Fund programs, including the FEHBP carrier and pharmacy benefit areas, Federal retirement programs, and the Federal Employees' Group Life Insurance (FEGLI) Program. The OIG will also continue to provide oversight and enforcement to the OPM Revolving Fund program areas and to the other non-Trust Fund benefit areas as funding permits, as well as protecting each from fraud, waste, abuse and mismanagement.

## **Program Overview**

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

The Inspector General Act requires that each OIG:

- Conduct and supervise independent and objective audits, investigations, and evaluations relating to agency programs and operations;
- Promote economy, effectiveness, and efficiency within the agency;
- Prevent and detect fraud, waste, and abuse in agency programs and operations;
- Review and make recommendations regarding existing and proposed legislation and regulations relating to agency programs and operations; and,
- Keep the agency head and Congress fully and currently informed of problems in agency programs and operations.

The four core organizational units within the OIG are the audits, investigations, evaluations and inspections, and the OIG's FEHBP Administrative Sanctions Program.

## **Specific Activities:**

### **Audits**

The OIG auditors conduct risk assessments by obtaining an understanding of the programs, missions, goals, responsibilities, and processes of each program. These risk assessments are used to determine the levels of risk associated with each program group and their respective activities. Audits of the program groups and activities are prioritized and conducted based on the risk level identified in the assessments (e.g., higher risk areas will be audited first).



The majority of the audits conducted are performance audits, which provide an independent assessment of how well OPM operates its various programs and activities. Two types of performance audits are conducted: economy and efficiency audits, and program audits. Economy and efficiency audits determine whether the agency is acquiring and managing resources prudently and effectively, and whether the agency has complied with laws and regulations relating to its operations. Program audits determine the extent to which the desired results or benefits of programs established by Congress or other authorizing bodies are being achieved; the effectiveness of organizations, programs, activities, or functions; and the agency's compliance with laws and regulations. The OIG also conducts audits of contracts awarded by OPM for compliance with applicable Federal regulations.

**OPM IT Infrastructure Audits.** The OIG continues to oversee OPM's implementation of its major, agency-wide information technology Infrastructure Project. Our office provides oversight through all phases of this project over the course of multiple years. The work performed in this area is essential to the IT security posture of the agency, IT systems, and the highly sensitive data contained in these systems.

**Experience-Rated FEHBP Audits.** The OIG conduct audits of experience-rated health plans (fee-for-service, including the various Blue Cross and Blue Shield plans, which represent the largest number of audits) participating in the FEHBP. The universe of experience-rated plans currently consists of approximately 100 audit sites. When auditing these plans, the focus is generally on three key areas: the legitimacy of contract charges and the recovery of appropriate credits, including refunds, the effectiveness of carriers' claims processing, financial and cost accounting systems, and the adequacy of internal controls to ensure proper contract charges and benefit payments.

**Community-Rated FEHBP Audits.** The OIG conducts audits of community-rated health plans (comprehensive medical plans, commonly referred to as health maintenance organizations [HMOs]) participating in the FEHBP. The community-rated HMO audit universe covers approximately 142 rating areas. Audits of these plans are designed to ensure the plans assess the appropriate premium rates in accordance with their respective FEHBP contracts and applicable Federal regulations.

**Pharmacy Benefit Manager Audits.** The OIG conducts a series of audits that deal directly with PBMs. Based on experience and results to date, these audits identify significant findings related to the handling of the complex series of refunds, rebates, credits, and incentives that characterize the relationships among pharmaceutical manufacturers, PBMs, health insurance carriers, and the FEHBP. Pharmaceutical-related expenditures comprise approximately 25.5 percent of all FEHBP costs, or over \$12 billion in 2015, most of them handled through third-party PBMs.

**Financial Statement Audits.** The OIG conducts oversight of OPM's consolidated financial statement audit. Each year, the agency contracts with an independent public accounting firm to perform the OPM's consolidated financial statements audit. The OIG monitors the firm's performance to ensure all work is conducted in accordance with the contract and in compliance with government auditing standards and other authoritative references pertaining to OPM's financial statements.

**Information Systems Audits.** The OIG conducts information systems audits on health and life insurance carriers that participate in the FEHBP and the FEGLI, as well as on other OPM IT systems

and OPM contracted IT systems. The agency's computer systems development and management activities are also audited. These audits cover both general controls (the policies and procedures that apply to an entity's overall computing environment) and application controls (those directly related to individual computer applications). In addition, our auditors perform an independent evaluation of OPM's information technology security environment. With the replacement of OPM's Federal Investigative Services by the NBIB, the Department of Defense (DOD) will be responsible for the design, development, security, and operation of computer systems for NBIB, and this will lead to additional systems audit work. Since NBIB will still be a part of OPM, oversight of the new IT systems is viewed as a shared responsibility of the OPM and DOD OIGs. The OPM OIG has been holding regular meetings with the DOD OIG to discuss this oversight, as well as continuing our audit oversight of the FIS legacy systems, as they will support the background investigations program until they are modernized or replaced.

**Revolving Fund Audits.** The OIG audits the various Revolving Fund programs managed by OPM (NBIB; HR Solutions; EHRI; HRLoB; HRTT; and USAJOBS). Historically, NBIB (formerly Federal Investigative Services) has been the largest Revolving Fund program, responsible for over half of the total Revolving Fund revenue. As such, we have focused the majority of our Revolving Fund audit work on NBIB.

**Affordable Care Act (ACA) Audits.** The OIG audits under the ACA analyze the issuers' (Health Plans) compliance with their OPM contracts. Our audits of the Multi-State Plan Program (MSP) ensure issuer compliance with various performance elements contained in the contract. The OIG will also audit the issuers' IT security controls to ensure that member data is protected against unauthorized disclosure.

In addition, the ACA allows eligible Indian tribes, tribal organizations, and urban Indian organizations to purchase FEHBP and FEGLI coverage, rights, and benefits for their employees. The OIG has been working with OPM, the National Finance Center, and the Indian tribes, tribal organizations, and urban Indian organizations to plan for audits of the enrollment, billing, and premium collection processes associated with the ACA.

**Combined Federal Campaign Audits.** The Combined Federal Campaign (CFC) is the only authorized charitable fundraising drive which can be conducted in Federal installations throughout the world. OPM has the responsibility, through both law and executive order, to regulate and oversee the conduct of fundraising activities in Federal civilian and military workplaces worldwide.

The OIG audits the administration of local campaigns to ensure compliance with Federal regulations and OPM guidelines. OIG investigators pursue allegations of fraud and embezzlement affecting the CFC. All campaigns are required by regulation to have an independent public accounting (IPA) firm audit their respective financial activities for each campaign year. The OIG reviews the IPA's work as part of our audit scope.

In April 2014, OPM issued final regulations restructuring the CFC. These final regulations were issued in order to strengthen program integrity, streamline operations and increase the effectiveness of the program to ensure its continued growth and success. OPM expects these regulations to improve donor



participation, CFC Infrastructure, and standards of transparency and accountability. The new regulations will be effective for the 2017 campaign period.

**Non-Trust Fund Benefit Program Audits.** OPM also administers other benefit programs for Federal employees, which include the Federal Flexible Spending Account (FSAFEDS) program, the Federal Long Term Care Insurance Program (FLTCIP), and the Federal Employees Dental and Vision Insurance Program (FEDVIP). Our office conducts audits of these programs in order to ensure that costs charged and services provided to Federal subscribers are in accordance with the contracts and applicable Federal regulations.

## Investigations

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

Our office regularly receives fraud allegations involving the payment of kickbacks affecting the FEHBP. However, the FEHBP lacks a statute which renders kickbacks to the FEHBP providers as illegal. Kickbacks place patients at risk of harm, because the objectivity of medical decision making is compromised when a health care provider receives financial incentives for making referrals. The Federal Anti-Kickback Statute, Title 42, United States Code, Sections 1320a – 7b(b), made it illegal for health care providers to knowingly and willfully accept bribes or other forms of remuneration in return for generating “Federal health care program business.” However, FEHBP was specifically excluded from that statute. In FY 2016, the OPM OIG proposed a legislative change to the Anti-Kickback Statute, in order to extend its protections to the FEHBP, and align it with the protections provided to Health and Human Services (HHS) administered benefits. The OIG continues to consider this our highest legislative priority and will continue to advocate its passage by the Congress.

**Retirement Investigations.** The OIG conducts investigations of potential fraud against the Civil Service Retirement System and the Federal Employees Retirement System. Our proactive efforts to identify fraud within these programs include data-matching initiatives and routine review of reclamation actions. The OIG also investigates cases of potential fraud referred to our office through our hotlines or from the OPM program and quality assurance offices. As a result, the OIG annually returns millions of dollars to the OIG Trust Funds.

**Revolving Fund Investigations.** OPM's Revolving Fund programs comprise the largest component of OPM and employ the majority of OPM employees and contractors. OPM projects that its Revolving Fund budget will exceed \$1.7 billion in FY 2018. In particular, the OPM NBIB program presents many inherent risks because much of the work is performed by background investigators who are supervised remotely. Their work product is relied upon as the basis for crucial governmental decisions. Fraudulent,

falsified, incomplete, or incorrect background investigations can compromise national security by allowing the employment and the granting of security clearances to potentially unsuitable persons.

**Other Investigations.** Potential instances of fraud against OPM's non-Trust Fund program activities, as well as employee misconduct and other wrongdoing are also investigated.

## Evaluations and Inspections

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

## Administrative Sanctions

Under authority delegated from the OPM Director, the OIG debar and suspends health care providers whose actions indicate they present a threat to the integrity of the FEHBP and potentially to the health and safety of enrollees and their family members. The administrative sanctions are accomplished through authorities established by the Federal Employees Health Care Protection Act of 1998 (P.L. 105-226). This statute authorizes OPM to debar, suspend, or impose financial assessments on health care providers who have committed any of 18 potentially sanctionable offenses. OPM has delegated this authority to the Inspector General, who has designated a senior OIG attorney to serve as the debarring and suspension official.

## OIG Support of Audits and Investigations

**FEHBP Data Warehouse.** The OIG will continue to operate its FEHBP claims data warehouse in FY 2018. The data warehouse streamlines and enhances the various administrative and analytical procedures involved in the oversight of the FEHBP. It captures data from experience-rated and community-rated insurance carriers, as well as pharmacy benefit managers in a data warehouse of health care claims information. The system's software tools support a variety of analytical procedures, including data mining, using the data in the warehouse. The project has facilitated more efficient and effective oversight of the FEHBP by enhancing the ability of auditors, investigators, analysts, and FEHBP administrative sanctions analysts to identify improper payments and assess levels of exposure to alleged fraud, waste, and abuse.

**Office of the Inspector General Salaries and Expenses – Obligations by Object Class (dollars)**

Object Class	FY 2016 Enacted	FY 2017 Annualized CR	FY 2018 Request	FY 2017–18 Variance
Personnel compensation	\$2,901,000	\$2,901,000	\$3,057,000	\$156,000
Personnel benefits	\$874,000	\$874,000	\$922,000	\$48,000
Travel and transportation of persons	\$80,000	\$71,702	\$85,000	\$13,298
Transportation of things	\$0	\$0	\$0	\$0
Communications, utilities, and rent	\$300,000	\$300,000	\$723,000	\$423,000
Printing and reproduction	\$0	\$0	\$0	\$0
Other services	\$210,000	\$210,000	\$213,000	\$3,000
Supplies and materials	\$0	\$0	\$0	\$0
Equipment	\$0	\$0	\$0	\$0
Land and structures	\$0	\$0	\$0	\$0
<b>Total (dollars)</b>	<b>\$4,365,000</b>	<b>\$4,356,702</b>	<b>\$5,000,000</b>	<b>\$643,298</b>
<b>FTE</b>	<b>19.0</b>	<b>19.0</b>	<b>20.0</b>	<b>1.0</b>

**Office of the Inspector General Trust Fund – Obligations by Object Class (dollars)**

Object Class	FY 2016 Enacted	FY 2017 Annualized CR	FY 2018 Request	FY 2017–18 Variance
Personnel compensation	\$13,445,000	#####	\$14,578,000	\$1,133,000
Personnel benefits	\$4,286,000	\$4,286,000	\$4,644,000	\$358,000
Travel and transportation of persons	\$750,000	\$750,000	\$807,000	\$57,000
Transportation of things	\$10,000	\$10,000	\$10,000	\$0
Communications, utilities, and rent	\$2,651,000	\$2,651,000	\$3,594,000	\$943,000
Printing and reproduction	\$20,000	\$20,000	\$20,000	\$0
Other services	\$750,000	\$750,000	\$774,000	\$24,000
Supplies and materials	\$70,000	\$70,000	\$76,000	\$6,000
Equipment	\$497,000	\$454,267	\$497,000	\$42,733
Land and structures	\$0	\$0	\$0	\$0
<b>Total (dollars)</b>	<b>\$22,479,000</b>	<b>#####</b>	<b>\$25,000,000</b>	<b>\$2,563,733</b>
<b>FTE</b>	<b>126.0</b>	<b>126.0</b>	<b>132.0</b>	<b>6.0</b>

## Office of the Inspector General Objectives

### Office of the Inspector General, Oversight

Performance Measures	FY 2015 Result	FY 2016 Result	FY 2017 Projection	FY 2018 Projection
Return on investment *	\$6	\$5	\$5	\$6
FEHBP Audit cycles (in years) **	<u>Target</u>			
Experience Rated Carrier Audits	7	11.1	5.0 ***	13.1
Community Rated Carrier Audits	4	4.2	8.8	8.1
Carrier IT Security Audits	3	12.9	12.9	15.0
Audit recovery rate ****	87%	90%	85%	85%
Positive financial impact *****	\$132.0M	\$120.5M	\$121.5M	\$122.0M

Fund	Budgetary Resources					
	FY 2017 Annualized CR		FY 2018 Request		FY 2017-18 Variance	
	\$	FTE	\$	FTE	\$	FTE
OIG Salaries & Expenses	\$3,090,702	13.0	\$3,600,000	14.0	\$509,298	1.0
OIG Trust Funds Annual	\$15,815,267	86.0	\$18,000,000	90.0	\$2,184,733	4.0
Revolving Fund (Estimate)	\$1,946,000	15.0	\$1,969,000	15.0	\$23,000	0.0
<b>Total (dollars)</b>	<b>\$20,851,969</b>	<b>114.0</b>	<b>\$23,569,000</b>	<b>119.0</b>	<b>\$2,717,031</b>	<b>5.0</b>

\* The Return on Investment measure includes audit recoveries, as well as, asset forfeitures and court assessments and/or fees resulting from criminal investigations conducted by our office. Many of these criminal investigations were conducted jointly with other Federal agencies, who share the credit for the fines, penalties, assessments, and forfeitures. At this time this amount is not factored into the OIG's Return on Investment measure, since this measure reflects only those dollars to be returned to the OPM Trust Funds or Revolving Funds. The total of joint recoveries returned to the general Treasury Fund for FY 2016 was \$20.8 million.

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

\*\*\* The FY 2016 Experience Rated Carrier Audit Cycle (5.0 years) is significantly lower than other years because we completed an audit of Anthem, Inc., which includes 14 BCBS plans, that year.

\*\*\*\* The audit recovery rate is the ratio of dollars returned to the FEHBP Trust Fund to questioned costs from audits for the five year period ending each FY. It is often based on incomplete information as a result of the normal audit resolution process, which can sometimes take three or more years to complete. The reported recovery rate above is therefore based, in part, on accounts receivable which may not be recovered. Thus it is likely that the actual recovery rates above will change in the future. The recovery rate based on the last completed 5-year audit period (FY09 - FY13) is 72%.

\*\*\*\*\* The positive financial impact is calculated based on the five year rolling average.

## Office of the Inspector General, Enforcement

	FY 2015 Result	FY 2016 Result	FY 2017 Projection	FY 2018 Projection
Percentage of investigative cases closed during a fiscal year which resulted in a successful remedy (i.e., criminal indictment, criminal conviction, civil judgment or settlement, administrative action, or monetary recovery)	91%	92%	90%	90%
Percentage of final investigative reports submitted for disposition within 15 working days after the final remedy had been rendered	92%	83%	90%	90%
Number of debarments and suspensions	845	923	800	800
Number of debarment and suspension inquiries	5,743	4,790	5,000	5,000

Fund	Budgetary Resources					
	FY 2017 Annualized CR		FY 2018 Request		FY 2017-18 Variance	
	\$	FTE	\$	FTE	\$	FTE
OIG Salaries & Expenses	\$1,266,000	6.0	\$1,400,000	6.0	\$134,000	0.0
OIG Trust Funds Annual	\$6,621,000	40.0	\$7,000,000	42.0	\$379,000	2.0
Revolving Fund (Estimate)	\$1,824,000	11.0	\$1,847,000	11.0	\$23,000	0.0
<b>Total (dollars)</b>	<b>\$9,711,000</b>	<b>57.0</b>	<b>\$10,247,000</b>	<b>59.0</b>	<b>\$536,000</b>	<b>2.0</b>

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

## Participation in Council of the Inspector General on Integrity and Efficiency Resource Summary - includes all resources (dollars)

Budget Source	FY 2017 Annualized CR		FY 2018 Request		Increase/Decrease	
	\$	FTE	\$	FTE	\$	FTE
OIG Salaries and Expenses	\$3,902	0.0	\$3,902	0.0	\$0	0.0
OIG Trust Funds	\$74,131	0.0	\$74,131	0.0	\$0	0.0
<b>OIG Total (dollars)</b>	<b>\$78,033</b>	<b>0.0</b>	<b>\$78,033</b>	<b>0.0</b>	<b>\$0</b>	<b>0.0</b>

## Office of the Inspector General Training Resources Resource Summary - includes all resources (dollars)

Budget Source	FY 2017 Annualized CR		FY 2018 Request		Increase/Decrease	
	\$	FTE	\$	FTE	\$	FTE
OIG Salaries and Expenses	\$160,000	0.0	\$163,000	0.0	\$3,000	0.0
OIG Trust Funds	\$165,000	0.0	\$188,000	0.0	\$23,000	0.0
Revolving Fund (Estimated)	\$120,000	0.0	\$120,000	0.0	\$0	0.0
<b>OIG Total (dollars)</b>	<b>\$445,000</b>	<b>0.0</b>	<b>\$471,000</b>	<b>0.0</b>	<b>\$26,000</b>	<b>0.0</b>



# Evidence and Evaluation

## Agency Strategy to Advance the Use of Evidence in Decision-Making

OPM continues to enhance, promote, and integrate evidence-based decision making. The practice of evidence-based decision making involves using the best available data, both quantitative and qualitative, along with scientific evidence to make decisions that are empirically supported as well as compliant with applicable law. This approach has been mainstreamed into the agency's process and is being pursued, as evident in the establishment of a specific strategic goal on evidence-based decision-making in OPM's FY2014-FY2018 Strategic Plan.

OPM is building a cohesive structure, to manage, and to integrate data usage across the agency and with external partners. This enables the agency to more efficiently process and analyze data and to identify issues that may affect future workforce planning. This increased focus on data integration has enriched the data that OPM uses to support policy development and operations and enabled the agency to contribute to rigorous research and evaluations.

OPM hired a Senior Data Scientist who is working closely with the Senior Advisor on Research and Evaluation. The Senior Data Scientist provides expert technical assistance necessary for research and assisting in developing research partnerships with academia. The Senior Data Scientist conducts independent evaluations using OPM workforce data and develops predictive analyses, such as workforce retirement estimates. This critical position will help establish the strategic direction for the agency's research and evaluation initiatives, driven by the needs of the agency's program offices to answer critical questions.

In addition, to building and strengthening data analytic talent, OPM continues to leverage and engage individual components that directly support this strategy. To advance, adopt, and spread best practices that the agency is deploying, OPM has established an internal network of Analytic Ambassadors. The role of the Analytic Ambassador is to help promote and advance the analytical work and research being done by OPM's components.

## Recent Progress

OPM continues integrating data—administrative, survey, job applicant, and customer experience—into resources and tools developed for internal agency use, Government-wide use, and for the broader public use. Traditionally, agency data and information processes have been fragmented across program offices, which make it difficult to leverage and integrate with other data systems. OPM has made progress on developing a cohesive and collaborative structure to manage and integrate this data throughout the agency and across Government. OPM's increased focus on data integration and data visualization has enriched the information that the agency uses to support policy development and operations.

- The **Federal Employee Viewpoint Survey (FEVS)** is a powerful management tool that is driving change. OPM continues to leverage the Enterprise Human Resources Integration-Statistical Data Mart (EHRI-SDM) administrative data in administering, analyzing, and reporting of FEVS results.

Integrating administrative data into the survey process enables the agency to add analytic breadth without additional respondent burden. Organizational structure, occupational series, education level, and date of birth are administrative variables that have recently been incorporated with the FEVS data. This is one example of how OPM has significantly enhanced the survey. Leveraging EHRI-SDM administrative data and working with participating Federal agencies to implement OPM's innovative survey methodology, the Graduated Proportional Sampling method, OPM has increased the number of subcomponent reports—more managers receiving office-level reports—with less administrative burden. As a result, the number of agency components receiving survey results has increased by 229 percent, from 2012 to 2015.

In addition to expanding data availability, reporting breadth, and state of the art analytic tools, OPM revised Title 5, Code of Federal Regulations, Part 250, subpart C. The final rule is intended to align human capital management practices to broader agency strategic planning activities, and better align human capital activities with an agency's mission and strategic goals. This will enable agency leadership to better leverage the workforce to achieve results. In addition, the final regulation will allow agencies to gather additional information from employee surveys. The rule strengthens and modernizes the employee survey process by identifying questions that exhibit appropriate psychometric properties which better align to the topics cited in the National Defense Authorization Act for Fiscal Year 2004 (Pub. L. 108–136, sec. 1128, codified at 5 U.S.C. 7101).

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

OPM advanced its commitment to making data, including workforce statistics and Government-wide survey results and reports, more accessible to agencies, Federal employees, and the general public. With Unloctalent.gov, users can view employee engagement, job satisfaction, and agency workforce data in visual formats—complete with charts, graphs, and maps. It allows for comparisons among agencies, and also provides agency trends.

Recent enhancements include creating multi-tier data access. When Unloctalent.gov was first launched in July of 2014, only agency senior officials were granted access. Now members of the public are able to view agency-level data on the website and Federal employees can register to see their agency-specific dashboards with more granular data. Recently, OPM added two-additional levels of access to the site: an Executive User access level that displays the most granular data available while protecting employees' data confidentiality; and a non-FEVS agency user access level, for agencies that do not participate in the survey but who would like to access the resources on the Community of Practice.

OPM plans to implement data enhancements that will allow users to gain more insight into engagement scores and identify where to take action. OPM also plans to launch a new HR core metrics page. This page will highlight the overall health of an agency's workforce to include workforce demographics, hiring for the Mission Critical Occupations and STEM, performance culture



(for example, telework satisfaction and promotions), strategic alignment, and the New Inclusion Quotient.

OPM regularly updates the UnlockTalent Community of Practice with case studies, videos, training, research, best practices and other helpful resources to develop a flexible, inclusive work environment that further engages and energizes the workforce to put forth its best effort, achieve agency missions, and remain committed to public service.

- **USAJOBS** fulfills OPM's statutory responsibility to list vacant positions in the competitive service. OPM is transforming it into a Federal career site that allows for career exploration and job searches to connect the right talent to the right jobs. In FY 2015, more than 350,000 job announcements were posted on USAJOBS, with 22 million applications started.

In FY 2016, USAJOBS hosted several user workshops to gather feedback on the resume mining tool that allows agencies to mine the database of searchable resumes to recruit talent for open positions, career events and other outreach activities. The workshops resulted in developing a more user-friendly user interface to support the search and communication functions in the tool. The resume mining pilot began in September 2016 with 50 users, and the pilot has grown to more than 500 users. OPM expects to fully rollout the tool in FY 2017.

USAJOBS offers an agency service called the Agency Talent Portal that houses the resume mining feature and other data tools to support data-driven, strategic recruitment. USAJOBS marketed its Agency Talent Portal in the Hiring Excellence Campaign to showcase how to use the tools and the expected benefits to talent acquisition. The product will continue to evolve based upon user feedback and partnerships to build a recruitment network that attracts the right talent to the right jobs.

- **USA Staffing®** is OPM's talent acquisition system for Federal agencies, automating Federal policies, practices, and laws for the full range of Federal hiring. USA Staffing® supports Federal hiring managers and HR professionals in acquiring, assessing, certifying, selecting, and onboarding qualified candidates in alignment with Merit System Principles. It serves as the primary interface for more than 114,000 hiring managers and more than 8,000 HR professionals Government-wide, providing a conduit to USAJOBS for posting announcements and accepting, rating and ranking applications for Federal employment. As a shared service, USA Staffing® enables more than 70 Federal agencies to meet their hiring goals. Approximately 78 percent of USAJOBS vacancy announcements are processed through USA Staffing®.

USA Staffing® regularly prioritizes system functionality based on real user feedback, and expanding onboarding and classification functionality.

USA Staffing® is supporting agencies in hiring the right people for the right jobs within the framework of Merit System Principles, leveraging data to further understand and refine Federal hiring. For example, USA Staffing® continues to support hiring excellence by expanding the use of applicant flow data Government-wide. Applicant flow data combines the demographic information collected from USAJOBS with data from each step of the hiring process in USA Staffing®, enabling agencies to identify any barriers and pursue best practices at each stage of the process. OPM will continue supporting agencies in their use of applicant flow data to support efforts to recruit from all

segments of society. The USA Staffing® upgrade also delivers an enhanced job applicant experience, and OPM continually assesses applicant satisfaction levels, monitoring, evaluating, and making system adjustments to provide a positive applicant experience.

- **HRStat** is a Government-wide effort based on the Government Performance and Results Modernization Act of 2010 (GPRAMA), in which Federal agencies facilitate data-driven quarterly reviews. The agency continues to develop the HRStat program to enable agencies to improve how they collect, analyze and report human capital data. OPM established the HRStat Community of Practice with members from all 24 CHCO Act agencies. The Community meets quarterly to collaborate toward Government-wide implementation of HRStat through guidance, assistance and training.

OPM, in coordination with the HRStat Community, developed the HRStat Government-wide guidance, the HRStat Maturity Model, and the HRStat Maturity Model Assessment Tool. The guidance is to inform the practice of HRStat in conformity with 5 CFR 250. The guidance and the tool, together, were designed to help the agencies continue with their quarterly data-driven reviews and make progress against their identified goals.

- **Skills-Gap Closure Strategies using Data Analysis:** The agency is implementing a data-driven, multi-factor model, and environmental scan approach to identify Government-wide skills gap areas. This is a collaborative partnership with the Chief Human Capital Officers (CHCO) Council's formal Executive Steering Committee for Skills Gaps. This multi-factor model approach identifies those Government-wide and agency-specific Mission-Critical Occupations (MCOs) that have the greatest risk for experiencing skills gaps. Based on input from Federal workforce planning subject matter experts, OPM adjusted the model to enable it to meet agencies' needs.

OPM used the multi-factor model to conduct analysis on all of the 24 Executive agencies Mission Critical Occupations (MCOs) to determine which MCOs were at greatest risk. OPM used the results to identify 6 Government wide MCOs (Cybersecurity, Economist, Auditor, Acquisition, Human Resources and STEM as a functional area). OPM also identified 48 unique agency-specific MCOs across the 24 Executive agencies.

OPM developed and implemented the first Government-wide environmental scanning process. The qualitative data from the environmental scan reinforced the identification of the Government-wide MCOs. Additional information garnered from the process will support the identification of how occupations and skills will evolve so that the information can be incorporated into the development of human capital strategies that include strategies that will address skill gaps of today and in the future. OPM also led the effort to support the Federal Agency Skills Teams (the Government-wide and agency established teams whom are responsible for identifying root causes, developing action plans, and to establish and monitor metrics) by providing the training and supporting guidance for how to take action to complete each requirement.

Additionally, to institutionalize the skills gaps method, OPM revised Title 5, Code of Federal Regulations, Part 250, subpart B. Agencies will be responsible for using the OPM designated method to identify skills gaps, monitor and address skills gaps within Government-wide and agency MCOs,

describe the skills and human capital information required to achieve agency goals and objectives within agency strategic plans, and include explicit descriptions of agency skill and competency gaps that must be closed.

- **Re-Design of Federal Employees Health Benefits (FEHB) Plan Choice** - Each year, four million Federal employees and retirees choose a health plan from among the more than 250 health plan options available under the Federal Employees Health Benefits (FEHB) program. A hallmark of the FEHB Program is the ability to offer a wide choice of options to members, maximizing members' ability to make the most informed choice that best meets their healthcare needs and those of their families.

In plan year 2017, enrollees were able to choose from 92 plans and 245 plan options. During open season, typically the second week in November through the first two weeks of December, Federal employees and annuitants have the option to change or continue their enrollment with their health plan. With the large number of plan options and the inherent complexity of choosing a health plan (weighing price, quality, provider networks and the like), this can often be a daunting task, and many who could potentially benefit from changing plans may opt not to. OPM is re-designing the plan comparison tool to leverage knowledge from the literature about health plan decision-making and decision aid design in ways that facilitate optimal choices.

Developing a revised plan comparison tool reinforces OPM's longstanding commitment to enrollee choice and should increase the number of FEHB members who annually review their options. The agency is using an agile methodology to allow us to respond to unpredictability through an incremental and iterative work process, as more data elements become available through Benefits Plus, FEHB's new administrative/management database. A cross-agency work team's research focused on aligning the OPM plan comparison tool with industry-wide standards, creating the capability to customize the plan selection process, and incorporating the latest behavioral economics and choice theory findings about user preferences and consumer selection of health coverage.

FEHB will initiate plan comparison tool updates each year for the next several years. Future enhancements probably will include cost calculators and better integration of plan quality/consumer satisfaction information in the tool.

- **Convene OPM's Annual Research Summit:** To develop partnerships with agencies, academic institutions, and think tanks, OPM will hold its annual Research Summit in partnership with the School of Public Affairs at American University. The 2017 collaborative meeting is designed to bring together academic researchers, Federal practitioners, and industry partners to exchange ideas, collaborate, and participate in critical conversations about ways to transform human capital management policy through research, innovation, and analytics. This year, OPM will focus on four specific summit tracks: performance management, diversity and inclusion, workforce reshaping, and analytics and technology. Researchers and others discovered new solutions, learned from best practices and gained a better understanding on how to incorporate research and data into policy-decision making. OPM continues to strengthen these partnerships to leverage data sets, analytic capabilities, and research findings. OPM is evaluating the benefits and challenges of using

partnerships for external analytic capabilities related to data-driven evidence-based policy making, and determining the feasibility of expanding the use of said partnerships.

## Current Barriers

OPM seeks to enhance its infrastructure, technology, data sharing within and across agencies, data security and privacy, as well as resources and capacity. Despite some challenges, OPM continues to make progress in expanding access to and using administrative data, as well as in creating, rebuilding, and enhancing data analytics tools for both internal and external stakeholders.

- **Talent Gap:** Like many other Federal agencies, private sector organizations, and non-profits, OPM makes continual efforts to find the right mix of talent capable of working with new and emerging technologies, skilled at asking the right questions, and interpreting large quantities of data to find meaningful insights.
- **Data Access and Infrastructure:** Scaling up OPM's existing IT, database and web infrastructure to support more complex, interactive, and real-time data analytics. The lack of insight into real-time data could result in the agency making business and policy-critical decisions based on old or inaccurate data. Creating a more appropriate datacenter infrastructure will enable OPM to extract value from the large volume of data available. This will eliminate the potential for inconsistent data management, the problem of data stored in multiple parts of the agency, and any inability of those who need to access data to get it in a form they can readily digest at the time needed.

## Anticipated FY 2018 Activities

- **Health Claims Data Warehouse** enables OPM and the FEHB Program to strategically address health market challenges. The warehouse provides OPM leadership with the capability of analyzing the drivers of health claims costs, both current and longitudinal. This type of analysis allows OPM to identify changes in benefits and their impact on enrollee behavior and costs, as well as to profile disease burden at agency, geographic, and plan level.
- **Expand research partnerships under OPM's research authority (5 CFR 470.201)** with colleges and universities to conduct personnel management research to develop new knowledge and seek solutions to personnel management problems. For example, one potential research project is the utility of synthetic data. Synthetic data comprise individual records with every confidential value replaced with simulated draws from statistical models, which are estimated with the confidential data. The synthetic data can preserve many, but not all; important associations in the confidential data yet also carry low (and quantifiable) disclosure risks, as the released data are not actual records. OPM is exploring if synthetic data is a viable method as OPM continues to produce public use data files.
- **Publish a research agenda** to focus attention on areas OPM has identified as its top research priorities. The priorities will incorporate both current and emerging personnel management policies, initiatives, and needs. Making the priorities known and publishing the research agenda should help promote one of OPM's overall goals of developing partnerships with academic institutions, think tanks, and industry to share data, exchange ideas and collaborate on research and analysis. The

research agenda will focus on evidence-based practices, program effectiveness, and innovative research techniques and methods, as OPM plans for the Federal workforce of the future.

# Other Requirements

## Low Priority Program Activities

The President's Budget identifies the lower-priority program activities, where applicable, as required under the GPRA Modernization Act, 31 U.S.C. 1115(b)(10). The public can access the volume at:

<http://www.whitehouse.gov/omb/budget>.



# Table of Acronyms

<b>Acronym</b>	<b>Description</b>
ACA	Affordable Care Act
ACSI	American Customer Satisfaction Index
ALJ	Administrative Law Judges
ATO	Authority to Operate
CAF	Contract Access Fee
CAHPS	Consumer Assessment of Healthcare Providers and Systems
CDM	Continuous Diagnostics and Mitigation
CFC	Combined Federal Campaign
CFO	Chief Financial Officer
CFR	Code of Federal Regulations
CHCO	Chief Human Capital Officer
CHCOC	Chief Human Capital Officer Council
CIO	Chief Information Officer
CLIA	Congressional, Legislative and Inter-Governmental Affairs
CMS	Center for Management Services
COR	Contracting Officer Representative
CPARS	Contractor Performance Assessment Reports
CR	Continuing Resolution
CSRS	Civil Service Retirement Service
CXO	Chief Experience Officer
DCFSA	Dependent Care Flexible Spending Account
DHHS	Department of Health and Human Services
DHS	Department of Homeland Security
DME	Development, Modernization, and Enhancement
DNI	Director of National Intelligence
DOD	Department of Defense
DWP	Data Warehouse Program
DOJ	Department of Justice
ECQ	Executive Core Qualifications
EEO	Equal Employment Opportunity
EEOC	Equal Employment Opportunity Commission
EHRI	Enterprise Human Resources Integration
EHRIDW	Enterprise Human Resources Integration Data Warehouse
EHRI-SDM	Enterprise Human Resources Integration-Statistical Data Mart
EMDC	Eastern Management Development Center
eOPF	Electronic Official Personnel Folders
ES	Employee Services
FBI	Federal Bureau of Investigation



<b>Acronym</b>	<b>Description</b>
FEDVIP	Federal Employee Dental Vision Insurance Program
FEGLI	Federal Employee Group Life Insurance
FEHB	Federal Employees Health Benefits Program
FEI	Federal Executive Institute
FERCCA	Federal Erroneous Retirement Coverage Correction Act
FERS	Federal Employee Retirement Service
FEVS	Federal Employment Viewpoint Survey
FFS	Federal Financial System
FIS	Federal Investigative Service
FISMA	Federal Information Security Management Act
FITARA	Federal Information Technology Acquisition Reform Act
FLTCIP	Federal Long-Term Care Insurance Program
FPRAC	Federal Prevailing Rate Advisory Committee
FSAFEDS	Flexible Spending Accounts for Federal Employees
FSC	Federal Staffing Center
FSEM	Facilities, Security, and Emergency Management
FTE	Full-time Equivalent
FWS	Federal Wage System
FY	Fiscal Year
GAO	Government Accountability Office
GPRA	Government Performance and Results Act
GSA	General Services Administration
HC	Human Capital
HCAAF	Human Capital Assessment and Accountability Framework
HCaTS	Human Capital and Training Solutions
HCDW	Health Claims Data Warehouse
HCFSA	Health Care Flexible Spending Accounts
HHS	Health and Human Services
HEDIS	Healthcare Effectiveness Data and Information Set
HI	Healthcare and Insurance
HMO	Health Maintenance Organization
HRIT	Human Resources Information Technology
HRLoB	Human Resources Line of Business
HRS	Human Resources Solutions
HRSES	Human Resources Strategy and Evaluation Solutions
HRTT	Human Resources Tools and Technology
HRU	Human Resources University
IHCIRA	Indian Health Care Improvement Reauthorization Act
IOC	Office of Internal Oversight & Compliance
IQ	Inclusion Quotient
IRB	Investment Review Board

<b>Acronym</b>	<b>Description</b>
IRC	Internal Revenue Code
IRT	Interagency Incident Response Team
ISCM	Information Security Continuous Monitoring
IPA	Independent Public Accounting
IT	Information Technology
LEX HCFSA	Limited Expense Health Care Spending Account
MA/IDIQ	Multiple Award, Indefinite Delivery/Indefinite Quantity
MBD	Marketing and Business Development
MCO	Mission Critical Occupation
MSAC	Merit System Accountability & Compliance
MSP	Multi-State Plans
MSPB	Merit Systems Protection Board
MSPP	Multi-State Plan Program
NBIB	National Background Investigations Bureau
NDAA	National Defense Authorization Act
NHO	National Health Operations
NPRC	National Personnel Records Center
O&M	Operations & Maintenance
OASDI	Old-Age Survivors Disability Insurance
OC	Office of Communications
OCFO	Office of Chief Financial Officer
OD	Office of the Director
ODI	Office of Diversity & Inclusion
OEI	Office of Evaluations and Inspections
OES	Office of the Executive Secretariat
OGC	Office of the General Counsel
OIG	Office of the Inspector General
OLLA	Office of Legal and Legislative Affairs
OMB	Office of Management and Budget
OPM	Office of Personnel Management
OPO	Office of Procurement Operations
OSDBU	Office of Small and Disadvantaged Business Utilization
P.L.	Public Law
PACPMO	Performance Accountability Council, Program Management Office
PBM	Pharmacy Benefit Manager
PII	Personally Identifiable Information
PMO	Program Management Office
POAM	Plans of Action and Milestones
PPA	Planning and Policy Analysis
PSRHB	Postal Service Retiree Health Benefits
QCR	Quality, Customer Service, and Resource Use

<b>Acronym</b>	<b>Description</b>
RAE	Revised Annuity Employees
REHB	Retired Employees Health Benefits
RMG	Resource Management Group
RS	Retirement Services
S&E	Salaries & Expenses
SAG	Staff Acquisitions Group
SES	Senior Executive Service
SOS	Strategy, Operations and Support
SSA	Social Security Administration
SSCLOB	Security, Suitability, and Credentialing Line of Business
THEO	OPM Employee Intranet
TMAP	Training and Management Assistance Program
USC	United States Code
USSM	Unified Shared Services Management
WHF	White House Fellows
WMDC	Western Management Development Center



**U.S. Office of Personnel Management**

Chief Financial Officer

1900 E Street NW, Washington, DC 20415

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