



**UNITED STATES OFFICE OF PERSONNEL MANAGEMENT**

**STATEMENT OF  
DR. JEFF T. H. PON, DIRECTOR  
U.S. OFFICE OF PERSONNEL MANAGEMENT**

**before the  
SUBCOMMITTEE ON REGULATORY AFFAIRS AND FEDERAL MANAGEMENT  
COMMITTEE ON HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS  
UNITED STATES SENATE**

**on  
“The Challenges and Opportunities of the Proposed Government Reorganization on OPM  
and GSA”**

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July 26, 2018**

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Chairman Lankford, Ranking Member Heitkamp, and members of the Subcommittee, thank you for the opportunity to be here today to discuss the Administration’s commitment to reforming the United States Government, and aligning our agencies and Departments to better meet the needs of American citizens. As the Director of the U.S. Office of Personnel Management (OPM), and a seasoned human capital professional, I understand the importance of an effective strategy for workforce alignment and how organizations can utilize reorganization to realize positive results.

The 2.1 million-person civilian workforce represents one of the government’s largest and most impactful investments. Like any large organization, the Federal Government is only as effective as its people. Forty years ago, OPM was established in statute by the Civil Service Reform Act of 1978, and was tasked with aiding and advising the President on actions to promote an efficient civil service. This was the last time the Federal Government implemented broad civil service reform.

Today, many observers believe that the manner in which Federal agencies are required to hire, pursuant to existing law, may not be the most efficient way to pursue candidates with the best competencies for vacant positions, and may place the Federal Government at a competitive disadvantage with the private sector, which has fewer constraints on how private entities go about their hiring processes. There has not been comprehensive civil service reform in 40 years, and the last significant modifications to the hiring rules occurred 74 years ago. Over time, the hiring process has become a complex and difficult to navigate system of statutes and associated rules and regulations. On top of that, the way certain government functions and programs are organized does not enable our Federal employees to excel at delivering on mission in the most efficient and effective way possible. The current system hinders innovation by America’s incredible civil servants.

President Trump’s reorganization proposal is a comprehensive attempt to address these issues, particularly by elevating OPM’s strategy, policy and governance functions and aligning

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transaction based services in a new service-centered organization. I want to be clear on one particular point - this proposal is not a secret plan to fire civil servants, within OPM or across the government. Rather, it is an opportunity to elevate the Federal workforce management function and maximize the operational efficiency of human capital services.

Executive Order (EO) 13781, entitled "Comprehensive Plan for Reorganizing the Executive Branch," highlights the need to evaluate the organizational constructs that support today's mission delivery objectives. Building on a history of bipartisan government reform initiatives, the EO focuses specifically on the role of organizational alignment in reducing duplication and redundancy, and improving the efficiency, effectiveness, and accountability of the executive branch. To that end, the Executive Office of the President (EOP) released a plan entitled "Delivering Government Solutions in the 21st Century: Reform Plan and Reorganization Recommendations." One of the recommendations is to reorganize OPM and the process by which Federal personnel management and operations functions are coordinated. The main objective of the proposal is to enable OPM to focus on its core strategic mission, which is to serve as the chief human resources agency and personnel policy manager for the Federal Government. To accomplish this objective, we plan to blend the HR expertise of OPM with the customer delivery capability of GSA to meet the 21<sup>st</sup> Century needs for our government.

To drive real reform, the government needs to elevate Federal workforce policy, and utilize existing authority while seeking any necessary new legal authorities so that leading practices can play a larger role in driving strategic management for the entire Federal workforce. The proposal recommends moving OPM's policy function into EOP. The details of this piece of the transition would be developed in a later stage of the overall reorganization process, and would follow additional discussions with all stakeholders. Discussions are focusing on the realignment of OPM's HR Solutions, which primarily includes reimbursable HR services. By transferring these services, the human capital function can remain at OPM, allowing for a more comprehensive approach to strategic workforce initiatives for the Federal Government. With its renewed focus, OPM could better support the centralized coordination of all personnel policies for Federal employees, eliminating the confusing matrix of who does what under the current balkanized system, as well as several key gaps in policy that are inhibiting the streamlining of mission support services. OPM can concentrate on centralized policy development in areas such as employee compensation, workforce supply and demand, identification of future workforce skill needs, leadership and talent management, and other important issues. OPM would also modernize the approach to human resources policy, with a core focus on: strategy and innovation, workforce and mission achievement, senior talent and leadership management, and, total compensation and employee performance.

Merging certain OPM provided services with GSA functions will provide increased economies of scale and creates opportunity for significant cost-avoidance based on reductions in contract and IT duplication, as well as increased data sharing and availability. This merger will allow critical functions to be housed in a government-wide agency without the administrative burden and cost of operating duplicative support functions within multiple agencies.

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The thinking behind this proposed reorganization is not unprecedented. Congress has already required, pursuant to the FY 2018 National Defense Authorization Act (“NDAA”), that the majority of background investigations be transferred from OPM to Department of Defense (DoD). As you know, OPM has long held the mission of conducting background investigations for most of the rest of Government to support the imperative need that individuals applying for Federal employment meet necessary standards of personal conduct and character, and, for many years, has also performed background investigations related to national security determinations. In October 2016, the National Background Investigations Bureau (NBIB) was formally established, absorbing OPM’s predecessor investigative component and serving as the primary provider of background investigations for the Federal Government. However, the 2018 NDAA authorized the Secretary of Defense to conduct such background investigations for DoD personnel and directed the Secretary of Defense to carry out the transfer of associated personnel and resources from NBIB to DoD. In response to the government-wide impacts related to splitting the background investigative mission, the Administration has now considered realigning the entirety of NBIB functions, personnel, and resources under DoD, keeping the program intact to promote efficiency and effectiveness. This NBIB proposal would also enhance efficiency and effectiveness as it relates to other human capital operational services by creating a greater focus on OPM’s core mission.

Reorganization is one tool among many that this Administration is committed to using to drive transformational change in government. The proposal would help the needs of the American people, as well as advancing the President’s mandate for greater efficiency, effectiveness, and accountability in government. The proposal is focused on better aligning agencies to allow civil servants to thrive and to serve the American taxpayer more effectively and efficiently.

As with most other agencies named in the overall reorganization proposal, we are currently developing a detailed implementation plan. In support of this proposal, I am having ongoing discussions with the GSA and the Office of Management and Budget on the specifics of implementing this proposal, and how Administrator Murphy and I can best partner in carrying out this proposal. I expect to have future conversations with employee groups and Members of Congress as we gain more detailed insight into what is necessary to move forward. I understand there are a lot of questions about this proposal and the impact it would have. I look forward to having a continued conversation about it.

Thank you for the opportunity to testify and share the vision of this proposal. I welcome any questions you may have.