OPM'S 2007 BUDGET AND NEW STRATEGIC AND OPERATIONAL PLAN: A DISCUSSION WITH THE OPM DIRECTOR

HEARING

BEFORE THE

SUBCOMMITTEE ON THE FEDERAL WORKFORCE AND AGENCY ORGANIZATION

OF THE

COMMITTEE ON GOVERNMENT REFORM

HOUSE OF REPRESENTATIVES

ONE HUNDRED NINTH CONGRESS

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OPM'S 2007 BUDGET AND NEW STRATEGIC AND OPERATIONAL PLAN: A DISCUSSION WITH THE OPM DIRECTOR

TUESDAY, MARCH 28, 2006

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON FEDERAL WORKFORCE AND AGENCY ORGANIZATION,
COMMITTEE ON GOVERNMENT REFORM,
Washington, DC.

The subcommittee met, pursuant to notice, at 10 a.m., in room 2154, Rayburn House Office Building, Hon. Jon C. Porter (chairman of the subcommittee) presiding.

Present: Representatives Porter, Davis of Virginia, Davis of Illinois, Norton, Cummings, and Van Hollen.

Staff present: Ronald Martinson, staff director; Chad Bungard, deputy staff director/chief counsel; Chad Christofferson, legislative assistant; Patrick Jennings, OPM detailee/senior counsel; Tania Shand, minority professional staff member; and Teresa Coufal, minority assistant clerk.

Mr. PORTER. Good morning. I'd like to bring the meeting to order.

Linda, you were supposed to bring coffee and doughnuts for everyone in the audience today.

Ms. SPRINGER. They're a little late.

Mr. PORTER. Just checking.

Again, thank you all for being here today. A quorum is present. The Subcommittee on Federal Workforce and Agency Organization will come to order. Again, Director Springer, thank you for being here today and for your help and for all that you have accomplished in the last year.

Today I know you're here to talk about your 2007 budget request from the President and the release of an aggressive, Strategic and Operational Plan for OPM by yourself.

The time is right to examine the OPM's goals and its progress of ongoing initiatives. Let me be the first to say that I'm quite impressed with OPM's new strategic and operational plan for the next 5 years. Quite frankly, it takes a lot of guts to move a Federal agency in this direction with a to-do list that's pretty substantial. I am very impressed, and I realize that you're moving OPM into being one of the model Federal agencies here in D.C.

So I appreciate it.

The Director has committed OPM to specific goals, with target dates for each goal. The plan is a concise roadmap for accountability. It's a vast improvement over OPM's old strategic plan. To illus-

trate, let me contrast the previous plan with the new plan by focusing on similar objectives with regard to hiring. OPM's old strategic plan stated the following objections with regard to hiring: "increase the effectiveness and efficiency of the Federal hiring process and make Federal employment attractive to high quality applicants of diverse backgrounds." This is not really very informative, and the page of descriptive text that follows doesn't clarify the statement. Again, it's very broad. Contrast the statement I have just read with the example from OPM's new plan, decrease hiring—pardon me, "Decrease hiring decision timeframes to 45 days from the closing date of job announcement to date of offer for 50 percent of hires by the end of fiscal year 2006, and increasing by 10 percent per year thereafter to 90 percent in 2010."

That's very concise, very specific, and that's something we're not accustomed to, so I appreciate that.

And there are 170 of these specific goals in the plan. Again, it takes a lot of courage to publish a plan like that in Washington and I commend you, Director Springer, for your efforts and hope that you can complete all of your goals on time. However, I suspect some of these target dates may be adjusted as the year goes on. But that's to be expected. I'm willing to give you some room in recognition of the risk you have taken to commit OPM to specific target dates.

But turning to the budget report, the President requests a budget allotment of $256 million for OPM, an increase of $17.2 million for OPM's fiscal year 2006 post-recession budget allocation. The requested $17.2 million increase consists of $26.7 million for the new OPM initiatives, primarily OPM's Retirement Systems Modernization Initiative, and $13.7 million in offsets. OPM's budget allocation also includes $17.7 million for OPM's Office of Inspector General.

I'm pleased that the President has allocated new funding to move forward with the Retirement Systems Modernization Initiative. Last year I signed a letter to you, Director, expressing my experience about the reports of delays with the finalization of retirement claims. As you indicated in your response to that letter, the Retirement Systems Modernization effort promises to bring needed improvements to the speed and accuracy of retirement claims processing, and should greatly improve OPM's customer service for Federal retirees.

I am concerned about some of the program reductions that OPM is absorbing. Although the President's 2007 budget requests a budget increase for OPM, primarily for retirement systems modernization, I think we should consider the obvious question, what is being cut?

The fine print of OPM's budget mentions that OPM will be observing $13.7 million in program offsets. This may seem like a tiny amount in budget terms, but when considering the enormity of the Federal budget, it's all too easy to lose sight of the impact. However, I think the potential offsets that OPM may be forced to absorb are not insignificant. I would like to have more information about where OPM plans to absorb these reductions.

In this regard, I think it's important to realize the Federal work force is facing an unprecedented period of change. As noted, the

Federal work force will experience a "retirement tsunami" caused by the retirement of the Baby Boom generation.

The Federal Government must be able to recruit and retain new employees in an increasingly competitive technologically innovative environment. You must have sufficient funds and resources to allow you to continue to provide human resources and leadership in this environment.

I look forward to working with the congressional appropriators to assure that OPM receives the funds it needs to accomplish its mission. In addition, the budget allocation for your Office of Inspector General is facing a $452,000 cut. Again, this may seem like a tiny amount in budget terms. The Inspector General, however, achieves an extraordinary return with the funds he has available.

In 2005, the Inspector General reported that they recovered approximately $122 million. This amount includes $54.6 million recovered for the Federal Employees Health Benefits Plan from the civil settlement of a case involving allegations of false claims and kickback charges against a company that managed the pharmacy benefit programs of several Federal Employees Health Benefits plan carriers.

The Inspector General recovered these funds using an operational budget of approximately $17.9 million after an adjustment for certain expenses. That is a return on investment of approximately $8 for each dollar budgeted. If that rate is an indicator, a $452,000 cut means the Inspector General will recover approximately $3.6 million less in fiscal year 2007 than he otherwise would have recovered.

Although the Inspector General is not here today to answer questions, I think that amount deserves further consideration.

With that said, Director Springer, thank you again for being here this morning. I look forward to our discussions. And I'd like to recognize our ranking minority member, Mr. Danny Davis. Thank you for being here.

[The prepared statement of Hon. Jon C. Porter follows:]

ONE HUNDRED NINTH CONGRESS

Congress of the United States

House of Representatives

COMMITTEE ON GOVERNMENT REFORM

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Opening Statement of Chairman Jon Porter

Hearing of the House Government Reform
Subcommittee on Federal Workforce and Agency Organization

"OPM's 2007 Budget and New Strategic and Operational Plan: A Discussion with the OPM Director"

March 28, 2006

Thank you so much for attending the hearing this morning, and thank you, Director Springer, for coming to talk to us. With the recent 2007 Budget request from the President and the release of an aggressive strategic and operational plan for OPM by Director Springer, the time is right to examine OPM's goals and its progress of ongoing initiatives. And let me first just say that I am quite impressed with OPM's new strategic and operational plan for the next five years. Quite frankly, it takes a lot of guts for the head of a federal agency to openly lay out a to-do list with specific target dates in the agency's strategic plan. As far as I know, this is an unprecedented effort and it seems to go along way in OPM stepping out as being the model federal agency.

The Director has committed OPM to specific goals with target dates for each goal. The plan is a concise roadmap for accountability. This is a vast improvement over OPM's old Strategic Plan. To illustrate, let me contrast the previous plan with the new plan by focusing on similar objectives with regard to hiring. OPM's old Strategic Plan stated the following objective with regard to hiring: "Increase the effectiveness and efficiency of the Federal hiring process and make Federal employment attractive to high-quality applicants of diverse backgrounds." This statement is not very informative, and the page of dense descriptive text which follows doesn't clarify the statement. Contrast the statement I just read with this example from OPM's new plan: "Decrease hiring decision timeframes to 45 days from the closing date of job announcement to date of offer for 50% of hires by end of FY 2006, increasing by 10% per year thereafter to 90% in 2010." This statement is simple, clear, direct, and has specific deadline dates. In addition, there are 170 of these specific goals in the plan. Again, it takes a lot of courage to publish a plan like this in Washington, so I commend you, Director Springer, for your effort. I hope that you can complete all of your goals on time; however, I suspect that some of these target dates will slip slightly. But that is to be expected, and I am willing to give you some room in recognition of the risk you have taken to commit OPM to specific target dates.

Turning to the Budget Report, the President's requests a budget allotment of $256 million for OPM, an increase of $17.2 million from OPM's fiscal year 2006 post-recession budget

allocation. The requested $17.2 million increase consists of $26.7 million for new OPM initiatives, primarily OPM's Retirement Systems Modernization initiative, and $13.7 million in offsets. OPM's budget allocation also includes $17.7 million for OPM's Office of the Inspector General.

I am pleased that the President has allocated new funding to move forward with its Retirement Systems Modernization initiative. Last year, I signed-on to a letter to you, Director Springer, expressing my concern about reports of delays with the finalization of retirement claims. As you indicated in your response to that letter, the Retirement Systems Modernization effort promises to bring needed improvements to the speed and accuracy of retirement claims processing, and should greatly improve OPM customer service for Federal retirees.

I am concerned, however, about some of the program reductions that OPM is absorbing. Although the President's 2007 Budget requests a budget increase for OPM, primarily for Retirement Systems Modernization, I think we should consider the obvious question: "What is being cut?" The fine print of OPM's budget mentions that OPM will be absorbing $13.7 million in program offsets. This may seem like a tiny amount in budget terms. When considering the enormity of the Federal Budget, it is all too easy to lose sight of the impact of relatively small budget items. However, I think the potential offsets that OPM may be forced to absorb are not insignificant. I would like to have more information about where OPM plans to absorb these reductions. In this regard, I think that it is important to realize that the Federal workforce is facing an unprecedented period of change. Director Springer has noted that the Federal workforce will experience a "retirement tsunami" caused by the retirement of the baby boom generation. The Federal Government must be able to recruit and retain new employees in an increasingly competitive and technologically innovative environment. OPM must have sufficient funds and resources to allow it to continue to provide human resources leadership in this environment. I look forward to working with Congressional appropriators to ensure that OPM receives the funds it needs to accomplish its mission.

In addition, the budget allocation for OPM's Office of the Inspector General is facing a $452,000 cut. Again, this may seem like a tiny amount in budget terms. The Inspector General, however, achieves an extraordinary return with the funds he has available. In 2005, the Inspector General reported that he recovered approximately $122 million. This amount includes $54.6 million recovered for the FEHBP from the civil settlement of a case involving allegations of false claims and kickback charges against a company that managed the pharmacy benefit programs of several Federal Employees Health Benefits Plan carriers. The Inspector General recovered these funds using an operating budget of approximately $17.9 million, after adjustment for certain expenses. That is a return on investment of approximately eight dollars for each dollar budgeted. If that rate is an indicator, a $452,000 cut means that the Inspector General will recover approximately $3.6 million less in fiscal year 2007 than he otherwise would have recovered. Although the Inspector General is not here today to answer questions, I think that amount budgeted for his office deserves further consideration.

With that said, Director Springer, thank you again for coming here this morning. I look forward to our discussion of these matters.

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Mr. DAVIS OF ILLINOIS. Thank you very much, Mr. Chairman. I want to thank you for holding this hearing today. It gives us the opportunity to discuss the impacts of the fiscal year 2007 budget on Federal workers.

The proposed 2.2 percent pay raise is markedly lower than the raises Congress has enacted for the past several years. Federal pay raises have averaged more than 3 percent since 1999. Additionally, Section 836A in the appendix of the President's budget proposes that, in addition to annual and locality payments, the 2.2 percent pay raise should include special pay rate. Federal white collar employees receive an annual pay adjustment and the locality-based comparability payment in January of each year. Under the administration's plan, a special pay adjustment which would go only to employees in hard-to-fill jobs or locations would be included in the pay formula. Currently, Federal agencies must fund higher pay rates for hard-to-fill jobs from the existing personnel budgets rather than from the overall pay raise that Congress approves each year. This action, if taken, would diminish the amount of money available for annual and locality pay adjustments.

The President's budget also proposes $3.4 billion in savings from the Federal Employees Health Benefits Program over the next 10 years. The savings reflects a change in FEHB that would allow the governmentwide fee-for-service plan offered by Blue Cross/Blue Shield the ability to offer more than two levels of benefits. One likely result of expanding the governmentwide plan to allow for three levels of benefits is that the governmentwide plan would include a high deductible health plan that is coupled with tax advantaged health savings accounts [HSAs]. And in 2005, the FEHBP began offering such HDHP options in employee-organization sponsored plans and comprehensive medical plans which are not governmentwide.

The Government Accountability Office [GAO], recently issued a report evaluating the experience of the 14 FEHBP HDHPs in the FEHBP. The reports find and suggest that Congress should proceed with caution and not expand the use of HDHPs until the impact of the Federal Employees Health Benefits Plan is better understood.

Finally, the administration continues its call to grant all agencies the personnel flexibilities received by the Department of Homeland Security and the Department of Defense in 2002 and 2003 respectively. There are serious concerns regarding the extension of these flexibilities throughout the Federal Government. One of the main concerns regarding the extension of these personnel flexibilities is that to date there is an insufficient basis for assessing the effectiveness.

Personnel flexibilities granted to DHS and DOD are being challenged in the courts, thereby delaying the implementation and evaluation of these new systems. It is therefore impossible for Congress to measure and to evaluate their impact on the work force and to understand the cost associated with the design, implementation and training related to these new systems.

I have serious concerns about the administration's recommendations and of course look forward to Director Springer addressing

them. Again, I thank you for having this hearing and yield back the balance of my time.

[The prepared statement of Hon. Danny K. Davis follows:]

STATEMENT OF CONGRESSMAN DANNY K. DAVIS AT THE SUBCOMMITTEE ON FEDERAL WORKFORCE AND AGENCY ORGANIZATION ON HEALTH INFORMATION TECHNOLOGY

Wednesday, July 27, 2005

Chairman Porter, I want to thank you for holding this hearing today. It gives us the opportunity to discuss the impact of the President's Fiscal-Year 2007 Budget on federal workers, as well as the ongoing efforts to implement personnel flexibilities throughout the government.

The President's budget proposes equal pay adjustments: a 2.2% pay raise for the armed services and the federal civilian workforce. The proposed 2.2% pay raise is markedly lower than the raises Congress has enacted for the past several years. Federal pay raises have averaged more than 3% since 1999. Additionally, Section 836(a) in the Appendix of the President's budget proposes that, in addition to annual and locality payments, the 2.2% pay raise should include special rate pay.

Federal white-collar employees receive an annual pay adjustment and a locality-based comparability payment in January of each year. Under the Administration's plan, a special pay adjustment, which would go only to employees in hard-to-fill jobs or locations, would be included in the pay formula. Currently, federal agencies must fund higher pay rates for hard-to-fill jobs from their existing personnel budgets, rather than from the overall pay raise that Congress approves each year. This action, if taken, would diminish the amount of money available for annual and locality pay adjustments.

The President's budget also proposes $3.4 billion in savings from FEHBP over the next ten years. The savings reflects a change in the FEHB statute that would allow the governmentwide fee-for-service-plan offered by Blue Cross Blue Shield the ability to offer more than two levels of benefits.

One likely result of expanding the governmentwide plan to allow for three levels of benefits is that the governmentwide plan would include a high-deductible health plan (HDHP) that is coupled with tax-advantaged health savings accounts (HSAs). In 2005, the FEHBP began offering such HDHP options in employee-organization sponsored plans and comprehensive medical plans, which are not governmentwide. The Government Accountability Office (GAO) recently issued a report, evaluating the experience of the 14 FEHBP HDHPs in the FEHBP. The report's findings suggest that Congress should proceed with caution and not expand the use of HDHP's until the impact on FEHBP is better understood.

Finally, the Administration continues its call to grant all agencies the personnel flexibilities received by the Department of Homeland Security (DHS) and the Department of Defense (DOD) in 2002 and 2003, respectively. There are serious concerns regarding the extension of these flexibilities throughout the federal government. One of the main concerns regarding the extension of these personnel flexibilities is that to date there is insufficient basis for assessing their effectiveness. The personnel flexibilities granted to DHS and DOD are being challenged in the courts, thereby delaying the implementation and evaluation of these new systems. It is therefore impossible for Congress to measure and to evaluate their impact on the workforce and to understand the costs associated with the design, implementation, and training related to these new systems.

I have serious concerns about the Administration's recommendations and look forward to Director Springer addressing them.

Mr. PORTER. Thank you, Mr. Davis. I do have a question. You handled all those acronyms quite well in one sentence. You did really well. Thank you for your opening.

Congresswoman, do have you an opening statement this morning?

Ms. NORTON. I very much appreciate this hearing, Mr. Chairman, and the collegial way in which you run this subcommittee. And I want to welcome Director Springer. I'm pleased to hear what she has to say today, and I feel for her because I think she has come to the agency at a problematic time; when many of the issues that are most troublesome were decided before Ms. Springer even got there. It's her job to somehow take these issues and grapple with them and make them work, and some of them present huge challenges that would be very difficult to deal with.

I do want to say a word on the pay raise. Pay raise has been consistently controversial in Congress. Every time it equalizes the pay between the civilian and the military work force, there are very good reasons; particularly after September 11th, the distinction is very much without a difference. So this time, everybody's pay raise is less than it should be. There's a saying, I'm sorry to have taken all of you all down with us, but it looks like we took the military down with us.

Since the administration got the message that Congress is not going to abide a disparity in pay between people who all serve the Federal Government, so everybody is supposed to take less than they are due. Let's see how the appropriators deal with that one.

For this committee, Ms. Springer's tenure thrusts her in the middle of a set of huge experiments that one might have expected to be done dose by dose, and already many of the issues that the committee pointed out have surfaced the last place the Federal Government wants them to surface, and that is in the courts. Entire sections of the very controversial personnel and pay changes are now being held up in the court. Collective bargaining, personnel flexibilities.

The one thing that would seem to be wise would be for the Federal Government not to extend these major changes in the Civil Service system until they have had an opportunity to see whether they are workable at all. Not whether they work but whether they are workable at all.

Already, more than half the work force is involved because we have the Homeland Security Department, and we have the Department of Defense. That's a very big experiment. So one wants to figure out what works and what doesn't. It's not as if one has a small cohort and we're ready to go further. In fact, on the contrary. What we have is more than half the work force being subjected to personnel changes, personnel and pay changes of a kind that have not taken place in 100 years, and they're in the courts now. Some of them are so bereft of due process that I predict that they'll be in the courts for some time.

The administration forgot one cardinal principle, that is the difference between a private work force and a government work force, and yes, I'm sad to say, perhaps, although, I think there is a very good reason for it, that due process does attach to certain parts of government employment that would not be the case if one worked

for Google. And in many ways, these reforms were treated as if, in fact, everybody in the Defense Department, from the worker who perhaps is least important to the mission of the Department all the way to the very top, should be treated in the same way, with the same personnel and pay flexibilities, with collective bargaining thrown overboard so that there was no way in any real sense to protect a worker, at least if we are to understand the decisions of the courts thus far.

The committee was one that, after September 11th, there needed to be changes in certain parts of the personnel system and with respect to certain personnel of the Federal Government. This is a moment, it seems to me, particularly since the matter has wound up in court, for us to look very seriously at what has happened and for OPM to think very seriously before proceeding on any next steps.

Finally, Mr. Chairman, here we go again with health benefit plans proposed to be extended. There have been some experiments here, and experiments that confirm the obvious, that the people who take advantage of these plans are young, healthy and high paid. And I say to you, Madam Director, that is not a characterization of the Federal work force. It is what, almost 3 million person work force, and no one would say that it was like a high tech work force, young folks who might in the high tech parts of Virginia want to take advantage of such a change, so that in looking at a health benefits plan, we are obligated to look at the entire work force, and I must say that what the GAO tells us so far is that it would be—what the GAO has had to tell us thus far seems to indicate that we would move at our own peril to spread, or should I say at the peril of Federal employees, to spread health benefit accounts through this kind of a work force.

It is a work force where people are given pensions and benefits designed to keep them on the job for long periods of time. That's another difference between the Federal work force and other work forces. The Federal Government isn't doing such a good job at that today. Not only are we not able to recruit people; we train people and we find that, particularly with the contracting sector right out there ready to pay them more, they are gone. This puts the Federal Government, particularly with its missions, its multiple missions after September 11th, not to mention its usual missions, at a point when it should be rethinking personnel policy, trying to reinforce what personnel it has, particularly as the Baby Boom generation opts very often not even to wait for retirement but to go with early retirement and then to go someplace else and make money in the private sector.

It is an issue that got the attention of this committee that is so serious, that this committee in this very room before Ms. Springer came had a joint committee of the House and the Senate, so concerned are we that there are no natural reasons for people to come to the Federal work force as there were before.

In many ways, we need these people, particularly people in certain categories, more than ever, and the Federal Government is not taking—making steps that would encourage people not only to come but to stay. So I have very serious personnel concerns, some of them above your pay grade, but certainly, Ms. Springer, some of

them within your purview, and I very much look forward to hearing your testimony today.

Mr. PORTER. Thank you very much.

Mr. Van Hollen, do you have anything you'd like to add this morning?

Mr. VAN HOLLEN. Thank you, Mr. Chairman. Looking forward to the testimony.

Mr. PORTER. We need to take care of some procedural matters. I ask unanimous consent that all Members have 5 legislative days to submit written statements and questions for the hearing record. Any answers to written questions provided by the witness will also be included in the record. Without objection, so ordered.

I'll also ask unanimous consent that all exhibits, documents, other materials referred to by Members and witnesses may be included in the hearing record, that all Members be permitted to revise and extend their remarks. Without objection, so ordered.

It's also the practice of the subcommittee to administer the oath to all witnesses. I'd ask that you now stand.

[Witness sworn].

Mr. PORTER. Let the record reflect the witness has answered in the affirmative.

Our first panel today, and our only panel here, we'll hear from Director Linda Springer, the Director of the Office of Personnel Management. She has been with us before and it's always a privilege to have you here, and we appreciate it very much. Ms. Springer, if you'd like to proceed with your opening comments.

STATEMENT OF LINDA M. SPRINGER, DIRECTOR, OFFICE OF PERSONNEL MANAGEMENT

Ms. SPRINGER. Thank you, Mr. Chairman. What I'd like to do is make my comments with the aid of some charts and we'll provide copies of those charts to the members. I would ask that the full text of my written statement and the attachments be submitted for the record.

The first chart is actually just the cover of the plan, but by way of openers, I'd just like to say that as you mentioned earlier, Mr. Chairman, this is a different plan. It has 170 actual to-dos. We have given complete visibility into the operations of OPM, what we intend to do over the course of this plan period, and each of those to-dos has a due date, which makes it very unique. The whole world can see what we're trying to do, when we expect to have it done, and they can hold us accountable.

This is accountability taken to a degree that I think is rare, certainly in the Federal Government. So we are very proud of this plan. And the starting point for it obviously was to redefine our mission statement.

If you'll see on the next chart, essentially our job is to ensure that——

Mr. PORTER. Excuse me, Director. Traditionally we hold testimony to 5 minutes, but please, know if you need extra time.

Ms. SPRINGER. Thank you, sir. Appreciate that.

The mission is to ensure that the Federal Government has an effective civilian work force. That is OPM's job. It's a big job. We have nearly 2 million men and women in the Federal work force.

Most of those are outside of Washington, DC. So it's a worldwide effort, and it stems from the front end with background investigations, all the way through the retirement administration process. So if OPM does its job well, every other agency will be able to serve the American people better for it.

Now we have developed this plan at the same time that we were developing our 2007 budget. So there's great consistency and harmony between the two. This next chart shows the budget priorities that were presented in the congressional budget justification, and there are 11 of them, and they're all very important to us, and it's exactly the same, and we took this right out of the CBJ.

Each of those has to-dos in this plan; 53 of the 170 are lined up with these 11 priorities that we presented in the budget. And in the attachment to my statement is a page for each of these 11 with some very specific to-dos, and, as I said, with due dates for each of them. So you can take a look at those, and you'll get an idea as to how we're going to make these things happen.

There are some highlights I want to give you here. On the retirement benefits administration, there are 2 million people, over 2 million people now covered by our retirement administration process. That includes members of the legislative branch, includes all of you when you get to the point of needing a retirement calculation. So we have a strong common bond in making sure OPM does a good job.

When it comes to health benefits, we have in the neighborhood of 8 million people covered by the FEHBP. That includes present and former employees and dependents. When it comes to things like the FEHBP, we're looking at ways to deal with health information technology. I know, Mr. Chairman, that's an important effort which we are grateful for your interest in that and looking forward to the hearing on that, but we're very involved there and share your interest in it.

Attracting employees for the future. That is a very, very important part of making sure that we continue to have an effective civilian work force in the future. Appendix E of our plan deals with a concept and an approach to that called career patterns. Again, I would direct your attention to that.

In addition to all those things, we want to make sure OPM's management makes it a model of performance across the Federal Government. So those budget priorities again are really where our focus will be not just in 2007, but beyond.

On the next chart, you will see a snapshot again consistent with what we've already given you in our CBJ of our 2007 appropriations request. I know the print is small, and there is a copy of this, I believe, in the material that you have received.

Just to highlight it, the total request is for just short of $37 billion; 99 percent of that is for trust funds. It's mandatory. So it's only about 1 percent of what we request that is actually discretionary and is used to run the operation of OPM. That discretionary portion shows an increase this year of roughly $17 billion. $17 million. That's the net of a $27 million increase for a new retirement modernization project, which I'll explain in a minute, offset by a decrease of roughly 10 million.

That difference, that decrease, that offset, a portion of it is related to staffing. We're going to be running with 26 less people. Doesn't sound like a lot in the Federal Government, but that amounts to several million dollars. We're going to be holding back and delaying some other systems enhancements. We're going to be cutting back on some contractor support. And those are the three main areas that will allow us to cut back and to fund a portion in effect of that retirement modernization project.

So this year, we're showing an increase of roughly $17 million in that small 1 percent of the total of our budget request for 2007.

I'd like to go to the next page, the next chart, and talk a minute about this retirement systems modernization project. Again, the reason why I'm zeroing in on this is twofold. One, it's the one area where we've asked for more money in 2007, and the second thing is, everybody in this room who works for the Federal Government cares about this if we're going to retire some day, or at least have a—leave with a vested retirement benefit.

OPM does this process manually today. We take too long. We got a letter from many of you late last year, signed by nine members, many of whom are present today, saying that we've got to do a better job. We can't have delays of 90 days; we can't be putting out benefits for 2, 3, 4 months until the calculation is final with benefits that have a hair cut of 15, 20, 35 percent until we get all the information to do our calculation.

Part of that is a function of getting information from the agencies. Part of it is a function of the fact we're doing these calculations manually. You see this drawer over here. I'm doing a little show-and-tell here, and I hope I don't abuse my opportunity, but this is a sample of what our people have to work with.

We have 28,000 file cabinets; five drawers in each cabinet; 144,000 of these drawers, packed, that our people have to go through to get personnel records when someone retires and then do a calculation manually. It is a shameful way of doing this.

If we took all the drawers for our retirement office and put them end to end, starting in this room, we could go all the way to Baltimore and come back again and not run out of drawers. That's how bad it is.

Mr. PORTER. Excuse me, Director. That would be just Ron Martinson's file, right?

Ms. SPRINGER. Some files are bigger than others.

And looking ahead to the increased number of people that are going to be retiring, this is not a sustainable situation. So we're doing two things: In the short run, we've asked for some money in this budget, a little bit, about a million plus to bring back some people who are experienced. We're working on some process refinements so we have the more experienced people doing the more complicated retirement calculations, the easier ones with the newer people. We're working with agencies on a pilot to make sure that they can get us information maybe even before someone retires so we can get a head start.

Those are all just bandaids until we can get this new system. This year, we're asking for about $27 million. That's this year's installment. OPM had made an attempt in the past to try and come up with a new system. They tried to build one from scratch. It

didn't work. There was some money left after. We put it in the bank, in effect. We were able to use that, plus this, plus some other money that we think we will be able to get a good start on getting this system in place. We hope by 2009 that we can have the new system up and running.

In the meantime, we have been making some progress through some of the basic process improvements in getting that wait time down to getting a final accurate payment. But the ultimate answer, that is, we've got to have this new system. We can't keep using this file system that we have today. It's just not going to work.

Now let's go to the next chart, if you can. The question is, it's great to have a plan, all these to-dos, visibility, but it doesn't mean anything if you can't get these things done. We believe the American people and all of you expect us to get things done.

So the question is, how do we do that? One of the things—we have it in a chart, and we've given you a copy—is that we have put together a chronological list. Now this is the 2007 page, but I have this starting from this month right on forward through the whole 5 years of this plan, is a chart that essentially says, for each month, here's what we've got to get done; next to that, not in your copy but in my copy, who at OPM is responsible; and next to that is a column that says the date that it was completed.

And this is my score card to make sure that everything gets done, everyone knows what they need to get done, so it takes this plan and puts it onto a tracking sheet. Now beyond that, each member of the SES at OPM has these goals in their performance contract. That means that every executive at OPM has their pay on the line for getting these things done.

We can do that in the SES. We can't do that through the rest of the organization, as you know, but we can do it in the SES. That means executive comp at OPM is tied to achieving the goals in this plan. So that is accountability.

I have reviewed this with Comptroller General Walker, he said it's really pretty impressive to go from a plan to a tracking sheet to how people are actually paid in their SES performance contracts.

Beyond that, it's not just a stick issue; there's a carrot to this. We're going to reward people. We're going to congratulate them. We have all kinds of ideas to keep the momentum going as we achieve these goals.

There's also obviously public pressure because people have this plan; it's visible. No one likes to be embarrassed. I certainly don't, and neither do the people in OPM. So they're excited about getting these goals done and showing that this kind of system can work.

Just two more quick charts. That's the second half of 2007. We couldn't get it all in 1 year; there are so many goals.

Next to the last chart shows two areas that I want to highlight for you that relate to legislative proposals that are in the President's budget. One is, there's a fix in there that we hope you will take up that relates to a penalty in effect for people who want to stay on in their government job on a part-time basis after they've retired. We have many people, and I go around the country; I have been to a dozen cities, talked to the Federal executive boards. People don't want to go from working full-time to no time, in many cases. They'd like to stay with the Federal Government. We'd like

to get the benefit of their knowledge and that knowledge transfer. But they can't do it if they're in the CSRS without a penalty to their pension. That's a bad answer.

So there is in the President's budget a fix for that. We hope that you will be able to take that up and pass that.

The second thing is that we are looking to expand health care options. I understand that there's some concern about that, but we believe that the Blue—first of all, half the people are under the Blue Cross/Blue Shield system, and so we believe that those people deserve the same choices that other people in the private sector have, and the Blues offer these type of arrangements in the private sector.

We believe people in the Blues who really want to stay with Blue Cross and Blue Shield as they have for decades deserve to have that option. So we are looking to expand to have that third option.

So I just want to finish up by saying as it says on this last chart, we view this as a partnership. This is the largest font size I could find to fit on the chart.

But we believe that our success is tied to the partnership that we have with you. We can only accomplish the things that are in this plan if we get the funding for them. We believe that it is a tight budget year. It will be a challenge for us, but we believe that the amount that is in the President's budget will allow us to do the things that are under this plan. We think they're the right things to do, and we believe that we can get that done.

So, again, we look at it as a partnership, and we're glad to have the opportunity, certainly I am, to visit with you today, and we'll make ourselves available in the future as well.

Thank you, Mr. Chairman.

[The prepared statement of Ms. Springer follows:]

Statement of
The Honorable Linda M. Springer
Director
Office of Personnel Management

Before the

House Committee on Government Reform
Subcommittee on the Workforce and Agency Organization

On

OPM's Fiscal Year 2007 Budget and New Strategic and Operational Plan

March 28, 2006

Mr. Chairman and Members of the Subcommittee:

Thank you for inviting me here today to discuss the Office of Personnel Management's (OPM) proposed Fiscal Year (FY) 2007 Budget and new Strategic and Operational Plan. I am pleased to have this opportunity to share with you OPM's financial and budgetary needs, as well as our refocused mission, strategic objectives, and operational goals.

As you know, OPM provides a variety of products and services to the nearly 1.8 million employees in the Federal Government. Some of our products and services include managing health insurance for approximately 8 million current and former Federal employees and their families, administering retirement services for over 2 million retirees from all branches of government, completing 90% of background investigations, and administering career development programs. As the OPM Director, I am committed to successfully delivering on

our responsibilities on a timely basis. In short, I believe the American citizens and the Federal civilian workforce expect us to get things done. And we are working to do just that.

OPM's New Strategic and Operational Plan

In order for an organization to fulfill its mission, it is first necessary to have a clear understanding of that mission, with supporting strategic objectives and operational goals. These goals must be accompanied by strong oversight and accountability in order to reach optimal performance.

With these principles in mind, we began to outline the agency's goals and priorities, with an eye toward creating a more transparent and accountable OPM. This planning process was guided by an advisory group consisting of executives and senior General Schedule employees with OPM knowledge and expertise. During these meetings, the advisory group reviewed draft strategic objectives and goals, identified important program needs and milestones, and played a critical role in the development of the resultant plan.

During the planning process, I also reached out to other resources for input, including Members of Congress, the Chief Human Capital Officers Council Executive Committee, union leadership and the Office of Management and Budget.

The result is OPM's new Strategic and Operational Plan, which begins with a concise mission statement – to ensure the Federal Government has an effective civilian workforce. While this plan complies with the Government Performance and Results Act of 1993, it differs markedly

from previous OPM plans and other Federal agency plans as well. This is intentional. Its goals are straightforward and readily identifiable, with each being action-oriented and beginning with a verb. Each goal also has a date by which it will be accomplished. The plan's 170 goals are included in the OPM Senior Executives' performance agreements. This means that, under the new SES performance-based pay system, executive compensation is directly linked to successful execution of the plan's goals. The bottom line is this – program performance will remain subject to high level management attention to ensure achievement.

Achieving Our Goals

Among the priorities outlined in the Strategic and Operational Plan is improving the retirement claims process. We have set goals of making final 90% of initial retirement benefits in 30 days by October 1, 2006, and completing and mailing notices in 10 working days for 80% of subsequent change requests by October 1, 2006 by implementing process and workflow improvements. However, to sustain this level of performance in an environment of increasing rates of retirement, we must revamp the current paper-based system by implementing a modern electronic system to handle the increasing volume of claims being filed by Federal employees. We have set transparent milestones with due dates, such as awarding a retirement systems modernization contract by May 1, 2006, and an Information Technology service contract by June 1, 2006.

Accordingly, this year OPM is asking Congress to appropriate $27 million to us so we can improve retirement administration using the new Information Technology system to process

claims. This is just one example of linking our mission to our operational goals and to our resource needs.

Funding the Plan

Operational planning and budgeting go hand in hand, and the OPM process was no exception. The new plan was developed concurrently with our 2007 budget request. The budget priorities you have seen in the Congressional Budget Justification can be traced back to program priorities in our new plan. This means that accomplishing the goals of the plan is realistic as long as the funding request is sustained.

This year OPM is requesting $36.6 billion to carry out its mission in FY 2007. Of this total, $36.3 billion, or 99%, is requested for mandatory payments with the remaining $255.8 million, or 1%, for discretionary activities, including the Office of Inspector General's programs.OPM's FY 2007 discretionary budget request shows a net increase of only $17.2 million compared to the FY 2006 level enacted by Congress.

Responsible Stewardship

But achieving success takes more than setting rigorous goals – it also requires a commitment to accountability and wise stewardship. The men and women of OPM follow the 10 Guiding Principles presented on page 5 of the plan. Taken together, they will require us to focus on what is most important – ensuring the Federal Government has an effective civilian workforce.

Thank you for the opportunity to appear before you today. I am prepared to answer any questions you may have.

Mr. PORTER. Thank you very much. Before I get into the question-and-answer period, Mr. Cummings, would you like any opening comments today?

Mr. CUMMINGS. No, Mr. Chairman.

Mr. PORTER. Thank you. Very impressive. I appreciate that you have set some pretty major goals, and you're putting not only yourself but your employees in a position where performance is going to have to happen, and I appreciate your goals.

I'd like to go back to the 28,000 file cabinets. As an example, you mentioned having to search out information for retirees. How does that work today? Literally their file can be in multiple places? How does it work today?

Ms. SPRINGER. The starting point is the request that comes into OPM from the agency where the individual is retiring from. Now that person may have worked at three or four other different agencies and there may be a paper trail that follows them around. We have some of the records, but there's other information we need to get from that final agency, and so until we get all of that information, then we can't really start the process.

For the month of February, which is the last complete month I have, we have about 11,000 or 12,000 cases where someone has requested a retirement calculation, but we're still waiting on an average of 30 days for agencies to complete the information that we need. So we can't even start our part of it until we get that. But there's paper information that we have, paper information from the agency.

Mr. PORTER. The Blue Cross/Blue Shield, of course, has been increasing substantially over the past 10, 15 years. Is it 50 percent now?

Ms. SPRINGER. That's right.

Mr. PORTER. Do you see that as a problem with one major carrier that's the bulk of the enrollees?

Ms. SPRINGER. I don't see it as a problem, no. I think that certainly if you were talking about 80, 90 percent, you would have to view that more of a monopoly situation. I don't believe that the Blue Cross/Blue Shield system even approaches that. In fact, it's made of, as you know, of local Blue organizations so it really isn't like it's just one organization in the way we traditionally think of it. So, no, I don't find that to be a problem.

Mr. PORTER. Again, I think there is a lot of pleased participants. I just wanted to have your perspective.

Ms. SPRINGER. There are choices throughout the country so it's not as if that's the only choice that's offered.

Mr. PORTER. The health benefit plan does a good job in competing or providing for competition to keep the premiums low and the cost low for our employees. Are you able to do that soon with the dental and vision plans, where we can maybe have some competition?

Ms. SPRINGER. We do hope to do that. We've had a request out obviously for some time for people to—or for organizations to apply throughout the country. We're looking to regional carriers as well as national carriers. We will be introducing the coverage in the next open season, which will be in the latter part of calendar 2006. Under the law, we had to get that done by the end of 2006.

We believe there will be choice, and choice is what leads to—and competition leads to cost containment. So that's an important factor.

Mr. PORTER. This global economy also has global challenges, and one of those is, as our work force, of course, is aging in certain areas, a key component of retirement today in this economy is long-term care. It's a huge challenge for our retirees.

Can you address plans for long-term care and those provisions for employees as options?

Ms. SPRINGER. There's no question that long-term care is important. I think it's going to become increasingly important. We have the aging of the population generally, in addition to the Federal work force population and our own dependence. We believe we have a good program. The carriers that we partner with on that, John Hancock and, I believe, Met Life are leading carriers in this. They have been in the forefront of this for many years.

So we believe we're doing our due diligence with respect to providing strong plans and strong options to the Federal work force. I believe we have more people in the Federal work force plans than in any other—compared to any other employer in the country. So people are, while it's not large, it's growing, and we've gotten good response to it. It's something we're going to have to continue. It's very, very important.

Mr. PORTER. Do you think there is any way we can find additional incentives to help our employees to invest in a long-term plan. Are there some other things to help. I mention that because I see this as a critical part of retirement. If there's anything else we can do to get incentives to have the employees sign up.

Ms. SPRINGER. It's an area that we need to continue to look at, I agree with you. It's got such—in addition to the individual level, the economic value of having long-term care provisions in place is just going to become more and more important.

Mr. PORTER. I'd like to, not necessarily today but in the near future, chat with you or someone with your staff and see what else we can do to help encourage incentives to keep the costs reasonable. Again, I think it's a priority for us.

Ms. SPRINGER. Glad to do that.

Mr. PORTER. Mr. Davis.

Mr. DAVIS OF ILLINOIS. Thank you very much, Mr. Chairman.

Madam Secretary, this is actually one of the most comprehensive and most clearly delineated management tools that I have seen, and I want to commend you and the agency for having developed it.

Since there was no mention in your fiscal year 2007 budget, I'm assuming that OPM does not intend to apply to the Centers for Medicare and Medicaid services for the $1 billion a year employer subsidy your agency is entitled to under the Medicare Modernization Act, since Federal annuitants receive drug coverage through the FEHBP that is at least equal to the new Medicare part D benefit.

I also understand that you have said that the agency did not need to take advantage of the subsidy since you did not intend to significantly change the drug coverage Federal annuitants age 65 or older receive through that Federal Employees Health Benefits

Program plan for the 2006 contract year. Why should OPM opt out since the Medicare law does not require CMS to determine if employers applying for the subsidy would have retained their retiree drug coverage with or without the payment?

And, finally, I have heard that OPM has said that you do not believe it is appropriate for the Federal Government to be paying itself for this purpose. As you know, payments to OPM, unlike other employers, would not result in new spending on the Federal budget rules since they would not be spent outside the government. Furthermore, such inter-governmental transfers are not unusual. In fact, the Federal Government pays itself for the future retirement obligations when Federal agencies make contributions to their own budget retirement trust on behalf of their employees.

If the government regularly pays itself for other purposes, why not apply for this subsidy and use it to help mitigate costs in the Federal Employees Health Benefits Program?

Ms. SPRINGER. The way OPM views it is that there's a principle involved with respect to that subsidy that we believe doesn't apply here, and that is that we believe that subsidy was intended to ensure that plans who might otherwise start to draw back from what they would offer their employees would get that to help preserve the level of benefits that they were being offered. As you say, we have no intention of drawing back from that.

Now one could say that, why not still take advantage of it? And in that case, we view it that it would be taking out of one part of the government as you say and giving it to another. The FEHB plan is heavily subsidized already from the employee standpoint and so, again, both from the standpoint of the cost to the employee and to the member, as well as to the preservation of our benefit offerings, we just didn't feel that it met that test and so we did not elect to take advantage of it.

I know that there are some people who might say even with the subsidy that you have, and even though you're not planning any cutbacks, you should still take it. If we were to do that, as you say, from an overall Federal Government standpoint, it would be neutral because it would be taking from one part to another. So we haven't elected to do it, and we followed the principle that's being applied that we think when that was designed in the first place.

Mr. DAVIS OF ILLINOIS. Are you suggesting the annuitants would be well covered without it, that there is really not the absolute need?

Ms. SPRINGER. I don't believe there is an absolute need, no.

Mr. DAVIS OF ILLINOIS. You also mentioned that, in the future, we can look forward to getting rid of the part-time penalty. Would you elaborate a bit on that?

Ms. SPRINGER. I'm sorry, could you repeat that?

Mr. DAVIS OF ILLINOIS. The penalty that——

Ms. SPRINGER. In the CSRS, yes. Currently, if I retire from the Federal Government and if I were in the CSRS, which is the plan in effect for employees hired before 1984, if I wanted to elect to stay on on a part-time basis, the high three benefit calculation or high three compensation salary calculation that leads to my benefit would be adversely affected by that part-time service, the way it's

treated. So that would bring down the benefit that I would ultimately get when I fully retired.

So that is driving people away from part-time service if they were covered by the CSRS. So this fix makes an adjustment to how part-time service is counted.

Mr. DAVIS OF ILLINOIS. Thank you very much.

Thank you, Mr. Chairman.

Mr. PORTER. Not a question, but it's a problem Nationwide where we have a work force, I know the public employees in Nevada are penalized if they come back in the system, and there are so many folks out there that are talented and would like to remain part of the work force and provide so much information and talent. I think it's great. We have to make sure that we continue not only in the Federal program but other programs so there's an incentive.

Congresswoman, do you have any questions?

Ms. NORTON. Thank you, Mr. Chairman.

I want to commend you as well, Ms. Springer, on laying out your objectives. I ran a very troubled agency; when I came, it was troubled, and we put in place management by objective and held to it, and it really is the only way to kind of monitor yourself.

Some of what you're monitoring looks like it may be out of your control. Let me ask you the status of the appeal from the district court decision almost a year ago that threw out the collective bargaining regulations in the Department of Homeland Security system.

Ms. SPRINGER. Well, let me go back to how we deal with those things in our plan. There are a couple of references in the plan to personnel reform, and one specifically is DHS and to the DOD. We are monitoring those, we're holding ourselves accountable for monitoring the results to the extent that they move forward. We are looking to, and there is specific language in here to build the case for personnel reform, further reform.

Now the parts that have been most contentious of the two existing relate predominantly to the labor management sections, as you know.

Ms. NORTON. You have two cases; you have two cases that—one has thrown out the DOD's new personnel regulations, and of course, these were the two agencies that were before the committee and where the changes were going on. And then another involving, yes, collective bargaining. That was a wholesale throwing out of the entire set of regulations.

Ms. SPRINGER. Yes. So with respect to those, and I can't comment actually on where we are with respect to appeals and things like that.

Ms. NORTON. Wait a minute, I'm not asking—as I understood it, the government—you can comment, seems to me, on the status of the case. Has the Government appealed the collective bargaining case to a higher court as yet?

Ms. SPRINGER. Not in DOD.

Ms. NORTON. I'm sorry?

Ms. SPRINGER. Not in the Department of Defense, I'm told. That appeal to a higher court has not occurred in the Department of Defense case.

Ms. NORTON. All right. The Department of Defense case involved personnel regulations. If you haven't appealed, the time for appeal—that involved something where the regulations—Mr. Chairman, you may remember, we had this very complicated hearing where somebody in an effort to deal with the appeals processes wanted to put everything together. It was extremely complicated. One of them was labor relations. The labor relations sections, the appeal sections. DOD regulations and all of the collective bargaining of Homeland Security regulations have now been thrown out by district court. The labor relations ones were a total disgrace. They simply collapsed everything into the chairman of the commission. It didn't have a ghost of a chance of surviving. But all of that was predictable.

The reason I ask these questions is, if we're going to get regulations and then everything is going to be on hold for years because you're in court, it doesn't make much sense to issue such regulations. So what I want to know is both of these cases are old; one, August 2005, the other, I don't have the date in which it was decided. All I want to know is, is the department appealing these cases or is it going back to the drawing boards to try to in fact conform to the court decisions?

Ms. SPRINGER. Let me answer that with two pieces. One is that, in the case of DOD, while an appeal has not been filed yet, it's being considered.

Ms. NORTON. You mean, the time for appeal hasn't——

Ms. SPRINGER. That's a more recent one. There's a little bit more time for the DOD one. The DHS one has been appealed, I believe. And there are some oral arguments next week. The lawyers handle that.

Ms. NORTON. So, what, the present collective bargaining is in place, or we're on hold?

Ms. SPRINGER. The present one is continuing in place. But, if I may, we had a hearing with this committee a few months ago where we talked about the future of personnel reform, and given what was going on with DOD and DHS, did that bear on our thinking for the future? One of the things that I remember having discussion when the comptroller general was here and his recommendation was to focus on the personnel, the pay parts, rather than on the labor management parts. And so I think that was something that several of you had thought might be fruitful, and so in accordance with this plan, as well as that hearing, that's an avenue that we're looking at as well.

We are continuing to work with the existing DOD and DHS as those go through the courts, but we're continuing to review and build the case and see how we can make the business case, particularly with respect to the pay portion. And what I'm finding as a validation for that type of thing is how that's helping me to get our things done, our plan done, because in the SES, at least I can tie the actual goals to compensation.

Ms. NORTON. I'm very pleased that you're working on the pay parts. Perhaps—I can think of nothing more controversial that I have ever heard in the committee than the notion that there would be pay for performance but there were no regulations describing

how an employee would be notified in writing what was expected of the employee whose pay would be conditioned on performance.

I have to ask you, particularly since you say you're working, and I'm very pleased to hear that, on the pay parts of the reform; are you working on that particular threshold notion of notice to the employee in writing on how the employee is to be evaluated and pay is to be therefore conditioned?

Ms. SPRINGER. The answer to that is, yes, and that's nothing new. That has actually been in our proposal. I feel very strongly if someone won't put it in writing what they expect of you, then you should question why you're working for that person.

Ms. NORTON. There was a huge defense given, and I don't know who it was, about why this wasn't necessary, and it took a lot of time of the committee.

Ms. SPRINGER. That is in the version that we put out last summer, that the requirements should be in writing, that they need to be in writing. So, yes, that is important. I agree with you.

Ms. NORTON. Thank you very much.

Now let me ask a question about whether you intend—you say, on page 8, implementation of Civil Service reform across the Federal Government monitoring report on demonstration projects at agencies. We know there are all kinds of demonstration projects going on. My question is, do you intend to implement the reforms or the changes that were passed for DOD and for Department of Homeland Security anywhere else in the Federal Government at this time?

Ms. SPRINGER. There is no proposal right now like the DOD or DHS proposal, other than the kind of straw man, if you will, that we put out as a discussion piece last summer.

Ms. NORTON. There's a great deal of anxiety in the Federal work force about that. As I said in my opening statement, you really do have a huge number of employees to figure this out with, and it does seem that since you have the majority of the work force already, that ought to be enough for now, and then if there is to be implementation, if you can show that this works, you would have shown it because you have most of the people to show it on.

What is the average age of the Federal work force?

Ms. SPRINGER. I believe it is in the mid 40's.

Ms. NORTON. I ask that question because I want to know why you think that a work force of that age would—sorry, whether the FEHPB, which has seen rising premiums, to much of our consternation and yours, for years, would benefit if in fact large sections of the work force, young and highly paid, were to opt for these health benefit plans, and what condition do you think that would leave the health benefit—the FEHBP in?

Ms. SPRINGER. First of all, with respect to the work force population, it's a little bit of a barbell population, if you will. We have a lot of people in the upper age group and we have been trying to bring people in at the younger age group. I'd like to have people at every age group come to the Federal Government.

Ms. NORTON. You got what you got.

Ms. SPRINGER. But we have a little bit of a barbell now.

Ms. NORTON. What?

Ms. SPRINGER. A barbell effect, where we've got a lot at the upper end, fair amount at the younger end, not quite as much in the middle. I believe that choice is good, and limiting choice is usually not good. Now when you have as we have right now in the Federal Government only a few options for that one type of the high deductible, it's only in a very few plans, then you can't really give a fair assessment in my opinion of what the response will be and who will respond to it.

We have somewhere around 7,000 to 14,000 I believe people who have responded. That's a very small portion of a plan that covers 8 million people. So to draw conclusions just on that small sample, I think is a little bit premature.

Ms. NORTON. Although we do know that they're young and among the highest paid.

Ms. SPRINGER. That's true, but the fact is that most of the people who might be interested from those other age groups are covered by Blue Cross and Blue Shield.

Ms. NORTON. If what you want to do, if your answer to me then is, premiums won't go up, and choice is what we're after, then you need some kind of control group. And are you trying to get that. Because so far that's not what you have.

Ms. SPRINGER. I'm not saying the premiums will go up.

Ms. NORTON. Do you think premiums would not go up if substantial numbers of young and highly paid parts of the Federal work force were to opt for health benefit plans. Do you not believe that the premiums for everybody else would in fact go up?

Ms. SPRINGER. I don't know. I don't know for sure what that would do. It would depend on who it was and——

Ms. NORTON. I have just said who it was.

Ms. SPRINGER. I understand who it was. That's not necessarily the case. There are different things that drive that, whether it's prescription drug use or whatever the procedures are and the cost of those procedures. We care about costs. As a matter of fact, our people negotiated a $700 million lower overall premium cost in the 2006 FEHB as a result of some pretty tough negotiations. So we're interested in cost, but I also believe choice is important. That's a state-of-the-art choice. And for us to not offer that in our largest plans, I think is doing disservice to many people in the Federal work force.

Ms. NORTON. Mr. Chairman, I don't have another question. I'd just like to ask Ms. Springer, and I appreciate your answers to these questions, I'd like to ask you if perhaps you and I could have a conversation concerning a bill that the chairman of the full committee and I have introduced involving what we can only believe is an oversight and another one of those things that came long before you came, and that was in 1997.

That was in 1997 when the Federal Government took over some District of Columbia functions, and those functions mostly had to do with the criminal justice system. Included were some court employees who were—because the court system, they took over the courts. They didn't take over the implementation of that system. Included were some court employees. These employees lost all the time they had put in as public employees; and, of course, they lost their annuity.

The bill that the chairman and I—Chairman Tom Davis and I had put in has nothing to do with the annuity and nothing to do with the Federal work force in general, although these are Federal employees for purposes of pay. In order—and it was done to relieve the District government of great State costs that only the District carried. It really does not involve the Federal work force as such in any case. The chairman's bill that I co-sponsor only would allow employees to retain their time in service so that, for example, if you retired—if you get to retirement age, you can retire.

We have employees, for example, who are close to retirement age. Now they have to start all over again, so they have lost their time.

I don't think that OPM has anything to gain or—but there was somebody in your Human Resources Department that apparently there were negotiations with at the State level over a long period of time, and those negotiations failed, and the chairman and I have introduced a bill. I would like to be able to have a conversation with you, rather than send my staff to talk to the Human Resources staff who could not see that the Federal Government had nothing to lose by letting these employees who work for the D.C. Superior Court retire on retirement age. We have people 60 years old who have been told, well, you have to work 12 more years because you got transferred to the Federal Government, and I'm just wondering if you would be willing to sit down with us.

Ms. SPRINGER. I would. I would be glad to do that.

Mr. PORTER. Chairman Davis.

Chairman TOM DAVIS. Thank you. Good to see you.

In 2004, as you know, Congress enacted legislation creating a new dental-vision benefit. Proposals have been submitted, and award is scheduled for late May. I think one of our intentions at that point was that an option be available to Federal employees to include a low-cost option such as a dental HMO. Is that coming, do you think?

Ms. SPRINGER. I will check and get back to you on that, Mr. Chairman.

Chairman TOM DAVIS. I think that is very, very important, as they compete with their dollars for what they are going to do, to have some benefit there in the low-cost range.

Telecommuting, this is an area where the Federal Government continues to lag far behind the private sector. I go out to some of the leading technology companies in the world out in northern Virginia, and their workers are able to telecommute from their homes, from any kind of equipment they have, wherever they are in the globe. They are not required to be there and punch a clock from 9 to 5, and they are some of the most productive workers in the world. And yet, at the Federal level, we see ourselves floundering at this.

Being a Federal employee is different than it was 100 years ago when the Civil Service rules were written. When are we going to get with the program and what do we have to do up here to spur agencies on to allow some of their sophisticated employees to telecommute? Not only will this help the traffic in the region, it is a lifestyle issue, but it's a recruitment and retention issue. Some of my staff—my staff director was telecommuting for 3 months after

her child was born and was just as effective. I wanted to keep her here. I think we are losing good people sometimes because we don't show this kind of flexibility.

Ms. SPRINGER. Well, I couldn't agree with you more. We do need to do it. It is proven that it works. We, I think, are doing a good job of convincing managers that it does work.

There was, obviously, a natural reticence to it. If you didn't see people in the office, there were people that felt that they didn't have control or accountability. That's changing. So that's the first step. But we need to go beyond that. We need to make sure that agencies are including that in their recruiting options.

As you know, in this particular plan one of the career patterns that we are establishing is for remote employees. So if someone wants to get up at 4 a.m., and work from their home for the Federal Government, that's fine. We want that person. Not only should we say, well, we can accommodate that, we should go out and look for that person if they are going to be a good worker for the Federal Government. And that involves telecommuting.

And I would go further to say that it's even more and more a requirement as we plan for the potentiality of possible pandemics or other types of events where maybe there might be a period of time where people do have to work from a remote location. So I would say there is even more of an urgency today than we've had in the past to make telework an important component of our employment structure.

Chairman TOM DAVIS. I agree with that, and I just think we are missing the boat in so many ways. We recently changed the law so that Federal contractors are allowed to charge the government for time their workers are telecommuting. They don't have to be in the office 9 to 5 to do that. And you find some of the most productive workers. When you are home, the phones aren't ringing around you. If you have to leave in the middle of the day for a doctor's appointment or your kid's school play or something like that, it's a lot easier. You can be more productive. It can be abused, and I recognize that as well. But we have to be able to work out some guidelines to enable these agencies to allow their employees more opportunities to telecommute. I think it will lead to more productivity if it's done right.

Ms. SPRINGER. I agree with you.

Chairman TOM DAVIS. The Federal Government is notoriously slow and inefficient in its hiring. We have to have a better hiring process. Can you explain how you plan to reduce the time required to hire an employee down to 45 days or less?

Ms. SPRINGER. Well, we've had an ongoing effort with that. We are monitoring how well we're doing, and it's been uneven. One of the pieces to that is not just that you get to the point of processing and arriving at a decision but to let people know what the decision is. We have hundreds of thousands of people who apply for the jobs. Let's say 1,000 people apply for a given job, and 1 person's accepted. We don't get back to the 999. So that hurts our reputation for anyone who might want to apply a second time or a third time for another job.

So one of the things that's in this plan is a requirement that agencies will notify all applicants of decisions at the end of that 45-day period. That's a requirement.

We are also asking and putting into place for managers and applicants to fill out a very brief 10 or 12 question survey on how the process went. What can we learn? Did managers get everything they needed to make that decision quickly? Did applicants get everything they needed, or were we easy to deal with?

We are also trying to get more and more of our positions that are available up on USAJOBS. USAJOBS is a good tool, but it's not used to the fullest extent yet by all agencies. So we've got a goal in here to have their position requirements conform to the USAJOBS structure so that it can get put up on there and have broader access. That will allow for a more timely process for going through the whole application and decision.

So those are some of the steps in addition to what we are already doing.

Chairman TOM DAVIS. Thank you very much.

Mr. PORTER. Thank you.

Mr. Cummings.

Mr. CUMMINGS. Thank you very much, Mr. Chairman.

Director Springer, just a few questions. Right now, if we were trying to sell the Federal Government to young people and they said, well, what's the advantage, Director, of me coming into the Federal Government as opposed to going into private industry, what would be your best pitch?

Ms. SPRINGER. If I were doing that today, I would say that you can come to the Federal Government and do almost anything you want to do. If you don't know yet what you want to do in your career, if you come to work for us and you change your mind, you are still in the same system of opportunities. You can go to anyplace you want. If you want to get into science and research, fine, we can do that for you. If you want to become an engineer, that's great. If you want to find a cure for cancer, we're big enough to give you the funding to do it. If you want to clean up the Everglades, that's great. If you want to work in a park, we can do that for you. Anything that you want to do in your career, you can do with the U.S. Government; and, at the same time that you are doing that, you are serving your country and other people. So it is really fulfilling, and it's a great place. You can do anything you want.

Mr. CUMMINGS. And if they said in response to what you just said, "I notice that there is a 2.2 percent raise. I think I can do better than that perhaps in private industry," what would you say?

Ms. SPRINGER. I'd say that, first of all, that 2.2 percent is tied to an index. So we think that keeps it competitive. But what we are going to do in this budget, the President has proposed that we should be able to start to look occupation by occupation and see if we need to do some special adjustments to make sure that we are competitive.

Mr. CUMMINGS. And if they said, "When are you going to do that? Because my life is going by. I am about to get married, and I want to have children, and I need to have some kind of a way to plan

my future"—and let me give you the rest of it—"and I know how slowly the Federal Government works." That's it.

Ms. SPRINGER. If you are getting married and you are thinking of having children, then one thing you are really thinking about, in addition to just your salary, is your health benefits. You want to get with an organization that has good health benefits. You are going to get with an organization that's going to let you plan for the future. Companies today out there, you have no assurance they're going to keep that health benefit program or that you are not going to have to pay. We pay 70 percent of the premium. Not only that, we have a great retirement for you to start to be planning on. Not only do we have a defined benefit plan, we also have our equivalent of a 401(k). You are lucky to find either one of those in the private sector.

So I am glad you care about your family, because we care about them, too; and that's why we've got a great benefit structure. The salary part is competitive, and we are making it even more competitive. Do you want a job?

Mr. CUMMINGS. That's pretty good.

Now what happens when they say, "I notice that the increase has been 3 percent over the last several years, and it looks like we are dealing with 2 percent and 2.2 percent now. Why should I have a lot of optimism about this pay raise situation?"

Ms. SPRINGER. Well, if it turns out that—we think 2.2 is in line. But if it turns out that it's not, the U.S. Congress will take care of it for you.

Mr. CUMMINGS. But—OK. Let's talk about that 2.2 percent. We have tried to have some kind of equity between the military and the civilian population, is that right? And this is a part of all of that?

Ms. SPRINGER. Yes.

Mr. CUMMINGS. But we are also going down, am I right, as compared to in the past, the pay raises?

Ms. SPRINGER. It's a lower percentage.

Mr. CUMMINGS. And that is because of the overall budget situation?

Ms. SPRINGER. Well, it's not so much as that it is tied to an employment cost index. That's what we look at. If that employment cost index had been higher, then it would have been a higher proposal in the budget. But the idea is that we are trying to preserve the relative position of the Federal Government in the labor market. We don't think we lose ground if we can stick to that index. The index happened to be lower.

Mr. CUMMINGS. And the locality based payment, how does that—in the past—where does that money come from?

Ms. SPRINGER. The locality-based portion is—that's part of the 2.2.

Mr. CUMMINGS. That's part of the 2.2.

Ms. SPRINGER. Mm-hmm.

Mr. CUMMINGS. And that has always been a part of the 2.2?

Ms. SPRINGER. Yes.

Mr. CUMMINGS. So you said to that employee—I see my time is up. I do want to ask you this last question, though.

Ms. Norton was asking you a question about the health insurance situation and this high-deductible situation. And you have—you described your work force as one like a barbell. That means we've got a few people in the middle, is that right?

Ms. SPRINGER. Less in the middle. Yeah.

Mr. CUMMINGS. So we've got the high-deductible folk at the one end, and they are paying a lot of money, and they are basically, I guess, probably the younger folk because they are not so much worried about having to pay that deductible. Is that a reasonable assumption?

Ms. SPRINGER. There are some people that will react that way.

Mr. CUMMINGS. Well, what have been your findings? Have you done any research on that?

Ms. SPRINGER. It's limited so far. Because we've, first of all, only offered this recently. And, as I said, it was either 7,000 or 14,000 people, which is a very small subset of the whole 8 million that are covered in the plan. So we are still studying it. GAO has issued the first report on it. And it is true that younger people have made up a greater portion of those who have been attracted to it. It remains to be seen whether or not that will continue to be the case as it is offered more broadly.

Mr. CUMMINGS. And the GAO report talks about insufficient information being given to the employees to make a decent decision. You are familiar with that, are you not?

Ms. SPRINGER. I've heard it. Yes.

Mr. CUMMINGS. Well, I hope you've more than heard it, because that's a big deal. Because I think the same person that I talked to you about a little earlier would be concerned about that whole issue of having sufficient information to make a decision for the family. And, you know, you talk about how concerned the Federal Government is about them. I think it would be a sad day when somebody goes to try to get the information that you need to make a decision—any of us—to make a decision, and the GAO, which I have a tremendous amount of respect for, comes back and says: These people are trying to make a decision for their families. A lot of these people are young people planning to have families. And then they look and come to find out they don't have sufficient information.

I guess what I am asking you is you are the person who has the—you carry a lot of weight—I am almost finished, Mr. Chairman. You carry a lot of weight. And I believe that if you said, look, there's something wrong with this picture, insurance companies, we in the Federal Government want you to give our people sufficient information so that they can make decent decisions. I think just you saying that, if you haven't already said it, would make a phenomenal difference.

As my pastor always said, he says: Words can create. And I believe that the next time GAO looks at that, after you have said these words that create a better circumstance for those Federal employees to select, then that won't be a part of the report.

Ms. SPRINGER. Well, I agree with you. The next time GAO does look at that, that won't be a part of the report. We, I think, historically have done a good job on education. To the extent that we need to do a better job on this piece of it, we are going to do it.

One of the things, incidentally, that's in this plan—I'll just take a second—is that we are trying to—and starting with this call letter that goes out right now for the carriers of the next season—is to ask them to give us more transparency, particularly with specific procedures. So that if you are trying to make a decision, well, on an appendectomy—if we know that an appendectomy costs this if we go this way or this if we go this way, that will help allowed for more informed choices.

So I agree with you 100 percent. That won't be there in the next GAO report.

Mr. CUMMINGS. Thank you very much.

Ms. SPRINGER. Thank you.

Mr. PORTER. Thank you very much. We appreciate your testimony today.

I'd like to leave a couple thoughts. One, regarding more information and health technology. And I appreciate your help at least in partnering with us with that language where my bill has to do with information technology. I understand we are trying to make it as transparent as possible for the employees, and I appreciate your help.

Twofold. What I would like to work on, whether it is in a comprehensive bill, those that you've mentioned, or free standing, two areas that I am very concerned about, one is long-term care, as we mentioned, looking for some initiative there. But also a priority is the part-time piece, and we have to make sure that we address that nationwide and even in the private sector and local governments to make sure we can encourage those—especially those areas of significant need from teachers across the country to Federal employees.

There is such a wealth of talent in our retirees that would like to remain in the work force, and I would like to spend a little bit of time understanding why the scoring is the way it is, and not for today but in the future, so I can better understand if it is an actuarial question or if it's a policy question or an administrative question. I would like to find an incentive to allow our Federal retirees or soon-to-retire and even the private and local government sector to be able to stay in the work force.

Ms. SPRINGER. Glad to do that.

Mr. PORTER. And I am also looking forward to the garage sale when we sell all those cabinets. That's 28,000 cabinets. So let me know when that is.

Ms. SPRINGER. Will do.

Mr. PORTER. Thank you very much for an outstanding hearing. The meeting is adjourned.

[Whereupon, at 11:30 a.m., the subcommittee was adjourned.]

[Additional information submitted for the hearing record follows:]

OPM FY 2007 Appropriations Request
Accounts Requiring Congressional Action
(dollar amounts in thousands)

	FY 2006 Enacted	FY 2007 Request	FY 2006-07 Variance
TOTAL OPM BUDGET AUTHORITY:	**$35,663,528**	**$36,591,767**	**$928,239**
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No-Year/Retirement Systems Modernization	-	*$26,730*	**$26,730**
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Civil Service Retirement and Disability Fund	*$27,182,000*	*$27,532,000*	**$350,000**
Federal Employees Health Benefits	*$8,204,000*	*$8,765,000*	**$561,000**
Federal Employees Group Life Insurance	*$39,000*	*$39,000*	**$0**

1/ Agency wide offsets of $13.7 million are reflected in the FY 2007 budget request.

Retirement Systems Modernization Project

Retirement Systems Modernization Project

- $26.7 million requested in FY 2007

FY 2007 Budget Priorities

- Implement personnel reform and improve performance management;
- Improve retirement benefits administration;
- Introduce dental and vision benefits program;
- Expand options for the Federal Employees Health Benefits Program and increase transparency;
- Implement civil service reform across the Federal Government;
- Prepare for attracting employees for the federal workforce of the future;
- Continue improving the hiring process;
- Expand electronic government capabilities;
- Meet goals for security clearances set in the Intelligence Reform Act;
- Enhance outreach to stakeholders and constituencies; and
- Improve OPM internal management by stressing better customer service, greater professional development, and increased employee satisfaction.

Implement Personnel Reform and Improve Performance Management

- Evaluate effectiveness of Department of Defense National Security Personnel System (NSPS) and Department of Homeland Security human resources management system; produce first implementation assessments by May 1, 2007
- Establish performance measurement criteria by July 1, 2006, and collect data for determination that DOD may implement NSPS beyond initial 300,000 employee limitation
- Develop and operate Beta sites at 18 CHCO agencies by October 1, 2006
- Improve performance management practices at 8, 12, 18 CHCO agencies during 2006, 2007, 2008, respectively, as measured by Performance Appraisal Assessment Tool

Improve Retirement Benefits Administration

- Award Retirement Systems Modernization contracts and begin implementation for Defined Benefit Technology Solution and Business Transformation/Information Technology Service by May 1, 2006, and June 1, 2006, respectively
- Make final 90% of initial retirement benefits in 30 days by October 1, 2006
- Complete and mail notice in 10 working days for 80% of subsequent change requests by October 1, 2006
- Answer 85% of general inquiries within 72 hours by October 1, 2006
- Develop pilot program for eliminating interim payments; identify two agency participants in pilot program by April 1, 2006; finalize 50% of initial retirement benefits by first payment due date (eliminating interim payments) by January 1, 2007; and evaluate program and expand pilot to additional agencies in 2007

Introduce Dental and Vision Benefits Program

- Roll out new dental/vision plan by December 31, 2006

Expand Options for the Federal Employees Health Benefits Program and Increase Transparency

- Implement limited expense health care flexible spending account by August 1, 2006
- Promote affordable FEHB options, which may include additional health savings plan options, each year during strategic planning period
- Include Government contributions to benefits in pay statement disclosures by October 1, 2007
- Introduce model cost transparency requirements for FEHBP providers effective for FY 2007
- Report on health information technology requirements results for FEHBP providers during FY 2007

Implement Civil Service Reform Across the Federal Government

- Expand and publicize business case for introduction of reform legislation during 2006
- Monitor and report on demonstration projects at agencies by January 1, 2007, and update each year thereafter

Prepare for Attracting Employees for the Federal Workforce of the Future

- Identify Federal Government workforce Career Patterns (see Appendix E) for the future with accompanying requirements/impact by June 1, 2006
- Categorize positions by new Career Patterns at all Chief Human Capital Officer (CHCO) Agencies by January 1, 2007
- Begin to operate and hire in the new Career Patterns environment by October 1, 2007, at all CHCO agencies and expand each year thereafter
- Work with CHCO Council to roll out a more targeted (by learning institution, profession) job fair process in 2006 and expand through strategic planning period
- Update Executive Core Qualifications by October 1, 2006; complete development of enhanced automated examination tool by April 1, 2007
- Streamline and improve the examination rating schedules for common occupations by July 1, 2006
- Develop and roll out a plan with the CHCO Council to work with the Presidential Management Fellows Program to recruit top talent for positions in management by July 1, 2006

Continue Improving the Hiring Process

- Decrease hiring decision timeframes to 45 days from closing date of job announcement to date of offer for 50% of hires by end of FY 2006, increasing by 10% per thereafter to 90% in 2010
- Improve hiring practices as measured by CHCO Council-approved applicant and manager surveys at a total of eight CHCO agencies by 2007; 15 by 2008; and all agencies by 2010
- Increase number of CHCO agencies using the USAJOBS resume format and integrating online applications with their assessment systems to 50% by April 1, 2007; 75% by April 1, 2008; and 100% by April 1, 2010
- Increase number of CHCO agencies using the USAJOBS position announcement template to 85% by December 31, 2006

Expand Electronic Government Capabilities

- Complete consolidation and migration of civilian payroll processing by October 1, 2008
- Obtain commitment from three agencies for migration to HR LOB Shared Service Centers by October 1, 2006
- Convert 50% of hard copy official personnel folders Governmentwide to electronic format by October 1, 2008, increasing 20% per year thereafter to 90% by October 1, 2010
- Develop policy and functional requirements for nine non-core HR LOB subfunctions by October 1, 2006

Meet Goals for Security Clearances Set in the Intelligence Reform Act

- Complete 80% of initial clearance investigations within 90 days by end of 2006
- Complete 90% of initial clearance investigations within 40 days by end of 2009
- Complete 90% of all other investigations by predetermined deadline (varies by case type) by end of 2007
- Achieve rate of no more than 1% of completed investigations returned as deficient from agency security/adjudication offices each year

Enhance Outreach to Stakeholders and Constituencies

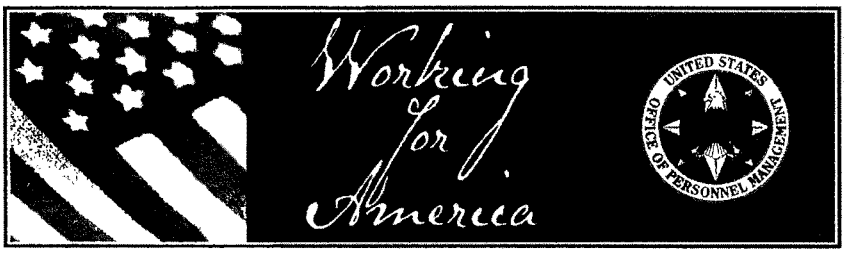
- Redesign the OPM website by October 1, 2006
- Identify two national professional organizations focusing on human resources policy, benefits and employee development and achieve leadership positions in them during FY 2006 and each year thereafter
- Host and lead a new forum, including private sector thought leaders, for exploring innovative human resources practices during FY 2007 and each year thereafter
- Expand the Walter Reed Army Medical Center post-service employment support model to one additional hospital in both 2006 and 2007
- Identify at least one initiative per year to partner with unions and employee advocacy groups and implement beginning in 2006

Improve OPM Internal Management by Stressing Better Customer Service, Greater Professional Development, and Increased Employee Satisfaction

- Implement performance elements and standards for all OPM employees that support the OPM Strategic and Operational Plan by July 1, 2006
- Implement a professional development program for OPM employees by October 1, 2006
- Implement an employee recognition program at OPM by July 1, 2006
- Implement action plan to ensure OPM is rated in the top 50% of agencies surveyed in the 2006 Federal Human Capital Survey (FHCS) and in the top five agencies in the 2008 FHCS
- Have the OPM Beta site operational by June 1, 2006
- Develop a group employee incentive program for the Human Resources Products and Services (HRPS) Division that factors in the uniqueness of HRPS as a reimbursable business operation by July 1, 2006; implement pilot program in Center for Talent Services by October 1, 2006

Improve OPM Internal Management by Stressing Better Customer Service, Greater Professional Development, and Increased Employee Satisfaction (cont.)

- Develop performance standards for OPM common services by July 1, 2006, and implement by October 1, 2006
- Maintain agency prompt payment performance at 98%; improve divisional performance (non-Investigative Services) 10% by October 1, 2006, and an additional 10% by October 1, 2007
- Complete all routine OPM clearances in seven business days starting by April 1, 2006
- Operate under a fully implemented set of delegated authorities and clearance protocols by May 1, 2006
- Use the agency-wide Document Management System in 250 person pilot group by March 1, 2006, and extend through the agency by October 1, 2006
- Publish eight proposed/final human resources regulations during FY 2006



UNITED STATES OFFICE OF PERSONNEL MANAGEMENT

Strategic and Operational Plan

2006–2010

Mission Statement

Our mission is to ensure the Federal Government has an effective civilian workforce

FY 2007 Budget Priorities

Implement personnel reform and improve performance management

Improve retirement benefits administration

Introduce dental and vision benefits program

Expand options for the Federal Employees Health Benefits Program and increase transparency

Implement civil service reform across the Federal Government

Prepare for attracting employees for the federal workforce of the future

Continue improving the hiring process

Expand electronic government capabilities

Meet goals for security clearances set in the Intelligence Reform Act

Enhance outreach to stakeholders and constituencies

Improve OPM internal management by stressing better customer service, greater professional development, and increased employee satisfaction

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Retirement Systems Modernization Project

Pay retirement claims accurately the first time

$26.7 million requested in FY 2007

UNITED STATES OFFICE OF PERSONNEL MANAGEMENT

2007 Operational Goals

Deadline	Operational Goal	Goal ID	Primary Owner (s)	Secondary Owner (s)	Date Completed
JANUARY 1, 2007					
	Monitor and report on demonstration projects at agencies by January 1, 2007, *and update each year thereafter*	A-6			
	Develop pilot program for eliminating interim payments; identify two agency participants in pilot program by April 1, 2006; finalize 50% of initial retirement benefits by first payment due date (eliminating interim payments) by January 1, 2007; *and evaluate program and expand pilot to additional agencies in 2007*	B-7			
	Categorize positions by new Career Patterns at all Chief Human Capital Officer (CHCO) Agencies by January 1, 2007	C-2			
	Improve hiring practices as measured by CHCO Council-approved applicant and manager surveys at a total of eight CHCO agencies by 2007; *15 by 2008; and all agencies by 2010*	C-9			
	Provide agencies with a competency assessment tool for management candidates by January 1, 2007	C-12			
	Establish a category rating policy/plan by January 1, 2007, *and use for hires by October 1, 2007, at all CHCO agencies*	D-4			
	Introduce model cost transparency requirements for FEHBP providers effective for FY 2007	F-2			
FEBRUARY 1, 2007					
	Revalidate requirements for financial management system migration to Bureau of Public Debt by May 1, 2006; complete implementation by February 1, 2007	E-22			
APRIL 1, 2007					
	Update Executive Core Qualifications by October 1, 2006; complete development of enhanced automated examination tool by April 1, 2007	C-5			
	Increase number of CHCO agencies using the USAJOBS resume format and integrating online applications with their assessment systems to 50% by April 1, 2007; *75% by April 1, 2008; and 100% by April 1, 2010*	C-10			
MAY 1, 2007					
	Evaluate effectiveness of DOD National Security Personnel System (NSPS) and DHS human resources management system: produce first implementation assessments by May 1, 2007	A-3			
OCTOBER 1, 2007					
	Include Government contributions to benefits in pay statement disclosures by October 1, 2007	B-11			
	Lay groundwork during fiscal year (FY) 2007 for more refined market adjustments to pay	B-12			
	Begin to operate and hire in the new Career Patterns environment by October 1, 2007, at all CHCO agencies *and expand each year thereafter*	C-3			
	Decrease hiring decision timeframes to 45 days from closing date of job announcement to date of offer for *50% of hires by end of FY 2006*, increasing by 10% per year thereafter *to 90% in 2010*	C-8			
	Have written succession plans in place at *15 CHCO agencies by October 1, 2006, and meet milestones;* all other agencies by October 1, 2007	D-3			
	Establish a category rating policy/plan *by January 1, 2007*, and use for hires by October 1, 2007, at all CHCO agencies	D-4			
	Maintain agency prompt payment performance at 98%; improve divisional performance (non-Investigative Services) *10% by October 1, 2006*, and an additional 10% by October 1, 2007	E-8			
	Report on health information technology requirements results for FEHBP providers during FY 2007	F-3			
	Identify two national professional organizations focusing on human resources policy, benefits and employee development and achieve leadership positions in them *during FY 2006* and each year thereafter	F-4			
	Host and lead a new forum, including private sector thought leaders, for exploring innovative human resources pract ices during FY 2007 *and each year thereafter*	F-5			

UNITED STATES OFFICE OF PERSONNEL MANAGEMENT

2007 Operational Goals

Deadline	Operational Goal	Goal ID	Primary Owner (s)	Secondary Owner (s)	Date Completed
DECEMBER 31, 2007					
	Report on SES performance-based pay system results each calendar year	A-2			
	Develop pilot program for eliminating interim payments; identify two agency participants in pilot program by April 1, 2006; finalize 50% of initial retirement benefits by first payment due date (eliminating interim payments) by January 1, 2007; and evaluate program and expand pilot to additional agencies in 2007	B-7			
	Promote affordable Federal Employees Health Benefits Program (FEHBP) options, which may include additional health savings plan options, each year during strategic planning period	B-10			
	Work with CHCO Council to roll out a more targeted (by learning institution, profession) job fair process *in 2006* and expand through strategic planning period	C-4			
	Improve performance management practices at *8*, 12, *18* CHCO agencies during *2006*, 2007, *2008*, respectively, as measured by Performance Appraisal Assessment Tool	D-2			
	Receive an unqualified audit opinion and report no material weaknesses every year	E-16			
	Review all FEHBP carriers for compliance with guiding principles at least once during the 2007-2010 period	E-20			
	Achieve full cost recovery annually for each revolving fund program	E-21			
	Complete 90% of all other investigations by predetermined deadline (varies by case type) by end of 2007	E-25			
	Achieve rate of no more than 1% of completed investigations returned as deficient from agency security/adjudication offices each year	E-26			
	Expand the Walter Reed Army Medical Center post-service employment support model to one additional hospital in *both 2006 and* 2007	G-4			
	Identify at least one initiative per year to partner [with unions and employee advocacy groups] *and implement beginning in 2006*	G-5			
RECURRING					
	Implement action plan to ensure OPM is rated in the top 50% of agencies surveyed in the 2006 Federal Human Capital Survey (FHCS) *and in the top five agencies in the 2008 FHCS*	E-4			
	Support Administration strategies to address pandemic threats throughout planning period	E-13			
	Inform OPM customers of the agency's success in meeting the stated customer goals in the 2006-2010 OPM Strategic and Operational Plan within two weeks of each success	E-28			
	Respond to routine [media] inquiries within two hours 95% of the time	G-7			
	Hold Director media briefings twice per year	G-8			

Key OPM Legislative Proposals in President George W. Bush's Budget

Eliminate
CSRS part-time
service penalty

Expand
Health Care
options

Partnering with You for Success