Office of Personnel Management
President's Management Agenda
Results Report

As the leading manager of human resources in the Federal Government, the Office of Personnel Management (OPM) must be an exemplar of streamlined, innovative, and efficient management principles and practices. OPM sets such a standard thanks in large part to our adoption of and commitment to the initiatives set forth in the President's Management Agenda (PMA) as cornerstones of the internal management of our agency.

As shown in the table below, our overall PMA scorecard is one of the best in the Federal Government,[1] and we see each of the five PMA initiatives—Human Capital, Competitive Sourcing, Electronic Government, Financial Improvement, and Budget and Performance Integration—as the underpinnings to making OPM a high-performing organization.

PMA Scorecard Element	Status Score (as of June 30, 2004)	Progress Score (as of June 30, 2004)
Human Capital	🟢	🟢
Competitive Sourcing	🟢	🟢
Improved Financial Performance	🟡	🟢
E-Government	🟢	🟢
Budget Performance Integration	🟡	🟢

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[1]Agencies' achievement in implementing PMA Standards of Success is critically evaluated each fiscal quarter, and scorecards showing both their status and progress are published using a "traffic light" system. Under each PMA initiative, an agency is "green" for status if it meets all the Standards for Success, "yellow" if it has achieved some but not all of the standards, and "red" if it has serious flaws.

As we improve through these five initiatives, our services to our agency customers will also improve and advance, and the American taxpayers and public at large will benefit from our efforts.

Advancing the Strategic Management of Human Capital

OPM works with the President, Congress, departments and agencies, and other stakeholders to implement Human Capital policies that assist Federal agencies in meeting their strategic goals. OPM's primary role is advancing agency management of Human Capital in accordance with Merit System Principles to achieve agency results. By assessing improvements based on the standards in Human Capital Management across Federal agencies, OPM's own performance can be gauged.

Human Capital (HC) is the first initiative in the President's Management Agenda (PMA) and the Government's overarching strategy to transform how agencies manage their people. OPM is the owner of this Governmentwide initiative and is committed to providing agencies with the necessary tools, resources, and expertise to manage their workforces in accordance with the Human Capital Standards for Success. OPM's effectiveness in leading the Strategic Management of Human Capital (SMHC) is measured by agencies' progress in achieving these Standards for Success.

When the SMHC initiative was introduced in 2001, all but three agencies were rated "red" on their status, indicating serious problems. Most agencies were not strategic about their current and future workforce needs and human capital management was not seen as a priority related to mission accomplishment.
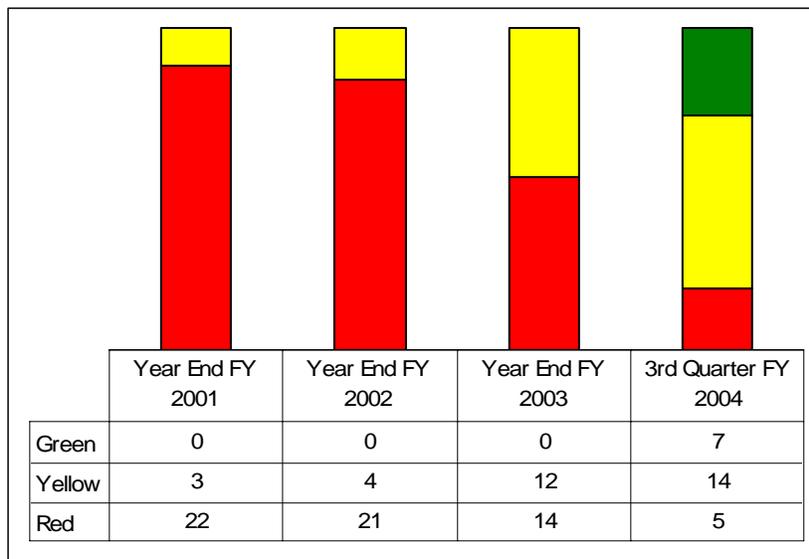
Since the inception of the PMA in 2001, OPM has made a significant impact on the SMHC government wide. OPM's reorganization facilitated this impact by creating three organizations to focus on assisting and monitoring agencies' distinct but interrelated needs for guidance, oversight and support in their Human Capital efforts. OPM organized: the Division for Human Capital Leadership and Merit Systems Accountability (HCLMSA), the Division for Strategic Human Resources Policy (SHRP), and the Division for Human Resources Products and Services (HRPS). HCLMSA focuses on consultation, liaison and oversight of Human Capital in agencies. SHRP focuses on creating the policies needed to support agency transformation and HRPS provides tools and services on a reimbursable basis to support agency efforts. Working together as "Team OPM" OPM has the capacity to meet virtually any Human Capital challenge agencies face.

Human Capital Results

Using Human Capital systems, standards and metrics as defined by the Human Capital Assessment and Accountability Framework (HCAAF) and the Chief Human Capital Officer (CHCO) Act of 2002, OPM provides the foundation for Federal agency progress in Human Capital. The successful alignment of the Human Capital Standards for Success with the PMA has provided agencies and OPM a strong yet flexible tool with which they can truly transform organizations.

The following bar chart tracking PMA status scores for Federal agencies reflects the progress that has been made over the last four fiscal years. Over 84 percent of agencies have improved their status scores, with 27 percent of all agencies attaining "green" status by the 3rd Quarter of FY 2004.

Strategic Management of Human Capital:
PMA Status Score Summary FY 2001–04

	Year End FY 2001	Year End FY 2002	Year End FY 2003	3rd Quarter FY 2004
Green	0	0	0	7
Yellow	3	4	12	14
Red	22	21	14	5

Note: Data for FY 2001 and 2002 do not include the Department of Homeland Security.
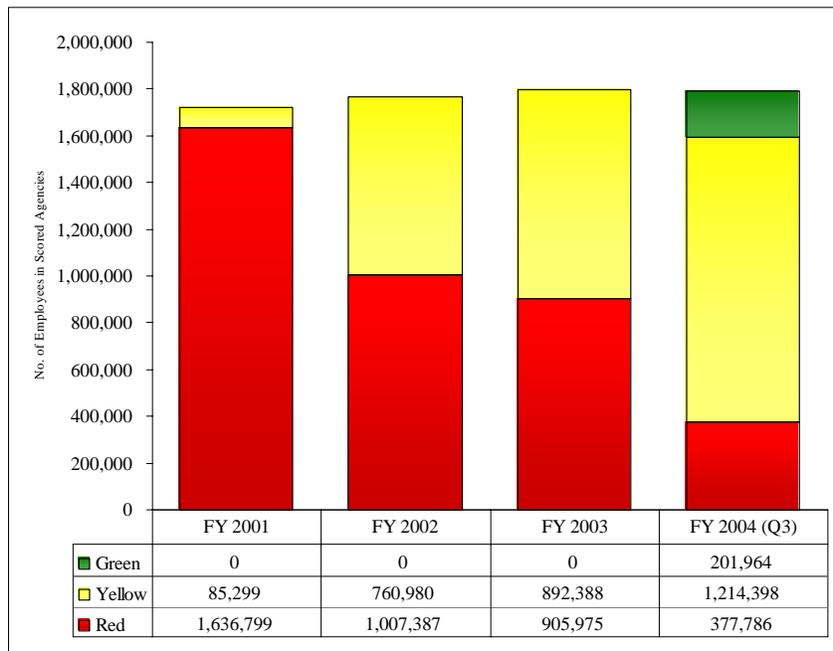
Of the 22 agencies that had a "red" status score in FY 2001, only 5 agencies (or 19 percent of all agencies) still hold the "red" status score in FY 2004. Notable in this category is Department of Homeland Security (DHS). Formed just two years ago in 2002, DHS is undertaking a total transformation that involves comprehensive changes in Human Capital that emphasize pay for performance for all employees, labor- management relations, and the creation of shared services. A similar "PMA Plus" plan , the National Security Personnel System, has also been authorized for Department of Defense (DOD). DHS and DOD employees account for over 45 percent of the federal workforce, and transforming these two systems has required a

significant effort by OPM. Over the past two years substantial OPM resources in the form of senior managers, Human Resource Specialists and Human Capital experts have been devoted exclusively to assisting with designing and implementing these new systems.

Though the status score remains "red" for DHS and "yellow" for DOD, the organizations and employees involved in this strategic change are a working model for the future of Human Capital in the Federal Government.

In the three years since the PMA was initiated, agencies have reacted swiftly to meet the challenge of transforming their workforce. OPM is encouraged by the timeliness, innovation and progress of agencies' Human Capital efforts. The Federal workforce is also beginning to see the changes from these efforts in their work environment as agencies move toward or achieve "green" status on the scorecard.

Strategic Management of Human Capital: PMA Status Score Summary of Employees FY 2001–04

	FY 2001	FY 2002	FY 2003	FY 2004 (Q3)
Green	0	0	0	201,964
Yellow	85,299	760,980	892,388	1,214,398
Red	1,636,799	1,007,387	905,975	377,786

Note: Data for FY2001 and 2002 do not include Department of Homeland Security

The impact of PMA and SMHC on Federal employees is significant. Prior to the introduction of the PMA, 95 percent of federal employees held the "red" status. Through the efforts of agencies and OPM this number has since been reduced to just 21 percent. Of these employees still in "red" in FY 2004, nearly half are in DHS

working toward "green" status as part of the "PMA Plus" plan. As agencies demonstrate significant improvement in their management of Human Capital, federal employees advance in status as seen in the chart above. By the 3rd Quarter of FY 2004, 68 percent of federal employees were at "yellow" status, and 11 percent of federal employees had achieved "green" status.

The Role of OPM in Agency Results

OPM supports agencies' agency's Human Capital efforts through its cadre of Human Capital Officers (HCOs) and other experts in the SMHC. OPM experts play two important roles in transforming the workforce. First they are consultants to agencies on Human Capital issues. Second they serve as liaisons to link agencies with each other through efforts to share knowledge and best practices.

As liaisons, OPM's HCOs and human resource experts are in continuous communication regarding Human Capital issues, regulations, compliance, and the development of Human Capital knowledge, tools and resources. As consultants HCOs interpret technical and administrative information regarding the Human Capital Assessment and Accountability Framework (HCAAF) and assure that agency requests to OPM are handled in accordance with the agency's plan for SMHC. Through their communication, technical assistance and advocacy, HCOs are full partners with agencies in developing and implementing their Human Capital initiatives.

In addition to one on one consultation and liaison, OPM provides agencies with a continuous flow of information to strengthen agency Human Capital capacity. OPM conducted a series of Professional Development Workshops that focused on enhancing knowledge and skill in the areas of strategic alignment, Human Capital accountability, diversity, performance culture, workforce planning and succession planning. The workshops were conducted from October 2003 – February 2004. Approximately 340 individuals attended these workshops representing over 30 agencies. OPM held four training sessions (two in FY 2003 and two in FY 2004) that focused on HR Hiring Flexibilities, training over 800 Federal workers from more than 50 agencies. The sessions outlined the new hiring flexibilities and how best to apply these tools within the context of a talent management strategy and workforce planning initiative.

OPM also conducted other learning sessions attended by 600 representatives from 130 Federal agencies, sub-agencies, and state and local agencies. These sessions include:

- Veteran Employment Symposium outlining the policies, programs and strategies available to Federal agencies for increasing the number of veterans in the Federal Civil Service

- Best Practice Showcase featuring NASA's Human Capital practices as a model for other Federal agencies

- Emergency preparedness series educating Federal agencies on the human resources implications of emergency planning

Human Capital Results: Agency Accomplishments

OPM is proud to share some significant accomplishments in three essential systems of the Human Capital Standards for Success: Performance Culture, Leadership & Knowledge Management, and Talent. The agencies discussed in this section as Human Capital success stories have met all the criteria for a "green" status score.

Performance Culture: Competency Gaps

Social Security Administration (SSA). SSA implemented a five-tier performance management system for Senior Executive Service (SES) and General Schedule (GS) grade 15 employees in 2002 and 2003. Reported results of the first SES rating cycle indicated that SSA is making distinctions in levels of performance, with 10 percent rated as fully successful, 47 percent rated as excellent, and 41 percent rated as outstanding. Fifty-four eligible employees, or 47 percent, received an award. SSA rewards its top performers with Recognition of Performance awards. In FY 2003, only 37 percent of the

SSA workforce received such an award in any amount, demonstrating that only the top performers in the agency received the highest level of award.

] **Department of Transportation (DOT).** DOT is striving to achieve a results-based performance culture. More than 80 percent of its managers and employees are covered by multilevel performance plans or pay-for-performance plans that distinguish performance achievements above fully successful.

] **Department of Energy (DOE).** In FY 2002, DOE instituted a new SES Performance Management System. This system (1) links individual SES plans to the organization's strategic plan, mission, and goals; (2) emphasizes the evaluation of two critical elements—program accomplishment and managerial attributes; (3) uses four rating levels; and (5) grants top performer awards. In FY 2003 and 2004, this system was cascaded to managers and supervisors, as well as linking individual employees to organizational mission and goals. DOE has validated that 74 percent of its employee performance plans are linked to organizational goals, missions, and objectives. In addition, DOE reports that 100 percent of its SES plans are so linked, and that 77 percent of the entire workforce has linked performance plans. Furthermore, approximately 61 percent of the DOE workforce is covered by multi-tiered performance rating systems. Only 39 percent of DOE employees are covered by pass/fail performance systems.

Leadership& Knowledge Management: Succession Planning

] **Department of Energy.** To ensure continuity of leadership, DOE's overall strategy focuses on developing high-, mid-, and lower-level employees who are high-potential leaders. Major program results include the following:

— An SES Career Development Program has been established; two program participants have already been selected into DOE SES positions.

— An Executive Coaching Program provides tailored coaching to 19 participants who were not selected into the SES Career Development Program; this training should enable them to be future candidates.

— A Mentoring Program features SES members serving as mentors to high-potential GS 13–15 protégés. The 2002–03 pilot program resulted in over 250 mentoring pairs department-wide.

— A Leadership Transition Program is in place for GS 11–13 high-potential employees who are ready to transition to leadership positions. The 2002

pilot had 16 participants, 10 of whom have since been promoted to leadership positions.

— The Corporate Supervisory and Managerial Training Curriculum is a program designed to develop capable managerial leadership at all levels within the department. During the last year and a half, 207 DOE employees have participated in this program.

Talent: Mission-Critical Occupations

⌉ **Social Security Administration.** SSA has identified and addressed skill gaps in four mission-critical direct service positions representing 42 percent of its workforce (i.e., teleservice representatives, claims representatives). The agency identified the competencies necessary for the direct service positions, created a Competency Assessment Process (structured interview) designed to assess whether applicants had the required competencies, and delivered redesigned entry-level training around these competencies. The same process is under way for other mission-critical positions, including the benefit and claims authorizer positions.

Ongoing training is provided to the current workforce to address changing legislation, technology, and other identified skill gaps. This training is provided to all employees in mission-critical positions in a variety of ways, including classroom, interactive, and on-the-job training. SSA makes good use of instructional video technology and online training in over 1,400 field offices to conduct needed training in a timely and efficient manner.

The agency met its annual recruitment goals of approximately 4,000 new hires over the last several years. Additionally, SSA redesigned and delivered entry-level training using identified competencies for CR, SR, and TSR employees.

⌉ **Department of State (DOS).** DOS's organizational structure is optimized, and a process is in place to address future challenges including progress on "rightsizing," regionalization, restructuring of a worldwide financial system, and embassy staffing. All FY 2003 hiring targets in mission-critical occupations were met. DOS closed key skill deficits in Foreign Service hiring. The agency has developed strong pipelines of qualified candidates which will ensure smooth hiring into FY 2004 and beyond.

⌉ **Office of Personnel Management.** OPM has focused its efforts toward achieving results in the Talent area of Human Capital Management. We

have implemented aggressive recruitment strategies to produce as broad a range as possible of potential candidates in order to reduce under-representation. We have significantly reduced gaps in mission-critical competencies for mission-critical roles and occupations. Finally, our agency-wide accountability system demonstrates results, informs Human Capital decisions, and drives improvements.

Results After 2 Years of PMA

In addition to our ownership of the Human Capital scorecard element and our responsibility to ensure a results-oriented focus, OPM has used all PMA initiatives as cornerstones of our internal management of the agency.

We have lead several e-Government initiatives that deliver tangible—and meaningful—results to the American people

OPM is helping to lead the Expanded Electronic Government initiative across the Federal Government, strengthening agencies' management of their information technology (IT) and their use of the Internet to simplify and enhance service delivery.

⌉ **E-Human Resources Information System (e-HRIS).** OPM is leading the Human Resources Line of Business initiative as managing partner. The objective of the Human Resources Line of Business is to create a framework for Governmentwide, modern, cost-effective, standardized, and interoperable human resource solutions that provide common core functionality and maximize the automation of processes to support the strategic management of Human Capital. These solutions will achieve or increase operational efficiencies in the acquisition, development, implementation, and operation of human resource management systems, achieve or increase cost savings/avoidance from human resource solution activities, and improve customer service. The e-HRIS project is an early-stage initiative in this line of business.

⌉ **E-Payroll.** Before the start-up of the e-Payroll project, 26 executive branch agencies each provided varying levels of payroll services, and most agencies provided service only for their own employees. As a result, employees across the executive branch received inconsistent treatment in payroll administration. Today, four cross-servicing payroll providers operating in two partnerships are consolidating payroll servicing across the executive

branch. For example, the Department of the Interior's National Business Center has migrated the Nuclear Regulatory Commission and the National Science Foundation to its consolidated operation, and the Department of Defense's Defense Finance and Accounting Service has migrated the Department of Energy to its consolidated operation.

Enterprise Human Resources Integration (EHRI). Today, agencies can access a central data repository with over 8 years of history for 1.8 million executive branch employees for the purpose of workforce analysis, planning and forecasting, and employee record lookup. Human resource departments across Government will be given the tools to instantly create customized reports and analyses of their agencies' workforces. For the first time, agency payroll and training data will be combined with employee data for workforce analysis.

E-Training. The picture of e-learning systems and knowledge across the Federal Government was disparate and unconnected less than 2 years ago. Today, the e-Training initiative is focused on unifying, enterprise-wide learning systems, taking advantage of economies of scale and reducing redundancies. The Governmentwide e-Learning portal, GoLearn.gov, now has more than 190,000 registered users who have completed more than 200,000 online courses. Nearly 40 agencies have already migrated to this Governmentwide platform, and at least 40 more are anticipated to join by the end of FY 2005. Cost savings/avoidance for FY 2003 is estimated at $15 million.

Recruitment One-Stop. Since late 2001, the Recruitment One-Stop initiative has transformed the USAJOBS Federal Employment Information System from a legacy, in-house system and service delivery support model to a fully outsourced operation, leveraging industry best practices and state-of-the-art technology. In less than 1 year since migrating to the new technology platform, USAJOBS usage has increased more than fivefold, and customer satisfaction has increased more than 4 points above the legacy average score. Implementation of resume database mining technology, combined with increased usage, has helped agencies quickly locate high-potential candidates and save money previously used for paid advertising or other recruiting expenses.

E-Clearance. Since its inception in 2001, the e-Clearance initiative has taken the paper-based Standard Form (SF) 86 security clearance application and created an electronic questionnaire (e-QIP) that applicants can complete

more quickly and more accurately. Ten to 20 percent of paper-based clearance applications are rejected with a request for more information, compared to nearly 0 percent with the use of the e-QIP system. The initiative has also launched the Clearance Verification System, which allows authorized users within agencies to quickly verify the status of clearances in the Federal Government. Using this system, security officers can make employee assignment, meeting, and building access decisions more quickly.

⌐ **IT Security.** Before the PMA scorecard, no IT system certifications or accreditations were current, and OPM's security program was "dormant." Today, 98 percent of OPM's systems are certified and accredited, and we have an active security program.

We have made OPM a better place to work

Before FY 2001, OPM was very reactive in its internal human resource practices and procedures. We did not have a systematic Human Capital accountability system in place to ensure that our internal Human Capital management activities were resulting in the right outcomes. Our organizational structure was not able to address our mission challenges as the Government's Human Capital leader, and we did not have a systematic and consistent workforce planning process in place to identify mission-critical competencies and skill gaps in mission-critical occupations. Moreover, Human Capital decisions were not made strategically or with particular reference to other decisions.

Since then:

⌐ **We have clarified our mission and aligned our goals and organizational structure in accordance with this charge.** This has required a strategic focus on our own talent and Human Capital needs, including a workforce planning strategy and process that identifies mission-critical occupations and roles, strategic competencies, and current and future gaps. As detailed in *our Plan for the Strategic Management of OPM's Human Capital: FY 2004–2007*, our workforce planning strategy is inextricably linked to our strategic and program planning efforts, and forms the basis for identifying our current and future Human Capital needs and strategic competency requirements. Our workforce planning system is a dynamic and continuous process that comprises a review of Human Capital information gathered from internal human resource data systems and the Central Personnel Data File; evaluation of a wide range of workforce information collected directly from OPM program offices; and skills assessments of the workforce, in which

managers and supervisors identify the most important occupational or role-based competencies and the degree to which OPM's current and anticipated competency needs are being met. Using this analysis, each program office prepares detailed, goal/program-specific plans focused on addressing key Human Capital challenges, including those related to gaps in strategic competencies.

❚ **We have developed a comprehensive *Plan for the Strategic Management of OPM's Human Capital: FY 2004–2007,* the first of its kind for this organization.** The plan lays out a systematic, integrated, agencywide, and goal-specific approach to improving our Human Capital management. Through it, we are ensuring that OPM has the talent and capacity necessary to meet our new and expanded responsibilities. The goals set forth in this plan are focused on achieving results that are tracked, analyzed, and used in making Human Capital decisions.

One example of how our Human Capital planning shapes and informs Human Capital decisions is demonstrated by our review and analysis in the areas of workforce planning and succession planning, where we identified a need to infuse our workforce with new talent from other agencies and the private sector. One requisite for meeting this need was to refine and improve our hiring and staffing process. Following an analysis of existing processes and procedures, we developed and implemented a 45-day staffing model to improve our ability to recruit highly talented employees with the speed necessary to be competitive in today's labor market. Our model includes a "contract" that staffing specialists use as a basis for consulting with OPM supervisors to help them understand their role and responsibility in achieving the time frame. Our 45-day model is reviewed periodically, and adjustments are made as appropriate to ensure that the process is producing intended results.

❚ **We certified that 94.8 percent of employee performance plans are directly linked to the agency's strategic plan.** To address competency gaps in mission-critical occupations identified in our Human Capital plan, we initiated 250 activities including specific training courses and targeted hiring. As of June 2004, we have significantly reduced the skill gaps in our mission-critical occupations.

❚ **We have implemented leadership succession strategies to ensure that a continuously updated talent pool is available.** Our strategies, as defined in our *Framework for Corporate Leadership Succession Management*, establish

a mechanism for ensuring deliberate, systematic, and continuous action that helps support corporate goals and objectives for continuity of leadership. Our leadership succession strategies focus on corporately defined leadership positions and include a competency-based approach for preparing internal candidates and recruiting external candidates to meet projected succession needs.

Through our leadership development programs, we have been able to achieve a 2:1 ratio of "fully competent" candidates to projected corporate leadership position vacancies. In addition, consistent with our goal of providing for a well-balanced, blended, diverse, and talented workforce through deliberate and systematic external recruitment for our corporate leadership positions, we have been successful at acquiring 50 percent of our SES candidates, and 55 percent of our GS-15 talent pool, within a 30- and 45-day time frame from external sources.

We have implemented strategies to support our continued focus on maintaining, and where appropriate, improving diversity in our workforce. For example, we provided divisions and offices with baseline data on current diversity demographics—particularly in mission-critical and leadership positions—to inform Human Capital decisions and strategies related to selection, promotion, and training. In addition, we plan and continually monitor outreach efforts to ensure that they support the acquisition of talent to accomplish OPM strategic goals and objectives.

We have assisted agencies in their Human Capital management, which resulted in more agencies moving their Human Capital scorecards to "green." Through the Governmentwide Human Capital initiative, led by OPM's Division for Human Capital Leadership and Merit Systems Accountability (HCLMSA), we have helped agencies with their Human Capital management. For example, HCLMSA has hosted multiple Governmentwide workshops in the areas of accountability, diversity, building a performance culture, and succession planning. Recently, OPM and the National Aeronautics and Space Administration (NASA) hosted a half-day event celebrating NASA's achievement of getting to "green." In addition, OPM's Strategic Human Resources Policy Division has hosted numerous workshops on human resource flexibilities.

We have assessed the best way for getting our work accomplished

OPM's competitive sourcing program establishes a regimented approach to ensure that each commercial activity is accountable in terms of the cost and effectiveness of

the services it provides. Before FY 2001, OPM did not have a systematic process for reviewing its commercial activities to determine which were appropriate for competitive sourcing. Since FY 2002, our Commercial Activity Review has identified 13 activities involving 570 full-time equivalents (FTE) that were appropriate for competitive sourcing studies. We have so far completed competitive reviews on 11 of these 13 activities. In all the competitive reviews completed to date, OPM workers won the competition, resulting in millions of dollars in savings. Work processes have improved resulting from these competitions.

Standard Competitions

An example of the improvements realized through competition is the Test Administration and Warehousing Activity standard competition, which involved 180 FTE. In addition to substantial cost savings ($10.4 million over the program's four-year, nine-month, term), numerous process improvements were realized from OPM's implementation of the Government's most efficient organization of this activity:

⟩ **Automation of the Nationwide Testing applicant self-scheduling system.** Upon implementation, now scheduled for September 30, 2004, OPM is expected to save approximately $250,000 per year in postage alone as competitors print their test admission notices using local printers.

⟩ **Restructuring the administration of the Nationwide Testing Program.** Previously, administrative oversight was provided by OPM's 10 Field Services Branch directors; now a single director in Chicago has oversight. This restructuring ensures greater consistency in the program and reduces overall program costs through adoption of best practices and matrixing of subordinate office performance. Further, the restructuring has reduced many secondary office overlaps of geographic testing boundaries; this in turn has resulted in substantial reductions in training and travel costs.

⟩ **Automation of the Nationwide Testing inventory tracking and test material ordering processes.** This automation was completed in August 2003. The new system enables multiple Denver staff to monitor outflow and intake of test materials more carefully. The system automatically generates red flags and delinquency notices for low levels or overdue materials. The result is a substantially more reliable and efficient system.

A-76 Streamlined Competitions

The following A-76 streamlined competitions have proven that OPM employees can perform their activities in a more efficient manner than the private sector. The cost

differential between Government and private sector performance is indicated for each competition.

- **Teleservice Center Operations:** 32 FTE; $6.4 million cost differential over 5 years.

- **Washington Technology Center Computer Room Operation:** 31 FTE; $5.8 million cost differential over 5 years.

- **Occupational Health Nurse:** 1 FTE; $344,661 cost differential over 5 years.

- **Laborers:** 3 FTE; $176,459 cost differential over 5 years.

- **Mail Services:** 13 FTE; $769,544 cost differential over 5 years.

- **Network Management:** 21 FTE; $3.3 million cost differential over 5 years.

- **Employee Benefits Specialists:** 10.6 FTE; $8.3 million cost differential over 5 years.

- **Billing and Collecting Services:** 21 FTE; $147,041 cost differential over 5 years.

- **Trust Fund Accounting Services:** 28.8 FTE; $5.3 million cost differential over 5 years.

- **Administrative Accounting Services:** 44 FTE; $11.5 million cost differential over 5 years.

For all our competitions, detailed Quality Assurance Surveillance Plans are in place with performance measures and standards that provide accountability that the activity is being performed at an acceptable level. Additionally, actual costs incurred in performing the activities are tracked to ensure that they are in line with the estimated costs that are the basis of the performance selection decisions. On an annual basis, OPM's Office of the Inspector General reviews activity performance and costs incurred.

Additionally, OPM has directly converted to contract four of its commercial activities involving 41 FTE.

We have begun to improve our financial accountability and business processes to ensure best use of financial resources

We have made significant progress in instituting financial management enhancements and reforms, thereby consistently achieving progress ratings of "green." These improvements will provide managers with routine and accurate financial information to facilitate effective program management. Also, improvements will ensure that retirees have the income they have earned in a timely and accurate manner.

Since implementation of the PMA, OPM has:

- **identified post-implementation problems** with a new core accounting system for revolving fund and appropriated fund accounts and set in motion a corrective action plan;

- **continued to improved controls** over cash accountability and reconciling balances with Treasury records;

- **continued to ensure that its payments are valid and accurate**—we are, in fact, one of the top Federal agencies in making the fewest improper payments;

- **expanded electronic business applications**, such as payroll, travel, and vendor payments;

- **paid the tens of thousands of Federal retirees and annuitants** on time every month;

- **effectively managed the Trust Fund accounts** (retirement, health, and insurance), which currently total over $650 billion in assets;

- **worked to develop and enhance more reliable financial data and reports** for program managers and decisionmakers; and

- **consistently received clean audit opinions** on annual consolidated financial statements.

We are more focused on results and on the value of those results to the American people

Perhaps more than any other PMA initiative, our integration of budget and performance has focused us more and more on program results and value to the

American people. We deliver these results and this value by leading Federal agencies toward excellence in the management of their Human Capital and by giving them the human resource policies, strategies, and systems they need to implement both tried-and-true and new and innovative Human Capital practices. We are continuously and aggressively improving how we manage our budget and performance.

⟩ **Program Outcomes and Results.** Before FY 2001, the annual goals and performance measures used in our annual performance plans were developed randomly and focused primarily on process, not program, outcomes and results. Today, we are identifying clear and specific program outcomes, have adopted a program logic approach for determining our performance measures, and have revamped our performance measures to focus on program outcomes. This new emphasis has resulted in a more stable array of measures for each program and in annual goals that are derived from expected performance. For example, in the field of evaluating agencies' Human Capital programs, we have established a goal dealing with employee security. The outcome is that employee on-the-job safety is secured through comprehensive safety plans. Success in achieving this goal is measured by the percentage of agencies that have workforce safety plans in place and the percentage that meet relevant personnel security standards.

⟩ **Quantitative Performance Measures.** Previously, many of our performance measures were descriptive in nature rather than quantitative. In contrast, most of our revamped performance measures are quantitative. This will provide us with historic performance data that will show whether and to what extent we are progressing toward our outcomes. For example, we now measure success in ensuring that agency leaders are equipped to drive results in their organization by counting turnaround time in responding to inquiries, agency satisfaction levels with our technical assistance, and the number of President's Management Council agencies with leadership succession plans.

⟩ **Efficiency Measures.** Earlier, OPM's strategic and annual performance plans included very few efficiency measures. We have now developed efficiency measures for several programs, and are continuing to refine these and develop similar measures for the remaining programs. For example, we have established a performance measure for our internal Human Capital management dealing with the average cost of providing Human Capital services per employee.

Reporting of Performance Results. Performance results were generally not collected and assimilated until performance reports were published at the end of the fiscal year. Program managers thus were not aware of whether they were meeting goals or program outcomes until it was too late to take meaningful corrective action. To address this, we are implementing quarterly reporting for both financial and performance information. In addition, we are implementing an executive information system (called the OPM Dashboard) that provides key financial, performance, and other information to OPM's top executives and program managers in "real time."

Regular Program Assessment. Earlier, there was little ongoing or recurring assessment or evaluation of whether programs were achieving their intended purpose. To address this, our FY 2004 performance budget included additional funding to establish a program evaluation project through which we could conduct impact evaluations and additional research regarding OPM's programs. This has also driven a comprehensive performance measurement and evaluation plan that includes an overarching research and evaluation strategy for OPM. This strategy provides a framework for evaluation proposals which are now solicited from program offices as part of our budget planning process.

Integration of Budget and Outcomes. While OPM's budgets have provided the cost of achieving goals since the FY 1998 Congressional Budget Justification/Annual Performance Plan, these documents did not relate cost data to specific program outcomes. Using the program logic approach, we have identified and defined the program activities and outputs that drive our outcomes, and have successfully distributed budgetary resources for each activity. We are thus able to track program costs to specific outcomes and assess the marginal cost of changing program goals.

As We Look to the Future…

Plans

Building on our achievements, we have set specific goals and objectives for the future.

E-Government

The objective of the Human Resources Line of Business is to create a framework for a Governmentwide, modern, cost effective, standardized, and interoperable Human

Resources (HR) solution(s) that provide common core functionality and maximize automation of processes to support the strategic management of Human Capital. In addition, these solutions will achieve or increase operational efficiencies in the acquisition, development, implementation, and operation of human resource management systems, achieve or increase cost savings/avoidance from human resource solution activities and improve customer service.

- **E-Payroll.** We will complete the consolidation of the civilian payroll into the two e-Payroll partnerships. Business processes within the partnerships will be further evaluated and reengineered to ensure consistency in payroll administration across the executive branch. In addition, we will begin a study of technology upgrade and replacement of the legacy systems operating at the partnerships.

- **Enterprise Human Resources Integration.** We will continue to expand the content and capabilities of the EHRI data repository. The data repository will support the retirement systems modernization initiative; provide data to gaining agencies when employees transfer to new agencies; and will be used for workforce planning, analysis, and forecasting.

- **E-Training.** OPM will expand the capabilities of the e-Training initiative. Additional agencies will be migrated to the Governmentwide platform provided by the GoLearn.gov web-based training site. Site content and capabilities will be expanded, including additional career planning tools and the development of competency courseware.

- **Recruitment One-Stop.** OPM will continue to fix the Federal hiring process with improved applicant job matching, improved resume templates, and standardized vacancy announcements. These tasks will be accomplished through the Recruitment One-Stop initiative and the USAJOBS website that is now used by citizens to locate and apply for Federal jobs.

- **E-Clearance.** We will continue to improve the background investigation and adjudication process through the e-Clearance initiative. This initiative will continue to implement business process improvements and improve information handling.

- **IT Security.** In the area of IT security, our goal is to attain and maintain 100 percent certified and accredited systems.

Financial Improvement

By the end of FY 2006, OPM will achieve better management of its funds to maximize the resources available to support the agency's goals and effect better program management. We plan to:

- resolve several reportable conditions resulting from the FY 2003 financial audit related to the Revolving Fund and appropriated fund operations;

- enhance and expand our new core accounting system to comply with pertinent legal and regulatory requirements, including cost accounting and budgetary accounting;

- reduce to absolute minimal levels any improper payments and maintain high compliance with Prompt Payment Act requirements; and

- expand our electronic financial and business functionalities by integrating acquisition and procurement applications with financial applications and systems.

Competitive Sourcing

- OPM plans to determine the most efficient way to do work performed by 234 FTE customer service employees associated with our retirement program and 50 FTE performing our IT services in FY 2005.

Budget and Performance Integration

- As we move forward into FY 2005 and beyond, we will be focused on program outcomes and the value that achieving these outcomes has for the American people. We will continue to perfect our program outcomes and performance measures so that we will be assessing our performance from the perspectives of program effectiveness, efficiency, and public value. By this time, we also will have built sufficient historic information on performance levels as they relate to budgetary resources and will be leveraging these data for highly accurate marginal cost analysis.

Vision

Many of OPM's projects and programs in the five initiative areas speak to a new way of doing business by, with, and for the Federal Government. The manner in which we recruit, train, support, and manage our Human Capital across the agencies, and the country, will have been nothing short of revolutionized over the next several years.

A paperless and efficient human resource management system. When the EHRI data warehouse is fully deployed—with its 30 years of personnel data and critical employee payroll, training, and retirement information—all agencies will be able to share employee personnel information, realize long-term time and cost savings using standardized human resource workforce analysis and forecasting tools, and completely eliminate the need for paper personnel records. Additionally, our e-Government projects will give human resource officials and agency managers a more streamlined approach to the daily management of Federal employees throughout the employees' Government careers.

Open and simultaneous access to personnel data. A fully implemented EHRI will allow Federal employees to access their own personnel records more conveniently and securely, even when their records are being used simultaneously for other human resource processing purposes.

Continuous and targeted learning and training. The e-Gov approach to e-learning will reflect an evolution that progresses from online content to performance support tools and skill assessments to dynamic user-focused communities of practice and knowledge. GoLearn.gov will be the portal to e-learning in the Federal Government and will provide worldwide 24/7 e-learning access to hundreds of thousands of Federal employees as well as blended learning solutions and just-in-time training to support agency mission accomplishment.

Simplified, more effective Federal recruitment. In the next several years, USAJOBS will continue to transform how Federal jobs are presented to job seekers and how the American public and Federal employees apply for employment consideration. USAJOBS will continue to develop and present premier tools to Federal recruiters and human resource specialists that allow them to work more effectively and efficiently to identify top prospects to meet future workforce demands.

A streamlined clearance system. Authorized users within agencies will be able to share investigative information electronically through a portal system. E-Clearance will put information quickly (and solely) in the hands of decisionmakers, laying the groundwork for a more efficient—and secure—clearance process.

Responsive and reliable services and information. Over the next several years, OPM will have fully integrated its budget, financial management, and

program operations, thereby providing managers, decisionmakers, and customers with highly responsive and reliable services and information.

⌉ **Maintenance of competitive edge.** Commercial sourcing will be used strategically to improve and reduce the cost of OPM services.

⌉ **Continuous improvement of personnel.** We will use the Human Capital tools we have put in place to assist us in making decisions that will help to further close our skill gaps, update our talent pool, and ensure that we have the optimal organizational structure in place to meet our mission.

⌉ **Focus on outcomes.** Each and every OPM employee, manager, and executive will know which program outcomes and strategic goals their individual job and performance supports, and which performance measures are driven by the work they produce. Further, their performance will be assessed in terms of whether OPM meets the target levels for those measures.

What This Means for Our Employees

Every OPM PMA accomplishment and objective has been set and achieved with full reference to our employees. Our results in the areas of Human Capital, Competitive Sourcing, e-Government, Financial Improvement, and Budget and Performance Integration have helped our employees do their work better, faster, more efficiently, and more securely. We have worked hard to create a more employee-friendly work environment where everyone can be treated fairly, judged on their merits, given the tools and resources to succeed, and challenged to excel.

⌉ **Our employees know what to do.** Our employees know exactly what is expected of them because OPM Human Capital decisions are made in accordance with OPM strategic objectives. Employees have been informed of OPM mission-critical competencies needed to perform their jobs and have been given a variety of gap reduction methods (e.g., learning and development opportunities) to address strategic competency needs. Through our competency assessments, we confirmed that OPM has made exceptional progress in eliminating and reducing competency gaps in mission-critical occupations and roles. Concrete, measurable, and objective work performance standards are clearly communicated. Additionally, the Quality Assurance Surveillance Plans put in place for each completed competition provide similarly concrete measured performance standards.

Our employees have the resources to do it. Because we are working to make our financial processes and capabilities more efficient through automation, our employees have more reliable data for analysis, decisionmaking, and reporting. Funds are aligned with our goals and mission. From a Human Capital perspective, because our performance appraisal system is linked to organizational goals and objectives—and because it differentiates and identifies the consequences for performance improvement—our employees have the skills, structure, and reward mechanisms they need to provide outstanding service to the American taxpayer.

Our employees have the tools to do it. We have provided the necessary tools for our employees to be successful. For example, the Governmentwide e-Learning portal, GoLearn.gov, now has more than 190,000 registered users who have completed more than 200,000 online courses. OPM employees are taking advantage of this resource. Thanks to our rigorous IT security program, the IT resources and services needed by our employees to support OPM's mission are available and protected.

Our employees are challenged with more demanding work assignments. Automation has freed up resources that were previously dedicated to such intensively manual processes as data entry; this allows our personnel to devote their energies to more analytical and problem-resolving functions.

Our employees are motivated to excel through competition with the private sector. OPM employees know they will need to compete with the private sector to continue to perform commercial services. This gives them the incentive to continually look for ways to change and improve how they provide services and to seek efficiencies so they can place themselves in the most competitive position possible. Our employees take pride in the results of competitions already conducted and a positive attitude is reflected in their job performance.