FINANCIAL SERVICES AND GENERAL GOVERNMENT APPROPRIATIONS FOR FISCAL YEAR 2011

WEDNESDAY, MARCH 24, 2010

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 2:32 p.m., in room SD–192, Dirksen Senate Office Building, Hon. Richard J. Durbin (chairman) presiding.

Present: Senators Durbin and Collins.

OFFICE OF PERSONNEL MANAGEMENT

STATEMENT OF HON. JOHN BERRY, DIRECTOR

OPENING STATEMENT OF SENATOR RICHARD J. DURBIN

Senator DURBIN. Good afternoon. I am pleased to convene this hearing before the Senate Appropriations Subcommittee on Financial Services and General Government.

Our focus is on fiscal year 2011 budget request of the Office of Personnel Management (OPM). OPM has not appeared before our subcommittee since 1997. So we have been waiting a long time to see you.

I welcome my ranking member, Senator Susan Collins of Maine.

The Office of Personnel Management serves as the principal adviser to the President on personnel management issues for the country's 2 million Federal civilian employees. It designs, develops, and oversees compliance with workforce policies and sets the guidance in areas of recruiting, selection, development, and compensation. To facilitate the Federal employment application process at a single location, OPM manages the USAJOBS Web site, which: posts 30,000 job vacancies a day; maintains 15.4 million résumés on file; and sends more than 500,000 e-mails daily to job seekers.

OPM manages the world's largest single employer-sponsored health insurance plan with 8 million insured individuals, which also insures Members of Congress. The agency also administers retirement benefits for the Federal Government with more than 2.5 million retirees.

In addition, OPM conducts 90 percent of Federal background investigations each year and provides observers to monitor the election process as assigned by the Attorney General.

OPM's newly unveiled strategic plan presents goals that will help prepare our Federal civil service for the 21st century.

OPM's priority, and one I hope is shared by every Federal agency, is to recruit and retain the best and the brightest. Our Nation's civil servants are called on to defend our Nation, restore confidence in our financial system, administer a historical economic recovery effort, ensure adequate healthcare for veterans and others, and search for cures to the most vexing diseases. So we depend on these men and women who are dedicating their lives to public service.

I am pleased to note that the 15.4 million résumés I mentioned OPM has on file are up from 1.9 million just a few years ago. With the surge of interest in public service, it is important that appropriate OPM policies and procedures be reformed to attract the best candidates.

For fiscal year 2011, OPM is requesting $240 million in discretionary funds, the same as the enacted amount for fiscal year 2010, of which $95.7 million is for basic operating expenses. They are requesting an additional 40 full-time equivalents (FTEs) in the area of retirement processing.

Mr. Berry, since you assumed the directorship last April, you have undertaken changes and improvements in hiring, including veterans hiring. And I know that disability hiring policy changes are a high priority for you.

In addition, you have overseen new efforts in the area of wellness with funding we provided last year, which we will talk to you about. I know you intend to recommend changes to the Federal pay system, increasing telework eligibility, improving the security clearance process, and getting the retirement system modernization project on track.

According to an article from a recent Government Executive magazine—whose cover you graced—with the title "High Hopes," you have been referred to as a "change agent," "the quintessential Energizer bunny," and "shot out of a cannon." Given what you hope to accomplish during your tenure, that is good because it looks like you have your work cut out for you.

I would like to turn now to Senator Susan Collins, the ranking member.

STATEMENT OF SENATOR SUSAN COLLINS

Senator COLLINS. Thank you, Mr. Chairman.

Director Berry, welcome. It is good to see you before us here today.

I appreciate your leadership at OPM and your efforts to fulfill the agency's mission to recruit, retain, and honor a world-class Federal workforce to serve the American people.

I have always been a strong advocate for our Federal workforce. Because of the good work of our Federal employees, the United States Government is able to protect our Nation and provide crucial services to our citizens each and every day. Without their dedication, this vital work could not be done, and their commitment to public service makes for a stronger America.

Many Federal employees place their very lives at risk on a daily basis. They knowingly put themselves in harm's way. The very nature of their work—whether it is military personnel, as Federal law enforcement or intelligence officers, or in other dangerous

callings—puts them on the front lines of an often challenging or even life-threatening missions. But as the recent attack on the building in Austin, Texas, and other past assaults directed at Federal buildings and personnel have demonstrated, Federal employees can become the target of terrorists and criminals.

Over the next decade, the Federal Government is facing a retirement wave, and with it, the loss of leadership and institutional knowledge at all levels. On average, retirements from the Federal workforce have exceeded 50,000 a year for a decade. Those numbers will certainly rise in the near future.

The Office of Personnel Management calculates that 60 percent of the current Federal workforce will be eligible to retire during the coming years. Federal agencies, which must already hire more than one-quarter of 1 million new employees each year, will need to work hard to replace these retirees, as the private sector and State and local governments will be competing for the same qualified applicants.

To meet this challenge, agencies must use the recruitment and retention tools they already have, such as student loan repayment, recruitment and retention bonuses, and the ability to rehire Federal annuitants to fill critical needs. That has been a particular concern of mine. Last year I authored a bill to allow just that.

OPM also needs to develop an effective and fair pay-for-performance system that rewards the very best Federal employees.

Director Berry, you have some very significant responsibilities that you work to accomplish those goals. And given fiscal constraints, I will be interested to hear how you will ensure that OPM will provide employees, agencies, and retirees with the important service they need but, most of all, ensure that the public has the qualified workforce we all need.

So, Mr. Chairman, I look forward to working with you on this issue.

Senator DURBIN. Thanks a lot.

Director Berry has quite a background, worked as legislative director for Congressman Steny Hoyer for 10 years, Assistant Secretary of Treasury, and the Interior Department's Director of both the National Fish and Wildlife Foundation and the National Zoo, which means he will be comfortable here in Congress.

We will ask questions about the panda later.

I now invite you to present your testimony, and your written testimony will be part of the record.

Director Berry.

SUMMARY STATEMENT OF HON. JOHN BERRY

Mr. BERRY. Chairman Durbin and Senator Collins, thank you so much for this opportunity to appear before you today.

I also want to personally thank both of you for your incredible leadership over so many years for our Federal employees and for retirees. On behalf of all of them, let me just say thank you. I know that if they could be here today, they would want to express thanks for your constant and stalwart leadership.

With your indulgence, I would also like to introduce my Deputy Director, Christine Griffin, who is with me today. Mr. Chairman, as you mentioned in your opening statement there are concerns

with both diversity and people with disabilities. Christine is one of the highest-ranking people in the Federal Government with a disability, and she is doing a phenomenal job. As I tell people, she is not really disabled, she is abled-squared. She is amazing and could do anything plus, and it is just an honor to be with her.

I appreciate the opportunity to appear before you to defend the President's budget request for the Office of Personnel Management for fiscal year 2011. I know that I am preaching to the choir, but I can't overstate the importance of our mission to recruit, retain, and honor a world-class workforce to serve America. We are developing plans to achieve these goals, and I look forward to sharing some of those details with you today.

For fiscal year 2011, OPM has requested $240 million in discretionary resources. With this money, we will serve the taxpayers by establishing, implementing, and overseeing all Federal human resource policies, completing background security investigations for over 90 percent of the Federal agencies, ensuring compliance with merit system principles, and administering of benefits for over 2 million Federal employees, 2.5 million retirees, and their families, totaling over 8 million lives.

Even as we innovate and try to do more, this request stays level with the funds appropriated to OPM in fiscal year 2010.

The President has asked me to make Government "cool" again. And so, we have developed several initiatives to make the Federal Government the model employer for the 21st century. Both of you are supporting many of these initiatives, letting job seekers know that the Federal Government is already a great employer with the best workforce in the Nation.

In the past year, we have worked hard to expand the recruitment and hiring of veterans throughout the Government. Through an Executive order, the President established the Veterans Employment Initiative, creating a partnership between OPM, Departments of Labor, Veterans Affairs, and Defense.

OPM is requesting $2.4 million, an increase of $800,000 from fiscal year 2010, for this initiative in 2011. We plan to use those resources to increase our support and access for veterans seeking employment with the Federal Government. With your leadership, we have also provided benefits to support our soldiers and their families.

I am particularly proud of our efforts to create a new special hiring authority for agencies that allow them to hire the spouses of members of our armed forces, who, as you know, have to move on a regular basis burdening them with a unique disadvantage. Consequently, we are trying to help them gain access to Federal employment not in violation of our veterans hiring program, but rather in addition to it.

OPM also issued guidance in December to expand the paid leave benefits of members of the National Guard and reservists to help their families when they are called to active duty. Mr. Chairman, I want to specifically thank you for your leadership. This essentially enacts the legislation that you personally introduced, and for the first time ever, employees from the civil service sector who serve in the Reserve aren't disadvantaged by having their pay cut. This legislation has allowed us to restore their pay and maintain

that pay while they are serving in the military. So God bless you and thank you for your leadership. We have worked to implement this legislation so that these reservists are not penalized in any way with regard to their pay.

Another initiative is our effort to work with agencies to streamline the Federal hiring process. We are in the final clearance process with the Office of Management and Budget now and are ready, once we finish the agency clearance process, to send to the President a major hiring reform proposal that will essentially bring the Federal Government into the 21st century, or I should say the 20th century, where we will just start using résumés like everybody else.

I think that if we do nothing else, this will be a landmark shift that will allow us to greatly benefit from progress that has been made long ago in the private sector.

We requested $4 million for the next year to build additional and improved assessments that will develop more shared, registered, and enhanced Government-wide recruitment, and we can talk about that more in the questions. We are reforming the Federal security clearance process and are seeking your authority to meet those demands by increasing our Investigative Services Division by an additional 160 employees.

In addition, we are taking a measured approach to updating our retirement systems and will be focused on improving overall electronic data collection. We must ensure that benefits are processed quickly and accurately and that our reform measures are deliberate and don't waste any more of the taxpayers' money.

I know you all have been very diligent in overseeing this throughout the years. There have been multiple failures. We want to make sure that we can guarantee success with regard to any steps we take on this issue.

In fiscal year 2011, OPM has requested $1.5 million to develop a better calculator for our retirement processing. This will allow our caseworkers to process claims more expeditiously and to meet current needs. Basically, right now we don't have an automated system. As you know, RSM was disbanded and that effort closed down. We had started to actually decrease our staff under the expectation there was going to be a new system.

We are not going to have that system. Consequently, we do need to increase some staff. I am asking for 40 more employees so that we can just keep pace with the growth in demand that we are seeing. We are receiving, just this year, from the Postal Service alone an additional 18,000 retirements that we will have to process.

We are looking for additional resources to conduct the employee viewpoint survey on an annual basis rather than every other year. We believe that this can be a very effective management tool.

For the first time ever—and this really surprised me when I got there. We should have the best health database in the country. We have the largest single plan, covering 8 to 9 million lives and yet we have never collected any data from it. And so, we miss, quite frankly, enormous opportunities for improving cost efficiencies, evaluating which programs are working better, and determining what the needs of our current population are.

We want to make sure we can do that well. Thus, we are asking you for the necessary resources. It is a substantial investment, but it will allow us to begin collecting data for the first time ever about our employees' health benefit program, not at an individual level, but at the level where we can learn where our weaknesses are and where there are possible cost savings that could help us control costs in the future.

These priorities and the priorities in our budget reflect the strategic goals that you have discussed in our strategic plan: to hire the best, respect the workforce, expect the best of our workforce, and honor their service. If we want enhanced performance and superior results from our Federal Government, we must invest in our employees and attract, hire, and retain the best workforce.

To do this we must give our people the tools that they need to succeed and the incentive to perform at their maximum potential. We must assure employees that their services are and will continue to be respected and honored. I thank you on behalf of all Federal employees and retirees for both of your roles in doing that throughout your careers.

PREPARED STATEMENT

Thank you for this opportunity to be with you today, and I look forward to answering any questions that you might have.

[The statement follows:]

PREPARED STATEMENT OF JOHN BERRY

Chairman Durbin, Ranking Member Collins, and Members of the Subcommittee: As Director of the Office of Personnel Management, I appreciate the opportunity to testify before you today on the President's fiscal year 2011 budget request for the Office of Personnel Management (OPM). This budget will help us meet our responsibilities for establishing, implementing, and overseeing the Federal Government's human resources policies, background security investigations, merit system compliance, and administration of a broad range of benefits for the 2 million strong Federal civilian workforce, 2.5 million retirees, their families and survivors. I look forward to sharing with you the Administration's vision to recruit, retain, and honor a world-class workforce to serve America.

Included in the fiscal year 2011 budget request are my strategic goals for the agency: Hire the Best, Respect the Workforce, Expect the Best, and Honor Service. These guiding principles have framed my initiatives of the past year and will continue to guide our activities and priorities in the next fiscal year.

The President has asked me to make Government "cool" again, and to that end, we have several initiatives to reinforce the Federal Government to be the best workplace with the best workforce in the Nation. In the past year, with this subcommittee and Congress' support, we have worked hard to expand the recruitment and hiring of veterans throughout the Government; provide benefits to support the war fighter and his or her family; foster collaboration between labor and management in order to improve delivery of Government services; reform the Federal security clearance process, and propose initiatives to streamline the Federal hiring process. However, many challenges still remain. Nonetheless, OPM is well-prepared to meet these challenges, and the priorities outlined in this budget request are critical toward the success of these efforts.

HIGH PRIORITY PERFORMANCE GOALS

The following High Priority Performance goals are measurable commitments to the American people. They represent high priorities for both the Administration and the Office of Personnel Management and are expected to achieve significant results over the next 12 to 24 months. Each of the four goals is related to OPM's major performance improvement initiatives reflected in our budget. The High Priority Performance Goals include:

Hiring Reform.—80 percent of Departments and major agencies will meet agreed upon targeted improvements to: Improve hiring manager satisfaction with applicant quality, improve applicant satisfaction, and reduce the time it takes to hire.

Telework.—Increase by 50 percent the number of eligible Federal employees who telework by fiscal year 2011, increase by 50 percent the number of eligible Federal employees who telework over the fiscal year 2009 baseline of 102,900.

Security Clearance Reform.—Maintain or exceed OPM-related goals of the Intelligence Reform and Terrorism Prevention Act of 2004 and provide the OPM deliverables necessary to ensure that security clearance reforms are substantially operational across the Federal government by the end of CY 2010.

Retirement Claims Processing.—Reduce the number of retirement records OPM receives that are incomplete and require development to less than 38 percent by the end of fiscal year 2010, 35 percent by the end of fiscal year 2011, and 30 percent by the end of fiscal year 2012.

Wellness.—By the end of 2011, every agency has established and begun to implement a plan for a comprehensive health and wellness program which will achieve a 75 percent participation rate.

OPM REORGANIZATION

Shortly after becoming OPM Director in April 2009, I tasked the agency's senior leadership with developing a simplified model for restructuring the agency's executive offices and program divisions. The agency and its employee unions were partners throughout this process with a shared commitment to ensure employees are treated fairly, and to ultimately make OPM a better and more effective agency.

The foremost reason for reorganizing OPM was to enable our customers, as well as OPM employees, to see in clear, plain English, the functions that we perform and the organizations responsible for implementing them. The five main functional organizations within OPM now are:

—Employee Services, which provides policy direction and leadership in designing, developing and promulgating Government-wide human resources systems and programs;

—Retirement and Benefits, which administers retirement, health, and life insurance benefit programs for Federal employees, retirees, their families and survivors;

—Merit System Audit and Compliance, which ensures that Federal agency human resources programs are effective and meet merit system principles and related civil service requirements;

—Federal Investigative Services, which ensures the Federal Government has a suitable workforce that protects National Security and is worthy of Public Trust; and

—Human Resources Solutions, which provides effective human resources solutions to assist Federal agencies in achieving their missions.

There are three newly created offices that I believe will help improve the agency's operations. First, I created an independent Ombudsman that will address issues raised by OPM employees and some customers of OPM. I have also created an Internal Oversight and Compliance Office that will undertake reviews and assessments of OPM operations, as well as assist program offices with responses to and follow up on audits conducted by the OPM Inspector General and Government Accountability Office. Through these offices we will have an internal check on OPM's operations that will allow us to better identify and improve problem areas.

Also, I created an Office of Planning and Policy Analysis. Included in the OPM budget request is $7 million to start a data warehouse to analyze the claims experience of participants in the Federal Employees Health Benefits Program (FEHBP). Through this effort we hope to identify trends in employee health issues and potentially drive down costs through a better understanding of the Federal employee and retiree population's most common healthcare needs.

Under this reorganization, OPM is more streamlined. Our customers—both internal and external—are better able to understand the services and products that we provide. The execution of the reorganization has also made OPM more effective in making the Federal Government the model employer for the 21st century through successful achievement of critical priorities.

FISCAL YEAR 2011 BUDGET REQUEST

The budget request presented to you today continues the path we began to chart last year in an effort to bring civil service into a new era. For fiscal year 2011, OPM is requesting $240,071,000 in discretionary appropriations, the same as enacted for fiscal year 2010. The total includes appropriations from general funds as well as

limitations on transfers from the earned benefit Civil Service Retirement and Disability Fund, Federal Employees Health Benefits Fund, and the Federal Employees Group Life Insurance Fund, all of which are under OPM's management.

For basic operating expenses of the agency, our request includes $95,770,000 in general funds for Office of Personnel Management Salaries and Expenses, $22,564,000 of general funds and trust fund transfers for Office of the Inspector General Salaries and Expenses. Also, we are requesting a total of $121,737,000 in transfers from the Trust Funds for the administration of the civil service retirement and insurance programs. This funding will provide the resources necessary to aid in carrying out several major initiatives.

Hiring Reform

The Administration believes that reforming the Federal hiring process is an urgent priority to attract the best and brightest talent into the workforce. The current hiring process is cumbersome and slow, frustrating managers and discouraging many talented individuals from considering Federal jobs and opportunities. In order to address this problem, OPM's fiscal year 2011 budget requests $4,000,000 in order to promote innovative and coordinated approaches to help agencies streamline their end-to-end hiring process. This synchronization will better enable agencies to recruit and hire qualified students, mid-career professionals, and retirees. As part of the Administration's effort to create a more positive experience for Federal job applicants, OPM will continue efforts to overhaul the USAJOBS website. The effort will build on improvements that have already been made to make the site more user-friendly.

OPM is also committed to increasing employment outreach to veterans, in accordance with President Obama's Executive Order, "Employment of Veterans in the Federal Government" signed on November 9, 2009. This order established the Veterans Employment Initiative, with the goal of transforming the Federal Government into a model of veterans' employment. OPM, in collaboration with the Departments of Defense, Labor and Veterans Affairs, is leading the development and implementation of a Government-wide Veterans Recruitment and Employment Strategic Plan to address barriers to entry for Veterans and transitioning service members pursuing careers in the Federal civil service. We are requesting $2,400,000 in fiscal year 2011 to advance this effort.

Finally, this year OPM launched a Federal Diversity Office to make creation of a diverse workforce a greater priority in the Government. The Diversity Office is looking at the development of a Government-wide diversity strategy to support Federal agencies in improving outreach to and hiring of diverse groups of candidates. In fiscal year 2011, budget resources will be used to fully staff the Diversity Office and deploy new policies, processes and procedures for improving diversity and promoting inclusion across the Federal Government.

Wellness and Work-Life

Availability of health, wellness, and work-life options for Federal employees is a critical tool for improving the ability of the Government to recruit and retain a high-performing workforce. In 2010, OPM received an appropriation of $2,654,000 to develop and operate a comprehensive worksite wellness pilot program for the downtown Washington campus including GSA, Interior, and OPM. The development of Government-wide health and wellness policies and programs to provide employees with a meaningful balance of work and life will continue to be a top priority at OPM in fiscal year 2011.

Telework is another essential part of OPM's overall effort to improve work-life flexibilities for Federal employees. Increased use of telework in Federal offices across the country, particularly in major metropolitan areas with large concentrations of employees, would enable the uninterrupted delivery of Government services if employees were instructed to work from home due to extreme weather conditions, natural disasters, or other threats to health, including concerns regarding the spread of influenza. In fiscal year 2010 and 2011, OPM will continue its initiative on telework and provide support to agencies, managers, and employees about how to effectively implement telework programs.

Employee Viewpoint Survey

Since 2002, OPM has conducted a biennial survey of Federal employees to assist Congress and OPM in determining the overall direction and needed changes for future HR policy. The survey is also a valuable tool for agencies to improve employee engagement and satisfaction as well as to address areas in need of improvement identified in the survey. Beginning this year, OPM will be conducting surveys annually and our budget request includes $2,500,000 for this effort in fiscal year 2011.

The improved annual surveys will provide the data necessary to chart the course for making the Federal workplace a model for the nation.

Security Clearance Reform

In 2004, Congress passed the Intelligence Reform and Terrorism Prevention Act of 2004 (IRPTA) which included provisions to address ongoing concerns regarding the timeliness and quality of personnel background investigations and employment suitability services. Since the enactment of IRPTA, OPM has significantly shortened the amount of time needed to complete initial clearance investigations and has eliminated the backlog of pending background investigation cases. In fiscal year 2011, continued efforts will ensure Federal customer agencies have the information they need to make timely decisions on the credibility and suitability of Federal employees, contractors, and military members.

OPM conducts investigations for Federal agencies on a reimbursable basis through the Revolving Fund. The fiscal year 2011 budget includes an estimated $970,127,000 in new budget authority for Federal Investigative Services. This funding will be used to continue the transformation effort underway for the core FIS technology systems; to continue making improvements to security questionnaires used to collect investigative information; for implementation of a training program to standardize the investigative and suitability adjudicative process for all background investigations; and to cover fiscal year 2011 core FIS operational costs necessary to produce a quality and timely background investigation.

Retirement Systems Modernization

OPM has initiated the Retirement Systems Modernization (RSM) program to modernize and automate retirement processes to ensure Federal retirees and annuitants are paid accurately, timely, and receive high-quality customer service. The Federal Government's retirement systems face significant challenges and are at high risk of failure due to technology gaps. These challenges have been identified in numerous OPM and GAO reports, and congressional staff members have been briefed on the ongoing response to these challenges. Because of the strategic importance of this issue, I have asked OPM's Deputy Director, Christine Griffin, to take the lead on RSM and make this her top priority. Our budget requests $1,500,000 to stabilize the retirement systems in fiscal year 2011.

During this fiscal year, our primary focus for modernization efforts is to lay the foundation for upgrading the retirement calculator, and to transition from a paper-based operation to an automated retirement process. OPM is also focused on implementation of an online retirement application tool that will utilize data gathered through the Enterprise Human Resources Integration (EHRI) program, allowing us to gather initial retirement information electronically for the first time. This capability will help improve the accuracy of retirement calculations by eliminating the potential for manual data entry errors and permitting real-time validation of the data provided. These initiatives will help to ensure that OPM and agency benefits officers have access to information necessary to perform their duties of processing claims and providing customer service to employees and annuitants. However, enhanced efficiencies will not happen overnight. The transition will require incremental and deliberate change in order to ensure that past mistakes do not occur again, and that taxpayer dollars are not wasted on an ineffective effort. In the interim, OPM must increase staffing levels in order to fulfill its responsibility to process its anticipated workload in a timely manner.

For fiscal year 2011, we are requesting 40 FTE and an additional $2,800,000 to increase retirement claims processing staffing levels. The 40 FTE will permit OPM to process an additional 24,000 claims and reduce claims processing time from 45 days to 40 days in fiscal year 2011. In 2012, as staff is fully trained and seasoned, they will be able to process an additional 32,000 claims. The increase in FTE will assist in reducing the claims processing times to 38 days.

Acquisition Improvement

Finally, the Administration is seeking to strengthen the acquisition process Government-wide. As a result, they requested a general provision that provides for $670,210 to increase OPM's acquisition workforce in order to improve contract oversight. OPM's Contracting Group has assumed a dramatic increase in contracting responsibilities over the past several years as a result of the increased scope of OPM's Government-wide support functions. OPM will use these requested funds to recruit, hire, and train five additional Contracting Officers, plus one additional Contracting Officer to increase staff devoted to small and disadvantaged business utilization.

The agenda I have presented to you reflects a commitment toward a new day for civil service. If superior results are what we want from our Federal Government, then we must attract, hire and retain a talented workforce. We must give them the

tools that they need to succeed, and the incentive to perform to their maximum potential, including our assurance that their services are and will continue to be respected and honored.

Mr. Chairman, this concludes my formal testimony on the Office of Personnel Management's fiscal year 2011 budget request. I look forward to addressing any questions or concerns that you and the Members of the Subcommittee may have.

Thank you.

NEW ADMINISTRATION WELLNESS INITIATIVES

Senator DURBIN. So, Director Berry, the President asked us to give you $5 million for wellness, for pilot programs to deal with smoking cessation, disease management, and the like. Tell me how that is going.

Mr. BERRY. Mr. Chairman, the President's budget for fiscal year 2011 has actually consolidated these funds in the Health and Human Services (HHS) budget. And so, you will see a decreased request from that in the 2011 budget. You were very generous in allowing us to stand this up this year, and so the first, we are looking at creating demonstration projects where we can promote wellness in the workplace for Federal employees.

The first one that we are setting up is in our own headquarters, which will also serve our little campus. Right across the street from us is the General Services Administration (GSA) and the Department of the Interior. The three of us are going to share a new health unit.

Thanks to your support for this fiscal year, we have just issued a request for proposals from the health carriers that will come in and provide complete screening—free of charge—for employees at the workplace, during work hours on a comprehensive basis, so that people can get their blood sugar and their cholesterol levels checked and also receive pre-cancer screenings.

Our belief is that this program is going to produce enormous savings. Companies that have done this in the private sector have produced productivity increases of 40 to 50 percent in the first couple of years alone.

Senator DURBIN. Did you consult with those companies when you were thinking about how to approach this?

Mr. BERRY. Absolutely, and a number of our staff have been going around the country and meeting with some of the more innovative companies that do this in the workplace well. And so, I am very excited by this.

We just finished the renovation of our health unit. If you are ever down in our neighborhood, we welcome you to stop in and see it. It is now once again a place that you would not mind getting healthcare. I have to tell you that when I arrived at OPM, I would not have had a band-aid put on in our health unit. But we have made extreme advances in this.

We are going to be doing other demonstration projects. In addition to the one in the District of Columbia, there will be others conducted around the country. We are going to try to select units in the Midwest and on the west coast so that we can get a good sample and bring you back strong data as to the impact that this will make in the Federal employee community.

NURSING SHORTAGE AND INTERGOVERNMENTAL PERSONNEL MOBILITY PROGRAM

Senator DURBIN. I am going to give you a little bit of a challenge here on a different issue, and it relates to a national problem, which I think the Federal Government can help to address.

We anticipate a nursing shortage in America that will grow to 260,000 registered nurses, which we will need and not have, by the year 2025, twice as large as this country has seen since the 1960s, reflects the baby boomers and more healthcare and more primary care and the critical role that nurses play.

And so, when I looked at this nursing shortage in my State and across the country, it turned out that one of the major reasons was the lack of nursing faculty. In other words, registered nurses (RNs) or those with master's degrees or could obtain master's degrees coming in to teach.

Now it turns out the Federal Government currently employs about 53,000 nurses that have the educational background and expertise to teach the next generation of nurses. Now I appreciate that you are struggling to find the nurses we need in the Federal Government. I am hoping that I can talk to you about some possibilities here because if nurses out of the Federal workforce teach in nursing schools, they are, in fact, not only teaching, they are recruiting.

They are telling stories about their careers and why they chose the Federal Government, which I think may increase the likelihood that you will have an available nursing pool in the future. We talked to you—I know that you began to address the problem through the Intergovernmental Personnel Act Mobility Program, which allows temporary assignment of personnel between the Federal Government, State and local governments, colleges, and universities. But my staff feels there is some hesitation at your agency.

I would be interested in your perspectives on the potential benefit of rotating qualified federally employed nurses through nursing schools, what authorities the OPM has to improve recruitment of Government nurses in a future pipeline, and whether you have given any thought to the possibility of extending the Intergovernmental Personnel Mobility Program to retired Government nurses. Have you thought about this issue and how we might address it?

Mr. BERRY. Mr. Chairman, thank you, first, for your leadership in helping to create the opportunity for a program like this to exist. I think that the IPA Program, the Intergovernmental Personnel Act Program, that you were instrumental in creating, is a very powerful tool to achieve the objectives, just as you have identified. And I am in lock step with you on this.

You are right to identify that we have a huge nursing shortage in the Federal Government, especially with regard to staffing our veterans hospitals. And so, for example, to meet those needs, we have allowed direct hire authority to the Veterans Affairs Department, as well as throughout the Government in that regard.

At the same time, recognizing that shortage, it is a huge opportunity for us to have some of our more experienced registered nurses—and, I think yours and Senator Collins idea, to bring peo-

ple back and out of retirement who aren't ready to sit, or play golf full time, and to reengage them to allow us to outreach, be the recruiters and tell their story, not only passing on their knowledge to the shortage which exists throughout our State and local government operations, but in the Federal Government. I think it is a powerful thing.

The Federal Government should always be in a leadership role. I really believe we have that responsibility. And so, prior administrations had somewhat deemphasized this program. They had even stopped reporting on it to you. So, we didn't know for a while how many people were doing this, and whether this program was having an effect or whether agencies were stepping up to play this role.

We have reinstituted reporting to you on this matter. Therefore, we are going to start tracking again how many people are doing this. So we will be able to tell you from year to year whether we are achieving the goal that you want, which is making sure that we are stepping up not only in the nursing program, but in many programs.

I think that you have identified and put your finger on a critical place that we have got to pay careful attention to, and that is the nursing shortage throughout the country. And the IPA Program can allow the Federal Government to play a leadership role.

If there is any back stepping or slow stepping on my staff's part, my commitment to you is that I will goose them along very aggressively. We would be very happy and honored to work with you and Senator Collins' staff to make sure that we are aggressively pursuing this program, and that you are proud of its results.

Senator DURBIN. If Senator Collins will spare me one little vignette here? About 4 or 5 weeks ago, I was in Africa with Senator Sherrod Brown, and we visited with the president of Ethiopia, and I discussed with him, among other things, the fact that so many Ethiopian medical professionals now practice in the United States. In the Washington, DC, area there are about 2,500 Ethiopian-trained doctors.

And I said I know your country desperately needs medical professionals, and we are stealing them away, and I would like to know your reaction to it. He said, well, we have a plan. And our plan is called flooding and retention. You want Ethiopian doctors? We are going to produce more than you could possibly dream of, and they are going to go to your country and work and send money back to Ethiopia, and we will keep enough here to meet our needs.

It is interesting that they have decided rather than to fight us, to basically say if you want our people, we will train more of them. And the United States seems to be slow to get to that point. We just don't seem to be ready to make a commitment. We know this is looming, and it is going to cause a lot of problems.

So I hope the Federal Government can inspire and lead in this area and show some innovation.

Mr. BERRY. Mr. Chairman, if I could? I would just like to give an extra shout out to the Department of Veterans Affairs. The leadership there, Secretary Shinseki and their Deputy Secretary Scott Gould, their human resources Assistant Secretary John Sepulveda, have been phenomenal to work with. On this issue, I

think they take the philosophy that the way to beat this is not to try to outcompete State and local government. It is to try to grow the pool together.

They are investing significant resources this year to help move up not only as we—to get LPNs move to the RN level. We have all of these pools that with the right accredited training, we can increase these pipelines. It is an advantage for us to retain. It is also an attraction for recruitment.

Through the multiple training we can jointly work with State and local governments so that both benefit from this program. They are putting real resources on this, millions of dollars. I think we are going to be able to move the needle on this this year for the first time in a long time.

Senator DURBIN. Well, let us try to work together.

Mr. BERRY. Absolutely. Be honored to, sir.

Senator DURBIN. Senator Collins.

Senator COLLINS. Thank you, Mr. Chairman.

POSTAL SERVICE OBLIGATION TO RETIREMENT TRUST FUND

Mr. Berry, we held a hearing last week about the Postal Service's financial crisis, and there are two major issues that have come up with which the Postal Service is working closely with OPM. And I want to ask your opinion on both.

First of all, we had testimony from the inspector general of the Postal Service, who discussed a report that his office issued, which concluded that the current system of funding the Postal Service's obligation to the Civil Service Retirement System has resulted in the Postal Service overpaying by $75 billion, a truly astonishing find.

Now it is my understanding that the OPM determined this payment amount and explained its rationale in a 2004 letter to the Postmaster General, and I have read that letter that says the Board of Actuaries approved it and reviewed it. But this is a huge difference, and the reason this is important is if, in fact, there is an overpayment of $75 billion, it would help solve a lot of the Postal Service's problems.

Getting a handle on this, however, has been extremely difficult.

Can you tell us whether OPM still stands by the analysis and payment levels that were established in 2004?

Mr. BERRY. Senator, this is a very tough issue, as you have identified it. I am keenly aware of the challenges the Postal Service is facing right now and have met with the Postmaster General as well as the Postal Service inspector general on this very issue.

Let me answer your question directly. Yes. For the time being, we do stand by the initial assessment. That assessment, as you mentioned, was upheld by the Board of Actuaries and the Government Accountability Office (GAO), not just the Board of Actuaries.

Now, the Postal Service inspector general has a new argument that they are advancing. I am very happy to go back and have that reconsidered. We will reevaluate our position, reconsidered with GAO and the Board of Actuaries to see if we are wrong. If so, we will adjust.

My responsibility to you as trustee of the retirement funds is to make sure that whatever we do, the fund is whole and that we can retain solvency and pay the claims as they come due.

That being said, I recognize the complexity and the challenges that are before us, and have made very clear that I am very willing to sit down with the Treasury Department, OMB, the Postal Service, and GAO and be a constructive partner in crafting a solution that guarantees that we can meet the Postal Service's concern and protect the solvency of the fund. I think I have made very clear that, in other words, we are very open minded to try to help however we can.

If, at the end of the day—because, like you, I am not an actuary, the lawyers and the actuaries say, John, your trustee responsibilities prohibit you from doing what these other folks want to do, I will be very happy to come back and tell you that this might require this change in legislation to do what you would like to do. This is how I could advise you on how best to move forward.

Right now, you are exactly right. We need to get everybody around one table and have people work together to try to crack this and resolve this once and for all.

Senator COLLINS. And while you are doing that, you also need to look at the payments to the retiree health benefits fund.

Mr. BERRY. Yes.

Senator COLLINS. It is a different issue, but another issue, and I know that you have been having some meetings on that as well, but that there is not yet a consensus.

We are just trying—well, let me speak for myself. I am just trying to get a handle on what is the appropriate payment. I just left a meeting where a person told me that the inspector general is wrong and is at one end of the spectrum, and OPM is wrong and at the other end of the spectrum, and the truth is somewhere in the middle. I don't know. I am not an actuary. There are obviously budget implications to shifting from the Postal Service the obligation to the Treasury, and I understand that. But it would be nice to know what the answer is in terms of just doing a factual analysis when we are hearing such diverse things.

DOMESTIC PARTNER BENEFITS

I will go back to that. I apologize for cutting you off, but just so in this first round, I could quickly get one more question in, and that is on the domestic partners benefit bill.

As you know, last October, our Homeland Security and Governmental Affairs Committee held a hearing on the domestic partners benefits and obligations bill, which I introduced with Senator Lieberman. This bill would provide the Federal workforce with the same kinds of benefits that are very prevalent in the Fortune 500 benefit structure, and those are the people we are competing with, by the way.

At the conclusion of the hearing—not to give you a hard time, but at the conclusion of the hearing, you did indicate to Senator Lieberman and me that "the cost of the bill is of such a level that I think we will be able to identify efficiencies to fully offset the cost over the term of the administration. If you need a commitment or a promise to that effect, I am happy to deliver it."

It has been 5 months since that hearing, and we are still waiting for those offsets, which, you should understand as a strong supporter of the bill, is preventing the bill from being taken up on the Senate floor until we identify those offsets. And so, where are we on that issue?

Mr. BERRY. Senator, first, thank you again for your leadership on this issue. The administration strongly supports the legislation that you, Senator Lieberman, Senator Durbin and many others are supporting. I don't want this to be a catch 22. Let me make this ironclad promise to you.

Currently, we have an offset that is going through the clearance process with Office of Management and Budget. We are waiting for the committee to wrap up its report so that we can get Congressional Budget Office (CBO) scoring so we can guarantee that the offset we will give you equals the CBO cost estimate. Once we know that for sure, then I can meet our word to you. We have identified, I think, a very good offset.

Now, the chairman mentioned that my last job was Director of the National Zoo. As you know, especially in these times, offsets have become a very precious commodity. I feel like having a good offset is like going into the lion and tiger house with a plateful of meat. You get a lot of attention.

So, I am sort of loathe to reveal the offset for fear, quite frankly, that a larger tiger might take it away for another purpose.

My promise to you would be as soon as the subcommittee is ready to go to the floor and we have that CBO scoring, we will have an offset to cover the entire cost of the amendment for you so that you can move expeditiously to the floor without any delay.

I don't offer that as trying to be cute, but that is essentially where we are right now.

Senator COLLINS. Thank you.

GUARD AND RESERVIST DIFFERENTIAL PAYMENTS

Senator DURBIN. You talked a little bit in your opening about an effort I had underway for years to try to make sure that those Federal employees who were activated to serve, deployed as members of the Guard and Reserve would not suffer any pay loss. State, local governments, private companies have all stepped forward, and we used to honor them with a special Web site at the Pentagon, thanking them for their patriotism. And yet the largest employer of Guard and Reserve in America, the Federal Government, failed to do the same thing.

So I had one Senator who was an obstacle. I never convinced him, but I outlasted him and eventually passed in fiscal year 2009 the language necessary for this. Can you give me any idea—we talked at the time how it was important that those who qualified be paid on a timely basis. Give me an idea of the process that a Federal employee who is notified that his or her unit had been activated, about to be deployed, would follow to make sure that if they do qualify, they would receive these payments.

Mr. BERRY. Mr. Chairman, again, let me commend you on your leadership on this issue for so many years. Thank you on behalf of all of our reservists for delivering this great success.

I apologize for the delay in issuing guidance to the agencies about this. We got that guidance out in December. The reason, we found, wasn't that the civilian pay was complicated. It was the military pay side that was very complicated, trying to figure out do you include the housing payment? Do you include the hazard allocation? What is included in terms of military pay to define what the gap would be to ensure that we were treating them very fairly.

We finally reached a consensus with the Defense Department and the Office of Management and Budget on this and were able to issue that guidance.

The first thing I want to assure you about is the law you enacted took effect in 2009, March 11, 2009. We didn't get around to issuing the guidance until last December. Reservists are eligible for that pay back to the date of enactment. Even though we have made that clear in the guidance, and we will make sure that everyone is made whole back to the date of enactment. I want to promise you that we will ensure that no one is shortchanged because of our delay in getting that guidance out because of the complexity.

There are essentially four finance centers that pay employees on the civilian Department of Defense (DOD) side and throughout the Federal Government. The GSA runs one; the Department of Defense has the DFAS center; the Interior Department has what is called the National Business Center; and the U.S. Department of Agriculture (USDA) has the National Finance Center. We have been working with them to implement adjustments to their pay systems so that these calculations can now be made, and the reservists can be made whole.

And so, that is underway. I don't know if we have an exact date. If I could supply it to you for the record——

Senator DURBIN. Of course, you can.

Mr. BERRY [continuing]. The exact date we will be able to do that?

Senator DURBIN. And if you could, and if you don't know at this moment, the number of Federal employees who are in the Guard and Reserve. I don't know if you have that. If you don't, you can provide that to me as well.

Mr. BERRY. We estimate that the number could range, depending on the year, somewhere between 5,000 and 15,000 Federal employees at any one time that are on active military duty in the Reserve. That is the total number of the estimate that we gave this morning, 150,000?

We believe that several thousand or so will be eligible for direct payment under this proposal have been paid less than what they would have been paid in their civilian job and that this bill will allow us to make up for that. So it will be significant, and we will make sure it gets implemented quickly.

[The information follows:]

STATUS OF RESERVIST DIFFERENTIAL PAYMENTS

The status of making reservist differential payments varies among payroll providers. The most recent information we have from the four major providers is as follows:

General Services Administration (GSA)

On June 1, 2010, GSA reported that it had implemented automated capability for processing reservist differential during pay period ending May 8, 2010. GSA made its first reservist differential payments during pay period ending May 22, 2010.

National Business Center (NBC, Department of the Interior)

On June 2, 2010, NBC reported that since February 2010 it had manually processed several reservist differential payments. NBC reported that it continues to remain on schedule to automate the reservist differential in its Federal personnel/payroll system August 2010 release.

National Finance Center (NFC, Department of Agriculture)

On June 4, 2010, NFC reported that effective April 19, 2010, client agencies of NFC were able to enter reservist differential payments into its Special Payment Processing System (SPPS). NFC published processing instructions on its website via an NFC bulletin dated April 16, 2010. NFC reported that it had processed a total of 30 payments as of June 4 thru its SPPS system.

NFC also reported that effective May 9, 2010, the programming modifications for OPM's Update 52 to the Guide to Processing Personnel Actions (GPPA) related to reservist differential were completed and available for clients to begin their processing. NFC has published processing instructions related to these changes on its website via an NFC bulletin dated May 18, 2010.

NFC reported that it continues to perform the necessary analysis and research to address the system changes needed for the new Pay Status/USERRA codes related to the Nature of Action Code (NOAC) changes for reservist differential as per OPM's Update 61, Update 02, of the OPM Guide to Data Standards, issued April 1, 2010. Once this task has been completed, NFC will establish a target implementation date for this final phase of the project.

Defense Finance and Accounting Service (DFAS, Department of Defense)

On June 9, 2010, DFAS reported that it had a manual workaround in place to make reservist differential payments. As of pay period ending May 22, 2010, 331 payments have been made for a total of approximately $800,000. All of these payments were made to DOD civilians.

On August 17, 2010, DOD reported it had identified approximately 5,558 appropriated-fund DOD employees so far as being eligible for reservist differential (i.e., had qualifying active duty service). Approximately 532 of these employees were due retroactive differential payments. For those 532 employees, the consolidated amount of reservist differential owed is approximately $1.3 million. The total amounts covering anywhere from 1 pay period to 24 pay periods ranged from $10.75 to $26,665.02. The median total figure was $1,518.71. The average amount (before taxes) is approximately $2,500. DOD is in the final stages of analyzing a second group of employees that may be eligible for retroactive reservist differential payments. Payments will be effected starting September 17, 2010.

On June 24, 2010, DFAS provided non-DOD client agencies procedures to follow for authorizing reservist differential payments and followed up with a discussion during a quarterly customer meeting in July 2010. As of September 2010, DFAS has processed payments for the Departments of Veterans Affairs and Energy and the Environmental Protection Agency.

HIRING INDIVIDUALS WITH DISABILITIES

Senator DURBIN. If I could ask one other question, and it relates to disability policy in hiring. I talked to my staff because I think Congress is slow to meet the needs when it comes to the disability community. And I talked to my staff about our office and said, "What can we do here?"

I meet a lot of disabled veterans out at Walter Reed and a lot of folks who have served, come back needing a job, as an example, disabled veterans and others in the disability community. It has been hard. It has been more difficult than I thought it would be.

Sometimes it is matching up our job description with their talents, and our schedule, as crazy as it is from time to time, with their personal and family needs. And I am wondering what you are doing, as you look at the Federal Government, to address this,

whether our problem is unique or we just didn't go to the right place for information and guidance.

What can we do, should we do as Congress or as the Federal Government to give talented disabled people a chance to serve their Government?

Mr. BERRY. Mr. Chairman, thank you for your leadership on the Americans with Disabilities Act, with the amendments. You have been a stalwart leader over the decades on this issue. I know you and Tony Coelho and Mr. Hoyer have been partners in advancing this effort and this initiative, and your leadership is deeply appreciated.

When you look at the diversity equation in the Federal Government, the only group that has gone backward have been people with disabilities. We used to be over 1 percent. We are now under 1 percent, around 0.5 percent. It is embarrassing.

This is after the passage of the Americans with Disabilities Act, after the passage of the amendments that you all secured. We need to do better. And so, one of the reasons that I sought and recruited Christine Griffin from the Equal Employment Opportunity Commission (EEOC) is whenever you deal with diversity and Federal law, it is a very complicated area, as you all know, relative from Supreme Court cases on down.

Chris is both an attorney as well as someone who is skilled on this issue through her practice in the EEOC, where she was a Commissioner just before becoming Deputy Director of OPM. I have asked her to lead our effort on behalf of the President of an initiative that will focus not only on disability, but also on a diversity initiative that we could present to the President this summer that is going to try a new approach, within the scope of the law, that will allow us to better provide access to all communities in the country, including people with disabilities.

Now especially for people with disabilities, to focus specifically on your question, Chris has worked with agencies across the Government to organize the largest-ever hiring event, which we are holding at the Washington Convention Center in April.

What is the date, Chris?

Ms. GRIFFIN. April 26.

Mr. BERRY. April 26. And we welcome, if you have time to be able to join us at some point during that day.

What we have done is, rather than make this just another job fair, we have conducted outreach through the disability community and advocacy groups across the country, we have worked with Federal agencies to identify jobs that are currently available, and then we have had people apply in advance of this event so that we can try to do exactly what you said, Mr. Chairman, match their skills and ability with the positions that are now available and open in the Federal Government. And then, using Schedule A authority, what we are going to do at this hiring event is actually set up interviews between the agencies where we think those matches are in the ballpark so that they can interview those candidates at the Washington Convention Center and, if it works, hire them on the spot. So we will have OPM staff there to advise agencies and applicants, and get them started immediately.

We have very powerful tools that you and Congress have given us with Schedule A authority. They just haven't been used very effectively. And so, Chris and I are going to work very hard on this. The goal is to achieve forward momentum and progress on all fronts on the diversity level. But the place where we just have to move this needle, because it is the only one we have fallen backwards on, is with people with disabilities. They do deserve special attention, and we do have the ability to do it.

Last, but not least, if I could just thank you all for the appropriation that you give the Department of Defense to fund the Technology Support Center because what you have done through that is essentially take advantage of our market strength. Now the Federal Government can buy all of the technical equipment that is needed to accommodate people's disability in one place and get lower prices because they can buy them in bulk rather than an agency buying one specialized piece of equipment. You have centralized that in the Department of Defense, and then they do it on behalf of all Federal agencies. And so, for any Federal agency that wants to hire a person with a disability, if there is a special high-cost technology accommodation that needs to be made, it is covered thanks to the program.

The Department of Defense has been working in lock step with us on this program and they are going to be there with us on the 26th to help us in case anybody says, well, you know, "I have the skills to do this job, but I need a special computer," or "I need this special phone line."

So, Mr. Chairman, we are committed to this issue. I am with you 110 percent, and I hope to God by next year, we are going to be able to move the needle for you.

Senator DURBIN. I will ask you.

Senator Collins.

Senator COLLINS. Thank you, Mr. Chairman.

FEDERAL EMPLOYEE PAY

Mr. Berry, I want to ask you about an allegation that I am hearing with increasing frequency, and that is the average pay for a Federal employee is almost double the average pay overall. And because I am hearing this repeated by my colleagues, by my constituents, by commentators on television so often, I would like to ask you to address that issue in a factual way, to help us better understand this charge.

Mr. BERRY. Senator, I really appreciate that. There is a lot of misinformation out there right now.

Many of these jobs that you hear about compare Federal salaries, sort of the average Federal salary to the average private sector salary. However, they are not really comparing apples to apples.

The Federal Government 50 years ago used to be a largely blue collar operation. Today, it is a significantly white collar operation, with very high-skilled positions, including everything from financial regulation and derivative monitoring to National Institutes of Health (NIH) research, to law enforcement and cybersecurity. The skill sets that are required for the Federal Government to meet its responsibilities in the 21st century continue to increase in complexity. The average Federal salary includes those high-ranking po-

sitions. On the other hand the private sector includes a large number of service jobs that we do not have in the Federal Government—restaurant workers, kitchen staff, things like that for which there are very few counterparts left in the Federal Government in these areas. And yet that is a significant portion of the average private sector salary.

And so, you see how if you are going to put in a lot of lower-paid workers into the average private sector salary, it is going to be lower than the average Federal salary. However, you are not comparing like jobs with like jobs.

And so, whenever you do that, whenever you try to compare like jobs with like jobs and put the level of responsibility with it and the level of education that is required, Federal jobs are behind the private sector. So, and I don't want to say in each and every case because there will be outliers, and where there are outliers, quite frankly, we need to adjust the pay system to make sure we are not ahead of the private in those areas by any significant amount.

But a good case is nurses, Mr. Chairman, to go back to an earlier example. Only one-third of nurses in the private sector have a bachelor's degree. Over one-half of the nurses in the Federal sector have a bachelor's degree.

So, for example, in the USA Today story, they compared nurses in the private sector to nurses in the public sector, and the nurses in the public sector were paid, I think, something like $5,000 more. Well, when you accounted for the bachelor's degree and the percentage increase, then immediately, that number evaporates.

Senator COLLINS. Let me just say that I think you need to respond to that because that is gaining currency, and it would be helpful to have in writing your analysis and response to that. You have raised a number of excellent points, but I don't think those points are getting out there, and I am starting to hear this more and more often.

What I hear is a comparison that the private sector, it is $41,000, and for the average Federal employee, it is like $70,000 something. And I think that needs to be addressed, and I would encourage you to do that.

Mr. BERRY. And quite frankly, one of the things we are looking at, Senator Collins, on this issue and what I found was interesting was that the formula we used was based on Bureau of Labor Statistics data. Well, over the years, they have stopped collecting the data at the level that we can really make careful analysis and comparisons. And so, there may be requirements needed to change this formula.

And so, I have appointed a task force to wrestle with this formula so that we can come forward and actually defend with ironclad validity for you and for the American public exactly what the facts are based on the data. And so, we are working on that right now, and as soon as I get that, I will bring that up and make sure we carefully brief you and the chairman on this issue.

Senator COLLINS. That would be very helpful because, obviously, if there is an imbalance, that is a problem at this time of great budget strain. But if there isn't, we need to better make that case and explain why.

FEDERAL LONG-TERM CARE INSURANCE PROGRAM

Let me switch to another issue. You will recall that there have been a lot of problems in the Federal long-term care insurance program, and we have talked a lot today about making the Federal Government the model employer. And believe me, it has not been a model employer when it comes to that program.

So many people signed up for that program with these false assurances based on very misleading brochures from the provider, the insurance provider that indicated there would never be an increase in premiums if they paid this higher rate at a particular time. And I have those brochures. Literally, I personally have those brochures.

So I was so sympathetic to the witnesses who came before us and now were all faced with a 25 percent premium increase. Well, adding insult to injury, when the provider sent out the new forms for us to make our choices, they made further errors in describing it. That is just so unacceptable, and I think OPM needs to do a far better job of overseeing that program.

I have a point of personal pride here because I was a coauthor of the law that created this program because we wanted to encourage Federal employees to plan for long-term care and because so many people are under the misimpression that Medicare covers long-term care, which it doesn't. So—and this isn't an argument for the CLASS Act, in case my chairman is about to make that comment. He has a smile on his face. So I see that coming my way.

But the administration of this program has been far too lax, and it is not protecting retirees, participants, and future participants. So participants and beneficiaries are not getting the protection that they have a right to look to OPM to provide.

Mr. BERRY. Senator Collins, I want to apologize to our retirees who especially did not have full access to that information and who were essentially misled and are now put in this awkward position. This is obviously a program that I have inherited and am trying to do the best we can, and we will have recommendations for how we can hopefully prevent this from happening again.

What I have tried to do to, at least, to ease the blow, if you will, is to create alternatives so that not every employee or every member who is in that program would suffer that same increase. That would only be if they had the highest level of inflation protection over the long term.

And so, we have tried to create options for the employees so that they can understand the cost of that inflation protection in the long term, obviously, it is not the same level of protection. It is lower inflation protection, but it would—it lowers, obviously, the cost of the increase as you create these alternatives.

And so, we worked with the insurer to try to create as many of those alternatives as we could, and then allow the retirees who were in the program plenty of time to try to make their decision as to what level they wanted to pay for. And so, we have extended that through March to give them the time to wrestle with this. I know it is a tough decision, and I am very empathetic to the pain that this is causing them, and I hope we have given them sufficient choices that they can adjust to the budget that they find them-

selves in, as I appreciate many of these people are on fixed incomes now.

That being said, one of the biggest weaknesses, in my opinion, as the new person coming into this program here at the end here, is that when the law was created, because this was an emerging market, Congress told us that we needed to recompete this program entirely every 7 years. And so, there are no—there hasn't been an increase in rate in 7 years because we were able to enforce that.

But what happens is when you recompete to ensure that you have people applying and actually stepping up to offer the service, the market has matured. And so, every 7 years, we will find ourselves in this exact same position where whoever bids on the new contract 7 years from now could do the exact same thing and increase rates all over again.

And so, I think what I would like to—we have got a team working on this and to work with your staffs. Because the market has now matured in this program, we may want to look at a more longer-term contract that we could then enforce more stability in the program and prevent these spikes every 7 years.

And quite frankly, my biggest fear is, okay, what happens 14 or 21 years from now when some future OPM Director is going to have to recompete this program and now you have more retirees taking the benefits than might be joining the program, and all of the private sector saying, "I don't know if I want to join that program." And so, we may have no one bid. That would be a horrible situation.

So we need to, I think, take a longer view on this program and really design it for the longer term and not in these 7-year slices. And so, that is a long answer, but I appreciate the sensitivity of the issue.

Senator COLLINS. Thank you.

It is a difficult issue because if you lock one provider in for that many years, you may see a decline in service levels. That is not necessarily a——

Mr. BERRY. Right.

Senator COLLINS. It is a tradeoff, but I apologize for going over.

Senator DURBIN. No, that is fine.

LESSONS FROM THE 2010 SNOWSTORMS/TELEWORK

Director Berry, I just have one last question. When I was outside today and it was so sunny and beautiful, and I looked at the trees budding and blossoming, I thought 6 weeks ago, we were in the midst of a blizzard, the worst snowstorm in the history of Washington, which literally shut down the Capitol and shut down most agencies of the Federal Government for the better part of a week. What did you learn from that?

Mr. BERRY. Ah——

Senator DURBIN. Aside from the fact that we need better snow removal in a lot of places.

Mr. BERRY. We are working, Mr. Chairman, with the Council of Governments in the region. There is going to be on April 5 an after snow event to discuss lessons learned, and there are a lot of areas

we could do better in terms of coordination with the region with lanes and snow removal. We had it in both directions.

For example, Key Bridge was plowed—all the lanes on the bridge were plowed, but then when you got to Arlington, only two lanes of traffic were open. So that didn't work well. And vice versa, the same, 14th Street was plowed, but when you got into the city, only two lanes were open on 14th Street.

So we created these bottlenecks by just not coordinating and saying, okay, if we are going to open four lanes here, let us open it the whole way and not pieces. So there is a lot that we can learn.

I think the biggest thing we learned, and it is actually, I think, a good news story. The President called me on Wednesday during the second blizzard to check in and see how things were going. And I explained to him, I said, you know, Mr. President, in 1996, which was the last storm of similar import where the Government was closed for a period of time, less than 1 percent of the workforce could telework at that time because at that time, the two biggest obstacles to telework were security, protecting secure information, and second was technology. You just didn't have the memory capacity that, for example, this gentleman has right here on that portable computer.

Bring the clock forward to this past snowstorm a month ago. Over 35 percent of our workforce we know was online with our mainframes in many agencies across the Government. Some agencies, for example, the Patent and Trademark Office (PTO), had an 85 percent productivity level during the snowstorm while we were technically closed.

Well, they did that because they had a very aggressive telework program, the staff had the equipment and the security all tied up. The last major hurdle that we are trying to defeat right now is management intransigence. Managers just like—they think the person has to be at their desk, in that chair, or they are not doing the job. And we need to move our managers to be more results-focused. Because quite frankly, if they are doing a good job defining the result, then who cares where the work is getting done? Who cares when it is getting done?

Many women and men both with child-raising responsibilities, would love to do work at night between 9 and 11 p.m. once the kids have gone to bed. And should we, as a Government, care about that? Yes, we give them the tools to allow them to get the work done. Maybe they are not working from 3 to 6 p.m. because they pick the kids up from school and are helping with the homework but as long as the work gets done that's what matters.

And so, I think we can still get the 40 hours, but we can be more flexible in how we approach it. And where agencies that are doing that like the Patent and Trade Office, when we were closed, they weren't closed. They accomplished 85 percent productivity for the taxpayers.

At OPM, we accomplished only about 35 percent in that area, but we did 95 percent in our background investigations. You know why? All of our security background investigations, 90 percent of what is done throughout the Government are done out of people's homes. We have our caseworkers all across the country working

out of their homes. They do it securely, and they do it professionally. And we can do this.

So I told the President in 12 years, we have got it to a point where we went from 1 to 30 percent of the Government being able to operate. Shouldn't the goal really be 80 to 90 percent, where everybody would be like the PTO? So that may be within the next couple of years, if we really put our shoulders to this, and we get people the right equipment and we deal with this management problem of intransigence, we could have 85, 90 percent Government functionality during any event because we ought to be able to maintain continuity of operations.

And what I ought to be able to say is we're not closed today. We are on a mobile work day. And whether it is a snowstorm or whether, quite frankly, if a dirty bomb goes off somewhere in the city and we might have to evacuate a portion of the city for a long period of time, we still need to maintain those Government operations. And so, I think this is essential for continuity of service. We need to get there, and telework is the most powerful tool to do it.

And so, that would be my biggest lesson learned, Mr. Chairman, where I think there is a lot of hope, and we can do a lot better.

Senator DURBIN. Thank you.

Senator Collins.

Senator COLLINS. Thank you, Mr. Chairman.

ADDITIONAL COMMITTEE QUESTIONS

Senator DURBIN. Director Berry, thanks for coming. We are going to submit some questions to you. If you can get back to us in a timely fashion, we would appreciate it. Look forward to working with you. Thank your staff and all the committed people at OPM.

Mr. BERRY. Thank you, sir.

[The following questions were not asked at the hearing, but were submitted to the Office for response subsequent to the hearing:]

QUESTIONS SUBMITTED BY SENATOR RICHARD J. DURBIN

RETIREMENT SYSTEMS MODERNIZATION

Question. OPM's processing of Federal employee retirements has long been recognized as paper-intensive and reliant on antiquated systems while not providing prompt and complete benefit payments upon retirement. Since 1987, the agency has attempted to modernize its retirement process and systems through a series of four initiatives, none of which has been successfully completed. The following timeline shows the retirement modernization initiatives from 1987 to present.
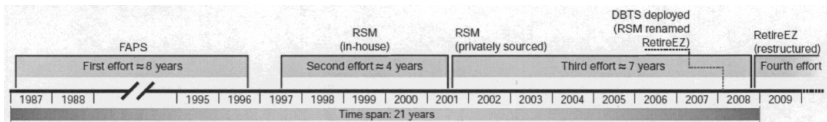
In April 2009, GAO reported that OPM's latest retirement modernization effort (referred to as RetireEZ) remained far from achieving the modernized capabilities the agency intended. Also, OPM did not have a complete plan for proceeding with the modernization. What are OPM's specific plans for retirement modernization, including program scope, implementation strategy, lines of responsibility and authority, management processes, schedule, and expected results?

Answer. OPM is deeply committed to modernizing the Federal retirement system and addressing the issues identified in the Government Accountability Office's (GAO) April 2009 report regarding OPM's Retirement Systems Modernization (RSM) program. To ensure that work on RSM receives the highest level of attention,

Deputy Director Christine Griffin is leading our efforts on this program and she has made it her top priority. We have also realigned the program to the Chief Information Officer.

Consistent with Director Berry's "back-to-basics" strategy for the RSM program, priorities for fiscal year 2010 include modernizing the retirement calculators used to calculate the bulk of Civil Service Retirement System (CSRS) and Federal Employees Retirement System (FERS) retirements and establishing key "building blocks" to transition from a paper-based to an automated retirement process. Those "building blocks" include a data warehouse to store and allow access to retirement data and establishment of a method for agencies and Shared Service Centers (SSCs) to send electronic retirement information to OPM and across the government ("data feeds").

The data warehouse improvements will help OPM to process retirements faster by enabling collection of retirement data over the course of an employee's career rather than primarily at the time of retirement. Collection of this information through recurring data feeds, and an online retirement application will allow for validation of data prior to submission, thereby preventing incomplete or erroneous information from being submitted for retirement processing. Storage of this information will speed the adjudication process by making clear what information is available and what information may be outstanding. Given today's environment where over 30 percent of retirement cases are incomplete when submitted to OPM for processing, the possibilities exist to vastly reduce the amount of work required to "hunt down" missing information.

Improvements to the retirement calculator consolidate all calculations into a central rules engine that can be utilized across retirement processing systems as applicable; and will allow for integration with the data warehouse, thus eliminating time-consuming and error-prone manual data entry from today's paper files. This integration will reduce processing time and claim adjudication errors.

During fiscal year 2010, OPM improved the management of the program to address the concerns GAO identified in their April 2009 Report. Specifically, the RSM program was put under the Executive leadership of Deputy Director Griffin, with a clear strategy, lines of authority and management best practices implemented and identified in key program documents including a program Executive Charter. The RSM program generated cost estimates based on GAO's Cost Estimating and Assessment Guide and developed a comprehensive project plan, with a schedule and expected results (Integrated Master Schedule). OPM tracked the RSM program progress through OPM's Earned Value Management System, which measured RSM's performance based on adherence to scope, cost and schedule. We have and will continue to keep Congress and GAO apprised of our progress in addressing the recommendations made in GAO's 2009 Report.

For fiscal year 2011, the RSM program continues to focus on the "building blocks" needed to improve the retirement system and transition from a paper-based environment, including:

—Modernizing critical calculator and retirement systems;
—Automating manual paper-based retirement system through electronic data collection and applications;
—Implementing automated tools to improve retirement case processing; and
—Imaging incoming paper retirement records.

This approach differs from previous modernization attempts in several ways. First, each of the previous approaches were based on a complete overhaul and replacement of all retirement processing systems. The current approach takes a more measured approach in assessing which systems are operating effectively and targeting specific systems for replacement or upgrade. The second differentiator is the role of the government in integrating the various components. In all previous iterations, OPM relied primarily on vendors, either the prime vendor or a second vendor to integrate the systems components into a comprehensive retirement solution. OPM has realized that it was extremely difficult to identify a contractor with sufficient knowledge of OPM's current systems and proposed solution components to complete this task effectively. The current approach puts OPM Federal staff in this role, augmented by contractors for specific tasks, but with overall OPM staff leadership. The current approach differs from previous efforts by focusing on incremental improvements rather than a "big-bang" implementation with the completely revamped retirement system available on day one. This approach allows for much more efficient use of resources and decreased risk of system failure that would jeopardize retirement processing operations. The primary advantage to enabling the success of the current incremental approach is a Federal-wide standard, The Guide to Retirement Data Reporting, which defines the data and formats for agencies to send retirement data feeds to OPM.

Question. For more than two decades, the agency has attempting to modernize its retirement processes and systems, including in-house and privately sourced efforts, and none of these has been fully successful. Most recently, almost 2 years ago, OPM abandoned the latest effort. Where are you now in your decisionmaking process with regard to development of a new system?

Answer. OPM senior leadership and the leadership of OPM Retirement and Benefits have fully endorsed the RSM priorities identified for fiscal year 2010 and fiscal year 2011, which are consistent with the Director's "back to basics" approach for the program. These activities move the program in a methodical and deliberate fashion in order to ensure successful delivery of key "building blocks." These activities align to the capabilities GAO identified for a modernized retirement system including upgrading the aging OPM calculators and moving from a paper-based retirement process to an automated process. Delivering modern, improved retirement services, including web-enabled retirement applications, self-service tools, retirement estimators, and a comprehensive retirement case management system is dependent on first establishing the core "building blocks".

Funding has been approved by OPM's Capital Investment Committee and is being put in place for the retirement calculator improvements and development of a pilot online retirement application tool in fiscal year 2011.

Question. For fiscal year 2011, you are requesting an additional 40 FTE in order to speed the retirement claims processing time. This staffing is needed because over the past few years, staffing levels were reduced in anticipation of expected efficiencies which did not occur. Please elaborate on the nature of the staff to be hired—what will happen to staffing once the efficiencies occur?

Answer. Retirement processing staffing levels were reduced mainly through attrition over the past few years in anticipation of increased automation of retirement processing under prior RSM efforts. Since Director Berry's "back-to-basics" strategy for RSM will not deliver on significant efficiencies in the short-term, OPM must increase staffing levels in order to process its anticipated workload in a timely manner. Beginning in fiscal year 2011, the 40 FTE will permit OPM to process an additional 24,000 claims. The additional claim processing will reduce claims processing time by up to 5 days. Furthermore, the 40 FTE will have a greater impact when the Legal Administrative Specialists (LAS) have been fully trained and possess more experience. The LAS's will then be expected to process 32,000 more claims which will reduce claims processing times by an additional 2 to 4 days. As greater efficiencies are achieved, staffing needs going forward will be evaluated.

Question. OPM's February 2010 Retirement System Modernization Quarterly Report to the Appropriations Committee identified two main components of the retirement modernization program: (1) updating all computer systems that relate to the administration of retirement benefits; and (2) transitioning from a process that is heavily dependent upon the use of paper documents to one that utilizes electronic data. What has been OPM's specific progress toward developing these two components? Has OPM developed results-oriented (i.e., objective, quantifiable, and measurable) performance goals and measures to use in determining and reporting program progress?

Answer. In terms of updating the computer systems that support the administration of retirement benefits, OPM has focused on improving the retirement calculators that perform the bulk of Civil Service Retirement System and Federal Employee Retirement System retirement calculations. In fiscal year 2010, the RSM program:

—Completed standardizing 50 percent of rules and calculations. 100 percent will be completed in September 2010 and will be used to verify that all OPM calculators are using standard, current and correct calculations.

—Started to code the standard calculations into a new calculator platform (pilot).

In fiscal year 2011, RSM will continue to code all calculations into a single calculator with a goal to consolidate OPM calculators in a modern, up-to-date system.

In terms of transitioning from a paper-based to an automated retirement system, in fiscal year 2010, the RSM program:

—Established a retirement data warehouse, which meets all security requirements.

—Transferred over 9 million imaged retirement records to the warehouse.

—Implemented data feeds to receive data electronically from the National Business Center and National Finance Center. Three other Shared Service Centers (SSCs) are providing timelines to send electronic retirement data via data feeds with OPM (GSA, DOD and U.S. Postal Service).

—Provided initial access to electronic and imaged retirement information.

—Completed the Guide to Retirement Data Reporting and publically posted the data standard, enabling agencies and SSCs to send retirement data in one format, and share that information across the Federal government.

The work supporting the transition to a paper-less retirement system will continue in fiscal year 2011.

In addition to measurement of RSM's performance against the program's Integrated Master Schedule and Earned Value Management reporting addressed above, the RSM program has provided results-oriented program goals in all budget submissions (i.e., Exhibit 300 Capital Asset Plans). To demonstrate this, one of the retirement program's priority goals is to reduce the percentage of incomplete retirement records OPM receives from agencies to less than 30 percent by the end of 2010 and, going forward, to reduce the percentage of incomplete records to 28 percent by the end of 2011 and 25 percent by the end of 2012. This is one of only five of the Director's near-term High Priority Performance Goals, on which OPM is reporting quarterly progress at Performance.gov.

Question. According to OPM's February 2010 Retirement System Modernization Quarterly Report to the Appropriations Committee, the agency has been coordinating with other Federal agencies regarding timing and application capabilities for its retirement system modernization. In addition, OPM's report stated that it plans to continue developing standardization rules through interagency coordination. To what extent is OPM dependent on other Federal agencies to modify or make changes to their system(s) in order for OPM to accomplish its goals for retirement system modernization?

Answer. The key to transitioning to a paperless retirement process is for OPM to receive electronic data from Shared Service Centers (SSCs). RSM continues to meet regularly with the SSCs to discuss retirement data requirements and the steps necessary to begin sending electronic data versus paper. The SSCs are providing schedules to send electronic retirement data to OPM. Two SSCs are already providing retirement data to OPM electronically, and the rest are planning to do so. Regular meetings and discussions with the SSCs also entail coordinating the validation checks that can be applied to information when it comes to OPM in order to verify it is complete and properly formatted. These requirements are documented in the Guide to Retirement Data Validations version 1.0. This guide will help OPM identify problems SSCs may have when sending information to OPM and also any problems with the data itself. OPM will be able to report these problems back to the SSCs so they can be corrected in advance of retirement processing.

Question. OPM's February 2010 Retirement System Modernization Quarterly Report to the Appropriations Committee included retirement call center goals for the agency. According to these measures, OPM has not been meeting agency established customer service standards. For example, OPM has not met its established goal for answering calls within an average of 1 minute since August 2009. What steps is OPM taking to improve the call center's service to Federal employees and retirees?

Answer. In our commitment to provide high quality customer service, OPM has taken several steps to improve the Call Center's service by promoting our Retirement Services Online webpage; focusing on resolving customer inquiries in the first call; adjusting work schedules; and employee training.

Many telephone inquiries that are received are transactions that can be performed by our customers online. Call Center agents are educating our customers about the online tools that are available 24 hours a day, 7 days a week. This will help customers get their annuity information faster, view and manage their annuity, and will help reduce call volume and customer hold times.

Stronger emphasis has also been placed on resolving customer telephone inquiries in the first call, which will significantly reduce the number of times a customer needs to contact the Call Center. Call Transfer Rates have decreased by 40 percent over past 2 years, and although Average Talk time increased by 18 percent over past year customers are more satisfied having their inquiries resolved in one call.

In an effort to adequately staff the Call Center, staffing schedules have been adjusted to better handle the hourly call volume during peak times. Higher skilled employees (Customer Service Specialists) will now handle calls, which will result in improved resolution rates and improved efficiencies.

Finally, of the current Call Center staff of 84, there are 18 newly hired customer service specialists. Talk time should come down as new employees become comfortable and familiar with their positions. We have already seen a 3 minute decrease in Average-Speed-of-Answer (ASA) in July 2010 over the previous month (from 15.8 minutes to 12.8 minutes). However, this may not be sustainable as we return to the busy times of the year.

Implementing the steps above will improve customer service at the Call Centers, but not be enough for us to reach the 1 minute goal for the average speed of answer.

This goal is a by-product of past priorities which was based on the provision that OPM would have a fully automated retirement system and substantially increased Call Center staff. Unfortunately, those provisions did not come to fruition. Nonetheless, customer service is a priority for OPM and we will analyze this in more detail to further improve our performance.

Question. GAO made recommendations that OPM correct significant weakness in five key management areas that are vital for effective development and implementation of a modernized system: cost estimating, project monitoring (using earned value management), requirements management, system testing, and project oversight. Specifically, GAO reported that OPM had not developed a cost estimating plan or established a performance measurement baseline—prerequisites for effective cost estimating and earned value management. In addition, the agency had not established processes and plans to guide system requirements development work or addressed test activities. Finally, although OPM's Executive Steering Committee and Investment Review Board were aware of retirement modernization activities, these bodies did not exercise effective oversight, which allowed the aforementioned management weaknesses to persist. Correcting these weaknesses is critical not only for the success of OPM's retirement modernization, but also for that of other modernization efforts within the agency. What is the status of OPM's efforts to address and overcome the program management weaknesses GAO identified? What steps is OPM taking to ensure that the program management weaknesses GAO identified are not adversely impacting the financial systems modernization program?

Answer. OPM has met with the GAO as a follow-up to their April 2009 Report on weaknesses with the technical implementation and management of the RSM program. RSM's continuous review process is central to fully adopting the recommendations of GAO to ensure the restructured program meets its objectives on time and within budget. To this end, RSM developed a reliable program cost estimate in 2009 in response to GAO findings and OMB guidance to rejustify further investment. Using GAO's Guide to Cost Estimation and Assessment the RSM Business Case Analysis (BCA) was developed and provided to OMB in September 2009 with the BY 2011 Exhibit 300. The BCA was recently updated for 2010 in support of the BY 2012 program budget and investment justification and provides more informed basis for acquisition and other planning. RSM established a new Program Management Baseline in June 2010 based on this information and updated and continues to develop several documents which are used in managing the program.

These key documents were specifically cited by the 2009 GAO Report as inadequate, and have subsequently been updated to correct those weaknesses, improve program oversight and reflect current program priorities. Status of these documents follows:

—*RSM Executive Steering Committee (ESC) Charter*.—This charter was updated to improve program oversight. The Charter reflects OPM's reorganization, designating the Chief Information Officer as the ESC Chair and adding OPM's Deputy Director as an ESC member.

—*RSM Change Control Board Charter*.—This Charter reflects OPM's reorganization and reestablishes standard processes to approve and manage program requirements.

—*Program Management Plan*.—The update is currently under review. This document provides an overview of RSM's governance, describes program management roles and responsibilities, and identifies the automated tools used by the program for management and reporting purposes.

—*Requirements Management Plan*.—Version 3.0 was approved by the RSM Change Control Board in March and is currently in use in every RSM effort to document requirements and calculations for retirement business processes.

—*Test Management Plan*.—The plan is currently under review. This document outlines the testing approach that ensures the programs deliver the systems and services required by OPM and that those systems work efficiently to meet the requirements of the users.

OPM continues to engage with GAO as they follow up on OPM's progress in addressing the recommendations made in GAO's 2009 Report. OPM will continue to update our external stakeholders on the program as the execution progresses.

Question. OPM's February 2010 Retirement System Modernization Quarterly Report to the Committees on Appropriations discussed the development of a plan and timeline for the modernization of OPM's legacy retirement IT systems. What is the specific plan and timeline for modernizing OPM's legacy retirement IT systems?

Answer. OPM has developed a plan and timeline for modernizing the 32 aging OPM retirement systems, prioritizing modernization of the systems as follows:

—*Fiscal year 2011–2012*.—OPM retirement calculators, employee data systems, Service Credit system and Case Control Systems.

—*Fiscal year 2013–2014.*—OPM consolidated annuity payment systems and post-adjudication support systems.

—*Fiscal year 2015–2016.*—OPM consolidated data repository and retirement reporting systems.

OPM will undertake modernizing these systems.

IMPLEMENTATION OF GUARD AND RESERVIST PAY

Question. Director Berry, at our hearing on March 24, 2010, you testified that between 5,000 and 15,000 Guard and Reservists employed in the Federal Government are eligible for the benefit in a given year, and that several thousand would require the pay differential. Following up on that, please answer for the record, how many Guard and Reservists there are overall in the Federal Government?

Answer. For the purposes of this response, the term "reservist" refers to members of the National Guard, as well as members of one of the Reserves. Based on a recent computer match between DOD records on reservists and OPM records on Federal civilians, there are (as of March 2010) at least 150,000 Federal civilian employees who are reservists. (The OPM database does not contain data on all Federal Government personnel. Among groups excluded from the OPM database are employees of the Postal Service, the Tennessee Valley Authority, the Federal Reserve, various intelligence agencies, DOD nonappropriated fund entities, the judicial branch, and much of the legislative branch).

DOD reports that the total number of reservists as of June 2010 was about 1,320,000 (including about 1,080,000 in the Ready Reserve). Thus, about 11.4 percent of all reservists are known to be Federal civilian employees. DOD reported to OPM that, as of June 2010, 102,644 DOD civilian employees were reservists (including 87,670 in the Ready Reserve). Thus, DOD employees make up about two-thirds of the known Federal civilian employee population of reservists.

As far as the number of reservists who are actually performing military service, OPM has made changes in its centralized employee data collection program, which should eventually result in readily available counts of the number of employees who are absent to perform service in the uniformed services in each quarter of the calendar year. Based on special analyses of existing Central Personnel Data File data, we estimate that 16,429 Federal employees were called to active duty during fiscal year 2009 and that 16,260 Federal employees were absent for military service as of the end of September 2009. (The corresponding estimates for fiscal year 2008 were 14,752 and 12,153.) Not all of these employees' service is qualifying for a reservist differential. For example, some active duty service is voluntary—i.e., not under the involuntary call-up laws that trigger eligibility for a reservist differential. Also, about 10 percent of the service is less than 30 days, which indicates the service is probably annual training and not qualifying for reservist differential. We note, however, that agencies may not have been reporting all annual training service if employees covered the training with paid leave. Thus, the true percentage of active duty call-ups that are annual training is probably more than 10 percent. We have changed the reporting requirements so that agencies should use the Absence—Uniformed Services nature of action code even for short call-ups covered by paid leave.

Question. Can you provide a breakdown by Federal agency?

Answer. We are able to provide a report showing the result of a recent OPM–DOD computer match (as of March 2010), which shows counts of Federal civilian employee reservists by agency. (The OPM database does not contain data on all Federal Government personnel. Among groups excluded from the OPM database are employees of the Postal Service, the Tennessee Valley Authority, the Federal Reserve, various intelligence agencies, DOD nonappropriated fund entities, the judicial branch, and much of the legislative branch.)

Agency	Federal Civilian Reservists
Agency for International Development	55
American Battle Monuments Commission	3
Armed Forces Retirement Home	9
Broadcasting Board of Governors	6
Commodity Futures Trading Commission	3
Consumer Product Safety Commission	9
Corporation for National and Community Service	3
Court Services and Offender Supervision Agency	14
Defense Nuclear Facilities Safety Board	14
Department of Agriculture	1,366
Department of Commerce	682

Agency	Federal Civilian Reservists
Department of Defense (other)	4,623
Department of Education	40
Department of Energy	484
Department of Health and Human Services	821
Department of Homeland Security	8,950
Department of Housing and Urban Development	135
Department of Interior	1,027
Department of Justice	5,634
Department of Labor	334
Department of State	249
Department of the Air Force	44,803
Department of the Army	55,220
Department of the Navy	9,020
Department of Transportation	2,702
Department of Treasury	1,297
Department of Veterans Affairs	10,285
Election Assistance Commission	1
Environmental Protection Agency	190
Equal Employment Opportunity Commission	62
Export-Import Bank of the United States	5
Farm Credit Administration	3
Federal Communications Commission	15
Federal Deposit Insurance Corporation	73
Federal Election Commission	3
Federal Housing Finance Agency	2
Federal Labor Relations Authority	3
Federal Mediation and Conciliation Service	1
Federal Retirement Thrift Investment Board	3
Federal Trade Commission	7
General Services Administration	284
Government Printing Office	34
International Boundary and Water Commission	11
Merit Systems Protection Board	5
Millennium Challenge Corporation	3
National Aeronautics and Space Administration	341
National Archives and Records Administration	58
National Capital Planning Commission	1
National Credit Union Administration	21
National Foundation on Arts and Humanities	2
National Labor Relations Board	9
National Science Foundation	14
National Security Council	1
National Transportation Safety Board	18
Nuclear Regulatory Commission	168
Office of Administration	4
Office of Government Ethics	6
Office of Management and Budget	9
Office of National Drug Control Policy	2
Office of Personnel Management	142
Office of Special Counsel	4
Office of the U.S. Trade Representative	1
Overseas Private Investment Corporation	4
Peace Corps	4
Pension Benefit Guaranty Corporation	10
Presidio Trust	2
Railroad Retirement Board	14
Recovery Accountability and Transparency Board	1
Securities and Exchange Commission	25
Selective Service System	16
Small Business Administration	45
Smithsonian Institution	82
Social Security Administration	768
U.S. Holocaust Memorial Museum	2
U.S. International Trade Commission	2
U.S. Tax Court	2

Agency	Federal Civilian Reservists
U.S.-China Economic and Security Review Commission	3
Total	150,274

Question. Are you able to get more specific numbers from the Defense Department about how many eligible for the benefit and how many would require the pay differential?

Answer. OPM has made changes in employee data collection which should eventually provide more information on Federal employees absent for military service, including counts of those performing service that is qualifying under the reservist differential law.

OPM issued a memorandum to agencies on April 14, 2010, requesting the following:

"An estimate of the number of employees in your agency with active duty service between March 11, 2009, and the date of this memorandum that is qualifying under the reservist differential authority. This estimate should include all members of the Reserve or National Guard that have qualifying service, regardless of whether they are eligible for or are actually receiving reservist differential payments. The data should be consolidated so that one report is provided to OPM for each agency."

Based on agency responses to the above request shown on the table below, 17,572 employees performed active duty between March 11, 2009, and April 14, 2010, that is qualifying under the reservist differential law. (This count does not reflect employees who received reservist differential payments—only those who had qualifying service.) This count included some agencies that do not participate in OPM's centralized employee database, including the Postal Service, which reported 1,824 employees. DOD had the largest number of employees with 11,704, which represents about two-thirds of the total. These counts were for a 13-month period, thus including employees with any amount of qualifying service during that period. A count for employees performing qualifying service as of a single point in time would produce a smaller number.

	No. employees with qualifying service
DEPARTMENTS	
Agriculture	278
Commerce	37
Defense	11,704
Education	3
Energy	48
Health and Human Services	44
Homeland Security	810
Housing and Urban Development	10
Interior	200
Justice	1,329
Labor	18
State	20
Transportation	[1] 129
Treasury	111
Veterans Affairs	777
DEPARTMENTS TOTAL	15,513
INDEPENDENT AGENCIES	
BBG	....
Commission on Civil Rights	....
Corp National and Community Svc	3
DFNSB	2
Defense Intelligence Agency	20
Export-Import Bank	....
FERC	....
GPO	4
GSA	10

	No. employees with qualifying service
Missile Defense Agency	....
Morris K. Udall Foundation	....
NASA	18
National Gallery of Art	1
National Geospational Intelligence Agency	22
Nuclear Regulatory Commission	4
National Security Agency (NSA)	23
OPIC	....
OPM	13
RRB	2
SEC	2
Selective Service System	1
Small Business Admin (SBA)	5
Smithsonian	11
SSA	70
U.S. Access Board	....
U.S. Senate	13
USAID	5
USPS	1,824
U.S. Trade Rep	1
INDEPENDENT AGENCIES TOTAL	2,059
GRAND TOTAL	17,572

[1] 109 of the 129 are FAA employees.

We asked DOD to provide us with more up-to-date data on DOD-employed employee-reservists. DOD reports that the 11,704 records are being analyzed in two parts. As a result of the first group analysis, approximately 5,558 appropriated-fund employees were identified as being eligible for reservist differential. Approximately 532 were due a differential payment. For those 532 employees, the consolidated amount of reservist differential owed is approximately $1.3 million. The total amounts covered from 1 pay period to 24 pay periods and ranged from $10.75 to $26,665.02. The median total figure was $1,518.71. The average amount (before taxes) is approximately $2,500. The second group of retroactive records is now in its final review stage before distribution to DOD components to process payment actions. Payments will be effected starting September 17, 2010. DOD does not currently have data for service periods covering April 24, 2010, to the present, as those records are still being analyzed.

At any one point in time, about 13,600 DOD appropriated-fund employees are in an Absent-U.S. status. Of these, DOD estimates 5,400 are potentially eligible for reservist differential (i.e., called up under one of the qualifying legal authorities), and 540 are actually due a differential payment. However, some employees may only be due a payment for as little as a single pay period, often associated with first entering or leaving active duty when overseas allowances/payments are not being paid. Others are due a differential payment every pay period of absence.

NURSING SHORTAGE AND INTERGOVERNMENTAL PERSONNEL ACT MOBILITY PROGRAM

Question. Following up on the questions I asked at the hearing, I have an additional question on this topic. I understand that the Intergovernmental Personnel Mobility Program sets guidelines for the Departments interested in participating. It is also my understanding that in 2007, the Department of Defense, through the leadership of the U.S. Army, engaged in a similar project with the University of Maryland. OPM was not involved, but can you speak to the possibility of providing assistance to other agencies that may want to follow the example of the DOD's effort?

Answer. Even though we do not have the details of the 2007 project involving the U.S. Army, Department of Defense (DOD), and the University of Maryland, as the Federal agency responsible for establishing guidelines and regulations for the administration of the Intergovernmental Personnel Act Mobility Program (IPA), OPM remains interested in innovations that would expand the use of the IPA Program Governmentwide. That could include providing assistance to agencies that may want to duplicate other agencies' successful efforts.

For example, in March 2010 OPM sponsored a forum that included representatives from the Department of Defense, the Department of Health and Human Services, and the Department of Veterans Affairs. The purpose of the forum was to begin a dialogue with Federal agencies that have some involvement in the nursing profession to explore what role the IPA Program could play in addressing the nursing shortage, particularly the impact of the faculty shortage on the nursing shortage. Additionally, the Employment Services Division of OPM recently established a collaborative listserv for representatives of Federal agencies who administer the IPA program at the operational level for their agencies. It is our hope that the listserv will act as a valuable resource to Federal agencies by allowing them to share ideas, ask questions, and share best practices about the IPA Program across Government.

Finally, OPM plans to engage policy and programmatic stakeholders, both within and outside the Federal Government, in recommending initiatives to promote the IPA Program.

PROHIBITIONS ON THE HIRING OF IMMIGRANTS

Question. The Financial Services and General Government Appropriations bill carries a government-wide general provision (Section 704) relating to restrictions on the hiring of non-citizens in the Federal workforce. This provision has been a component of annual appropriations bills dating back to the Treasury and Post Office Departments Appropriations Act for Fiscal Year 1939. It has been modified at least 18 times in the past 70 years. As I developed the fiscal year 2010 bill last summer, I worked with the Chairman of the Homeland Security and Governmental Affairs Committee on revisions to the language to eliminate discrimination among immigrants based on their nation of origin. The changes were included as part of our enacted bill in December (Public Law 111–117, Division C, Section 704).

The modified provision permits the hiring of all legal permanent residents, refugees, and recipients of asylum, provided that they affirm that they are seeking citizenship. I note that the President's fiscal year 2011 budget request proposes to retain the fiscal year 2010 modifications. This provision applies to excepted service positions since a Ford-era executive order (1976) still prohibits non-citizens from being employed in the Federal competitive service. What actions has OPM taken to implement the changes in the law? Has OPM issued guidance to Federal agencies and updated the website? If not, when do you expect to do so? What assurances can you give the Committee that Federal agencies' human resources staff are aware of the changes and understand that the law no longer prevents them from considering and hiring immigrants in thousands of Federal positions?

Answer. OPM has provided information for agencies and job applicants on the USAJOBS website (http://www.usajobs.gov/EI/noncitizensemployment.asp#icc) regarding the changes to non-citizen hiring restrictions contained in Section 704. Also, OPM is discussing the statutory change with the Chief Human Capital Officers (CHCOs), and has asked CHCOs to inform OPM if agencies seek guidance on implementation of the new appropriations provision governing Federal hiring. We note that it is the obligation of each agency and its counsel to determine the scope of that agency's appropriation law restrictions in any given year and to ensure that hiring is done in accordance with such laws. OPM will work with OMB to issue guidance, if sought, on particular aspects of the new provision.

Question. Under Executive Order 11935, only United States citizens and nationals (residents of American Samoa and Swains Island) may compete for, and be appointed to, competitive service jobs. To what extent has OPM been engaged in discussions with the Administration and OMB officials to evaluate Federal immigrant hiring policies and possible revisions to E.O. 11935?

Answer. OPM has had general discussions with OMB regarding Federal immigrant hiring policies and options for revisions to E.O. 11935. However, no determination has been made regarding whether revisions are needed and what they might include.

TECHNOLOGY

Question. What percentage of OPM's budget request is allocated for technology?

Answer. The total for all Information Technology spending (for example, equipment, software renewals, and applications and systems development support) budgeted for fiscal year 2011 is $242.85 million, which is 12 percent of OPM's total resources including appropriated funds, Common Services funds, and revolving fund activities.

Question. Please describe the programs that would receive major portions of technology funding for fiscal year 2011.

Answer. OPM's major IT investments in fiscal year 2011 include: $77.531 million for Enterprise Human Resources Integration (EHRI), which streamlines and automates information exchanges in order to give the Federal HR community improved access to employee HR data to improve workforce planning for hiring, skills development, and retention strategies; $39.759 million for EPIC Transformation and $27.619 million for EPIC Operations and Maintenance, which will ensure agencies have information to make credentialing, suitability and/or security clearance decisions; $33.484 million for operation and management of OPM's IT infrastructure, which provides the backbone for OPM's mission-critical systems; $20.520 million for the Consolidated Business Information System (CBIS), OPM's core financial budget and procurement system; $13.621 million for USAJOBS for technology and program operations to offer Federal agencies and job seekers a modern platform to support online recruitment and job application; $5.105 million to develop a data warehouse for the Federal Employees Health Benefit Program; $3.160 million for Human Resources Line of Business (HR LOB), which drives improved HR solutions and services through the establishment of Shared Service Centers service delivery models and strategies for agencies; and $1.5 million for Retirement Systems Modernization, a multi-year transformation of the Federal civilian retirement system.

COMPREHENSIVE NATIONAL CYBERSECURITY INITIATIVE

Question. The White House recently released the unclassified version of its Comprehensive National Cybersecurity Initiative—the government's plan to secure public and private sector computer networks. To this end, the White House formed an interagency working group to examine the promotion of cybersecurity. Reportedly, the working group's efforts would include roles for OPM and the Department of Defense to create a high performing cybersecurity workforce. What is OPM doing to help achieve this goal?

Answer. OPM is leading Track 3, Federal Workforce Structure, of the National Initiative for Cybersecurity Education (NICE). Our primary objective is to implement strategies to ensure Federal agencies can attract, recruit, and retain skilled employees to accomplish cybersecurity missions today and in the future. We are implementing an incremental approach to understanding and defining cybersecurity work, developing competency models, analyzing workforce issues, and developing strategies that may be needed to address Federal workforce needs. We are working closely with agencies to meet current requirements, have granted Schedule A hiring authority to several agencies, and are encouraging the use of existing hiring flexibilities to meet agency needs.

Question. What are the costs associated with this initiative?

Answer. OPM did not receive any funding under the Comprehensive National Cybersecurity Initiative (CNCI). OPM is working with NICE leadership and National Security Staff to identify strategic priorities and match those to resource needs. OPM formed a NICE Track 3 workgroup, and personnel from OPM policy and program offices are accomplishing projects in support of the cybersecurity workforce. Approximately $23,000 from other objects funding was applied toward facilitated workshops for Track 3 efforts.

Question. Please explain in detail the particular qualifications and skills required for positions in the cybersecurity workforce.

Answer. In general, qualification requirements for Federal positions are based on the occupational series to which each position is classified. However, defining those requirements for the cybersecurity workforce is not a simple matter. "Cybersecurity" is a term of art; it is not a specific Federal occupation. Working with agencies, we have identified at least 18 different occupations (including Computer Science, Computer Engineering, Information Technology, Intelligence and Investigations) that cover the different aspects of cybersecurity work, each having its own education and experience requirements.

Within its role in NICE, OPM is currently conducting a Governmentwide study to identify critical competencies needed across the Federal cybersecurity workforce. This information will help us correctly identify the occupations involved in cybersecurity work and the qualification requirements associated with those occupations. We have gathered initial information from agencies and stakeholders and will soon be surveying the workforce.

TELEWORK AND CONTINUITY OF OPERATIONS

Question. An oft-cited reason for the lack of progress on telework implementation in the Federal government is resistance by managers and supervisors. How many OPM managers and supervisors have or are teleworking either as an aspect of an ongoing program or in a pilot program?

Answer. We do no currently have the ability to track and report on telework instances/participation by individual supervisors. We are in the process of implementing a new database that will enable us to capture information regarding the number of supervisors who telework. In the recent Employee Viewpoint Survey, 56 percent of OPM managers and supervisors indicated that they telework (either regularly-scheduled, or on an ad-hoc basis) under the provisions of our ongoing Agency telework program. Assuming the survey respondents are representative of the general supervisory population, this equates to approximately 223 supervisors who may telework. Director Berry has been a strong proponent of telework governmentwide and as the leader of OPM.

Question. What feedback have these managers and supervisors provided to top OPM management on policy changes or approaches that could facilitate telework implementation government-wide?

Answer. We recently held managerial/supervisory focus groups on May 24 and 26, 2010, in the District of Columbia and on June 23 and 24, 2010, for supervisors in our field locations. Focus group comments reflected that supervisors and managers are supportive of telework flexibilities provided at OPM. They would like to see more consistency across organizations and expansion of the use of telework arrangements. In general, they favor encouraging flexibility without micromanaging.

Question. Of the Federal employees who are deemed essential government-wide, how many are able to telework in an emergency?

Answer. OPM does not have Governmentwide data on the number of employees deemed "essential".

Question. Do you have any government-wide data on how many essential Federal employees were able to perform mission critical functions during the 4 days of the snow blizzard in February 2010?

Answer. Based on information we obtained from a special request to agencies in the area most affected by the snow storms, we estimate the number of essential Federal employees who worked in the National Capital Region during the 4 days of the snow blizzard was 13,523.

Question. How many agencies have incorporated telework into their continuity of operations planning?

Answer. In response to OPM's annual call for 2008 telework data, 56.4 percent of the 78 responding agencies had incorporated telework into their continuity of operations planning. Based on a preliminary review of the 2009 data, this number is closer to 70 percent of responding agencies.

Question. How many essential OPM employees were able to continue their critical functions?

Answer. All 48 essential OPM employees were able to continue their critical functions.

Question. What are the savings—or cost avoidance—for each employee who is able to telework during continuity of operations situations?

Answer. We do not have per-employee savings data.

Question. What lessons were learned from the snow blizzard?

Answer. In view of the extreme circumstances of the snow events, we made a special request to the Chief Human Capital Officers (CHCO) Act agencies. We sought their voluntary responses to a number of questions in an attempt to identify some success stories emerging from the events. We received replies from 19 agencies. Following are some of the overall results.

—Thirteen of the respondents stated that telework was incorporated into their emergency response plans. Five agencies stated that telework was not incorporated into their emergency response plan.

—All agencies that said they had used telework considered it effective for those individuals who had power and who had their issued equipment available.

—Agencies that had employees who teleworked experienced little or no issues with telework.

—No agencies reported that they had incorporated transportation, sleeping, and food arrangements into plans for emergency personnel who were required to come into work during the closure event.

—Several agencies are conducting reviews of their related plans and policies after the snow closures of February 2010.

—Several agencies are planning on expanding existing telework opportunities.

Some agencies reported that not all of their employees eligible to telework had brought the necessary equipment and/or work material home with them prior to the snow event. Several agencies noted that some employees were not able to telework effectively through the event as they did not have necessary "hard" files/paperwork.

Clearly, some agencies need to do more to facilitate remote access by teleworking employees to files stored on their networks. Our query of the agencies also revealed

that there are still some agencies that have not yet incorporated telework into their emergency response plans, which all agencies need to do.

Question. Last year, OPM and other agencies (to varying degrees) established or refined emergency preparedness plans for the possibility that a pandemic flu might require social distancing and working off-site. Did these plans enhance agencies' continuity of operations during the snow blizzard? If so, please elaborate. If not, what emergency preparedness policies and procedures might be need for future events, whether they are caused by natural disasters or terrorist acts?

Answer. OPM provided guidance to agencies regarding planning for pandemic influenza in 2009 (see http://www.opm.gov/pandemic/OPM-Pandemic_AllIssuances.pdf) which emphasized, among other things, the importance of agencies and their employees being telework ready. The blizzard demonstrated that agencies still have work to do when it comes to having the necessary infrastructure to accommodate telework during emergencies.

Question. During the February snow blizzard, it was reported that the cost of closing the Federal government was an estimated $100 million per day. In a radio interview during the blizzard, you indicated that the estimate was out of date and that a re-estimate was in order. What factors should be considered and what methodology would be used for estimating the cost of a 1-day government shutdown? Has OPM recalculated the cost of a 1-day government-wide closure? If so, what is the revised estimate? If not, when might a recalculation be available?

Answer. Factors considered in estimating the cost of closing the Federal Government include the estimated numbers and pay grades of employees in the National Capital Region (the area most affected by the storms), less the number of emergency personnel and estimated teleworkers who worked during the closure. Our revised estimate of the cost of a 1-day Governmentwide closure is approximately $71 million.

FEDERAL EMPLOYEE RECRUITMENT AND RETENTION

Question. In January 2010, OPM released its report to Congress, Recruitment, Relocation and Retention Incentive—these incentives are often referred to as the "3Rs." In calendar year 2008, 47 agencies spent a total of $284 million on 39,512 recruitment, relocation, and retention incentives for Federal employees. Would you elaborate on the implementation of the 3R programs?

Answer. Agencies have used recruitment, relocation, and retention incentives (3Rs) to help recruit and retain Federal civilian employees since the authorities were originally enacted in the early 1990s. In May 2005, changes in law became effective that provided additional flexibility to grant 3Rs payments. Under OPM's regulations, agencies have discretionary authority to grant 3Rs payments to employees without OPM approval in most situations. Currently, OPM approval is required only for 3Rs payments in excess of the normal payment limitations (e.g., for retention incentive payments in excess of 25 percent for individual employees and 10 percent for a group of employees, up to a maximum payment of 50 percent) and to cover non-General Schedule categories of employees under the 3Rs authorities.

Question. Are there categories of occupations and positions that have received the major portion of these incentives?

Answer. In calendar year 2008, agencies typically paid 3Rs payments to employees in occupations critical to agency missions, such as healthcare, engineering, security, and information technology.

Of the top 30 occupations that received recruitment incentives, 7 occupations were in healthcare fields and 7 in engineering fields. The single occupation for which recruitment incentives were most used was patent examiners, who accounted for more than 11 percent of all recruitment incentives paid.

Relocation incentives were spread across a wide array of occupations. Of the top 10 occupations for which relocation incentives were used, the two fields in which they were most likely to be used were occupations in criminal investigating and contracting, accounting for 7.35 percent and 6.62 percent, respectively.

Retention incentives were primarily used to retain employees in healthcare occupations, accounting for 34 percent of all retention incentives paid. Security and engineering occupations each accounted for almost 8 percent of retention incentives issued. Information technology employees received 4 percent of retention incentives paid.

Question. How many employees have received more than one of these incentives— for example, how many, if any, employees received both a recruitment and relocation incentive?

Answer. OPM's regulations prohibit employees from receiving recruitment, relocation, and retention incentives concurrently in most situations. However, the regula-

tions do not limit how many non-concurrent incentives an employee may receive over the course of his or her career, provided all the regulatory criteria for these incentives are met. OPM is currently working with agencies to improve the quality and accuracy of 3Rs data submitted to OPM's Enterprise Human Resources Integration (EHRI) data system. Once EHRI data from agencies is certified to be accurate, OPM expects to be able to track trends such as how many employees received more than one incentive over the course of their career.

Question. What improvements, if any, may be considered?

Answer. Over the last year, OPM has led an initiative, in coordination with an interagency workgroup, to review existing policies and identify ways to improve the administration and oversight of the 3Rs authorities. In February 2009, OPM issued a memo to agencies explaining what we found in our review and, as a result, we plan to—

- —Develop additional guidance and tools to help agencies write stronger justifications for 3Rs authorizations, improved 3Rs plans, and more explicit agency internal monitoring procedures, with greater emphasis on the consideration of the costs and benefits of the 3Rs;
- —Issue proposed regulations to require agencies to review all retention incentives and group recruitment incentives at least annually to determine whether they should be revised or discontinued; and
- —Review the 3Rs data submitted to EHRI for agencies that used the greatest number of 3Rs. OPM will ask agencies to validate or certify the data accuracy. Once the 3Rs data is validated, OPM and agencies will be better able to track 3Rs trends on an ongoing basis and, if necessary, investigate any 3Rs data anomaly and take corrective actions immediately.

Question. Are there any preliminary data on the use of the 3Rs in 2009?

Answer. We are currently compiling the calendar year 2009 report from the data submitted by agencies. We expect to release the report later this year.

Question. Please describe how OPM has used each of the 3Rs in your own organization.

Answer. During fiscal year 2010 OPM has granted 1 recruitment and 2 relocation incentives as a recruiting tool for some of our hard-to-fill positions, including a senior program director position in our USAJobs program office, a supervisory Criminal Investigator who was relocated between duty stations within OPM, and a senior Human Resources Specialist who was relocated between duty stations within OPM.

Question. The Chief Human Capital Officer at the Department of Homeland Security has testified before Congress on the use of "virtual job fairs" to recruit employees, particularly information technology staff. Please explain how a "virtual job fair" works.

Answer. OPM did not participate in DHS's "virtual job fair," however, on September 14, DHS will present a briefing to OPM on its use of a virtual job fair to recruit top talent.

Question. To what extent has OPM used this approach to hire employees?

Answer. OPM has not used this approach to hire employees because of the lack of 508 compliance (an accessibility issue for individuals with disabilities) of "virtual job fair" sites. We are currently pursuing a 508-compliant job fair site, and when funds become available, we plan to pursue the purchase of such a site.

Question. What safeguards are in place to ensure that the merit system principles codified in Title 5 are upheld?

Answer. As with any recruitment and hiring activity, agencies must ensure their practices are in conformance with the merit system principles, as well as with all other applicable provisions of title 5. In addition, OPM, in its oversight role, will hold agencies accountable for compliance with the laws and regulations governing recruitment and selection.

Question. Has the economic downturn slowed the rate of retiring Federal employees?

Answer. We are not able to determine the specific impact of the recession on the rate of retirement among Federal employees. However, we do have historical data as shown with regards to the number of employees added to the retirement roll each year since 2000 which may be useful to provide some perspective on the trends in retirement of Federal employees.

Fiscal year	Total retirements
2000	77,383
2001	77,330
2002	74,153
2003	81,128

Fiscal year	Total retirements
2004	90,441
2005	94,977
2006	103,292
2007	92,349
2008	86,615
2009	87,907

Question. What is the current projection for the retirement of baby boomers?

Answer. It is difficult to make projections regarding retirements due to the variety of factors that go into retirement decisions (i.e. the economy, retirement savings). Accordingly, OPM is not currently able to provide specific projections regarding the retirement of baby boomers in the Federal workforce.

Question. What guidance, if any, does OPM provide to departments and agencies to ease the expected retirements of baby boomers in the next 5 years?

Answer. To ease the expected effect of retirements, OPM supports knowledge transfer from one generation of leaders to the next generation of leaders. OPM has submitted a legislative proposal that would allow Federal employees covered by the Civil Service Retirement System or the Federal Employees Retirement System to enter a phased retirement status at the end of their careers, under certain circumstances. This would enable agencies to retain the services of highly valued and experienced employees for longer periods than they would otherwise be able to. This proposal would require that part of the individual's time be spent mentoring other employees.

To prepare for an increase in the number of retirements from the Federal Government, OPM works with agencies to assess leadership needs and use current leaders to prepare new and emerging leaders for future assignments and roles. The following are some examples of recent OPM programs and activities:

—OPM hosted a best practices forum on mentoring when our "Best Practices in Mentoring" booklet was made available to agencies through the OPM website. OPM participated in a mentoring forum conducted by and for the Intelligence Community.

—OPM is working with agencies to develop an executive on-boarding framework. A forum was held for agencies to investigate methods and techniques to better prepare new Federal executives for successful executive careers. For example, the National Science Foundation has initiated a pilot on-boarding program, which includes a letter from the outgoing executive to his or her successor, among other features.

—OPM is developing a wiki that will facilitate knowledge sharing for the training and development community. The wiki will debut with five initial topics later this summer.

—OPM facilitates knowledge management by hosting best practices forums or webcasts. Webcasts on leadership development programs have been offered, which are recorded for posting on OPM's YouTube channel.

—Best practices forums are hosted quarterly for performance management and executive resources practitioners. At these forums, OPM provides agencies with guidance and advice. Agencies, in turn, present information on their best practices on a wide variety of topics, including their Senior Executive Service (SES) career development programs, diversity, and leadership succession management.

—In the Guide to Strategic Leadership Succession Management Model, OPM provides recommendations for assessing executive workforce needs, projecting attrition, and designing strategies for meeting staffing needs. These guidelines are followed by agencies in the preparation of their Strategic Leadership Succession Plans and their Human Capital Management Reports.

—Through the Federal Executive Institute in Charlottesville, Virginia, OPM offers a course entitled "Leaders Growing Leaders; Building Your Organization by Developing Leaders at Every Level." The course offers participating executives the opportunity to gain experience practicing informal roles as exemplar, mentor, coach, and teacher to help cultivate the next generation of leaders. Participants also learn how to frame their life and work experiences as stories to help others learn leadership lessons.

Question. The government-wide website, USAjobs.opm.gov, has been reconfigured. Please discuss the improvements, if any, to the website.

Answer. The refreshed USAJOBS site enhances the user experience by updating the look and feel, including introducing social media and increased personalization; improving site navigation, making it easier to move about the site; enhancing the

job search tool so applicants find the right job for them; streamlining employment information to ensure guidance is readily available; and providing targeted resources for those with special needs (students, executives, veterans, and individuals with disabilities). Also, applicants can now email their resumes that they created using the USAJOBS resume builder.

Question. Are there enhanced features to assist veterans and persons with disabilities in their job search?

Answer. All veterans' employment information has been consolidated onto one site (www.fedshirevets.gov). A résumé mining capability has been added for preference eligible veterans and 30 percent or more disabled veterans.

For persons with disabilities, a new page has been added to USAJOBS with information that includes tips for applying competitively or under the Schedule A appointing authority. Template letters have been created for download, to be used when applying under Schedule A.

Question. What partnerships have OPM formed to reach out to college campus to recruit the best talent to public service? Have these efforts been successful?

Answer. In January 2010, OPM created a Student Programs Office to promote innovative and coordinated approaches to recruiting and hiring students into the Federal Government. A significant part of this new office's role involves collaborating with academia and other organizations focused on the recruitment of students and recent graduates into the Federal service.

Through the Call to Serve initiative, OPM works in collaboration with the Partnership for Public Service to educate a new generation of leaders about the importance of a strong civil service, help re-establish links between Federal agencies and college campuses, and provide students with information about Federal jobs. Through this network, we are able to reach more than 700 schools and more than 75 Federal agencies. Throughout the year, we nurture these relationships by providing training workshops, a Federal Service Summit, best practices, and other key resources relating to Federal employment.

In addition to the Call to Serve initiative, OPM has worked with a variety of colleges and universities nationwide to promote the Federal Government as an ideal place to work. Earlier in fiscal year 2010, we sponsored five Federal Career Days— at Johns Hopkins University, City College of San Francisco, Massachusetts Institute of Technology, University of New Mexico, and Rutgers University—to showcase the Federal Government as the most dynamic and progressive employer in the country as well as a "cool" place to work. These schools offer strong curricula relating to Federal agency mission-critical occupations and demonstrate a willingness to promote Federal employment opportunities for their students. In addition to the Federal Career Days, we have partnered with, and participated in many events at, other colleges, universities and organizations that have key roles in attracting a diverse student population into the Federal workforce. Over the past fiscal year, these have included the American Society of Public Administration, National Association of Colleges and Employers, Government College Relations Council, Federal Employed Women, League of United Latin American Citizens, Southeast Federal Recruiting Council, Hispanic Association of Colleges and Universities (HACU), and Gallaudet University.

Finally, in 2010 the Presidential Management Fellows (PMF) Program expanded its outreach to over 30,000 graduate school contacts across the country. This outreach included e-mail blasts, campus visits, presentations, and partnering with associations. Recently, OPM Director John Berry approved a variety of reinvigoration efforts to enhance the PMF Program:

—Increasing investment in the assessment process to improve the quality of PMF finalists. For the upcoming PMF Class of 2011, we are enhancing the PMF assessment process to improve both the quality of finalists and the applicant experience.

—Improving the PMF Program experience. The Program is in the process of creating "PMF Power Packs," consisting of current PMFs, to work on 5 program areas: (1) diversity outreach, (2) development of a new orientation program "for PMFs, by PMFs", (3) assistance with the new assessment process, including logistics, event planning, and coordination of the in-person phase, (4) development of a job-matching process for PMF finalists, and (5) creation of an alumni program.

—Increasing outreach efforts through strategic partnerships. This includes work with organizations such as the National Association of Schools of Public Affairs and Administration (NASPAA), National Association for Equal Opportunity in Higher Education (NAFEO), HACU, etc., to create a marketing and outreach plan to reach all segments of society. Many Federal Executive Boards (FEBs)

also reach out to local colleges and universities to share information on Federal employment.

As a result of the aforementioned efforts, we have witnessed an increase in the number of students and recent graduates entering the Federal Government through Governmentwide student programs and the PMF Program. The PMF Program experienced a 70 percent increase in its number of applicants over the number of PMF applicants from 2009. In 2009, we had approximately 500 Fellows appointed in Federal agencies, representing the highest number of Fellows appointed in the history of the program. We are expecting even more in 2010.

WORK-LIFE PROGRAMS

Question. What amount and percentage of the OPM budget is allocated for administration of work/life programs? How many full-time equivalents (FTEs) are associated with this function? What are the two most important issues facing the Federal workforce in terms of work/life issues and what are OPM plans to address these concerns?

Answer. Of OPM's budget of $905 million, 0.42 percent is allocated for the Governmentwide oversight of work/life programs. There are currently 6 FTEs allocated for this function.

The two highest priority issues are the Federal telework program and employee health and wellness. OPM Director John Berry has shown his commitment to these two areas by establishing a high priority performance goal for each.

The goal for telework is, by the end of fiscal year 2011, to increase by 50 percent the number of eligible Federal employees who telework over the 2009 baseline of 102,900.

Key components of OPM's strategy to meet this goal include: working with agencies to make sure they have effective telework policies that translate into successful programs; and developing high-quality and broadly accessible telework training.

The goal for health and wellness is, by the end of fiscal year 2011, for every agency to have established and begun to implement a plan for a comprehensive health and wellness program which will achieve a 75 percent participation rate. Key components of OPM's strategy to meet this goal include: providing guidance to Federal agencies on what constitutes a comprehensive health and wellness program and criteria for assessing the adequacy of agency plans; and producing a training package aimed at employees and managers that agencies can use to inform their employees of the value of health and wellness programs.

Another area that we believe to be an important issue facing Federal employees is dependent care. The range of dependents for which employees are expected to provide support, and the range of support necessary for those individuals, is broad. More than half of Federal employees fall into the age category of adult Americans who are caring for both elders and children. Providing support through workplace programs allows Federal employees convenient access to supports and resources, and facilitates productivity while at work.

OPM's plans to address the dependent care needs of Federal employees include providing: training and resources for Federal work/life staff; networking opportunities for agency work/life staff; and guidance documents and handbooks.

Question. Some versions of the healthcare reform legislation would assign a role to OPM regarding benefit negotiations and administration with health insurance providers for plans. How many FTEs and appropriated monies currently support Federal Employee Health Benefit Program (FEHBP) administration functions in OPM?

Answer. Currently, OPM is appropriated approximately $11.7 million to administer the FEHBP, with approximately 90 FTEs. This does not include the support of the Office of Inspector General, which is responsible for auditing FEHBP health plans. It also does not include a proportionate share of accounting or legal services.

[Dollars in millions]

	Appropriated Money	FTE
Policy, including Office of the Actuary	$5.5	22.1
Operations	6.2	68.0
Total	11.7	90.1

Question. What staff would need to be hired and what additional expertise would be needed if the OPM role were expanded in this area? How would this added role affect OPM's performance of its core mission?

Answer. The Patient Protection and Affordable Care Act (Public Law 111–148), enacted March 23, 2010, gives OPM additional health insurance plan oversight and administrative responsibilities. Under section 1334, OPM will contract with health insurance issuers to offer at least 2 multi-State health plans through each State Health Insurance Exchange. The Exchanges will make available qualified health plans, including multi-State plans, to the general public beginning in 2014.

This added role will not have any effect on OPM's performance of its current core mission. OPM will need to develop the capacity, including additional staff, to manage the Multi-State Plan option(s) that will be available via State exchanges in 2014. Development of such capacity includes examining the interaction between multi-State plan requirements and State insurance regulations, analyzing potential enrollee demographics and utilization patterns, and modeling potential premium costs. Work over the next several months will focus on shaping the OPM role with the Multi-State Plan option from the framework outlines presented in the new law and identifying the institutional support that OPM will require to develop and manage this program from 2010 to 2014.

Question. OPM has announced that it is revamping the human capital survey that is designed to gauge Federal employee views on a variety of key Federal workforce practices on an annual basis. What are the significant changes/enhancements in the survey methodology? Will the data be disaggregated to allow for a more in-depth look into the views of employees in various offices and units of a department rather than just the department as a whole?

Answer. Starting in 2010, OPM plans on administering the Federal Employee Viewpoint survey annually to fulfill the growing need for Governmentwide standardized data. While changes to the survey in regard to content, process, and depth of reporting are currently being planned for the future, some minor changes were made to the FedView survey for 2010 administration. The survey was revised to add items in the areas of employees' work experience, supervision, leadership, and work/life issues.

In addition, OPM decided to move questions on Governmentwide benefits, like life insurance, health insurance, and retirement, to a separate survey; most agencies supported these changes. OPM already provides data below department or agency-wide level to allow visibility into the perceptions of employees within major organizations and subdivisions, and OPM works with agencies to support their needs for specialized views or cuts of survey results. In all cases, OPM ensures the identity of individual respondents is protected.

FEDERAL EMPLOYEES AND GOVERNMENT PROCUREMENT

Question. Within the government procurement community, the state of the acquisition workforce is of great interest. Generally, it is understood that the acquisition workforce as a whole—which is dealing with complex acquisitions and increased government procurement spending, and learning new acquisition methods—is undermanned and undertrained. How is OPM assisting the Office of Federal Procurement Policy, and other Federal agencies, in bolstering the government's acquisition workforce?

Answer. OPM has designated the 1102 Series as a Governmentwide mission-critical occupation. OPM's shared registers include the contracting series. We also assist agencies with employees in the 1102 Series in providing fiscal year reporting for OFPP on the 1102 Series workforce strength and 5-year projections of attritions and accretions.

Agency reporting includes:
—Resource data for entry-, mid- and senior-level as part of the measures reported for each agency's annual Human Capital Management Report.
—Target acquisition workforce profile and actual attrition at the end of the reported measurement year.
—Comparison of current workforce targets with actual population to determine gaps or surpluses.
—Workforce targets and projected attrition for the next fiscal year (short-term goal).
—Workforce targets and projected attrition for an additional 4 fiscal years in the future (long-term goal).

Agencies this year were to establish targets and project attrition for fiscal year 2010 and fiscal year 2014. Agencies were also to report their current population and

certifications as of the end of fiscal year 2009. OPM will continue to work with agencies and assist them with efforts to provide accurate and complete reporting.

Question. What hiring authority flexibilities can agencies use to hire acquisition professionals in a timely fashion?

Answer. From September 30, 2007, through September 30, 2012, agencies have direct hire appointing authority for certain Federal acquisition-related positions, such as entry-level and senior contracting positions and all purchasing positions.

Through December 31, 2011, agencies are also authorized to reemploy annuitants in the acquisition-related positions mentioned above without offsetting their salaries, as is normally required when reemploying annuitants. Agencies' decisions to use this authority must be based on the unusually high or unique qualifications of an individual, exceptional difficulty in recruiting or retaining a qualified employee, or a temporary emergency hiring need, which makes the reemployment of the individual essential.

Question. What constraints exist, if any, that might impede agencies' efforts to hire and train individuals for their contracting offices?

Answer. One constraint is the challenge of accurately projecting future workforce needs. This depends, in part, on how many positions are defined as having "inherently governmental" functions. The definition of "inherently governmental" affects the workload of contract specialists and informs agencies' decisions regarding the number of positions they need to fill. A strong desire to avoid over-hiring can also complicate workforce planning efforts.

In addition, Federal contracting is quite technical and requires in-depth knowledge of Government policy and regulations, as well as substantial training and experience to be fully productive. Effective training programs that are adequately resourced are essential. Moreover, once their contract specialists are trained, Federal agencies face competition from non-Federal employers willing to pay more for employees with Federal work experience and training and credentials.

Question. As the Director of the Office of Management and Budget noted in a July 2009 memorandum, "[f]ederal agencies use both Federal employees and private sector contractors to deliver important services to citizens." His memorandum also stated that overreliance on contractors "can lead to the erosion of the in-house capacity that is essential to effective government performance," and counseled that achieving the best mix of Federal employees and contractor employees can be accomplished by identifying the proper role of each sector. What is the human resources perspective on the multisector workforce?

Answer. We believe an effective balance between Federal employees and contractors can be achieved by taking into account strategic human capital planning, the concept of "inherently governmental function" and "critical function" and effective talent management.

—Strategic human capital planning is essential to an understanding of the full picture of workforce requirements for mission accomplishment.

—The concept of "inherently governmental" function and "critical" function must be clearly understood and properly applied to ensure inherently governmental functions are performed only by Federal employees and critical functions are performed by Federal employees to the extent necessary to ensure the government maintains control of its mission and operations.

—Effective talent management strategies should be used (including effective recruiting and retention strategies) to ensure that agencies have adequate numbers, and the right skill mix, of employees to accomplish the mission.

Question. What are some of the issues that an agency might encounter when it has Federal employees and contractor employees working side-by-side?

Answer. Many of the issues that arise when Federal employees and contractors have been working side by side concern differences in systems for pay and reward, discipline, and termination, as well as general ethical considerations (including organizational and personal conflicts of interest). Some examples of these differences include:

—Contractor employees are not subject to the various laws governing Federal employment, which impose various protections and restrictions.

—There are generally no limits on the compensation that may be provided to contract employees, while Federal employees generally are subject to compensation limits. If contract employees are paid at higher rates than Federal employees providing similar services, this could create morale problems within the Federal workforce. It could also lead to Federal employees leaving Federal service to accept contract jobs.

—A retired Federal employee who works for the agency as a contractor will receive his or her full annuity whereas that same retired employee would be subject to the reemployed annuitant salary offset if working for the agency as a

rehired annuitant unless a waiver is granted. The difference in how retirement is treated in these scenarios could be viewed as inequitable.

Question. What steps can agencies take to maintain a clear distinction between the management of its own employees and the management of contractor employees? That is, how can agencies avoid the appearance of a supervisor-employee relationship between agency staff and contractor employees?

Answer. The agency should take appropriate steps to ensure its employees are made aware when contract employees are performing work onsite, such as to provide professional and technical services. Such steps might include requiring contractor employees to wear distinctive badges, work in clearly identified work areas, and use e-mail addresses that clearly identify their status as contractors. In addition, agencies should ensure their employees are not directing the work of contractor employees but instead that agency contracting officials are giving direction to the contract supervisor.

Question. Under Office of Management and Budget Circular A–76, agencies may conduct public-private competitions to determine who—Federal employees or contractor employees—will perform work that agency employees had been doing. When a competition results in the awarding of a contract to a company, the Federal employees are no longer needed in that function. While it is possible that at least some of the agency employees will be hired by the contractor, there is no guarantee that this will happen. What role, if any, has OPM played in public-private competitions conducted by other agencies?

Answer. There have been no recent public-private competitions, in part as a result of a statutory moratorium on public-private competition. However, in past years, when agencies conducted public private competitions under OMB Circular A–76, OPM worked with agencies to provide soft landings for affected employees both where work was converted to private sector performance as well as where work was retained in-house but involved a reduction in labor. These efforts included consideration of buyouts and early retirements under OPM's Voluntary Early Retirement Authority (VERA) and the Voluntary Separation Incentive Payments (VSIP) Program. OPM's regulations govern how the agency's workforce is reduced because of that decision. General and detailed restructuring guidance material is available on OPM's website, and we offer on-site assistance through our reimbursable services staff.

Question. Generally speaking, what options are available to Federal employees who have been displaced by the outcome of a public-private competition?

Answer. If a permanent Federal employee is separated because of the contracting decision, the employee may be eligible either for retirement benefits if the employee meets the age and service requirements, or for severance pay.

The employee is entitled, by regulation, to reemployment priority in his or her former agency for 2 years to positions at the same or lower grade and in the same commuting area. Qualified employees are offered reemployment based on their tenure and veterans' preference. A displaced employee is also entitled by regulation to selection priority for 1 year to positions in other agencies at the same or lower grade in the same commuting area. This program requires former employees to apply for positions matching their skills and to be well-qualified for the positions. Both of these programs provide selection priority over candidates from outside the agency's permanent workforce.

Question. How might OPM track Federal employees who have been displaced?

Answer. OPM can track, through the Central Personnel Data File, those employees who were separated because of a decision to contract the work under OMB Circular A–76.

FEDERAL PAY AND FURLOUGHS

Question. Discussions of Federal pay rates have been prominent in the news of late with the USA Today articles presenting Federal and private sector pay comparisons and CNBC commentary calling for salary rollback. What is OPM's response to these viewpoints?

Answer. We have been closely following stories of Federal pay during the last few months. However, we view reports published by USA Today, the Cato Institute, and the Heritage Foundation critical of Federal workers as simplistic and misleading. Average salary comparisons as published by the Cato Institute and others ignore the huge differences in the occupational makeup of the Federal and non-Federal workforces; they do not reflect the complexity of the work, level of skill and education required, scope of responsibility/impact, special requirements such as security clearances, or the location where the work must happen.

On average, positions in the Federal government generally have a higher level of education than the private sector positions. About 19 percent of Federal workers have a master's degree, professional degree, or doctorate versus only 11 percent in the private sector. A full 48 percent of Federal employees have at least a college degree compared to 32 percent in the private sector. For example, the two largest private-sector occupations today are retail salesperson and cashier, low-paid occupations not found in Federal service. In contrast, the vast majority of Federal workers are in professional, administrative, and technical occupations that are well-paid in the private sector. Job-by-job comparisons published by USA Today are based on data published by the Bureau of Labor Statistics (BLS), but the data are improperly used. The Federal Government uses recognized statistical methods and professionally conducted pay surveys. BLS economists, working with OPM, have thoughtfully and carefully compared occupations in the Federal and non-Federal sectors for more than 50 years to provide Government policymakers with factual information in making their decisions on Federal employee salary levels.

When taking into account factors such as differences in occupational mix, geographic distribution, and level of work, we believe reports finding that Federal workers are paid substantially more on average than similarly situated non-Federal workers are false comparisons.

Question. In early 2009, you discussed sending a legislative proposal to reform Federal pay setting to Congress. What is the status of this proposal and what are likely to be the key components of any pay reform?

Answer. We continue to believe that reform of Federal personnel systems is vital, but based on experience and research in this field, especially given the current fiscal situation, we feel it makes more sense to focus now on enhancing the quality of employee reviews and feedback so they are more helpful and fair.

Question. The Department of Transportation had to furlough some employees recently because of an interruption in its appropriated funds during debate of a bill that would have extended funds for the National Highway Trust Fund on a short-term basis. What have other departments and agencies been reporting to OPM about the possibility of furlough actions this fiscal year?

Answer. We do not have any information from agencies regarding possible furlough actions this year.

Question. What specific guidance has OPM provided proactively to the departments and agencies both in general and specifically with regard to mechanisms that might provide alternatives to furloughs?

Answer. OPM provides guidance to agencies for options on how to reduce budgetary outlays in order to avoid or minimize the likelihood of furloughs or other actions such as reduction in force.

OPM's guidance notes that furlough is not a viable option if the agency is faced with a continuing, rather than temporary, lack of work and/or funds. For example, an agency may furlough an employee under the reduction-in-force regulations only when the agency plans to recall the employee to duty within 1 year in the position the employee held when furloughed.

Also, the fiscal savings from a furlough are sharply reduced when a furloughed employee becomes eligible for unemployment compensation that must be paid by the agency. For example, an employee who is furloughed for 5 or more consecutive days is generally eligible for unemployment compensation.

Finally, because furlough is a temporary situation, voluntary early retirement authority (VERA) and voluntary separation incentive payments (VSIP) are not an option to lessen the impact of furlough on the agency and its employees. VERA and VSIP are available only when an agency is undertaking long-term restructuring actions.

Question. Which departments and agencies are in the forefront with effective workforce planning models and what specific features of such workforce planning could be applied across the Federal Government?

Answer. Several agencies, including the Departments of State, the Department of Transportation, and the Nuclear Regulatory Commission, have consistently demonstrated effective workforce planning. These agencies have a defined governance structure for the workforce planning function, a systematic process that is used for workforce analyses, and they use automated tools for analyses and staffing projections. All of these agencies have a seamless integration of the strategic human capital planning and workforce planning activities.

OPM'S STRATEGIC PLAN FOR 2010–2015

Question. As stated prominently on the OPM website, OPM's mission is Recruiting, Retaining and Honoring a World-Class Workforce to Serve the American People. What are the most pressing challenges for OPM in the next fiscal year?

Answer. As the Director stated in his testimony and as are reflected in OPM's High Priority Performance Goals, the agency's fiscal year 2011 budget request reflects the strategic goals for the agency: Hire the Best, Respect the Workforce, Expect the Best, and Honor Service. These guiding principles also represent the most pressing challenges for OPM in achieving the vision of making the Federal government a model employer for the 21st century.

The current Federal hiring process is cumbersome and slow, frustrating managers and discouraging many talented individuals, including veterans, from considering Federal jobs and opportunities. OPM is also challenged to promote greater diversity and inclusion in the Federal workforce. The development of Government-wide training, health and wellness policies and programs to provide employees with a meaningful balance of work and life is another challenge that must be faced to improve Federal government performance.

The Federal Government's retirement systems face significant challenges and are at high risk of failure due to technology gaps. These challenges have been identified in numerous OPM and GAO reports and improvements are needed to ensure that employees' claims are settled timely and accurately.

Question. What initiatives or improvements are needed to address these challenges? What are the costs of these initiatives?

Answer. As stated in the Director's testimony, the Administration believes that reforming the Federal hiring process is an urgent priority to attract the best and brightest talent into the workforce. OPM's fiscal year 2011 budget requests $4,000,000 in order to promote innovative and coordinated approaches to help agencies streamline their end-to-end hiring process. OPM is also committed to increasing employment outreach to veterans. OPM has requested $2,400,000 in fiscal year 2011 to advance efforts to reduce barriers to entry for Veterans and transitioning service members pursuing careers in the Federal civil service.

OPM has initiated the Retirement Systems Modernization (RSM) program to modernize and automate retirement processes to ensure Federal retirees and annuitants are paid accurately, timely, and receive high-quality customer service. OPM has requested $1,500,000 to stabilize the retirement systems in fiscal year 2011, with a focus on upgrading the retirement calculator, transitioning from a paper-based operation to an automated retirement process, and implementing an online retirement application tool. OPM has also requested an additional $2,800,000 to increase retirement claims processing staffing levels and assist in reducing the claims processing times.

Question. Would you describe the key components of OPM's recently released, A New Day for Federal Service, Strategic Plan 2010–2015?

Answer. The strategic plan positions the agency to make the Federal government America's model employer. The plan outlines four broad strategic goals that define OPM's direction for the next 6 years in order to achieve its mission to Recruit, Retain and Honor a World-Class Workforce to Serve the American People.

The key components of the plan are the strategic goals that have been designed to assist agencies in enhancing the experience as individuals moves from applicant to Federal employee to retiree. The "Hire the Best" strategic goal concentrates on improving the Federal hiring process. The focus of the "Respect the Workforce" strategic goal is on employee retention through training and work-life initiatives. OPM's "Expect the Best" strategic goal strives to provide the tools and resources necessary for employees to perform at the highest levels while stressing accountability. Finally, the "Honor Service" strategic goal seeks to recognize the service of Federal employees through well-designed and well-administered compensation and retirement benefits programs.

Question. How will the fiscal year 2011 budget request specifically address each of the strategic plan's goals?

Answer. Each of the strategic goals is related to OPM's major performance improvement initiatives reflected as in the budget request:

—*Hire the Best.*—Funding requested will be used to reform Federal government recruiting and hiring policies, programs and procedures. The initiative will better enable agencies to recruit and hire qualified students, mid-career professionals, and retirees. OPM will continue efforts to revamp the USAJOBS website, building on improvements that have already been made to make the site more user-friendly and aligned with the Hiring Reform initiative. The budget request supports ongoing Administration efforts to assist veterans to find op-

portunities in the Federal workplace, and to promote diversity in the Federal workforce. Finally, the request continues efforts to have the information they need to make timely decisions on the credibility and suitability of Federal employees, contractors, and military members.

—*Respect the Workforce*.—The budget request calls for the Federal government to invest in its employees in order to improve the results of Federal programs and services. The development of Government-wide health and wellness policies and programs to provide employees with a meaningful balance of work and life will continue to be a top priority in fiscal year 2011 in order to help continue to attract the best and the brightest for Federal employment. Focus will continue on the importance of training throughout an employee's career, as well on programs and initiatives such as alternative work schedules, telework, and employee assistance programs that benefit current employees and help us continue to attract the best and brightest for Federal service. Resources will also help continue efforts to encourage labor-management collaboration in the furtherance of agencies' goals.

—*Expect the Best*.—Funds requested in the fiscal year 2011 budget will support OPM's responsibilities to advise and assist agencies on strategic human resources management. This includes operational activities to monitor compliance with civil service laws and regulations, ensure appropriate use of flexibilities and authorities, and providing agencies with tools, resources, guidance, education, and evaluation to continuously improve their human resources operations.

—*Honor Service*.—The budget request addresses the strategic goal to honor the service of Federal employees by ensuring timely and accurate delivery of OPM-administered retirement and insurance benefits for 2 million Federal retirees. Continued funding for the Retirement Systems Modernization (RSM) program will go toward priorities like upgrading the retirement calculator, automating the manual paper-based retirement system, and imaging incoming paper retirement records. The implementation of an online retirement application tool for gathering initial retirement information electronically from service centers will help improve the accuracy of retirement calculations. Altogether, these initiatives will help to ensure that OPM and agency benefits officers have access to information necessary to perform their duties of processing claims and providing customer service to employees and annuitants.

NATIONAL COUNCIL ON FEDERAL LABOR-MANAGEMENT RELATIONS

Question. In December 2009, President Obama issued an Executive Order (EO), Creating Labor-Management Forums to Improve Delivery of Government Services, which created the National Council on Federal Labor-Management Relations. The Council will support the creation of labor management forums across the Federal government to allow agency managers, employees, and union representatives to discuss agency operations in a non-adversarial setting. How will the Council ensure that the forums result in the implementation of productive ideas and innovation among Federal agencies?

Answer. The Executive order required each agency to develop, and submit for certification, a written implementation plan which addressed, among other things (1) how the agency would conduct a baseline assessment of the current state of labor relations and (2) how the agency will develop metrics to monitor improvements in such areas as productivity gains and cost savings resulting from establishment of labor-management forums. The achievement of productivity gains and cost savings is clearly dependent on the adoption of productive ideas and innovation by agencies. The operation and effectiveness of these forums will be monitored both internally by agencies and externally by the Council. As discussed below, the Council has adopted general recommended metrics and has established a work group on metrics, which is developing more detailed and focused metrics for agencies to use.

Question. Did all Federal agencies meet the March 9 deadline to submit plans to create labor-management forums?

Answer. While not all Federal agencies met the March 9 deadline to submit plans, all but a handful of agencies did submit plans by early April, and plans were received from all agencies by early May.

Question. How many of the plans have been certified? What are the issues in certifying the plans?

Answer. Fifty of the 51 agency plans have been certified by the Council. At the request of the National Council, SSA submitted a revised implementation plan on July 23, 2010. The National Council is currently evaluating that plan, and working with the agency on certification.

Question. At this point, what measures has the Council developed to ensure that these labor-management forums will improve efficiency in government operations and improve services to clients?

Answer. At its initial meeting in February, the Council adopted recommended categories of metrics for agency use in establishing and implementing forums. Those metrics were organized under three broad goals, the first and most important one being improvement in the agency's ability to accomplish its mission and deliver high-quality products and services to the public. At its May meeting, the Council established a work group to develop more detailed metrics. That work group has held a number of meetings, will be collecting information from and drafting guidance for the forums, and expects to make recommendations for the full Council to adopt this fall.

Question. How can you ensure that these councils will improve government operations and services to clients?

Answer. The LMF metrics working group is currently exploring practical answers to this question—to figure out what and how to track and measure to learn from each LMF experience and apply those lessons to improving government operations and services. We recognize that the overriding reason for creating labor-management forums is "to improve the productivity and effectiveness of the Federal Government," and we are confident this goal will be achieved.

FEDERAL LONG-TERM CARE INSURANCE PROGRAM

Question. The Federal Long-Term Care Insurance Program (LTC) insurance program has entered a new contract cycle and OPM has notified Federal workers enrolled in the Automatic Compound Inflation Option (ACIO) (about 60 percent of enrollees) that their premiums will increase 25 percent from current rates. At congressional hearings last fall, OPM acknowledged that the marketing materials used during the first contract cycle could have misled enrollees in assuming that premiums would not increase in the future if that option was chosen. What processes and procedures does OPM have in place to ensure that this does not happen again?

Answer. New educational and marketing materials, along with new applications, were introduced in October 2009. These materials more prominently and frequently describe the conditions under which premiums may increase and that premiums are not guaranteed, including in the sections that describe the different types of inflation protection. We are also planning new marketing materials and application forms for an open season which we expect to hold in the spring of 2011. We are committed to making any other changes needed to make the rate information clear to current and prospective enrollees.

As an example of what we have done, every enrollee not eligible for or receiving benefits (e.g., not in a nursing home) received a decision package in late 2009 outlining options for moving to the new plan design or avoiding the premium increase (for those facing an increase). The decision package included background material illustrating the difference over time between a 4 percent and a 5 percent compound benefit increase. Historical inflation increase data were also provided. Modeling tools were available online to allow enrollees to project the growth of their current daily benefit under each inflation rate. The decision packages also contained detailed comparisons of specific benefits and the differences between the original plan, FLTCIP 1.0, and the new plan, FLTCIP 2.0.

In addition, the materials for the new FLTCIP 2.0 benefits are currently online at www.ltcfeds.com and available by request from LTC Partners. The new materials, both in hard copy and online, provide detailed information and graphs that illustrate the difference over time between 4 percent and 5 percent compounded benefits, as well as detailed information about other benefit decisions.

The new educational materials state prominently and frequently that premiums are not guaranteed, and they explain the conditions under which premiums may increase. In addition, the Agreement and Acknowledgement section of the application, which requires the applicant's signature, discloses that premiums are not guaranteed. The new Benefit Booklet (the contractual statement of benefits) contains on the second page a section titled, "When We May Increase Your Premium" and discloses in several other places that premiums are not guaranteed. All current and future enrollees will receive a copy of this new Benefit Booklet.

Finally, Long Term Care Partners conducts hundreds of educational seminars each year at Federal agencies and meetings of Federal employee groups like the National Active and Retired Federal Employees Association (NARFE). They keep in frequent contact with Agency Benefit Officers to make sure information about the FLTCIP is widely available. Enrollees and prospective applicants can call Long

Term Care Partners toll-free to speak with a Certified Long Term Care Consultant for expert assistance in learning about the Program.

Question. Since the stated purpose of the Federal LTC Insurance program was to encourage people to purchase long-term care insurance and serve as a model for other employer-sponsored programs across the Nation, how does OPM intend to restore confidence in the program among Federal workers and to promote future participation given this issue?

Answer. OPM conducts close contractual oversight of the carrier, which means we can shape the LTC policies and products. OPM includes the NAIC Shoppers Guide to Long Term Care Insurance in the Information Kit provided to all applicants who request a hard copy application. This Guide is also available online as part of the online application process. OPM also requires its insurer to price its premiums according to NAIC rate stability guidelines. It is important that standard rate stability guidelines be applied universally across the long term care industry. While we understand there have been concerns about the program, we take our responsibility very seriously to serve the interests of enrollees by doing all we can to improve and to promote the continued success of the Program.

OPEN GOVERNMENT

Question. In December 2009, the President issued an Open Government Directive to Federal agencies instructing them to launch open government web sites within 60 days, draft open government plans with long- term steps to improve transparency, and solicit public feedback on agencies' core mission activities. Please describe OPM's actions to fulfill the President's open government and transparency initiative.

Answer. In response to the President's Open Government Directive, OPM has established an Open OPM governance structure that comprises the Executive Board, their respective representatives on the Core Team and Component Teams. The Teams will develop and implement actions to ensure accountability and the sustainability of transparency, participation, and collaboration at OPM. All Component Teams include OPM employees as well as members from public/nonprofit groups, other agencies, academia and unions. The Component Teams will gather information from the individual team members, exchange ideas and generate innovative options for solving problems. Those ideas and options will be forwarded to the Core Team (OPM employees) for analysis and to make recommendations to OPM leadership on the Executive Board.

It is our policy to integrate Open Government into OPM's ongoing mission activities, including, but not limited to, partnering with stakeholders, advising and assisting agencies, working with Congress and other stakeholders on developing policies, promoting effective and efficient human resources policies and practices across government while leading by example. The Open Government ethos will be integrated into our programs and sustained throughout each of the aforementioned methods for improving Federal customer service life cycle, from hiring, employment, retirement to annuitant.

The agency has created an Open OPM web site at http://www.opm.gov/open/ for providing information on OPM's Open Government activities, including high-value data sets, the agency's Open Government Plan, and an Open OPM blog to provide updates and receive feedback from the public.

Question. Have you received feedback from citizens? If so, can you summarize some of the responses OPM has received?

Answer. We used the Open OPM Web site to solicit and receive public suggestions for our Open Government Plan. We have received and processed more than 1,000 e-mails from the public via our Open Government e-mail address and have received 58 unique ideas to improve Open Government through an IdeaScale Web tool. Feedback from the public focused primarily on the Agency's operations in recruitment, staffing, retirement, and benefits. The Director's goal "Expect the Best" was echoed in these comments, as was the Vision that "The Federal Government will Become America's Model Employer for the 21st Century." The Open OPM team continues to receive and respond to feedback from citizens through the use of a new Searchable FAQs tool on OPM's website, the Open OPM email address, and the Open OPM Blog.

SUBCOMMITTEE RECESS

Senator DURBIN. The session stands recessed.

[Whereupon, at 3:33 p.m., Wednesday, March 24, the subcommittee was recessed, to reconvene subject to the call of the Chair.]