

UNITED STATES OFFICE OF PERSONNEL MANAGEMENT

Fiscal Year 2009
Summary of Performance and
Financial Information

A New Day for the Civil Service



UNITED STATES OFFICE OF PERSONNEL MANAGEMENT

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Message from the Director

Introduction—I am pleased to present the U.S. Office of Personnel Management (OPM) Fiscal Year (FY) 2009 Summary of Performance and Financial Information (SPFI). OPM has chosen to produce the SPFI as an alternative to the consolidated Performance and Accountability Report pursuant to OMB Circular A-136. The SPFI summarizes performance information from OPM's FY 2009 Annual Performance Report and financial information from our FY 2009 Agency Financial Report. OPM believes this approach will improve reporting by providing a succinct and more understandable overview of OPM's use of its resources. All three documents are available on the OPM website at <http://www.opm.gov/gpra/opmgpra/>.

New Strategic Plan—OPM kicked-off its 2010–2015 strategic planning effort in February 2009. To engage stakeholders in the development of the plan, OPM solicited feedback on the plan via the Internet and received over 230 comments. The plan was updated accordingly and finalized in January 2010. Our new strategic plan is available on the OPM website at <http://www.opm.gov/strategicplan>.

Hiring Reform Initiative—This new initiative will remove roadblocks to hiring and provide new services to agency human resources managers. We will improve the Federal hiring process by creating central registers of qualified applicants for many high-demand jobs across the Federal Government, modifying personnel regulations to eliminate knowledge, skill, and ability statements, and re-vamping the USAJOBS website to make it more applicant friendly.

Providing Investigative Services—Conducting background investigations continues to be an integral part of the Federal staffing and security compliance process. During FY 2009, OPM completed over 2 million background investigations, 90 percent of background investigations in an average of 37 days. In addition, OPM automated nearly one million law enforcement agency record checks previously conducted manually.

Financial Management—OPM received an unqualified audit opinion on its FY 2009 consolidated financial statements by the Independent Public Accounting firm of KPMG LLP. As reported in the independent auditor's report, OPM had no material weakness in internal control over financial reporting. The independent auditor's report is contained in OPM's Agency Financial Report available at <http://www.opm.gov/gpra/opmgpra/>.

Operations—OPM conducted a review of its system of internal control and identified one material weakness on the Agency's overall information security governance program. OPM has made progress in updating and issuing information security policies and procedures, and hired a new Information Technology Security Officer. Continuing corrective actions to reduce the material weakness is a high priority for FY 2010.

Conclusion—In my short time at OPM, I have been pleased to find passionate, dedicated and talented civil servants. I am certain OPM will continue energetically in the years ahead to fulfill our vital mission of ensuring the Federal Government continues to draw the best and the brightest to public service to continually improve our agencies' ability to serve the American people.

Sincerely,

A handwritten signature in blue ink that reads "John Berry". The signature is written in a cursive, flowing style.

John Berry

Director

February 15, 2010

Introduction

OPM is the central human resources agency for the Federal Government. OPM's FY 2009 mission was to ensure that the Federal Government had an effective civilian workforce. To carry out this mission, OPM provides human resource advice and leadership to Federal agencies, supports these with human resource policies, holds agencies accountable for their human capital practices, and upholds the merit system principles. In addition, OPM delivers human resource products and services to agencies on a reimbursable basis, including personnel investigations, leadership development and training, staffing and recruiting assistance, supporting organizational assessments, and training and management assistance. OPM also delivers services directly to Federal employees, those seeking Federal employment, and Federal retirees and their beneficiaries.

OPM operates from its headquarters in the Theodore Roosevelt Federal Office Building at 1900 E Street, NW, Washington, D.C., 20415. OPM delivers a variety of products and services with the help of approximately 5,000 employees in D.C., its field presence in 16 locations across the country, and operating centers in Pittsburgh and Boyers, Pennsylvania; Ft. Meade, Maryland; and Macon, Georgia. OPM's website is www.opm.gov.

About This Report

The FY 2009 Summary of Performance and Financial Information (SPFI), formally known as OPM's Citizens Report, is designed to be an executive summary highlighting both financial and performance results. OPM has chosen to produce the SPFI as an alternative to the consolidated Performance and Accountability Report pursuant to OMB Circular A-136. This SPFI is one in a series of reports used to convey our budget, performance, and financial information to our constituents. OPM believes this approach will improve reporting by making the information more meaningful and transparent to the public, and by providing a more succinct and understandable reporting of OPM's use of its resources. OPM performance and financial reports can be found on the OPM website at <http://www.opm.gov/gpra/opmgpra/>.

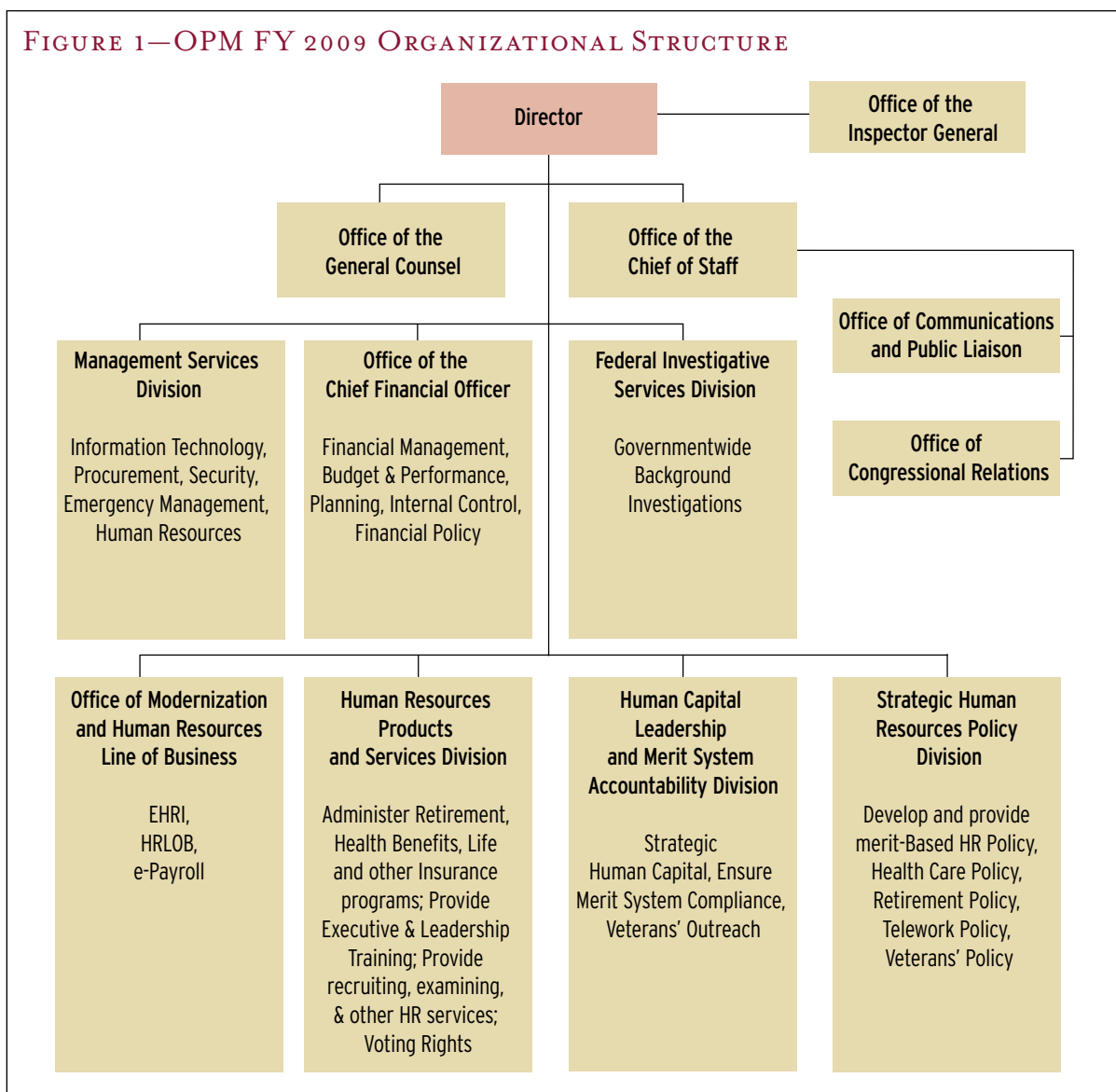
Suggestions for improving this document, as well as requests for hard copies can be sent to the following address:

Office of Personnel Management
Center for Budget and Performance, Room 5416
1900 E Street NW
Washington, D.C. 20415

FY 2009 Organizational Structure

OPM's FY 2009 organizational structure reflected the primary business lines through which OPM carries out its programs and implements its strategic objectives: developing Federal human resources management policy; supporting agencies in the implementation of that policy through best practices in human capital management, while adhering to the merit system principles; and supporting these with human resources products and services.

Figure 1, below, depicts OPM's organizational components as of December 31, 2009. Effective January 2010, OPM implemented a reorganization to better align our resources to meet the current challenges facing the Federal workforce. OPM's new organizational structure can be found at http://www.opm.gov/about_OPM/reorg-2010/orgchart.pdf. Functional descriptions for our new organization can be accessed at http://www.opm.gov/about_OPM/reorg-2010/FunctionalDescriptions.pdf. This reorganization will be reflected in our FY 2010 OPM Summary of Performance and Financial Information.



OPM Director's Initiatives

During FY 2009, OPM launched four major initiatives: Hiring Reform, Reorienting the Federal Employees Health Benefits Program (FEHBP) management, Work/Life Balance, and Veterans Engagement. These important policy initiatives reflect Director Berry's priorities to hire the best employees possible, focus on employee retention through training and work/life initiatives, provide employees the necessary tools to perform at the highest levels, and to honor employee service through well-designed compensation and retirement benefits. Each initiative has been assigned a business process improvement team to develop a systematic approach to help agencies achieve more efficient and effective results.

Hiring Reform

In order for the Federal Government to compete with other employers to attract the best talent, efficient and effective processes must be in place to recruit, hire, and retain high-performing employees. This is especially true in a shrinking labor market and a tough economy, as candidates will be attracted to those organizations that can make fast decisions. OPM leads the Governmentwide staffing effort to ensure that Federal agencies acquire, assess, and retain employees with the specific experience and skills essential to achieving agency goals and missions. OPM helps Federal agencies compete successfully with other employers by using effective recruitment, assessment, hiring, and retention strategies. We develop and make use of available recruiting, assessment, hiring, and retention methods, tools, authorities, and flexibilities. There is broad agreement that the current competitive hiring process must be improved. Applicants regularly report confusion about differences between agencies' application processes, complex application requirements that are difficult to meet, and lack of communication from the agencies regarding the hiring process and the applicant's status. Human Resources (HR) professionals express frustration at a perceived lack of managerial commitment to participate fully in the key elements of hiring such as work force planning and delays in decision making that slow the process. Managers complain that HR policies and procedures are unclear, overly bureaucratic and non-responsive to their needs. These combined factors make it more difficult for the Federal Government to hire qualified employees in the competition for top talent.

One of the challenges facing Federal agencies is how to attract and recruit qualified individuals by meeting their expectations for user-friendly application procedures, clear communication about the hiring process, and an engaging orientation experience.

In the next five years, the Federal Government will lose a significant portion of its valued workforce through attrition. The Government's ability to replace this loss of skills and experience with new talent will depend upon our capability to efficiently and effectively recruit, hire, and retain high performing employees.

During FY 2009, OPM made the following progress in implementing this initiative:

1. Fully implemented the 80-day hiring reform model for agencies to follow.
2. Developed new workforce planning models and training materials.
3. Key information technology infrastructure upgrades were made to the investigation program, which contributed to the further improvement in timeliness.
4. Streamlined USAJOBS to remove unnecessary agency graphics and the elimination of redundant information from Job Opportunity Announcements (JOA).

5. Developed a business requirements document for data systems to support workforce and human capital planning.
6. Helped agencies establish baselines against the hiring reform initiative measures for time-to-hire.

Reorienting FEHBP Management

Since 1959, the Federal Employees Health Benefits Program (FEHBP) has offered group health insurance to Federal employees. Federal retirees were added to the program in the 1960's. The FEHBP currently offers 232 health plan options which cover nearly 8 million Federal employees, annuitants, and their dependents.

On average, the Government contributes approximately 70 percent of the total premium cost of enrollments within the FEHBP. Federal agencies, as employers, pay their share of premiums out of the same resources appropriated or otherwise available for the payment of employee salaries. The Government's share of premiums is approximately \$40 billion for both current employees and retirees.

While the FEHBP directly bears the cost of health services, it is currently difficult to analyze those costs and actively manage the FEHBP program to ensure the best value for both Federal employees and taxpayers. In the past, OPM has not routinely collected, or analyzed, program-wide claims data. The capacities to collect, manage, and analyze health services data on an ongoing basis will allow OPM to: 1) understand the drivers of cost increases for Federal employees; 2) determine the best approach to developing worksite wellness programs; and 3) model the potential effects of health system reform or environmental changes on Federal employees.

During FY 2009, OPM developed a plan to reorient the management of the FEHBP by capitalizing on the collection and analysis of program wide claims data. The planned implementation will include:

- **Data Collection and Maintenance**—Establish regular data feeds from the ten largest FEHBP plans (and major Pharmacy Benefit Managers); develop/test front end edits to assure data integrity and consistency across plans; manage data flows; assure and maintain data quality and integrity; manage data storage and back-up.
- **Analysis Support**—Design database and linking routines to link claims to demographics, provider files, and other OPM maintained data sets; create databases that analysts can use to run specific analyses.
- **Data Warehouse**—Development of a data warehouse application that will allow flexible queries of the data set—not only general demographic queries, but also risk-adjusted profiles, comparison of chronically ill patients, and other useful analytics.

Developing such a database and analytical capability will better position OPM to negotiate effectively with FEHBP carriers to keep Federal premium increases below industry-wide levels. This initiative will build OPM's knowledge base and expertise, strengthening its ability to strategically shape future benefits design, and better position OPM to negotiate with the carriers. Over time, this initiative will result in contained premium growth. The magnitude of the savings is not concrete at this time; however, just a 0.1 percent reduction in annual premium growth for three consecutive years yields savings of approximately \$1.25 billion to the Program over ten years, and more specifically, \$400 million in payments from the Government's general fund for annuitant premiums over the same period.

Work/Life Balance

OPM recognizes the importance of providing employees with a flexible, supportive work environment that enables them to be focused and productive at work. A flexible workplace helps employees meet their responsibilities on the job, at home, and in the community. These flexibilities not only help with employee morale but also help with recruitment and retention. As the nation's largest employer charged with safeguarding the health, security, and well being of all Americans, the Federal Government recognizes that strong work/life policies, programs and practices make good managerial sense.

Surveys have shown that flexible benefits and a healthy work/life balance across the Federal Government contribute to employee retention and engagement. The Federal Government offers a broad range of workplace flexibilities: alternative work schedules, telework, and various leave programs. These flexibilities give Federal employees more control over when and where they can accomplish their best work. Telework reduces time spent commuting to and from work. The Employee Assistance Program (EAP) helps employees identify and resolve personal and/or work-related issues that may affect their productivity. Health and wellness programs place emphasis on physical fitness, health education, intervention activities, and preventive health screenings, which can lower personnel costs and improve both health and work outcomes.

OPM understands the importance of placing an emphasis on helping managers see the benefits of good work/life practices. OPM's Governmentwide work/life policy role is to: 1) partner with Federal agencies to help them develop and manage excellent work/life programs that meet the human capital needs of the Federal workforce; 2) provide the policies and guidance that form the foundation of these programs; 3) administer training for managers and help to make managers and employees aware of training opportunities on a variety of work/life programs; 4) offer opportunities to agencies for development, including networking meetings and web tools and information; and 5) comment on legislative proposals related to work/life.

An OPM process improvement team is developing ways to improve work/life balance in OPM and to assist employees in balancing their work with life responsibilities (e.g., dependent care, work schedule flexibilities). An agency-wide survey was recently administered and the data will be used to improve current programs and shape future work/life initiatives which then may be offered Governmentwide.

OPM FY 2009 accomplishments related to this initiative include the following:

1. Formed an interagency advisory committee that is currently reviewing Federal agency telework policies.
2. Issued the 2009 report to Congress on the *Status of Telework in the Federal Government*.
3. Hosted work/life coordinator meetings with more than 200 participants.
4. Completed EAP Administrator training classes.
5. Developed a collection tool and conducted a Governmentwide inventory of health and wellness services and activities.
6. Administered a Governmentwide Federal agency inventory developed by the Center for Disease Control (CDC), which examined current Federal agency wellness activities, and evaluated them to see how they compared against a comprehensive standard for wellness programs.

Veterans Engagement

The Federal Government has a long and outstanding mandate of hiring veterans consistent with Federal laws and continues to implement veterans' preference and special appointing authorities for veterans. OPM administers veterans' preference in accordance with existing laws and regulations.

Veterans hold a far higher percentage of jobs in the Federal Government than they do in the private sector¹ (veterans hold 25.5 percent of jobs within the Federal Executive Branch while veterans hold 8.3 percent of jobs within the private sector). Despite this achievement, more can be done to enhance the recruitment and promotion of employment opportunities for veterans within the Executive Branch, consistent with merit system principles and veterans' preferences as prescribed by law.

OPM has established a coordinated Governmentwide effort to increase the number of veterans employed by the Federal Government through enhanced recruitment and training. The veterans' employment process improvement team is charged with developing strategies to increase the number of veterans in domestic Executive Branch Federal agencies. In collaboration with the Departments of Defense, Labor, and Veterans Affairs, the team is leading the development of a Governmentwide Veterans Recruitment and Employment Strategic Plan. The strategic plan will guide veteran employment efforts over the next several years.

The Veterans Recruitment and Employment Strategic Plan will be updated every three years and address barriers to the employment of veterans in the Executive Branch. It will focus on: 1) identifying actions that agency leaders should take to improve employment opportunities for veterans; 2) developing skills of transitioning military service members and veterans; 3) marketing the Federal Government as an employer of choice to transitioning service members and veterans; 4) marketing the talent, experience, and dedication of transitioning service members and veterans to Federal agencies; and 5) disseminating Federal employment information to veterans and hiring officials. Additionally, OPM will aid Federal agencies in the development and implementation of counseling and training programs to align veterans' and transitioning service members' skills and career aspirations to Federal employment opportunities, targeting Federal occupations that are projected to have heavy recruitment needs.

During FY 2009, OPM officials attended 18 separate conferences or special events across the U.S. and affirmed the intent and increased emphasis of the Federal Government to employ separating or retired military veterans as potential civil service employees. OPM personnel attended 30 Job Fairs, Career Fairs, and Congressional Career Fairs across the United States to recruit military veterans, disabled veterans, and severely wounded veterans for Federal employment. OPM informed veterans about Federal hiring authorities, veterans' preference and Federal employment application tips, schedule-A candidates, resume writing, and student employment benefits. In FY 2009, over 10,000 military members and their families received Federal employment information through one-on-one counseling, resume writing workshops, Transition Assistance Program briefings or other information sessions conducted at our Veteran Outreach offices located at Walter Reed Army Medical Center in Washington, DC; Brooke Army Medical Center in San Antonio, TX; and Fort Carson in Colorado Springs, CO.

¹ Employment of Veterans in the Federal Executive Branch Fiscal Year 2008, (November 2009), Office of Personnel Management. The report concentrates on Chief Financial Officer (CFO) Act agencies as they account for approximately 97.8% of all Federal employees and 99% of all veterans employed in the Federal Executive Branch. The source of Federal employment data used in this FY 2009 report is from OPM's Central Personnel Data File as of September 30, 2008.

OPM Top Management Challenges

On October 29, 2008, OPM's Office of the Inspector General (OIG) identified the top management challenges facing the agency for FY 2009. The OIG divided the challenges into two key types: Environmental Challenges, which result mainly from factors external to OPM and which may be long term or even permanent; and Internal Challenges, which OPM has more control over and which are likely short-term, temporary challenges. The FY 2009 top management challenges are shown below:

Environmental Challenges

- Strategic Human Capital;
- Federal Employees Health Benefits Program;
- Background Investigations; and,
- Information Technology (IT) Security
 - Protection of Personally Identifiable Information; and,
 - Homeland Security Presidential Directive 12 – Personal Identification Verification II

Internal Challenges

- Retirement Systems Modernization; and,
- Financial Management System and Internal Controls for the Revolving Fund and Salaries and Expenses Accounts.

During FY 2009, OPM has made significant strides in addressing the management challenges identified by the OIG. A detailed accounting of OPM's FY 2009 actions to address the management challenges can be found in OPM's FY 2009 Agency Financial Report at <http://www.opm.gov/gpra/opmgpra/>.

OPM's FY 2009 Mission and Strategic Objectives

OPM's performance for FY 2009 had been guided by OPM's 2006–2010 Strategic and Operational Plan (see Table 1 - OPM's Mission and Strategic Objectives). OPM's mission has been simple and direct: to ensure the Federal Government has an effective civilian workforce. OPM has focused effort on seven strategic objectives. Objectives A and B has focused on outcomes related, directly towards the Federal workforce; Objectives C and D has focused on what OPM needs to achieve through Federal agencies; and the last three objectives E, F, and G describe OPM's efforts to improve internal and enterprise-wide enabling capabilities. OPM evaluated performance of the strategic objectives through specific performance measures and integrated performance with budget planning and execution.

TABLE 1—OPM’S FY 2009 MISSION AND STRATEGIC OBJECTIVES

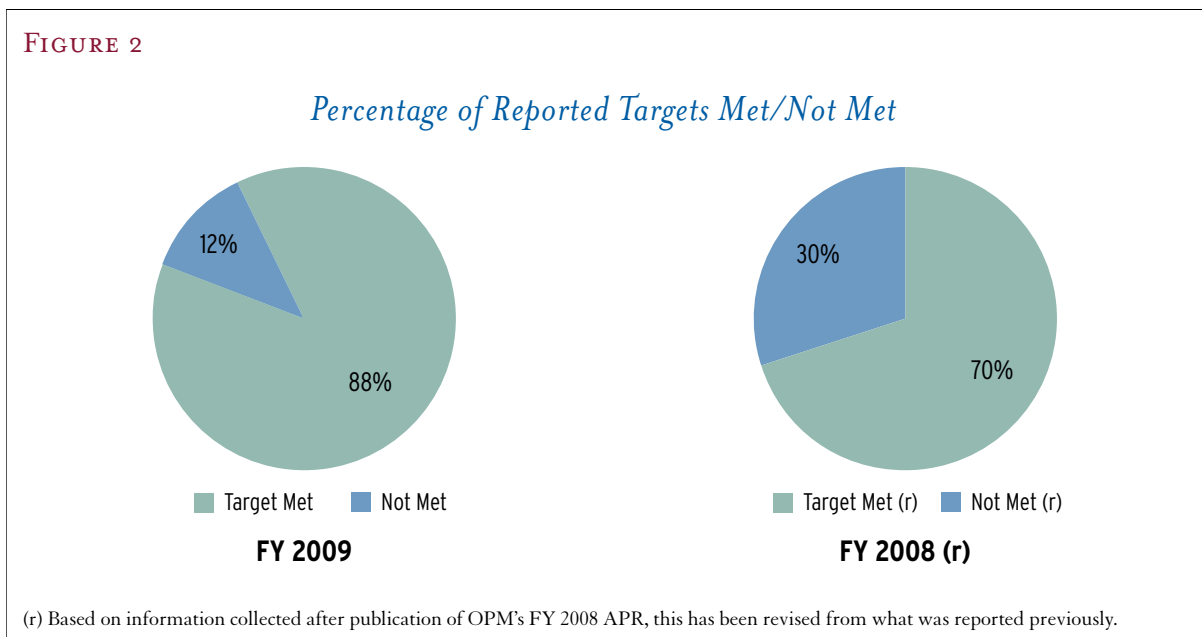
OPM’s FY 2009 Mission: <i>Ensure the Federal Government has an effective civilian workforce</i>	
Strategic Objective A	The Federal civilian workforce will be focused on achieving agency goals.
Strategic Objective B	The Federal civilian workforce will have career opportunities, benefits, and service delivery that compete successfully with other employers.
Strategic Objective C	Federal agencies will be employers of choice.
Strategic Objective D	Federal agencies will be recognized as leaders in having exemplary human resources practices.
Strategic Objective E	OPM will be a model of performance for other Federal agencies.
Strategic Objective F	OPM will be a leader in the human resources professional community and have positive name recognition outside the Federal Government.
Strategic Objective G	OPM will have constructive and productive relationships with external stakeholders.

FY 2009 Performance Results

OPM’s FY 2009 performance results are presented in two sections. The first section presents an overall performance summary that shows an aggregate total of performance targets met. The second section contains summary performance measure tables grouped by strategic objective. Detailed results for each performance measure presented in the summary performance measure tables can be in OPM’s FY 2009 Annual Performance Report at <http://www.opm.gov/gpra/opmgpra/>.

OVERALL PERFORMANCE SUMMARY

OPM’s overall performance results are shown below in Figure 2 below.



Summary Performance Tables by Strategic Objective

STRATEGIC OBJECTIVE A: THE FEDERAL CIVILIAN WORKFORCE WILL BE FOCUSED ON ACHIEVING AGENCY GOALS.

Performance Measure	FY 2005 Results	FY 2006 Results	FY 2007 Results	FY 2008 Results	FY 2009 Results	FY 2009 Target	Met/Not Met
Percentage of applicant agency SES systems whose SES performance plans are fully certified	4%	3%	33%	66%(r)	64%	35%	✓
Percentage of Chief Human Capital Officer (CHCO) agencies with a weighted average Performance Assessment Appraisal Tool (PAAT) scoring at 80 points out of 100.	n/a	8%	20%	33%	42.7%	25%	✓

✓ Met × Not Met

(r) Based on information collected after publication of OPM's FY 2008 APR, this has been revised from what was reported previously.

STRATEGIC OBJECTIVE B: THE FEDERAL CIVILIAN WORKFORCE WILL HAVE CAREER OPPORTUNITIES, BENEFITS AND SERVICE DELIVERY THAT COMPETE SUCCESSFULLY WITH OTHER EMPLOYERS.

Performance Measure	FY 2005 Results	FY 2006 Results	FY 2007 Results	FY 2008 Results	FY 2009 Results	FY 2009 Target	Met/Not Met
Retirement claims processing timeliness (days)	n/a	41	30	42	41	45	✓
Average unit cost for processing retirement claims	\$86.32	\$91.95	\$80.03	\$74.28	\$81.97	\$77.76	×
Percentage of customers satisfied with overall retirement services	87%	83%	87%	83%	85%	88%	×
Percentage of health benefits claims processed within 30 working days	98%	97%	97%	99%	98%	95%	✓
Percentage of Federal Employees Health Benefit Program (FEHBP) enrollees satisfied vs. health industry standard	FEHBP 73% Industry 64%	FEHBP 73% Industry 65%	FEHBP 79% Industry 63%	FEHBP 78% Industry 60%	FEHBP 77% Industry 62%	FEHBP > Industry	✓
Average number of days to pay Federal Employees Group Life Insurance (FEGLI) claims	6.5	6.9	6.6(r)	6.3	5.5	<10 days (industry standard)	✓
Percentage of Federal Long Term Care Insurance Program (FLTCIP) customers satisfied with overall customer service	98%	97%	97%	98%	99%	90%	✓
Number of GoLearn courses completed annually (all Learning Management Systems)	136,878	2,009,267	2,278,513	3,827,638	3,342,464	2,300,000	✓
Overall customer satisfaction with Center for Leadership Capacity delivered training	4.61	4.68	4.60	4.51	4.54	4.51	✓
Percentage increase in perceived learning of Center for Leadership Capacity trained students	40%	40%	52%	60%	58%	44%	✓
Number of 26 large agencies that meet their annual targets for closing leadership competency gaps	n/a	13	20	22	23	22	✓

✓ Met × Not Met

(r) Based on information collected after publication of OPM's FY 2008 APR, this has been revised from what was reported previously.

STRATEGIC OBJECTIVE C: FEDERAL AGENCIES WILL BE EMPLOYERS OF CHOICE.

Performance Measure	FY 2005 Results	FY 2006 Results	FY 2007 Results	FY 2008 Results	FY 2009 Results	FY 2009 Target	Met/ Not Met
Number of 26 large agencies that meet their annual targets for closing mission-critical occupation (MCO)/ competency gaps	14	21	21	20	21	20	✓
Percentage of hires in each agency hired within the 80-day time frame, as described in OPM's hiring time frame model	n/a	n/a	n/a	n/a	50%	10%	✓
Overall customer satisfaction with Center for Talent Services' (CTS) products and services (ACSI Equivalent Index)	85	85	84	84	84	80	✓
Percentage of customers agreeing that CTS products and services contribute to Government effectiveness	98%	93%	94%	94%	99%	90%	✓
Percentage of Chief Human Capital Officer (CHCO) agencies using the USAJOBS® resume format and integrating online applications with their assessment systems	n/a	35%	78%	84%	36%	100%	✗
Percentage of Chief Human Capital Officer (CHCO) agencies using USAJOBS® position announcement template	n/a	86%	98%	100%	100%	100%	✓

✓ Met ✗ Not Met

STRATEGIC OBJECTIVE D: FEDERAL AGENCIES WILL BE RECOGNIZED AS LEADERS IN HAVING EXEMPLARY HUMAN RESOURCES PRACTICES.

Performance Measure	FY 2005 Results	FY 2006 Results	FY 2007 Results	FY 2008 Results	FY 2009 Results	FY 2009 Target	Met/ Not Met
Percentage of agencies with violations of veterans' preference laws, rules, and regulations	18%	21%	25%	33%	18%	30%	✓
Number of 25 President's Management Council agencies that fully implemented a system of internal compliance with Merit system principles and laws, rules, and regulations, in accordance with OPM standards (basic system requirements) for agency accountability systems	2	20	25	25	25	25	✓
Percentage of CFO Act agencies that demonstrated their human capital management programs contributed to mission accomplishment	n/a	n/a	n/a	n/a	50%	15%	✓
Number of agencies migrated to Human Resource Lines of Business (HR LOB) Shared Service Centers (including the migration of additional human resources functions)	n/a	5	4	3	4	3	✓
Average number of days within which 80 percent of initial security clearance investigations are closed	213	116	76	53(r)	32	90	✓

✓ Met ✗ Not Met

(r) Based on information collected after publication of OPM's FY 2008 APR, this has been revised from what was reported previously.

STRATEGIC OBJECTIVE E: THE OFFICE OF PERSONNEL MANAGEMENT WILL BE A MODEL OF PERFORMANCE FOR OTHER FEDERAL AGENCIES.

Performance Measure	FY 2005 Results	FY 2006 Results	FY 2007 Results	FY 2008 Results	FY 2009 Results	FY 2009 Target	Met/Not Met
Percentage of internal OPM hires within the 80-day hiring time frame	n/a	n/a	n/a	n/a	40%	10%	✓
Percentage of payments made within Prompt Pay Act guidelines	99.9%	99.9%	99.9%	99.9%	99.9%	98%	✓

✓ Met × Not Met

FY 2009 Financial Report

In accordance with the Chief Financial Officers Act of 1990 and the Government Management Reform Act of 1994, OPM prepares consolidated financial statements for OPM, which include OPM operations, as well as the individual financial statements of the Retirement, Health Benefits, and Life Insurance Programs. These statements are audited by an independent certified public accountant, KPMG LLP. For the tenth consecutive year, OPM has received an unqualified audit report on its consolidated financial statements and on the individual combined financial statements of the Retirement, Health Benefits, and Life Insurance Programs. These consolidated and individual financial statements are the Balance Sheet, Statement of Net Cost, Statement of Changes in Net Position, and Statement of Budgetary Resources.

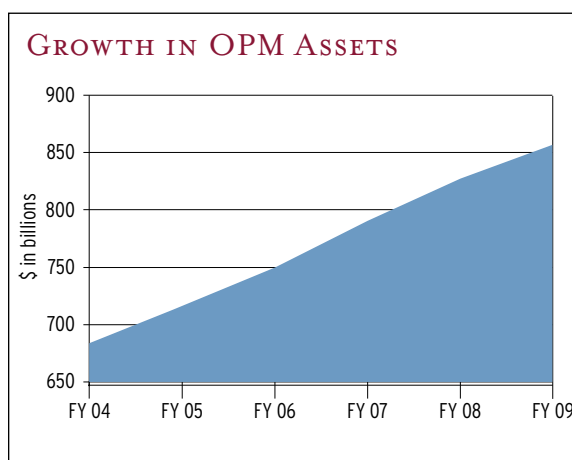
BALANCE SHEET

The Balance Sheet is a representation of OPM’s financial condition at the end of the fiscal year (see page 15). It shows the resources OPM holds to meet its statutory requirements (*Assets*) and the amounts it owes that will require payment from these resources (*Liabilities*).

Assets

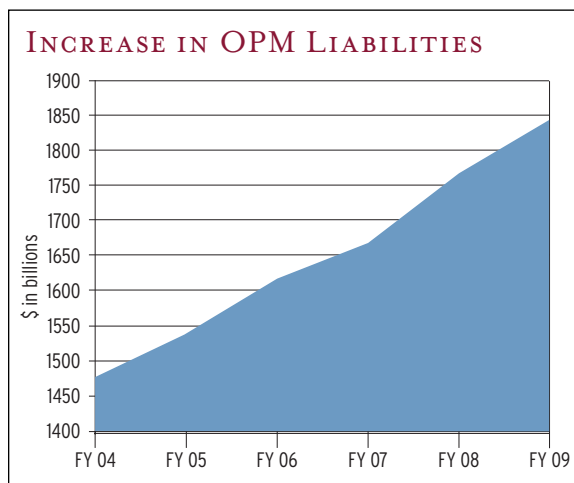
At the end of FY 2009, OPM held \$856.6 billion in assets, an increase of 3.7 percent from \$826.4 billion at the end of FY 2008. The majority of OPM’s assets are intragovernmental, representing claims against other Federal entities. The Balance Sheet separately identifies intragovernmental assets from all other assets.

The largest category of assets is investments at \$850.7 billion, which represents 99.3 percent of all OPM assets. OPM invests all Retirement, Health Benefits, and Life Insurance Program collections not needed immediately for payment in special securities issued by the U.S. Treasury. As OPM routinely collects more money than it pays out, its investment portfolio (and consequently, its total assets) continues to grow. In FY 2009, the investment portfolio grew by 3.6 percent, with the largest increase for investments occurring in the Retirement Program.



Liabilities

At the end of FY 2009, OPM’s total liabilities were \$1,845.3 billion, an increase of 4.4 percent from \$1,767.1 billion at the end of FY 2008. Three line items—the Pension, Post-Retirement Health Benefits, and the Actuarial Life Insurance Liabilities—account for 99.3 percent of OPM’s liabilities. The Pension Liability, which represents an estimate of the future cost to provide CSRS and Federal Employees Retirement System (FERS) benefits to current employees and annuitants, is \$1,454.7 billion at the end of FY 2009, an increase of over \$67.5 billion, or 4.87 percent from the end of the previous year. The Post-Retirement Health Benefits Liability, which represents



the future cost to provide health benefits to active employees after they retire, is \$339.9 billion at the end of FY 2009. This reflects an increase of approximately \$8.5 billion from the amount at the end of FY 2008, or 2.5 percent. The Actuarial Life Insurance Liability is different from the Pension and Post-Retirement Health Benefits Liabilities. Whereas the other two are liabilities for “post-retirement” benefits only, the Actuarial Life Insurance Liability is an estimate of the future cost of life insurance benefits for both deceased annuitants and for employees who die in service. The Actuarial Life Insurance Liability increased by approximately \$2.2 billion in FY 2009 to \$39.0 billion, or 6.0 percent from the end of the previous year.

STATEMENT OF NET COST

The Statement of Net Cost is similar to a private-sector income statement (see page 16). However, unlike an income statement, which reports revenues less expenses incurred to arrive at net income, the Statement of Net Cost reverses this. It reports expenses first and then subtracts the revenues that financed those expenses. OPM’s Statement of Net Cost presents its cost of providing four major categories of benefits and services: Civil Service Retirement and Disability Benefits (CSRS and FERS), Health Benefits, and Life Insurance Benefits, as well as Human Resources Services. OPM derives its Net Cost by subtracting the revenues it earned from the gross costs it incurred in providing each of these benefits and services. OPM’s total FY 2009 Net Cost of Operations was \$88.6 billion, as compared with \$102.4 billion in FY 2008. The primary reason for the decrease is due to changes in the actuarial estimates, as further discussed in OPM’s FY 2009 Agency Financial Report at <http://www.opm.gov/gpra/opmgpra/>.

STATEMENT OF BUDGETARY RESOURCES

In accordance with Federal statutes and implementing regulations, OPM may incur obligations and make payments to the extent it has budgetary resources to cover such items. The Statement of Budgetary Resources presents the sources of OPM’s budgetary resources, their status at the end of the year, and the relationship between its budgetary resources and the outlays it made against them (see page 18).

As presented in the Statement of Budgetary Resources, a total of \$199.6 billion in budgetary resources was available to OPM for FY 2009. OPM's budgetary resources in FY 2009 include \$47.2 billion (23.7 percent) carried over from FY 2008, plus three major additional sources:

- Appropriations Received = \$40.6 billion (20.4 percent)
- Trust Fund receipts of \$95.8 billion, less \$27.9 billion² not available = \$67.9 billion (34.1 percent)
- Spending authority from offsetting collections (SAOC) = \$43.5 billion (21.8 percent).

Appropriations are funding sources resulting from specified Acts of Congress that authorize Federal agencies to incur obligations and to make payments for specified purposes. OPM's appropriations partially offset the increase in the Pension Liability in the Retirement Program, and fund contributions for retirees and survivors who participate in the Health Benefits and Life Insurance Programs.

Trust Fund Receipts are Retirement Program contributions and withholdings from participants, and interest on investments.

Spending Authority from Offsetting Collections includes earnings on investments and contributions made by and for those participating in the Health benefits and Life Insurance, and revenues in Revolving Fund Programs.

² Total budgetary resources do not include \$25.0 billion of Trust Fund receipts for the Retirement obligations pursuant to public law. In addition, in accordance with Public Law 109-435, contributions for the Postal Service Retirement Health Benefits (PSRHB) Fund of the Health Benefits Program are precluded from obligations totaling \$2.8 billion and therefore temporarily not available.

Consolidated Financial Statements

U.S. OFFICE OF PERSONNEL MANAGEMENT CONSOLIDATED BALANCE SHEET As of September 30, 2009 and 2008 (In Millions)		
	2009	2008
ASSETS		
Intragovernmental:		
Fund Balance with Treasury [Note 2]	\$1,853	\$1,731
Investments [Note 3]	850,703	820,907
Accounts Receivable [Note 4]	1,981	1,747
Total Intragovernmental	854,537	824,385
Accounts Receivable from the Public, Net [Note 4]	1,314	1,170
General Property and Equipment, Net	22	10
Other [Note 1L]	741	814
TOTAL ASSETS	\$856,614	\$826,379
LIABILITIES		
Intragovernmental [Note 6]	\$685	\$702
Federal Employee Benefits:		
Benefits Due and Payable	9,872	9,903
Pension Liability [Note 5A]	1,454,700	1,387,200
Post-retirement Health Benefits Liability [Note 5B]	339,884	331,417
Actuarial Life Insurance Liability [Note 5C]	38,955	36,757
Total Federal Employee Benefits	1,843,411	1,765,277
Other [Notes 6 and 7]	1,243	1,167
Total Liabilities	1,845,339	1,767,146
NET POSITION		
Unexpended Appropriations – Other Funds	84	75
Cumulative Results of Operations – Earmarked Funds [Note 8]	(989,134)	(941,122)
Cumulative Results of Operations – Other Funds	325	280
Total Net Position	(988,725)	(940,767)
TOTAL LIABILITIES AND NET POSITION	\$856,614	\$826,379

The accompanying notes are an integral part of the financial statements.

Note: All Notes referenced in the Consolidated Balance Sheet can be found in OPM's FY 2009 Agency Financial Report at <http://www.opm.gov/gpra/opmgpra/>.

FY 2009 SUMMARY OF PERFORMANCE AND FINANCIAL INFORMATION

U.S. OFFICE OF PERSONNEL MANAGEMENT CONSOLIDATED STATEMENTS OF NET COST For the Years Ended September 30, 2009 and 2008 (In Millions)			
		2009	2008
Provide CSRS Benefits	Gross Costs	\$97,870	\$88,681
	Less: Earned Revenue	24,984	26,320
	Net Cost [Notes 9 and 10]	\$72,886	\$62,361
Provide FERS Benefits	Gross Costs	\$37,279	\$42,122
	Less: Earned Revenue	36,297	33,509
	Net Cost [Notes 9 and 10]	\$982	\$8,613
Provide Health Benefits	Gross Costs	\$45,599	\$65,198
	Less: Earned Revenue	31,214	33,718
	Net Cost [Notes 9 and 10]	\$14,385	\$31,480
Provide Life Insurance Benefits	Gross Costs	\$4,668	\$4,128
	Less: Earned Revenue	4,338	4,181
	Net Cost [Notes 9 and 10]	\$330	(\$53)
Provide Human Resource Services	Gross Costs	\$1,553	\$1,457
	Less: Earned Revenue	1,487	1,440
	Net Cost [Notes 9 and 10]	\$66	\$17
Total Net Cost of Operations	Gross Costs	\$186,969	\$201,586
	Less: Earned Revenue	98,320	99,168
	Net Cost [Notes 9 and 10]	\$88,649	\$102,418

The accompanying notes are an integral part of the financial statements.

Note: All Notes referenced in the Consolidated Statements of Net Cost can be found in OPM's FY 2009 Agency Financial Report at <http://www.opm.gov/gpra/opmgpra/>.

FY 2009 SUMMARY OF PERFORMANCE AND FINANCIAL INFORMATION

U.S. OFFICE OF PERSONNEL MANAGEMENT
 CONSOLIDATED STATEMENTS OF CHANGES IN NET POSITION
 For the Years Ended September 30, 2009 and 2008
 (In Millions)

	2009			2008		
	Earmarked Funds	All Other Funds	Consolidated Total	Earmarked Funds	All Other Funds	Consolidated Total
<i>CUMULATIVE RESULTS OF OPERATIONS</i>						
Beginning Balances	(\$941,122)	\$280	(\$940,842)	(\$878,479)	\$152	(\$878,327)
Budgetary Financing Sources:						
Appropriations Used	40,579	79	40,658	39,716	112	39,828
Other	—	—	—	38	—	38
Other Financing Sources	(8)	32	24	4	33	37
Total Financing Sources	40,571	111	40,682	39,758	145	39,903
Net Cost of Operations	88,583	66	88,649	102,401	17	102,418
Net Change	(48,012)	45	(47,967)	(62,643)	128	(62,515)
Cumulative Results of Operations – Ending Balance	(\$989,134)	\$325	(\$988,809)	(\$941,122)	\$280	(\$940,842)
<i>UNEXPENDED APPROPRIATIONS</i>						
Beginning Balance	—	\$75	\$75	—	\$84	\$84
Budgetary Financing Sources:						
Appropriations Received	\$41,063	95	41,158	\$40,138	103	40,241
Appropriations Used	(\$40,579)	(79)	(40,658)	(39,716)	(112)	(39,828)
Other Budgetary Financing Sources	(484)	(7)	(491)	(422)	—	(422)
Total Budgetary Financing Sources	—	9	9	—	(9)	(9)
Total Unexpended Appropriations – Ending Balance	—	84	84	—	75	75
Net Position	(\$989,134)	\$409	(\$988,725)	(\$941,122)	\$355	(\$940,767)

The accompanying notes are an integral part of the financial statements.

Note: All Notes referenced in the Consolidated Statements of Changes in Net Position can be found in OPM's FY 2009 Agency Financial Report at <http://www.opm.gov/gpra/opmgpra/>.

U.S. OFFICE OF PERSONNEL MANAGEMENT
COMBINED STATEMENTS OF BUDGETARY RESOURCES
 For the Years Ended September 30, 2009 and 2008
 (In Millions)

	2009	2008
BUDGETARY RESOURCES		
Unobligated Balance – Brought Forward, October 1:	\$47,229	\$46,063
Recoveries of Prior-Year Unpaid Obligations	134	46
Budget Authority:		
Appropriations:		
Received	41,158	40,241
Other	(483)	(422)
Appropriated Trust Fund Receipts	95,883	97,694
Spending Authority from Offsetting Collections:		
Collected	43,327	40,978
Change in Receivables from Federal Sources and Unfilled Customer Orders	234	300
<i>Subtotal</i>	43,561	41,278
Temporarily Not Available Pursuant to Public Law	(27,823)	(33,781)
Permanently Not Available	(11)	–
<i>Total Budgetary Resources</i>	\$199,648	\$191,119
STATUS OF BUDGETARY RESOURCES		
Obligations Incurred: [Note 12]		
Direct	\$148,503	\$142,398
Reimbursable	1,808	1,492
<i>Subtotal</i>	150,311	143,890
Unobligated Balance:		
Apportioned	497	464
Unobligated Balance Not Available	48,840	46,765
<i>Total Status of Budgetary Resources</i>	\$199,648	\$191,119
CHANGE IN OBLIGATED BALANCE		
Obligated Balance, Net		
Unpaid Obligations, Brought Forward, October 1	\$12,170	\$11,460
Less: Uncollected Customer Payments from Federal Sources, Brought Forward, October 1	2,686	2,387
Total Unpaid Obligated Balance, Net	9,484	9,073
Obligations Incurred, Net	150,311	143,890
Less: Gross Outlays	149,928	143,133
Less: Recoveries of Prior-Year Unpaid Obligations, Actual	134	46
Change in Uncollected Customer Payments from Federal Sources	234	300
Obligated Balance, Net, End of Period		
Unpaid Obligations	12,423	12,170
Less: Uncollected Customer Payments from Federal Sources	2,924	2,686
Total Unpaid Obligated Balance, Net, End of Period	9,499	9,484
NET OUTLAYS		
Net Outlays:		
Gross Outlays	149,928	143,133
Less: Offsetting Collections	43,327	40,978
Less: Distributed Offsetting Receipts [Note 15]	34,288	37,778
Net Outlays	\$72,313	\$64,377

The accompanying notes are an integral part of the financial statements.

Note: All Notes referenced in the Combined Statements of Budgetary Resources can be found in OPM's FY 2009 Agency Financial Report at <http://www.opm.gov/gpra/opmgpra/>.



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