

UNITED STATES OFFICE OF PERSONNEL MANAGEMENT

Summary of Performance and Financial Information

FISCAL YEAR 2011

FEBRUARY 2012

a New Day for Federal Service



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MESSAGE *from the* DIRECTOR

I am pleased to present the United States Office of Personnel Management (OPM) Fiscal Year (FY) 2011 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 Office of Management and Budget Circular A-136. The SPFI summarizes performance information from OPM's FY 2011 Annual Performance Report and financial information from our FY 2011 Agency Financial Report. OPM believes this approach improves 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/>.

High Priority Performance Goals

The following five High Priority Performance Goals (HPPGs) are measurable commitments to deliver specific results for the American people: Hiring Reform, Telework, Security Clearance Reform, Wellness and Retirement Claims Processing. These goals represent high priorities for both the Administration and the Office of Personnel Management. A detailed discussion of each HPPG is included herein.

Finance

For the twelfth consecutive year, OPM received an unqualified audit opinion on its FY 2011 consolidated financial statements from the independent public accounting (IPA) firm of KPMG LLP. As reported in the independent auditor's report, OPM can provide qualified assurance for its internal control over financial reporting for FY 2011, due to a material weakness concerning OPM's information systems general control environment. OPM made progress on resolving this during FY 2011 and is continuing to take corrective action. In addition, OPM received an unqualified audit opinion on the FY 2011 individual combined financial statements of the Retirement, Health Benefits and Life Insurance Programs.

Operations

OPM has assigned a full-time staff to administer its Information Technology (IT) certification and accreditation process. This has resulted in significant improvements in the IT security program within the last year. In fact, the Inspector General has reduced the material weakness identified in FY 2010 related to the management of the certification and accreditation process to a significant deficiency.

Conclusion

I am extremely pleased with the dedicated and talented employees who continue to meet human resource challenges throughout the Federal Government. I am also very confident OPM will continue to make certain the Federal Government has an effective and efficient civilian workforce—for Federal employees, retirees, OPM partners, and most importantly the American people whom we serve.

Sincerely,

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

John Berry, Director, February 28, 2012

Introduction

OPM is the central human resources agency for the Federal Government. Its mission is to “Recruit, Retain and Honor a World-Class Workforce to Serve the American People.” 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 resource practices, and upholds the merit system principles. Additionally, 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 5,358 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.

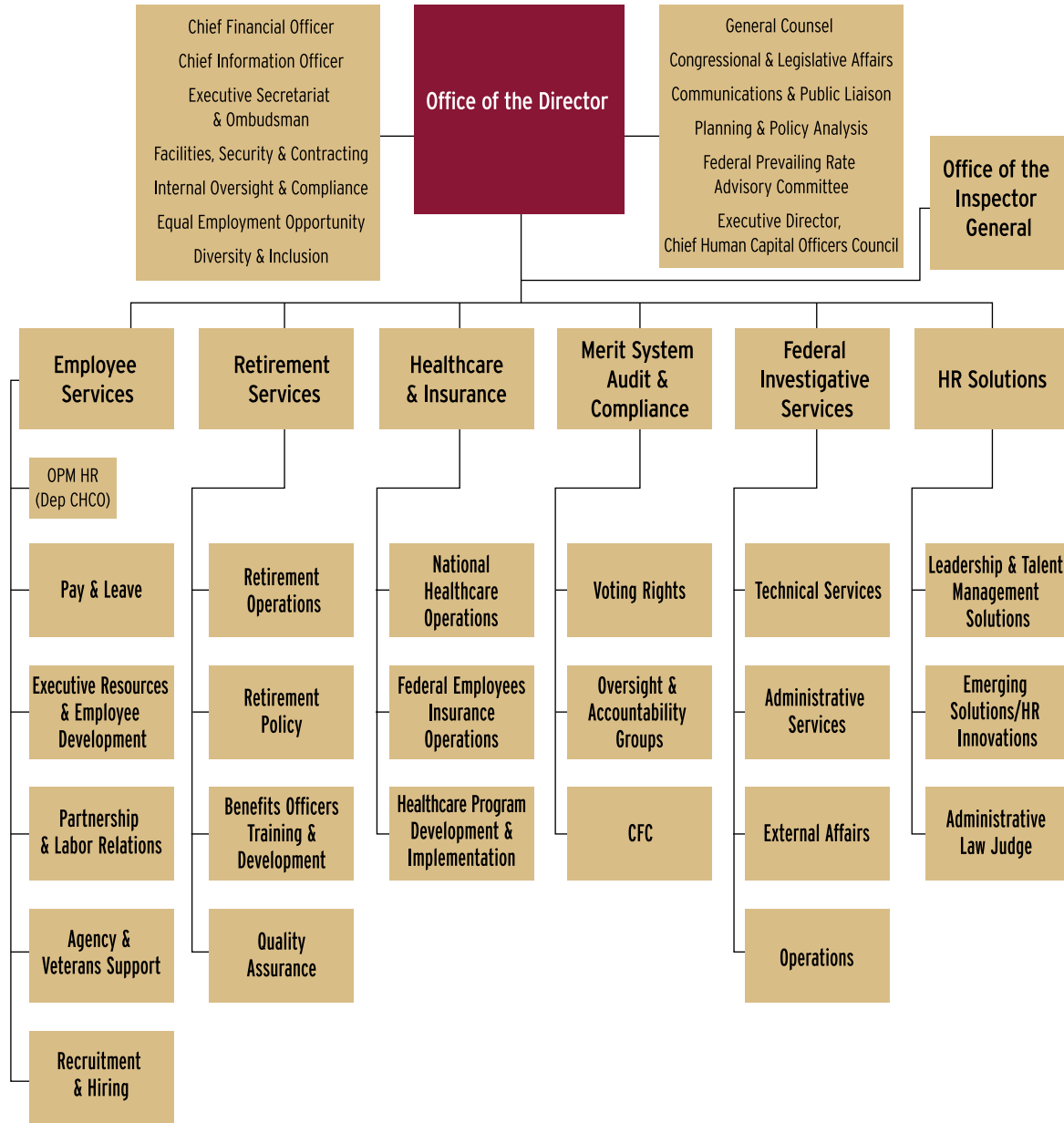
About This Report

The FY 2011 Summary of Performance and Financial Information (SPFI) 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 can be sent to the following address:

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

ORGANIZATIONAL STRUCTURE



High Priority Performance Goals

The following five High Priority Performance Goals are measurable commitments to deliver specific results for the American people: Hiring Reform, Telework, Security Clearance Reform, Wellness and Retirement Claims Processing. These goals represent high priorities for both the Administration and the Office of Personnel Management. They are highly relevant to the public and are aligned to the agencies key mission areas in order to produce significant results.

Hiring Reform

Goal Statement: Departments and major Agencies meet agreed upon targeted improvements to: Reduce Time-to-Hire by 10 percent per year, Improve Manager Satisfaction with applicant quality by 1 percent per quarter, and Improve Applicant Satisfaction by 1 percent per quarter.

OVERVIEW

President Obama's Memorandum of May 11, 2010, *Improving the Federal Recruitment and Hiring Process*, outlined the Administration's comprehensive initiative to address major, long-standing impediments to recruit and hire the best and the brightest into the Federal civilian workforce. OPM is spearheading the Government-wide initiative to reform recruiting, hiring and retention policies and procedures. The reform effort will encompass multiple years and will require sweeping changes to streamline and improve the hiring process. OPM leads the effort to ensure Federal agencies acquire, assess, and retain employees with the specific competencies necessary to achieve agencies' goals and missions.

By using effective recruitment, hiring, assessment and retention strategies, OPM helps agencies compete successfully with other employers. Moreover, OPM develops and makes use of available recruiting, hiring, assessment and retention methods, tools, authorities and flexibilities.

FY 2011 ACCOMPLISHMENTS

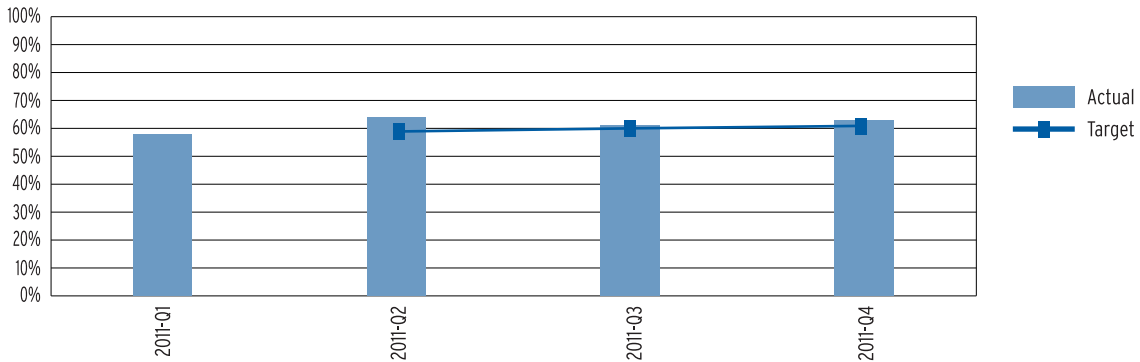
- Invested more than \$2 million to develop and deliver Hiring Reform training to more than 50 agencies, at more than 50 locations across the country. OPM conducted nearly 300 workshops equal to approximately 17,000 training seats. Training materials were developed so agencies can use the material on an ongoing basis.
- Launched the USAJOBSRecruit website which provides information, tools, and guidance on all things related to recruiting. It also offers discussion forums, chats, and blogs to foster learning and collaboration. The website is open to Federal employees with a .gov, .mil, .fed, .us, or .edu email address extension. The site can be found at www.usajobsrecruit.gov.
- Launched the OPM Hiring Reform website targeted to human resources (HR) professionals and hiring managers implementing hiring reform. The site offers "bite-sized" training modules on the key areas related to hiring reform. The site can be found at www.opm.gov/hiringreform/.

FY 2011 PROGRESS

To date, the general progress made in implementing the President’s Hiring Reform Initiative has exceeded expectations, although much work remains to be done. Key to the progress has been the genuine engagement and interest shown by executive level management. Also, agencies have adopted techniques and methods such as clarifying duties and responsibilities in job opportunity announcements, promoting collaboration between HR staffs and hiring managers, and establishing accountability. These practices have allowed agency hiring reform strategies to show results faster than expected.

- **Manager Satisfaction with the Applicant Quality**—Survey results indicated that manager satisfaction with applicant quality improved from 58 percent in the first quarter of FY 2011 (baseline) to 63 percent in the fourth quarter. See figure 1.

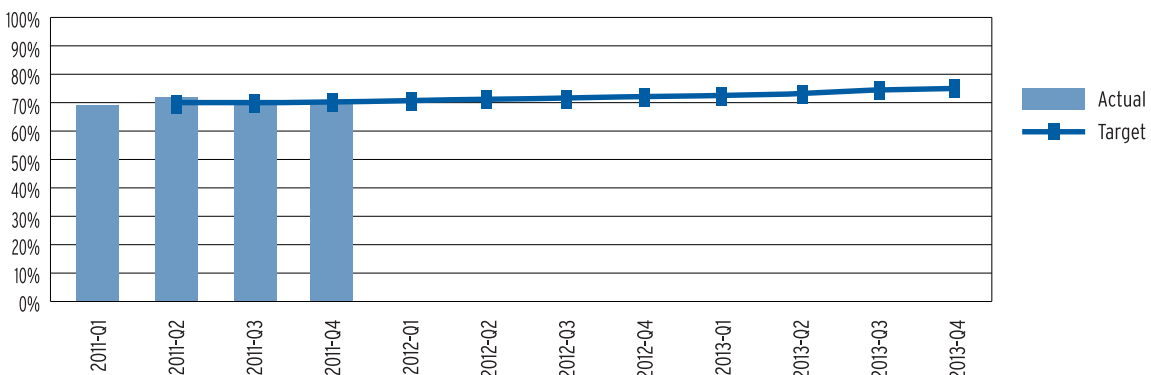
FIGURE 1. QUALITY APPLICANTS AS ASSESSED BY HIRING MANAGERS



Because OPM considers manager satisfaction with applicants a key indicator of overall hiring quality, we will track our progress going forward under OPM’s new FY 2012 Priority Goal to “Ensure high quality Federal employees.”

- **Applicant Satisfaction with the Job Application Process**—Survey results indicated that applicant satisfaction with the hiring process improved from 69 percent in in the first quarter of FY 2011 to 70 percent in the fourth quarter. See figure 2.

FIGURE 2. IMPROVE APPLICANT SATISFACTION WITH HIRING PROCESS



Telework

Goal Statement: Increase the strategic use of telework to improve continuity of operations, reduce management costs, and increase employee job satisfaction.

OVERVIEW

The Telework Enhancement Act of 2010 requires OPM to provide policy guidance and support to agencies to improve continuity of operations (i.e., using telework as a strategy to keep Government operational during inclement weather or other emergencies), promote management effectiveness (i.e., using telework to target reductions in management costs related to employee turnover and absenteeism, and to reduce real estate costs and environmental impact and transit costs), and enhance work-life balance (i.e., using telework to allow employees to better manage their work and family obligations, retaining a more resilient Federal workforce able to better meet agency goals). Organizations that strive to become employers of choice must focus their attention on employee work-life issues. Aside from agency performance improvements, the increased adoption of telework in Federal offices across the country, particularly in major metropolitan areas with large concentrations of employees, provides both economic and social value.

Telework also allows a greater number of Federal employees to work during emergency situations by maximizing operational efficiency to the extent practicable without compromising the safety of employees and the general public during heavy snow accumulation, major road closures due to various events, and other emergencies.

FY 2011 ACCOMPLISHMENTS

- Integrated telework activities with the Chief Human Capital Officer Council sessions on emergency preparedness to emphasize the use of telework as a vital strategy for pandemic preparedness.
- Developed a comprehensive “Guide to Telework in the Federal Government.” The guide can be found at: www.telework.gov/guidance_and_legislation/telework_guide/telework_guide.pdf.
- Introduced a new concept of unscheduled telework in the “Washington, D.C., Area Dismissal and Closure Procedures” to promote continuity of operations and safety of Federal employees and the general public.

FY 2011 PROGRESS

During FY 2011, agencies were required to meet several goals, which included establishing a telework policy, determining eligibility of employees, and notifying all employees of their eligibility to telework. Continuing discussions and implementation efforts will ensure teleworking employees enter into agreements with managers. Also, telework eligible employees and their managers must successfully complete interactive training prior to entering into an agreement.

Telework programs are integral to advancing important national initiatives such as building capacity in the Federal workforce to continue agency operations during both short- and long-term disruptions due to emergency situations. Items in the OPM Telework Data Call sent to agencies query the relationship between telework and emergency preparedness. Prior to 2009, OPM did not set targets for telework participation;

therefore, the target was set to the actual historical value to permit comparison between periods. Based on data collected in 2010 for the 2009 calendar year, 72 percent of the 79 responding agencies estimated the employees that were equipped, trained, and ready to telework in case of a long-term crisis. No telework participation data was collected in calendar year 2011. A new data call will be issued to meet the June 2012 reporting requirement under the Telework Enhancement Act.

Security Clearance Reform

Goal Statement: Maintain or exceed OPM-related goals of the Intelligence Reform and Terrorism Prevention Act (IRTPA) of 2004 and provide OPM deliverables necessary to ensure that security clearance reforms are substantially operational across the Federal Government by the end of CY 2010.

OVERVIEW

OPM provides background investigations for more than 100 Federal agencies. These background investigations are used as a basis for making security clearance, suitability or fitness determinations. To support high-volume investigative requirements, OPM manages a complex suite of automated systems. In 2004, the year IRTPA was passed, initial clearance investigations for Top Secret clearances took an average of 392 days, and today the average is 79 days. All initial clearances took 179 days in 2004, today OPM is meeting the IRTPA goal to provide the fastest 90 percent of security clearance investigations in an average of 40 days. During FY 2011, OPM expanded efforts begun during FY 2010 to reform the security clearance process and maintain the IRPTA goal of 40 days. Over the last few years, the Federal Government has made critical advances in reforming the security clearance process. While there is still work to be done, individuals seeking to work for the Federal Government now face a substantially different clearance experience than they did just a few years ago.

FY 2011 ACCOMPLISHMENTS

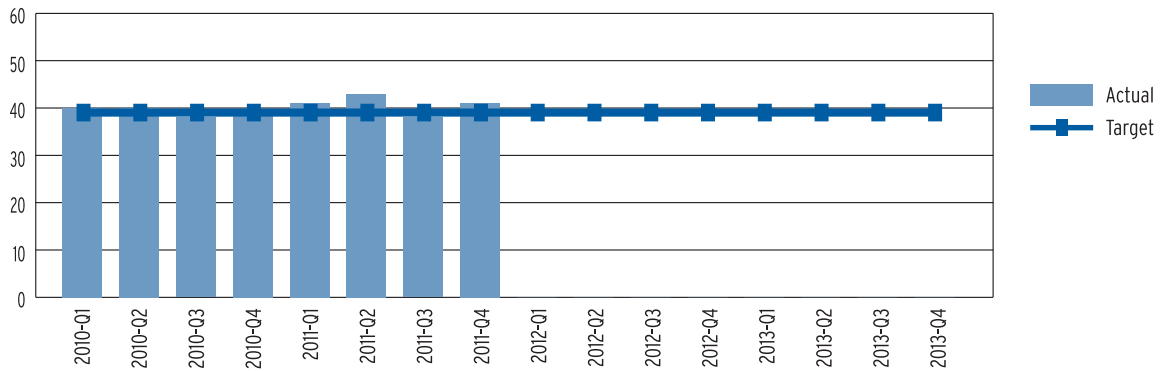
- Aligned suitability and security policies and processes, to the extent possible, to limit redundancies and enhance reciprocity in investigative and adjudicative processes.
- Deployed enhanced technology to improve timeliness and support complete and accurate initiation of requests for investigation.
- Increased oversight visits to review agency progress and offer guidance to achieve reform goals.

FY 2011 PROGRESS

OPM has continued to build on the substantially operational reforms of 2010 through phased executive branch implementation of the revised electronic standard form questionnaire (e-QIP), which is used to collect information from security clearance applicants as well as through enhancements to subject interviews. Although slower than originally projected to address security and legal considerations, progress continues in efforts to improve information exchanges with government records repositories.

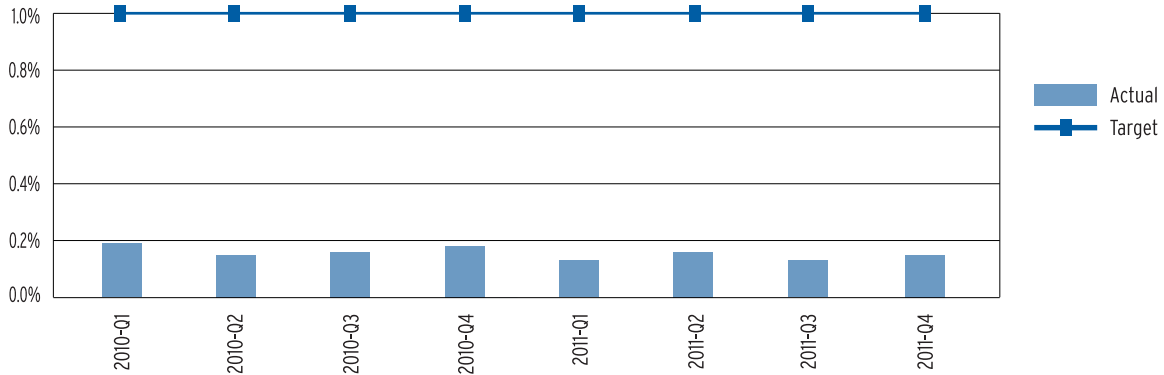
- **Initial Investigation Timeliness**—OPM investigation services focuses on providing high quality investigations within the 40 day target. OPM will also implement a number of quality and automation initiatives while maintaining IRTPA’s overarching timeliness objectives. See figure 3.

FIGURE 3. AVERAGE NUMBER OF DAYS TO COMPLETE FASTEST 90% OF INITIAL INVESTIGATIONS



- **Initial Investigation Quality**—OPM expanded standardization investigation requirements to consistently produce high quality investigations. OPM investigation error rates are consistently less than the target of no more than 1 percent of cases. See figure 4.

FIGURE 4. INVESTIGATIONS DETERMINED TO BE DEFICIENT DUE TO ERRORS IN INVESTIGATION PROCESSING



Since FY 2007, OPM has exhibited exceptional performance in this area by conducting over 99 percent of initial background investigations without errors in investigation processing. OPM will continue to track this measure internally, but given the continued high-level of performance, we will also investigate potential alternatives to our quality measure that provide additional insight and opportunity for improvement.

Wellness

Goal Statement: 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 over 5 years.

OVERVIEW

OPM is encouraging Federal agencies to expand and improve their wellness programs. Comprehensive worksite wellness programs help in reducing health care costs, improving worker productivity and attracting the best talent. The elements of a comprehensive worksite wellness program include: health education, supportive social and physical environments, integration of worksite wellness program into organizational structure, screening programs, and linkages with related benefits programs. OPM has established a foundation for health and wellness programs across the Federal Government, which enables the Agency to better quantify the impact of such programs on the ability to recruit, retain and honor the best workforce to serve the American people. OPM, in partnership with the Office of Management and Budget, National Economic Council, and the Department of Health and Human Services explored and developed a health and wellness program for the Federal workforce.

FY 2011 ACCOMPLISHMENTS

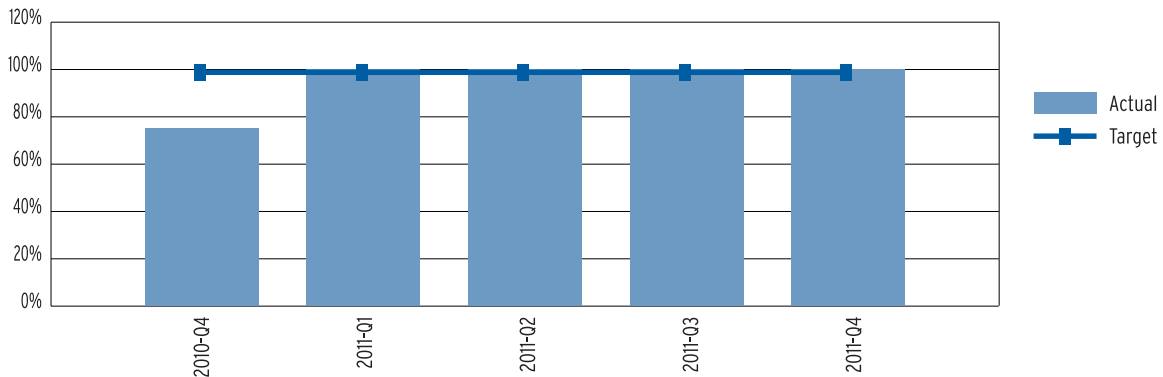
- Implemented a common needs assessment tool (WellCheck inventory) that allows agencies to analyze and evaluate their current health promotion programs, benchmark with other agencies and the private sector, and determine areas where improvement is required.
- Provided guidance for Federal agencies on comprehensive health and wellness program and criteria for assessing the adequacy of agency plans.
- Established a community of practice with agency Chief Human Capital Officers focused on communication of the benefits of a comprehensive program and how to market the benefits to agency employees.
- Issued guidance as a result of Pub. Law 111-148 and Presidential order to provide guidance to executive branch civilian employees on workplace accommodations for employees who are nursing mothers.

FY 2011 PROGRESS

All Chief Human Capital Officers Council (CHCOC) member agencies have developed and begun to implement wellness plans. The twenty-four CHCOC agencies have shown progress in increasing senior leader engagement. OPM conducted a needs assessment of work location programs and collected agency wellness plans through the CHCOC. The data collected through the needs assessment has provided OPM with a baseline to measure progress moving forward.

- **Wellness Planning**—During FY 2011, all 24 CHCOC agencies have completed final wellness plans. See figure 5.

FIGURE 5. PERCENT OF CHCOC AGENCIES DEVELOPING FINAL WELLNESS PLANS



Retirement Claims Processing

Goal Statement: Increase the number of retirement records OPM receives that are complete and require no development actions to more than 70 percent by the end of 2010, 79 percent by the end of 2011, and 81 percent by the end of 2012.

OVERVIEW

OPM is responsible for the administration of the Federal Retirement Program covering over 2.9 million active employees and 2.5 million annuitants. OPM administers the Civil Service Retirement System (CSRS) and the Federal Employees Retirement System (FERS). The retirement program serves Federal employees by providing retirement compensation and the tools and options for retirement planning. Processing of the approximately 100,000 retirement applications received by OPM annually are handled by operations staff in both Boyers, PA and Washington, D.C. These steps include: determining retirement eligibility, inputting data into benefit calculators, providing customer service and developing claims for missing and incorrect documentation. The need to develop documentation for incomplete and inaccurate applications submitted by Federal agencies increases retirement processing time and associated cost.

FY 2011 ACCOMPLISHMENTS

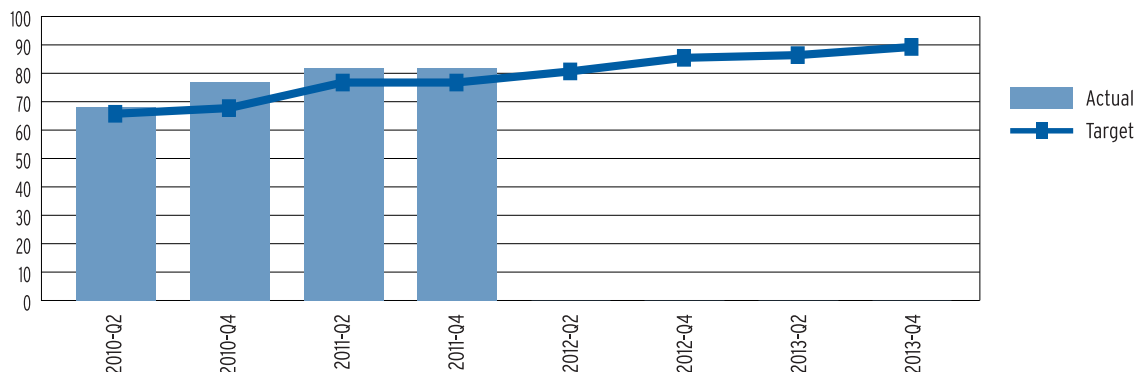
- Increased interim pay amounts for Post Office and Defense Finance and Accounting Services customers by five percent.
- Implemented changes to on-line retirement services to allow customers in interim pay to access their accounts.
- Built imaging infrastructure and created imaging policies and procedures in preparation for initiation of imaging operations in early 2012.

FY 2011 PROGRESS

During FY 2011, OPM audited 4,222 retirement case submissions received from various Federal agencies. Eighty-two percent of those cases were determined to be complete and required no remediation. Where problems were identified, meetings were held with agencies and action plans were developed to address specific problem areas. OPM has focused much of its attention on areas where the greatest number of errors occur. A specific focus has been to ensure that agencies include the necessary documentation to verify an employee’s enrollment in the Government’s life and health insurance programs for five years prior to retirement. This effort has resulted in a reduction of errors from 22 percent in the 2010 audit to 15 percent in the 2011 audit.

- **Complete retirement case submissions to OPM**—The percentage of completed cases increased from 77 percent of cases in FY 2010 to 82 percent in FY 2011. See figure 6.

FIGURE 6. PERCENT OF COMPLETE RETIREMENT SUBMISSIONS



The President’s Veterans Employment Initiative

The objective of the President’s Veterans Employment Initiative is to increase employment opportunities for veterans in the Federal Executive Branch. On November 9, 2009, President Barack Obama signed Executive Order (EO) 13518, “Employment of Veterans in the Federal Government,” which establishes the Veterans Employment Initiative. This initiative outlines the most comprehensive approach to improving employment opportunities for veterans the Federal Executive Branch has ever undertaken. It seizes on three central themes: 1) honor our sacred obligation and trust to our Nation’s veterans; 2) utilize the talents of veterans to help the Federal Government meet today’s dynamic challenges; and 3) build a program worthy of emulation by the private sector. A cornerstone of the President’s strategy is the Council on Veterans Employment. The Council serves as a National forum for promoting veterans employment and is accountable to the President for developing goals and programs and achieving results. The Council provides an infrastructure and governance for directing veterans employment programs within the Executive Branch and is readily organized to support the President and Congress in advancing initiatives outside of the Federal Government.

The Director of the Office of Personnel Management serves as the Vice-Chair and Chief Operating Officer and manages all Council business through the appointment of an OPM-appointed Executive Director.

Through leadership of the Council, the first-ever Government-wide Strategic Plan for the recruitment and employment of veterans in the Federal Government was implemented, creative feeder programs to support veterans who are most at risk for unemployment were established, and a dramatic increase in the percentage of veterans hired into the Federal Government was achieved. At the end of FY 2011, the percentage of veterans hired as part of the total hires in the Federal Government was well above the approximately 24 percent just two years ago. Also, over 140,000 veterans have been hired since the President established the Veterans Employment Initiative and the Council.

FY 2011 VETERANS EMPLOYMENT RESULTS

Preliminary numbers for this past year saw the Federal Government achieving unprecedented results with increasing the percentage of veterans hired into the Federal Government.

- In FY 2011, the Federal Government hired approximately 230,000 employees total compared to approximately 282,000 employees in FY 2010—a reduction of approximately 52,000 total hires. Of those 230,000 hires, approximately 65,000 were veterans, accounting for 28.5 percent of total hires.
- This is the highest percentage of veterans hired in over 20 years. This equals approximately 4.5 percentage points over the FY 2009 baseline of 24 percent and 2.9 percentage points over the FY 2010 result of 25.6 percent.
- In FY 2011, 22 EO agencies posted percentages above their FY 2009 baselines for total veteran hires.
- In FY 2011, 23 EO agencies posted percentages above their FY 2009 baselines for total disabled veteran hires.

FY 2011 PERFORMANCE VERSUS FY 2010 PERFORMANCE

- In FY 2011, 20 agencies covered by the EO posted percentages above their FY 2010 results for total veterans hired.
- The three agencies with the highest percentages of total veterans hired were the Department of Defense (DoD) (47.3 percent), OPM (40 percent), and Department of Transportation (35.1 percent).
- In FY 2011, 22 agencies posted percentages above their FY 2010 results for total disabled veterans hired.
- The three agencies with the highest percentages of disabled veterans hired were OPM (17.3 percent), DoD (14.6 percent), and SSA (12.4 percent).

This performance tells us that overall agencies are improving in employing veterans. While our goals are aggressive, they are driving results and hiring veterans is expected to continuously improve in the future.

OPM Top Management Challenges

On October 27, 2010, OPM's Office of the Inspector General (OIG) identified the top management challenges facing the Agency for FY 2011. 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 2011 top management challenges are shown below:

ENVIRONMENTAL CHALLENGES

- Strategic Human Capital;
- Federal Health Insurance Initiatives
 - Federal Employees Health Benefits Program
 - Program-wide Claims Analysis Health Clams Data Warehouse
 - Prescription Drug Benefits and Costs
 - Tribal Healthcare—FEHBP Participation
 - National Healthcare Operations
 - Multi-State Plan
 - Pre-Existing Condition Insurance Plan
- Background Investigations

INTERNAL CHALLENGES

- Information System Development
- Information Security Governance
- Financial Management System and Internal Controls: Revolving Fund and Salaries and Expenses Accounts
- Improving Internal Controls over OPM's Human Resources Solutions Vendor Management Branch Operations
- Stopping the Flow of Improper Payments
- Overhaul of Retirement Claims Processing

During FY 2011, OPM made significant strides in addressing the management challenges identified by the OIG. A detailed accounting of OPM's FY 2011 actions to address the management challenges can be found in OPM's FY 2011 Agency Financial Report at <http://www.opm.gov/gpra/opmgpra/>.

OPM’s Mission and Strategic Goals

The OPM Strategic Plan 2010-2015 is the starting point for performance and accountability. The strategic plan includes the Agency’s mission statement and also describes OPM’s four strategic goals which are designed to parallel the lifecycle of a Federal employee. The strategic goals are supported by a series of implementation strategies and performance indicators to gauge progress. OPM also reviews its performance measures as part of the annual budget planning, which ensures that both internal and external stakeholders understand the level of program performance expected for the resources received.

The OPM mission is to “Recruit, Retain and Honor a World-Class Workforce to Serve the American People.” The mission will be accomplished by achieving the following four strategic goals shown in Table 1:

TABLE 1—OPM STRATEGIC GOALS

OPM’s Mission Statement: Recruit, Retain, and Honor a World-Class Workforce to Serve the American People

Strategic Goal:	Goal Statement:
<i>Hire the Best</i>	Recruit and hire the most talented and diverse Federal workforce possible to serve the American people
<i>Respect the Workforce</i>	Provide the training, benefits, and work-life balance necessary for Federal employees to succeed, prosper, and advance in their careers
<i>Expect the Best</i>	Ensure the Federal workforce and its leaders are fully accountable and are fairly appraised while having the tools, systems, and resources to perform at the highest levels to achieve superior results
<i>Honor Service</i>	Ensure comparable recognition and reward for exemplary performance of current employees and honor the careers of Federal retirees

OPM senior management conducted a full review of the OPM Strategic Plan in July 2011, which resulted in a strategic plan update. As part of this strategic plan update, OPM added a fifth strategic goal in FY 2012 to reflect its new duties and responsibilities associated with the Patient Protection and Affordable Care Act (ACA). Under ACA, OPM is required to establish at least two multi-state plan options to be offered on each affordable insurance exchange beginning in FY 2014. Additionally, OPM will permit tribes and tribal organizations to purchase insurance coverage for their employees through the Federal Employees Health Benefits Program and the Federal Employees Group Life Insurance Program.

OPM senior management also realigned a number of program strategies to align with developmental efforts that have occurred within the Agency over the last two years. An updated version of the OPM Strategic Plan will be published in 2012.

FY 2011 Performance Results

OPM's FY 2011 performance results are presented in tables grouped by strategic goal.

Summary Performance Tables by Strategic Goal

STRATEGIC GOAL: HIRE *THE BEST*

Performance Measure	FY 2007 Results	FY 2008 Results	FY 2009 Results	FY 2010 Results	FY 2011 Results	FY 2011 Target	Met/Not Met
Average number of days to hire a Federal employee	n/a	n/a	122 days (baseline)	105 days	*	80 days	*
Percent of agencies with violations of veterans preference laws, rules and regulations	25%	33%	18%	33%	30%	25%	Not Met
Average number of days to complete the fastest 90 percent of initial national security investigations to meet the Intelligence Reform and Terrorism Prevention Act	n/a	n/a	n/a	39	40	40	Met
Investigations determined to be deficient due to errors in investigation processing**	0.12%	0.10%	0.08%	0.16%	0.15%	<1%	Met
Percent of customers satisfied with quality and service of FIS products, policies and guidance	n/a	n/a	n/a	98%	*	96%	*
Percent of employees in the Federal Government with targeted disabilities	n/a	n/a	n/a	.95%	*	1.2%	*

*The FY 2011 results are undetermined. Thus, they will be reported in the FY 2012 SPFI.

**This measure has been reworded. Last year's SPFI read "Percent of investigative case returns."

FY 2011 SUMMARY OF PERFORMANCE AND FINANCIAL INFORMATION

STRATEGIC GOAL: RESPECT *THE* WORKFORCE

Performance Measure	FY 2007 Results	FY 2008 Results	FY 2009 Results	FY 2010 Results	FY 2011 Results	FY 2011 Target	Met/Not Met
Percent increase in FEHB premiums less than or equal to private sector premium increases for comparable benefits	n/a	n/a	n/a	7.3%(r)	3.8%	FEHB <= private sector	Met
Percent of FEHBP enrollees satisfied vs. health industry standard	FEHBP 79% Industry 63%	FEHBP 78% Industry 60%	FEHBP 77% Industry 62%	FEHBP 77% Industry 63%	FEHBP 76% Industry 64%	FEHBP >= Industry standard	Met
Percent of health benefits claims processed within 30 working days	97%	99%	98%	99%	98%	95%	Met
Average number of days to pay Federal Employees Group Life Insurance claims	6.7	6.3	5.5	4.3	4.4	<10 day industry standard	Met
Percent of Federal Long-Term Care Insurance Program customers satisfied with overall customer service	97%	98%	99%	93%	92%	90%	Met

(r) Revised from the FY 2010 SPFI.

FY 2011 SUMMARY OF PERFORMANCE AND FINANCIAL INFORMATION

STRATEGIC GOAL: EXPECT THE BEST

Performance Measure	FY 2007 Results	FY 2008 Results	FY 2009 Results	FY 2010 Results	FY 2011 Results	FY 2011 Target	Met/Not Met
Percent of agencies with severe problems in one or more delegated examining units that demonstrate improvement within 1 year following completion of an audit	83%	90%	86%	90%	100%	85%	Met
Percentage of classification and job-grading appeal decisions that exceed timeliness standard	2%	3%	0%	0%	0%	<8%	Met
Index score of customer satisfaction with HR Solutions products and services (ACSI Equivalent Index)*	84	84	84	80	75	80	Not Met
Percent of customers agreeing that HR Solutions products and services contribute to Government effectiveness	94%	94%	99%	93%	87%	90%	Not Met
Percentage of payments within Prompt Pay Act guidelines**	99.9%	99.9%	92.9%	85.3%	98.9%	98.0%	Met
Number of financial material weaknesses	0	0	0	1(r)	1	0	Not Met
Percent of employees in Chief Human Capital Officer (CHCO) agencies covered by appraisal systems scoring at least 80 points out of 100 on the Performance Appraisal Assessment Tool (PAAT)	4%	17%	27%	28%	28%	33%	Not Met
Percent of CHCO agencies having a Performance Culture Index (PCI) of 55 or more	n/a	n/a	n/a	52%	56%	38%	Met

*This number was previously and erroneously reported as a percentage. The ACSI-equivalent Index is a score running from 0-100, rather than a percentage.

**The methodology used to calculate this measure is different from prior years. This year's result was formulated using the following information: "Verified receipt of goods/services, pay bills on time or with interest and assessing the reliability of the payment process."

(r) Revised from the FY 2010 SPFI

STRATEGIC GOAL: HONOR SERVICE

Performance Measure	FY 2007 Results	FY 2008 Results	FY 2009 Results	FY 2010 Results	FY 2011 Results	FY 2011 Target	Met/Not Met
Percent of applicant agency Senior Executive Service (SES) systems whose SES performance plans are fully certified	33%	66%	64%	64%	54%	60%	Not Met
Retirement claims processing timeliness (days)	30	42	41	108	125	125	Met
Average unit cost for processing retirement claims	\$80.03	\$74.28	\$81.97	\$105.94	\$107.62	\$101.23	Not Met
Rate of improper payments in the retirement program	n/a	0.39%	0.32%	0.35%	0.34 %	0.34%	Met
Percent of customers satisfied with overall retirement services	87%	83%	85%	81%	76%	88%	Not Met

FY 2011 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 accounting firm, KPMG LLP. For the twelfth consecutive year, OPM has earned an unqualified audit opinion on its consolidated financial statements and on the individual financial statements of the Retirement, Health Benefits, and Life Insurance Programs, respectively. These consolidated and individual financial statements are the Balance Sheet, Statement of Net Cost, Statement of Changes in Net Position, and the Statement of Budgetary Resources.

BALANCE SHEET

The Balance Sheet (see page 20) is a representation of OPM's financial condition at the end of the fiscal year. It shows the resources OPM holds to meet its statutory requirements (*Assets*); the amounts it owes that will require payment from these resources (*Liabilities*); and, the difference between them (*Net Position*).

Assets

At the end of FY 2011, OPM held \$923 billion in assets, an increase of 3.4 percent from \$892.6 billion at the end of FY 2010. 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 \$916.2 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 2011, the investment portfolio grew by 3.4 percent, with the largest increase for investments occurring in the Retirement Program.

Liabilities

At the end of FY 2011, OPM's total liabilities were \$1,917.9 billion, a decrease of 1.5 percent from \$1,946.7 billion at the end of FY 2010. Three line items—the Pension, Post-Retirement Health Benefits, and the Actuarial Life Insurance Liabilities—account for 99.4 percent of OPM's liabilities.

The *Pension Liability*, which represents an estimate of the future cost to provide CSRS and FERS benefits to current employees and annuitants, is \$1,532.6 billion at the end of FY 2011, a decrease of \$17.6 billion, or 1.1 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 \$329.2 billion at the end of FY 2011. This reflects a decrease of approximately \$12.3 billion from the amount at the end of FY 2010, or 3.6 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 \$581 million in FY 2011 to \$43.8 billion, or 1.3 percent from the end of the previous year.

STATEMENT OF NET COST

The Statement of Net Cost (SNC) in the federal government is different from a private-sector income statement in that the SNC reports expenses first and then subtracts the revenues that financed those expenses to arrive at a net cost. OPM's Statement of Net Cost (see page 21) 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 2011 Net Cost of Operations was actually a net income of (\$17.4) billion, as compared with a \$108.4 billion net cost in FY 2010. The primary reason for the decrease in net cost is due to changes in the actuarial estimates, as further discussed in OPM's FY 2011 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 (see page 23) 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. As presented in the Statement of Budgetary Resources, a total of \$214.3 billion in budgetary resources was available to OPM for FY 2011. OPM's budgetary resources in FY 2011 include \$51.7 billion (24.1 percent) carried over from FY 2010, plus three major additional sources:

- Appropriations Received = \$41.7 billion (19.5 percent)
- Trust Fund receipts of \$95.6 billion, less \$24.9 billion* not available = \$70.7 billion (33.0 percent)
- Spending authority from offsetting collections (SAOC) = \$50.2 billion (23.4 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.

* Total budgetary resources do not include \$23.3 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 \$43.7 billion and therefore temporarily not available.

Consolidated Financial Statements

U.S. OFFICE OF PERSONNEL MANAGEMENT CONSOLIDATED BALANCE SHEETS As of September 30, 2011 and 2010 (In Millions)		
	FY 2011	FY 2010
ASSETS		
Intragovernmental:		
Fund Balance with Treasury [Note 2]	\$2,023	\$1,831
Investments [Note 3]	916,205	886,313
Accounts Receivable [Note 4]	2,686	2,271
Total Intragovernmental	<u>920,914</u>	<u>890,415</u>
Accounts Receivable from the Public, Net [Note 4]	1,341	1,456
General Property and Equipment, Net	27	33
Other [Note 1L]	739	745
TOTAL ASSETS	<u><u>\$923,021</u></u>	<u><u>\$892,649</u></u>
LIABILITIES		
Intragovernmental [Note 6]	\$594	\$541
Federal Employee Benefits:		
Benefits Due and Payable	10,526	10,126
Pension Liability [Note 5A]	1,532,600	1,550,200
Post-retirement Health Benefits Liability [Note 5B]	329,204	341,465
Actuarial Life Insurance Liability [Note 5C]	43,786	43,205
Total Federal Employee Benefits	<u>1,916,116</u>	<u>1,944,996</u>
Other [Notes 6 and 7]	1,239	1,207
Total Liabilities	<u><u>1,917,949</u></u>	<u><u>1,946,744</u></u>
NET POSITION		
Unexpended Appropriations – Other Funds	154	97
Cumulative Results of Operations – Earmarked Funds [Note 8]	(995,474)	(1,054,603)
Cumulative Results of Operations – Other Funds	392	411
Total Net Position	<u><u>(994,928)</u></u>	<u><u>(1,054,095)</u></u>
TOTAL LIABILITIES AND NET POSITION	<u><u>\$923,021</u></u>	<u><u>\$892,649</u></u>

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

FY 2011 SUMMARY OF PERFORMANCE AND FINANCIAL INFORMATION

U.S. OFFICE OF PERSONNEL MANAGEMENT CONSOLIDATED STATEMENTS OF NET COST For the Years Ended September 30, 2011 and 2010 (In Millions)			
		FY 2011	FY 2010
Provide CSRS Benefits	Gross Costs	\$20,307	\$39,293
	Less: Earned Revenue	21,508	23,790
	Net Cost	(1,201)	15,503
	(Gain)/Loss on Pension, ORB, or OPEB		
	Assumption Changes [Note 5A]	11,272	55,481
	Net Cost of Operations [Notes 9 and 10]	<u>\$10,071</u>	<u>\$70,984</u>
Provide FERS Benefits	Gross Costs	\$18,567	\$40,112
	Less: Earned Revenue	41,288	38,248
	Net Cost	(22,721)	1,864
	(Gain)/Loss on Pension, ORB, or OPEB		
	Assumption Changes [Note 5A]	2,525	29,902
	Net Cost of Operations [Notes 9 and 10]	<u>(\$20,196)</u>	<u>\$31,766</u>
Provide Health Benefits	Gross Costs	\$41,328	\$41,966
	Less: Earned Revenue	34,849	37,608
	Net Cost	6,479	4,358
	(Gain)/Loss on Pension, ORB, or OPEB		
	Assumption Changes [Note 5B]	(12,664)	(1,272)
	Net Cost of Operations [Notes 9 and 10]	<u>(\$6,185)</u>	<u>\$3,086</u>
Provide Life Insurance Benefits	Gross Costs	\$4,078	\$4,399
	Less: Earned Revenue	4,442	4,386
	Net Cost	(364)	13
	(Gain)/Loss on Pension, ORB, or OPEB		
	Assumption Changes [Note 5C]	(874)	2,477
	Net Cost of Operations [Notes 9 and 10]	<u>(\$1,238)</u>	<u>\$2,490</u>
Provide Human Resource Services	Gross Costs	\$1,998	\$1,651
	Less: Earned Revenue	1,891	1,617
	Net Cost of Operations [Notes 9 and 10]	<u>\$107</u>	<u>\$34</u>
Total Net Cost of Operations	Gross Costs	\$86,278	\$127,421
	Less: Earned Revenue	103,978	105,649
	Net Cost	(17,700)	21,772
	(Gain)/Loss on Pension, ORB, or OPEB		
	Assumption Changes [Notes 5A, 5B, and 5C]	259	86,588
	Net Cost of Operations [Notes 9 and 10]	<u>(\$17,441)</u>	<u>\$108,360</u>

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

FY 2011 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, 2011 and 2010
 (In Millions)

	FY 2011			FY 2010		
	Earmarked Funds	All Other Funds	Consolidated Total	Earmarked Funds	All Other Funds	Consolidated Total
<i>CUMULATIVE RESULTS OF OPERATIONS</i>						
Beginning Balances	(\$1,054,603)	\$411	(\$1,054,192)	(\$989,134)	\$325	(\$988,809)
Budgetary Financing Sources:						
Appropriations Used	41,586	43	41,629	42,862	86	42,948
Other Financing Sources	(5)	45	40	(5)	34	29
Total Financing Sources	41,581	88	41,669	42,857	120	42,977
Net Cost of Operations	(17,548)	107	(17,441)	108,326	34	108,360
Net Change	59,129	(19)	59,110	(65,469)	86	(65,383)
Cumulative Results of Operations – Ending Balance	(\$995,474)	\$392	(\$995,082)	(\$1,054,603)	\$411	(\$1,054,192)
<i>UNEXPENDED APPROPRIATIONS</i>						
Beginning Balance	–	\$97	\$97	–	\$84	\$84
Budgetary Financing Sources:						
Appropriations Received	\$41,618	101	41,719	\$43,308	106	43,414
Appropriations Used	(41,586)	(43)	(41,629)	(42,862)	(86)	(42,948)
Other Budgetary Financing Sources	(32)	(1)	(33)	(446)	(7)	(453)
Total Budgetary Financing Sources	–	57	57	–	13	13
Total Unexpended Appropriations – Ending Balance	–	154	154	–	97	97
Net Position	(\$995,474)	\$546	(\$994,928)	(\$1,054,603)	\$508	(\$1,054,095)

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

U.S. OFFICE OF PERSONNEL MANAGEMENT
COMBINED STATEMENTS OF BUDGETARY RESOURCES
 For the Years Ended September 30, 2011 and 2010
 (In Millions)

	FY 2011	FY 2010
BUDGETARY RESOURCES		
Unobligated Balance — Brought Forward, October 1:	\$51,651	\$49,337
Recoveries of Prior-Year Unpaid Obligations	70	13
Budget Authority:		
Appropriations:		
Received	41,719	43,414
Other	(32)	(446)
Appropriated Trust Fund Receipts	95,586	102,662
Spending Authority from Offsetting Collections:		
Collected	50,558	45,776
Change in Receivables from Federal Sources and Unfilled Customer Orders	(346)	774
<i>Subtotal</i>	50,212	46,550
Temporarily Not Available Pursuant to Public Law	(24,910)	(32,964)
Permanently Not Available	(1)	(7)
<i>Total Budgetary Resources</i>	\$214,295	\$208,559
STATUS OF BUDGETARY RESOURCES		
Obligations Incurred: [Note 12]		
Direct	\$156,160	\$154,588
Reimbursable	2,191	2,320
<i>Subtotal</i>	158,351	156,908
Unobligated Balance:		
Apportioned	429	667
Unobligated Balance Not Available	55,515	50,984
<i>Total Status of Budgetary Resources</i>	\$214,295	\$208,559
CHANGE IN OBLIGATED BALANCE		
Obligated Balance, Net		
Unpaid Obligations, Brought Forward, October 1	\$13,393	\$12,423
Less: Uncollected Customer Payments from Federal Sources, Brought Forward, October 1	3,698	2,924
Total Unpaid Obligated Balance, Net	9,695	9,499
Obligations Incurred, Net	158,351	156,908
Less: Gross Outlays	157,576	155,925
Less: Recoveries of Prior-Year Unpaid Obligations, Actual	70	13
Change in Uncollected Customer Payments from Federal Sources	(346)	774
Obligated Balance, Net, End of Period		
Unpaid Obligations	14,098	13,393
Less: Uncollected Customer Payments from Federal Sources	3,352	3,698
Total Unpaid Obligated Balance, Net, End of Period	10,746	9,695
NET OUTLAYS		
Net Outlays:		
Gross Outlays	157,576	155,925
Less: Offsetting Collections	50,558	45,776
Less: Distributed Offsetting Receipts [Note 15]	32,928	40,231
Net Outlays	\$74,090	\$69,918

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

Appendix A—Acronyms and Abbreviations

ACA	Affordable Care Act	IPA	Independent Public Accounting
ACSI	American Customer Satisfaction Index	IRTPA	Intelligence Reform and Terrorism Prevention Act
CHCO	Chief Human Capital Officers	IT	Information Technology
CHCOC	Chief Human Capital Officers Council	LLP	Limited Liability Partnership
CSRS	Civil Service Retirement System	OIG	Office of Inspector General
CY	Calendar Year	OMB	Office of Management and Budget
DOD	Department of Defense	OPM	Office of Personnel Management
eQIP	electronic Questionnaires for Investigations Processing	PAAT	Performance Appraisal Assessment Tool
EO	Executive Order	PCI	Performance Culture Index
FEHB	Federal Employees Health Benefits	PSRHB	Postal Service Retirement Health Benefits
FEHBP	Federal Employees Health Benefits Program	SAOC	Spending Authority from Offsetting Collections
FERS	Federal Employees Retirement System	SES	Senior Executive Service
FY	Fiscal Year	SNC	Statement of Net Cost
HPPG	High Priority Performance Goals	SPFI	Summary of Performance and Financial Information
HR	Human Resources		



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PERSONNEL MANAGEMENT

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