

*WE Lead*



*WE Protect*



*WE Serve*



*WE Safeguard*



UNITED STATES OFFICE OF PERSONNEL MANAGEMENT  
Fiscal Year 1999 Annual Performance Report

## A MESSAGE FROM THE DIRECTOR

### U.S. Office of Personnel Management

The Federal government is in the midst of dramatic change. How we lead this change will determine the success or failure of the Federal government. At the Office of Personnel Management (OPM) I know we are succeeding, not only for the Government but for our ultimate customers—the American people. But you don't have to take my word for it — the following report fully assesses OPM's FY 1999 performance. The facts speak for themselves and we have made significant gains toward realizing our vision of the Federal government as the Nation's model employer.

OPM is the leader in developing strategic human resources policy on issues such as performance management, labor-management relations, family friendly issues, workforce diversity initiatives, workplace violence, and more. Our health care insurance system, which serves over 9 million Federal employees, retirees, and their families, is a model for the Nation and has been the catalyst for improvements such as the "Patients' Bill of Rights" and parity in mental health coverage. We are indeed leading the way in building the workforce of the 21st century.

In my seven years at OPM, I have worked closely with the women and men who, day-in and day-out, make our agency successful. And I could not be more proud of their collective efforts and their commitment to excellence. They have created customer-focused, solution-oriented, and flexible policies and systems. Our employees have truly earned America's respect while helping this Administration create a Government that gets results for the American people.

This is only the beginning of our journey, however. More work remains to be done. OPM is committed to not just continuous improvement, but in the spirit of the Results Act, to continuous *measurable* improvement. It is not just what I want, or what the President wants, or what Congress wants. It is what the American people want — and it is what they deserve.

As I look to the future, I am confident that we will build upon the foundation set within the four cornerstones outlined in our strategy. OPM will continue to lead, protect, serve, and safeguard the Federal workforce of our great Nation!



Janice R. Lachance  
Director  
U.S. Office of Personnel Management



# TABLE OF CONTENTS

## EXECUTIVE SUMMARY . . . . . 1

The Reinvention of OPM . . . . . 1

FY 1999 Goal Attainment . . . . . 2

OPM's Scorecard (Totals) . . . . . 2

Strategic Progress . . . . . 3

OPM FY 1999 Performance Scorecard . 6

FY 1999 Priorities and Highlights . . . . 7

Maintained and Sustained . . . . . 20

Quality of Performance Data . . . . . 22

Program Evaluation . . . . . 23

Conclusion . . . . . 24

The Office of Personnel Management's core belief is that the Government's human resources — our 1.8 million dedicated public servants — are our most vital asset. Like the private sector, we must fully engage in the "war for talent" if we are to successfully create the workforce for the 21st century. We must secure, develop, empower, and retain the talented people required to fulfill our mission for the American people. We must give agencies the tools and strategies to meet their unique needs in the new millennium.

Three years ago, in our first Strategic Plan under the Government Performance and Results Act, we defined the role of OPM as providing leadership and service to the Federal Government for effective strategic human resources management (HRM). We are the President's agent and advisor for operating and, more importantly, continuously improving the Government's HRM systems. Congress and the public have entrusted us with regulating these systems and administering Governmentwide programs. We work in partnership with agencies to create systems that enable them to recruit, develop, manage and retain a high-caliber and representative workforce. Our vision is that the quality of Government services, programs and operations will meet or exceed the public's expectations so that Federal employees are regarded as knowledgeable, helpful, ethical and committed to quality.

Our strategic plan is built to achieve this vision.

Four words describe our strategic goals: *Lead, Protect, Serve, and Safeguard*. We lead by designing HRM systems and policies for the Nation's largest employer. We protect national values embodied in law, including merit system principles and veterans' preference. We serve Federal agencies, employees, retirees, their families and the public through innovative and customer focused employment information, pay, policy, benefits design and delivery, and technical assistance. We *safeguard* the employee benefit trust funds. And, internally, we provide our employees with the environment they need to accomplish this work.

This first annual OPM performance report, highlights our most significant accomplishments and summarizes our performance across the five strategic goals, 115 specific annual performance goals, and 377 performance measures identified for FY 1999. We are reporting the tangible actions of the last year to provide agencies with strategic HRM leadership, tools and assistance to effectively manage the Federal workforce. We met 94% percent of our goals, an accomplishment which was only possible because of our strong partnerships with agencies, employee representatives, and other key groups who are also dedicated to enhancing the Federal workforce.

## THE *Reinvention* OF OPM

OPM is leading a transformation of HRM to meet the challenges of the 21st century, but to be an effective change agent throughout Government, OPM had to first change itself. Two words — reformed and reinvented — aptly describe the metamorphosis that has occurred within OPM since 1993. We are 52 percent leaner than we were six years ago. We are more agile, efficient and strategic in our outlook. We are more responsive and flexible, more customer-focused, less prescriptive, and our policies and systems are more "user friendly" than they were just a few short years ago.

We have worked diligently to change both the image and the reality of OPM from "rule-maker" and "police officer" to "effective leader" and "strategic partner." We moved toward a policy of decentralizing HRM systems and delegating

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authorities to agencies to the greatest extent possible. The primary goal of these efforts was to bring hiring and performance management decisions closer to the line managers who are directly responsible for accomplishing each agency's specific mission. In addition to providing services and technical assistance to agencies under current systems, we are working closely with our stakeholders to develop proposals for improvements in all areas of HRM. Of course, as we seek new options, we remain firmly committed to the merit system, principles, veterans' preference, and laws and policies supporting a diverse workforce.

Because of the significant legislation and policy changes introduced this year, we have made significant progress towards reaching our goal of making the Federal Government the model employer for the Nation.

## FY 1999 Goal Attainment

OPM is reporting goal attainment against a combined FY 1999/2000 Performance Plan. This plan replaced the original plan for FY 1999 which was submitted in February 1998. We did not modify our five strategic goals, but we did make some adjustments to our specific annual performance goals and to a number of the indicators that were proposed originally. These changes were made to reflect shifts in priorities, and as a result of our increased experience with implementing the Government Performance and Results Act. We assessed our performance only against the FY 1999 goals and measures included in the combined plan.

### OPM's Scorecard

#### OPM Performance Totals

	Number	Met	Not Met	FY 2000	Progress	No Data
Annual Performance Goals	115	108	0	1	5	1
Performance Measures/Indicators	377	279	33	12	23	41

**Met:** Indicates that the majority or the most important of the indicators—under our multi-measurement system—for a specific goal were met as planned.

**Deferred:** Internal changes in resources or priorities led to deferring the goal or indicator until FY 2000.

**Progress:** Indicates a goal or measure that was not reached, but significant progress was made.

**No Data:** Indicates a goal or measure for which no data were available for FY 1999, as originally planned.

Overall, we achieved 94 percent (108 out of 115) of the annual performance goals that we established for FY 1999 as intermediate steps toward meeting our five long-term strategic goals. Of the remaining seven goals, we made significant

progress on five goals and deferred one until FY 2000 because of our need to refocus resources towards Y2K preparation. We could not assess one goal, because it described an activity which would be performed only if requested by a customer, and this did not occur during FY 1999.

We used 377 performance measures and indicators in our multi-measurement strategy to assess our annual goal attainment. Although many of these indicators were qualitative, we also established many quantitative performance targets. Not all indicators were of equal importance; thus we scored a goal as "met" if we achieved the majority or the most important of the indicators. We met our target level on 279 (74 percent) of our indicators. Of the remaining 98 indicators, we made significant progress on 23, and 41 could not be assessed because data were not available. (See the discussion beginning on page 22 on Quality of Performance Data for more information.) We did not meet target levels on 33 of our indicators, and scored them as "not met" — even when we were able to point to some progress. There was also a single indicator which was deferred — along with the goal it assessed — to FY 2000. The summary scorecard of our goal-by-goal performance is located on page six. The detailed report can be accessed on OPM's website at [www.opm.gov](http://www.opm.gov).

While justly pleased with our overall FY 1999 performance, it is our intent to review our goals and indicators to be sure that we have set appropriately high "stretch" goals for the future. We have already begun this review, and will introduce changes in our future plans.

## Strategic Progress

### Strategic Goal I.

Provide policy direction and leadership to recruit and retain the Federal workforce required for the 21st Century.

	Number	Met	Not Met	FY 2000	Progress	No Data
Annual Performance Goals	46	43	0	0	3	0
Performance Measures/Indicators	133	86	12	0	5	30

### Strategic Goal I

Our FY 1999 Performance Plan describes 46 Annual Performance Goals that OPM program offices pursued to move toward our strategic goal to *provide policy direction and leadership to recruit and retain the Federal workforce required for the 21st Century*. We achieved 43 of these goals (93%), and are confident that these represent major steps in providing the level of human resources policy leadership that Federal agencies require and expect of us. Progress is demonstrated by our quick action to provide specific flexibilities for responding to the Y2K recruitment and retention imperative, introduction of improvements in benefits for the Federal workforce, actions to strengthen oversight of the merit system, refocused attention on the importance of continual learning, attention to modernizing HR information technology, support for a family-friendly workplace that is serving as a model for America, and building cooperative labor-management relationships. All are highlighted in this report.

### Strategic Goal II.

Protect and promote the merit-based civil service and the employee earned benefit programs through an effective oversight and evaluation program.

	Number	Met	Not Met	FY 2000	Progress	No Data
Annual Performance Goals	15	15	0	0	0	0
Performance Measures/Indicators	55	49	3	0	1	2

### Strategic Goal II.

We met all 15 of the Annual Performance Goals we set to *protect and promote the merit-based civil service and the employee earned benefit programs through an effective oversight and evaluation program*. Our success is evident in the strengthening of our merit system oversight program coupled with a high level of agency satisfaction with the evaluation process, in our continued advice and assistance to delegated examining units, and in the excellent progress we made in managing the employee benefit financial systems.

### Strategic Goal III.

Provide advice and assistance to help Federal agencies improve their human resources management programs to effectively operate within the economy, demographics and environment of the 21st Century.

	Number	Met	Not Met	FY 2000	Progress	No Data
Annual Performance Goals	16	14	0	1	0	1
Performance Measures/Indicators	46	35	7	1	0	3

### Strategic Goal III.

We significantly improved our delivery of *advice and assistance to help Federal agencies improve their human resources management programs to effectively operate within the economy, demographics and environment of the 21st Century*, as demonstrated by meeting 14 of the 16 Annual Performance Goals in this area (88%). We developed and published a wide range of guidance materials, made dramatic improvements in the volume and quality of information available through our website, and sponsored highly successful conferences and workshops to achieve this goal. Of the two goals we did not achieve, one was deferred until FY 2000 because of our need to refocus resources towards Y2K preparation, and the other goal describes an activity which was not required during FY 1999 and therefore could not be assessed.

### Strategic Goal IV.

Deliver high-quality, cost-effective human resources services to Federal agencies, employees, annuitants and the public.

	Number	Met	Not Met	FY 2000	Progress	No Data
Annual Performance Goals	18	17	0	0	1	0
Performance Measures/Indicators	77	56	9	0	8	4

### Strategic Goal IV.

Our Annual Performance Plan defined 18 annual goals, 17 of which (94%) were met, to *deliver high-quality, cost-effective human resources services to Federal agencies, employees, annuitants and the public.* These goals include many customer service and financial indicators, and our performance reflects our commitment to improvements in both areas. Examples to support this assessment include the improvements we made in our USAJOBS website to support the job-seeking public, the excellent customer satisfaction results from surveys of our annuitants, and the promise of the efforts we have undertaken to modernize HR information technology to support continued top-quality customer service. We did not meet one of our goals, largely because we set "stretch" goals for improvement. For example, we answered 93% of our priority correspondence within time standards, but our goal was 95%.

### Strategic Goal V.

Establish OPM as a leader in creating and maintaining a sound, diverse and cooperative work environment. (includes the goals set for Executive Direction)

	Number	Met	Not Met	FY 2000	Progress	No Data
Annual Performance Goals	20	19	0	0	1	0
Performance Measures/Indicators	66	53	2	0	9	2

### Strategic Goal V.

Our Strategic Plan for 1997 - 2002 included a goal to *establish OPM as a leader in creating and maintaining a sound, diverse and cooperative work environment.* This goal included 14 objectives for corporate actions in the areas of financial management, information technology management, and human resources management to support the OPM workforce in its delivery of the agency's external program goals. We met 13 of these goals (93%), and significant progress was made on the remaining goal, to improve our financial management. Achievement of this Strategic Goal is demonstrated by our successful planning for Y2K rollover, improvements in our own internal human resources management processes, and a clean audit opinion on our multi-billion dollar Trust Fund accounts. Our Strategic Plan also included 6 specific goals for the activities conducted by the Office of the Director, the Office of the General Counsel, and the Office of Congressional Relations to provide direction and support for accomplishing all of the OPM-wide goals. All of the Executive Direction goals were met in FY 1999.

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# OPM FY 1999 performance scorecard

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# FY 1999

## *Priorities and Highlights*

We began FY 1999 with eight priorities. These priorities cut across our five strategic goals and related annual goals, and encompassed both new projects and continuing initiatives such as increased customer satisfaction. During the course of the year we made significant progress on these priorities. We also pursued other initiatives to deliver our continuing responsibilities, and to significantly enhance both our direct services to customers and the Government's ability to use its human resources wisely and fairly to serve the citizens of our Nation.

The cross-cutting external priorities identified in our FY 1999 Performance Plan are:

- ▶ Improving the linkage between pay and performance
- ▶ Providing flexibilities and tools for recruitment and hiring
- ▶ Strengthening our oversight of the merit system
- ▶ Refocusing attention on learning
- ▶ Modernizing HR information technology
- ▶ Supporting the family-friendly workplace
- ▶ Building cooperative labor-management relationships

We also identified one internal priority of *improving our financial management*.

Below are highlights of our accomplishments for FY 1999 in each of the priority areas.

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### ▶ **Improving the linkage between pay and performance.**

We continue our efforts to develop a performance-oriented strategic compensation system suitable for the variety of missions, structures, labor markets, and technologies that will characterize the Federal workplace in the 21st century. Our FY 1999 accomplishments in this area include:

#### **Researching Approaches to Strategic Compensation.**

To develop options for performance-oriented approaches to strategic compensation in the Federal Government, we began conducting extensive research on compensation in the private sector, state governments, and non-title 5 Federal agencies. We developed a benchmarking tool to make useful comparisons to information about private sector compensation practices and experiences. We also developed an historical model of the General Schedule in the context of changes that have occurred in organizational structure, work methods, technology, workforce characteristics, and emerging compensation practices in the U.S. economy.

Retirement and Insurance Service  
Associate Director Ed Flynn  
addresses the first annual Strategic  
Compensation Conference.

### Strategic Compensation Conference.

In September 1999, we hosted our first annual *Strategic Compensation Conference*. More than 400 attendees were briefed on the strategic compensation initiative as well as performance management, position classification, and pay and leave programs. Eighty-seven percent of attendees rated the conference as good to excellent. On a five point scale, the average overall rating for the conference was 4.14.



### Effective Tools for Improving Performance.

We assisted agencies in their efforts to improve employee performance by providing them with guidance and assistance in several ways, including publications and access to valuable information via our website. We issued the *Measuring Employee Performance* handbook in March 1999, through which agencies received detailed guidance about how employee performance plans could be directly linked to organizational goals under existing appraisal regulations. We also established the "Performance Management Technical Assistance Center" web page on the our website. By the end of FY 1999, we were averaging 7,000 - 8,000 hits per week.

### Equal Pay Self-Audit Guide.

We developed the *Equal Pay Self-Audit Guide*, a self-evaluation tool agencies can use to determine whether their classification and compensation systems support equal pay. We asked members of the Interagency Advisory Group of Personnel Directors to assess themselves using the *Guide*. We are using the results to inform our strategic compensation policy for the future and to lead a wider Administration effort to ensure equal pay for all employees.

## ► Providing flexibilities and tools for recruitment and hiring.

After a long period of restructuring and downsizing, agencies have resumed hiring into mission-critical positions. They discovered that there is a "war for talent." Competition was especially strong in information technology occupations. In addition, agencies were challenged by the fact that at the end of FY 1999 27 percent of Senior Executive Service (SES) members and 12 percent of non-SES employees were already eligible for regular retirement. To be able to

compete in the labor market, agencies need quicker and more effective recruitment and hiring tools. In FY 1999 we worked toward improving those tools and giving agencies greater flexibility.

### Support for the Decennial Census.

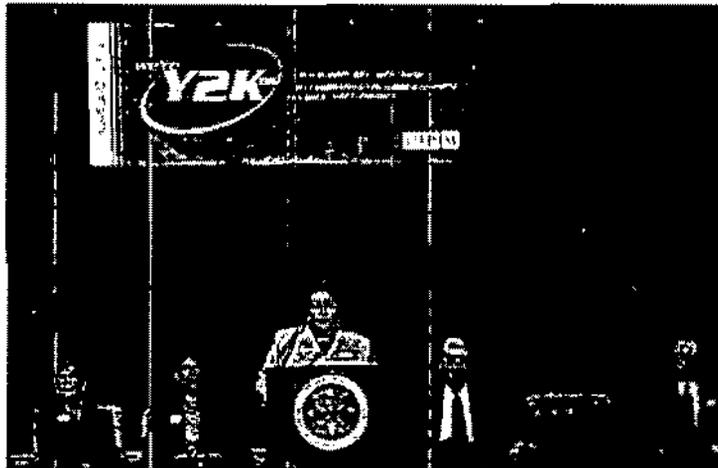
In partnership with the Bureau of the Census we developed a hiring system to accelerate hiring mathematical statisticians, statisticians, and computer specialists for conducting Census 2000, the 22nd decennial census of the United States. The application process that was developed is fast and convenient. Applicants can use the Internet 24 hours-a-day to apply and submit applications for the jobs filled under this process. Under the old paper-based process used by the Census Bureau, it could take as long as 6 months to fill a job; it now takes 3 days. This effort has resulted in significant cost savings both in reduced staffing and record keeping costs.

### Governmentwide Y2K Readiness.

We developed guidance and information for Federal agencies as they prepared to address the critical need to have an information technology workforce to handle Y2K conversion, including:

#### *Recruiting and Retaining Information Technology Professionals.*

This guide, available at [www.opm.gov/y2k/html/recruit1.htm](http://www.opm.gov/y2k/html/recruit1.htm), described many of the staffing, compensation, and award flexibilities that were available to help agencies get the information technology workers they needed.



Director Lachance addresses audience during a Y2K Conference.

### Y2K Job Search.

We also added a special search capability to USAJOBS to prominently display vacancies related to Y2K compliance issues and assist the job seekers who possess the special skills required by these positions to quickly and easily locate postings.

### Y2K Pay and Leave Issues.

We provided advice and assistance about pay and leave entitlements for employees who were required to work during the Y2K rollover weekend and revised the emergency dismissal or closure procedures to apply specifically in the event of unanticipated work disruptions. We also provided waivers of dual compensation reductions. These waivers made it easier for agencies to reemploy retirees who had the programming skills and systems knowledge they needed without the reduction required in retiree's salary or military annuity.

### Y2K Publications.

Through publication of *Managing For Y2K in the Federal Workforce: The Human Element (Some Do's and Don'ts for Federal Managers)* we provided strategies for keeping Y2K employees' morale and health intact as they dedicated themselves to the challenge of solving this complex set of problems. We also sponsored a seminar in September 1999 on the role of the Employee Assistance Program in

helping employees deal with their concerns about Y2K and its impact on their lives, and we distributed copies of our Employee Assistance Program Y2K Support Kit.

### **Federal Cyber Service.**

We worked with the National Security Council and other executive branch agencies to establish a Federal Cyber Service, a program to recruit and train the needed staff to protect the security of Federal computer information and its transmission. In FY 1999, we began an occupational analysis study of Federal Information Technology (IT) occupations to help select people with the right skills and aptitudes. As a part of the study, we developed a competency-based job profile to be used as an alternative to the current minimum qualifications requirements for IT occupations. The new job profile will be pilot tested with a select group of agencies in FY 2000.

### **Presidential Management Intern (PMI) Program.**

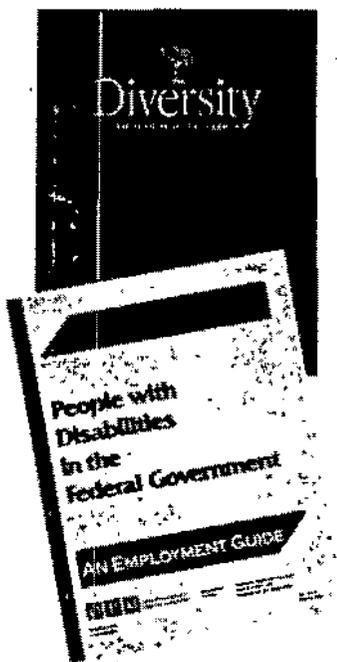
Since its inception just over 20 years ago, the PMI program has served as a very effective tool to attract a diverse pool of high-performing people into careers in the Federal service. PMIs are required to have recently received an advanced degree and go through a highly competitive screening process. Those selected serve a two-year paid internship, including rotations across different Federal agencies. In 1999, we placed 345 PMIs Governmentwide – the most ever placed in the history of the program, and significantly exceeding our target of 300.

### **Diversity.**

As the Federal human resources management leader, we are committed to assisting agencies to meet the President's challenge of creating a Government that reflects the rich diversity of the American people. Equal opportunity in employment for all people, regardless of race, color, sex, age, religion, national origin, sexual preference or disability is a fundamental goal. Specific actions in FY 1999 include:

### **President's Task Force on the Employment of People with Disabilities.**

On October 16, 1999, President Clinton directed Federal agencies to step up their efforts to recruit and hire people with disabilities, and to serve as a model for private-sector employers. This directive was the culmination of work conducted by the President's Task Force during FY 1999. As a member of the Task Force, OPM developed *Accessing Opportunity: The Plan for Employment of People with Disabilities in the Federal Government*, the Federal Government's first-ever plan to hire and promote persons with disabilities at all levels of the Federal work force, from entry-level jobs to the Senior Executive Service. We also developed a companion guide entitled *People with Disabilities in the Federal Government: An Employment Guide*. This comprehensive tool addresses best recruiting practices, how to provide opportunities for students, developmental and advancement opportunities for current employees with disabilities, reasonable accommodations for qualified applicants, and our expectation that agencies will regularly monitor their own workforce data to measure their success. OPM, in its human resources management oversight role, and the Equal Employment Opportunity Commission, as the agency responsible for enforcing the Federal Government's affirmative action and nondiscrimination programs, will also keep track of Federal employers' efforts to recruit and employ persons with disabilities.



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### **Addressing Mental Health.**

To carry out the President's directive to achieve parity for mental health and substance abuse coverage in the Federal Employees Health Benefits Program (FEHBP), we asked participating health plans for their support. Such parity will require that coverage for mental health, substance abuse, medical, surgical, and hospitalization services be identical with regard to traditional medical care deductibles, coinsurance, copayments, and day and visit limitations. In June 1999, we notified all FEHB carriers to begin making preparations to implement mental health and substance abuse parity in the Program for the 2001 contract period. Since then, we have undertaken activities to inform and educate the carriers about the initiative, and have worked extensively with them in a collaborative planning process. We are also consulting with many mental health and substance abuse organizations for their expertise, and we contracted with the Washington Business Group on Health to learn the best practices of large employers with experience in offering these benefits. We also developed the President's Executive Order 13124 of June 4, 1999, which permits adults with psychiatric disabilities who were hired under a excepted hiring authority the same opportunity to acquire competitive employment status after two years of satisfactory service that was already afforded to employees with mental retardation and severe physical disabilities. We also began work on the implementing regulations.

### **Hispanic Employment Initiative.**

In 1997, we developed a nine-point Hispanic Employment Initiative to provide Federal agencies with helpful, practical guidelines for improving the representation of Hispanics in the Federal workforce. It has become a driving force for increasing Hispanic employment in the Federal civilian workforce. To help agencies reach out to Hispanic college graduates, we are placing touchscreen job information kiosks in Hispanic-serving institutions. In FY 1999 we added 18 new kiosks, raising the total to 40.

### **President's Management Council (PMC) Interagency Work Group.**

Last March, PMC members accepted the challenge of improving Hispanic employment in the Federal Government when they endorsed the recommendations of the *1999 Report to the President's Management Council on Hispanic Employment in the Federal Government*. The Director of OPM co-chaired the PMC workgroup which developed this comprehensive report on Hispanic employment which provides agencies with a model for developing employment strategies.

### **Governmentwide Diversity Seminar:**

Workforce diversity has evolved from sound public policy to a strategic business imperative—and our leadership curriculum is keeping pace. In our key leadership seminars, managers and executives learn how to make diversity an organizational advantage. In September 1999, we launched a new seminar, "Diversity: A Business Necessity for the Millennium," (this week-long seminar is offered by our Management Development Centers. Also, in 1999, we piloted a leadership forum on diversity designed to keep senior executives abreast of national policy issues and developments and interact with other executives.

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*"Last year I asked Vice President Gore to lead the Federal Welfare-to-Work Hiring Initiative ... we set a goal of 10,000 hires by 2000."*

— Bill Clinton

### Preventing Discrimination Based on Sexual Orientation

In June 1999, we unveiled a new guide to help Federal employees who believe they have been discriminated against because of their sexual orientation. *Addressing Sexual Orientation Discrimination in Federal Civilian Employment: A Guide to Employees' Rights* can be accessed on our website at ([www.opm.gov/et/address2/Guide01.htm](http://www.opm.gov/et/address2/Guide01.htm)).

### Welfare-to-Work.

In 1997, the President and Vice President launched their Federal Welfare-to-Work Hiring Initiative and called on the Federal agencies to hire 10,000 welfare recipients by year 2000. Through 1999, the Federal Government has hired 17,000 former welfare recipients—far surpassing agencies' original commitments. In addition to participating as a Federal agency, OPM provides Governmentwide program support through hiring authorities and training and mentoring models, and by tracking the program's success.

### Solutions Conference

The *Solutions* conference brings together a national audience of executives, managers, and HR staff to learn about cutting-edge initiatives in personnel management, staffing, human resource policy and equal employment opportunity. The second annual *Solutions* conference attracted more than 700 participants in May 1999. In an end of conference survey, 95 percent of participants gave the conference an overall rating of good or excellent.

## ► Strengthening our oversight of the merit system.

Oversight of the merit system is a continuing priority, and even more so in today's evolving HRM environment. In the past several years we have significantly expanded our oversight and assistance to agencies to ensure the nine merit system principles are followed, in title 5 agencies, and in agencies that are exempt from various portions of title 5. We realize that agencies deal with human resource issues in a variety of ways, but we insist that they all provide for fair and open competition, treat employees efficiently and fairly, and adhere to the other merit principles. Deregulation, delegation, and alternative personnel systems allow flexibility; the merit system principles provide consistency. While there is a high level of compliance with these principles, we take appropriate action when we encounter violations.

### Oversight Reviews.

During FY 1999, we completed merit system oversight reviews of 15 agencies, which included approximately 120 installations. While the merit system remains strong, we discovered several areas that required improvements and provided recommendations or corrections for improving HR practices. Agencies gave these evaluations high marks (averaging 4.78 on a 5.0 scale), based on such criteria as the importance of the issues addressed and the usefulness of the findings. A significant portion of the Federal workforce is covered by non-traditional systems such as interchange agreements and alternative personnel systems that are exempt from various portions of title 5, United States Code. We are working more closely with these agencies, and reviewed four of them during FY 1999.

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### **Delegated Examining Unit Assistance.**

In FY 1995, OPM delegated the authority to examine applicants for Federal jobs to agencies. They conduct this work through Delegated Examining Units (DEU's). Although examining is now decentralized, we ensure that the activity is conducted in accordance with law, regulations, and merit system principles through a formal DEU certification program, and by providing advice and assistance in their operation. In FY 1999, we developed a new standardized DEU certification program and revised the DEU operational handbook to make it easier to use. We also placed the handbook and other material on our website for wider agency access ([www.opm.gov/deu](http://www.opm.gov/deu)). We met our schedule for regular recertification visits, completing 66 DEU reviews. Our findings indicate agencies are, for the most part, conducting delegated examining work within the merit system principles, and we provided assistance to correct the problems we did find.

### **Accountability.**

Agencies need systems to help them assess how effectively they are using their human resources, within the parameters of the merit principles. During FY 1999, with the help of an interagency accountability task force, we developed and issued an *HRM Accountability Development Guide* as a tool for managers to use in establishing a viable accountability system. ([www.opm.gov/account](http://www.opm.gov/account))

### **Merit Systems Principles Questionnaire.**

To further strengthen our oversight program, we revised and improved this questionnaire which is one of our primary diagnostic tools to assess employee and managerial perception of the merit system in their agencies. The questionnaire was significantly shortened and the questions were reorganized and refocused on the respondents' immediate work unit and experience. The new questionnaire will support the next cycle of oversight reviews.

### **Policy Studies.**

Findings from oversight reviews, analyses of personnel trends and the interests of Congress and other stakeholders prompt special studies on a variety of HRM issues. For example, in February 1999, the *Poor Performers in Government: A Quest for the True Story* study indicated that a relatively small proportion of the 1.8 million Federal employees can be termed "poor performers." Later in the year, *Opportunity Lost: Openness in the Employment Process* revealed that agencies failed to provide the required public notice for one-third of their job vacancies.

## **► Refocusing attention on continuous learning.**

We are leading the Federal Government's initiative to reinvigorate training and development programs in order to promote lifelong learning and to ensure that our workforce, at all levels, is prepared to meet the demands of the 21st Century. As evidenced by our accomplishments below, we are taking concrete steps to make this vision a reality.

### **The Learning Symposium: Building Workforce Performance.**

In December 1998, we marked our resurgence in human resource development leadership by sponsoring *The Learning Symposium: Building Workforce Performance*. The *Symposium's* unique design brought together human resource development

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*Executive Order 13111, signed by the President on January 12, 1999, promotes a coordinated Federal effort to employ technology to provide more flexible, accessible and cost effective training opportunities to Federal employees.*

professionals with their strategic partners in diverse occupations to discuss and learn about emerging issues and technologies related to improving workforce performance.

#### **Technology Task Force.**

Executive Order 13111, signed by the President on January 12, 1999, promotes a coordinated Federal effort to employ technology to provide more flexible, accessible and cost effective training opportunities to Federal employees. The Executive Order created the President's Federal Training Technology (FTT) Task Force, chaired by the Director of OPM, and prescribes specific steps to be taken by Federal agencies to enhance employees' training opportunities through the use of training technology. The FTT Task Force is developing recommendations on several issues, including: (1) effective use of technology to improve training opportunities for Federal Government employees, (2) establishing the criteria for software modules that will be used to create courseware for the technology-based learning management systems of the 21st century. The FTT Task Force also developed options and recommendations for establishing a Federal Individual Learning Account for Federal workers (see next bullet for full description).

#### **Individual Learning Accounts (ILA).**

An ILA is a base amount of resources expressed in terms of dollars or hours, or both, that are set aside for an individual employee to use for his or her learning development. Accounts may be used to develop knowledge, skills, or abilities that directly relate to the employee's official duties. In conjunction with volunteer agencies, we are exploring new ways for distributing Federal training funds. The ILA initiative, in which agencies would participate in pilot programs, is a result of recommendations from the FTT Task Force which were approved by the President. In FY 1999, we conducted research on private and public sector ILAs. This research formed the basis of the recommendations from the FTT Task Force. A cross section of Government agencies and employees are participating in the pilot programs. Twelve agencies are conducting 16 pilots that cover several thousand employees.

### **► Modernizing human resource information technology.**

*We are working, internally and with the Human Resources Technology Council (HRTC), on modernizing Governmentwide systems to make human resource information more useful and accessible for a broad range of uses ....*

We are working, internally and with the Human Resources Technology Council (HRTC), on modernizing Governmentwide systems to make human resource information more useful and accessible for a broad range of uses, including: merit system oversight reviews, the processing of retirement applications, as well as, planning and budgeting by the Office of Management and Budget, the White House, the Congress, the General Accounting Office, other Federal agencies, the media, and the public. We made significant progress in a number of areas in FY 1999:

#### **Human Resources Data Network (HRDN).**

The HRTC Planning Committee approved a Vision and Concept of Operations for a Governmentwide Human Resources Data Network (HRDN). When implemented, the HRDN will significantly affect the electronic storage, distribution, and access to human resources data throughout the Federal Government.

114/

### **Self-Service Benefits.**

Through the encouragement of the HRTC, an increased number of agencies are using self-service benefits selection systems (such as OPM's Employee Express) which allow direct entry by employees, saving the time and resources of personnel offices. Also, the Data Hub was made available to non-Employee Express agencies to submit FEHBP transactions directly to the health carriers from their internal self-service benefits systems.

### **Central Personnel Data File (CPDF) Modernization.**

Another part of our HR modernization efforts includes upgrading the Central Personnel Data File (CPDF), our repository for personnel data on most Federal civilian employees. The objective of this project is to acquire the data more efficiently from agencies through enhanced electronic submission and to make the data more accessible to users. Although this is an FY 2000 project, initial work began in FY 1999 to develop project plans and to pilot and test secure data transfer protocols over the Internet.

### **Retirement Systems Modernization (RSM).**

Our central strategy to meet our long-term customer service, financial management, and business goals for the retirement program is Retirement System Modernization (RSM). The key elements of RSM include: agency, program participant, and OPM access to electronic information and services; streamlined processes that reduce handling and rework at the agencies and OPM; tools and self-service options for program administrators and participants to facilitate accurate and timely customer service, benefits counseling and payment; and improved employee withholding and reporting to facilitate trust fund management. During FY 1999, we built on the concept of operations by beginning to redesign the retirement program, the technology that will support it, and the organization that will administer it. With this framework, we also developed a long-term Capital Asset Plan that describes the components and strategy for implementation, as well as the costs and return on the investment. Finally, we identified and developed three "early win" prototypes that will provide results immediately. Two of these – a calculator for FERS retirements and a benefits booklet for retirees – have already been implemented.

*During FY 1999, we built on the concept of operations by beginning to redesign the retirement program, the technology that will support it, and the organization that will administer it.*

### **► Supporting the family-friendly workplace.**

The most competitive companies in the private sector find that family-focused programs help them attract and retain the best and brightest workers. As the demographics of the workforce continue to evolve, so do the expectations and needs of employees. Family-focused programs are essential to helping our Federal workforce balance the ever increasing demands of work and family life. We continue to encourage the Federal Government to be the model employer for family-friendly programs by providing and promoting affordable child care options, alternative work schedules, family and medical leave, telecommuting, part-time employment and job-sharing opportunities, and employee assistance programs.

### **Family-Friendly Workplace Advocacy Office (FFWAO).**

The Family-Friendly Workplace Advocacy Office (FFWAO), was opened on March 1, 1999, as directed by Congress, to create and foster a family-focused

/15/

work environment for Federal employees. The Office carried on and expanded the mission of our Work and Family Program Center. FFWAO assists Federal employees and agencies in resolving problems with family-friendly workplace policies; identifies administrative or regulatory obstacles to implementing family-friendly policies and practices; and proposes regulatory or legislative changes where needed. The FFWAO is the vital link between the Federal Government human resources experts and managers and employees on work/life issues.

### **Interagency Family-Friendly Workplace Working Group.**

We established this interagency group in response to the President's memorandum of May 24, 1999, "New Tools to Help Parents Balance Work and Family." Work/Life coordinators from over 65 agencies and three officials from Federal employee unions attended the first meeting we hosted on October 5, 1999. Committees are working on action plans to address various issues.

### **Extended Sick Leave for Family Care.**

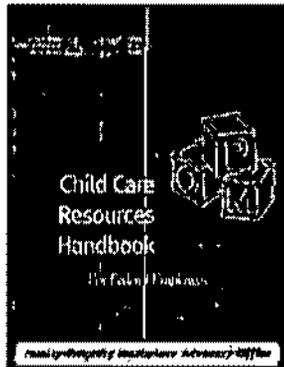
In May 1999, the President directed OPM to implement a major change in leave policy that would allow Federal workers to use up to 12 weeks of accrued sick leave each year to care for a family member with a serious health condition, an increase from the current 13 days a year. We immediately began working with interested stakeholders to develop regulation to carry out the President's directive, and on February 9, 2000, we issued the proposed regulations to make this policy change.

### **Implementation of New Legislation Permitting Federal Agencies to Use Appropriated Funds for Child Care Costs.**

On September 29, 1999, the President signed into law the Treasury and General Government Appropriations Act that included a provision to permit Federal agencies to use appropriated funds, otherwise available for salaries and expenses, for child care costs. The purpose of this legislation is to increase the affordability of child care for lower income Federal families. This is a groundbreaking initiative for the Federal government. We conducted extensive research with private sector companies, the Department of Defense Military Child Care system, Federal agencies with child development centers, the Federal employee unions, and private sector providers, to develop regulations and technical guidance. The proposed and final regulations have been issued. The law authorizes the expenditure of appropriated funds for only one year until September 29, 2000. Analysis of the outcome of the first year's implementation will be used by Congress to determine whether to continue this program.

### **Federal Child Care Summit.**

Held in May 1999, this premier summit, *Affordable, Quality Child Care: An Employer Issue*, fulfilled President Clinton's directive to host "...a nationwide summit designed to showcase model public and private sector solutions to child care needs." The summit brought together, for the first time, employers from the public and private sector, unions, educators and child development specialists, and child care providers, who represented the various child life stages and child care interests - to exchange information on early childhood education, quality and costs, and safety. More than 250 attendees participated in the Summit. The two and one-half day Summit showcased some of the best examples of partnerships and programs related to child care and affordability in the country.



164

## Organ Donor Leave Act.

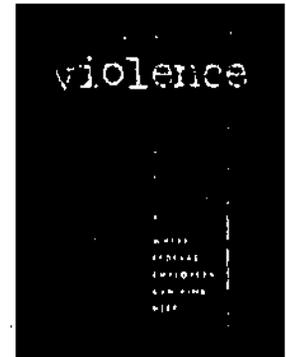
Currently, more than 65,000 Americans are awaiting an organ transplant. Last year, almost 5,000 Americans died while waiting for an organ to become available. This amounts to an average of 13 citizens each day. In 1997, the Department of Health and Human Services, in partnership with the Office of Personnel Management, implemented a Governmentwide campaign to encourage Federal employees to consider organ donation. On September 24, 1999, the President signed P.L. 106-56, *Organ Donor Leave Act*, to increase the amount of paid time off allotted for Federal employees who serve as organ donors from 7 days to 30 days each calendar year. OPM helped draft this new law that will enhance the Federal Government's leadership role in encouraging organ donations by making it easier for Federal employees to become donors and become part of this life saving effort.

## Domestic Violence.

In February 1999, we published a guide on *Responding to Domestic Violence: Where Federal Employees Can Find Help*. This guide provides concrete advice for the employees who are victims, for friends and co-workers, and for their supervisors. It also guides the supervisor through an array of resources and management tools that can be brought to bear in a workplace violence situation. The guide has received widespread recognition, including an endorsement from the Chairman of the Joint Chiefs of Staff. It complements our earlier publications, including *Dealing with Workplace Violence: A Guide for Agency Planners*, and *Handling Traumatic Events: A Manager's Guide*. We also expanded our website to include a section on *Responding to Domestic Violence*. (<http://www.opm.gov/workplac/html/domestic.html-ssi>)

## Patients' Bill of Rights (PBR).

Beginning our PBR initiative in 1998, we took a collaborative and flexible approach that recognized and adapted to the different health carrier environments and delivery systems that characterize the Federal Employees Health Benefits Program (FEHBP). During FY 1999, our specific activities built upon the work we did in 1998 by requiring carriers to provide the continuity of care and access to medical records protections outlined in the PBR, and publishing final regulations that prohibit health plans from limiting the disclosures physicians may make to patients regarding treatment options. In FY 1999, we addressed growing concerns about the quality of managed health care by completing the implementation of the Patients' Bill of Rights across the entire FEHBP, which covers almost nine million Federal employees, retirees and their families. We set a standard for the nation and demonstrated the feasibility of providing these protections to all Americans. Thus, we improved an already progressive health benefits program by working in partnership with the health carriers and focusing on the ultimate outcomes of patients' rights rather than on process. Our efforts



President Clinton and Director Lachance during Patients' Bill of Rights Signing ceremony.

*We continue to promote building collaborative labor-management relations and lead the Government in improving operations by helping agencies work effectively with Federal labor organizations.*

have been recognized by the White House, the FEHBP health carriers, and medical associations.

### **Long-Term Care Insurance.**

The President made long-term care (LTC) one of his priorities for improving health care in the United States and has looked to OPM to serve as a model employer by making sound LTC products available to Federal employees and retirees. We responded by working with staff and consultants for the Department of Health and Human Services to develop a legislative proposal to enable us to contract for these products. Our proposal for a LTC program was introduced in the Congress in January 1999. Several alternative proposals were introduced and we are now working with the Congress to develop consensus. Upon enactment of this important legislation, we will develop the necessary implementing regulations, begin an educational initiative for the affected population, and make LTC insurance available to Federal employees and their qualified relatives.

## **► Building collaborative labor-management relations.**

In 1993, the President signed Executive Order 12871, and called for the creation of labor-management partnership councils throughout the Executive branch. It also created the National Partnership Council, chaired by the Director of OPM. We continue to promote building collaborative labor-management relations and lead the Government in improving operations by helping agencies work effectively with Federal labor organizations. We also regularly consult at the national level with labor organizations, agency managers and labor relations officials in the development of human resource policy and on Government rules, regulations, and binding directives affecting conditions of employment.

### **Memorandum Reaffirming the President's Commitment to Partnership.**

Throughout 1999, we provided extensive support to the White House, agencies, and unions in their discussions addressing labor-management partnership. These discussions culminated in the President issuing a memorandum on October 28, 1999, reaffirming his commitment to partnership and establishing a series of next-steps for agencies and their unions. The President called on Federal agencies to develop a plan with their unions for implementing his memorandum and Executive Order 12871. He also directed agencies to report on the nature and extent of their efforts to achieve the goals established by the memorandum and the Executive Order 12871.

### **National Partnership Council.**

The National Partnership Council, which is chaired by the Director of OPM, successfully accomplished all of the goals it set out in its 1999 Strategic Plan. We continue to oversee the National Partnership Council's Research Project, the most comprehensive study yet attempted to measure the growth and development of partnership at several different Federal agencies. The Council's findings and a final report are expected in 2000. We also worked with the National Partnership Council to sponsor two Skills-Building Workshops in 1999, in an effort to link unions and agencies with the skills and tools they need to make effective partnerships a reality.

## John N. Sturdivant National Partnership Awards.

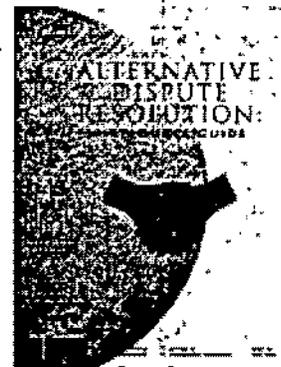
In September 1999, we presented the John N. Sturdivant National Partnership Award to six labor-management teams for their successful efforts at improving Government service and saving tax dollars. By honoring the hard work of these labor-management partnerships, the Council believes it will motivate others to use the partnership approach to achieve a better Government.



Director Lachance presents a John N. Sturdivant National Partnership Award during a September 1999 ceremony at OPM.

## Alternative Dispute Resolution (ADR).

In FY 1999, we presented the first-ever OPM Director's Awards for Outstanding ADR Programs. Seven awards were presented at a ceremony held in July 1999, showcasing outstanding ADR programs across the Government which had established non-traditional approaches to settle labor-management differences, thereby precluding costly, formal administrative procedures and reduced productivity losses common in litigation. We also updated and expanded our publication, *Alternative Dispute Resolution: A Resource Guide* in July 1999.



## ► Improving financial management.

We are committed to continuous improvement in all of our financial management operations, systems, policies and procedures. Over the past few years, internal and external reviews and audits have identified internal and management control weaknesses in our financial administrative and trust fund areas. We strengthened our management of our administrative and trust fund (retirement, health benefits, and life insurance) financial management systems during FY 1999. Our Strategic and FY 1999 Performance Plans included several goals that reflect the importance we place in resolving these management challenges.

1) The FY 1998 financial statements for the employee benefit programs received unqualified audit opinions for the first time, and most material weaknesses in management and internal controls in their related financial systems were either closed or downgraded to reportable conditions. For FY 1999, we received an unqualified audit opinion on all the employee benefit trust funds' financial statements—all multi-billion dollar programs.

2) We made significant progress toward resolving the material weaknesses identified in our administrative systems. While we have not fully resolved these weaknesses, the Office of the Inspector General's audit report noted the progress we made in a number of key areas. We will continue to work on these as planned in FY 2000.

3) We implemented a new transaction-based financial system for the retirement, health benefits and life insurance programs.

19/

*Our customers said they were well-served in timeliness and fairness of payments and in the clarity and accuracy of information we provided them.*

*OPM held its first Strategic Leadership Summit March 9 and 10, 1999. This meeting of all OPM supervisors, managers, and executives was designed to improve communications across OPM and our ability to implement our Strategic and annual plans.*

## *Maintained and sustained*

In addition to the priorities we established at the beginning of the year, we of course continued to work on ongoing responsibilities, and responded to new priorities established by the Administration. This section describes some of the highlights in these areas, as well as key accomplishments in our internal operations.

### **Serving Federal Retirees.**

Customer satisfaction with the processing of retirement and survivor benefit claims, as measured by our annual satisfaction surveys, remained high during 1999. These results were confirmed independently by the American Customer Satisfaction Index (ACSI), an econometric index created by the University of Michigan that has been used by the private sector to measure customer satisfaction since 1994. Retirement Program annuitants, who had a transaction within the past year, were asked questions about:

- ▶ overall satisfaction with service
- ▶ timeliness of payments
- ▶ fairness of benefits
- ▶ accessibility, clarity, accuracy of information
- ▶ ease of use and convenience of the telecommunication system
- ▶ timeliness of responses to inquiries

Our customers gave us an overall score of 75, on a scale of 0 - 100 points, a score that is 3 points above the overall ACSI — which is primarily made up of private sector companies — of 72. It is also 6 points above the national average for public sector organizations. Further, 64 percent of the survey respondents said that they were more satisfied with our services than they were two years ago.

Our customers said they were well-served in timeliness and fairness of payments and in the clarity and accuracy of information we provided them. In addition, we received high marks from customers on the timeliness of responses to inquiries. Customers did, however, say we could improve access to information, make our toll-free telephone system easier to use and more convenient, and improve how we handle complaints.

### **OPM Strategic Leadership Summit.**

OPM held its first Strategic Leadership Summit March 9 and 10, 1999. This meeting of all OPM supervisors, managers, and executives was designed to improve communications across OPM and our ability to implement our Strategic and annual plans. The 1999 Summit featured workshops on each of OPM's four external strategic goals and on its internally focused fifth strategic goal. Four internal areas were targeted for follow-up action — supervisory training and guidance, information sharing, streamlined staffing, and partnership. A series of internal improvement action plans were developed and shared throughout the year. Feedback from the 1999 Summit attendees about the value of this meeting made it clear that it should become a regular event, and the second Summit was planned for March of 2000.

### **Y2K Readiness.**

The Office of Personnel Management was fully prepared for Y2K. We achieved 100 percent Y2K compliance for our mission-critical systems before the Governmentwide target date of March 31, 1999. We also tested and verified our

systems and demonstrated the readiness of our three High Impact Programs; Federal Retirement, Federal Employees Health Benefits, and Federal Employees' Group Life Insurance, well prior to the end of 1999, by conducting end-to-end testing with our partners. One hundred percent of our 107 mission critical systems were compliant, as were 100 percent of our 226 non-mission critical systems. During the Rollover Weekend, more than 300 OPM employees reported to work at our headquarters and outlying facilities to oversee the powering down and reactivation, evaluation and monitoring of IT systems. The very few problems that were found were quickly fixed prior to the return of the full workforce on January 3rd.

### **OPM's 10-Point Hispanic Hiring Plan.**

Based on the Governmentwide 9-Point plan, OPM developed its own internal Hispanic Employment plan — called the 10-Point plan — to improve the recruitment and development of Hispanics in the OPM workforce. Our plan encouraged OPM managers to recruit widely at all grade levels; nurtured our academic relationships with institutions who are part of the Hispanic Association of Colleges and Universities (HACU); established an agency internship program; designated Hispanic Employment Program Managers to oversee and implement our efforts; and raised awareness among OPM supervisors of their responsibilities in ensuring a diverse workforce. We have increased our Hispanic representation in our career SES staff from 2.6 percent in 1998 to 10.5 percent in July 1999.



Hispanic Association of Colleges and Universities (HACU) interns pause for a photo during a farewell ceremony at OPM in May of 1999.

### **Welfare-to-Work.**

As a participant in the Welfare-to-Work Hiring Initiative, we have hired 57 former welfare recipients—more than double our hiring commitment of 25.

### **Combined Federal Campaign (CFC).**

OPM oversees the Combined Federal Campaign (CFC) annual fund-raising drive—the largest workplace charity drive conducted in the world. Although 1999 figures are not yet available, in 1998 the CFC raised over \$206 million from nearly 4 million Federal civilian and military employees. The campaign has experienced steady increases over the past four years, and early indications are that 1999 results will exceed 1998.

### **Federal Executive Boards (FEB).**

We continued our oversight of the twenty-eight FEBs around the country. The Federal Executive Boards are interagency organizations that provide communication and coordination among local member agencies. FEBs develop partnerships with other public agencies at the Federal, State and local levels. In FY 1999, FEB contributions included:

- ▶ working with local agencies to update emergency preparedness and response procedures, some specific to natural disasters and terrorism;
- ▶ facilitating the donation of thousands of excess Government computers and printers to local schools and non-profit groups;
- ▶ developing Alternative Dispute Resolution (ADR) consortiums to avert possible litigation matters saving taxpayer dollars;
- ▶ sponsoring interagency training opportunities to reduce single agency efforts and saving additional taxpayer dollars; and
- ▶ filling a critical role in the implementation of the Combined Federal Campaign nationwide.

## ▶ Quality of Performance Data

Like all agencies, we are continuing to focus on the quality and reliability of the measures used to set and assess progress toward our goals. We emphasize formal, quantifiable methods for evaluating our effectiveness in accomplishing our objectives. We chose measures based on: 1) cost-effectiveness; 2) availability; 3) reliability and validity; and 4) meaningfulness to stakeholders. Our evaluation program emphasizes balanced, multiple measures that include effectiveness, timeliness, cost and customer satisfaction. Some examples of program measures include the balanced scorecard used to assess oversight reviews, usage statistics for information sites such as USAJOBS, increases in number of agencies providing family-friendly flexibilities, customer satisfaction from job seekers and annuitants, timeliness of new policy issuances, and financial savings from Governmentwide programs.

In addition to the program specific measurement information, we conduct two nationwide surveys periodically that enable us to track our impact over time. The *OPM Customer Satisfaction Survey* is given to two important groups of customers: all agency Human Resources (HR) directors; and a Governmentwide random sample of HR specialists. The survey includes questions about our policy leadership, technical assistance, information sharing, and service and product ratings. The first survey was given in 1998 and provided a baseline from which our progress can be tracked.

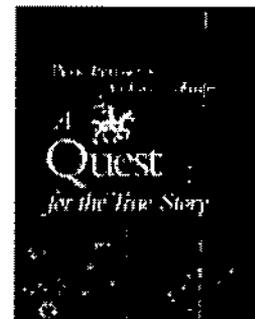
In 1999, we updated the survey to include questions about our newest initiatives and products and made a considerable effort to improve the response rate from 1998. For FY 1999, we did achieve a higher confidence level in the data from the HR specialists, by increasing our sample size. This increased sample size provided us with confidence level for reporting results of plus or minus two percentage points, at 95 percent confidence. Unfortunately, even though more than 50 percent of the HR Directors responded to our survey, the small overall population meant that we could not rely on the results with confidence. We therefore had to report that no data were available for a number of key indicators. We were disappointed that the specific actions we took in FY 1999 to increase response rates on both surveys did not result in such increases. We are reassessing our survey program for FY 2000, considering such options as changing the time period for survey administration, administering the survey only every two years to avoid survey "fatigue," moving to an electronic survey method, shortening the questionnaire for the HR Directors, and using a structured questionnaire over the telephone to a smaller sample of respondents.

The Merit System Principles Questionnaire (MSPQ) is distributed to a nationwide random sample of Federal employees in the last quarter of the year, with results timed to be used in oversight reviews during the subsequent year. This questionnaire includes questions on the perception of merit principles and human resources management (HRM) effectiveness, including effective use of employees. OPM program offices use the results as surrogate measures of certain objectives and as indicators of needed improvements in policy. However, because the MSPQ was not designed for measuring performance, results must be supported by related objective data from other sources to provide a complete picture of performance results. The FY 2000 survey (given in late 1999) was significantly shortened and the questions were reorganized and refocused on the respondents' immediate work unit and experience. As a result of these changes, we could not compare the results of this survey to prior year data. Therefore, several key indicators in this report are listed as having no data. The data from the new survey will be reported as the baseline in next year's performance report, and will be used to track performance over the following four years. Although this was a significant loss of data for the FY 1999 report, the changes in the survey will result in improved measurement in the future.

## ► Program Evaluation

We conduct targeted program evaluations, both internal and external, on specific program areas to measure our results and provide information for our strategic planning activities. Program evaluation activities are primarily conducted within the appropriate program offices and are supplemented by evaluations conducted by external contractors when necessary. In addition, our Office of Merit Systems Oversight and Effectiveness (OMSOE) conducts special studies on contemporary, crosscutting HRM issues. Our Office of the Inspector General also conducts periodic evaluation studies and audits of our programs which provide an additional source of internal feedback. We also use reports produced by external organizations such as the General Accounting Office, the Merit Systems Protection Board, the National Partnership for Reinventing Government, the National Academy of Public Administration and the groups that audit our trust funds. Examples of evaluation reports, their results, and the actions we took are listed below.

- *Poor Performers in Government: A Quest for the True Story* (OMSOE, January 1999) and *Federal Supervisors and Poor Performers* (MSPB, July 1999) indicated that only about 3.7% of employees are rated as true poor performers by their supervisors, but that supervisors did need additional guidance to deal effectively with this situation. As a result, we produced additional materials and tools, including a CD ROM, to assist supervisors with this management challenge.
- *Opportunity Lost: Openness in the Employment Process* (OMSOE, April 1999) indicated that nearly one third of jobs examined did not have adequate public notice. As a result we provided additional guidance materials to agencies and made improvements in the USAJOBS website.
- *Year 2000 Computing Challenge: OPM Has Made Progress on Business Continuity Planning* (GAO, May 1999) reported that OPM was progressing well on implementing its business activity planning strategy, but suggested some additional actions to assess risk and prepare



contingency plans. In response, OPM took actions to address these concerns, and GAO noted the improvements in their final report.

- ▶ *Report on Audit of the Office of Personnel Management's Fiscal Year 1998 Revolving Fund and Salaries and Expenses Accounts Financial Statements* (Office of the Inspector General, February 1999) acknowledged improvement in several areas and also provided management with recommendations which aided us in developing specific actions to resolve several material weaknesses.

## *conclusion*

OPM, like other agencies, can point to real change and improvement in our strategic planning and results measurement process because of the Government Performance and Results Act. We were pleased to be recognized as one of the first agencies to directly link our Congressional Budget Justification and Annual Performance Plan. We found that our first five-year Strategic Plan served as a useful framework for our annual planning, but we also learned that we needed to better focus on our priorities and clarify our intended outcomes. Our revised Strategic Plan – currently being reviewed by all of our stakeholders – reflects these improvements. We also recognize that we face many of the same problems as other Federal agencies in defining cost-effective, realistic measures for many of our programs, and that we must do more to ensure that the data we collect are available and reliable. We welcome these challenges, and will continue to use the Results Act to improve our performance and that of human resources management across the Government. Our combined efforts will result in a Government that works better and costs less.

We are also proud of the accomplishments described in this report to lead strategic human resources management. How we lead the Federal Government through this time of change will mean the difference between success and failure in making our Government more customer-focused and results-oriented.