1) This hearing focused on just one piece of the larger reorganization proposal. But even this one piece is pretty large. We are talking about eliminating one agency and greatly expanding the responsibilities of another. This proposal will not only greatly impact all the employees who work at OPM and GSA, but also the entire 2.1 million-person civilian federal workforce, and all federal retirees.

- What problems at OPM does this proposal solve?
  - Response: Moving policy functions to the Executive Office of the President affords an opportunity to elevate OPM’s policy and oversight functions with respect to the Federal workforce as well as its workforce management functions. There is broad acknowledgment that the statutory framework for the Federal employment system is outdated in many significant respects, and does not reflect the realities of the contemporary workforce. Most of OPM’s workforce and budget are currently dedicated to operational activities, and fewer resources are devoted to policy and oversight activities related to OPM’s core missions, including the hiring process, performance management, the development of rules and guidance concerning compensation, merit system compliance, and government-wide advisory functions relating to labor relations.

- How will implementing this proposal make our federal government more effective or efficient?
  - Response: This transition is seeking to create a more streamlined policy, oversight, and workforce management unit that is less expensive to operate. This could also support centralized coordination of all personnel policies for Federal employees, including certain personnel policy functions currently performed by OMB, eliminating the confusing matrix of who does what. Centralizing human capital operational services might provide economies of scale and significant cost-avoidance based on reductions in contract and IT duplication.

- What data can you provide this subcommittee to prove your point?
  - Response: OPM, GSA, and OMB are currently developing a qualitative business case and developing budget impacts through the annual budget process.

2)
At the HSAGC hearing on July 18 where Margaret Weichert testified, we heard a lot of answers along the lines of – ‘We still need to figure this out’ or ‘We need to work through that.’ One of my takeaways from that hearing was that more study and development is needed on these proposals.

- In your minds, has enough analysis been done to determine that this is a good idea?

  Response: Yes OPM has developed a strong vision to create a more efficient Federal government and we must now undertake the efforts to develop detailed implementation plans.

- Has enough research been done to determine that this is feasible?

  Response: OPM is currently engaged in strong interagency discussions to fully determine the best approach to implement this vision and best actions to avoid disruption of services to the extent possible.

- Will you commit to sharing with Congress all the analysis developed in the implementation of this proposal?

  Response: OPM will provide the committee with relevant and appropriate documents related to the implementation of this proposal.

3)

OPM and GSA submitted reorganization proposals to OMB as part of this overall reorganization effort that was set in motion by the President’s Executive Order last year.

- What were the key recommendations in the proposals your agencies sent OMB that would have improved agency effectiveness and efficiency?

  Response: OPM’s Agency Reform Plan focused on four areas:
  
  - Drive Government Efficiency – Leverage OPM’s human capital leadership role to drive Government-wide efficiency, cost savings, and/or improved coordination across the human capital space.
  - Reduce Burden on Agencies – Eliminate/reduce unnecessary or low-value reporting requirements and empower agencies through simplifying rules/systems and providing greater discretion and decision-making authority.
  - Improve Alignment of Existing OPM Program Functions – Improve coordination, efficiency, and/or customer-focused service delivery of OPM program functions by consolidating and realigning functions within OPM where duplication or inefficiency exists, or where synergies can be achieved.
  - Enhance OPM Mission Support Functions – Improve service, reduce costs, improve efficiency, and/or eliminate redundancy within the various mission-support/administrative functions that enable OPM program and mission delivery

- Did you have further conversations with OMB about those proposals?
Response: OPM met with OMB to discuss the proposals contained in the OPM Agency Reform Plan, and continue our dialogue to create a more effective and efficient government on behalf of the American taxpayer.

- Did either of your agencies propose anything along the lines of the OPM-GSA merger that was included in the final administration proposal? Why or Why not?

Response: These ideas were often a result of outgrowth from iterative interagency discussions and were not developed in silos.

- To the best of your knowledge, who came up with the idea to break apart OPM and move it to different agencies?

Response: This vision is not about breaking up any agency. These ideas were often a result of outgrowth from iterative interagency discussions and were not developed in silos.

- Will you provide the plan that your agency submitted to OMB so that Congress can better understand the development of the final proposals?

Response: This proposal is internal and pre-decisional executive branch correspondence.

4) When the President released his reorganization plan last month, it talked about some of the challenges that OPM has experienced in recent years such as data breaches, background investigations backlogs, and IT problems.

- Do you agree that the best way to improve and overcome those types of challenges is to dismantle OPM and move its functions to other agencies?

Response: The mission of OPM is not being dismantled. The goal is to better align how the mission is delivered in a more efficient and effective way on behalf of the American taxpayer.

- What shows us that moving these functions is going to improve their outcomes? Will DOD automatically be better than OPM at background investigations? Does GSA have better cybersecurity than OPM?

Response: We look forward to continuing the dialogue with Congress to show how we will be able to deliver on our mission in a more effective and efficient way.

5) A merger of two agencies is not just a merger of people. It is also a merger of systems and data. We all know the federal government’s less-than-perfect track record on Information Technology (IT) issues. A merger such as this can’t be successful unless an IT solution is found and developed. I know my staff has been told that there are “a lot of Shared platforms” but “a lot” is not everything.
• What can you share about your work to determine if the IT systems at these agencies can be merged?

Response: A robust and detailed analysis of the proposed merger of OPM and GSA IT leadership and business functionalities is still ongoing to determine where similarities and differences occur.

• For example, what changes need to be made to the GSA systems so we know that data from OPM on retirement and health care accounts can be accessed?

Response: The migration of Retirement Services and the Healthcare and Insurance components of OPM would be in “Phase Two” of the proposed merger and that analysis is still ongoing.

6) This proposal eliminates the agency that is supposed to protect and nurture the federal workforce and merges its functions with a different agency. I know I have heard from several federal employee groups with great concerns about this proposal, and I imagine you are also aware of those concerns.

• What engagement have you had with your own employees and federal employee groups about this proposal and its impact?

Response: I personally met with every office in OPM to discuss the impacts of this proposal. I also took any questions from employees to address their concerns.

• What is your strategy to engage with those groups if you are able to move forward with these proposals?

Response: I will continue to update the OPM workforce on the proposal’s impacts as we move forward with implementation.

• Can this proposal be successful without acceptance and understanding from federal employees?

Response: In my conversations with OPM employees I believe there is a full understanding of the proposal’s impact on OPM and its workforce. I will keep them updated as we move forward with implementation. I have taken great measures, and will continue to do, to ensure the employees of OPM have an understanding of the vision. I have faith that the career Federal civil service will faithfully implement this reorganization, as they do will all other laws and regulations.

• How are you going to deal with potential morale challenges that result from this merger?

Response: Employee morale is a critical aspect of mission success. That is why I continually emphasize this proposal is not a secret plan to fire employees, but rather an effort to streamline and improve government operations for employees, the entire civil
service, and the American taxpayer. I would hope Members of Congress would join me in dispelling the false narrative this reorganization is an attack on the civil service, when it is in reality an effort to deliver a more efficient and effective government on behalf of the American taxpayer.

7) A significant part of this proposal is presumably going to be moving personnel from OPM to the new GSA. I want to get your thoughts on how that would work for your average OPM employee.
   - Is John Smith, an OPM employee, just going to leave OPM on a Friday and show up for work at GSA on Monday, or, when John Smith transfers from OPM to GSA, does his administrative footprint come with him, i.e. the OPM IT processes, OPM administration, OPM rules?

      Response: Detailed processes for how the reorganization will be implemented are currently being finalized, but will seek to have the least impact on individuals as possible during a reorganization of this magnitude.

   - Based on your initial analysis, what will be the impact of this merger on the total number of employees currently at OPM and GSA? Do you expect it to be less, the same, or more?

      Response: We do not expect this merger to have any significant impact on the number of employees at OPM or GSA at this time.

   - How did you develop the answer to the previous question?

      Response: As we are simply moving an office from one agency to another, there should not be any significant impact on the number of employees.

8) Your agencies have a great resource in your Senior Executives. These are your frontline career leaders who are critical to a smooth-functioning federal government.
   - What feedback have you received from these individuals on this plan?

      Response: Discussions with the OPM SES are ongoing regarding this reorganization, and they are supportive of a desire to create a more effective and efficient mission delivery.

   - What is the SES involvement in any planning for the merger that is going on at this time?

      Response: Leaders from OPM, both political and career, are engaged in interagency discussions to develop the detailed scope and plan around implementation of the reorganization.

9) A key part of this proposal is moving the policy part of OPM into the Executive Office of the President, presumably OMB.
   - Does such a move politicize the federal civil service, why or why not?
Response: The Director and Deputy Director of OPM are already Presidential appointees. As I stated during the hearing, it is beneficial to the Federal workforce and the country when the head of an organization understanding human resources has a seat at the table. It shows the importance being placed on personnel and I view this as a positive step for the Federal government.

10) An issue that arose at both recent HSGAC hearings on the agency reorganization proposal were questions about what parts of the reorganization that the Executive Branch presently has the legislative authority to execute.

- What parts of this overall proposal to move OPM into GSA and move other parts of OPM to DOD and OMB does the Administration have the authority to execute on without legislation to Congress?

Response: OPM is currently reviewing legal authorities to make this final determination.

- How did you determine that answer?

Response: Attorneys from the relevant agencies and OMB are engaged in interagency discussions to review current authorities.

11) Last Congress, I cosponsored the Program Management Improvement and Accountability Act (PMIAA) with Senator Ernst. Among other things, the bill, which is now law, instructs OPM to create a formal job series and career path for program managers in the federal government. Recently, OMB released guidance on implementing the law, and it has asked that OPM provide its implementing recommendations for the job series and career path by Q4 of FY 2018.

- Are you committed to creating a formal job series and career path for program managers?

Response: Yes, I am. In accordance with the PMIAA, OPM has 180 days from the issuance of the OMB guidance on June 25, 2018 to complete regulations that identify key skills and competencies needed for a program and project manager in an agency; establish a new job series, or update and improve the existing job series, for program and project management within an agency; and establish a new career path for program and project managers. OPM will complete these requirements by Q1 of FY 2019. OPM is also required to identify key skills and competencies for program and project managers.

- Will the reorganization cause any delays in meeting your obligations under PMIAA as outlined in OMB’s Guidance?

Response: OPM does not expect there to be any delays.
What benefits do you think the federal government will achieve once the job series and career path are implemented? Will this speed up the hiring process, improve retention, and ensure people get proper training and career development?

Response: OPM anticipates the occupational series and career path, once implemented, will improve agencies' talent acquisition and management activities, including talent development. The consistent use of the series and competencies should improve agencies' ability to speed hiring; however, both the timeframe for hiring and retention are impacted by other factors (e.g., employee engagement).

Will you commit to following up with my staff to provide an update regarding your implementation efforts and what effect the reorganization effort might have on that implementation?

Response: Yes, I will.

OMB’s Guidance also said OPM may create or enhance a job series or a job identifier.

Please explain the difference between a job series and a job identifier. What is the purpose of a job identifier, and what does OPM currently plan to do in this regard?

Response: A job (occupational) series is a subdivision of an occupational group/family that describes positions in a similar line of work and outlines the qualification requirements for the corresponding series. A job identifier is a code representing the type of work performed in a variety of occupational series/groups. The job identifier allows us to also better track work that is being performed across various occupations series.

Will OPM establish the job identifier and the job series?

Response: OPM will consult with agencies and review the relevant information to determine the appropriateness of establishing a new job series, or updating and improving an existing job series and/or establishing a job identifier.

OPM recently finalized a rule generally known as the Flexibilities Rule where the stated purpose was to correct asymmetries in the insurance market for Federal employees and annuitants. One of the issues related to the rule are the impact of Service Benefit Plans on FEHB plan costs.

- What is OPM doing to encourage non-SBP plans to stay in the FEHB and/or new carriers to participate?

Response: In the FEHB Program Call Letter, OPM encouraged FEHB carriers to consider a range of strategies to enhance the quality and affordability of their health benefits not only by making changes to existing plans but by proposing new plan options. We also discussed the new agency strategic objective of improving the quality of
healthcare received by enrollees, increasing the affordability of plans, and enhancing the portfolio of available FEHB plans. Finally, OPM is exploring opportunities to expand plan choices, such as adding a new carrier for the Indemnity Benefit Plan.

- What other flexibilities, if any, does OPM consider to be important in reducing regulatory burden?

Response: OPM continually assesses ways in which the FEHB Program can innovate to meet the needs of Federal employees, annuitants and their families, while maintaining affordable and quality benefit options. OPM’s FY 2018-2022 strategic plan includes Objective 1.4, to improve healthcare quality and affordability in the FEHB Program with 75 percent of the enrollees in quality, affordable plans. One strategy to reach that objective is to improve the portfolio of available FEHB plans to increase the proportion that are quality, affordable plans. OPM has determined that our current legislative authority under 5 USC 8903 is sufficient to promote innovation and competition in the FEHB Program.

- How does this rule ensure that negative impacts such as program destabilization, increased premiums, and fewer consumer choices will not occur?

Response: As detailed in the Expected Impact of Final Changes section of the final FEHB Program Flexibilities rule, we expect that the regulatory change will have a positive effect on market dynamics by potentially increasing competition among healthcare carriers. This expectation is based on the assumed impact of the introduction of additional options and on OPM’s focus, as set forth in the agency’s Strategic Plan, on increasing quality and affordability in the FEHB Program.