



UNITED STATES OFFICE OF PERSONNEL MANAGEMENT

**STATEMENT OF
THE HONORABLE JOHN BERRY
DIRECTOR
U.S. OFFICE OF PERSONNEL MANAGEMENT**

before the

**SUBCOMMITTEE ON FINANCIAL SERVICES AND GENERAL GOVERNMENT
COMMITTEE ON APPROPRIATIONS
UNITED STATES HOUSE OF REPRESENTATIVES**

on

OFFICE OF PERSONNEL MANAGEMENT FY2012 BUDGET REQUEST

APRIL 1, 2011

Chairwoman Emerson, Ranking Member Serrano, and Members of the Subcommittee:

I appreciate the opportunity to testify before you today on the President's Fiscal Year 2012 Budget request for the Office of Personnel Management (OPM). This budget will help us achieve our vision to recruit, retain, and honor a world-class workforce to serve America. Our people are our greatest advantage. To have a government that delivers the best services to the taxpayers in the most efficient way possible, we need to invest in them.

Over the past two years, we have made significant progress toward making the Federal Government the model employer for the 21st Century. As directed by the President, we are spearheading a government-wide initiative to reform recruiting and hiring to bring the best and brightest into the Federal civilian workforce.¹ To that end, I am also committed to leading by example and making OPM a model employer.

We have moved from a complicated essay-based application process to accepting resumes and cover letters. We have reduced job announcements to a reasonable length and put them in plain language. We are contacting employees at four points in the process and reducing the time to hire so we do not lose good people. And in 2010, when government agencies hired fewer people overall, with help from President Obama's Veterans Employment Initiative, we hired 2,000 more veterans than in 2009.²

¹ Presidential Memorandum, *Improving the Federal Recruitment and Hiring Process*, (May 11, 2010).

² From OPM Enterprise Human Resources Integration – Statistical Data Mart (EHRI-SDM).

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I also want to note our success in meeting Congress's goal to speed up clearance investigations for individuals the Federal Government wants to hire. When OPM took over the Background Investigation Program pursuant to the *Intelligence Reform and Terrorism Prevention Act of 2004* (IRPTA), we inherited over a half million pending cases and a backlog of 133,095 cases that were over a year old. Now, we have cleared the backlog and the security clearance program has been removed from the Government Accountability Office's (GAO) 2011 High-Risk Series.³

We are supporting agencies as they work to improve employee wellness and engagement, and we are facilitating greater partnership between agencies and employee groups. We are also working to implement the provisions of the *Telework Enhancement Act of 2010*,⁴ to help agencies update and implement their telework policies in order to establish a flexible and more efficient workforce, reduce agency overhead costs, and help ensure continuity of operations in the event of bad weather, disaster, or terrorist attack.

Our budget request for FY 2012 will help us build on these accomplishments and achieve our strategic goals to Hire the Best, Respect the Workforce, Expect the Best, and Honor Service.

FY 2012 Budget Request

The President's budget is a responsible plan for ensuring that we can live within our means while at the same time making critical investments to win the future. The budget makes tough choices to cut spending and cut the deficit by calling for a five-year non-security discretionary freeze, saving more than \$400 billion over the next ten years and bringing domestic discretionary spending to the lowest it has been as a share of the economy since President Dwight D. Eisenhower.

OPM's budget makes tough choices as well, and recognizes challenges the agency faces in FY 2012. OPM's General Funds request for basic operating expenses totals \$100,027,000, which represents a decrease of \$2,944,000 below the annualized amount provided by the continuing resolution for FY 2011. For the administration of civil service retirement and insurance programs, OPM also requests a total of \$132,523,000 in transfers from the three earned benefit Trust Funds, an increase of \$19,786,000 above the annualized FY 2011 limitation.

In response to the financial challenges our Government is currently facing, OPM has made the difficult decision to suspend our retirement systems modernization (RSM) program. The full automation of the Federal retirement process is needed to bring better and more efficient services to current and future retirees and we have endeavored for many years to fully implement these changes. However, we can better achieve these goals by getting back to the basics of retirement services rather than managing improvements through a large scale project. Eliminating the RSM program as a formal budget item will save at least \$2 million in administrative costs while we

³ Dodaro, Gene L. *GAO's 2011 High-Risk Series: An Update*. ([GAO-11-394T](#)). (February 17, 2011).

⁴ Public Law 111-292 was signed into law on December 9, 2010.

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conduct a bottom up review of the Retirement Service process and maintain a focus on achievable goals to automate the retirement processing system.

Also, the planned second phase of OPM's financial system, Consolidated Business Information System (CBIS), to encompass the earned benefit trust funds has been placed on indefinite hold to address and remediate critical issues exposed during deployment of the system in FY2010. This will result in a savings of approximately \$41 million over the lifetime of the project.

The enactment of the Affordable Care Act (ACA) designated OPM as the agency responsible for approving and overseeing multi-state health plans to be offered to the American public on the state exchanges.⁵ In addition, the Act extended eligibility for participation in the Federal Employees Health Benefits Program and the Federal Employees Group Life Insurance Program to employees of Tribes and Tribal organizations.⁶ OPM has consolidated its existing and new healthcare and insurance responsibilities into a new Healthcare and Insurance (HI) organization to help us carry out these responsibilities more efficiently while protecting the integrity of our existing operations.

Our budget proposal also includes several other initiatives to help us realize savings in the long-term. We have launched a wellness program with the General Services Administration and the Department of Interior that offers biometric screening, wellness classes, smoking cessation programs, and a health clinic. In addition, the Health Claims Data Warehouse (HCDW) project is an initiative to collect, maintain and analyze data from health claims under the Federal Employees' Health Benefits Program (FEHBP), including drug utilization from Pharmacy Benefit Managers (PBMs), the Pre-existing Conditions Insurance Program (PCIP), and Multi-State Plan options on an ongoing basis. And let me be clear that patient privacy is foremost in our minds and it will be vigorously protected.

The budget also proposes that OPM be given authority to streamline pharmacy benefit contracting within the FEHB program and leverage enrollees' purchasing power to reduce costs and obtain greater value for enrollees and the American people. We estimate this will save approximately \$69,000,000 in the first year and \$1,800,000,000 over ten years.

As this Administration's chief people person, I again want to express my appreciation for the opportunity to testify in support of this budget request which will help ensure that we are able to provide the best value to the American people as we continue to recruit, retain, and honor a world-class workforce to serve America.

Thank you, and I'll be glad to answer any questions that you may have.

⁵ 42 U.S.C. 18054

⁶ Section 409 of the Indian Health Care Improvement Act (Public Law 94-437), as amended by section 157 of S. 1790, the Indian Health Care Improvement Reauthorization and Extension Act of 2009 (IHCIREA). Section 10221 of ACA (Public Law 111-148) incorporated IHCIREA.