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# NOMINATION OF HON. KATHERINE ARCHULETA

# HEARING

BEFORE THE

## COMMITTEE ON HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS UNITED STATES SENATE

ONE HUNDRED THIRTEENTH CONGRESS

FIRST SESSION

NOMINATION OF KATHERINE ARCHULETA, TO BE DIRECTOR OF THE OFFICE OF PERSONNEL MANAGEMENT

JULY 16, 2013

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# NOMINATION OF HON. KATHERINE ARCHULETA

**TUESDAY, JULY 16, 2013**

U.S. SENATE,
COMMITTEE ON HOMELAND SECURITY
AND GOVERNMENTAL AFFAIRS,
*Washington, DC.*

The Committee met, pursuant to notice, at 3:31 p.m., in room 342, Dirksen Senate Office Building, Hon. Jon Tester presiding.

Present: Senators Tester, Begich, Coburn, Johnson and Portman.

## OPENING STATEMENT OF SENATOR TESTER

Senator TESTER. I will call to order the hearing of the Senate Committee on Homeland Security and Governmental Affairs.

I am doing this without the Ranking Member being here because I know that Senator Udall has an important committee meeting that he is chairing. So that is the reason why.

I just want to convene this afternoon's hearing to consider the nomination of Katherine Archuleta to lead the Office of Personnel Management (OPM). Senator Mark Udall, who is a longtime friend of Ms. Archuleta is here to introduce her.

You may proceed, Senator Udall.

## OPENING STATEMENT OF SENATOR UDALL

Senator UDALL. Thank you, Senator Tester, Chairman Tester.

You and I know Ranking Member Portman well, and I am sure he will give us, retroactively, permission for moving ahead. That is partly because we have such a great candidate here to head the Office of Personnel Management.

I am truly proud to introduce Katherine Archuleta to your Committee and to the Congress as you consider her nomination. She has an impressive range of accomplishments that make her completely, totally well qualified to be the Director of OPM, and I am confident that she will do a tremendous job leading this agency.

The Office of Personnel Management performs critical functions affecting the entire Federal workforce which, in turn, directly affects the quality of work at executive branch departments and agencies.

And I know all of us want Federal agencies, Mr. Chairman, to work efficiently to provide the greatest value to the American taxpayer. Having a talented and motivated workforce is the key to being successful in that mission, and that is why we need a leader like Katherine at the helm.

If you think about it, OPM's responsibilities range from employee recruitment and retention, managing pension benefits, and conducting hundreds of thousands of investigations and security clearances for current and future Federal employees. We need someone managing these responsibilities who is sharp, hardworking, and dedicated to the goal of making government work as effectively and efficiently as possible. Katherine, I can attest, embodies all of these attributes.

I have known her for many years. We were just talking about how many years. We decided we would not talk about how many years; we would talk about the quality of those years and what we have been able to accomplish together.

I have tremendous respect for her. She has an impressive resume. She has dedicated her life to public service. She has always worked to give back to whatever community or State she has found herself in and, most importantly, to the country we all love—the United States of America.

She spent the early part of her career working for the Denver Public Schools. She continued serving the people of Denver at City Hall in two separate administrations—first, with Mayor Federico Peña, and over a decade later she came back as a senior advisor to then-Mayor John Hickenlooper.

She has extensive experience here in Washington, D.C., as well. She served as Chief of Staff to U.S. Secretary of Transportation Peña and, recently, to a good friend of mine who I served with in the House and who served as our Secretary of Labor, Hilda Solis.

Finally, interspersed throughout her career in government, she has consulted with charities, nonprofits, cities, regional governments and businesses to help them pursue community development, workplace diversity and crisis management strategies.

As I look at all of this, Mr. Chairman, there is a common thread, when you look at Katherine's career and her successes, and that is her capacity and her ability to work with individuals and organizations, identify priorities and then, notably, create the successful environment for the wide-ranging implementation of those priorities. That is who we need at the helm of OPM, and it is what our citizens and what Americans expect and demand.

What I am saying is that throughout her career she has demonstrated a wide capacity to lead, to motivate, and to work constructively with a diverse range of people and personalities.

And I hope anybody from the East does not take this in the wrong, but I am going to say that as a true westerner, Katherine's personal integrity, strong sense of right and wrong, and the obvious pride that she takes in her work make her a top-notch choice to lead our Federal workforce.

And, again, as you can tell, Mr. Chairman, Senator Coburn and Senator Johnson, I am really honored to have the privilege to introduce Ms. Archuleta to this Committee. She is eminently qualified for the role the President has nominated her for. I fully endorse her nomination, and let me say that I hope the Committee will act swiftly to send her nomination to the full Senate.

Thank you, Mr. Chairman.

Senator TESTER. Well, Senator Udall, thank you for your statement and thank you for joining us. As I said earlier, I know you

have another committee to chair. We appreciate your taking the time and appreciate your support for Ms. Archuleta.

And I know that Senator Bennet also sends his regrets that he could not be here, but he has filed a statement for the record on your behalf.[1]

So thank you very much.

Katherine Archuleta has filed responses to a biographical and financial questionnaire, answered pre-hearing questions submitted by the Committee and had her financial statements reviewed by the Office of Government Ethics. Without objection, this information will be made a part of the hearing record, with the exception of the financial data which are on file and available for public inspection in the Committee offices.

Ms. Archuleta has a long history of public service and wide-ranging experience managing large groups of employers as well as navigating the personnel process at the State, local and national levels.

Some of this you will have heard already from Senator Udall.

Ms. Archuleta served as chief advisor to two different cabinet secretaries—first, Chief of Staff to then-Secretary of Transportation Federico Peña and, then later, as Chief of Staff to then-Secretary of Labor Hilda Solis.

Ms. Archuleta also served as Senior Policy Advisor in the United States Department of Energy (DOE).

I want to thank you for being here today, Ms. Archuleta. Thank you for joining us. Congratulations on your nomination.

Senator Portman is not here, but I would certainly ask Senator Coburn if he has an opening statement.

Senator COBURN. I will defer. I have a meeting. Actually, Senator Portman is here.

Senator TESTER. He is here, OK, and Senator Coburn deferred.

I have just got done with my opening statement on Katherine Archuleta, Senator Portman, if you would like to proceed.

**OPENING STATEMENT OF SENATOR PORTMAN**

Senator PORTMAN. Thank you. I appreciate the Ranking Member of the full Committee giving me a moment here.

I just talked to one of your Senators from Colorado, Mr. Udall, out in the hall about you. He said he introduced you. And we are glad to have you here.

I will try to keep this short because I know we have a lot of questions, and I see I have a couple colleagues here.

But I will say you have been nominated to lead an agency that has a lot of important responsibilities in the years ahead, including in the next couple years. It is core to how we recruit people, train people, and retain the Federal workforce, which is a focus of Senator Tester and my Subcommittee.

And, additionally, you have huge health care responsibilities coming out of Obamacare but also existing responsibilities for Federal employees and also, obviously, implementation of the Affordable Care Act (ACA).

You will be charged with tackling management challenges such as this pension claims backlog that our Subcommittee is very inter-

[1] The Statement for the Record from Senator Bennet appears in the Appendix on page 108.

ested in and the ineffectiveness of some of the security background investigations that Senator Tester and I did serious legislation on.

I look forward to hearing how your background prepares you for these tasks because they are incredibly important.

And, again, I look forward to having the opportunity to ask some more questions as we get into it and would now, Mr. Chairman, like to turn it back to you and my colleagues.

Senator TESTER. Well, thank you, Senator Portman.

And, Senator Johnson, do you have an opening statement?

Senator JOHNSON. No, Mr. Chairman.

Senator TESTER. OK. Well, again, I want to thank our witness today, Ms. Katherine Archuleta.

Our Committee rules require that all witnesses at nomination hearings give their testimony under oath.

Ms. Archuleta, would you please raise your right hand?

Do you swear the testimony you are about to give to the Committee will be the truth, the whole truth and nothing but the truth; so help you, God?

Ms. ARCHULETA. I do.

Senator TESTER. Let the record reflect that the witness answered in the affirmative.

Ms. Archuleta, you have some family members here today. You are certainly welcome to introduce those folks if you want and you may proceed with your statement.

## TESTIMONY OF KATHERINE ARCHULETA[1] TO BE DIRECTOR, OFFICE OF PERSONNEL MANAGEMENT

Ms. ARCHULETA. I will proceed with my statement and introduce them during my statement.

Thank you, Chairman Tester, Ranking Member Portman, and Members of the Committee for the opportunity to appear before you today. It is a privilege for me to be considered as the President's nominee to be Director of the Office of Personnel Management, and I thank the Committee for its consideration of my nomination.

In addition, I want to thank my home State Senator, Mark Udall, for his gracious comments. We have known each other for a long time, and Senator Udall is an incredible leader for the State of Colorado, and I am certainly honored to have been introduced by him today.

I, especially, want to recognize and thank my husband of 33 years, Edmundo Gonzales, and my dear friend, Loida Tapia, who joins me here today. I also want to thank my daughter, Graciela who, unfortunately, could not be here today.

Throughout my career, I have given back to my community and my country. From my time in local government to my various roles in senior leadership in Federal Government, I have been passionate about public service. I have been a leader and a manager, a small business owner and an employee, a communicator and a listener. I have made tough choices about budgeting as well as decisions about recruiting outstanding individuals and removing those who have failed to perform. I believe in the value and the honor of men

[1] The prepared statement of Ms. Archuleta appears in the Appendix on page 31

and women who choose to serve their country, both in and out of uniform. And, if confirmed, I will approach my work as the Director of OPM with that same sense of service and inspiration.

Having worked at three cabinet-level agencies, I know that the one common thread at every agency is that you need top talent working at top performance to achieve your mission. That starts with recruitment; that is, inspiring people from all communities and all backgrounds to join in the noble task of self-government in our democracy and hiring the very best from all who step forward.

Talent must be sustained, and employees require training throughout their careers. A sense of personal growth and contribution helps keep our best employees working in government. Employees' development over time and their reports of their experience with the Federal human resources (HR) system are a constant feedback loop to their managers. Such feedback, read poorly, can frustrate and demoralize our workforce, and read right, it can support and improve our workforce.

As Director, I will lay out three important goals based on my desire to strengthen OPM's fulfillment of its mission—utilizing top talent, encouraging innovative approaches and renewing the commitment to strong leadership.

One of my first priorities will be to build on OPM's health care experience, standing up the Multi-State Plan (MSP) Program and implementing the provisions of the Affordable Care Act. I realize the importance of the timely establishment of easily understandable health care plans.

I will also prioritize the improvement of the Agency's information technology (IT) systems. In past attempts to transition retirement services into a digital system, OPM fell short. Identifying new IT leadership, using existing agency expertise, and seeking advice from experts from inside government and the private sector, I believe that OPM can successfully update its IT systems. If confirmed by the Senate, I will work with my senior management team to create a plan, within 100 days of assuming office, on modernizing IT at OPM. I will add a chief technology officer (CTO) position specifically focused on assessing and improving the technology products that OPM uses.

Finally, if confirmed, I will work throughout my tenure to inspire the next generation of Americans to experience the nobility and the excitement that public service offers. I will work to strengthen and improve the services offered by OPM for the Federal community as part of its core mission, from resume to retirement.

At this time, I would be pleased to answer any questions the Committee may have.

Senator TESTER. Thank you, Ms. Archuleta.

We will put 5 minutes on the clock and have as many rounds as we need.

I will start my questioning with the standard question that we ask of all nominees. Is there anything you are aware of in your background that might present a conflict of interest with the duties of the office to which you have been nominated?

Ms. ARCHULETA. None that I am aware of.

Senator TESTER. Do you know of anything, personal or otherwise, that would in any way prevent you from fully and honorably dis-

charging the responsibilities of the office to which you have been nominated.

Ms. ARCHULETA. None that I am aware of.

Senator TESTER. Do you agree, without reservation, to respond to any reasonable summons to appear and testify before any duly constituted committee of Congress if you are confirmed?

Ms. ARCHULETA. I do agree.

Senator TESTER. Thank you.

I have introduced legislation to add the loss of a child as a condition that allows an individual to receive time off under the Family and Medical Leave Act (FMLA). OPM could generate momentum for this small, but I think needed, bill by working with the President to establish an Executive Order (EO) to provide FMLA leave to a Federal employee in the case of losing a child, which may be, in my opinion, the most terrible circumstance that could happen to a family or a parent.

Will you commit to looking at the possibility and discussing it again when time allows if you are confirmed on this job?

Ms. ARCHULETA. Senator, I do commit to you to continue the discussions with you and Members of the Committee on this important issue.

I agree with you; there could be no greater loss than the loss of a child. And the workforce flexibilities that we need to offer to our employees during times of bereavement are important ones.

I know that there are some already in place, like annual leave and sick leave and donated time, but I would look forward to having further discussions with you on this important topic.

Senator TESTER. Well, thank you.

Look, you are not in the position yet to fully take control of the reins and explore all issues. Senator Portman talked about it in his opening statement, and that is the flaws and, really, inefficiencies in the process through which our government vets the folks who gain access to this country's most sensitive data.

What are your thoughts on the security clearance process and the need for reform?

Ms. ARCHULETA. Senator, I know that you and Senator McCaskill recently held a hearing on this important topic, which I followed.

With regard to the background investigations, OPM, as I understand it, has worked very closely with its partners—the Office of Management and Budget (OMB), the Department of Defense (DOD), and the Office of the Director of National Intelligence (ODNI)—to make sure that the backlog of background investigations has been reduced. And Federal Investigative Services (FIS), has in fact been able to do that—in fact, to the point that the Government Accountability Office (GAO) has removed it from the High Risk List.

I also believe, though, that much more needs to be done to continue the role of oversight, especially as it looks at its contractors. I know this is of great interest to you and to other Members of the Committee.

And I would work closely, if confirmed, with the partners to make sure that oversight continues and, in fact, work closely with the Inspector General (IG) to make sure that those background investigations are conducted properly, and that if there is any fraud

or falsification of those background investigations that the contractors or the persons responsible would be held responsible and would pursue the steps necessary.

I also understand that transparency and cost are very important issues and would work with the IG and the Director of FIS to make sure that the costs that are being charged to the FIS customers are clear and transparent and fully understood by the customer.

I look forward to working with OMB, DOD, and ODNI to make sure and advance the role that OPM plays in the background investigations and securing our Nation's most sensitive information.

Senator TESTER. Thank you.

There is a $2 billion fund with which OPM finances security clearance and background investigations. The OPM General Counsel has ruled that the current law precludes monies from the revolving fund to be spent on audits, investigations, and oversight activities. To say this drives me a little bit crazy is an understatement.

As a result, an audit has never been performed on a $2 billion revolving fund on their financial statements in their entirety.

There is legislation introduced by myself and others on this Committee, and included in the President's Fiscal Year 2014 budget proposal, to allow the revolving fund dollars to be spent on oversight activities. Do you support this?

Ms. ARCHULETA. Yes, sir. In my pre-hearing questions, I responded to this, and I will respond again in this testimony to say that I do support the use of those funds by the IG to conduct audits of the Federal Investigative Services.

Senator TESTER. Thank you.

I would also assume you would work closely with us to make sure that this comes to fruition.

Ms. ARCHULETA. Absolutely, sir.

Senator TESTER. OK. I will kick it over to you, Senator Portman.

Senator PORTMAN. Thank you, Mr. Chairman.

I am pleased to hear that because we got testimony saying that their hands are tied at the IG's office due to the current interpretation from OPM. So the commitment I hear you making today is that you share those concerns and that you will give the IG access to revolving funds. Is that correct?

Ms. ARCHULETA. That is correct, Senator.

Senator PORTMAN. With regard to health care, as I said earlier, you are going to have some significant responsibilities when it comes to managing health care programs. The Office already does, and it is taking on new ones. Hopefully, we will have time to discuss some of these programs in more detail, but before we do that let me get a better understanding of your experience and your background in this topic.

I listened to your testimony, and we have it before us. You talked about having some experience managing change in different capacities, and you indicated, as I understood it, that you made a commitment to have a chief technology officer position that currently does not exist at OPM.

Having said that, I do think experience is invaluable, particularly because you will be asked to hit the ground running. So I would like for you, if you could, for the Committee, to discuss your

background with managing health care programs and particularly managing change or reform efforts within the health care arena.

Ms. ARCHULETA. Senator, my experience of 35 years as a leader has offered me the opportunity to see a lot of different types of reforms in each of the institutions I worked. As a leader, I was responsible for overseeing that change and leading a team of experts in each of those areas.

I think the most important thing that a leader can do is assemble the right team, and I can assure you that as the Director of OPM I would assemble the right team that could advise me on the issues, especially technology reform, which I mentioned to you in my opening statement.

With regard to health care reform, I believe that OPM has on board, right now, the experts in health care implementation. The long experience that OPM has in implementing health care is one that I will rely on as the leader of OPM if I am confirmed.

My experience is one in which I will utilize the experiences I have had as a leader of major institutions, working with, as I have mentioned before, mayors, and Secretaries, and would utilize the teams that I have put in place to bring that expertise to the OPM.

Senator PORTMAN. So I kind of read between the lines there. You do not have the experience in health care, but you believe you can put together a team that does have it.

I would just suggest that this is probably your biggest challenge, particularly because under the Affordable Care Act, as you know, you are being asked to set up these Multi-State Plans. And one major concern is that they have to comply with State-level insurance requirements, which is going to be quite a challenge.

So, lacking that experience, how do you anticipate navigating through this process, given the diversity of requirements and regulations in each State?

Ms. ARCHULETA. As you know, Senator, the Affordable Care Act mandate to OPM to stand up the Multi-State Plan Program is one that has been in process already for 2 years. The timeline for the completion of that and notification of enrollees would be October 1. So a lot of work has already been done toward that effort.

As I said, the team that is in place at OPM is one that I would rely on, should I become the Director of OPM. I would rely on their expertise and inform myself immediately of the steps that have been taken.

Senator PORTMAN. We just learned the Administration wants to delay key components of the exchanges, specifically the Small Business Health Options Program (SHOP) exchange, until 2015 due to operational challenges. Of course, we know about the employer mandate as well.

We have heard that there are challenges in the Multi-State Plans, too. How confident are you that insurers will be able to offer these plans in the timeframe laid out by the Affordable Care Act?

Ms. ARCHULETA. In my briefings with the managers of the Multi-State Plan Program, I have been assured that they will meet their timeline, Senator.

Senator PORTMAN. And do you anticipate some more delays in this process as we have seen in others, and if so, how would you anticipate handling that?

Ms. ARCHULETA. Senator, I am not anticipating any of those delays. Again, I would point to the tremendous work that has been put in place and the collaboration between OPM and the Department of Health and Human Services (HHS) in making sure that they could stand up the Multi-State Plans in the time given.

Senator PORTMAN. With regard to the President's budget on changing the Federal Employees Health Benefits Plan (FEHBP), as you know, the Congressional Budget Office (CBO) has taken a look at that proposal and indicated that it would cost $1.8 billion more during the 10-year window.

My understanding is that the government cost is primarily a result of higher contributions toward increased premiums for Federal employees, retirees, and their families as a result of the proposal. This is in the President's budget, and it is something that OPM would be responsible for—seeking authority to contract with new types of plans.

In light of that CBO assessment—$1.8 billion over 10 years—can you tell me if you will continue to support this proposal that CBO has now scored that would have such a huge increase in cost to the Federal Government?

Ms. ARCHULETA. I have not seen the report by CBO, but I can assure you, Senator, that as the Director of OPM, if I am confirmed, I will review all the information before me and work with you to answer the questions and would be eager to have further discussions with you about this issue.

Senator PORTMAN. Great. Thank you, Ms. Archuleta.

Thank you, Mr. Chairman.

Senator TESTER. Senator Coburn.

**STATEMENT OF SENATOR COBURN**

Senator COBURN. Well, congratulations on your nomination. You have a very interesting background and a varied history.

I have just a couple comments on what you said. Why—and maybe, Senator Tester, you can explain this to me. IG is funded at OPM. Why would they not have access to the revolving fund out of their original funds?

Senator TESTER. What we were told in a Committee meeting was that to fund the investigation, they needed money to do that and that they could not get any money to fund that investigation from the general fund, and the General Counsel would not allow those dollars to be spent on audits or——

Senator COBURN. But they could have used other funds?

Senator TESTER. Oh, they absolutely could have.

Senator COBURN. But they chose not to.

Senator TESTER. Yes.

Senator COBURN. All right. Thank you.

One of the things—when they were talking with you about background investigations and security clearances, you said you would hold the contractor responsible. I have heard that a lot in the last 10 years up here. What does that mean to you—holding a contractor responsible?

Does that mean terminating the contract?

Does that mean taking the contractor to court to get damages for when they did not perform?

What does that mean to you?

Ms. ARCHULETA. Senator, it means to me that in the review of the information or evidence, if a contractor has not performed or has falsified information; there would be a review of that contract and his or her performance, and appropriate actions would be taken. In some cases, that would mean debarment.

Senator COBURN. Yes. The other thing that I would be interested in—and I will talk with you in the office.

Ms. ARCHULETA. Yes, sir.

Senator COBURN. We have a meeting at 5. So I will get to ask a lot of questions that I will not get covered here today.

But, you know, how we buy things is one of our biggest problems in terms of not being smart about how we contract, about putting the rules in the contract. So we will visit about all that.

A recent story in Bloomberg explained that some major metropolitan cities across the United States are planning cutting their costs by enrolling their retirees who are not yet Medicare-eligible into the State exchanges. In concept, what do you think about the FEHBP plan being shelved in place of Federal employees just going into the exchanges under the ACA, at significant savings to the Federal Government?

Ms. ARCHULETA. I have not seen that Bloomberg article, Senator, but my reaction today would be that the Affordable Care Act was designed for individuals without insurance and small businesses who could not provide insurance to their employees.

I think there would need to be careful consideration before there was discussions about employees who had health care insurance, giving up that insurance to join the Multi-State Plans or other plans within the exchanges. It was not the designated purpose of the Affordable Care Act.

Senator COBURN. But you would agree if we did that there would be significant savings to the Federal Government?

Ms. ARCHULETA. As I said, sir, I have not seen that information. I would be glad to review that information and talk about it further with you.

Senator COBURN. In response to one of your questions that the Blue Cross-Blue Shield-funded study by Avalere, allowing more competition in the FEHBP program, could lead to higher costs for many enrollees.

Are you aware the CBO found the President's proposal for increased competition would increase the deficit?

In your testimony, you said that you were aware of that.

Ms. ARCHULETA. I am aware that such a study has been conducted. I do not know the details of that study.

Senator COBURN. OK. Fair enough.

FEHBP currently covers 8 million Federal employees or enrollees at a cost of about $30 billion a year. Next year, FEHBP will have to meet virtually all of the insurance requirements of the Affordable Care Act. And as they do that, the average cost of a health plan is going to increase and so will the cost of the average government contribution.

Do you have any sense of the rough cost—the total cost—of the increase in FEHBP outlays due to complying with the insurance exchanges in the Affordable Care Act.

Ms. ARCHULETA. Senator, I do not know the costs, but I know that the FEHBP is very concerned about providing the best health care services for the least amount of cost.

I also know that the discussions about modernization of FEHBP are ones that are supported by the OPM as well as by the President.

And I would look forward to having further discussions with you about what you think should be considered but also in moving forward on the modernization of the FEHBP.

Senator COBURN. OK. My time is expired.

Senator TESTER. Senator Johnson.

**STATEMENT OF SENATOR JOHNSON**

Senator JOHNSON. Thank you, Mr. Chairman.

Ms. Archuleta, again, welcome. I certainly do appreciate your stopping by the office and enjoyed our conversation.

In your past positions as Chief of Staff, Department of Labor (DOL) and Chief of Staff, Department of Transportation (DOT)—stepping back a little, one of the odd things I found about being a U.S. Senator and managing a budget was that in terms of the people that we employ as staff members, all we do is pay their salary. All their benefits that I was certainly used to having to account for in business, and pay for, are just taken care of by somebody else.

How is it handled in the agencies?

Ms. ARCHULETA. The personnel costs within the agencies are estimated by the director of the budget. Those personnel costs are the first and foremost, as you know, that are considered within the building of a budget.

Senator JOHNSON. But I mean do you know—I mean does the agency pay directly for that?

Is it attached to the individual?

Ms. ARCHULETA. The costs are assigned——

Senator JOHNSON. So, when you are hiring somebody, do you have to factor in it is going to cost you, we will say, $50,000 to hire somebody and then it is going to cost X number of dollars for benefits?

Ms. ARCHULETA. The assignment of the number of personnel that can be hired within each agency is based on the amount of revenues it receives within its budget, and the costs are assigned accordingly.

Through workforce planning is how each of the managers estimates what it will cost to bring on the employees. When there are budget cuts, as now in terms of sequestration, the managers have to plan carefully through their workforce planning to be sure that they can afford not only the salaries but the benefits.

Senator JOHNSON. Well, I guess the point I am getting to is managers within agencies—do they understand the total value, or the cost, of benefits in relationship to salary levels?

Ms. ARCHULETA. Yes, Senator, they do.

Senator JOHNSON. So do you have a basic estimate of what percentage benefits are in relationship to total salary?

Ms. ARCHULETA. No, sir, I do not.

Senator JOHNSON. But you are saying managers understand what those costs are.

Ms. ARCHULETA. The individual managers—for example, at the DOL or the DOT—working with each of the agency heads as they estimate their budget needs, personnel, and the costs of those personnel are estimated first as well as the program costs. And those are brought forward to the budget office and then certainly to the agency leadership to review.

Senator JOHNSON. But, again, you have been chief of staff in two agencies, and you are saying you do not understand how much benefits are as a percentage of total salary?

Do you have a ballpark? Any idea?

Ms. ARCHULETA. No, sir, I do not. But I do know that as a manager I relied on the expertise of each of the staff responsible for budget development to determine those costs.

Senator JOHNSON. OK. By the way, it is the Department of Labor's Bureau of Labor Statistics that publishes those stats.

I will just give it to you. The benefits for a civilian workforce is about 30.9 percent——

Ms. ARCHULETA. Thank you, sir.

Senator JOHNSON [continuing]. Which is now my question.

Certainly, one of the issues that my chief of staff is grappling with here in Congress, never having really to worry about that—now all of a sudden because of the Affordable Care Act I think all these offices are trying to figure out how we are going to deal with that.

Do you have any idea how that is going to work within the Federal workforce, when you have all these managers or Members of Congress now all of a sudden having to account for health care benefits?

Ms. ARCHULETA. As I said earlier, sir, the Affordable Care Act is designed for individuals without insurance, and so the cost to the individual agencies are predicted through the FEHBP.

Senator JOHNSON. Well, would you anticipate as part of your role as the Director of OPM, working with Congress in terms of how we actually implement the Affordable Care Act in our offices?

Ms. ARCHULETA. I would look forward to having those discussions with you and if there is assistance that you needed in estimating those costs.

I also think that each of the agencies are very well versed in what the health care costs are and have been utilizing those estimations as they determine their budgets.

Senator JOHNSON. OK. Let's talk a little bit about the Inspectors General. Certainly, I have come to respect the role that not only the Government Accountability Office brings to Federal Government but also the Inspectors General.

Within OPM, you actually have staffed a Senate-confirmed IG, correct.

Ms. ARCHULETA. Correct.

Senator JOHNSON. Can you just give me your outlook in terms of how those IGs should be used?

Ms. ARCHULETA. Yes. I think there needs to be a positive relationship, Senator, with the Inspector General. During my time at the DOL, the DOL experienced a very positive relationship. I think the oversight role that the Inspector General plays is an important

one and can offer great insight into either management difficulties or changes that should be made.

I expect to build on the relationship that John Berry had with the Inspector General, Mr. Patrick McFarland, at the OPM, and I would look forward to that relationship.

Senator JOHNSON. OK. Thank you.

Thank you, Mr. Chairman.

Senator TESTER. As you may or may not know, the Veterans Administration (VA) is dealing with a lot of issues that revolve around mental health with the veterans who are returning from theater, especially Iraq and Afghanistan.

Counseling, marriage, and family therapy professions lack both occupational series designations for the Federal employment. The VA requested such a series in 2009. OPM has not yet created the designations.

So we learned at a recent hearing that these mental health workers are very much urgently needed to help our returning veteran population, especially rural vets. Establishing these series would go a long way toward expanding mental health care across America for our veterans.

Would you work to make sure that these series are created as the VA has requested it?

Ms. ARCHULETA. Senator, I would look forward to working with you.

I do not know why that series has not been reviewed and approved. I would look forward to working with you on that.

I think it is very important that the OPM does everything it can to help serve our veterans and, in turn, ensure that the Veterans Administration can serve our veterans. And I would look forward to having further discussions with you about that.

Senator TESTER. I appreciate that very much because there is a lack of professionals out in the field——

Ms. ARCHULETA. Yes, sir.

Senator TESTER [continuing]. And this would help meet some of those needs.

Currently, Federal employees pay into their retirement plans over the course of their careers. My office is contacted literally weekly by people who have been waiting 9 or 10 months for their pensions to be paid.

I have been told that OPM tries to pay at interim rates of 80 percent of estimated pension because the estimated pensions are not always accurate. Some folks are getting closer to 40 or 50 percent from their agencies.

I have been assured for a few years now that OPM is addressing the backlog. This really is not helping the folks who dedicate their lives to public service, and it is pulling money out of an economy that could be in circulation.

If confirmed, what would you do to reduce the backlog in the processing of retirement applications?

Reports have that backlog somewhere between 30,000 to 50,000 pensions. What would you do to reduce that?

Ms. ARCHULETA. Senator, in my opening remarks, I mentioned the fact that I would focus in on IT modernization, especially in the area of retirement services. Bringing the retirement services into

the 21st Century is most important to relieve the backlog. I would ask that staff bring to me within the first 100 days a plan on how we might modernize the information technology at the Office.

With regards specifically to the annuitants, I know that the Retirement Services has worked very hard to reduce the number of days between the time of retirement and the annuitants' first check. The most important step that is taken is to work directly with the HR managers to be sure that they have completed all of the information that they are sending over to OPM to begin the retirement process. I think that has been an important step and they continue to refine that process.

In addition, Senator, I would make sure that we are doing everything we can to make sure that first check gets there as quickly as possible and working with families that have perhaps more complicated retirement processes.

I would look forward to further discussions with on you on this and your concerns.

Senator TESTER. Absolutely. OK.

OK. So, if folks are getting 40 to 50 percent in many of the cases, of their retirement—so why can't employees just elect to receive the amount quoted by their employing agency, and then if there is an overpayment, it could be settled after OPM processes their applications? Why couldn't that be done?

Is there a problem with that?

Ms. ARCHULETA. I think the issues of the administrative efforts that are needed to collect those funds would be very complicated, sir. And I think in fact I would be concerned that many of the annuitants may have spent that money, and it would be very difficult for them to pay it back.

I would, again, welcome the opportunity to hear your ideas on this issue.

Senator TESTER. Well, I think what would solve the problem is if you could get the backlog reduced to a reasonable number.

Ms. ARCHULETA. I think so, too.

Senator TESTER. And I hear you have a commitment for that. Senator Portman.

Senator PORTMAN. Thank you, Chairman.

You talked earlier about the VA and one of the challenges that we have, and this has been before this Subcommittee, particularly on mental health issues, brain injuries, post-traumatic stress disorder (PTSD) and so on.

And I am surprised Senator Coburn did not already raise this with you. So I am going to raise it because——

Senator COBURN. It is coming.

Senator PORTMAN. He says, it is coming.

But this is something that he, frankly, brought to my attention initially, and I think it is an issue that relates to the VA and particularly problematic there, given the backlogs, but it relates to our whole Federal Government.

There is this thing called official time, and this is a practice where employees are being paid by us as taxpayers, government salaries funded entirely by taxpayers, to perform work that is totally unrelated to their governmental duties. And, in response to

our advance questions I had about this, you stated that you support the reasonable and necessary use of official time.

Senator Coburn recently sent a letter to the Secretary of the VA that highlighted the effects that official time is having on the VA, given particularly the problem that they have on their backlog. They have 257 employees paid by the taxpayers to serve veterans who are on 100 percent official time. Many were hired initially, by the way, to provide medical services to those veterans, we were told.

Across the Federal Government, official time now accounts for $155 million, 3.4 million man hours, according to the agency that I believe that you will soon head. That is equivalent to over 1,600 employees not coming to work for a year.

So, particularly with regard to VA, given their challenges in dealing with the claims backlog, dealing with homelessness, dealing with the issues we have talked about today, and expanding access to benefits and services being their top priority for fiscal year 2014, do you think having 257 full-time VA employees drawing their full salary by working 100 percent of their time on official time is reasonable?

Ms. ARCHULETA. Senator, I understand that official time along with collective bargaining and belonging to labor organizations is protected by Federal law. I think that each of the departments negotiates with its bargaining units on the use of official time, and it is the responsibility of managers in the departments to make sure that each of those individuals on official time are using that for the purposes as it was designated. I would encourage all agencies to be sure that is exactly what is happening.

I am not familiar particularly with the VA situation, but should they need any information or tools that OPM could offer, I would be glad to offer them if I am confirmed.

Senator PORTMAN. Can you tell us today you are willing to look into this issue?

Ms. ARCHULETA. I would very much like to understand the numbers that you have quoted to me, sir.

And I would look at my own experiences with official time at the DOL, which was valuable. It helped us to resolve issues. It helped us to anticipate issues. That was a positive experience at the DOL.

And I believe that other agencies have other experiences that I would like to discuss with them.

And I look forward to working with the Federal Labor-Management Council to take a look at the use of official time. The Federal Labor-Management Council, sir, has a pilot program right now, and it is focused in on goals, engagement, accountability, and results (GEAR). And I think that this is an area labor and management can work on together.

Senator PORTMAN. Yes, I think it is about having an effective management tool or not, and having this official time obviously makes it tougher for DOL to meet their high expectations they set for themselves, to increase services and benefits and to deal with the backlog.

OPM is going to have some big challenges ahead, as we have talked about, and as Director there you are going to be in a posi-

tion to set what policies are in place to implement official time at OPM. What would you plan to do there?

Ms. ARCHULETA. I am not familiar with the agreements right now on official time at the OPM, but if I am confirmed, I will inform myself about those.

Senator PORTMAN. The Federal skills gap—GAO, in its 2013 report and the President, again, in his budget stressed that identifying and addressing the critical skills gaps are undermining agencies' abilities to meet their vital missions. Lots of examples here, but the importance of hiring a cybersecurity workforce is one that has been talked about by GAO.

What role do you believe OPM plays in helping agencies identify and address these critical skills gaps, and what would you, as Director, do to approach this issue?

Ms. ARCHULETA. The Director of OPM sits as Chair of the Chief Human Capital Office (CHCO) Council, and the CHCO Council has already begun to analyze the critical skills gaps and is designing recommendations for the entire CHCO Council to review on these critical skills gaps, especially in the area of cybersecurity.

Senator PORTMAN. Thank you.

My time has expired.

I appreciate your being with us today.

Senator TESTER. Senator Coburn.

Senator COBURN. Thank you.

Just a little followup on official time—the agency had not published a comprehensive list of official time expenditures, and it has come under some criticism. Will you commit to do that?

It did it for years, and then all of a sudden did not do that. Would you commit to do that so we can see it?

Ms. ARCHULETA. Well, Senator, as a private citizen, I am not entitled to know the——

Senator COBURN. I am asking, should you become manager of OPM, will you commit to give this Committee an annual report on the amount of time that is spent on official time and the number of employees?

Ms. ARCHULETA. As a manager of OPM, I will review what the status is of the report, and I would inform myself on what is happening.

Senator COBURN. But you will not commit to report to us official time expenditures in the Federal Government.

Ms. ARCHULETA. Senator, because I do not understand at this point, because of my limitations as a private citizen and what is involved with the official time report, I cannot make that commitment. If I am confirmed, I will look into it.

Senator COBURN. It was done 8 years in a row, and then all of a sudden, stopped. So I think it is important information to have.

One other thing I would just like to question on—you are going to place a chief technology officer at OPM, and the full Committee—Senator Carper and I both—we have been looking at chief information officers (CIOs) and technology. And your statements to staff in the staff brief was that you would make that a co-equal with the chief information officer, and I just want to caution you on that.

You have a chief information officer who is responsible for the information. Technology is the way you get it, but it is the tool. I would caution you to think long and hard. The chief technology officer ought to be brought in under the chief information officer because the reason you want a technology officer is for the information.

You do not want an information officer to have technology. You want it the reverse. So where we have seen that work in other agencies it has been highly effective.

When we have seen it done like you are suggesting, it is not as effective. And so I would just caution you in that regard.

Ms. ARCHULETA. I would look forward to having further discussions with you on that, Senator.

Senator COBURN. The multi-state exchanges are going to be one of your requirements. In fact, the law requires at least two national plans in every State within 4 years and one of those insurers must be a nonprofit.

And it looks like there will be national plans in at least 31 States, with Blue Cross-Blue Shield plans expected to be one of the Multi-State Plans, which raises the question whether or not it will really result in greater competition since they are already in every State.

The law gives the OPM Director the authority and responsibility to certify Multi-State Plans to be offered on the exchanges including the authority to negotiate the benefits and the rates for the Multi-State Plans.

So I guess my question is, assuming that you become Director of OPM, what is your plan to achieve plans that actually lower costs?

If health insurers do not want to participate and the law will not be met of having at least two national plans within 4 years, what is OPM's duty under the statute if that becomes the situation?

Ms. ARCHULETA. Senator, I know that the managers of the Multi-State Plans Program have been working very hard to identify the health providers, and they have, in reviewing the proposals that have been submitted to them. Again, I am not entitled to know that at this point, but in my discussions with them I feel confident that they are going to meet that. They are looking at the issues of costs and benefits they want to provide, obviously, the best health care plans for the lowest costs.

Senator COBURN. So again, let us say they do not. What is your obligation under this statute?

Ms. ARCHULETA. Well, the obligation would be to assure that it does, sir, and that would be the position——

Senator COBURN. So this is one of your top priorities, right, getting this going.

So, I guess my question is, how do you do that?

If you cannot have two insurers, how do you do it?

What happens to price?

Ms. ARCHULETA. The role that I would play, sir, is—and because I do not know the details and I am not entitled to know the details—is to assure that, if I am confirmed as OPM Director, I inform myself as to what all the possibilities are, from full success to if there are any issues that are concerning in terms of meeting our obligations.

Senator COBURN. All right. I am out of time.

Good for you.

Senator TESTER. Senator Johnson.

Senator JOHNSON. Mr. Chairman, I want to go back to official time. This is news to me.

Just a quick calculation here—257 employees divided by 5,200; that is 5 percent of the workforce. Do you think that is an appropriate level, to have 5 percent of the workforce——

Senator COBURN. No, that is at the VA.

Senator JOHNSON. That is at the VA?

Senator COBURN. That is at the VA.

Senator JOHNSON. Oh, OK. Never mind. [Laughter.]

Like I said, it was news to me. OK.

Senator COBURN. How many are at OPM, though, is a good question.

Senator JOHNSON. OK. How many are at OPM?

There you go. He is feeding me questions.

Ms. ARCHULETA. I am sorry, sir. I do not have that information.

Senator JOHNSON. OK.

Ms. ARCHULETA. But I would be glad to get that information, should I be confirmed, and share it with you.

Senator JOHNSON. You, obviously, worked for the Department of Labor. I do not know how that works in the private sector—private sector unions. Mine was always a non-union shop.

Is that common in the private sector as well—to have basically companies pay union representatives full-time to represent union interests at the company, within the union?

Ms. ARCHULETA. Most of my experience is within the public sector—but I am trying to recall that when we worked with private industry; like your experience, some had labor agreements and some did not.

Senator JOHNSON. OK. Let's talk a little bit about the Federal Employee Retirement System (FERS). You are going to be in charge of the administration of that, correct?

Ms. ARCHULETA. Yes, sir.

Senator JOHNSON. Within OPM, is there any responsibility to take a look at what the unfunded liability of those systems are?

Ms. ARCHULETA. Yes, and obviously, working closely with OMB to determine what that unfunded liability is.

Senator JOHNSON. OK. Do you know what those unfunded liabilities are?

Ms. ARCHULETA. I have not been briefed on that, no, sir.

Senator JOHNSON. OK. What is the responsibility of the Director of OPM with regards to that unfunded liability and trying to close the gap?

Ms. ARCHULETA. The unfunded liability or the costs of providing those retirement services are calculated within the trust fund, sir. And it is my understanding, based on information I have been given as a private citizen, that those are monitored very closely by not only OPM but also OMB.

Senator JOHNSON. But, by and large, is that OMB's responsibility?

Ms. ARCHULETA. Yes. OPM works very closely with OMB to make sure that all of the liabilities under the trust fund are covered. Yes, sir.

Senator JOHNSON. OK. In response to questions on the Multi-State Plans and just the implementation of Obamacare, you seem pretty confident that OPM and the staff at OPM have that pretty well under control. Do you have any concerns about your role in the implementation of the Affordable Care Act?

Ms. ARCHULETA. In the briefings that I have had to date, no concerns have arisen for me. I think, as I said, they are 2 months away from the actual implementation of MSPs, and so I think they are feeling confident. Should there be any concerns and if I am confirmed, I would ensure that they brought them to my attention immediately, and I would assume that they would.

They are a very good team, and they work very closely with HHS and OMB to assure that this will stand up in time.

Senator JOHNSON. Are you aware of the most recent letter from James Hoffa to Nancy Pelosi and Harry Reid regarding his concern about the implementation of the Affordable Care Act on union plans?

Ms. ARCHULETA. No, sir, I am not.

Senator JOHNSON. So you are not aware of that, OK.

I have no further questions.

Thank you, Mr. Chairman.

Senator TESTER. Senator Begich.

**OPENING STATEMENT OF SENATOR BEGICH**

Senator BEGICH. Thank you very much.

Good to see you again. I am sorry last time we met it was short, but hopefully, it was additionally productive. But thank you very much for being here.

Ms. ARCHULETA. Thank you, Senator.

Senator BEGICH. First off, I have a few questions for you, but you know we have had a lot of debate today and last night on appointments and process. So I am kind of looking forward to getting this done and, hopefully, next week maybe a markup, and maybe before the first of August we show that we can actually appoint people to pretty important positions.

So I am looking forward to it.

Ms. ARCHULETA. Thank you, Senator. I am, too.

Senator BEGICH. Let me say this. You have a tough job in the role that you have, and one of the issues we talked about was retirements. And I know there is one issue here on liability issues, but mine are more of the processing.

As you know, they are way behind on their processing of retirements of Federal employees. There is continual increased exodus from the Federal workforce for a variety of reasons. I think part of it is we do not get certainty. It is not as great a workplace environment as it used to be, and so people are trying to find other opportunities and also retire.

What will you do to ensure that, one, you meet the goals and get the backlog out of the way with the retirement that I tell you in my State is pretty significant—folks that are patiently waiting for their retirement check to start, which should not be that com-

plicated because it is basically a mathematical issue. So can you give me a——

Ms. ARCHULETA. Yes, Senator. The backlog was on track, as I understand it, to be reduced in the timeline set forth by OPM. The high number of retirements is a result of the U.S. Postal Service (USPS) offering early retirements and also because of the sequestration budget cuts caused that timeline to be moved back. I believe that Retirement Services is working very quickly to reduce that backlog.

With response to your question about the individual annuitants, they are also working very hard on the side of the HR managers to make sure full information is given before the retiree actually departs the workplace. So that is an important step.

Where there are complicated retirement applications that involve either court orders or divorces and other issues, those take a little bit more time. But I know that-—and have been assured by OPM that—it is working hard to reduce that.

Senator BEGICH. Let me give you a data point because I want you to know how serious the problem is. OPM forecasted it would provide or process 11,500 retirements for June. In June, they only did 8,600—25 percent off. So, in percent, it is a big number.

Ms. ARCHULETA. Right.

Senator BEGICH. In numbers, it is small in the big picture of the Federal workforce, but in the job that you have to do it is 25 percent.

So I am hopeful that you will—I know in your testimony you gave or made some discussion about trying to bring it even more into the 21st Century with electronic improvement, which we are anxious for.

I hope that if you get appointed that you will also, in your next budget, show that you want to have this capital investment so we can see really what that is about.

But also setting these goals that this Committee, or at least I, can become familiar with on a regular basis of how you are achieving bettering this percent because 25 percent is unacceptable. Decreasing that, obviously, is a goal.

So I hope that you would take that as an offer that if you are confirmed, that after a couple months you set those metrics, that you would be sharing them with the Committee or with us individually—about you are improving on that backlog. That would be, to me, if not the most important, the pretty top important issue for me.

Ms. ARCHULETA. If confirmed, Senator, I would be anxious to discuss this with you further and to inform the Committee on how Retirement Services is reducing its backlog.

Senator BEGICH. There is another issue which I know was brought up a little bit, on health care under the Affordable Care Act. Even if the folks tell you today—and I know you get limited information because you are not in the position—that things are OK.

Let's assume you are appointed; you get in; you see that implementation is problematic in some area. How will you handle that—because, to be frank with you, what we do not want to be is surprised.

I am sure you do not want to be surprised, but the reality is once you are there you are going to learn a lot of things, and it may be even more robust in the right way than it is not or it may be the other way.

How will you work toward that end?

Ms. ARCHULETA. The most important part of my leadership style is to hold individuals accountable and to hold all individuals responsible for the mission of the Agency. I would implement that as the leader of OPM, if I am confirmed, holding all of us responsible for the missions that are set forth for us and also holding each of us responsible as a team, within a team, to make sure that we all succeed at that.

That is my management style, sir, and one that has been successful for me for the last 35 years.

Senator BEGICH. Great. Last question, very quickly—there are 28 Federal executive boards, and one of their core functions is to make sure employees and so forth have emergency preparedness, security, employee safety—all those things that are important in case of an emergency in an area.

Alaska, which is fairly far off from everywhere, does not have one of these, and I would be very interested to have this discussion at a later time.

It would be different if we were a State next to a State, but because we are so far flung off the lower 48, it seems that it would be logical to try to figure out how to have one of these boards operational and be available for Alaska, just because of the uniqueness of how far away in the distance and we have over 17,000 Federal workers in Alaska.

Ms. ARCHULETA. I would be very interested in having further discussions with you on this issue.

Senator BEGICH. Great. We will have that conversation.

Ms. ARCHULETA. Yes. Thank you, sir.

Senator BEGICH. That kind of crosses over to another role I have here, which is the Chair of the Subcommittee with emergency management jurisdiction.

Ms. ARCHULETA. Yes.

Senator BEGICH. So we will have a further discussion on that?

Ms. ARCHULETA. Yes, I would look forward to that, Senator.

Senator BEGICH. Great.

Thank you, Mr. Chairman.

Senator TESTER. Ms. Archuleta, I have a question that deals with telework. I just want to know what your thoughts are on accountability with telework, particularly as it applies to this area—the National Capital Region.

Ms. ARCHULETA. Yes, sir. My experience is at the Department of Labor, in fact, when telework was introduced.

We began telework programs at the DOL. We found two things—one, that when it was used well, it was very effective. There were problems where there was not accountability built into the use of that telework.

As a result, the leadership of the Department instituted standards for performance for telework and expectations of performance, also to be sure that telework was a joint decision between the man-

ager and the employee so that it was not used as a tool for anything other than what it was specified to do.

Senator TESTER. So do most agencies have those kinds of criteria, or is this——

Ms. ARCHULETA. I am not aware of that. I would certainly check with the CHCO Council, should I be confirmed, to understand what each individual department has and how they are using telework. I think in each department it is different.

Senator TESTER. OK. The results of a governmentwide 2012 Federal Human Capital Survey conducted by OPM showed that most Federal employees do not believe that higher job performance is recognized in any meaningful way and that poor performers too often are not held accountable for sub-par work. From my perspective, this is a huge problem.

What can be done? Especially, specifically, what can OPM do to help Federal departments and agencies do a better job of recognizing superior performance and helping sub-par performance get up to standard?

Ms. ARCHULETA. Two very important issues, Senator. Thank you for the question.

In terms of recognizing employee performance in a time of sequestration, it is often very difficult because of the bonuses and other incentives that have been put on hold. So I think managers have to work very closely together to identify ways that they can honor the work that is done daily by Federal workers.

And the second question—in terms of poor performers, I believe that there are tools in place. I am not sure that all managers understand what those tools may be, and I would work very hard, if confirmed to make sure that all departments understand the tools that are available to them.

Finally, sir, I would say that working with the CHCO Council and the Labor-Management Council, that it would be very important to work together—utilizing, for example, the GEAR—to make sure that the results and the accountability that is required to move missions forward is understood by both managers and employees.

Senator TESTER. In the last two Congresses, this Committee approved legislation offered by former Chairman Lieberman to correct a retirement issue now facing approximately 100 Secret Service agents and officers. It does not seem like a lot, but if you are one of those agents, it is important.

The story is that these agents and officers were hired between 1984 and 1986 and were promised by the Secret Service that they would be allowed to retire under the D.C. Police and Firemen's Retirement Program. The Secret Service has acknowledged that this commitment was made.

Unfortunately, the Federal Employee Retirement Service came online in 1987. It was retroactive to 1984. Long story short, these folks are not there.

Chairman Lieberman's bill would correct that retirement issue. The former OPM Director Berry and Secret Service Director Mark Sullivan had started to work together to resolve this issue before they both left their respective jobs.

Can you commit how you will help fix this problem?

Ms. ARCHULETA. I am not aware of all of the issues here, Senator, but I would commit to you that I would work very closely with the Secret Service Director to make sure that I understood these issues and would work very closely with her.

I also believe that there may be some legislative action that must be taken.

Senator TESTER. And would you push for—if, in fact, it takes legislative remedy, would you help push to make that happen?

Ms. ARCHULETA. Yes, sir, I would look forward to having that discussion with you to understand the complexities of it.

Senator TESTER. Senator Coburn.

Senator COBURN. Thank you.

As you know, when the Affordable Care Act was passed, in less than 6 months, Members of Congress and their staff may only enroll in health plans created under the Affordable Care Act or offered through an exchange.

FEHBP was not created in ACA. It looks like Members of Congress and some of the congressional staff are going to lose their FEHBP benefits at the end of the year.

It does not apply to me. I am Medicare-eligible. So I am not asking for this personally.

Is that your understanding of the law?

Ms. ARCHULETA. Yes, sir.

Senator COBURN. Also, under the law, employees enrolled in the exchange cannot receive a subsidy for coverage from their employer. Therefore, is it also your understanding that congressional staff will be ineligible to receive their current employer contribution?

Ms. ARCHULETA. I am not familiar with—and I have not been briefed on—this because of my role as a private citizen. I am looking forward to being briefed on this if I am confirmed.

Senator COBURN. All right. There is a difference of interpretation among some as to whether or not the statute requires Members of Congress and all congressional staff or only personal office staff to enroll in the exchanges. Do you have any opinion about that?

Ms. ARCHULETA. No, sir. I look forward to, if I am confirmed, being briefed on this issue.

Senator COBURN. OK. Open enrollment begins in less than 80 days. Yet, OPM has not issued regulations implementing this provision of the law. Has anybody during your briefs at OPM told you where those regulations are?

Ms. ARCHULETA. No, sir, they have not.

Senator COBURN. So you have no knowledge about those regulations?

Ms. ARCHULETA. I know that they are currently at the OPM and they are under review.

Senator COBURN. Are you aware that they have been to OMB?

Ms. ARCHULETA. I am not aware of that, sir. Again, I am very limited in that information.

Senator COBURN. Are you aware that they have been to OMB and back at OPM?

Ms. ARCHULETA. No, sir, I am not aware of that.

Senator COBURN. Thank you.

Ms. ARCHULETA. Again, I am very limited in the information that is available to me on that issue.

Senator COBURN. Do you think that it is a reasonable requirement that Members of Congress might want to see that ruling before they vote on your nomination?

Ms. ARCHULETA. Yes, sir. I have been asked this question many times, sir, and I understand the importance of it.

Senator COBURN. So I think you have sent the message.

Ms. ARCHULETA. And you sent me the message, and I appreciate it, sir. Thank you.

Senator COBURN. One other question, and then I will be through.

I had a line of questioning on waivers for rehire of an annuitant at full salary. In the year 2000, only 650 Federal employees were granted a waiver. In 2011, there were 6,289. In 2012, there were 5,509.

In the questionnaire you supplied to the Committee, you stated the ability of agencies to re-employ annuitants with a waiver of dual compensation rules is a valuable recruitment tool—I do not doubt that at all—in order to help to respond to emergencies and help fill other needs in the critical short term.

This is also a very expensive recruitment tool, as I assume you would agree.

Given new powers that agencies hold, such as the ability to offer phased retirement and part-time annuitant hiring authority, do you still generally believe that waivers to allow full salary and full pension are needed?

Ms. ARCHULETA. I believe, sir, that phased retirement is an important tool that managers can use in workforce planning. There are some proposed regulations and, I think, comments being gathered right now with regard to this proposal, and I would look forward to reviewing those comments.

Senator COBURN. OK. In your questionnaire, you stated that the burden is appropriately on the agencies to justify their workforce needs and justify that such dual compensation waivers are needed. Isn't that kind of passing it back to the agencies?

Ms. ARCHULETA. Well, each of the departments, as you know, Senator, is required to determine its own workforce needs and to manage those workforce needs within its budget.

So phased retirements may enable them to do more with the funds that they have available to them. It certainly is a tool. It is not required, but it may be a tool that managers can use.

Senator COBURN. But it is also—ultimately, the responsibility lies with you in approving those.

Ms. ARCHULETA. Yes.

Senator COBURN. The dual waivers.

Ms. ARCHULETA. The dual waivers, yes.

The other thing, Senator, I would mention is that the succession planning is also aided.

Senator COBURN. Yes, I agree.

So this is the most expensive form of keeping workers with institutional memory in the workforce. Should dual compensation really be the last resort?

What are your thoughts about that?

I mean, the institutional knowledge area is a very important area. And if they are really in a bind, I understand that, but they can do that under temporary or part-time rather than full-time.

Ms. ARCHULETA. Well, I think the plan that is presently proposed, Senator, about phased retirement, and it is up to half-time. That is the proposal that is being used.

Senator COBURN. OK. All right.

Ms. ARCHULETA. Thank you, sir.

Senator TESTER. Senator Begich.

Senator BEGICH. No additional questions.

Senator TESTER. I have a few.

OPM must partner with agencies to ensure effective human capital management across government. How will you ensure that OPM is an effective partner in strategic innovation to help agencies develop and meet their human capital goals?

Ms. ARCHULETA. I think the most important tool that we have is working with agencies through the CHCO Council and making sure that we are aware of the needs within the agencies.

Obviously, as part of the President's senior management team, the communication and collaboration between OPM and the departments is a critical relationship.

Senator TESTER. When we spoke in my office and Senator Heitkamp and I recently wrote to OPM about retaining Federal employees to work in the Bakken Region. It is becoming extremely difficult. Manpower is in great need there.

In many cases, Federal employees in Montana are taken away from their normal duties to backfill vacancies in the Bakken. It is not just a matter of inconvenience for a few employees. It is a matter that agencies are not able to perform their work on the ground.

This is a boom region right now. It is likely to be a boom region for some time, by the way.

Ms. ARCHULETA. Yes.

Senator TESTER. But what is OPM doing to address specific locality pay adjustments, particularly in the Bakken, to recruit and retain Federal employees, especially at agencies like the Bureau of Land Management (BLM)?

It is critically important to sustaining the activities out there. But if it is done wrong, it could have some long-term, incredibly bad effects on things like water, which is pretty basic, too.

So it is important we get the pros on the ground. It is important we are competitive in the salary structure. What is OPM doing to deal with that issue.

Ms. ARCHULETA. Thank you, Senator, for that question and the opportunity to discuss it with you again. And I look forward to more discussions with you.

Certainly, the performance to mission is a very important role that every department has, and I understand the BLM and its mission could be impacted if it cannot hire the people it needs to perform its responsibilities.

I know that recommendations have been given to the Federal Salary Council with regard to new locality pay classifications and that those recommendations will now be passed on to the President's Pay Agent and I will assure that those recommendations are reviewed.

In addition, Senator, I would be excited about continuing to have these discussions with you, and your ideas.

I do know that managers have at their fingertips right now some tools like relocation, retention, and recruitment incentives, as well as direct hire authority and others, but I would want to be sure that BLM and its managers understand all the tools it has right now as those recommendations are considered.

Senator TESTER. OK. Well, thank you very much.

Senator Begich, anything else come to mind?

Senator BEGICH. Not at this time.

Senator TESTER. OK. Well, I just want to say we have been at this for a little over an hour and 15 minutes. I want to say thank you. It is not an easy process, but it is absolutely an important one.

Ms. ARCHULETA. Yes, sir.

Senator TESTER. And I want to thank you for your patience and your frankness as we go through it.

Needless to say, this is a big job you are up for confirmation of. There is a lot of hard work that is going to be done by you and your staff to make sure that things like health care and the backlog and IG oversight, and all the things that were talked about here—pension benefits, all those kinds of things—are dealt with in a timely manner.

I wish you the best as you move forward. Hopefully, you will get a very timely confirmation. Typically, this Committee does exactly that.

And so I just want to thank you for your time, for your commitment to this country, for your public service and for your testimony today.

Without objection, the hearing record will be kept open until 5 p.m. tomorrow, July 17th for the submission of statements and questions for the record.

With that, this hearing is adjourned.

Ms. ARCHULETA. Thank you, Senator

[Whereupon, at 4:48 p.m., the Committee was adjourned.]

# APPENDIX

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**Opening Statement of Senator Jon Tester**
**Hearing on the Nomination of Katherine Archuleta to be**
**Director, Office of Personnel Management**
**July 16, 2013**

I just want to convene this afternoon's hearing to consider the nomination of Katherine Archuleta to lead the Office of Personnel Management. Senator Udall, who is a longtime friend of Ms. Archuleta is here to introduce her.

Ms. Archuleta has a long history of public service and wide-ranging experience managing large groups of employees, as well as navigating the personnel processes at the local, state, and national levels. Ms. Archuleta served as the chief advisor to two different Cabinet Secretaries: first as Chief of Staff to then-Secretary of Transportation Frederico Pena, and later as Chief of Staff to then-Secretary of Labor Hilda Solis. Ms. Archuleta also served as a Senior Policy Advisor in the U.S. Department of Energy.

I want to thank you for being here today, Ms. Archuleta. Thank you for joining us. Congratulations on your nomination.

**Opening Statement of Senator Rob Portman**
**Nomination of Katherine Archuleta to be Director, Office of Personnel Management**
**July 16, 2013**

Thank you and I appreciate the Ranking Member of the full committee for giving me a moment here. I just talked to one of your senators from Colorado, Mr. Udall, in the hall about you. He introduced you, and we're glad to have you here. I'll try to keep this short because I know we've got a lot of questions and I see a couple colleagues here.

But I will say, you've been nominated to lead an agency that's got a lot of important responsibilities in years ahead including the next couple of years. Its core is how we recruit people, train people and retain the federal workforce which is a focus of this subcommittee. Additionally, you've got huge health care responsibilities coming out of Obamacare but also existing responsibilities for federal employees and the implementation of the ACA.

You will be charged with tackling management challenges such as this pension claims backlog, that this subcommittee is very interested in, and the ineffectiveness of some of the security background investigations on which Senator Tester and I just introduced legislation. I look forward to hearing how your background prepares you for these tasks because they are incredibly important. And again, I look forward to the opportunity to ask some more questions as we get into it.

Now, Mr. Chairman, I'd like to turn it back to you and my colleagues.

**Senate Committee on Homeland Security and Governmental Affairs**
**Hearing on the "Nomination of Katherine Archuleta to be Director, Office of Personnel Management"**
**Statement as Prepared for Delivery**
**July 16, 2013**

Mr. Chairman, I am proud to introduce my fellow Coloradan Katherine Archuleta to the committee this afternoon as it considers her nomination to be Director of the Office of Personnel Management. Katherine has an impressive range of accomplishments that make her very well-qualified to be the Director of OPM. And I am confident she will do a tremendous job leading this agency.

The Office of Personnel Management performs critical functions affecting the entire federal workforce, which in turn directly impacts the quality of work at executive branch departments and agencies.

I know all of us want federal agencies to work more efficiently to provide the greatest value to the American taxpayer. Having a talented and motivated workforce is key to this effort. That's why we need a leader like Katherine at the helm.

OPM's responsibilities range from employee recruitment and retention, managing pension benefits and conducting hundreds of thousands of investigations and security clearances for current and future federal employees.

We need someone managing these responsibilities who is sharp, hard-working and dedicated to the goal of making government work as effectively and efficiently as possible. Katherine embodies all of these attributes.

I have known Katherine for many years and have tremendous respect for her. As demonstrated by her impressive resume, she has dedicated her life to public service, working to give back to her community, to her state and to her country.

Katherine spent the early part of her career in public service working for Denver Public Schools. She continued serving the people of Denver at City Hall in two separate administrations – first with Mayor Pena and over a decade later she came back as a senior advisor to then-Mayor John Hickenlooper.

Katherine has extensive experience in D.C. as well – having served as Chief of Staff to U.S. Secretary of Transportation Peña and recently to U.S. Secretary of Labor Solis.

Finally, interspersed throughout a career in government she has consulted with charities, non-profits, cities, regional governments and businesses to help them pursue community development, workplace diversity and crisis management strategies.

The common thread throughout Katherine's career is her ability to work with individuals and organizations, identify priorities and then – notably – to create the conditions for successful implementation of those priorities. That is what we need at the helm of OPM. It's what Americans expect and demand.

Throughout her career Katherine has demonstrated her ability to lead, to motivate and to work constructively with a diverse range of people and personalities. A true Westerner, Katherine's personal integrity, strong sense of right and wrong, and the obvious pride that she takes in her work make her a top-notch choice to lead our federal workforce.

Once again, I am honored to have the privilege to introduce Ms. Archuleta to this Committee. Katherine is eminently qualified for the role the President has nominated her for, I fully endorse her nomination and I hope the Committee will swiftly act quickly to send her nomination to the full Senate.

Thank you.

**Statement of Katherine Archuleta**
**Nominee for the Position of Director of the Office of Personnel Management**

**July 16, 2013**

Thank you, Chairman Tester, Ranking Member Portman, and Members of the Committee for the opportunity to appear before you today. It is a privilege for me to be considered as the President's nominee to be Director of the Office of Personnel Management, and I thank the Committee for its consideration of my nomination.

In addition, I want to thank my home state Senators, Mark Udall and Michael Bennett, for their gracious comments. They are incredible leaders for the State of Colorado, and I am honored to be introduced by them today.

I especially want to recognize and thank my husband of 33 years, Edmundo Gonzales, who joins me here today. I also want to thank my daughter, Graciela, who unfortunately is not able to be here today.

In my life, I have given back to my community and my country. From my time in local government to my various roles in senior leadership in the Federal government, I am passionate about public service. In my career, I have been a leader and a manager, a small business owner and an employee, a communicator and a listener. I have made tough choices about budgets, as well as decisions about recruiting outstanding individuals and removing those who have failed to perform. I believe in the value and honor of men and women who chose to serve their country both in and out of uniform. If confirmed, I will approach my work as Director of OPM with that same sense of service and inspiration.

Having worked at three cabinet-level agencies, I know that one common thread at every agency is that you need top talent working at top performance to achieve your mission. That starts with recruitment, inspiring people from all communities and all backgrounds to join in the noble task of self-government in our democracy, and hiring the very best from all who step forward

Talent must be sustained, and employees require training throughout their careers. A sense of personal growth and contribution helps keep our best employees working in government. Employees' development over time, and their reports of their experiences with the Federal HR system are a constant feedback loop. Such feedback, read poorly, can frustrate and demoralize our workforce; read right, it can support and improve our workforce.

As Director, I will lay out three important goals based on my desire to strengthen OPM's fulfillment of its mission: utilizing top talent, encouraging innovative approaches, and renewing the commitment to strong leadership.

One of my first priorities will be to build on OPM's health care experience: standing up the Multi-State Plan Program and implementing its provisions of the Affordable Care Act. I realize the importance of the timely establishment of easily understandable healthcare plans.

I will also prioritize the improvement of the agency's Information Technology systems. In past attempts to transition retirement services into a digital system, OPM fell short.

Identifying new IT leadership, using existing agency expertise, and seeking advice from experts from inside Government and the private sector, I believe that OPM can successfully update its IT systems. If confirmed by the Senate, I will work with my senior management team to create a plan within 100-days of assuming office on modernizing IT at OPM. I will add a Chief Technology Officer position specifically focused on assessing and improving the technology products that OPM uses.

Finally, if confirmed, I will work throughout my tenure to inspire the next generation of Americans to experience the nobility and excitement that public service offers. I will work to strengthen and improve the services offered by OPM for the federal community as part of its core mission, from resume to retirement.

At this time, I would be pleased to answer any questions the committee may have.

# HSGAC BIOGRAPHICAL QUESTIONS FOR EXECUTIVE NOMINEES

## 1. Basic Biographical Information

**Please provide the following information.**

| *Position to Which You Have Been Nominated* | |
|---|---|
| Name of Position | Date of Nomination |
| Director, Office of Personnel Management | May 23, 2013 |

| *Current Legal Name* | | | |
|---|---|---|---|
| First Name | Middle Name | Last Name | Suffix |
| Katherine | Garcia | Archuleta | |

| *Addresses* | | | | | |
|---|---|---|---|---|---|
| Residential Address (do not include street address) | | | Office Address (include street address) | | |
| | | | Street: N/A | | |
| City: Alexandria | State: VA | Zip: 22314 | City: | State: | Zip: |

| *Other Names Used* | | | | | | |
|---|---|---|---|---|---|---|
| First Name | Middle Name | Last Name | Suffix | Check if Maiden Name | Name Used From (Month/Year) (Check box if estimate) | Name Used To (Month/Year) (Check box if estimate) |
| Katherine | G | Acosta | | | 8/1971 Est X | 6/1978 Est X |

| *Birth Year and Place* | |
|---|---|
| Year of Birth (Do not include month and day.) | Place of Birth |
| 1947 | Denver, CO |

| *Marital Status* | | | | | |
|---|---|---|---|---|---|
| **Check All That Describe Your Current Situation:** | | | | | |
| Never Married | Married | Separated | Annulled | Divorced | Widowed |
| ☐ | X | ☐ | ☐ | ☐ | ☐ |

| *Spouse's Name (current spouse only)* | | | |
|---|---|---|---|
| Spouse's First Name | Spouse's Middle Name | Spouse's Last Name | Spouse's Suffix |
| Edmundo | Amos | Gonzales | |

| *Spouse's Other Names Used (current spouse only)* | | | | | | |
|---|---|---|---|---|---|---|
| First Name | Middle Name | Last Name | Suffix | Check if Maiden Name | Name Used From (Month/Year) (Check box if estimate) | Name Used To (Month/Year) (Check box if estimate) |
| None | | | | | Est ☐ | Est ☐ |

| *Children's Names (if over 18)* | | | |
|---|---|---|---|
| First Name | Middle Name | Last Name | Suffix |
| Graciela | Katarina | Gonzales | |
| Melissa | Roseada | Kittrell | |

## 2. Education

**List all post-secondary schools attended.**

| Name of School | Type of School (vocational/technical/trade school, college/university/military college, correspondence/distance/extension/online school) | Date Began School (month/year) (check box if estimate) | Date Ended School (month/year) (check box if estimate) (check "present" box if still in school) | Degree | Date Awarded |
|---|---|---|---|---|---|
| University of Northern CO | University | 9/1974 Est x | 6/1976 Est ☐ Present ☐ | MEd | June 1976 |
| Metropolitan State College | College | 9/1969 Est x | 6/1971 Est ☐ Present ☐ | BA | June 1971 |
| University of Colorado | University | 9/1965 Est x | 1/1967 Est x Present ☐ | none | none |
| University of Colorado School of Law | University | 9/1980 Est x | 12/1981 Est x Present ☐ | none | none |

## 3. Employment

**(A) List all of your employment activities, including unemployment and self-employment. If the employment activity was military duty, list separate employment activity periods to show each change of military duty station. Do not list employment before your 18th birthday unless to provide a minimum of two years of employment history.**

| Type of Employment (Active Military Duty Station, National Guard/Reserve, USPHS Commissioned Corps, Other Federal employment, State Government (Non-Federal Employment), Self-employment, Unemployment, Federal Contractor, Non-Government Employment (excluding self-employment), Other | Name of Your Employer/ Assigned Duty Station | Most Recent Position Title/Rank | Location (City and State only) | Date Employment Began (month/year) (check box if estimate) | Date Employment Ended (month/year) (check box if estimate) (check "present" box if still employed) |
|---|---|---|---|---|---|
| Non-Government | Hunt Alternatives Fund | Consultant | Alexandria VA | 3/2013 Est x | Present Est ☐ |
| Unemployment | | | | 11/2012 Est x | 3/2013 Est x |
| Non-Government | Obama for America | National Political Director | Chicago IL | 7/2011 Est x | 11/2012 Est x |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Other Federal Employment | US Department of Labor | Chief of Staff | Washington DC | 5/2009 | Est X | 6/2011 | Est X |
| Other Federal Employment | US Department of Labor | Acting Chief of Staff | Washington DC | 4/2009 | Est X ** | 5/2009 | Est X ** |
| Other | Denver International Airport | Senior Advisor to Manager of Aviation | Denver CO | 1/2009 | Est X | 5/2009 | Est X ** |
| Other | City and County of Denver | Senior Policy Advisor to the Mayor of Denver | Denver CO | 10/2005 | Est X ** | 1/2009 | Est X ** |
| Non-Government | Swanee Hunt | Consultant | Denver CO | 9/2008 | Est X ** | 11/2008 | Est X ** |
| Non-Government | National Hispanic Cultural Foundation | Executive Director | Albuquerque NM | 6/2002 | Est X | 10/2005 | Est X |
| Self Employment | Semilla Group (consulting group) | Cofounder | Denver CO | 8/2001 | Est X | 6/2002 | Est X |
| Non-Government | Davis Graham Stubbs LLC | Director of Recruitment, Retention, Diversity, & Professional Development | Denver CO | 7/2000 | Est X | 6/2002 | Est X |
| Non-Government | Center for Regional and Neighborhood Action | CoFounder and Principal | Denver CO | 4/1996 | Est X | 12/2000 | Est X |
| Other Federal Employment | US Department of Energy | Senior Advisor | Washington DC | 1/1996 | Est X | 4/1996 | Est X |
| Other Federal Employment | US Department of Transportation | Chief of Staff, Deputy Chief of Staff | Washington DC | 1/1993 | Est X | 1/1996 | Est X |
| Non-Government | Hunt Alternatives Fund | Policy Staff | Denver CO | 6/1991 | Est X | 1/1993 | Est X |
| Other | University of Denver | Adjunct Professor | Denver CO | 1/1992 | Est X | 3/1992 | Est X |
| Non-Government | PAC - Membership Warehouse | Special Consultant and Advisor to President/CEO | Denver CO | 6/1991 | Est X | 1/1993 | Est X |
| Other | Office of the Mayor, City and County of Denver | Senior Cabinet Advisor | Denver CO | 7/1983 | Est X | 6/1991 | Est X |
| Non-Government | Pena for Denver Campaign | Scheduler | Denver CO | 9/1982 | Est X | 5/1983 | Est X |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Other | Chicano Education Project | Staff | Denver CO | 2/1982 | Est X | 9/1982 | Est X |
| Unemployment | | | | 12/1981 | Est X | 2/1982 | Est X |
| Unemployment | | | | 6/1980 | Est X | 9/1980 | Est X |
| State Government | CA Department of Education – Bilingual Education | Staff Member | Sacramento CA | 8/1978 | Est X | 6/1980 | Est X |
| Other | Denver Public Schools | Director of State Bilingual Education Program/ Elementary Teacher | Denver CO | 8/1971 | Est X | 8/1978 | Est X |
| Unemployment | | | | 6/1971 | Est X | 8/1971 | Est X |
| Non-Government | Fashion Bar | Receptionist | Denver CO | 1/1967 | Est X | 9/1969 | Est X |
| Other | University of Colorado | Switchboard Operator | Denver CO | 9/1965 | Est X | 6/1966 | Est X |
| Non-Government | Walgreens Cafeteria | waitress | Auroa CO | 6/1965 6/1966 | Est X | 9/1965 9/1966 | Est X |

** Time includes unpaid leave of absence.

**(B) List any advisory, consultative, honorary or other part-time service or positions with federal, state, or local governments, not listed elsewhere.**

| Name of Government Entity | Name of Position | Date Service Began (month/year) (check box if estimate) | | Date Service Ended (month/year) (check box if estimate) (check "present" box if still serving) | | |
|---|---|---|---|---|---|---|
| | | | Est | | Est | Present |
| Institute of American Indian Arts | Member, Board of Trustees | 4/1998 | X | 5/2006 | X | |

## 4. Potential Conflict of Interest

**(A) Describe any business relationship, dealing or financial transaction which you have had during the last 10 years, whether for yourself, on behalf of a client, or acting as an agent, that could in any way constitute or result in a possible conflict of interest in the position to which you have been nominated.**

In connection with the nomination process, I have consulted with the Office of Government Ethics and the Office of Personnel Management's (OPM) designated agency ethics official to identify potential conflicts of interest. Any potential conflicts of interest will be resolved in accordance with the terms of an ethics agreement that I have entered into with the OPM's designated agency ethics official and that has been provided to this Committee. I am not aware of any other potential conflicts of interest.

**(B) Describe any activity during the past 10 years in which you have engaged for the purpose of directly or indirectly influencing the passage, defeat or modification of any legislation or affecting the administration or execution of law or public policy, other than while in a federal government capacity.**

I have engaged in no such activity.

## 5. Honors and Awards

**List all scholarships, fellowships, honorary degrees, civilian service citations, military medals, academic or professional honors, honorary society memberships and any other special recognition for outstanding service or achievement.**

2013 Latinas First Foundation Colorado Latina Trailblazers Honoree
2013 Denver Hispanic Chamber of Commerce Lifetime Achievement Award
2012 Latina Magazine List of Most Powerful Latinas in the World
2012 Denver Post Colorado's Top Thinkers in Politics and Government Honorable Mention
2009 Latina Initiative Katherine Archuleta Leadership Award
2009 Denver Public Library Cesar Chavez Latino Leadership Hall of Fame Award
2006 Girl Scouts of Colorado Women of Distinction Award
1989 University of Colorado Rocky Mountain Program in State and Local Government
1984 Harvard University Institute for Senior Executives in State and Local Government
1981 Colorado Hispanic Bar Association Scholarship

## 6. Memberships

**List all memberships that you have held in professional, social, business, fraternal, scholarly, civic, or charitable organizations in the last 10 years.**
**Unless relevant to your nomination, you do NOT need to include memberships in charitable organizations available to the public as a result of a tax deductible donation of $1,000 or less, Parent-Teacher Associations or other organizations connected to schools attended by your children, athletic clubs or teams, automobile support organizations (such as AAA), discounts clubs (such as Groupon or Sam's Club), or affinity memberships/consumer clubs (such as frequent flyer memberships).**

| Name of Organization | Dates of Your Membership (You may approximate.) | Position(s) Held |
|---|---|---|
| Inclusive Security Action | 10/2012- present | Director |
| Hunt Alternatives Fund | 2/1999- present | Member, Board of Trustees |
| Swanee Hunt Family Foundation | 2/1999- present | Director |
| Latina Initiative | 2004-2011 | Board Member/Board Chair |
| Colorado Public Radio | 2008 | Member, Board of Directors |
| Women in Leadership Council of United Way | 2004 (approximate) | Board Member |
| New Mexico Symphony Orchestra Board of Directors | 2003-2004 (approximate) | Board Member |

## 7. Political Activity

**(A) Have you ever been a candidate for or been elected or appointed to a political office?**

No

| Name of Office | Elected/Appointed/ Candidate Only | Year(s) Election Held or Appointment Made | Term of Service (if applicable) |
|---|---|---|---|
| | | | |

**(B) List any offices held in or services rendered to a political party or election committee during the last ten years that you have not listed elsewhere.**

| Name of Party/Election Committee | Office/Services Rendered | Responsibilities | Dates of Service |
|---|---|---|---|
| None | | | |

**(C) Itemize all individual political contributions of $200 or more that you have made in the past five years to any individual, campaign organization, political party, political action committee, or similar entity. Please list each individual contribution and not the total amount contributed to the person or entity during the year.**

| Name of Recipient | Amount | Year of Contribution |
|---|---|---|
| Obama For America | $3204.50 | July 2011-November 2012 |
| Obama For America | $500 | 2008 |
| People for Ben Lujan | $300 | 2008 |

## 8. Publications and Speeches

**(A) List the titles, publishers and dates of books, articles, reports or other published materials that you have written, including articles published on the Internet. Please provide the Committee with copies of all listed publications. In lieu of hard copies, electronic copies can be provided via e-mail or other digital format.**

| Title | Publisher | Date(s) of Publication |
|---|---|---|
| None | | |

**(B) List any formal speeches you have delivered during the last five years and provide the Committee with copies of those speeches relevant to the position for which you have been nominated. Include any testimony to Congress or any other legislative or administrative body. These items can be provided electronically via e-mail or other digital format.**

| Title/Topic | Place/Audience | Date(s) of Speech |
|---|---|---|
| Personal Observations of a Woman in Public Policy | Rutgers University New Brunswick, NJ | 2/13/13, 3/13/13, & 4/24/2013 |

| | | |
|---|---|---|
| The Political Department at the Obama Campaign | George Washington University<br>Washington, DC | 4/14/2013 |
| President Obama's work on behalf of Indian Country | National Congress of American Indians Annual Convention & Marketplace<br>Sacramento, CA | 10/22/2012 |
| President Obama's work on behalf of the middle class | Centre County Democratic Committee Fall Dinner<br>State College, PA | 10/12/2012 |
| President Obama's work on behalf of young Americans | Winthrop University<br>Rock Hill, SC | 9/6/2012 |
| President Obama's work on behalf of the middle class | Nevada AFL-CIO Convention<br>Reno, NV | 8/28/2012 |
| President Obama's work on behalf of the middle class | Virginia AFL-CIO Convention<br>Williamsburg, VA | 8/10/1012 |
| President Obama's work on behalf of the middle class and young people | National Education Association Representative Assembly Reception<br>Washington, DC | 7/1/2012 |
| President Obama's work on behalf of women, equity, and inclusiveness | Emerge-NV Woman of the Year 2012<br>Las Vegas, NV | 3/17/2012 |
| President Obama's work on behalf of Hispanics | Tennessee Democratic Party Latino Summit<br>Nashville, TN | 1/21/2012 |
| President Obama's work to promote equality, inclusiveness, and justice | Florida Together Conference<br>North Miami, FL | 9/24/2011 |
| Women in Politics | Serious Women, Serious Issues, Serious Action Conference hosted by the Latina Initiative<br>Denver, CO | 9/27/2008 |

**(C) List all speeches and testimony you have delivered in the past ten years, except for those the text of which you are providing to the Committee.**

| Title | Place/Audience | Date(s) of Speech |
|---|---|---|
| Reelect President Obama | Colorado Democratic National Convention State Delegation Breakfast<br>Charlotte, NC | 9/3/2012 |
| President Obama's work on behalf of Hispanics | Phonebank Volunteers<br>Albuquerque, NM | 12/15/2011 |

| President Obama's work on behalf of Indian Country | All Indian Pueblo Council Albuquerque, NM | 12/15/2011 |
|---|---|---|

## 9. Criminal History

**Since (and including) your 18th birthday, has any of the following happened?**

- **Have you been issued a summons, citation, or ticket to appear in court in a criminal proceeding against you? (Exclude citations involving traffic infractions where the fine was less than $300 and did not include alcohol or drugs.)**

  No

- **Have you been arrested by any police officer, sheriff, marshal or any other type of law enforcement official?**

  No

- **Have you been charged, convicted, or sentenced of a crime in any court?**

  No

- **Have you been or are you currently on probation or parole?**

  No

- **Are you currently on trial or awaiting a trial on criminal charges?**

  No

- **To your knowledge, have you ever been the subject or target of a federal, state or local criminal investigation?**

  No

**If the answer to any of the questions above is yes, please answer the questions below for each criminal event (citation, arrest, investigation, etc.). If the event was an investigation, where the question below asks for information about the offense, please offer information about the offense under investigation (if known).**

A) Date of offense:

   a. Is this an estimate (Yes/No):

B) Description of the specific nature of the offense:

C) Did the offense involve any of the following?

   1) Domestic violence or a crime of violence (such as battery or assault) against your child, dependent, cohabitant, spouse, former spouse, or someone with whom you share a child in common: Yes / No

   2) Firearm or explosives: Yes / No

3) Alcohol or drugs: **Yes / No**

D) Location where the offense occurred (city, county, state, zip code, country):

E) Were you arrested, summoned, cited or did you receive a ticket to appear as a result of this offense by any police officer, sheriff, marshal or any other type of law enforcement official: **Yes / No**

1) Name of the law enforcement agency that arrested/cited/summoned you:

2) Location of the law enforcement agency (city, county, state, zip code, country):

F) As a result of this offense were you charged, convicted, currently awaiting trial, and/or ordered to appear in court in a criminal proceeding against you: **Yes / No**

1) If yes, provide the name of the court and the location of the court (city, county, state, zip code, country):

2) If yes, provide all the charges brought against you for this offense, and the outcome of each charged offense (such as found guilty, found not-guilty, charge dropped or "nolle pros," etc). If you were found guilty of or pleaded guilty to a lesser offense, list separately both the original charge and the lesser offense:

3) If no, provide explanation:

G) Were you sentenced as a result of this offense: **Yes / No**

H) Provide a description of the sentence:

I) Were you sentenced to imprisonment for a term exceeding one year: **Yes / No**

J) Were you incarcerated as a result of that sentence for not less than one year: **Yes / No**

K) If the conviction resulted in imprisonment, provide the dates that you actually were incarcerated:

L) If conviction resulted in probation or parole, provide the dates of probation or parole:

M) Are you currently on trial, awaiting a trial, or awaiting sentencing on criminal charges for this offense: **Yes / No**

N) Provide explanation:

## 10. Civil Litigation and Administrative or Legislative Proceedings

**(A) Since (and including) your 18th birthday, have you been a party to any public record civil court action or administrative or legislative proceeding of any kind that resulted in (1) a finding of wrongdoing against you, or (2) a settlement agreement for you, or some other person or entity, to make a payment to settle allegations against you, or for you to take, or refrain from taking, some action. Do NOT include small claims proceedings.**

No.

| Date Claim/Suit Was Filed or Legislative Proceedings Began | Court Name | Name(s) of Principal Parties Involved in Action/Proceeding | Nature of Action/Proceeding | Results of Action/Proceeding |
|---|---|---|---|---|
| | | | | |

**(B) In addition to those listed above, have you or any business of which you were an officer, director or owner ever been involved as a party of interest in any administrative agency proceeding or civil litigation? Please identify and provide details for any proceedings or civil litigation that involve actions taken or omitted by you, or alleged to have been taken or omitted by you, while serving in your official capacity.**

Yes

| Date Claim/Suit Was Filed | Court Name | Name(s) of Principal Parties Involved in Action/Proceeding | Nature of Action/Proceeding | Results of Action/Proceeding |
|---|---|---|---|---|
| Jan 20, 1993 | US Court of Appeals for the 10th Circuit | Gallegos vs. City of Denver (including Katherine Archuleta in her official capacity as an aide to the mayor of Denver) and King Harris | Civil action alleging wrongful discharge (by city of Denver) | Summary judgment granted in favor of the city of Denver |
| Jan 4, 1994 | US Court of Appeals for the 10th Circuit | Gallegos vs. City of Denver (including Katherine Archuleta in her official capacity as an aide to the mayor of Denver) and King Harris | Civil action alleging wrongful discharge (in conspiracy with city of Denver) | Summary judgment granted in favor of King Harris |

**(C) For response to the previous question, please identify and provide details for any proceedings or civil litigation that involve actions taken or omitted by you, or alleged to have been taken or omitted by you, while serving in your official capacity.**

Patricia Gallegos sued the City of Denver for wrongful termination alleging discrimination based on national origin and gender. Although I am listed as one of several defendants in the case, the court's decision did not result in a finding of wrongdoing against me.

## 11. Breach of Professional Ethics

**(A) Have you ever been disciplined or cited for a breach of ethics or unprofessional conduct by, or been the subject of a complaint to, any court, administrative agency, professional association, disciplinary committee, or other professional group? Exclude cases and proceedings already listed.**

No

| Name of Agency/Association/ Committee/Group | Date Citation/Disciplinary Action/Complaint Issued/Initiated | Describe Citation/Disciplinary Action/Complaint | Results of Disciplinary Action/Complaint |
|---|---|---|---|
| | | | |

**(B) Have you ever been fired from a job, quit a job after being told you would be fired, left a job by mutual agreement following charges or allegations of misconduct, left a job by mutual agreement following notice of unsatisfactory performance, or received a written warning, been officially reprimanded, suspended, or disciplined for misconduct in the workplace, such as violation of a security policy?**

No

## 12. Tax Compliance

REDACTED

## 13. Lobbying

**In the past ten years, have you registered as a lobbyist? If so, please indicate the state, federal, or local bodies with which you have registered (e.g., House, Senate, California Secretary of State).**

No

## 14. Outside Positions

X See OGE Form 278. (If, for your nomination, you have completed an OGE Form 278 Executive Branch Personnel Public Financial Disclosure Report, you may check the box here to complete this section and then proceed to the next section.)

**For the preceding ten calendar years and the current calendar year, report any positions held, whether compensated or not. Positions include but are not limited to those of an officer, director, trustee, general partner, proprietor, representative, employee, or consultant of any corporation, firm, partnership, or other business enterprise or any non-profit organization or educational institution. Exclude positions with religious, social, fraternal, or political entities and those solely of an honorary nature.**

| Name of Organization | Address of Organization | Type of Organization (corporation, firm, partnership, other business enterprise, other non-profit organization, educational institution) | Position Held | Position Held From (month/year) | Position Held To (month/year) |
|---|---|---|---|---|---|
| | | | | | |

## 15. Agreements or Arrangements

X See OGE Form 278. (If, for your nomination, you have completed an OGE Form 278 Executive Branch Personnel Public Financial Disclosure Report, you may check the box here to complete this section and then proceed to the next section.)

**As of the date of filing your OGE Form 278, report your agreements or arrangements for: (1) continuing participation in an employee benefit plan (e.g. pension, 401k, deferred compensation); (2) continuation of payment by a former employer (including severance payments); (3) leaves of absence; and (4) future employment.**

**Provide information regarding any agreements or arrangements you have concerning (1) future employment; (2) a leave of absence during your period of Government service; (3) continuation of payments by a former employer other than the United States Government; and (4) continuing participation in an employee welfare or benefit plan maintained by a former employer other than United States Government retirement benefits.**

| Status and Terms of Any Agreement or Arrangement | Parties | Date (month/year) |
|---|---|---|
| | | |

**16. Additional Financial Data**

REDACTED

## SIGNATURE AND DATE

I hereby state that I have read the foregoing Statement on Biographical and Financial Information and that the information provided therein is, to the best of my knowledge, current, accurate, and complete.

This 27 day of June, 2013

United States
Office of Government Ethics
1201 New York Avenue, NW., Suite 500
Washington, DC 20005-3917

JUN 10 2013

The Honorable Thomas R. Carper
Chairman
Committee on Homeland Security
and Governmental Affairs
United States Senate
Washington, DC 20510

Dear Mr. Chairman:

In accordance with the Ethics in Government Act of 1978, I enclose a copy of the financial disclosure report filed by Katherine L. Archuleta, who has been nominated by President Obama for the position of Director, Office of Personnel Management.

We have reviewed the report and have obtained advice from the agency concerning any possible conflict in light of its functions and the nominee's proposed duties. Also enclosed is an ethics agreement outlining the actions that the nominee will undertake to avoid conflicts of interest. Unless a date for compliance is indicated in the ethics agreement, the nominee must fully comply within three months of confirmation with any action specified in the ethics agreement.

Based thereon, we believe that this nominee is in compliance with applicable laws and regulations governing conflicts of interest.

Sincerely,

Walter M. Shaub, Jr.
Director

Enclosures **REDACTED**

May 24, 2013

Ms. Elaine Kaplan
Acting Director & Designated Agency Ethics Official
Office of Personnel Management
1900 E St., N.W.
Washington, DC 20415

Dear Ms. Kaplan:

The purpose of this letter is to describe the steps that I will take to avoid any actual or apparent conflict of interest in the event that I am confirmed for the position of Director of the Office of Personnel Management.

As required by 18 U.S.C. § 208(a), I will not participate personally and substantially in any particular matter that has a direct and predictable effect on my financial interests or those of any person whose interests are imputed to me, unless I first obtain a written waiver, pursuant to 18 U.S.C. § 208(b)(1), or qualify for a regulatory exemption, pursuant to 18 U.S.C. § 208(b)(2). I understand that the interests of the following persons are imputed to me: any spouse or minor child of mine; any general partner of a partnership in which I am a limited or general partner; any organization in which I serve as officer, director, trustee, general partner or employee; and any person or organization with which I am negotiating or have an arrangement concerning prospective employment.

Upon confirmation, I will resign from my positions with the Hunt Alternatives Fund, the Swanee Hunt Family Foundation, and Inclusive Security Action. I resigned from my position with Obama for America in November 2012. For a period of one year after my resignation from each of these entities, I will not participate personally and substantially in any particular matter involving specific parties in which that entity is a party or represents a party, unless I am first authorized to participate, pursuant to 5 C.F.R. § 2635.502(d).

I understand that as an appointee I am required to sign the Ethics Pledge (Exec. Order No. 13490) and that I will be bound by the requirements and restrictions therein in addition to the commitments I have made in this and any other ethics agreement.

Finally, I have been advised that this ethics agreement will be posted publicly, consistent with 5 U.S.C. § 552, on the website of the U.S. Office of Government Ethics with other ethics agreements of Presidential nominees who file public financial disclosure reports.

Sincerely,

Katherine L. Archuleta

United States
Office of Government Ethics
1201 New York Avenue, NW., Suite 500
Washington, DC 20005-3917

JUL - 3 2013

The Honorable Thomas R. Carper
Chairman
Committee on Homeland Security
and Governmental Affairs
United States Senate
Washington, DC 20510

Dear Mr. Chairman:

On June 10, 2013, the Office of Government Ethics (OGE) transmitted to the Committee the financial disclosure report of Katherine L. Archuleta in connection with her nomination for the position of Director, Office of Personnel Management. Enclosed are a letter from the U.S. Office of Personnel Management and a letter from Ms. Archuleta forwarding amended pages to Ms. Archuleta's financial disclosure report. With regard to her financial disclosure report, these letters forward amended pages to Schedules C and D of the report.

We have reviewed this additional submission and have also obtained advice from the Office of Personnel Management concerning any possible conflict in light of its functions and the nominee's proposed duties. Based on the information provided, OGE continues to believe that Ms. Archuleta is in compliance with applicable laws and regulations governing conflicts of interest.

Sincerely,

Jane S. Ley
Deputy Director

Enclosures REDACTED

UNITED STATES OFFICE OF PERSONNEL MANAGEMENT
Washington, DC 20415

The Director

Honorable Walter M. Shaub, Jr.
Director
Office of Government Ethics
1201 New York Ave., N.W.
Suite 500
Washington, DC 20005

JUN 27 2013

Dear Mr. Shaub:

In the process of collecting information in response to a request from the Senate Committee on Homeland Security and Governmental Affairs, Ms. Archuleta realized that the refinanced mortgages on her personal residence and rental property and the second mortgage on her rental property were inadvertently left off of her Nominee Public Financial Disclosure Report (OGE Form 278). In addition, she realized that one of her positions listed on Schedule D, Part I had an incorrect start date. I have reviewed the information and have determined that it raises no conflict of interest and does not necessitate any changes to her ethics agreement.

Based on my review of Ms. Archuleta's OGE Form 278 and the specific commitments made by her in her ethics agreement, it is my opinion that she will be in compliance with the conflicts of interest laws and regulations that will apply to her as Director of the Office of Personnel Management.

I have included amended pages for Schedules C and D to reflect this new information. Please add these amended pages to Ms. Archuleta's financial disclosure report.

Please advise if you have any questions or require further information regarding this matter.

Sincerely,

Elaine Kaplan
Acting Director &
Designated Agency Ethics Official

Enclosures

JUN 27 2013

Ms. Elaine Kaplan
Acting Director & Designated Agency Ethics Official
Office of Personnel Management
1900 E St., N.W.
Washington, DC 20415

Dear Ms. Kaplan:

In the process of collecting information in response to a request from the Senate Committee on Homeland Security and Governmental Affairs, I realized that the refinanced mortgages on my personal residence and rental property and the second mortgage on my rental property were inadvertently omitted from the OGE 278 report that I signed on May 24, 2013. I have corrected this on my report. In addition, I have corrected the date I held my consultant position with the Hunt Alternatives Fund to show the correct start date of 3/2013.

Please let me know if you have questions or need additional information.

Thank you for your assistance.

Sincerely,

Katherine L. Archuleta

**U.S. Senate Committee on Homeland Security and Governmental Affairs**
**Pre-hearing Questionnaire for the**
**Nomination of Katherine Archuleta to be**
**Director, Office of Personnel Management**

## I. Nomination Process and Conflicts of Interest

1. Why do you believe the President nominated you to serve as Director of the Office of Personnel Management (OPM)?

**As an individual who has served as a senior official at three Cabinet departments, as well as in local government and the non-profit sector, I know the challenges of recruiting and retaining an effective and diverse workforce. Specifically, as a Federal manager, I understand how Office of Personnel Management (OPM) personnel policies need to support and serve the needs of agencies in order to meet their missions on behalf of the American people. I have a track record of leadership and creative problem solving within budgetary constraints.**

2. Were any conditions, expressed or implied, attached to your nomination? If so, please explain.

**There are no conditions, express or implied, attached to my nomination.**

3. What specific background and experience affirmatively qualify you to be Director of OPM?

**I want to highlight three different sets of experiences that provide me a solid background to be Director of OPM.**

**My role in local government as a senior team member for two mayors of the city and county of Denver, Colorado required me to think carefully about policies and services that would affect approximately 500,000 people. One of my responsibilities was to coordinate the mayor's cabinet and oversee all areas of policy development. That required making hard decisions within budgetary constraints and considering the needs of large numbers of people with diverse interests.**

**My responsibilities as Chief of Staff at two large Federal Departments -- the Departments of Transportation and Labor -- included management and oversight of staff and policy development. I learned a lot about leadership and the need to be firm and to encourage participation from employees. While at Transportation we had to make tough decisions to downsize the workforce in a tight fiscal environment**

**so I know firsthand the challenges that Federal managers face in workforce planning to make sure that agencies are able to achieve their missions in times of declining resources. At both Transportation and Labor we experienced tragedies such as air crashes and mine disasters, so I know well the personal impact and importance of the Federal Government's work.**

**Finally, as National Political Director for the President's campaign I was involved in not only "big P" Politics, but also the politics of reaching out and communicating with diverse groups of people and hearing what Americans hope and expect from their government.**

**Above all, I have gained a spirit of service and an appreciation for being part of one team moving forward to serve the American people.**

4. Have you made any commitments with respect to the policies and principles you will attempt to implement as Director of OPM? If so, what are they and to whom have the commitments been made?

**The only commitments I have made are to the President and the American people to uphold the integrity of the Civil Service, protect the Merit System, and to ensure that the Federal Government is able to attract and retain top talent to serve the public good.**

5. If confirmed, are there any issues from which you may have to recuse or disqualify yourself because of a conflict of interest or the appearance of a conflict of interest? If so, please explain what procedures you will use to carry out such a recusal or disqualification.

**I am not currently aware of any. However, should any issue arise that might create an appearance of or an actual conflict of interest, I will immediately notify the designated Agency Ethics Official, and if necessary, recuse or disqualify myself from such action.**

## II. Background of the Nominee

6. You have served in a number of leadership positions both in and outside of government. How do you believe those experiences have prepared you for the position of Director of the Office of Personnel Management?

**Having been in senior management positions at several Federal departments, I have experience as a leader on a range of federal human capital issues, including hiring, staffing, diversity, performance management, benefits administration, as well as**

**workforce and strategic planning. I also have extensive experience in the non-profit sector leading a diverse workforce towards common goals.**

**Based on my background, I well-understand the needs of Federal managers and agencies to accomplish the mission, while also recognizing the needs of employees. This unique balanced perspective makes me qualified to be Director of OPM.**

7. What management experience and qualifications from your previous professional positions would you bring to the position of OPM Director?

**I believe my response to question 6 addresses this question.**

8. What is your approach to managing? Describe the principles that underlie your management style, and particularly those that will govern how you will administer in a public sector position.

**First and foremost, I believe it is important to build a sense of team toward the goal that we all serve the American public. I also believe in setting and conveying clear expectations to stakeholders. These expectations are used to measure accountability – that is, to assess efficiency of what is being done. Progress cannot be measured without clear expectations and accountability.**

**I also believe in the importance of developing different goals and expectations 6 days, 6 weeks, and 6 months out. That is, have a solid mix of short, near, and long term goals, the success of which can be quantified.**

9. What different challenges do you envision at OPM, as compared to those you have experienced in your other managerial positions?

**I consider the differences to be more opportunities than challenges. As described in my response to question 3, my experience has been to work side-by-side with leaders at the highest levels, and if confirmed, I look forward to applying lessons learned in those positions to move from implementing policies to leading change.**

## III. Role and Responsibilities of the Director of OPM

10. What do you anticipate will be your greatest challenges as OPM Director, if confirmed, and what will be your top priorities?

**If confirmed to be Director of OPM, I will immediately move to make sure that a management team is in place to carry out what will be my top priorities to address the greatest challenges for OPM.**

**OPM has a very important role in implementing the Affordable Care Act. I know that OPM is working hard to get Multi-State Plans ready to offer coverage on Health Insurance Marketplaces and to support Governmentwide efforts to encourage individuals and small businesses to purchase insurance. I want to make sure that OPM continues to implement its ACA responsibilities timely and effectively.**

**Another one of my top priorities will be to improve OPM's information technology and address concerns expressed by Congress and GAO, so that OPM can work more efficiently and effectively. I want to ensure that OPM is brought into the new age and that the latest technology is in place for the agency's employees, as well as Federal employees and annuitants.**

**Finally, I want to make sure that we are doing all that we can to improve the process from resume to retirement. That is, ensure all processes are efficient and effective, and that individuals have a good experience throughout their career paths. We must hire a diverse Federal workforce that best reflects America and is made up of top talent who possess the right skills sets. We must make sure that we continue to build their skills throughout their career. And then when they retire, we must ensure that the retirement process works.**

11. OPM sees its core mission as helping agencies build an effective federal civilian workforce based on merit system principles (Budget, FY 2014, Appendix, page 1161). OPM not only develops and proposes broad human resource (HR) strategies for managing the federal workforce, but also administers and enforces certain specific HR policies and requirements, consults with and advises federal agencies on HR matters, and provides HR services to agencies, sometimes for a fee. How do you believe OPM should balance its roles as a strategist on HR, as an administrator and regulator, as a consultant, and as a fee-based service provider? Please describe the general approach that you would apply for tackling strategic human capital problems in an environment of such competing roles and interests.

**I believe the most important responsibility of OPM is to support the human resources needs of agencies so that they are able to recruit, retain, and develop the workforce that is needed to meet their missions and thus the mission of the Federal Government. All of this must be done in accordance with the principles of the Merit System which OPM is charged to protect.**

**OPM's Human Resources Solutions (HRS) does provide services to other federal agencies for a fee, however, unlike USAJOBS, agencies are not statutorily required to use OPM for these other services. OPM offers the USA Staffing talent acquisition system to Federal agencies at their choice. It is my understanding that USA Staffing and OPM's policy division, Employee Services (ES), take their respective roles very seriously and strive to ensure that their roles do not overlap and limit any conflict of interest.**

**If confirmed as Director of OPM, I will continue to ensure that the roles of HRS and ES do not overlap. At the same time, I will work to maintain and build on the accomplishments this Administration already has when it comes to achieving a talented workforce to serve the American people effectively and efficiently. In this fiscal environment, agencies' workforce planning must be guided so that they are able to achieve their missions and address human resources issues strategically. I look forward to developing a strong partnership with agency CHCOs and other leaders, employee groups and the organizations that represent them, and other stakeholders to identify common goals and work together as one team to find solutions.**

12. As the Director of OPM, how would you work with the Office of Management and Budget (OMB) with respect to human capital issues? What do you believe are the respective roles of OPM and OMB with respect to human capital issues?

**I expect that if confirmed I would work closely with OMB on Federal personnel issues to ensure that OPM's human capital strategies are in alignment with the President's priorities and agency budgets. I will look forward to working with OMB Director Sylvia Burwell in her new role to address our mutual challenges.**

## IV. Policy Questions

*Human Capital Management*

13. What role should OPM play in assisting agencies with successful human capital management activities? Do you believe that OPM has the appropriate resources to help individual agencies develop and meet their human capital goals?

**In my view, OPM can be a driver of innovative HR solutions and practices for Federal agencies both for today's and future workforces. In addition to laying the groundwork for strategic HR planning and management, OPM also needs to support agencies in accomplishing their day-to-day missions by providing real world guidance to HR professionals that is clear and actionable.**

**If confirmed, I will work to ensure that OPM has the appropriate resources to accomplish its missions and statutory requirements.**

14. The Government Accountability Office (GAO) has included strategic human capital management as a high-risk area for many years and once again included it in the February 2013 High Risk Update (GAO-13-283).

What do you believe are the principal challenges facing the government in the area of human capital management, what do you believe are the most important things that should be done to improve human capital management in the federal government, and what would you do, as Director, to further this goal? What philosophy and perspective would you bring to OPM regarding federal human capital management?

**If confirmed as Director of OPM, I want to ensure that the Federal Government's hiring policies and practices enable agencies to attract top talent who reflect the diversity of America.**

**The American people deserve and expect a government that works well and is responsive to them. In order to accomplish this, agencies need the right workforce in place with employees who are innovative and capable of handling the complex issues and challenges that the Federal Government faces, particularly at a time of declining resources which will require new ways of doing business.**

15. Both GAO in its 2013 report and the President in the FY2014 budget (Analytical Perspectives, pg 109) stress that identifying and addressing critical skills gaps that are undermining agencies' abilities to meet their vital missions is a critical part of strategic human capital planning. Do you agree? What role do you believe OPM plays in helping agencies identify and address critical skills gaps, and how would you, as Director, approach this issue?

**Yes, I agree that identifying and filling skills gaps in the workforce is a critical priority. If confirmed as Director, I look forward to further reviewing GAO's recommendations and collaborating with agencies through the CHCO Council to develop the necessary strategies needed to address critical gaps through both training for current employees and identifying candidates that already possess the critical skills.**

16. Performance metrics are essential for effective oversight and holding agencies accountable for results. What metrics do you feel are appropriate for gauging both OPM's and other agencies' human capital efforts?

**I believe that metrics play an important role in gauging human capital efforts by establishing measurable goals and strategies along with identifying appropriate benchmarks for assessment of accomplishments toward goals. If confirmed, I will continue to make the use of performance metrics a priority for the CHCO Council.**

17. What is your opinion about the present capacity of, and the need for improving, the acquisition workforce within the federal government? What should OPM's role be in the development and implementation of a strategic human capital plan for the acquisition workforce, and how do you believe OPM should coordinate its efforts in human capital planning with the efforts of the Office of Federal Procurement Policy (OFPP)?

**The Federal acquisition workforce is a critical skill gap that should be a priority of OPM's strategic human capital efforts. In its role to assist agencies with solutions to human capital problems, especially in tight budget environments where every dollar spent by an agency must be accounted for, OPM can help develop a more skilled workforce that will be able to better manage agency procurement. In this effort, OPM should continue to work in partnership with OMB, including OFPP.**

18. What role, if any, should OPM play in ensuring that agencies do not pay contractors to perform work that would be more cost-effective or appropriate to be performed by a federal employee? Conversely, what role, if any, should OPM play in ensuring that agencies utilize contractors to perform work that may be more cost-effective and/or appropriate than utilizing federal employees?

**Based on my experience as Chief of Staff at the Departments of Transportation and Labor, I believe that agencies are best equipped to determine the makeup of their workforce in order to carry out agency missions and operations within budget constraints.**

**I believe that OPM's role can be to emphasize the importance of workforce planning so that agencies have the right tools to analyze the appropriate balance of employees and contractors in their workforce.**

19. Leadership, managerial, and supervisory skills are critical for ensuring agencies fulfill their missions. What is your opinion of the government's processes for getting people with the requisite skills in these areas to enable agencies to function at their best? What are the particular challenges, and what can be done to improve leadership, management, and supervision in government?

**Agencies currently face a variety of challenges to attract diverse senior leaders and executives into the Federal Government, including pay levels. If confirmed as Director of OPM, I will work to promote policies to encourage mid-career professionals, both from within and outside the Federal Government, to accept new leadership challenges at agencies where they can bring their skills and a new perspective.**

**In my experience, many Federal managers are not aware of the various tools available to them to manage their employees effectively. OPM must ensure that agencies are providing the necessary training to supervisors and managers in the performance management area.**

20. What is your opinion of the current state of labor-management relations within the federal government, and what do you believe the Director of OPM can and should do to improve those relations?

**I believe that over the last four years as a result of the President's Executive Order establishing the National Council on Federal Labor-Management Relations, that the relationship has improved although more could possibly be done in some areas.**

**If confirmed, as co-chair of the Council, I would seek a strong relationship between labor and management and while there will not always be agreement on all issues, I will always be ready to come to the table.**

21. What is your opinion about the General Schedule, and what improvements do you think are needed? What principles do you believe should guide any review and improvements of the General Schedule pay system and its implementation?

**Based on my experience, I am familiar with the General Schedule and am aware of the strengths and criticisms of the current system. The General Schedule provides employees a transparent compensation system and includes tools for performance management. I believe that if we are to reform the General Schedule system, which is six decades old, we cannot focus solely on pay. We must look at our classification and qualification systems as they are the foundation of the pay system.**

**I support the President's proposal that Congress establish a National Commission on Federal Public Service Reform to review current Federal personnel policies and make recommendations for reform.**

22. What is your opinion about the desirability and feasibility of extending the use of pay-for-performance in the federal government? How do think it could be done?

**I am aware of the failed efforts to address pay for performance at the Departments of Homeland Security and Defense. I believe that what we need is to have strong performance management. I understand that OPM in a leadership role through the National Council on Federal Labor-Management Relations, is working with other**

**agencies and labor organizations to enhance performance management through GEAR (Goals, Engagement, Accountability and Results). The key is for managers to understand the process and to be committed to using the available tools for performance accountability no matter what system is in place.**

23. There have been many proposals for improving the Federal Employees Health Benefits Program (FEHBP). What do you think should be done either legislatively or administratively to improve the program?

**The FEHBP has not been changed for over 50 years and I believe it is time to bring it up to date with the best practices of current health insurance plans offered by private employers. The FEHBP is a critical part of the compensation package offered to potential Federal employees, and modernizing the program is essential to ensure that the Federal government can continue to compete with the private sector in order to recruit and retain top talent to serve the American people. I support the proposals in the President's FY2014 budget to modernize the FEHBP, which require legislative action.**

24. The Chief Human Capital Officers Act of 2002 established the Chief Human Capital Officers (CHCO) Council to advise and coordinate the agencies' activities with respect to human resource issues. The Act also requires the Director of OPM to serve as the chairperson of the CHCO Council.

How would you, as OPM Director, plan to approach your role as chairperson of the CHCO Council? What priorities or initiatives would you plan to focus on in this role?

**If confirmed, I will view my role as chairperson of the CHCO Council as one of collaboration with agencies. I believe OPM and agencies need to work as a team in order to achieve common goals in addressing human resource challenges across government. One of my priorities as Director will be to improve the user experience for Federal employees, annuitants, and applicants from resume to retirement and this will require full engagement of agency CHCOs.**

*Recruitment, Retention, and Training*

25. What are your views with respect to the current hiring process within the federal government, and what do you believe should be done to improve it?

**Over the last four years, much progress has been made in the area of hiring reform to make the process go quicker and easier for applicants. However, there is still work to be done. In my view, new recruitment methods are needed to ensure**

**diverse candidate pools including the use of new social media and other technologies.**

26. The current economic challenges facing the federal government are considerable, and fiscal restraint is clearly part of the response to those challenges. Given this situation, how can the federal government also make the critical investments needed to attract, select, develop, motivate, and retain a highly qualified and productive federal workforce?

**Even in the current budget environment, agencies still have to meet their missions and be able to recruit and retain top talent. Working through the CHCO Council, I believe that agencies can share the best practices for operating within tight budgets. The Federal Government must identify mission critical skills and recruit the right people to fill the skill gaps. If confirmed as Director, I want to ensure a process that attracts those who are committed to public service.**

27. The Administration has made some progress in improving the federal hiring process, but many job-seekers still complain about the tedious process of finding and applying for federal jobs, as well as the amount of time it takes to get through the hiring process.

What role should OPM play in reforming the recruitment and hiring process? If confirmed, how do you plan to continue to address these issues raised by job-seekers, applicants, and others? Do you believe further legislation is needed?

**As noted above, OPM has already led the way in several areas of hiring reform, and if confirmed I will ensure that OPM continues to work with agencies through the CHCO Council to further hiring reform efforts. In my experience, the public expects communication and responsiveness from the Government, including throughout agencies' hiring processes. If confirmed, I will review each step in the recruitment and hiring processes so as to assess whether OPM is doing all it can to reach diverse and talented candidates. I will also work with the CHCO Council to be sure that onboarding time is as timely as it can be to meet workforce needs of the departments and agencies.**

28. Executive Order 13562, entitled "Recruiting and Hiring Students and Recent Graduates," established two new programs and modified the Presidential Management Fellowship Program to promote employment opportunities for students and recent graduates in the Federal workforce.

What is your opinion of these programs? As OPM Director, how would you ensure agencies are properly implementing these programs to develop new talent and give opportunities to students and recent graduates?

**The Executive Order provides a clear path to Federal internship opportunities to students and recent graduates, providing meaningful training and career development opportunities for individuals, including those who have never had a connection to the Federal Government. These programs offer the Federal Government opportunity to inspire and recruit young people to Federal service. If confirmed, I will work to ensure that OPM provides the support and assistance agencies need to use these programs effectively and to promote the interest in these programs by students and graduates.**

29. The Partnership for Public Service, along with Booz Allen Hamilton, recently released a report, entitled "The Biggest Bang Theory," on the challenges of recruiting and hiring high-caliber talent in the science, technology, engineering, mathematical and medical professions. The report indicated that the number of federal jobs in these professions is continuing to increase while the supply of students graduating in these fields who are interested in federal jobs is decreasing or remaining the same.

As OPM Director, how would you improve the federal government's recruitment efforts for students and other applicants with technical and scientific skills?

**Science, Technology, Engineering, and Mathematics (STEM) is one of the critical skill gaps identified that must be addressed in order for our nation to be able to effectively compete in the 21st Century. If confirmed as Director of OPM, this will be part of my priority to ensure that the Federal Government has the right people with the right skills in place through continued efforts at improving the hiring process. Engaging the CHCO Council in developing effective strategies for recruiting for critical skills will remain a high priority for OPM if I am confirmed as Director.**

30. Over one-third of all federal employees are, or will soon be, eligible to retire. It is important that agencies are prepared to lose these experienced employees without losing all of the knowledge and skills that they have developed over their careers. As OPM Director, how would you work with agencies to ensure they have succession plans in place that will help them face the upcoming wave of retirements?

**If confirmed, I will work to ensure that agencies are prepared to hire and retain their next generation of leaders. Through my experience at the Department of Labor I know that many departments are already actively engaged in succession planning. As chair of the CHCO Council, I will work closely with its members to assist in such planning and to bring to their attention the value of programs such as mentoring and phased retirement.**

*Workplace Flexibilities*

31. Congress has enacted a number of workforce flexibilities for agencies to use in the recruitment and retention of highly qualified applicants, such as category rating, student loan repayment programs, direct hire authority, and recruitment, retention and relocation bonuses.

What do you believe to be the value of workplace flexibilities such as these and what is your opinion about how agencies are using them? Do you believe that there are additional workforce flexibilities needed to help agencies build a modern workforce?

**While I am not aware of all of the flexibilities available, I am aware that OPM has a role in reviewing and approving these when agencies have unique hiring and retention needs. I want the Federal Government to be an attractive option for the best applicants, where agencies have the tools necessary to attract top talent, and that the Federal Government is a place where the best and most capable employees want to continue working. As mentioned above, I will work with the CHCO Council to encourage the use of available tools to recruit and retain top talent.**

32. Agencies often come to Congress seeking permission to gain flexibility for hiring purposes when OPM could have granted a waiver for the same. This has been seen especially in agencies seeking direct hire authority.

How do you believe OPM can work with agencies in being effective with the already established authorities? Are there any concerns about whether there are inconsistent authorities caused by agencies seeking out their own carve-out exceptions to the current hiring provisions?

**In its role as "HR for the federal government", it is important for OPM to maintain consistency in hiring provisions across the government. And if confirmed, I look forward to reaching out to agencies to help make sure they understand the current flexibilities and tools they already possess that aid in this process.**

33. Telework has become an increasingly important component of the federal government's efforts to create continuity of operations plans (COOPs) and to develop modern approaches to effective human capital management. Additionally, telework allows employees and managers flexibility to create work arrangements that are accommodating, boost employee morale, and increase trust and communication between employees and managers.

What do you believe are the advantages and disadvantages of telework within federal agencies? Do you believe the program should be expanded or otherwise changed, and

what would you do, as OPM Director, with respect to the telework program in federal agencies?

**In my experience, while telework may not be suitable for every position within the Federal Government, it can be a valuable way for agencies to ensure continuity of operations when there are emergencies or disasters. It is also an important feature of the modern workplace that has a focus on work-life balance, and therefore agencies need it in recruiting and retaining employees. While I served as Chief of Staff for the Department of Labor, I was able to witness the effectiveness of telework. Employees throughout the Department were able to use telework to increase their work production and it was seen as a valuable employee retention tool.**

**If confirmed I will engage agencies and employees regarding the use and needed changes to the Federal Government's telework policies.**

*Diversity/Equal Opportunity*

34. OPM and the Equal Employment Opportunity Commission (EEOC) are both involved in ensuring equal opportunity in the federal workplace. In what specific ways can OPM and EEOC work collaboratively in providing leadership to ensure equal employment opportunity?

**In their mutual roles to ensure equal opportunity in the Federal workforce, OPM and EEOC should collaborate on guidance to agencies on developing diversity and inclusion plans. If confirmed, I look forward to working with EEOC on our shared goals.**

35. Despite increased efforts by key agencies and the availability of special hiring authorities, the number and percentage of individuals with targeted disabilities employed in the Federal workforce has not increased over the past 18 years. In July 2010, President Obama issued Executive Order 13548 with the goal of improving hiring and accommodations of people with disabilities in the federal government.

What role should OPM play in helping applicants and agencies better understand how to hire and retain individuals with disabilities? How would you, as OPM Director, continue efforts to coordinate with the other agencies on initiatives/programs for individuals with disabilities?

**If confirmed as Director, I plan to focus on how agencies can more effectively recruit diverse candidates, including individuals with disabilities. At the Department of Labor, agency heads were responsible for reporting their efforts in recruiting a diverse workforce. It is my experience that top leadership has to set the**

**model for diversity and inclusion. If confirmed I will work within OPM and Federal Government leadership toward increasing the number of persons with disabilities in the Federal workforce.**

36. Do you believe there is a gender pay gap in the federal workforce? If so, what factors do you believe specifically account for the gender pay gap?

**I am aware that President Obama recently issued a Presidential Memorandum on pay equality in the Federal Government noting that as the Nation's largest employer, the Federal Government has a special responsibility to be a model employer. The memorandum also directed OPM to submit a Government-wide strategy to address any gender pay gap that is in the Federal workforce. I am aware that OPM's Office of Diversity and Inclusion and Employee Services will work together to complete a study and develop recommendations. If confirmed, I look forward to reviewing this study and its recommendations and findings.**

37. What tools do you believe would be at your disposal to remedy a gender pay gap in the federal workforce if such a gap exists? How would you employ such tools if confirmed?

**As I stated in my response to question 36, I look forward to reviewing the recommendations and findings to be contained in the study mentioned above.**

38. Do you believe there is discrimination in the federal workforce, including contracting workforce, on the basis of sexual orientation and/or gender identity? If so, do you believe such discrimination should be handled by legislative means, regulatory means, or by Executive Order? What actions would you take as OPM director in this area?

**I oppose any discrimination on the basis of sexual orientation or gender identity. If confirmed, I will look forward to learning whether such discrimination exists and, if so, will take the actions available within my purview that are appropriate to eliminate it.**

*Automation Efforts/Privacy/Security*

39. As the Federal Government's human resource agency, OPM administers retirement benefits for roughly 2.5 million Federal annuitants and processes over 100,000 new claims each year. OPM uses a system that is mostly paper-based. This processing system has a significant backlog that has left retirees waiting up to a year for their retirement paperwork to be processed.

As OPM Director, what approach would you take to modernizing the federal retirement processing system? What would you do to continue to address the current retirement processing backlog?

**If confirmed, one of my first priorities will be to improve IT at OPM, and I will develop a plan with my leadership team within the first 100 days of my tenure as Director to address Retirement IT. Modernization of the retirement processing system must include achievable goals through technology that are cost effective, efficient, and adaptable to changing needs and requirements. I will review what did and did not work during past retirement modernization efforts so that OPM can avoid past hazards. I also plan to identify senior leadership and to recruit additional talent from outside government to increase the expertise within OPM to manage a modernization plan.**

40. On October 11, 2011, OPM launched USAjobs 3.0, transferring the operation of the Federal employment website from Monster Worldwide, Inc. to the Federal government. What is your opinion of this website? What would you, as OPM Director, do to improve the website, both for those seeking federal jobs and the agencies seeking to fill vacant positions?

**If confirmed, I would increase the outreach and social media presence by USAJOBS in order to ensure that agencies are reaching key communities – blacks, Hispanics, Asian-Americans, women, veterans, and the disabled – that the Federal Government is trying to recruit. USAJOBS has improved since 2011, but there is still room for growth. As the process of looking for a job continues to change in an Internet-based world, USAJOBS needs to grow with the job hunting process. Additionally, feedback that is received via the USAJOBS page should be reviewed for innovative suggestions and ideas. I believe that the best innovators for any product are the customers – through their feedback, OPM can make USAJOBS a fulfilling experience that launches or enhances their career in Federal service. I also believe that it is important to be watchful and mindful of technologies that can improve or enhance the USAJOBS experience for those with disabilities. As technology changes, it is important that no individual is left behind because USAJOBS has failed to comply with the latest standards in technology or social media.**

41. As you know, OPM's FIS is responsible for conducting background checks for security clearances for federal employees and contractors. The security clearance process has been criticized for taking too long, but security and information leaks by employees or contractors with security clearances has also raised concerns about the adequacy of the background check process. What role do you think OPM can play in ensuring the

process is both secure and timely? As OPM Director, how would you approach this issue?

**The background investigation process is inherently detailed in order to ensure that individuals are and remain suitable for employment. If confirmed, I will ensure that OPM's FIS works with its partners at OMB, DOD, and ODNI to address these concerns. Oversight of this program is essential and should be welcomed in order to ensure that waste, fraud, and abuse do not occur and that OPM's programs are as creditable as possible.**

42. In recent years, certain federal agencies have experienced data breaches or had personally identifiable information compromised. Government data containing sensitive personal information is subject to a number of statutory requirements regarding privacy and data integrity, including the Privacy Act of 1974, the E-government Act of 2002, and the Federal Information Security Management Act. As the government's human resources agency, OPM is responsible for maintaining data and personally identifiable information on federal employees and annuitants.

    Please describe what steps you would take to address such federal privacy and security requirements and concerns regarding OPM records and systems.

    **As a private citizen, I do not have access to the steps taken by OPM to guard privacy and data integrity. If confirmed as Director of OPM, improved management of OPM's IT, including proper security and data management, will be one of my top priorities. I will work with OPM's CIO and IG to ensure that adequate measures are in place to protect this vital information.**

*Improper Payments:*

43. What role do you think the OPM Director should play in managing improper payments under agency programs?

    **The role of the OPM Director in managing improper payments under agency programs is to direct a centralized, coordinated effort across OPM to establish concrete plans to reduce or eliminate improper payments. I am aware that overall OPM has reduced the total amount of improper payments being disbursed, and that the total amount is a small fraction of disbursements made by the agency. I am also aware that OPM has recently established a Data Mining Working group to boost agency efforts to reduce, prevent and recover improper payments by having various program offices analyze OPM data to help identify potential payments made to deceased annuitants caused by fraud, errors or delays in reporting. I will continue these efforts and work with OPM's IG if I am confirmed.**

44. Do you believe OPM's improper payment rate is accurate? Do you believe OPM is identifying all improper payments, be they under- or over-payments, that should be counted toward the agency's rate? If no to either question, what specific steps will you take as director to ensure the accurate identification of improper payments at OPM?

**I am not familiar with the details of the methodology of OPM's improper payment rate. As I stated above, I am aware of OPM's working group to identify improper payments, and if confirmed I will hold programs accountable for implementing recommendations from this working group.**

45. In your opinion, should managers be held accountable for improper payments? If so, what do you believe is appropriate and sufficient accountability?

**As stated above, I believe that managers should be held accountable to implementing procedures to reduce improper payments.**

## V. Relations with Congress

46. Do you agree without reservation to respond to any reasonable summons to appear and testify before any duly constituted committee of the Congress if you are confirmed?

**I do.**

47. Do you agree without reservation to reply to any reasonable request for information from any duly constituted committee of the Congress if you are confirmed?

**I do.**

## VI. Assistance

48. Are these answers your own? Have you consulted with OPM or any interested parties? If so, please indicate which entities.

**Although I have consulted with the Office of Personnel Management regarding background information to use in responding to these questions, the answers are my own.**

I, KATHERINE ARCHULETA hereby state that I have read the foregoing Pre-hearing Questions and that the information provided therein is, to the best of my knowledge, current, accurate, and complete.

(Signature)

This 8th day of July, 2013

**U.S. Senate Committee on Homeland Security and Governmental Affairs**
**Pre-hearing Questionnaire for the**
**Nomination of Katherine Archuleta to be**
**Director, Office of Personnel Management, Submitted by Tom A. Coburn, M.D., Ranking Member**

## I. Background of the Nominee

1. What are several specific examples from your previous professional positions that illustrate your success in recruiting and retaining staff?

   **In my role at the Department of Transportation, I assisted in the management of identifying, recruiting, and hiring the senior management staff. At the Department of Labor, as Chief of Staff, I was responsible for identifying, recruiting, and hiring senior leadership throughout the Department. In those positions I was successful in achieving a diverse staff that was committed to public service. The staffs functioned as one team moving forward to serve the American people and holding each other accountable for that cause.**

## II. Role and Responsibilities of the Director of OPM

2. Multiple federal agencies share overlapping missions to serve a variety of federal employees' needs. If confirmed as Director, how do you envision working with agencies that also share OPM's mission? What steps will you take to ensure maximum coordination and cost efficiencies among federal agencies with shared missions?

   **As the Federal Government's chief human resources agency, the Office of Personnel Management sets the policies and direction for agencies to be able to recruit, develop, and retain a world-class workforce as well as administers retirement and health and insurance benefits for Federal employees, annuitants, and their families. OPM's mission is unique in this regard, but the agency should and I believe does work collaboratively as appropriate with other agencies who are charged with making sure that personnel decisions are merit-based and free of political influence and that there is equal opportunity for employment in the Federal Government. If confirmed, I will seek common areas where we can work together and share ideas in order to better serve the needs of Federal employees.**

3. What communication strategies do you anticipate using to monitor the pulse of the agency and to maintain regular discussions with OPM employees?

**Managers should understand that employees work better when they are informed. I believe in removing barriers to communication so that every employee is invested in a shared vision. If confirmed, I will work with the senior leaders to think about what it will take for greater openness—outside and inside of OPM. In my career, even at large Departments with employees spread throughout the nation and even the world, I have always sought to knock down silos and tried to foster a sense of teamwork toward shared goals and shared responsibilities. There are so many means to communicate with employees in a simple way on a daily basis that are effective and meaningful, such as through social media, that managers must take advantage of in order to make employees feel informed and empowered.**

4. In the annual viewpoint survey of OPM employees for 2012, the agency ranked 12th out of 37 places with regard to talent management, a measure of the "extent employees think the organization has the talent necessary to achieve organizational goals." This placement was lower than the 10th place ranking in the 2011 survey. What steps will you take to address shortfalls of human capital within OPM?

   **Any shortfalls in human capital within OPM would be a great concern to me as Director since I believe that OPM, as the chief human resources agency must serve as a model for other agencies in recruiting and retaining a talented workforce. If confirmed, I will review the survey to find the reasons for any declines in the attitudes and opinions of OPM employees about the agency, and I will work with the senior management to analyze the results, identify areas for improvement, and develop a strategy to address the shortfalls.**

5. What specific procedures do you believe an agency must have in place to ensure that programs are operating effectively and efficiently? What specific procedures do your believe OPM should use to monitor and address any issues related to duplication of programs within the agency?

   **I believe it is important for an agency's leaders and employees to communicate openly with each other to share a common vision as one team moving toward shared goals with mutual accountability. Working toward a shared vision requires clear lines of responsibility and open channels of communication between all offices. It also requires accountability such that all efforts are administered efficiently and effectively. I will hold my leadership team to high standards and commitment to the shared vision and accountability for its success.**

6. How will you monitor and measure your own performance and effectiveness as director?

   **I have always set measurable goals for myself and my team. Envisioning success enables me to determine what resources are available to me and what additional**

**resources will be needed to meet goals. I set timelines and hold frequent assessments to determine success toward a goal. Feedback and self-evaluation are critical tools for helping to determine my own success. I will continue to use this personal process as well as ask for constructive opinions of associates and stakeholders.**

7. To what sources outside the federal government do you look for ideas and input on management practices for the federal workforce? What recommendations from these sources have particularly attracted your attention recently and may inform your policy decisions as director?

   **In my previous role working for the city and county of Denver I witnessed firsthand the importance of reaching out to government employees as well as non-profit and private sector thought leaders for ideas on how to solve public policy problems. As a former small business owner I understand that the government profits from looking to the private sector for successful management practices. I believe the government can learn much from the private sector, such as innovative management practices and IT developments. I am especially interested in the role of social media in assisting OPM to recruit and hire diverse candidates from across the country. Using new technologies can also bring cost effective methods to reaching greater numbers of OPM stakeholders with information and support.**

## III. Policy Questions

*Human Capital Management*

8. As Director, will you allow the use of Official Time at OPM? As director, will you at all seek to limit the use of Official Time by agency employees? Does the practice of some federal employees spending 100 percent of their time in Official Time status concern you and, if so, in which ways? As director, what reforms, if any, would you like to see taken to reform Official Time, either statutorily or regulatory?

   **Federal law has recognized that labor organizations and collective bargaining in the civil service are in the public interest, and I agree. In my experience, it is an efficient way to deal with workplace issues and conditions in order to facilitate the effective conduct of public business, and if confirmed as Director of OPM I would continue to support the reasonable and necessary use of official time as provided by law for collective bargaining activities in the public interest. As chair of the Chief Human Capital Officers Council and co-chair of the National Council on Federal Labor-Management Relations, I would listen to any concerns of agency Chief Human Capital Officers as well as employee groups about these kinds of issues and whether changes are needed.**

9. What is your opinion about some Senior Executive Service employees continuing to receive bonuses while other federal employees are being furloughed? How do you believe this affects the morale of agency workforces as a whole?

   **I believe that sequestration and other budget constraints have had an impact on Federal employees and that managers must face the same issues as the rest of the workforce. In 2010, the President proposed and Congress enacted a two-year pay freeze for civilian Federal employees, including members of the SES, which Congress has extended for a third year. Further, the President has recently announced the suspension of Presidential Rank Awards this year, and the Administration has continued to limit performance awards for almost all employees, except those that are required by law. Performance awards for members of the SES are an example of awards that are currently required under the law.**

   **The SES is a pay for performance system and, by law, career SES members are eligible for performance bonuses when they are rated fully successful. Members of the SES are charged with the some of the greatest responsibilities in the Federal Government, and even in tight fiscal environments agencies must be able to make meaningful distinctions in performance if we want to be able to continue to recruit and retain top talent in the SES corps.**

   **If confirmed, I look forward to working with the Administration to review whether any legislative changes are needed.**

10. Do you believe any reforms need to be made to the critical pay policies currently in place across the government and if so, what reforms do you believe are necessary?

    **I understand that agencies may request critical pay authority from OPM in order to recruit or retain exceptionally well qualified candidates. While I am not aware of all of the limitations of the use of critical pay authority, if confirmed I will be more than willing to review all the policies that agencies have available to them to recruit and retain top talent within their tight operating budgets.**

11. What is your opinion about legislative proposals to lengthen the probationary period for federal employees?

    **I am not aware of any such legislation being introduced in the current Congress, and I would need to see specific proposals before being able to weigh in with my views.**

12. Please describe reforms you personally believe should be made to the law and/or regulations governing agencies ability to fire federal employees?

**I believe we need to have a strong performance management system to address poor performers as well as misconduct by employees, and there are already some elements for that in the current system. From my time at the Department of Transportation and Department of Labor, I know that there are effective tools available to deal with poor performance and conduct. These tools provide the means to accomplish the mission while protecting due process rights, but managers must take the lead in using those tools. Agencies should be providing the service the American people expect and deserve, and managers and employees who are not doing that should be held accountable.**

**If confirmed as Director of OPM, I would continue the work to provide agencies guidance on effective performance management and training of supervisors. I would also the carry on the efforts as co-chair of the National Council on Federal Labor-Management Relations to implement accountability at all levels through the GEAR (Goals, Engagement, Accountability, and Results) pilot.**

13. Some federal employees are paid to come to work and "stand by." An employee receiving standby pay is regularly required "to remain at, or within the confines of, his station during longer than ordinary periods of duty, a substantial part of which consists of remaining in a standby status rather than performing work." Do you believe the practice of standby pay needs to be ended or reformed, especially during a time of fiscal austerity?

    **I am not aware of all of the details regarding the use of standby pay, but I do believe that agencies need to be able to appropriately manage their workforce to ensure they are able to meet their missions while controlling costs.**

14. Please describe the reforms, if any, you believe need to be made to curb the practice of taxpayers paying to support federal employees who are Absent Without Leave (AWOL).

    **When an employee is AWOL he or she is not paid, but I agree that AWOL can have an impact on productivity and burdens other employees. I believe that managers should use the tools that are already available to them to appropriately discipline employees who are AWOL, up to and including firing them.**

15. Do you think OPM and other federal agencies need greater authority and flexibility stop pay and certain benefits to federal employees who are not upholding the duties to which they were hired to fulfill?

    **I believe that agencies do have the authority they need to hold employees who are poor performers or who engage in misconduct accountable for their actions. As the case for suspending or removing employees is developed, it is important to maintain the due process rights accorded to those employees.**

16. Nidal Malik Hasan, the U.S. Army Major accused of killing 13 and injuring 30 others in a mass shooting at Fort Hood, Texas on November 5, 2009, has received around $278,000 in salary payments over the three-and-a-half years he has been awaiting trial. Do you believe this is appropriate that Hasan continue receiving taxpayer money?

    **Without knowing the specifics of Hasan's case, it would be inappropriate for me to assess the various factors of this matter. Additionally, I understand that Hasan would have been paid under military authorities, which are different from pay authorities for civilian Federal employees.**

17. In September 2012, GAO found that many agency Chief Human Capital Officers (CHCOs) are not implementing practices that support making more cost-effective training investment decisions, such as prioritizing training so the most important needs are met first and evaluating the benefits of training. What specific steps will you take to ensure agencies are making the most cost-effective training investment decisions? How will you track progress and communicate such progress to Congress?

    **One of my priorities if confirmed as Director of OPM will be to ensure that the process from resume to retirement is a smooth one for employees, managers, and agencies. Part of that effort is in making sure that employees have the tools they need to develop their skills in order to help their agency achieve its mission. As part of their retention plans, it is important that agencies provide training to their employees, and must do so in a cost-effective way.**

    **I am aware that OPM already has taken steps to assist agencies in providing cost-effective training solutions. One example is the establishment of the HR University, which is a Governmentwide resource for HR training and development allowing agencies to achieve savings through shared resources and economies of scale. I believe that this is a model that can be promoted across the Federal government for other critical skill gaps. If confirmed, I will work with managers, employees, and other stakeholders to develop appropriate measures to track progress in this regard.**

18. In September 2012, GAO also found CHCOs do not completely and reliably track training costs agency-wide.[1] How will you ensure that there is greater accuracy of the information agencies track on training costs? How will you make this information transparent, and how will you communicate progress in this area to Congress?

    **As I stated above, agencies must develop their employees throughout their career and must do so in a cost-effective way. If confirmed, I will engage the CHCO Council to see in what ways OPM can assist CHCOs in developing cost-effective**

[1] Government Accountability Office, "Federal Training Investments: Office of Personnel Management and Agencies Can Do More to Ensure Cost-Effective Decisions," GAO-12-878, September 2012, http://www.gao.gov/assets/650/648400.pdf.

**training program and making sure that the appropriate measures are in place so that costs and savings can be clearly and reliably determined.**

*Recruitment, Retention, and Training*

19. OPM currently operates three off-site training facilities: the Federal Employee Institute in Charlottesville, Eastern Management Development Center in Shepardstown, West Virginia, and Western Management Development Center in Aurora, Colorado. In your opinion, do these training centers provide the most cost effective training to federal employees? What specific reforms or improvements of these training centers would you like to implement as Director? Do you believe any classes/courses currently provided at these training centers are unnecessary? What classes/courses would you like to see added to the offerings of these training centers?

    **I have not reviewed the courses offered at the training centers so I am unable to make an assessment at this time regarding any changes or improvements that may be needed. Part of OPM's mission is to support agency human capital and training needs throughout the government. I also believe that the ability to leverage the expertise and the economies of scale that the training centers and other OPM training products provide do deliver cost-effective results for agencies. If confirmed as Director, I will make sure that OPM has in place a customer-focused approach to developing and delivering training solutions in support of the complex challenges that agencies face.**

20. Under current law, an agency must receive a waiver from OPM to rehire an annuitant. In most re-hirings, the annuitant continues to receive a full annuity; however, the salary is reduced by the amount of the annuity payment.[2] If an agency claims an urgent need, however, it can hire an individual with both a full salary and a full pension.[3] The number of cases of annuitants being re-hired with full salary has increased dramatically over the past decade, and so to have costs. In 2000, OPM counted over 650 federal employees who received waivers making them eligible for both salary and annuity. By 2007, OPM saw a nearly six-fold increase in their numbers, to over 3,000. In your opinion, what should "urgent need" mean? As Director, how do you plan to balance the need to work with agencies to retain the talent they deem necessary to fulfill their mission, and to contain the costs associated with providing annuitants full salaries? Do you believe there are too many waivers currently being granted?

    **I believe that the ability of agencies to re-employ annuitants with a waiver of dual-compensation rules is a valuable recruitment tool in order to help respond to emergencies and help fill other needs critical to the mission in the short term. In order to prevent abuse of the authority, the burden is appropriately on the agencies**

[2] Sections 8344 and 8468 of title 5

[3] For more information, see OPM Questions and Answers, "Reemployment of Civilian Retirees to Meet Exceptional Employment Needs," http://www.opm.gov/staffingportal/reemployment.pdf.

**to determine their workforce needs and to justify that such dual compensation waivers are necessary to meet those needs. While I am not fully aware of all aspects of the dual compensation waivers, I agree that OPM should work with agencies to set best practices for retention of top talent in the most cost-effective ways possible.**

*Workplace Flexibilities*

21. Congress has enacted a number of workforce flexibilities for agencies to use in the recruitment and retention of highly qualified applicants, such as category rating, student loan repayment programs, direct hire authority, and recruitment, retention and relocation bonuses. Do you believe any of these benefits should be eliminated in a time of fiscal austerity? Do you believe student loan repayment programs for federal employees are a priority at a time when federal employees are being furloughed?

    **Even in the face of declining budgets and limited resources, agencies have to be able to meet their missions and have had to make tough decisions in order to do so. I believe that agencies must have the discretion to use the tools they need in order to be able to recruit and retain top talent, and in my experience some of these flexibilities are very valuable in attracting individuals who possess the critical skills sets needed to address the challenges in the Federal Government. At the same time, all programs and policies are worthy of review in order to make sure that they are effective and needed. In particular, I agree with the President's proposal for Congress to establish a National Commission on Federal Public Service Reform in order to review the Federal Government's personnel policies, including compensation, and make recommendations for reform.**

*Federal Investigative Services:*

22. In recent testimony before this committee,[4] the OPM Inspector General noted his longstanding "alarm" about the lack of oversight of OPM's Federal Investigative Services (FIS). The IG contends its "hands have been tied" due to OPM's interpretation of the statute governing the funding of its background investigations programs, and states that his office lacks sufficient resources to carry out the oversight the background investigation programs requires. Do you share concerns raised by the Inspector General? If so, what will you do as Director to alleviate such concerns?

    **I am not aware of the details of OPM's interpretation of the statute regarding funding for oversight of the background investigation program, but I do agree that OPM's Revolving Fund programs, including the background investigation program, must be transparent. Oversight is essential and should be welcomed in order to ensure that waste, fraud, and abuse do not occur and that programs are as**

[4]Testimony of Patrick E. McFarland, OPM Inspector General, before the Senate Subcommittee on the Efficiency and Effectiveness of Federal Programs and the Federal Workforce and the Subcommittee on Financial and Contracting Oversight, June 20, 2013, http://www.hsgac.senate.gov/subcommittees/fpfw/hearings/examining-the-workforce-of-the-us-intelligence-community-and-the-role-of-private-contractors.

**creditable as possible. If I am confirmed as Director of OPM I will support the President's request for statutory authority for the OPM Inspector General to use OPM's Revolving Fund resources to audit the Revolving Fund.**

23. Federal Investigative Services has never had its annual financial statements audited in its entirety. Does this concern you? Do you believe such audits are needed?

    **As stated above, I agree that oversight is essential and I support the President's request for Congress to provide OPM's Inspector General the resources out of the Revolving Fund in order to conduct audits.**

24. Please describe your views on whether or not FIS should rely more or less heavily on federal contractors as opposed to federal employees?

    **I understand that the balance of Federal employees versus contractors is based on workload, resource needs, and having the ability to expand and contract as required to meet varying demands for investigative products. I believe that the balance should reflect the most cost-effective way to fulfill the mission efficiently. It is important to note that OPM and its investigators do not make the determination whether or not an individual should be hired—those decisions are left to the customer agency after receiving the results of the background investigation from OPM.**

25. When federal employees are suspected of falsification of background investigation cases, FIS generally places federal employees on paid administrative leave until the case is resolved and sufficient evidence is gathered to support termination. Contractors are more generally immediately removed from contracts when suspected of falsification. Do you believe it appropriate for federal employees who are suspected of falsification of background investigations to continue to be paid by taxpayers while they are on administrative leave?

    **As I stated before, agencies do need to hold employees who engage in misconduct accountable for their actions and as the case for suspending or removing employees is developed, it is important to maintain the due process rights accorded to those employees. Administrative leave is a way to remove those employees from the workplace and avoiding further damage while due process takes its course.**

26. What steps will you take as Director to improve the transparency in the costs of various products and services provided under FIS?

**I believe that the products and services provided must be transparent in pricing and that customers should be fully aware of the costs. If confirmed as Director, I will ensure that the program maintains regular communication with customers and stakeholders in order to improve transparency and openness.**

*Agency Oversight and Accountability:*

27. Do you believe there is currently sufficient oversight conducted of OPM's programs and functions? If no, please describe reforms you would like to see realized under your tenure to ensure greater accountability.

    **I cannot speak on oversight conducted of each of OPM's programs and functions, but one area I am aware of as being in greater need for transparency is the Revolving Fund program, as has been referenced. If confirmed, I would also work with senior managers to ensure that OPM's Information Technology functions are working efficiently and effectively.**

    **I have been briefed about some of the work by the Inspector General, and I support him in his efforts to continue to improve transparency and efficiency at OPM. Similarly, I have been informed about several reports compiled by GAO, and I look forward to working with that agency in order to ensure an effective partnership regulating OPM's stewardship of taxpayer dollars. Finally, I look forward to working with Congress, particularly this Committee, in order to ensure strong oversight. I look forward to working with all members of the Committee to be as forthcoming and open as possible. I am open to any suggestions or ideas that this Committee or any of our oversight partners may have.**

28. The President's FY 2014 budget has suggested statutory changes be made so that OPM charges to agencies for various services cover the costs of proper oversight. Do you agree with this proposal? What steps can you take immediately to increase and enhance agency oversight?

    **As I stated above, I do support the President's request for Congress to provide the OPM Inspector General the legal authority to use funds from the Revolving Fund to audit Revolving Fund programs. If confirmed, I look forward to working with Congress to enact this proposal. I will also look forward to developing and maintaining a close partnership with OPM's Inspector General in order to ensure that the agency is working as efficiently and effectively as possible.**

29. In testimony before this committee,[5] the Inspector General stated that "We are very concerned that OPM lacks an adequate suspension and debarment program for any of its

[5] Testimony of Patrick E. McFarland, OPM Inspector General, before the Senate Subcommittee on the Efficiency and Effectiveness of Federal Programs and the Federal Workforce and the Subcommittee on Financial and

programs or contracting activities, other than those related to the Federal Employees Health Benefits Program." Do you share this concern? If so, please describe your concerns. What specific reforms will you institute during your first year to improve the existing suspension and debarment programs and policies at OPM?

**I am not aware of all of the details regarding OPM's suspension and debarment program, but if confirmed as Director I will take seriously the Inspector General's concerns and any recommendations that he or others have in order to improve OPM's program.**

30. OPM established a debarment program that became effective on March 20, 2013. Since March 2013, the OPM Inspector General has referred to the OPM Suspension and Debarment program eight cases involving background investigators. The Inspector General is currently in the process of preparing additional debarment referrals. To date, OPM has not suspended or debarred any individuals based upon these OIG referrals. If confirmed, how would you ensure timely reviews of suspension or debarment referrals?

**I am not aware of all of the details regarding OPM's debarment program and these referrals in particular, but I understand that it only recently became effective. Should I be confirmed as the Director of OPM, I look forward to working with OPM's Inspector General and others in order to ensure that referrals are being handled timely and appropriately.**

*Retirement Services:*

31. One of OPM's major statutory responsibilities is to administer the federal retirement program. Backlogs in processing retirement payments have concerned Congress for several years. Please describe your vision for addressing the pension backlog. Please describe the specific reforms to processing retirement payments you will implement in the first 12 months of your tenure as Director.

**I am aware that OPM instituted a Strategic Plan for Retirement Services in early 2012 aimed at eliminating its backlog in retirement processing with a goal to adjudicate 90 percent of claims within 60 days. I also understand that OPM will not meet this goal this month owing to sequestration, which resulted in OPM having to cut overtime for claims processing staff and reducing the hours and service for the public's call center, and because of the recent USPS buy-outs and early-outs which increased the number of retirement cases coming to OPM earlier this year. If confirmed, one of my first priorities will be to improve IT at OPM, and I will develop a plan with my leadership team within the first 100 days of my tenure as Director to address Retirement IT. I also plan to hire a Chief Technology Officer**

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Contracting Oversight, June 20, 2013, http://www.hsgac.senate.gov/subcommittees/fpfw/hearings/examining-the-workforce-of-the-us-intelligence-community-and-the-role-of-private-contractors.

**(CTO) and to recruit additional talent from outside government, and to review what did and did not work before during retirement modernization efforts.**

32. The number of cases of suspected retirement fraud that OPM refers to the Inspector General is declining. What assurances can you give Members of Congress that, if confirmed, you will ensure robust oversight of suspected retirement fraud? What specific steps will you take to ensure that suspected cases of retirement fraud are referred to the Inspector General as expeditiously as possible?

    **I am not familiar with what OPM has or has not referred to its IG in this area. However, I am aware that overall OPM has reduced the total amount of improper payments being disbursed, and that the total amount is a small fraction of disbursements made by the agency. I am also aware that OPM has recently established a Data Mining Working group to boost agency efforts to reduce, prevent, and recover improper payments by having various program offices analyze OPM data to help identify potential payments made to deceased annuitants caused by fraud, errors or delays in reporting. I can assure the Committee that I have a zero tolerance policy for retirement fraud, and I would support investigations of potential fraudulent activities. I look forward to working with the Committee to ensure OPM is properly administering its retirement programs, and is safeguarding the Civil Service Trust Fund in its day-to-day operations.**

33. OPM works closely with Treasury to recover overpayments made in its retirement programs, yet the Inspector General recently testified on several instances where OPM never asked Treasury to recover overpayments within a time period where recovery of overpayments is allowed. Please describe how you believe this problem will be most effectively remedied.

    **I am not familiar with this situation, but I am committed to resolving questionable payments in a timely manner. If confirmed, I will work closely with OPM's IG and Retirement Services (RS) to better understand why OPM is not successful in recovering some improper payments. I am aware that OPM is currently recovering approximately 70 percent of improper payments.**

*FEHBP:*

34. There have been many proposals for improving the Federal Employees Health Benefits Program (FEHBP). What do you think should be done either legislatively or administratively to improve the program?

    **The FEHBP has not been changed for over 50 years and I believe it is time to bring it up to date with the best practices of current health insurance plans offered by private employers. The FEHBP is a critical part of the compensation package offered to potential Federal employees, and modernizing the program is essential to**

**ensure that the Federal government can continue to compete with the private sector in order to recruit and retain top talent to serve the American people. I support the proposals in the President's FY2014 budget to modernize the FEHBP, which require legislative action.**

35. If confirmed, what specific steps do you believe need to be taken to curb waste, fraud and abuse in the FEHBP program? Do these require administrative action or legislative changes?

    **It is my understanding that FEHBP carriers are required to carry out fraud and abuse programs, and that OPM program staff monitor these programs. If confirmed, I would talk with program staff and management, as well as the OPM Inspector General, to hear their concerns about current fraud and abuse activities and get their recommendations for improvement. I would also learn about inter-agency health care fraud and abuse prevention and detection efforts and increase OPM participation where appropriate.**

36. FEHBP is specifically excluded from the federal Anti-Kickback Statute. Consequently, activities that constitute criminal behavior when committed under any other federal health care program are *not* punishable if they occur within the FEHBP. Do you believe that FEHBP should be subject to the Anti-Kickback Statute?

    **I believe we should do as much as possible to deter and combat fraud and abuse. It is my understanding that the OPM Inspector General has recommended ending the exemption of the FEHBP from the Anti-Kickback Statute, and I agree that FEHBP should be subject to the Anti-Kickback Act as are other Federal health programs.**

37. There have been many proposals for improving the Federal Employees Health Benefits Program (FEHBP). Are you generally aware and supportive of the President's FY14 Budget recommendations for modifications in the program?

    **As I stated above, I believe it is important to modernize the FEHB to ensure that it is administered effectively and efficiently and continues to provide affordable health care choices that are up to date with the current health insurance marketplace. I support the goals of the President's proposals to increase the number of plan types that can be offered, add the "self plus one" category and the ability to add domestic partners to health coverage, permit OPM to directly negotiate with pharmacy benefit managers to purchase prescription drug coverage, and establish differential premiums for enrollees who do not use tobacco or comply with certain health status indicators and/or participate in wellness programs.**

38. Currently, FEHBP enrollees can only sign up for self-only or family health plans. This means that federal employees who are married without children, or who are single parents of just one child, have to sign up for more expensive family plans. Creating a self-plus-one option, as the administration wants, would let those employees save money. Do you support this proposal?

    **Yes. I think that allowing the FEHBP to offer a "self plus one" enrollment option is an important step to place the program in line with other large private employers as well as state and local governments.**

39. One of the current topics being debated regarding FEHBP is bringing about greater competition among health care providers within the program. Currently OPM is limited to the current four statutorily defined plans reflective of the 1950s insurance market. The President's FY2014 Budget recommended modifying this and allowing greater competition. Do you support this change?

    **The FEHBP model is built on robust competition and consumer choice that keeps costs affordable for enrollees and offers diverse health plan choices. Unfortunately, because the FEHBP statute has not been significantly changed since the 1950s, the types of plans allowed do not reflect the modern marketplace. I agree with the President's recommendation to update the statute.**

40. Are you aware of the BCBS-funded study by Avalere that suggests allowing more competition in the FEHBP program could lead to higher costs for many enrollees? Are you aware that the CBO found the President's proposal for increased competition would increase the deficit? How could Congress structure a modification of the program to increase competition, yet not increase the deficit?

    **I am generally aware of the findings of the Avalere study and the CBO analysis. It is my understanding that OPM used different assumptions than Avalere and CBO in preparing OPM's estimates of the savings that would result if the law was amended to permit FEHBP to include regional PPOs. If confirmed, I will review these analyses with OPM program staff in order to examine how FEHBP could be modified to increase competition without increasing the deficit.**

41. Do you support Congress giving OPM greater authority to make adjustments to premiums based on an enrollee's tobacco use and/or participation in a wellness program?

    **While I am not aware of all of the details of the proposal to permit premium differentials and how it would be implemented, I understand that the trends in the private healthcare marketplace are to establish wellness programs designed to promote health and/or prevent disease. These programs encourage behavior**

**modification and promote increased use of preventive services that result in improvements in health which I do support.**

42. Like Medicare, the federal government originally covered only half the cost of health coverage for enrollees' premiums, but the government contribution has increased over the years. Under current law, the government's share of premiums is set at 72% of the weighted average premium of all plans in the program, not to exceed 75% of any given plan's premium. Given our severity of our national debt, everyone has a shared responsibility to help be part of the solution. Accordingly, in light of the increasing costs of the program, would you support a very incremental, slow modification of the government's contribution toward federal workers' health coverage, more in line with original program parameters? For example, in 2017, reduce the [72/75] percentage parameters by a quarter percent each year until the percentages are 70/73.

    **The FEHBP is a critical part of the compensation package offered to potential Federal employees, and is an important tool that enables the Federal government to compete with the private sector in order to recruit and retain top talent to serve the American people. I understand that studies have demonstrated the share of health insurance premiums paid by Federal employees is higher than the share paid by comparable private sector employees, with Federal employees paying on average between 28 and 30 percent of premiums compared to 25 percent on average for private sector employees. I think this proposal needs to be considered very carefully with respect to its impact on the Federal Government's ability to recruit and retain high quality employees.**

43. Data suggest that FEHBP plans likely currently pay of benefits for individuals who are ineligible under current program standards. In order to protect benefits levels and validate health care coverage for all office of personnel management employees with dependents, guaranteeing that eligible dependents continue to receive benefits, and to make sure unbudgeted benefit expenses are eradicated and not carried forward in the future, would you support the adoption of a demonstration project examining accuracy of data in the OPM's eligibility reporting system?

    **Even though I am not familiar with all of the details on this issue, I think that a demonstration project to address the accuracy of data in the eligibility reporting system could provide valuable insights that could help to further reduce the provision of FEHBP benefits to ineligible dependents. If confirmed, I would work with OPM program staff and the Committee on the design of a potential demonstration project.**

44. The Bush Administration proposed in their FY08 and FY09 Budget Proposals modifying the FEHBP statute to permit the program's Service Benefit Plan and Indemnity Benefit

Plan to offer more than two coverage options. OMB scored this as reducing the deficit. Would you support such a change in CBO confirmed it would save money?

**I am not familiar with the details of this proposal. If confirmed as OPM Director, I will review and consider this proposal in the context of consideration of the FEHBP modernization proposal included in the President's FY2014 budget.**

*Affordable Care Act:*

45. Under the Patient Protection and Affordable Care Act (PPACA), OPM is legally required to sponsor at least two national health insurance plans beginning in 2014. Please describe how you, as Director, would handle a situation where you were in disagreement with the Secretary of Health and Human Services over issues relating to health benefits, premiums, or competition in the exchanges in carrying out your statutory obligations to administer multi-state exchanges? Do you believe OPM has sufficient resources currently to effectively manage the program and ensure plans meet all requirements?

    **It is my understanding that PPACA clearly gives the OPM Director the authority and responsibility to certify Multi-State Plans to be offered on Health Insurance Marketplaces (Exchanges), including the authority to negotiate benefits and rates for Multi-State Plans. HHS approval of Multi-State Plans is not required by the law, and the regulations issued by the Department of Health and Human Services governing Exchanges recognize OPM's authority. To ensure that Multi-State Plans compete on a level playing field with Qualified Health Plans (QHPs) offered on an Exchange, OPM has required Multi-State Plans to generally comply with HHS requirements applicable to QHPs as well as with state law. In addition, I understand that OPM has been actively participating in the inter-agency efforts to implement PPACA over the last 3 years, and has worked closely with management and staff at all levels at HHS and the Centers for Medicare and Medicaid Services (CMS).**

    **However, if such a disagreement did occur between HHS and OPM, I would (working with OPM program staff) use the relationships OPM has developed with HHS and CMS to cooperatively resolve the disagreement.**

    **Based on discussions I have had with OPM staff regarding implementation of the Multi-State Plan Program, I am confident that OPM can effectively manage the program and will meet all requirements.**

46. Please describe the steps you will take as Director to ensure transparency of administrative costs incurred by OPM when implementing its statutory obligations under PPACA. Please describe the steps you will take to reduce the amount of administrative costs OPM incurs when implementing its statutory obligations under PPACA.

**I am not familiar with the specific administrative costs that OPM has incurred in implementing PPACA to date, so I cannot respond in detail. I am aware that in administering the FEHBP, OPM has historically kept administrative costs low and I understand that OPM anticipates the user fee for the Multi-State Plan Program will not exceed .2% of premiums. If confirmed I will work to implement OPM's responsibilities under PPACA as efficiently and transparently as possible.**

47. Are you concerned that the new obligations OPM must carry out under PPACA will have a negative impact on the ability of OPM staff to carry out its responsibilities for the FEHB program, or result a decline in the quality of services provided under FEHBP? Do you believe you have sufficient financial and also human resources currently to implement both efficiently and effectively?

    **I am not concerned that OPM's new obligations under PPACA will have a negative impact on the FEHBP. PPACA made it very clear that the Multi-State Plan Program (MSPP) was to be administered separately from FEHB, and that the level of resources for FEHB was to be maintained. I understand that to ensure separate administration of the FEHB and MSPP as required by law, OPM established a new organization, National Healthcare Operations (NHO), and has administered the MSPP and Pre-existing Condition Insurance Plan (PCIP) in NHO since early 2011. NHO hired staff to administer these programs and has used funding streams other than FEHBP funds. From the briefings I have received so far, I believe OPM has sufficient financial and human resources to implement both programs.**

48. OPM has yet to issue regulations on Members of Congress and their staff being disenrolled from FEHBP under the health law. However, OPM cleared the regulations in March, and must eventually implement this provision of the law. Do you see any way under the current statute that any current Members of Congress or any type of current Congressional staff will be allowed to remain in FEHBP in 2014? Do you commit to, if confirmed, issuing the regulations in your first month in office? Which congressional staff do you believe are, and are not, prohibited from participating in FEHB plans? For those members and staff who are required to obtain exchange plans rather than FEHB plans, to what extent, if any, should they receive an employer contribution toward their premiums?

    **I understand the importance of this issue to Members of Congress and their staffs. It is my understanding that OPM is in the process of developing regulations to address implementation of this provision. I have not been involved in the development of the regulations so I cannot comment on the specific provisions. If confirmed, I will do whatever I can to make sure that Members of Congress and their staff receive the guidance they need to choose health insurance coverage for 2014.**

49. OPM is required by the health care law to build an all-payer-claims database. In October 2010, OPM issued initial regulations regarding the creation of an all-claims database from which OPM may analyze Federal Employee Health Benefit Program (FEHBP), National Pre-Existing Condition Insurance Program (program commencing August 2010), and Multi-State Option Plan (program commencing January 2014), costs and actively manage the programs to ensure the best value for both enrollees and taxpayers. OPM will collect, manage and analyze health services data on an ongoing basis by establishing regular data feeds for each of three programs. What steps will you take to protect health plans' proprietary data and business practices? What steps do you believe would be administratively appropriate and possible to share subsets of data with researchers for program integrity and research efforts?

    **It is my understanding that the appropriate safeguards are being put in place to prevent the disclosure of health plans' proprietary data and business practices. I have not yet been fully briefed on this issue. If confirmed I will review the procedures in place for the FEHBP database and work with the program staff to determine what is feasible with respect to sharing data subsets for program integrity and research purposes.**

## IV. Relations with Congress

50. What communication strategies do you anticipate using to ensure robust communication and partnership with Congress and committees of jurisdiction?

    **I respect and welcome the role of Congress and the committees to provide oversight to agencies, and if confirmed I pledge respond appropriately to Congressional inquiries. I look forward to developing a strong partnership with you in order to ensure that OPM is able to provide affordable health care options to Americans and that the experience for Federal employees is as smooth as possible from resume to retirement.**

**Post-Hearing Questions for the Record**

**Submitted to Ms. Katherine Archuleta**

**"Nomination of Ms. Katherine Archuleta, to be Director, Office of Personnel Management"**

**July 17, 2013**

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**Questions for the Record**
**Ranking Member Tom A. Coburn, M.D.**

1. If confirmed, will you pledge to answer all inquiries from this Committee, regarding matters in the jurisdiction of this Committee, in a timely matter (30 days or less) if, conversely, Committee members are prudent in the frequency for which we ask information?

   **If confirmed, I pledge to respond appropriately to inquiries from this Committee in as timely a manner as practicable.**

2. FEHBP currently covers about 8 million enrollees at a cost to federal taxpayers of about $30 billion annually. However, starting next year, FEHBP will have to meet virtually all of the insurance changes under the Affordable Care Act. As the average cost of a health plan increases, so will the cost of the average government contribution. Do you have a sense of the rough total cost of the increase in FEHBP outlays due to complying with the insurance changes in the ACA?

   **I do not have the information necessary to estimate the total cost of any increase in FEHBP outlays that may or may not occur as a result of complying with the insurance changes in the ACA. If confirmed, I would be happy to review and further discuss this with you.**

3. The Congressional Research Service has noted that "ACA includes a number of provisions to raise revenues, which may have an impact on FEHBP plans." For example, the health law includes an excise tax on health insurance, medical devices, and drugs – all of which CBO and the Actuary of the Medicare program have said will be largely passed on to consumers. Again, as the average cost of a health plan increases, so will the cost of the average government contribution. Do you have a sense of the rough total cost to an average enrollee due to the taxes in the ACA? Do you have a sense of the rough total cost to taxpayers –who are effectively paying for FEHBP-- due to the taxes in the ACA?

   **I do not have the information necessary to estimate the cost of any taxes that might be passed on to FEHBP enrollees or the taxpayers in relation to the ACA. If confirmed, I would be happy to review and further discuss this with you.**

4. In your written response to questions I submitted to you prior to the hearing, you said OPM anticipates the user fee for the Multi-State Plan Program will not exceed .2% of premiums. How much will that increase the premiums of enrollees in the Multi-State Plan Program on average?

   **OPM will not begin to charge a user fee for Multi-State Plan (MSP) Program issuers until 2015. It is my understanding that contract and premium negotiations for 2014 are currently underway and final premiums have not yet been determined. Therefore, I cannot provide an answer to this question at this time.**

5. In your written response to some questions from my office, you said "OPM established a new organization, National Healthcare Operations (NHO), and has administered the MSPP and Pre-existing Condition Insurance Plan (PCIP) in NHO since early 2011. NHO hired staff to administer these programs and has used funding streams other than FEHBP funds." From the briefings you have received so far, you said you think OPM has sufficient financial and human resources to implement both programs. How many FTE, and what level of funds (from what source), have been committed to National Healthcare Operations?

   **I do not have access to the number of FTEs and level and source of funds committed to National Healthcare Operations currently. I have been advised in my briefings that sufficient resources are available. If confirmed I would be happy to become informed on this matter and provide you with the information requested in this question.**

6. How many full time employees (FTEs) are implementing the Multi-State Plans? Please provide an organization chart and list of responsibilities. How many FTEs oversee FEHBP? Please provide an organization chart and list of responsibilities.

   **I do not have access to the number of FTEs implementing the Multi-State Plans or the number of FTEs overseeing the FEHBP. I do not have access to organization charts for each program or a list of responsibilities other than what is available on OPM's public website. If confirmed I would be happy to become informed on this matter and provide you with the information requested in this question.**

7. In your written response to some questions from my office, you endorse the President's proposals for modernizing the Federal Employees' Health Benefits Program, as outlined in his FY2014 Budget. If confirmed, do you commit to work with my office and the Committee on legislative language that achieves the policy goals of the President's FEHBP reforms in a manner than reduces the deficit?

   **If confirmed, I will review the FEHBP modernization proposals with OPM program office staff in order to examine how FEHBP could be modified without increasing the deficit and would look forward to working with you and the Committee.**

8. In your written response to some questions from my office, you said "FEHBP has not been changed for over 50 years and I believe it is time to bring it up to date with the best practices of current health insurance plans offered by private employers." One of the trends for private employers is to offer their employees a defined contribution in a private exchange. The President's Fiscal Commission recommended "transforming the Federal Employees Health Benefits program into a defined contribution premium support plan that offers federal employees a fixed subsidy that grows by no more than GDP plus 1 percent each year. For federal retirees, this subsidy could be used to pay a portion of the Medicare premium." Would you support this bipartisan proposal? What would you see as the relative policy trade-offs to consider in adopting such an approach?

   **While I am not aware of the details of the recommendation, I do know that the FEHBP is a critical part of the compensation package offered to potential Federal employees and is an important tool that enables the Federal government to compete with the private sector in order to recruit and retain top talent. If confirmed, I will work with OPM program office staff to better understand this recommendation and the impact of such recommendation on the FEHBP and Federal employees, retirees, and their families.**

9. In your written response to questions I submitted to you prior to the hearing, you noted that "that studies have demonstrated the share of health insurance premiums paid by Federal employees is higher than the share paid by comparable private sector employees, with Federal employees paying on average between 28 and 30 percent of premiums compared to 25 percent on average for private sector employees." What studies are you referring to? Also, can you please clarify the math on the employees' contributions? Under current law, the government's share of premiums is set at 72% of the weighted average premium of all plans in the program, not to exceed 75% of any given plan's premium – so aren't Federal Employees paying only up to 28 percent, max?

   **The studies I referred to in my previous answer are the Kaiser Family Foundation and Health Research & Educational Trust 2012 Annual Survey of Employee Health Benefits and the Aon Hewitt 2012 Health Care Survey. The information on the Federal employee share of premiums is based on information provided in my briefings, and I am not familiar with all of the details of the how the percentage is calculated. If confirmed I would be happy to become informed by the OPM experts on this and provide you with further information.**

10. In your testimony, when discussing the security clearance processes managed by OPM, you stated that contractors and those responsible for background investigations should be held responsible. Please expand on the specific ways you believe the current accountability structure need to be strengthened in your opinion. What specifically would you change to ensure greater accountability of federal employees in this regard, if anything? What specifically would you change to ensure greater accountability of federal contractors in this regard, if anything?

**I believe there should be strong consequences, including possible criminal prosecution for those who engage in fraud or criminal misconduct while completing a background investigation, and I look forward to working with the Inspector General and OPM's stakeholders, including Congress, to ensure a robust system to review the work of Federal employees and contractors who are working on background investigations. I also understand OPM stood up a debarment and suspension program in March of this year to consider and recommend appropriate action against contractors in appropriate circumstances who engage in fraud or crimes while performing work on background investigations.**

11. In 2004, this Committee passed the Federal Employee Dental and Vision Benefits Enhancement Act, which was eventually enacted and assigned Public Law Number 108-496. This Act created the FEDVIP program to provide supplemental dental and vision benefits to Federal employees and retirees. In doing so, Congress specifically authorized OPM to include dental and vision discount programs and other low-cost options in additional to traditional dental and vision insurance plans. Yet, in the first round of FEDVIP offerings in 2005, OPM did not include any discount program options; only insurance plans were made available. Today, only about 25% of federal employees and retirees have enrolled in one of those insurance plans. A few weeks ago, OPM announced the new FEDVIP selections and once again no discount programs were included. It is my understanding that a number of discount programs applied and met the criteria for inclusion. If confirmed, will you review the decision not to include any discount programs in the new FEDVIP offerings, and to brief the Committee on the results of your review?

**If confirmed, I will have OPM program office staff brief me on this issue along with the decision you reference to not include any discount programs in the new FEDVIP offerings. In turn, I will provide the information to the Committee, as appropriate.**

**Questions for the Record**
**Senator Heidi Heitkamp**

1. My state of North Dakota is experiencing a unique situation regarding federal workers due to the large-scale oil and gas development in the western part of the state. North Dakota recently became the No. 2 oil producer in the nation behind Texas and many experts expect us to become No. 1 within 10 years. The resulting strong private job market has made federal employment much less competitive from a compensation perspective, and a severe lack of affordable housing options also impacts the ability of agencies to recruit and retain employees. With this oil and gas development expected to last for the next several decades, it is important to develop strategies to ensure the federal government can maintain a viable workforce in North Dakota to meet the needs of our citizens. I am encouraged by the work done by the Bakken Federal Executive Group and hope OPM will pursue the findings and recommendations in the report the group published on June 13, 2013, regarding Human Capital Management issues in the Bakken.

    a. This is a problem which cuts across and impacts a wide number of federal agencies, even those such as the Department of Veterans Affairs, which have no role in managing or overseeing any part of the oil and gas development. What sort of strategies can OPM employ to provide guidance to all appropriate agencies about how to handle this personnel challenge?

    **OPM can help to ensure that agencies are aware of the tools and flexibilities that they already have the authority to use when having problems with recruiting and retaining employees. These flexibilities include recruitment, relocation, and retention incentives and student loan repayments. Agencies can also request that OPM establish special rates of pay for occupations in an area when recruitment or retention efforts are especially difficult.**

    b. The report identified logistical and management challenges for federal agencies which have a small footprint in North Dakota. What support can OPM provide these agencies so they can successfully complete documentation which shows they have used all available hiring flexibilities and pay incentives, and then potentially request locality pay and special salary rate increases?

    **I have not had the opportunity to review the Bakken Federal Executive Group's report, but in its role as the human resources agency for the federal government, OPM can provide guidance to both small and large agencies on their workforce planning through training and development programs and other management tools. One of my priorities, if confirmed, will be to work with agencies, including through the Chief Human Capital Officer Council, to make sure that OPM is doing all that it can, especially for those that do have small footprints, to ensure that the entire human resources management process is efficient and effective, including through appropriate use of human resources flexibilities and authorities.**

c. If confirmed, can you commit to investigating the situation in western North Dakota and taking a close look at if locality pay, special salary rate increase and/or increased use and authority for relocation, recruitment and retention incentives are appropriate for the federal hiring and retention challenges presented by North Dakota?

**I look forward to investigating the specific hiring and retention challenges in this region and helping agencies find potential remedies both in the short and long term. If confirmed, I will also serve as part of the President's Pay Agent and will be sure to consider all views and recommendations the Federal Salary Council has regarding locality pay in this region. I will also look forward to working with you and other Members on how best to help address this issue.**

2. Recently, OPM announced plans to make significant changes to rules governing the Combined Federal Campaign (CFC). I am concerned that several of these potential changes could negatively impact federal workforce charity giving.
   - Per OPM's own data, 78 percent of CFC donors make their recurring gift pledges by completing paper pledge forms. However, the OPM proposal eliminates this option in favor of a fully online system.
     - Has OPM assessed the likely impact of such a move to online-only, and does OPM have the needed technology in place nationwide to manage an online-only campaign?
     - What is OPM's plan to ensure potential donors who do not have ready access to computers are not disenfranchised?
   - Will OPM consider pilot testing changes prior to full scale implementation and analyzing the results before making <u>any</u> major changes to the campaign?
   - OPM is also proposing a nonrefundable, upfront fee for all CFC charity participants – what is the fee, how will it be administered and by whom, and how does OPM feel about charities that qualify, but can't afford the fee and will be disenfranchised?

**I am aware that OPM has recently issued proposed regulations regarding the Combined Federal Campaign (CFC), and is currently reviewing the comments received during the 60-day public comment period. If confirmed, I pledge to familiarize myself with the CFC program and the proposed regulations, and would be happy to work with you on this issue to ensure that any changes would not negatively impact the program.**

**While I know that the proposed regulations would move the CFC program to electronic-only giving, I am not familiar with what types of analysis or surveys OPM has conducted of donors and past giving patterns, nor do I know what type of Information Technology (IT) is envisioned should a final regulation be issued. Should I be confirmed as Director of OPM, IT modernization would be one of my main priorities for the agency, which would include the creation of a Chief Technology Officer (CTO) to review, assess, and improve the IT systems being**

**utilized. I am further aware that the proposed regulations would introduce an application fee to be paid by charities, but am not familiar with what type of fee structure is envisioned. If confirmed I will look at all of these and other concerns, including whether such changes should be pilot tested. I have worked closely with charities and federations in my past professional life and have been a CFC donor and supporter, and fully recognize the valuable work the CFC makes possible.**

3. Commercial health plans offered in the large and small group markets continue incorporating innovative approaches to improve health outcomes, better manage care, and rein in health care spending. These include wellness incentives, patient-centered medical homes, and generic drug incentive programs. As you know, OPM is the key manager of health plans for 7.9 million people – federal employees and their families.

    a. Do federal employees have access to many of the modern approaches and best practices that are commonly found in commercial health plans?

    **The FEHBP has not been changed for over 50 years and should be updated to reflect the best practices of current health insurance plans offered by private employers. Federal employees do not have access to many of the modern approaches and best practices commonly found in commercial health plans. I believe it is important to modernize the FEHBP to ensure that it is administered effectively and efficiently and continues to provide affordable health care choices that are up to date with the current health insurance marketplace.**

    b. What tools does OPM require to further modernize options for employees in the FEHBP?

    **I believe it is time to bring FEHBP up to date with the best practices of current health insurance plans. I support the goals of the President's proposals to increase the number of plan types that can be offered, add the "self plus one" category and the ability to add domestic partners to health coverage, permit OPM to directly negotiate with pharmacy benefit managers to purchase prescription drug coverage, and provide OPM with the authority to approve premium differentials based on participation in a wellness program based on evidence-based health status indicators. All of the proposals are important steps to bring the FEHBP in line with other large private employers as well as state and local governments. By updating the statute, OPM will be able to further modernize the FEHBP to respond to changes in the health insurance market and ensure that the Federal government can continue to compete with the private sector in order to recruit and retain top talent to serve the American people.**

4. The President's FY2014 Budget proposed expanding health plan offerings and allowing OPM to contract with additional types of plans, such as Regional and Exclusive Preferred Provider Organizations. The OPM Budget Justification signaled this change was

expected to increase competition among carriers and projected a scoreable savings from the policy change. Other sources have indicated CBO has estimated a cost associated with this policy change, for both the federal government and consumers.

a. Will you clarify the actual budgetary impact of this expanded definition?

   **It is my understanding that OPM used different assumptions than CBO in preparing OPM's estimates of the savings that would result if the law was amended to permit FEHBP to include regional PPOs. If confirmed, I will review these analyses with OPM program staff in order to examine how FEHBP could be modified to increase competition without increasing the deficit.**

b. How does OPM foresee these plans operating alongside current FEHBP offerings and ensuring the quality of the product offered to employees is not negatively impacted?

   **It is my understanding that these plans would provide the same quality products at the lowest cost as is currently offered in the FEHBP and that offerings in existing plans would not be negatively impacted.**

**Questions for the Record**
**Senator Ron Johnson**

1. OPM's mission is to "recruit, retain and honor a world-class workforce to serve the American people." It is the central human resource agency for the federal government. OPM provides human resource advice and leadership to Federal agencies, it supports human resource policies, holds agencies accountable for their human resource practices, and upholds the merit system principles. OPM also delivers personnel investigations, leadership development and training, staffing and recruiting assistance, supporting organizational assessments, and training and management assistance. You previously stated in both your staff interview and meeting with myself that you have limited human resources management experience. How will this impact your ability to effectively manage OPM and fulfill its mission?

   **I bring 35 years of leadership and management experience in government, non-profit organizations, and small business. In that capacity, I was responsible for developing and utilizing high-performing teams of subject matter experts and holding them accountable for reaching goals.**

   **From my time as a senior Federal manager, I also understand how OPM personnel policies need to support and serve the needs of agencies in order to meet their missions on behalf of the American people. My responsibilities as Chief of Staff included management and oversight of staff (which included multiple human resources functions) and policy development. I have gained experience as a leader on a range of human capital issues, including hiring, staffing, diversity, performance management, benefits administration, as well as workforce and strategic planning through my previous roles leading Federal, private, and non-profit organizations.**

   **At the Department of Transportation and the City and County of Denver, tough decisions had to be made to reduce the budget, including a reduction in personnel costs through furloughs, early retirements, and hiring freezes, so I do understand firsthand the challenges that managers face in workforce planning to ensure agencies are able to achieve their missions in times of declining resources.**

2. OPM is responsible for overseeing implementation of parts of the Affordable Care Act. In particular, OPM is responsible for administering the multi-state plans created under the law and overseeing their effectiveness. There are concerns that these federally sponsored and regulated plans will disrupt the state markets in which they will operate.

   a. In your capacity as Director how would you ensure that state markets are not disrupted by new federally-regulated plans?

      **In implementing the Multi-State Plan Program, OPM has established policies and operational processes to ensure that Multi-State Plans (MSPs) do not disrupt state markets. For example, MSPs may be offered by a single issuer or a group of smaller State level issuers. MSPs are required to generally**

**comply with HHS requirements applicable to QHPs as well as with state laws and Exchange requirements. Multi-State Plan Program issuers must comply with state insurance form and rate filing requirements. If confirmed, I would ensure that those policies and processes are consistently monitored to make sure that there are no disruptions.**

b. What interaction or coordination should OPM have with the states and state exchanges on multi-state plans?

**I understand that OPM has been working with state insurance departments, state Exchanges, and national organizations such as the National Association of Insurance Commissioners (NAIC) to develop policies and processes, coordinate implementation, and share information. If confirmed I would continue to work closely with states and the NAIC in the implementation of the Multi-State Plan Program.**

c. Are you familiar with concerns that larger national plans operating on federal rather than state regulations will have an advantage over other smaller plans, hindering competition? Would this lead to consolidation in the health insurance market over time?

**It is my understanding that the policies and processes I refer to in my answer to Question 2a above are designed to ensure that MSPs compete on a level playing field with Qualified Health Plans (QHPs) offered on an Exchange. These requirements for MSPs will ensure that MSPs will be neither advantaged nor disadvantaged over other QHPs in a state market.**

d. To your knowledge, are the plans that have been certified by OPM already key players in the states in which they will operate? What kind of market share do these plans have now, and how would participating in the multi-state plan program provide more choice for consumers? Does it make it more difficult for other insurers to compete?

**It is my understanding that OPM is still in the process of certifying MSPs so I cannot comment on plans that may be participating in the program.**

e. Do you believe that having a dominant player offer another product will create more competition or choice, or will it make the market that much more closed?

**As I noted in my answers above, the policies and processes established by OPM are designed to ensure that MSPs will be neither advantaged nor disadvantaged over other QHPs in a state market.**

3. According to a 2010 report by the Kaiser Family Foundation, no insurer in Wisconsin has a market-share of more than 5 percent. As OPM Director, what would you do to ensure

that places like Wisconsin, where the injection of a federally "sponsored" plan to spur competition is not needed, aren't harmed?

a. What has OPM done to ensure that insurance markets in the states are not disrupted by multi-state plans?
b. What interaction or coordination does OPM have or intend to have with the states and state exchanges on multi-state plans?

**As I stated in Question 2a, I understand that OPM has established certain policies and operational processes to ensure that Multi-State Plans (MSPs) do not disrupt state markets and I also understand that OPM has been working with state insurance departments, state Exchanges, and national organizations such as the NAIC to develop policies and processes, coordinate implementation, and share information. If confirmed, I will look forward to reviewing OPM's activities in these areas in more detail and further discussing your concerns with you.**

4. The federal workforce should be the best and most efficient possible. It is well known that job security within federal service is extremely high. In fact, a 2011 USA Today evaluation of the OPM database concluded that only 0.55%, or 11,668 out of 2.1 million federal employees was fired for poor performance, misconduct, or layoffs, compared with 3 percent of the private sector fired for the same reasons.

   a. How many people have been fired from career federal service between FY 2009 – FY2012? How does this compare with the private sector?

      **As a private citizen, I am unaware at this time of the number of Federal employees fired during these years and how that compares with the private sector. If I am confirmed, I will look forward to discussing this with you further.**

   b. As OPM Director, how would you ensure that the federal workforce is doing the best it can to serve the American public?

      **In my experience, it is the responsibility of the leadership and management teams to completely and fairly evaluate performance. If confirmed, I will work with the Chief Human Capital Officers Council and the Council on Federal Labor-Management Relations to continue to make sure that these processes are as efficient and effective as they can be, and that managers are clearly communicating standards to their employees. Pilot projects are already underway through these Councils, such as GEAR (Goals, Engagement, Accountability, and Results), and I look forward to reviewing the findings. As OPM Director, the best way that I could help ensure that the Federal workforce is serving the American public, is by making sure that OPM is fulfilling its mission to recruit and hire top talent to work on behalf of the American people. I am very proud of the performance of the vast majority of Federal employees that I have worked with and know.**

**Questions for the Record**
**Senator Mary L. Landrieu**

1. The Office of Diversity and Inclusion of OPM pursues diversity and inclusion throughout the Federal Government, resulting in a workforce that mirrors the vast diversity in America. Additionally, the office realizes the importance of ensuring that employees feel welcome and remain motivated by emphasizing that people are actually capable of working better together because of their differences, not despite them. Specifically, the Office of Diversity and Inclusion has excelled in terms of creating job opportunities for people with disabilities, such as those with an intellectual, developmental disability (IDD). Continued emphasis should be awarded to this crucial area of workforce building. John Berry, the previous director of OPM, considered this issue and this office within OPM a top priority.

   In your new role as director, will you give the same important consideration to the Office of Diversity and Inclusion and to individuals with an IDD?

   **Yes, I think the work of the Office of Diversity and Inclusion is crucial, and in my role as Director, I would continue to support and lead its efforts to ensure that the Federal government is able to bring in the best talent from all communities to serve the American people. During my time as Chief of Staff at Department of Labor, we worked diligently to ensure that we recruited diverse talent from all communities, including those with disabilities, and I worked with the Department of Labor's Office of Disability Employment Policy to implement leading policies for our employees with disabilities. If confirmed, I plan to work on making sure that we make Federal employees feel included, developed, and valued. By doing so, we can build high-performing organizations that are effective and efficient.**

2. The President's budget includes an initiative to modernize and update health care choices available in the Federal Employee Health Benefits (FEHB) Program. The following questions are about the current lack of competition in the FEHB Program:

   a. How would you address concerns regarding the lack of competition in the FEHBP?

      **The FEHBP model is built on robust competition and consumer choice that keeps costs affordable for enrollees and offers diverse health plan choices. Unfortunately, because the FEHBP statute has not been significantly changed since 1959, the types of plans allowed do not reflect the modern marketplace. I believe it is time to bring it up to date with the best practices of current health insurance plans. Updating the statute to allow greater flexibility to contract with strong regional plan types currently available in the private market would increase competition and respond to changes in the health insurance market. FEHBP enrollees would benefit from having greater choices that represent best practices in the private sector and more closely resemble product combinations available in private industry as well**

**as in state and local government employee programs. The FEHBP is a critical part of the compensation package offered to potential Federal employees, and modernizing the program is essential to ensure that the Federal government can continue to compete with the private sector in order to recruit and retain top talent to serve the American people.**

b. Do federal employees have access to many of the modern approaches and best practices that are commonly found in commercial health plans?

**The FEHBP has not been changed for over 50 years and should be updated to reflect the best practices of current health insurance plans offered by private employers. Federal employees do not have access to many of the modern approaches and best practices commonly found in commercial health plans. I believe it is important to modernize the FEHBP to ensure that it is administered effectively and efficiently and continues to provide affordable health care choices that are up to date with the current health insurance marketplace. I support the goals of the President's proposals to increase the number of plan types that can be offered, add the "self plus one" category and the ability to add domestic partners to health coverage, permit OPM to directly negotiate with pharmacy benefit managers to purchase prescription drug coverage, and provide OPM with the authority to approve premium differentials based on participation in a wellness program based on evidence-based health status indicators. All of the proposals are important steps to bring the FEHBP in line with other large private employers as well as state and local governments.**

c. As the plan sponsor, does OPM have all of the same options, i.e. incentivizing employees around prevention and wellness that other plan sponsors in government and private sector plans have?

**OPM does not have all of the same options that other plan sponsors in the government and private sector have available in the area of incentivizing employees around wellness. As a result, one of the President's legislative proposals would provide OPM with the authority to approve premium differentials based on participation in a wellness program based on evidence-based health status indicators. This proposal encourages healthy behavior and would promote participation in wellness programs. This aligns the FEHB Program with current trends in the commercial market and encourages enrollees to make improvements to their health status resulting in a reduction of long-term chronic conditions.**

**Questions for the Record**
**Senator Claire McCaskill**

1. OPM conducts more than 90% of the background investigations for security clearances in this country. In response to a question in your Committee questionnaire about OPM's role in the process, you stated that you will address the concerns that have arisen regarding the conduct of background checks for security clearances. What specific steps would you take to ensure that the appropriate balance is struck between timeliness and thoroughness of the process?

   **If confirmed, one of my first actions will be to be thoroughly briefed by OPM Federal Investigative Services leaders regarding the background investigation program, its partners, and other stakeholders. I will meet with OPM's IG and GAO in order to ensure strong oversight and accountability. I believe quality should never be sacrificed in the name of timeliness, and by making sure there is a strong oversight system in place OPM can assure that it is meeting both timeliness and quality goals.**

2. If confirmed, would you commit to implementing the recommendations that GAO has made to enhance the efficiency and effectiveness of the security clearance process? If so, how long do you believe that implementation of these recommendations will take?

   **I understand in a recent hearing on the issue of the efficiency and effectiveness of the security clearance process, you asked GAO to compile a scorecard that would list the recommendations and progress that has been made. If confirmed, I look forward to reviewing that scorecard and any other recommendations that GAO may have.**

   **As I stated in question 1, I will meet with GAO to fully understand their recommendations. It is my understanding that OPM and GAO have worked well together in the past on this issue, and I look forward to continuing that relationship.**

3. Do you believe that background investigations should have a 40-day investigation time limit, as is currently mandated?

   **I am not aware of all the details as to why Congress decided that it would be best, in terms of timeliness and efficiency, to keep background investigations for the purposes of security clearance adjudications to 40-days or less. I believe that when an individual is being considered for a security clearance, the longer time they are kept away from the job, the more inefficient it is, since the workplace does not have the benefit of having that employee. If Congress believes changes to the investigation time limit are advisable, I look forward to examining this issue, if confirmed.**

4. During a June 20, 2012 hearing jointly held by the Senate Homeland Security and Government Affairs Committee, Subcommittee on the Efficiency and Effectiveness of Federal Programs and the Federal Workforce and the Subcommittee on Contracting and

Financial Oversight, Mr. Merton Miller, Associate Director of Investigations of the Federal Investigative Services (FIS) stated that out of 999 employees doing front-end work, only 35 are government employees. The rest are contractors. In 2012, USIS received more than $45 million from OPM for "program support." If confirmed, will you commit to conducting a cost-benefit analysis to determine whether it is cheaper to hire contractors or government employees to conduct program support?

**My understanding is that OPM is already working on such a cost-benefit analysis and, if confirmed, I will look forward to reviewing the analysis to ensure that OPM is operating in the most cost-effective way.**

5. In his pre-hearing questionnaire, Ranking Member Coburn asked for "your opinion about some Senior Executive Service employees continuing to receive bonuses while other federal employees are being furloughed? How do you believe this affects the morale of agency workforces as a whole?" In response, you noted that legal requirements and the responsibilities SES members are charged with. However, you failed to address his question. How do you believe this affects the morale of agency workforces as a whole?

   **I believe the current fiscal environment, including its effect on awards that are not required by law, is very likely having an impact on morale across the government. Results of the most recent Federal Employee Viewpoint Survey have shown overall declines in the satisfaction of Federal employees which may indicate the impact of budget cuts on morale. As Director, if confirmed, I would be very concerned about the impact of sequestration on recruiting and retaining top talent and would look forward to working with you on this critical issue.**

6. In a pay-for-performance system, performance bonuses are generally awarded for well-documented, superior performance. However, many SES employees have come to expect bonuses as a routine part of their compensation regardless of performance, and the metrics used to measure performance are opaque, if they exist at all. If confirmed, how will you improve the oversight of SES bonuses and standardize the metrics used in determining which employees deserve such bonuses?

   **When Congress created the Senior Executive Service over thirty years ago, Congress established a pay for performance system for members of the SES. Congress intended for performance bonuses to be one part of the overall compensation system for the SES. I am not aware of the expectations of members of the SES as to performance bonuses. I understand that performance requirements for each member of the SES are developed with and approved by their respective supervisors, but I strongly believe managers and supervisors should ensure that performance bonuses are reflective of actual performance, and, if confirmed, I look forward to working with the CHCO Council in order to determine how to best reward high-performing SESers.**

**Questions for the Record**
**Senator Rob Portman**

1. Ms. Archuleta, I have heard concerns about the lack of options for Federal employees and retirees to help them pay for dental and vision care. As you may know, OPM has the authority to include dental and vision discount programs and other low-cost options in addition to traditional dental and vision plans offered through the Federal Employee Dental and Vision Insurance Program (FEDVIP). However, it is my understanding that OPM decided not to include any discount programs in the new FEDVIP selections.

    a. If confirmed, are you willing to review this decision not to include any discount programs in the new FEDVIP offerings in order to expand the range of choices and plan types in the program?

    **For the upcoming contract term, it is my understanding that OPM did expand the range of choices. OPM selected 10 dental and 4 vision carriers for the next 7 years starting in 2014, which is an increase from 7 dental carriers and 3 vision carriers in the current program. If confirmed, I will have OPM program staff brief me on this issue along with the decision you reference not to include any discount programs in the new FEDVIP offerings.**

2. You mentioned participation in wellness programs in your responses to the pre-hearing questions regarding potential improvements to the Federal Employee Health Benefits Program. Senator Wyden and I recently reintroduced our Medicare Better Health Rewards proposal designed to provide incentives for Medicare beneficiaries who voluntarily participate in a wellness program built around the annual wellness visit already included in their benefits.

    a. How could we incorporate similar programs into the FEHBP?

    **While I am not aware of the details in your Medicare Better Health Rewards proposal, I understand that trends in the private healthcare marketplace are to establish wellness programs designed to promote health and/or prevent disease. One of the President's legislative proposals would provide OPM with the authority to establish premium differentials based on participation in a wellness program based on evidence-based health status indicators. This proposal encourages healthy behavior and would promote participation in wellness programs. This aligns the FEHB Program with current trends in the commercial market and encourages enrollees to make improvements to their health status resulting in a reduction of long-term chronic conditions.**

3. Inspectors General are the watchdogs of the federal government. Charged with conducting independent and objective audits, investigations and inspections, preventing and detect waste, fraud and abuse, promoting economy, effectiveness and efficiency,

reviewing pending legislation and regulation, and keeping the agency head and Congress fully and currently informed.

a. Do you believe that currently there are sufficient resources in place for the IG and his staff to conduct their oversight responsibilities throughout OPM?

   **When Congress passed the Inspector General Act, Congress gave IG's the independent authority to submit and discuss with Congress their own individual budgets and requests for appropriations. I understand that OPM's IG has availed himself of that opportunity in recent years in order to seek appropriations at levels he considered necessary accomplish his mission. I understand that OPM's Inspector General has indicated that he does not have sufficient funding to conduct oversight activities in regard to OPM's Revolving Fund. I agree with the President's legislative proposal to provide authority to the IG to use funds from the Revolving Fund in order to conduct oversight for such programs.**

b. Can you describe your history working with Inspectors General at the Department of Labor and Transportation?

   **I have always respected the role of Inspectors General to audit and investigate programs in order to find waste, fraud, and abuse and to promote efficient and effective performance. In particular, the relationship between DOL and its IG was productive and collaborative. I look forward to establishing a similar relationship with OPM's IG.**

MICHAEL F. BENNET
COLORADO

COMMITTEES
AGRICULTURE, NUTRITION, AND FORESTRY
FINANCE
HEALTH, EDUCATION, LABOR, AND PENSIONS

United States Senate
WASHINGTON, DC 20510-0609

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July 17, 2013

The Honorable Thomas Carper
Chairman
Committee on Homeland Security and Government Affairs
340 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Tom Coburn
Ranking Member
Committee on Homeland Security and Government Affairs
340 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Jon Tester
Chairman
Efficiency and Effectiveness of Federal Programs and the Federal Workforce Subcommittee

The Honorable Rob Portman
Ranking Member
Efficiency and Effectiveness of Federal Programs and the Federal Workforce Subcommittee

Dear Chairman Carper, Ranking Member Coburn, Chairman Tester and Ranking Member Portman:

I write to you in support of the nomination of Katherine Archuleta of the great state of Colorado to serve as Director of the Office of Personnel Management (OPM).

Ms. Archuleta has a lifetime of experience helping to oversee complex organizations and agencies both within and outside of the federal government. She has proven to be a dedicated, hardworking and thoughtful leader and thinker. Ms. Archuleta's distinguished career in public policy, management and organizational development will serve her well as head of OPM.

Ms. Archuleta served as a senior advisor to Federico Pena, Denver's first Latino mayor who was instrumental in setting a course for Denver as the world-class city that it is today. In her position, Ms. Archuleta worked with Mayor Pena to re-vitalize large parts of the city through strategic, economic planning and developing smart new projects such as building Denver's International Airport, which is now the country's fifth busiest airport.

Following her time with the City, Ms. Archuleta concentrated on matters affecting women and low income families as Director of Special Initiatives for the private foundation of philanthropist Swanee Hunt. She has also served as Director of the National Hispanic Cultural Center Foundation, an institution dedicated to preserving our nation's Latino heritage and history.

Ms. Archuleta has almost a decade's worth of experience working in senior level positions within the federal government. She has served as Chief of Staff for the Department of Transportation in the mid-90s, a senior policy advisor at the Department of Energy and was recently Chief of Staff to Secretary Hilda Solis at the Department of Labor. Her depth of experience within the Executive branch gives Ms. Archuleta a unique perspective on the issues and opportunities facing our federal agencies.

Upon Ms. Archuleta's confirmation by the Senate, she will be the first Latina to serve as Director of OPM. Indeed, Ms. Archuleta's impressive resume is a story of 'firsts' as someone who hasn't been afraid to break barriers and chart new paths for women and Latinos across the country. Through her work, she has consistently sought to empower and give back to these communities as a leader, teacher, mentor, mother and friend.

I trust that Ms. Archuleta will continue to serve her country in this new role with the same distinction and commitment that she has demonstrated throughout her career. I also know that she will bring a touch of Colorado commonsense to tackle challenges ahead and find ways to inspire, innovate and manage a 21st century federal workforce.

Sincerely,

Michael F. Bennet
United States Senator

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