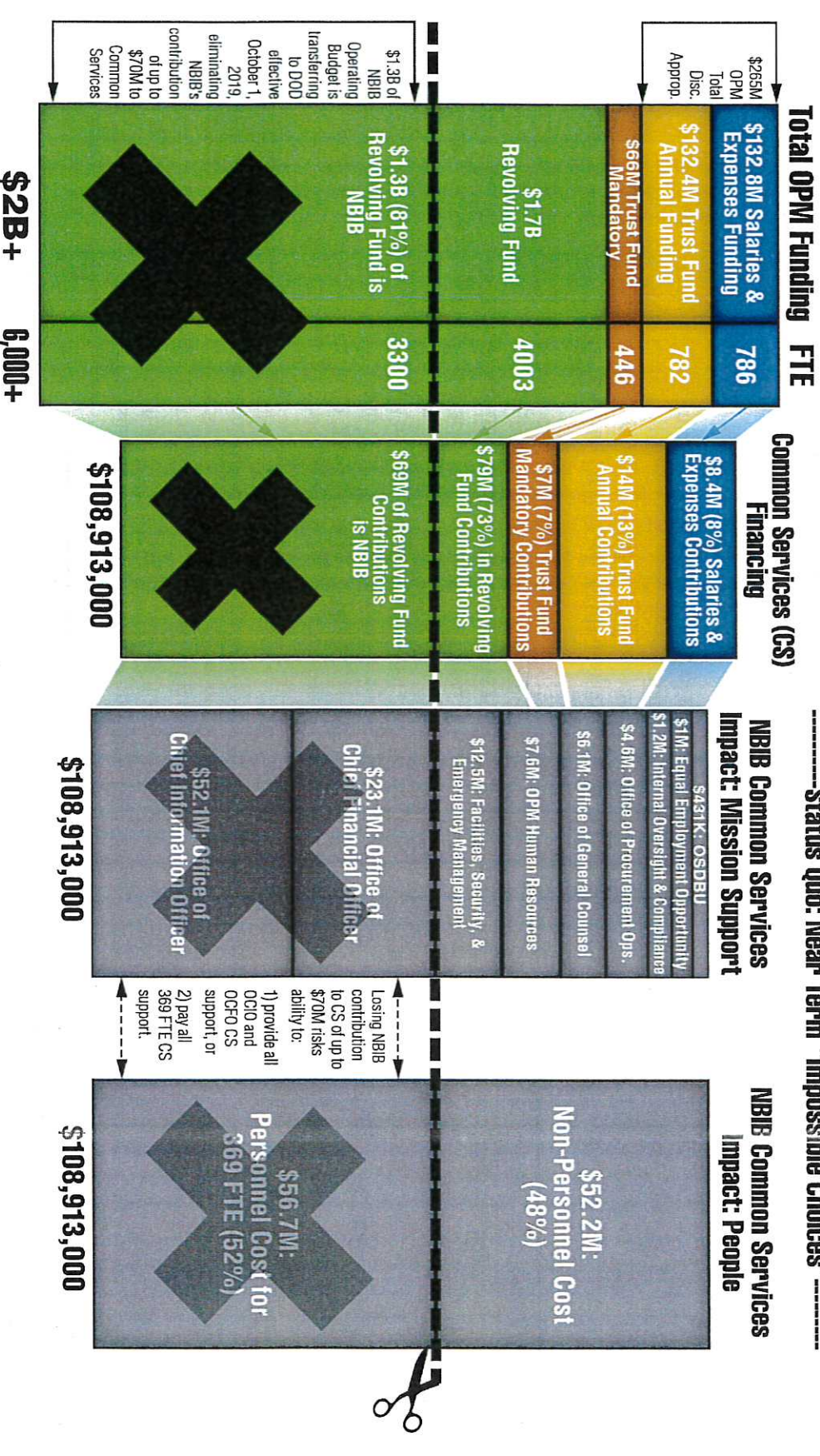


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OPM FY 2020 Funding Overview: As noted in the U.S. General Services Administration and U.S. Office of Personnel Management FY 2020 Congressional Justification, OPM's total operating budget of \$2.1B contributes \$108.9M in Common Services (CS) funding to provide administrative and overhead services to all of OPM. About \$23M of CS funding comes from the \$265M in discretionary appropriations that Congress provides OPM (\$9M from Salaries & Expenses and \$14M from Trust Fund Annual Transfer) and the remaining \$86M comes from non-appropriated funds (\$7M from Trust Fund Mandatory Authorities and \$79M from the Revolving Fund). Of this \$79M in Revolving Fund contributions to CS, \$69M comes from NBIB.

Problem: When NBIB leaves OPM effective October 1, 2019, due to the Congressional mandate, OPM will lose up to \$70M in annual contributions to CS, over 60%, of its CS funding. As shown below, to put this loss of funding into perspective, this \$70M equates to eliminating roughly all OCIO and OCFO CS support services or equates to eliminating more than all 369 CS positions. OPM's mission already was not sustainable under its organizational and funding structure. Without addressing this loss in funding from NBIB's departure, OPM will fail at its mission.

-----**Status Quo: Near Term "Impossible Choices"**-----



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Solution: To create long-term stability, sustainability, and increased operational excellence, OPM needs to better align its resources with its mission as proposed by the Administration’s merger between OPM and GSA. This paper references the \$70M funding gap in FY 2020 alone. Unless systemic and structural reforms are adopted by enactment of the merger, OPM’s fiscal solvency will remain in doubt. We request Congress engage with OPM on the legislative proposal submitted to enact this reform.

In the short-term, OPM is evaluating all other options to address the common services funding gap of up to \$70M facing OPM in FY 2020. These efforts to close the gap include: developing buyback arrangements to provide services to DOD post-NBIB transfer; transferring administrative personnel that support NBIB to DOD, reducing personnel costs by leaving existing positions vacant where appropriate; instituting hiring freeze for future discretionary vacancies that are not mission critical; and achieving other administrative efficiencies. **As shown to the right, these options only reduce the funding gap to an estimated \$23M.** For perspective, that remaining \$23M funding gap equates to the funding needed for roughly 150 FTE – over half of OPM’s core Title V policy and oversight staff.

Closing the Funding Gap in FY 2020	Amount
Total Common Services Funding Needed	108,913,000
Maintain Current Levels of CS Contributions	(43,712,000)
Estimated Remaining Gap from NBIB Leaving	68,915,000
Estimated FY20 DOD Buyback Agreements (CS)	42,000,000
Administrative Personnel Transfer to DOD	1,660,000
Leave Current CS Vacancies Open	1,443,000
Freeze Replacement of Future Attrition CS Positions	536,000
Estimated Total Remaining Gap for FY 2020*	23,277,000

*DEVELOPED USING AVAILABLE INFORMATION AS OF 6.13.19

Worst Case Scenario: The sole remaining mitigation efforts available to OPM force the agency to choose between complying with the Antideficiency Act or carrying out the requirements of Title V. There is no option that would allow for both compliance of the Antideficiency Act and all Title V requirements. Additionally there are potential national security implications of failing to fund OPM IT and disallowing OPM to utilize critical GSA partnerships to stabilize the IT infrastructure. **This is not a desired or acceptable outcome of the Administration.**

Congressional Proposal: Additional funding, as included in the current House FSGG proposal, is a temporary solution to a long-term fiscal, systemic and structural problem. The Congressionally-mandated move of NBIB has long-term implications for the agency’s fiscal position, and the long-term solution that ensures increased stability, sustainability, and operational excellence is the merger proposed by the Administration. Further, the additional funding included in the current House FSGG proposal does not equate to new money for the agency and will merely maintain the status quo of the agency – which there is broad agreement is not a desirable outcome. OPM is not meeting expectations on service delivery (retirement or healthcare), policy outcomes, or IT operations. Simply using additional appropriations to fill the funding shortfall annually does not provide a long-term solution for increased IT stability, financial sustainability, or strategic and operational capacity. OPM does not have the capacity to effectively spend additional dollars, especially if the support of GSA is prohibited.

Necessary Disclaimer: Absent a firm bipartisan, bicameral commitment by June 30, 2019 to address and resolve the OPM Revolving Fund shortage to OPM’s Common Services created by the Congressionally-mandated transfer of DOD background investigations to DOD, OPM will be forced to begin a 90-day preparation process for the issuance of furlough notices to employees. Issuing these actions are not OPM leadership’s intent, but would be necessary to prevent expenditures in violation of the Antideficiency Act beginning October 1, 2019. While the first 30 days of this process is internal planning, it is likely it will become commonly known within the agency shortly thereafter. Formal public notice would occur during the month of August.