



Administration Proposal to Reorganize the U.S. Office of Personnel Management (OPM)

May 1, 2019

The U.S. Office of Personnel Management (OPM), the federal government’s central personnel agency, is an [independent establishment](#) in the executive branch. Created by the [Civil Service Reform Act of 1978](#), the agency’s statutory authority is codified in [5 U.S.C. Chapter 11](#). In June 2018, President Donald Trump issued [reorganization recommendations](#) that included a proposal to transfer several OPM functions to the Executive Office of the President (EOP) and the General Services Administration (GSA). The [President’s FY2020 budget](#) restated the reorganization proposal, including that the entire agency would be reorganized.

Government Reorganization Authority

Reorganizations that exceed the boundaries of one agency, or that are inconsistent with existing law, are generally accomplished through the legislative process. In some cases, Congress has changed the organization of an agency by shifting funding and functions between offices. Where statutes vest functions in the President, they may be delegated and redelegated. In general, agency heads have discretion, consistent with existing statutes, to organize and manage the day-to-day operations of their organizations. These authorities do not, however, supersede or conflict with specific statutory directives, limitations, or organizational arrangements.

According to the [budget proposal](#), “the Administration has been developing plans to execute transfers of OPM functions to GSA and the Department of Defense using a combination of existing legal authority and legislation” since June 2018.

Principal OPM program offices that are proposed to be reorganized are briefly discussed below.

Employee Services (ES)

OPM [Employee Services](#) provides “policy direction and leadership in designing, developing, and implementing Government-wide human resources systems and programs.” The [EOP’s FY2020 Congressional Budget Submission](#) proposed that a new office be established in the Office of Management and Budget to “provide Government-wide strategic direction on federal human capital policy, and

Congressional Research Service

<https://crsreports.congress.gov>

IN11110

coordinate personnel policies, regulations and procedures for Executive agencies, in conjunction with the Office of Personnel Management vested within” the GSA. The budget requested \$400,000 and three full-time equivalent employees to establish the office.

Merit System Accountability and Compliance (MSAC)

OPM [Merit System Accountability and Compliance](#) ensures that “Federal agency human resources programs are effective and meet merit system principles and related civil service requirements.” The [GSA and OPM Congressional Justification](#) proposed the merger of this function with GSA “upon enactment of authorizing legislation during FY2020.” The budget requested \$16,457,000 for MSAC.

Human Resources Solutions (HRS)

OPM [Human Resources Solutions](#) provides a variety of HR products and services to agencies on a reimbursable basis to help them perform their core functions. HRS manages USAJOBS and other [information technology systems](#) that automate HR processes. Notably, HRS and GSA currently partner to administer the [Human Capital and Training Solutions](#) contracts, which provide customized training and development, human capital strategy, and organizational performance services. HRS is financed by OPM’s [revolving fund](#).

HRS was identified as the first program office that would transition to GSA as part of the proposed reorganization in a July 2018 [congressional hearing](#). GSA issued a [sources sought notice](#) in August 2018 to identify potential contractors to assist with the transition. Since then, few details have been provided on the HRS transition. The budget proposals from the [President](#) and [GSA and OPM](#) mention that the transition is underway but do not discuss its status, cost, or organizational and policy implications. In February 2019, Congress [directed OPM](#) to provide quarterly updates on the status of the HRS transition and a report outlining the budgetary implications of and existing legal authority for the transfer.

Retirement Services (RS)

OPM [Retirement Services](#) determines eligibility and administers benefits for almost 2.6 million federal retirees and their survivors under the [Civil Service Retirement System \(CSRS\)](#) and the [Federal Employees’ Retirement System \(FERS\)](#). These pension systems cover the majority of the civilian federal workforce. Both CSRS and FERS include retirement, disability, and survivor components. CSRS and FERS benefits are financed through a dedicated federal trust fund, the [Civil Service Retirement and Disability Fund](#). Under the Administration’s plan to reorganize OPM, [the current RS functions would be merged into the GSA](#). Additionally, the budget proposed [changes to OPM-administered federal retirement benefits](#), including increases to employee contributions, elimination and/or reduction in the cost-of-living-adjustments for different federal retirement benefits, elimination of a retirement supplement for certain qualifying former employees, and a change in the measure of pay used in the retirement benefit calculation (from “high-3” to “high-5”).

Healthcare and Insurance (H&I)

OPM [Healthcare and Insurance](#) administers insurance and benefit programs for federal employees, retirees, and their families. These programs are the Federal Employees Health Benefits Program, the Federal Employees’ Group Life Insurance Program, the Federal Long Term Care Insurance Program, the Federal Flexible Spending Account Program, and the Federal Employees Dental and Vision Insurance Program. H&I coordinates and administers the annual Federal Benefits Open Season, during which current participants can enroll or change their enrollment in the programs mentioned above, and

“performs operational, analytical, and systems support; policy development and implementation; actuarial analysis; and stakeholder outreach and education for each” program.

The [GSA and OPM Congressional Justification](#) proposed to transfer the “transactional and consultative services” within H&I to GSA and stated that the [reorganization](#) would be completed by September 30, 2020, through “legislation and a request for direct appropriation to cover transition costs.”

Office of Inspector General (OIG)

The OPM [Office of the Inspector General](#) is an independent, nonpartisan entity that is intended to prevent and detect waste, fraud, and abuse at the agency. Under the [Inspector General Act of 1978](#), as amended, the OIG conducts audits, investigations, and other evaluations of programs and operations and makes recommendations to improve them.

The Administration’s budget proposed [transferring](#) the OIG to the GSA OIG—a recommendation that was not included in the June 2018 reform plan. The GSA and OPM Congressional Justification requested [\\$1 million](#) to cover anticipated costs associated with the transfer. It stated that the transfer is “contingent upon enactment of authorizing legislation” but anticipates that the GSA OIG will oversee “[human resources operations functions](#)” currently performed by OPM in FY2019.

Author Information

Barbara L. Schwemle, Coordinator
Analyst in American National Government

Noah D. Isserman
Analyst in Health Insurance and Financing

Kathryn A. Francis
Analyst in Government Organization and Management

Henry B. Hogue
Specialist in American National Government

Katelin P. Isaacs
Specialist in Income Security

Disclaimer

This document was prepared by the Congressional Research Service (CRS). CRS serves as nonpartisan shared staff to congressional committees and Members of Congress. It operates solely at the behest of and under the direction of Congress. Information in a CRS Report should not be relied upon for purposes other than public understanding of information that has been provided by CRS to Members of Congress in connection with CRS’s institutional role. CRS Reports, as a work of the United States Government, are not subject to copyright protection in the United States. Any CRS Report may be reproduced and distributed in its entirety without permission from CRS. However, as a CRS Report may include copyrighted images or material from a third party, you may need to obtain the permission of the copyright holder if you wish to copy or otherwise use copyrighted material.