

# NOMINATION OF HON. BETH F. COBERT

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## HEARING

BEFORE THE

COMMITTEE ON  
HOMELAND SECURITY AND  
GOVERNMENTAL AFFAIRS  
UNITED STATES SENATE  
ONE HUNDRED FOURTEENTH CONGRESS

SECOND SESSION

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NOMINATION OF HONORABLE BETH F. COBERT TO BE DIRECTOR,  
OFFICE OF PERSONNEL MANAGEMENT

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FEBRUARY 4, 2016

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## CONTENTS

---

Opening statements:	Page
Senator Johnson .....	1
Senator Carper .....	1
Senator McCaskill .....	9
Senator Tester .....	11
Senator Ayotte .....	14
Senator Heitkamp .....	17
Senator Lankford .....	19
Senator Portman .....	23
Senator Ernst .....	25
Prepared statement:	
Senator Johnson .....	39
Senator Carper .....	41

### WITNESSES

THURSDAY, FEBRUARY 4, 2016

Hon. Beth F. Cobert, to be Director, U.S. Office of Personnel Management	
Testimony .....	2
Prepared statement .....	43
Biographical and financial information .....	48
Letter from the Office of Government Ethics .....	70
Responses to pre-hearing questions .....	73
Responses to post-hearing questions .....	110
Letter from Senator Vitter .....	123
Letters of support .....	126



## **NOMINATION OF HON. BETH F. COBERT**

**THURSDAY, FEBRUARY 4, 2016**

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

The Committee met, pursuant to notice, at 10:04 a.m., in room 342, Dirksen Senate Office Building, Hon. Ron Johnson, Chairman of the Committee, presiding.

Present: Senators Johnson, Portman, Lankford, Ayotte, Ernst, Sasse, Carper, McCaskill, Tester, Heitkamp, and Booker.

### **OPENING STATEMENT OF CHAIRMAN JOHNSON**

Chairman JOHNSON. This hearing will come to order.

Today, the Committee is considering the nomination of Beth Cobert to be Director of the Office of Personnel Management (OPM).

First of all, I want to welcome you, thank you for your service you have already given this country and your willingness to serve again in an agency that has some real problems. I appreciate you meeting with me in my office and we certainly discussed those challenges. I appreciate your testimony, where you kind of laid out your priorities, improving OPM cybersecurity and information technology (IT) posture, assisting the transition to stand up the new National Background Investigations Bureau, and implementing the initiatives that make up the people and culture pillar of the President's Management Agenda (PMA). Those are the main things you have to address.

We certainly want to welcome your husband. We thank your family, as well, for the sacrifice they make because these are some pretty full-time jobs.

So, again, just very pleased you are here.

With that, are you ready to make your opening statement?

Senator CARPER. I am ready to rock and roll.

Chairman JOHNSON. There you go.

### **OPENING STATEMENT OF SENATOR CARPER**

Senator CARPER. Thanks, Mr. Chairman. Thanks for scheduling this hearing today.

Which one of the folks in the audience is fortunate enough to be married to you? Is his middle name Lucky? I know you guys do not see each other as much as you used to, and I understand you live in Colorado, so this is quite a sacrifice that you and your wife are making and we are grateful.

I have a statement for the record.<sup>1</sup>

I just want to say this. We are so lucky that you are willing to serve this country, previously as the No. 2 person at the Office of Management and Budget (OMB), working with Sylvia Mathews Burwell, and now to come in over an agency that needs a lot of help and great leadership. And, we are fortunate that you are willing to provide that.

I was looking over your resume, talking with my staff yesterday about your credentials, and they said, well, she could not get into Ohio State. She had to go to Princeton. I went to Ohio State. She had to go to Princeton for her undergraduate degree. And, she could not get into the University of Delaware, where I went to graduate school. You had to go to, where is it, Stanford or someplace like that. Ended up running the McKinsey and Company's operation in San Francisco on the West Coast and then were good enough to come to work for us.

I remember meeting you. I thought to myself, boy, this woman is smart, and you are not just smart, but you have great values and you have a great work ethic, as well. And, you are really good. You are very responsive. And, you were that way at OMB and you are certainly that way at OPM. You have taken on a tough job and we are delighted that you are willing to do it. My hope is that we can move your nomination promptly.

But, again, it is great to see you, and to your husband to your family, thanks for sharing you.

Chairman JOHNSON. And we will enter both of our opening statements in the record, without objection.

It is the tradition of this Committee to swear in witnesses, so if you will please stand and raise your right hand.

Do you swear the testimony you will give before this Committee will be the truth, the whole truth, and nothing but the truth, so help you, God?

Ms. COBERT. I do.

Chairman JOHNSON. Please be seated.

Beth Cobert has been the Acting Director of the Office of Personnel Management since July. Prior to joining OPM, Ms. Cobert was the Deputy Director for Management at the Office of Management and Budget. For almost 30 years before entering public service, she worked as a Director and Senior Partner at McKinsey and Company. Ms. Cobert.

**TESTIMONY OF THE HONORABLE BETH F. COBERT,<sup>2</sup> NOMINATED TO BE DIRECTOR, U.S. OFFICE OF PERSONNEL MANAGEMENT**

Ms. COBERT. Thank you, Chairman Johnson, Ranking Member Carper, Members of the Committee, for welcoming me today. It is an honor to be considered by this Committee as a nominee for Director of the U.S. Office of Personnel Management.

I am pleased to be joined here today by my husband, Adam Cloth, my brother, Stuart Cobert, and my sister-in-law, Marcy Engel. I want to thank my children, Peter and Talia Cloth, for

<sup>1</sup> The prepared statement of Senator Carper appears in the Appendix on page 41.

<sup>2</sup> The prepared statement of Hon. Beth Cobert appears in the Appendix on page 43.

their support. I also want to thank my mother, Shirley Cobert, for her constant encouragement, and both my parents for being such great role models of what it means to be engaged and committed citizens.

I want to thank President Obama for nominating me to this position. I also want to thank the Members of this Committee and their staff for taking the time to meet with me, both recently and over the last 2 years in my previous role as Deputy Director for Management at OMB.

My time at OMB and as Acting Director of OPM for the past few months has given me the opportunity to work with thousands of dedicated public servants who wake up every day with the desire to improve the lives of their fellow Americans. It has been my honor to serve alongside them.

Every day, OPM's employees are hard at work, providing valuable services to their fellow Federal workers and developing policies and strategies to make the government work more effectively for the American people. They are processing retirement claims from across the Federal Government, conducting background investigations on prospective and current Federal employees, collaborating with agencies in order to attract top candidates for Federal service, and providing quality health insurance for Federal employees.

If confirmed, I pledge to support OPM's employees as they build on the progress they have already made by focusing on management discipline, ensuring our decisions are based on reliable data, and delivering excellent customer service. By following these good management practices, I believe we can achieve our main goals: Improving OPM's cybersecurity and IT posture; assisting with the transition to stand up the new National Background Investigations Bureau (NBIB); and implementing the initiatives that make up the people and culture pillar of the President's Management Agenda so that OPM may lead agencies in their efforts to recruit, train, and retain a world class workforce.

Since arriving at OPM, I have made cybersecurity and helping those individuals who were impacted by the malicious cyber intrusions one of OPM's highest priorities. Over the past several months, we have worked to provide identity protection services to those impacted. And, we are committed to implementing Section 632 of the Omnibus, which also provides services to impacted individuals.

If confirmed, I will work to see that OPM continually strengthens its cyber defenses and IT systems in the face of today's evolving threats by focusing on technology, people, and process.

As you are aware, recently, the Administration announced a series of changes to modernize and strengthen the way we conduct background investigations for Federal employees and contractors and protect sensitive data. These changes include the establishment of the NBIB, which will absorb OPM's existing Federal investigative services and be headquartered in Washington, DC. This new governmentwide services provider for background investigations will be housed within OPM. Unlike the previous structure, the Department of Defense (DOD) will assume responsibility for

the design, development, security, and operation of the background investigations IT systems for the NBIB.

If confirmed, I will work to facilitate the transition while minimizing the disruption of current operations and continuing the focus on providing effective, efficient, and secure background investigations for the Federal Government.

During my almost 30 years in the private sector, I worked with corporate, nonprofit, and government entities. One consistent lesson I learned was that the most effective way of getting things done is to approach issues with a solution-based mindset. This is why I believe the best way to deliver results for the American people is to work with partners wherever we may find them, from the Office of the Inspector General (OIG) to Congress, from labor unions to private stakeholders. Every organization can benefit from leaders who provide a sense of purpose, ensure people deliver against commitments, and are willing to roll up their shirtsleeves and dig in with their workforce to accomplish goals on behalf of their customers. If confirmed, this is how I will approach my work at OPM.

I look forward to working with this Committee to find ways to continue the improvements that I believe are underway already at OPM and to provide the support needed for our customers, the current, future, and former Federal employees, their agencies and departments, and, ultimately, the American people.

I want to thank the Committee again for considering my nomination and I look forward to answering any questions you may have. Thank you very much.

Chairman JOHNSON. Thank you, Ms. Cobert.

Let me start where you started, cybersecurity. Obviously, the discovery of the numerous breaches have been the subject of a number of hearings in this Committee. We found out not too long ago that the Inspector General (IG), Patrick McFarland, is going to retire. I hate to see that. But, I know that one of the things that OPM has undertaken is a major IT modernization project designed to replace existing systems, which I think is absolutely necessary, but Mr. McFarland was very critical of the effort. It is going to cost about \$100 million. His quote, "It is entirely inadequate and introduces a very high risk of project failure."

Can you just kind of comment on, I guess, his evaluation of that modernization effort and what the plans are to address that situation.

Ms. COBERT. Sure. Thank you, Senator. Addressing cybersecurity and modernizing OPM's IT systems so they are appropriate for the evolving threat environment we face today is a critical priority. It is work that is important and needs to be done carefully, and we are continuing to take all the input we can on how to do that well.

We have had an ongoing dialogue since I arrived at OPM. I, in fact, met with the Inspector General my first day there to talk about his concerns, to understand them, and to figure out how to address them.

We have also been in the process of looking again at the modernization plan in light of some of the changes. We have looked at it again post the breach because we needed to understand what we learned from that context and how to incorporate it. We are going



to be looking at it again in the context of the recent decision to stand up the NBIB and have the Department of Defense play the role they are playing in the IT support for that organization.

So, we are continuing to work that plan. We are continuing to have an ongoing dialogue with the Inspector General about it. And we are committed and I am committed, if confirmed, to continue to make sure that we have a thoughtful plan, we have a plan that will deliver the results, and we have a plan that will deliver security and will be a smart use of the taxpayers' dollars.

Chairman JOHNSON. I will go on the record right now, and I hope after the retirement of McFarland, this Administration nominates somebody immediately to replace him, because the IG is an extremely important position.

When you see these breaches and this massive amount of data, whether it is in the private sector or within OPM, I am always kind of scratching my head going, what are people going to be using with this information? Why do they believe that this breach was not really about trying to utilize the personal information for criminal activity, but as a breach from a nation state really having to do with national security.

One of the things we would like to do, certainly, I would like to be briefed by the National Counterintelligence and Security Center (NCSC). I would just ask you to help facilitate that type of briefing. Is that something you are willing to basically go on record with?

Ms. COBERT. I would be very happy to facilitate the briefing. We have worked closely with that group throughout the process of responding to the breach and figuring out how to respond to it most effectively. They are a key partner of ours and I would be happy to work with them to get you and this Committee any input from them that you need.

Chairman JOHNSON. A recent ruling by the Federal Labor Relations Authority (FLRA) basically took away the authority of agency heads to really set policies as it relates to personal e-mail use and Facebook use on agency computers. I think you disagree with that. Can you kind of speak to that issue?

Ms. COBERT. As the world of cybersecurity is changing, as we recognize the nature of these threats, we all need to change the way we interact, the way we use systems at work and at home. What we have done at OPM, and I think what is important for every agency to do, is to recognize what needs to change in the way they operate, what needs to change in the way their employees operate to make sure systems are secure.

At OPM, for example, I cannot access my personal Gmail account from my OPM computer. That is the way a lot of threats come in. There have been new guidelines about how to use personal devices to access the network. I believe it is important to put those processes into place. We need to change the way we act in the face of this threat and we need to take actions. Simple actions like that can make an enormous difference.

Chairman JOHNSON. But, again, I think I agree with you. That should really be left up to the Administration, not necessarily in negotiation with the union.

Ms. COBERT. We have had lots of discussions with this with many folks, including the unions, at the National Labor-Manage-

ment Council coming out of the breaches. They, too, share the concern about protecting the information of their members, protecting the information of the government, and I know we can work with them to make the kind of progress we need to make here.

Chairman JOHNSON. When we met, one of the issues I raised, because I was visited by representatives of the United Way, about OPM's consolidation of the Combined Federal Campaign (CFC). I know you have a lot of experience with the United Way from the private sector. Can you just speak to, first of all, why we are combining that, and again, basically make your commitment to meet with representatives of the United Way and address their concerns.

Ms. COBERT. Senator, thank you for raising this earlier and now. The work in the Combined Federal Campaign is designed to centralize the Administration of that effort, but to ensure, as it always has been, that local donations that individuals choose from across the country to send to local charities go to those local charities. It also preserves a critical role for our philanthropic partners, including the United Way, in working on those local campaigns. They are keyed to get people excited about donating. They are keyed about getting people to understand how much those dollars mean to their communities.

We are working with the United Way already. We will continue that. They are part of the stakeholder transition group as we move to this new model. So, I can clearly commit to you that we will continue to be engaged with them. They are critical partners to us in this effort, in this effort to modernize how we do this, and also to ensure a robust and ongoing successful Combined Federal Campaign.

Chairman JOHNSON. I think two very legitimate concerns is if we consolidate this at the national level, all of a sudden, you are going to start potentially making Federal decisions in terms of local charities, in terms of who can be included in the donations and that type of thing. So, that is a concern.

I think the other concern, too, is the up-front fee as opposed to a variable fee, so that potentially smaller charities just will not be able to necessarily participate in the program. Can you quickly speak to those two issues.

Ms. COBERT. Sure. Let me start with the fee question. We are working with a transition group, this stakeholder group that includes philanthropic organizations, on how to cover the costs of the campaign and what kind of fee to do that.

One of the specific alternatives that is under consideration is a tiered set of fees, different fees for larger organizations and for smaller organizations. So, I think that is definitely one of the alternatives on the table in terms of how we can make sure the fees are appropriate and consistent with the differing resources.

Chairman JOHNSON. In addition to different tiers, because you have some variable and some fixed. I mean, would that be something you would look at—

Ms. COBERT. All of those things are in the cards. This process is continuing. There is a transition process and, as I said, an ongoing engagement. And as we work that through, I am happy to come back and keep you apprised of our progress.

Chairman JOHNSON. And, then, just a quick comment on the Federal control over which charities would be qualifying or not qualifying.

Ms. COBERT. The process today for participation in the Combined Federal Campaign involves both local and Federal oversight. We want to make sure that the charities that we are making available to Federal employees are ones that are well run. That exists today.

We also recognize that it is critical to have people through the Combined Federal Campaign be able to communicate with and support the charities in their local community. That has been a hallmark of our success. It is going to be a core element of how we proceed going forward.

Chairman JOHNSON. Thank you. Senator Carper.

Senator CARPER. Thanks, Mr. Chairman.

Again, welcome to you and your husband and your brother and sister-in-law. I have been watching your brother, and when you speak, I can just barely see his lips move. [Laughter.]

Bigger brother? Younger brother? Which—

Ms. COBERT. Older brother.

Senator CARPER. The big brother, OK. I do not know what your mom and dad fed this woman growing up, but it was the right stuff.

This Committee has worked, I think everybody on this dais, including Senator Tester over here especially, worked to enable the Department of Homeland Security (DHS) to do a better job on the cyber front. We have passed legislation that gives them the kind of opportunities to hire and retain people, cyber warriors that the National Security Agency (NSA) has. We have done work that straightens out the Federal Information Security Modernization Act (FISMA), as you may recall, with respect to the responsibilities and obligations of OPM versus Homeland Security. We codified and made real their ops center.

This year, thanks to the work of all of us, including the Chairman and others on this Committee, we worked very hard with the Intelligence Committee (IC) and, I think, passed a really good information sharing bill, authorized something called EINSTEIN 3, direct its implementation, a whole lot that we have done to enable the Department of Homeland Security to be a much better agency on this front.

Can you see that any of that has helped? Have they been of any help to you and to your agency? Are all of our efforts and theirs bearing any fruit? Thank you.

Ms. COBERT. Thank you, Senator. The Department of Homeland Security, the entire organization, and particularly the team from U.S. Computer Emergency Readiness Team (US-CERT), has been invaluable resources to OPM in the face—

Senator CARPER. Would you say that again?

Ms. COBERT. The Department of Homeland Security and especially the folks at US-CERT have been invaluable resources to the Office of Personnel Management as we have responded to the cyber breach.

One of the things that most impressed me as I arrived at OPM was the incredible intergovernmental effort that was underway to help OPM respond to this situation. They were there to help take

immediate measures. They have been there to collaborate with us as we think about the ongoing measures we need to make to continue to improve the security of our systems. How do we prioritize those actions? How do we work together with them? How do we take advantage of the tools that EINSTEIN offers?

My goal is to be a great customer of EINSTEIN. We have put in all the tools that they have available and we want to continue to take advantage of the tools. One of the advantages of having that at Homeland Security is that you have all those resources that a smaller agency at OPM can then work with and rely on.

We are also working with them as part of the President's Cybersecurity Implementation Plan on bringing more cyber talent into the Federal Government. How can we take advantage and make sure that agencies are taking advantage of the flexibilities that exist, the flexibilities that Congress had granted in particular for cyber professionals? How do we make sure people know about those programs and they are using them well?

We are working with them closely to think about what are the additional steps we can take to bring in more talent, to centralize—to make sure that that talent can be leveraged across the Federal Government.

So, there are a whole series of ways we are working with them. They are invaluable partners to OPM.

Senator CARPER. That is music to our ears. Thank you. Thank you so much for saying that.

A week or two ago, we had a hearing and the, as my colleagues will recall, the lady who was the head of the Office of Special Counsel (OSC) was here. She was up for a 5-year reconfirmation, a very able person. And we had a guy who had been nominated as the IG for the VA. And, I asked her at the end of the hearing, I asked the woman from Office of Special Counsel, who gets great reviews as a leader, I said, what kind of advice would you give this fellow who has been nominated to be the IG? I think he is going to be very good.

And she said to him, here is the best advice I could ever give you. Surround yourself with the best people you can find. And, that is probably the best advice I have ever gotten, as well.

Can we talk a little bit about critical skills gaps?

Ms. COBERT. Yes.

Senator CARPER. And, in your view, what are the primary barriers to recruiting and maybe to retaining qualified individuals for some of the occupations that are facing skill gaps, and what steps are you taking to address those, and what more can or should we do to enable you to do that?

Ms. COBERT. Bringing in great talent is something I spent much of my career focused on, whether it was leading talent and recruitment at McKinsey, whether it was working with a number of my clients on talent. It was part of my work when I was at OMB and it is one of the things I am excited to spend time on at OPM.

I think there are a couple of elements that are key to our success in closing these critical skill gaps. The first is recognizing that the professional development opportunities, the opportunities for impact in public service are incredible. The scale, the scope, the com-

plexity of the issues that individuals deal with every day are very challenging and also have the potential to be very rewarding.

So, one of the things we have to do is to communicate more clearly what you can do, the impact you can have on your country when you join Federal service. So, it is being clear on the opportunity.

A second piece is making sure—and I have seen this throughout my career—that when we are looking at bringing in talent and hiring people, it is not the job of the human resources (HR) department, no matter how talented they are, to lead that effort. It is a joint partnership between the individuals leading the mission, the hiring managers, and the support of HR. The person who best understands the real skills we need, whether in a scientist or an IT professional or an economist, are the people doing the work, and they have to work in partnership with the human resources folks to understand, how do we bring those people in? How do we get them through a process? How do we do that in a way that is fair and transparent and effective?

And, so, what we are working on with agencies is a new program around hiring excellence that brings those groups together, that gets them out there together, understanding the flexibilities exist, delivering against them in a way that works together for them and the folks they are trying to recruit.

I think those are the core things, and we are doing that with hiring managers. We are doing it with the Chief Human Capital Officers Council (CHCO). It has been a big focus. It is a key part of the President's Management Agenda and one that we are actively working.

Senator CARPER. Good. I do not have time for another question. Thank you for that response.

Ms. COBERT. You are welcome.

Senator CARPER. But, if we do have a second round, I want to come back and ask you about how we are using the Federal Employees Health Benefits Program (FEHBP) to find ways to get better health care outcomes for less money, or better health care outcomes for the same amount of money. OK. That will be my followup. Thanks so much.

Ms. COBERT. Thank you.

Chairman JOHNSON. Senator McCaskill.

#### **OPENING STATEMENT OF SENATOR MCCASKILL**

Senator MCCASKILL. Thank you.

Quickly, a couple of things. I do not need to tell you about the hundreds of millions of dollars that OPM has wasted on IT systems. We have had \$100 million on management of Federal retirement, another \$25 million in 1987. Ten years later, you did not pull the plug on the project. In 1997, it started over. Then the system went live after 2008, after \$105 more million put into it, and it was a spectacular failure.

I just wanted to get your commitment on the record to provide us regular briefings on the progress with Imperatis. I know there were some questions about the contracting, which I shared with the IG, but I understand that there was a sense of urgency and, corners may have been needed to be cut. But, I sure want to know

if it is going south before we—I want us to pull the plug before we get to hundreds of millions.

Ms. COBERT. Thank you, Senator. We are committed to make sure that we are spending the IT dollars in a responsible way. We are working on spending them in a more modular way than has been done in the past, making sure that each element delivers results as it goes, that we are going to have tangible evidence that work is being effected as we move through those projects.

Senator MCCASKILL. That is great. Well, if you would let me know when you complete mods, that would be terrific.

I also would like you to followup with my office and let us know why you are not rebidding the 12-year contract on the Flexible Spending Account (FSA) program. It has not been rebid. It is supposed to be rebid every 12 years, and I would like you to followup on that.

I would like to spend the majority of my time, though, talking about security clearances. I have two ends of this stick I want to kind of beat you with.

Ms. COBERT. Thank you. [Laughter.]

Senator MCCASKILL. Not literally. But, one is there is a young man that grew up in St. Louis after coming here with his mother to marry a professor at Washington University. Grew up in St. Louis, got a great education, and then he found his dream job, the job that he had worked very hard to get. And he was offered that job at the State Department in January of last year. The State Department is getting ready to pull his job offer because he cannot get a security clearance, not because there is anything wrong with his background, but because he obviously is not being given a priority.

Now, I get you have to prioritize, and there is part of me that is saying in my brain, Claire, you would be yelling at her for not prioritizing. But this young man wants to give to his country. This young man has studied to do this job, and it seems so terribly unfair that he is not going to be able to realize his dream because we cannot get our act together on security clearances. What should I tell this young man?

Ms. COBERT. Senator, bringing people like that into public service is exactly what we need to be doing, and I share your frustration in this case. The process is one that is involved, and it also is one that operates across the Federal Government in different ways.

So, the State Department process, while working under standards set by the Security Executive Agent, who is the Director of National Intelligence (DNI), and the Suitability Executive Agent at OPM, is actually carried out by the State Department. There is an investigation process and adjudication process. And, he would have to work with the State Department. I am happy to work with them to try and get you an answer to this, but their process is carried out through the State Department.

Senator MCCASKILL. Well, he has had his in-person interview and, it is not like there has not been anything that happened. And, by the way, he is working in climate change and deforestation. I mean, we are not talking about, underground with ISIS or something. We are talking about someone who is trying to do the impor-

tant work around the globe with the State Department that keeps the world safer.

And, then, on the other end of that same stick, I want to talk about and you to address—I think you all have interpreted what the IG has said about going back to pick up dumped work that USIS dumped that they did not do on background checks. I know that your agency has interpreted that as meaning you have to go back and do all hundred-and-some-thousand investigations all over. That is not what the IG is saying. The IG is not saying to do them all over. The IG is saying to just go back on those when the subjects of those background investigations are submitted for reinvestigation.

So, I would like a commitment from you—and I am going to be writing you a letter about this—that you go back. It is almost as if you saw the recommendations and said, no, no, no, we cannot do that, that is way too much, and did not really pay attention that they are not asking you to do every one over again. I think that would be an unreasonable request, especially in light of the young man who is trying to get his security clearance done for the State Department. But, would you make a commitment to relook at the IG recommendation and more specifically address their concerns?

Ms. COBERT. I will make that commitment. We have worked with them. We have worked to clear the cases that were tied up in the USIS issue. We have made real progress on that. But, I am happy to come back and work with you and your office and make sure you have the answers you need on that situation.

Senator McCASKILL. OK. Thank you very much.

Thank you, Mr. Chairman.

Chairman JOHNSON. Senator Tester.

#### **OPENING STATEMENT OF SENATOR TESTER**

Senator TESTER. Thank you, Mr. Chairman, and I want to thank you, Beth, for being willing to serve. You have been in this position since July and nominated in November and we appreciate your willingness to serve the country.

I want to start out not talking about you, but talking about something the Chairman said, because I agree with him. If the IG for OPM is due to retire, I would hope that the President does appoint a new one and that he is confirmed rapidly. But, I must say, we had a VA IG in here 2 weeks ago, Mike Missal, and we passed him out. I applaud your efforts on that, but unfortunately, some of the very same people who were wanting an IG for the VA—which I think is critically important and I know the Chairman does, too—are now holding that IG. I just bring that up, because if you can help us with that, we would sure appreciate it.

I want to talk about the land management work, Forest Flexibility Act, very briefly. As I think you are aware, preliminary guidance for the agency has been issued regarding this Act, and I worked on this legislation for a couple Congresses. I think it is Congress's intent to provide temporary seasonal employees who will fulfill certain obligations to be considered for permanent jobs across government—"across" is the key word here. Initial guidance does not seem to be following the congressional intent, and I think

we need to get that fixed if we are really going to fulfill what the legislation meant to give seasonal employees a fair shake.

Could you comment on that and, hopefully, commit to the fact of working to make sure this meets what Congress meant when they passed it?

Ms. COBERT. Thank you, Senator. I can commit to working this through what Congress meant. What we wanted to do in responding to this piece of legislation was to try to get some guidance out there quickly so that people could take advantage of the provisions, but recognizing that we wanted to go through the full regulatory process where we get greater input and make sure the permanent regulations that are put in place are appropriate.

We are now in the midst of starting that process, and I can commit to you that we will work with you and others to make sure we have that input and move that forward as quickly as possible.

Senator TESTER. And I appreciate that response. I just want to make sure that the preliminary rule does not impact the rule down the road, because, quite frankly, it needs to be across government. I think there are some benefits to government efficiency if we do it that way.

Ms. COBERT. Yes. So, the preliminary guidance covers that. As we go into the rulemaking process, we can address those issues.

Senator TESTER. Thank you. Administrative leave, I want to thank you for your work on the Administrative Leave Act with us, and I am confident that this legislation is a step in the right direction and will, in fact, make government more efficient and save some taxpayer dollars along the way.

Could you give me just your opinion about how administrative leave is currently being used across the Federal Government.

Ms. COBERT. Administrative leave is really designed to be a tool of last resort, not first resort—

Senator TESTER. Yes.

Ms. COBERT [continuing]. When there are a situation where an individual should not be in the workplace. There are lots of ways you can deal with that. You could think about telework arrangements. You could think about reassignment of duties. And, so, it is not the first resort for how to address a situation.

Also at the moment, and one of the things we are now working on now at OPM, is being clearer on what we mean by administrative leave. Administrative leave as currently defined can cover a range of things. It could cover someone returning from Reserve status and having the days that they need to get back in shape and get their lives organized. It can cover sometimes closures on snow days or the like.

So, one of the things I think we need to do in addition to making sure that agencies understand how and when to use it well is to make sure that we have better ways of tracking what it is being used for and more clarification on sort of what are the different types of administrative leave, and I think that can also help agencies manage it better.

Senator TESTER. OK, good. Thank you.

I am pleased to see the Administration acknowledges that large-scale change was needed in the security clearance process to improve suitability. I have called for a hearing about the security



clearance process, and I think we need to know a lot more about what is being done as this new entity called the National Background Investigations Bureau is being created.

Can you give me some insight as to what this Bureau is going to be doing, very briefly, if you could, and what you are looking at in order to stand this Bureau up.

Ms. COBERT. The process that the interagency group went through in thinking about security clearance was a very thorough one and kept coming back to the questions of how do we best secure and protect the data that we collect in this process and how do we continue to have a structure that enables us to modernize this critically important function.

Senator TESTER. Right.

Ms. COBERT. So, there are a couple things that will be different, as you know. We will be having the IT systems, the design, the security of the operations, provided by the Department of Defense so we can tap into a much greater pool of resources and expertise for these systems. And important, because the Department of Defense is also our largest customer, there is a real synergy there.

A second piece is making sure that this agency, this bureau, focuses on its enterprise role, it has more dedicated support than it has today—to carry out its functions. It will have a leader who will be a full member of the Performance Accountability Council (PAC), which will enable us to have that group continue the close working that it has done, both at the policy level but as we move down from policy to operations.

It is going to have more interagency collaboration. This is a whole of government effort and we are going to find ways to continue that.

Senator TESTER. So, let me ask you—and it goes back to Claire's question with the Department of State and the young fellow who has the dream job, who is going to be working on climate change and deforestation, who needs a security clearance dictated by the Department of State. Will this NBIB have any ability or authority to influence agencies if, in fact, they do not need a security clearance, because there are over four million of them right now on the books?

Ms. COBERT. The policies for granting security clearances are operated through the Director of National Intelligence, in his role as Security Executive Agent. We have, since the work coming out of the tragedy at the Navy Yard, made progress in reducing the number of clearances. They have come down about 17 percent, and it is an ongoing process based on directives from the DNI to continue to examine those.

I know that when I was at OMB, we literally went through every single individual with a security clearance and assessed whether individuals still needed those and, in fact, reduced that number.

So, that oversight comes from the policy level and that is what this group will be doing in terms of driving the background investigations that it conducts and working across the other agencies, like the State Department, who do their investigations on their own.

Senator TESTER. So, not to paraphrase, but they will have some influence—as far as if the State Department says we need a security clearance—they will be able to give some feedback on that?

Ms. COBERT. That role and security clearances are determined by the Security Executive Agent——

Senator TESTER. I have got you.

Ms. COBERT [continuing]. Who is the DNI. Our goal in NBIB is to do the operations to support those policies.

Senator TESTER. OK.

Ms. COBERT. But, the DNI sets those specific policies.

Senator TESTER. Thank you. I appreciate your willingness to serve and I hope you are confirmed quickly. Thank you.

Ms. COBERT. Thank you, Senator.

Chairman JOHNSON. Senator Ayotte.

#### **OPENING STATEMENT OF SENATOR AYOTTE**

Senator AYOTTE. Thank you, Chairman.

Thank you, Ms. Cobert. I wanted to ask you about, in followup to Senator McCaskill's question and more specifically with the three core recommendations coming out of the Inspector General report. So, there are basically three core deficiencies that they identified with OPM related to IT security. And, as I understand it, first is related to security governance. Second is OPM IT systems were operating without valid authorization. And third would be that the IG also had concerns with OPM's technical security controls.

So, I know that Senator McCaskill asked you to revisit those, but I would actually like to know where you think the agency is on implementing those recommendations and addressing those deficiencies, more importantly.

Ms. COBERT. Sure. Thank you, Senator. Since my arrival at OPM, we have been going through a very thorough and systematic process of reviewing the recommendations from the IC and, frankly, reviewing the recommendations of the other individuals who have come and worked on our systems over the past year, US-CERT from the Department of Homeland Security, for example. And, so, we have a process of working our way through each of those specific recommendations.

We have put in place changes around IT security governance, including the creation of a new Chief Information Security Officer position, and have a process for continuing to manage and build those capabilities.

We are working through the specifics of the authorizations and have a team in place to work through those in a prioritized way, starting with the high value assets. And, so, we are going through each one systematically. We have been able to close some of the FISMA recommendations from the past few years and we are committed to just keeping at it until we get through every one of them.

Senator AYOTTE. And, one of the issues that I know that you certainly worked on is the issue of accountability, and in particular the OPM's Inspector General's report also detailed successful cases of fraud investigations and recoveries. So, doing business with the government, the review done by contractors, certainly, we want to hold anyone who does business with the government to a high

standard, and that means holding people accountable for misconduct.

But, it seems to me that this is something we need across government, and one of the issues that I have been very concerned about is that when we are not able to hold employees accountable for misconduct, it demoralizes the good employees and then, obviously, it also gives people less confidence in our government.

And, the foremost example I can think of that is the Veterans Administration. This Committee actually reported out a bill, S. 742, which ensures that Federal employees that defraud the government, commit felonies or other serious misconduct, are not paid bonuses, because you may recall that many at the Veterans Administration, that some of whom were later found to be involved in the wait list manipulation and other misconduct, actually had received bonuses. But, they were able to keep those bonuses. Even in some instances when they lost their jobs, they kept the bonuses that were related to their manipulating of the wait lists, which is the irony of it.

So, do you not think it is important to your mission to ensure accountability that you have the legal authority to make sure that wrongdoers are not getting financial rewards so that we do not demoralize the very good employees and are able to recognize their efforts?

Ms. COBERT. Senator, the issue of a manager and supervisor taking responsibility for the true management of their employees is something I concur with strongly. It is not just their responsibility, it is their obligation to manage the people who work for them. It is what helps them deliver against the mission. It is what helps build an organization that is a high-performing organization. That is a manager's obligation to take on those responsibilities.

In my time at OPM and previously at OMB, we have been working to reinforce that message. As an example, we have put forth new guidelines for the Senior Executive Service (SES) performance evaluations to ensure that those evaluations explicit take into account things like employee engagement. How is a manager doing in engaging their employees, in making them committed, engaged, contributing members of the workforce? We have also changed the guidance around those evaluations to ensure that they can take into account misconduct issues in doing those evaluations.

So, I think we need to continue that, and we need to make sure that the managers understand that. Those decisions rest with the agencies and we have to make sure that agency leadership throughout the organizations understands that it is not just the responsibility, but it is their obligation to do this kind of performance management.

Senator AYOTTE. Well, I appreciate that, and I assume that you want to make sure that you have the tools, if somebody does commit misconduct, to hold them accountable appropriately.

Ms. COBERT. The tools are important. There are tools there today, and we need to make sure that people are using the tools that exist.

Senator AYOTTE. Right, except the tools are not sufficient, with all respect, because if the tools were sufficient, there is no way that people who receive bonuses who are later fired and found to have

committed misconduct could have kept that money. So, that is what our bill is trying to do so that does not happen going forward. So, I am hopeful that the Senate will take up this bill, because it makes so much common sense. It is being blocked right now, and I do not know how anyone could defend this practice, but we will find out. We need to make sure that you have that tool, as well.

I wanted to ask you briefly about tax fraud. During the most recent tax filing season, we learned quite shockingly how easy it is for criminals to file false tax returns using only Social Security number and a name to file and claim a false return. In 2013, there were apparently 2.9 million cases of tax fraud which paid out \$5.8 billion in fraudulent tax funds. And, I have to tell you, one of the things I get so much from my constituents is when they have been the victim of tax fraud, how difficult it is to deal with the Internal Revenue Service (IRS) and also that they are victimized in trying to correct their good record. And, we know that without a breach that affects about 22 million Federal workers.

Understanding this risk, has OPM seen, and more importantly, are you looking to protect against scammers trying to fraudulently file a tax return based on data procured in the breach that we experienced, and is OPM coordinating with the IRS on this, because I think that is one of the worries. The massive breach that was incurred and people's personal information that was taken, we have already seen this tax fraud—what we do not want to see is Federal employees exploited or those who have had Federal jobs exploited. So, what steps are you taking to work with the IRS on this?

Ms. COBERT. Sure. We have taken a number of steps to make sure that the individuals who are impacted by the breach are aware of the services that are available and take advantage of them. The enrollment, for example—one of the services that is very valuable that is provided is what is called identity restoration services. If something happens to you, what the company does is help you figure out all the different things you need to do. You have to contact the IRS and Social Security. Most of us do not know precisely what we should do if something happens. They provide those services and help people through those situations.

The enrollment rate in those services is about 12 percent. It is about five or six times higher than the average you would get in a private sector incident, and we continue to communicate through many channels to Federal employees to urge them to sign up for the services that they are eligible for. And, they can take advantage of those services any time. They do not have to have pre-signed up.

Senator AYOTTE. So, I know my time is up, but what I would also ask of you is we want to try to have you interface up front with the IRS so that we do not need to worry about the services, so we hope to prevent victimization, because even with the services, let us face it, it is such a hassle and it really could be such an infringement on people's lives.

Ms. COBERT. Senator, we have communicated and worked with the IRS during the process. We also continue to communicate with law enforcement to understand what is going on. We will continue that process.

Senator AYOTTE. Thank you.

Chairman JOHNSON. Senator Heitkamp.

**OPENING STATEMENT OF SENATOR HEITKAMP**

Senator HEITKAMP. Thank you, Mr. Chairman, and thank you, Acting Director Cobert.

I just wondered, do you ever thank Stephen Colbert for the fact that we all know how to pronounce your name?

Ms. COBERT. Although Stephen Colbert is—it is Cobert, not Colbert, though he is from my hometown, so—

Senator HEITKAMP. And you are not related.

Ms. COBERT. We are not related. He has got an “L” that we are missing, so— [Laughter.]

Senator HEITKAMP. So, as you know, I am Ranking on the Committee that has jurisdiction over the Federal workforce and we continue to work through some of the challenges, whether it is the webpage in which you make application, whether it is supervisor training so that we get the ability of those people who have moved up, who may be great in terms of what they do, whether it is IT, whether it is being nurses, but they become great supervisors, and I know you have been incredibly responsive on a lot of those issues since you have been in your role as Acting Director.

But, I remain very concerned about the future of the Federal workforce, as you know. And, I want to just pick your brain a little bit as we kind of move into this next phase and look at what we should be doing to make, not adapt the workforce to the Federal system, but adapt the Federal system to the emerging workforce.

And, so, in the Recruitment, Engagement, Diversity, and Inclusion (REDI) roadmap that you provided, you speak about improving the Pathways Program, which consists of internship programs, recent graduates programs, and the Presidential Management Fellows (PMF) program. What improvements are you planning to make to this program and how will those improvements help attract more millennials to the Federal workforce?

Ms. COBERT. Senator, bringing in great talent to the Federal Government is a huge priority and opportunity for us. I think when we look across the country, there are many people who are excited about the idea of serving their fellow Americans and it is our job to make that easier, to connect that passion with the reality of the experience of working in the Federal Government. So, we are working through those programs.

There are a number of flexibilities in programs we built into Pathways that agencies, frankly, need to take more advantage of. It is important that we make those jobs available, but agencies can and do—the best ones do—be much more explicit in reaching out to people and communicating with them about those opportunities.

We are expanding the PMF program, for example, to extend the range of offers around a science, technical, engineering and math (STEM) PMF program, a way of bringing people, the talent we need. We need a lot of science, technical, engineering, and math talent in government. So, we focus those programs.

We are about to launch a Hiring Excellence campaign that is going to be taking experts from OPM around the country to the places where we are hiring individuals, and we are going to work not just with HR, but with the hiring managers to make sure that

they know how to communicate, they know the flexibilities they have, and that we get those hiring managers engaged in the process. When you have a great scientist engaged in helping to recruit scientists, that is when you can make it work. And those are the kinds of programs we are doing, as well as ongoing improvements to things like USAJOBS.

Senator HEITKAMP. We know that the average tenure of a millennial in the Federal workforce is less than 4 years. And we know that less than 16 percent of the Federal workforce is, in fact, millennials. There is a whole huge pile of talent out there, and if we are going to recruit that talent, we need to understand why people leave. Explain to me the process that you would recommend for an exit interview so that we would, in fact, better understand why they are leaving for more money? Are they leaving for more flexibility? Are they leaving because they are sick of the bureaucracy, because they have a problem with their supervisor, they cannot get done what they need to get done? Why are people leaving after only 4 years in the Federal system?

Ms. COBERT. The questions you raised to be addressed in an exit interview are precisely the right ones. What is attracting people in? What made them decide to come? And how did we deliver on that expectation that we had? That is the process we can learn.

We do, for example—can get some of this information from the Federal Employee Viewpoint Survey (FEVS), and we are continuing to use it as a tool to mine. It is a very valuable resource. So, when we look at that, we actually see that the millennials in the population are, in fact, more engaged in their jobs. So, how do we get more of them there? How much of that is unique to the Federal Government and how much of that is just how people start their careers?

I know I was an anomaly. I spent 29 years at one employer. Most people left after 2½ years. That is the standard time.

So, what is unique to the Federal Government? What is different? How do we keep them connected over time to public service? Those are all the kinds of questions we need to focus on.

Senator HEITKAMP. And, without getting into USAJOBS, when that is the first introduction to the Federal Government, we might want to rethink how we reintroduce the opportunity, right?

Ms. COBERT. We are committed to making improvements in USAJOBS. We have a process underway. We got extensive feedback in research last year on what people view as the needs that are not being fulfilled and we have a systematic process of working those through. We have done that already with some tools, like mapping, better search. You can now use it on a mobile device. But, we still have ways to go and a very explicit plan to start rolling those enhancements out kind of every couple of months over the coming year.

Senator HEITKAMP. We really want to see improvement sooner rather than later.

Ms. COBERT. So do I.

Senator HEITKAMP. OK. Yesterday, we had a hearing on Indian health, and when the Native American tribes who came forward, one of their biggest complaints that I hear is that people who engage in bad behavior, incompetent behavior, never leave. They get

moved around. They get detailed someplace else. But, they never suffer the consequences and it demoralizes the good workers, as Senator Ayotte said, and it continues and perpetuates the bad behavior. There has to be more accountability in order to kind of tell the people that we serve, which are the taxpayers, that we are being fiscally responsible.

What can we do to improve the knowledge that supervisors have regarding the process for removal of bad employees? I used to get it all the time. Nobody in State Government ever got fired. I said, really? I fired a lot of people. I mean, if they did not do the job, we figured out how to do it. We had our rules and regulations on how you could do it. I think this idea that there is no path forward for termination of employees has frustrated and has perpetuated. How do we do a better job at educating supervisors on going through that process?

Ms. COBERT. Senator, I concur that we need to make sure that people understand how to make the process work and that it can work. We are working on training for supervisors. At OPM, we work with agencies who make these decisions to make sure they understand the process to get them the resources they need to answer specific questions, and we are committed to continue to work with them to make sure they understand both how important this is and how to do it effectively, and we are going to work with them on that through training and other things.

Senator HEITKAMP. I just want to close with telling you how grateful I am that you are willing to take on this challenge, and I look so forward to working with you. You are just absolutely a breath of fresh air and we are excited about you having this position. Uncategorically, bravo.

Ms. COBERT. Thank you.

Senator HEITKAMP. You are a great nominee.

Ms. COBERT. Thank you.

Chairman JOHNSON. Senator Lankford.

#### **OPENING STATEMENT OF SENATOR LANKFORD**

Senator LANKFORD. Thanks for being here. We have had multiple conversations in the past several months on multiple different issues that OPM is obviously involved in. I do appreciate you leaving the private sector and stepping into this. You probably think longingly of those almost 30 years in the private sector when you were not here on this Hill having to deal with these issues. But, thanks for stepping up and taking them on, and we do have great expectation that the people that step up and take these issues on take them on, because when you are talking about taking on a bureaucracy, you have seen well in the past year, we have major issues. So, let me just walk through a couple of them. A few of them have been dealt with a little bit already today.

But, the relationship between OPM and the IG has not been good. Both in sharing documents and sharing information, historically, that has not worked well. There are issues where the IG comes forward and says, we have said for a long time there were IT problems, and now the IG trying to get information and get documents and working that process. How does that get better and when does that get better?

Ms. COBERT. Thank you, Senator. Working with the IG is something I began the first day I arrived. As I said earlier, on my first day, I met with the IG and I have been meeting with him every other week since that time and I am committed to doing that going forward. The IG provides really valuable input onto the operations of our organization, and we are committed to have that dialogue at multiple levels within OPM.

So, I have a meeting on a biweekly basis. We have a meeting with him on a monthly basis around IT as well as ongoing specific engagements. We have taken the issues that the IG has raised around our IT systems, around contracting, and are working those through very systematically. We want to understand really what is the issue he is concerned about, how can we address it. We do not always agree on every step of the solution, but we have to understand what the concerns are——

Senator LANKFORD. Right.

Ms. COBERT [continuing]. Get to the root cause, and——

Senator LANKFORD. That would be the expectation. There are several layers of oversight here, obviously, IG being one of them. So, there is immediate interaction and oversight. This Committee would be another one.

Can I have your commitment that when we have requests for documents or interaction or for you to be able to come to the Hill in the days ahead, that we could have that kind of interaction?

Ms. COBERT. I am committed to working with this Committee going forward, if confirmed.

Senator LANKFORD. OK. Let me flip over to the south side of the building. The relationship between Oversight and Government Reform and your office so far has not gone well on the House side. It is my understanding that Chairman Jason Chaffetz has subpoenaed documents to try to get them. Help us understand on the Senate side how that relationship is going to be good, but the relationship is really toxic on the House side right now and why documents have not been sent over. So, help us understand what is going on with the Oversight and Government Reform Committee on the House.

Ms. COBERT. Senator, I know we received a letter from and the subpoena from Congressman Chaffetz and the Committee yesterday and I have not yet had the chance to go through it in depth. I can tell you that we have been working very actively to be responsive to their requests for information. We have had multiple hearings. We have had multiple briefings. We have produced responses to documents. In fact, OPM is a small agency. It took a real commitment of resources to deliver that. And, we are committed to work through those issues going forward.

Senator LANKFORD. I just know that is typically a last resort to come back and say we are going to subpoena this. So, I am trying to figure out why they had to come back and say, we are not getting the documents at the speed or the type of documents that we are requesting, that it took a subpoena to say, let us help push this. Because, I mean, I would want us to have a very cooperative relationship. We both have the same job, to be able to serve the American people. It is no different.



Ms. COBERT. We are committed to that kind of relationship. We are committed to that dialogue. We have been in discussions with them. We have produced hundreds, thousands of documents and briefings, as requested, and we are going to continue to be as cooperative as we can be.

Senator LANKFORD. So, I do get that. Again, I do not want to be combative on this issue because that is their issue, what they are currently walking through right now. I do not know all the background details of what is going on. I do know multiple times that we have made Committee requests. We get the same response. We request a certain type of document or a certain type of information and we get thousands of documents that are unrelated to what we requested, or we get 10 documents and another thousand that were publicly available on a website. And, again, I am not saying that is what you presented, but the number of documents is not the key. It is the actual fulfilling of requests.

So, I would hope when we talk about going through the process here on the nomination that we can have the commitment that when we make a request, we are trying to do our job, as well, and that is oversight, and we just want to be able to do our job. That involves our cooperation. So, if we walk through the nomination process, I want to know that when we make a request, you can come back and tell us, that is irrational. You are asking for too many things. Let us talk about it. But, when we make a request, it is probably going to be related to, we need to know to do some basic oversight. Can we have that commitment?

Ms. COBERT. Senator, if confirmed, you have my commitment and we will continue to work with you. I know we have had some great dialogues from my staff and with the staff here about how to prioritize requests. As we were trying to sort of gear up and scale up to be able to be responsive, one of the sets of dialogues we have is what is most important to this Committee? How can we try and get you those things first? I think it is that kind of dialogue that can help all of us in this process. Oversight is an effective process. We want to work with you on it.

Senator LANKFORD. I absolutely agree. Oversight is extremely important. We just need to know we have the cooperation, and before we move forward.

Let me shift to several other things here. If I ever say in front of the State staff that—I have just a fantastic group of folks that serve Oklahomans in my State—if I ever say the letters OPM to them, it is a corporate groan, because they know it is going to take a long time. They are going to pick up the phone. They are going to talk to a Federal retiree that, once again, is not getting an answer. They are dealing with paper files and warehouses and it is disconnected and it takes forever.

We have Federal employees shifting into retirement that take 3, 4, 5 months for things to start and initiate. It should not be that way. That did not happen in the company you served in for 30 years as people transitioned to retirement. It does not happen anywhere else. But, it seems to happen repetitively.

What can you tell me is going to happen taking care of Federal retirees and their transition to make sure that is a smoother transition? What is going to transition between the paper process? How

can people change their banking numbers once they change banks or change addresses? It is just chaotic for those millions of Federal retirees right now.

Ms. COBERT. Thank you, Senator. We are committed to giving great service to Federal retirees and we know that we do not do that every day. We need to improve those service levels. We are working on them.

There are a couple of things that we have underway that we are continuing to do. So, one, we have increased the ability of individuals to do things in a self-service mode digitally. Now, that will work for some current retirees. It may not work for all the existing retirees.

Senator LANKFORD. Right.

Ms. COBERT. We recognize that. But, we are doing that and we have seen a tremendous increase, over 25 percent growth per year in people doing self-service. They can now change addresses. They can now change the direct deposit for their bank. Those are new capabilities that we have put into place, and we are putting those into place and trying to do all we can to communicate that to our retirees. So, that is one thing.

Second, we are looking at the process, and this is sort of my background. When you have a process that is not working as well as you want, where are the bottlenecks? So, we have some specific bottlenecks. We have some that are more simple cases coming through and some that are more complex. So, we have tried to think about how do we parse those out.

We are working with agencies continually to make sure that the information we get from agencies is fully complete so we can move things through faster.

We are moving forward in the next phase of automating the retirement systems. I know we have worked on that in the past OPM. We are going through it in a different way this time. It is much more modular. We are starting with a case management system, because we get some information digitally now and we want to be able to continue to use it digitally. That will help us get responses to people faster.

We look at how people are calling in and we are finding ways to adjust staffing. So, we are continuing to try and look every day at what can we do to improve operations and get your constituents and Federal retirees the service that they expect and the service that they deserve.

Senator LANKFORD. OK. Mr. Chairman, will there be a second round of questions? I would like——

Chairman JOHNSON. I intend to have one, yes.

Senator LANKFORD. I would like to stay for that second round to be able to extend some additional questions. Thank you.

Chairman JOHNSON. Senator Portman.

### OPENING STATEMENT OF SENATOR PORTMAN

Senator PORTMAN. Thank you, Mr. Chairman.

Ms. Cobert, you have a distinguished career at the Office of Management and Budget. You had the hardest job there, which is the “M” part that no one pays much attention to but is incredibly important. I imagine your McKinsey background is helpful to you, too. But, you are heading into a really difficult situation.

Since coming on as Acting, you have experienced some of this. You have heard about some of the questions from my colleagues today that we have. I would like to dig a little deeper into one that obviously is a crisis right now, which is this personal information that has been compromised.

To me, it is not just a matter, as important as it is, of personal data being taken by probably, as we understand it, Chinese hackers, but it is a national security issue, because so many people whose information was compromised defend our country every day. They are in the intelligence services. Some of them have, I am told, everything from Secret up to the highest level of clearances. Some of them conduct sensitive operations around the globe. And, I am very concerned about how we are handling it.

I understand that you all have provided people some help in terms of their credit rating, much as you would if you had information compromised if you were one of the people involved in one of the retail store hacks. But, I am more concerned about how you deal with the national security side of it and I wonder if you could tell us today what you intend to do about that.

Specifically, are there any plans to notify people if our intelligence service has determined that they are being individually targeted? How do we deal with people who might be blackmailed? How do we deal with the reality that this is not just personal data like a Social Security number, but it is biometric data, like a fingerprint, which cannot be changed, which creates problems well beyond what might happen to a customer at Target who loses a credit card number?

So, can you respond to that and talk about what you are willing to do in a more aggressive way to deal with this really catastrophic breach, and I do not think we even know the degree to which it creates a national security danger, but we know it does.

Ms. COBERT. Thank you, Senator. Since the time of the breach, we have been working at OPM very closely with the intelligence community to understand the implications and to support their effort to address the implications from a national security perspective. We have worked with them as they have developed additional training materials for individuals to raise their awareness of some of the threats that might exist.

The NCSC, the part of the DNI that works on this, has put out materials to guide individuals to how to think about what these risks are and how to respond. They have also worked with agency security officials. Those are the individuals who work with the folks inside of agencies to help prepare individuals.

So, in our role, we continue to work with the IC to understand what help they need from us. We continue to reinforce and put out the messages that they want to put out more broadly and support whatever efforts they have underway. It is an ongoing partnership

with them, with law enforcement. It is an ongoing dialogue as we collectively try to respond.

Senator PORTMAN. Do you think we should be more aggressive in reaching out to people whose information has been compromised who might be in a position to be blackmailed?

Ms. COBERT. We have been following the lead of the intelligence community and following their steps, and so we are doing whatever they believe is important for us to do to support those efforts.

Senator PORTMAN. With regard to the personally identifiable information (PII), we talked about, because you cannot replace biometric data, it is what it is, what are you looking at to protect people there?

Ms. COBERT. Following the breach, an interagency team was put together with experts from the Federal Bureau of Investigations (FBI) and the rest of the national security and law enforcement community to understand specifically what are the implications of the issues around fingerprints and how best to respond. That effort is ongoing and I would be happy to come back to you with the details of what that is. But, we are in a continual dialogue with them.

Senator PORTMAN. I hope you are.

You talk about hiring the best talent. You have an organization that has a tattered reputation, I would say, right now, and I imagine morale is not great, and I know there are some survey data that probably indicates that. What are you going to do to improve the morale and the reputation of the agency?

Ms. COBERT. I am incredibly proud of the team at OPM and how the entire organization has actually pulled together in the face of the challenges coming out of the breaches. There is a whole part of the organization that is working on that, and at the same time, the rest of the organization has continued to deliver. They have taken things like the Federal Employee Viewpoint Survey, which is one of the things I will look to in this coming year to see how we are doing on our own morale, and gotten that information out to Federal agencies a month earlier with a much richer set of tools at [unlocktalent.gov](http://unlocktalent.gov) so people can use that to manage.

The team has really pulled together. We are going to continue to work on rebuilding confidence inside of OPM and outside of OPM by making sure our systems are secure, by making sure that we continue the progress we have made in strengthening those systems and working with our interagency partners doing work around hiring. I think it is all about just doing the work every day, being disciplined, retaining our commitment on customer service, and moving forward.

Senator PORTMAN. Let us talk about hiring. One of your jobs is to handle those who want to work for the Federal Government and other agencies and departments through USAJOBS. I saw you talked about it in your testimony. I guess my sense is that there are still a lot of bad customer experiences there, that people who are trying to get a job in the Federal Government feel as though the system, this automated system, is complicated. It takes too much time to process applications. I am told that applications are tailored to meet your USAJOBS needs, including having to employ excessive repetition of key words that results in excessively long

CVs having to be produced, and sometimes incomprehensible in both format and content.

So, have you looked carefully—again, I saw some of your testimony. You say you are making some improvements. But, do you really feel as though the customer experience has been improved to the point where people do not see this as a bar to Federal employment?

Ms. COBERT. Senator, I would say we are in the middle of the process of improving that customer experience. We have made some changes. We are not where we need to be. There was a large effort undertaken last year to look at the end-to-end process, both USAJOBS and its interactions with agencies who do actual hiring. How does that whole end-to-end process work from the perspective of the applicant and from the perspective of the hiring manager? They both have to come together.

And, so, we have a series of enhancements that we will be rolling out over the course of this year with the fundamental goal of moving it from sort of a job bulletin that was automating a process to being a real resource to help people understand what are the opportunities in Federal employment, is that a fit for them, how can they access those positions, how can they move forward, and to help hiring managers use it. That is the journey we are on. We have a set of commitments about things we are going to deliver over the course of the coming year because we can make it better and we are on a path to make it better.

Senator PORTMAN. Thank you for your testimony today and we wish you good luck in these challenges.

Ms. COBERT. Thank you, Senator.

Chairman JOHNSON. Thank you, Senator Portman.

I failed to follow script before our first line of questioning and that will give Senator Ernst a little chance to settle in here. So, let me ask these first three questions.

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. COBERT. No.

Chairman JOHNSON. Do you know of anything, personal or otherwise, that would in any way prevent you from fully and honorably discharging the responsibilities of the office to which you have been nominated?

Ms. COBERT. I do not.

Chairman JOHNSON. Do you agree without reservation to comply with any request or summons to appear and testify before any duly constituted Committee of Congress if you are confirmed?

Ms. COBERT. I do.

Chairman JOHNSON. Senator Ernst.

#### **OPENING STATEMENT OF SENATOR ERNST**

Senator ERNST. Thank you, Mr. Chairman and Ranking Member. Thank you, ma'am, very much for being here today.

Ms. COBERT. You are welcome.

Senator ERNST. My family and hundreds of my constituents were impacted by the OPM data breach, and I wrote you a letter last September when many of those impacted had yet to be notified.

There was a very big gap in notification. And, I understand the importance of diligence on the process of responding to such a massive breach. And, I appreciated your timely response to my letter. Thank you for doing that.

But, I just want to make sure that you continue to act with purpose and urgency as you address the implications of the data breach and work to ensure that something similar to this never happens again. Is that a commitment that you will make?

Ms. COBERT. Senator, focusing on cybersecurity, protecting OPM's systems and data, and providing services to the individuals who were affected has been my highest priority since joining OPM. It will remain my highest priority if confirmed.

Senator ERNST. Thank you so much.

In one of your interviews here with the Committee, you were asked what you would work on and potentially accomplish giving the limited time you have at OPM before the end of the Obama Administration, so roughly a year left in that position. I understand that you brought up program management as an issue you would focus on this year. Can you elaborate on this and tell me what specific steps OPM is planning to take to address related issues with the Federal workforce and how the Program Management Improvement Accountability Act may complement some of OPM's efforts in this area?

Ms. COBERT. Thank you, Senator. As I think about my priorities, one of the areas where we need to continue to improve performance, not just during the term of this Administration but, frankly, going forward, these are issues around effective management, effective skills and program management that should transcend administrations.

We are continuing to work on that through things like our Hiring Excellence program, where you have a specific focus, for example, on IT professionals. We are continuing to work on efforts, including efforts with the support of the Office of Federal Procurement Policy (OFPP) and the Federal Chief Information Officer's Office, which I used to oversee in my old job, about making sure we are building those capabilities across the Administration and making sure that individuals have the skills they need to be able to take on the very large scope of responsibilities they have inside of government in managing programs.

Senator ERNST. Very good.

And, as you may know, the Program Management Improvement Accountability Act, which I introduced along with Senator Heitkamp, requires OMB to work with OPM to craft a specific job series for program and project managers across the Federal Government in light of the fact that failures in program management have plagued every department and every agency across the Federal Government. Do you believe that having specific job classifications for this career path will help to further develop that talent?

Ms. COBERT. Senator, as I said, finding a way to build those program management skills is critical, and if confirmed, I am delighted to have my team at OPM work with the folks in OMB, you, and Senator Heitkamp to figure out how we can make the most progress on this issue.

Senator ERNST. Very good.

I know that Senator Tester has already raised the issue of the NBIB, but I would like to go into a bit more detail with that. Does the White House's announcement of the new National Background Investigations Bureau suggest a lack of confidence in OPM's abilities, and what exactly will OPM's role be in that particular process?

Ms. COBERT. The process of developing and moving forward with the National Background Investigations Bureau was a true inter-agency process involving OPM, the intelligence community, the DNI, and Department of Defense. It was a collective effort to say, what do we need to do to secure the information and the IT systems and background information and make sure we modernize this function. It was a joint process and a recommendation supported by all of us who were involved in this decision.

Senator ERNST. So, you were consulted in this decision?

Ms. COBERT. Well, I was actively involved in the process.

Senator ERNST. OK.

Ms. COBERT. Yes.

Senator ERNST. Very good.

And, what are your plans to ensure a smooth transition, as I assume there are still thousands of background investigations that are currently ongoing?

Ms. COBERT. The creation of the NBIB was put in place partly to make sure that we can move to a new model but do so in a way that minimizes disruption. The Federal Investigative Service (FIS) operations that exist within OPM will become part of NBIB and NBIB will remain housed within the Office of Personnel Management. It will work closely with DOD, who is going to be providing our core IT support going forward, and it will continue and engage with the Performance Accountability Council, which is the inter-agency group, to make sure that we have input from our customers and experts across government to modernize and improve our effectiveness.

Senator ERNST. OK. Well, I thank you very much for being here this morning and I appreciate your willingness to step up into such a difficult position with many issues. I am very glad that you are willing to tackle that, so thank you very much.

Ms. COBERT. Thank you, Senator.

Senator ERNST. And, thank you, Mr. Chairman.

Chairman JOHNSON. Thank you, Senator Ernst.

I want to go back to the line of questioning that Senator Lankford started in terms of the subpoena from the Oversight Committee in the House. In Congress, one of our primary responsibilities is oversight, particularly this Committee. I often describe this Committee as two House Committees in one. We have Homeland Security on the one side and we have Governmental Affairs, which is the oversight committee of the Senate.

And, the only way we can fulfill that responsibility, which we take very seriously, is to have a cooperative relationship, have the agencies provide us the information that is required. And, so, when I did read the story today that the House Oversight Committee has resorted to a subpoena, that is troubling and I want to drill down on that a little bit further.

This Committee has issued one subpoena since I have been Chairman, and all I can say is for our own conduct, we worked tirelessly trying to get the Office of Inspector General of VA to comply with our subpoena, which they have still not done. Or, first of all, our request for information. We were forced after months of working with them to finally issue that subpoena. We did not want to do it. We were just forced to do it.

So, in the intervening time period, I have found out a little bit more communicating with the House in terms of what the issue is. Do you know specifically what the issue is yourself, or are you really unaware of what—

Ms. COBERT. Senator, I know the subpoena has been issued. I have had a chance to look at it. But, I have not had a chance to review it thoroughly yet.

Chairman JOHNSON. OK.

Ms. COBERT. It arrived last night.

Chairman JOHNSON. Are you aware it involves the CyTech Company and their CyFIR program that was really being demonstrated in the system that really detected the breach. I mean, are you aware that that is what is at issue with the subpoena?

Ms. COBERT. I do know that we have had an ongoing discussion with the House Oversight Committee around a range of documents related to the breach, including information about CyTech.

Chairman JOHNSON. OK. It is my understanding that the difference here is you will allow an in camera review of the documents. The House Oversight Committee wants their own copies of those things. You are aware of that?

Ms. COBERT. I know we provided some documents in camera in our offices in their building. We have been doing that in some cases because we are very concerned, given the past experience at OPM, about security issues related to our systems and we are very cautious about our documents and how we handle them internally and everywhere else.

Chairman JOHNSON. I think the issue was the former Director of OPM, Director Katherine Archuleta, testified before the House Oversight Committee that it was the OPM's new technology that discovered the breach when it sounds like, in fact, it was really this demonstration project that determined it, and I think that is probably the heart of what the House Oversight Committee is trying to get to. How was this actually detected?

Ms. COBERT. And we have been working with them to get them the information to resolve that question.

Chairman JOHNSON. OK. Well, we are going to want to know more about that, because, again, it is troubling that the House Oversight Committee was forced to resort to a subpoena, which, from my standpoint, that is something I am going to do as a very last resort.

I do want to bring up the issue, as well, talking about trying to get information. The letter from February 2, which I will enter into the record here, from Senator David Vitter,<sup>1</sup> again requesting information he requested really a couple years ago under the OPM's de-

<sup>1</sup> The letter from Senator Vitter appears in the Appendix on page 123.



cision to grant special treatment to Members of Congress and their staff under Obamacare.

You have received that letter now, correct?

Ms. COBERT. I have received the letter.

Chairman JOHNSON. Are you also aware, because of Senator Vitter's—the lack of response from OPM, that one nomination has already been held up and finally withdrawn because OPM was not responsive to his request?

Ms. COBERT. I understand there were some issues around that. I have not spent time understanding the specifics.

Chairman JOHNSON. This will be a serious issue. And, quite honestly, it is an issue that I am somewhat sympathetic with, seeing as I tried to sue the Administration to overturn that special treatment. I never could get standing in front of a court of law to have my case heard. But, this is something that the American people really get upset about, when Members of Congress exempt themselves from the very same law that they impose on the rest of the American public.

So, again, as head of OPM, I will just ask, because the reason Congress has been able to circumvent this, or OPM was able to circumvent this and get the special treatment is Members of Congress now can buy their insurance through a Small Business Health Options Program (SHOP) exchange, which is only available to employers less than, is it 50 or 45? It is 50. According to Senator Vitter's letter, there are 16,000 employees of Congress. Can you describe to me, as head of OPM, what kind of mental gymnastics was required of OPM to basically define Congress as a small employer eligible for SHOP treatment, able to purchase their insurance through SHOP exchange? I mean, what kind of mental gymnastics would be required there?

Ms. COBERT. Senator, those were issues that were considered by OPM multiple years before I was there. I have not had the chance to look at them. I know they were also looked at, I believe, last year by the Small Business Committee here in the Senate. But, I do not have the details of the specifics, so I would rather get back to you when I have more of a chance to review this.

Chairman JOHNSON. So, that would be what I am going to ask, is I want to understand that. And, from my understanding, Senator Vitter has received zero response to his request for this information the first time around, and there is another request here, and because of that lack of response, one nomination has already been withdrawn.

Again, I think you are a first class individual. I think we are, again, we are very glad that you are willing to serve your Nation and I want to make sure that this nomination can move forward. So, this is a serious issue that needs to be addressed.

Ms. COBERT. Thank you, Senator. We will take it seriously.

Chairman JOHNSON. Thank you, Ms. Cobert. Senator Carper.

Senator CARPER. Let me just followup on the issue that has been raised here. Most—before I was elected to this job here, I was Governor of my State. Before that, I was in Congress for a while. Before that, I was State Treasurer. As State Treasurer, we actually—one of my responsibilities in the State Treasurer's office was to ad-

minister fringe benefits for State employees—health care, pension, you know, all kinds of stuff.

The State of Delaware provided an employer contribution. The employees had to pay something, as well. It was something like 70 percent/30 percent—70 percent by the State, 30 percent for the employees. As it turned out, a lot of employers have a similar kind of arrangement. And, actually, the State of Delaware was, like, more generous for the employees than that, even.

But here, we have had a tradition for, like most large employers, where health care coverage is offered as a condition of employment. The employer pays toward the premium and so does the employee. It differs from employer to employer, but maybe three-to-one employer-to-employee.

The question is, for me, the basic question here behind all this is, should folks who work in the legislative branch of our Federal Government be treated like other Federal employees are, and most other Federal employees have health care coverage. The Federal Government pays roughly three-quarters of it. The employee pays about a quarter. And, the question is, should the employees of the legislative branch be treated the same?

I think we should. I do not know of anybody who is asking for a special deal. We are not asking for, like, 100 percent coverage paid for Legislative employees as opposed to the rest. We just basically want to be treated the same.

So, I have talked with Senator Vitter about this issue a couple of times and I think part of our job and where we as leaders is to lead by example. And, we are not asking for a special deal. Frankly, in this case, we are asking to be—for our employees to be treated the same as most other Federal employees in this regard.

So, I did not want to belabor this point, and I could talk about it some more later on, but that is just a perspective I would share.

The other thing I want to say, I know of no one in the Senate who is a more thoughtful member than Senator Lankford, and he has raised a concern about OPM's being responsive to the House Oversight Committee. They have got a good leadership team there in Jason Chaffetz and Elijah Cummings. And, my staff just gave me a sheet of paper and I am just going to—it is not too long. I am just going to read it. I think it is responsive to what Senator Lankford has raised.

But, I am told by my staff that since June 2015, OPM has, first, received and provided responses to every question in six separate document production requests resulting in 19 separate document productions, including tens of thousands of documents and internal reports. Second, testified at four public congressional hearings. Third, made hundreds of calls to members and congressional staffers relating to the cybersecurity incidents. Four, received over 170 letters from Members of Congress relating to the cybersecurity incidents. Five, made senior officials available for interviews. Six, conducted 13 classified and unclassified briefings. And, seven, expended thousands of staff hours in an effort to be responsive.

You may have already done this, and if you have, that is good, but if you have not, do this. I would urge you to try to meet at the same time with Congressman Chaffetz, the Chairman, and the Ranking Member, Elijah Cummings. Just ask for a private meeting

with them, and principal to principal will be talking. And, actually, you may better understand what their wants and needs are and they may have a better understanding of what you already produced. And, I would urge you to do that.

And, if we can be helpful—we know these guys, think well of them—if we can be helpful, we would like to play—not to run interference for you, but actually to be productive.

The other thing I want to ask is morale of Federal employees, including your own employees. My colleagues have heard me tell the story about an actual survey conducted to figure out what it is about people that they like about their jobs. What is it they like? Some people like getting paid. Some people like having benefits, pensions, vacation, health care. Some people like the folks they work with. Some people like the environment in which they work. Most people, the thing they liked about their work was the fact that they felt like what they were doing was important and they were making progress. That was it. What they were doing was important and they were making progress.

And, too many cases, Federal employees know what they are doing is important, it is really important, but too often, they are not making progress. We are not making progress. And sometimes, we are the impediment. And, one of the reasons why it is hard to attract and retain Federal employees is because of the way we denigrate them. Honest to God, we do not treat them the way we would want to be treated in too many instances. Some of my colleagues, I think, treat Federal employees shamefully, and I do not feel good about that and I have talked to them about it, as well.

The other thing, there are things that when we—budget shutdowns, government shutdowns, threats of government shutdowns, are we going to have a budget, are people going to be put on alert they are not going to have a job next week, stuff like this, and for us to call them faceless bureaucrats and that kind of thing, what do you expect?

So, we have a responsibility. This is a shared responsibility. God knows, you have a big responsibility, but frankly, so do we.

The last thing, I promised I was going to ask you something about health care, the Federal Employee Health Benefit Plan. It is an opportunity for us to, as we all like to say around here, find ways to get better results for less money. Are you all doing anything innovative and creative with FEHBP that might take us in that direction?

Ms. COBERT. Sure. There are a number of things that the team leading the FEHBP effort is continuing to do to make sure that we are getting great quality, great value for Federal employees. There are a number of innovative things they have done in the past year about putting in metrics for insurers that focus explicitly on quality. There are efforts underway to make sure we are continuing to manage effectively pharmacy benefits, a very important part of the costs and very important part of people's health care. They are exploring new alternatives around wellness programs. They have done some very innovative things. The quality metrics, in particular, whether it is using metrics like readmission rates to look at insurers and providers.

So, there is a whole effort underway. They are in active dialogue with the health insurance industry, with others, to see how we can learn, how we can make sure that employees have great choice, great options that are a quality and good value for the taxpayers' dollars.

Senator CARPER. Thanks so much.

Ms. COBERT. You are welcome.

Chairman JOHNSON. I need to correct the record, because the issue at stake here and raised by Senator Vitter is not whether or not Members of Congress and their staff are going to be treated the same as every other Federal employee. It is whether or not they are going to be required to follow the law and be treated like every other American.

Under the Affordable Care Act, and Senator Vitter states it in his letter, it specifically was called out in the law that Members of Congress and their staff had to purchase insurance in a plan, either one created under this Act or offered through an exchange established under this Act. So, Congress explicitly said that Members of Congress and their staff could not be treated like other Federal employees, who could continue to get their insurance as they always did.

Now, because of that, millions of Americans lost their health care under Obamacare and were forced to purchase on the exchange. They do not get an employer contribution into the exchange. They get a subsidy if they are qualified based on income.

And, so, Senator Grassley recognized that fact, that because Members of Congress and their staff were now going to be forced to purchase a plan either created by the Act or under an exchange created by the Act, they were not going to be allowed to obtain the employer contribution. And, so, Senator Grassley on March 24, 2010, offered an amendment that would have allowed that employer contribution to be paid into those plans that now Members of Congress and their staff would have to purchase through the exchange. That amendment was explicitly defeated. My guess, Senator Carper, is you voted against that.

So, the issue at stake was should we follow the law? Should Members of Congress and their staff get special treatment? I think they should not. I think we should be forced to follow the law, and it was OPM, under pressure from Members of Congress and the Administration, that circumvented the very clear language of the law.

And that is what is at stake in terms of getting the information, in terms of how that all came about. What kind of, again, mental gymnastics were utilized to literally circumvent a very clearly written law? I am no lawyer. It is very clear to me what Congress's intent was, and yet Congress's intent has not been carried out.

So, this has nothing to do with Members of Congress and their staff being treated equally as other Federal employees. This has everything to do with Members of Congress and their staff being treated like every other American who lost their health care because of Obamacare, and they do not get an employer contribution. Just Members of Congress and their staff do. That is unfair. That is special treatment. And that is the issue, and that is the informa-

tion I want to get out of OPM. That is what Senator Vitter wants to get out of OPM, as well. Senator Lankford.

Senator CARPER. Before you respond, could I have a couple of minutes?

Chairman JOHNSON. Sure.

Senator CARPER. I am not interested in a debate here. What I am interested—

Chairman JOHNSON. Well, you did start it.

Senator CARPER. No, actually, I think you did. And, the Chairman and I agree on a lot of things and there are some things we disagree on.

What we have is that I would describe it as sort of a Rube Goldberg set-up here to make sure that legislative employees, employees of the legislative branch, can actually get the employer's share, as other Federal employees do. Is it a perfect situation? No, it is not. And among the folks that are complicit in creating this, what I would describe as a Rube Goldberg process to make sure that legislative branch employees do receive an employer share it involves folks on the Republican side and on the Democratic side. They said, for God's sake, let us figure out some way so that our employees can get their employer's share.

At some point in time, my hope is that we will get to a point where we could actually go in and have a reasonable debate on the Affordable Care Act and make changes to it. It is not perfect. There are some things we ought to change, and maybe this is one of them we can straighten out.

The one thing I would state for sure, the Chairman talks about the millions of people who have lost their health care coverage because of the Affordable Care Act, I would just note for the record that 5, 6 years ago, we had about 40 million people in this country who did not have any health care coverage, and today, that number has been cut in half. So, that is some progress. There are other things we need to do, and let us just see if we cannot find some common ground.

Chairman JOHNSON. But, again, Senator Carper, it did not need to be a Rube Goldberg approach. The Senate could have voted for the Grassley Amendment 3564 that would have allowed that employer contribution. That amendment was defeated explicitly. That is the intent of Congress and we did not carry it out. OPM has circumvented that law and granted the special treatment to Members of Congress and their staff. Senator Lankford.

Senator LANKFORD. Let me finish up this conversation about the retirees. Give me a feeling at this point, if a retiree finishes out from any agency, they finish their retirement, how long should it be? What is a reasonable period of time before they are in the system, they are getting all their benefits, everything is smooth on that? Tell me, what is the target goal time?

Ms. COBERT. So, as someone enters the retiree system, right, the first step is to make sure they are getting what is called interim pay, right—

Senator LANKFORD. Right.

Ms. COBERT [continuing]. Making sure that they are getting pay quickly. We then have a set of guidelines and goals for ourselves,

and 90 percent being processed quickly. That is what we are trying to do——

Senator LANKFORD. I am sorry. Help me—what is the date on that?

Ms. COBERT. The specifics, and I want to make sure I get it right, but there is a set about how much we can do in the short term, 90 percent of the claims, I believe, and I will get back to you with the specifics——

Senator LANKFORD. Ninety days or 90 percent?

Ms. COBERT. No, 90 percent.

Senator LANKFORD. OK. Ninety percent to achieve what time period?

Ms. COBERT. I believe it is 60—30 days? Sixty? I do not know the specifics. I am sorry, Senator.

Senator LANKFORD. OK. Help us get that information——

Ms. COBERT. I will get you——

Senator LANKFORD [continuing]. Because that is important to get. That is telling for all the caseworkers around the country that are answering calls all the time from retirees saying, why did this take so long? I used to work with a Federal agency. I know how things work. I got all my stuff in, and then now I cannot start retirement. Or, they are very vulnerable because they are not getting interim pay, they are not getting benefits, and they have suddenly got this 2-month gap, 3-month gap. That is a big deal for someone in their early 60s or in their mid-60s retiring and suddenly there is a big gap.

Ms. COBERT. Senator, it is very important, and in fact, we do provide reporting publicly on a monthly basis and to Congress about how we are doing, how we are doing in meeting those guidelines.

Senator LANKFORD. No, I am asking, what is the target? What are you trying to get to? I mean, we can definitely pull how we are doing. It is the, what is your target goal to get to.

Ms. COBERT. One second.

Senator LANKFORD. OK. One second is pretty quick. That would be good. [Laughter.]

Ms. COBERT. It is 90 percent within 60 days.

Senator LANKFORD. OK.

Ms. COBERT. And we report on the share that we achieve against that, and we now also report on how long it takes. So, if the target is 60 days, are we getting it at 37? Are we getting it at 45? Are we getting it at 55? For the cases that take longer than 60 days, we have also added reporting this year because we want to make sure we are tracking those cases, too. So, for cases that take longer than 60 days, we now provide explicit reporting on how many days those take. We provide that reporting on a monthly basis.

Senator LANKFORD. Is there a commonality between those that take longer? Is this a problem in the agency not getting their paperwork in, or they are doing incorrect stuff? Is there something we can fix to reduce that amount of time for that other 10 percent, as well?

Ms. COBERT. So, the issue that you tee up about what is the source of that is something that we are systematically working our way through. In some cases, it is things that come in from agencies. In some cases, in making those determinations, we need exter-

nal parties. Sometimes it is issues with court-ordered benefits. Sometimes it is issues in getting information back from individuals, and we then have to do a better job of tracking them down. So, we are working our way through those, because in my experience, if you think about the standard cases, the 90 percent we want to get done in 60 days, we should make that process move smoothly, quickly as possible.

And then there are cases that are more complicated and the solutions to get those resolved, to get the retirees the certainty they need, there is probably a different set of solutions. That is why we have added this additional tracking for sort of the more straightforward and the more complex.

Senator LANKFORD. So, is the IG cooperating with you to help determine any sort of consistency, like there are certain agencies, there are certain places that we tend to have problems with that tend to take longer, so you can begin to get the basic algorithm of it that every company does to say, we have a set of problems. Do we know where those problems are coming from?

Ms. COBERT. We have done that, and we work explicitly with agencies. The Department of Defense is obviously one of the largest agencies that we work with and we have a particular program with them to work those through, as well as with the Postal Service. In fact, one of the things we have done this year, and last year we started but we expanded, is to bring individuals from those agencies who work on preparing claims to come help provide some basic support during January and February when we get lots of the claims in.

Senator LANKFORD. Right.

Ms. COBERT. That both gives us capacity, but even more importantly, those individuals then go back to their agencies and they understand much better, because they have done the work, what does it take to get something processed. What are the mistakes that they see? And they can then work with their colleagues to improve what is coming in.

Senator LANKFORD. OK.

Ms. COBERT. It has been a very effective program. We are working on that now.

Senator LANKFORD. OK. Let me keep shifting—

Ms. COBERT. Sure.

Senator LANKFORD [continuing]. Because I know we are running out of time. Votes have also been called, I understand, as well. So, let me hustle through a couple things with you, as well.

This National Background Investigations Bureau, I have to tell you, when I first saw the announcement come out, I believe it was last week or the week before when it was announced, this launch of this new entity, my first thought was, this feels like typical Federal Government. We are having a problem in one entity, so we launch another one instead of fixing the first one, if that makes sense.

So, what I am trying to determine is, is this a push to stop using contractors in some of this area, to pull in more Federal employees to be able to do this? What is the difference between fixing what is existing or spinning up something new here? What do we gain

by that? What is the manpower change? What is the processing change?

Ms. COBERT. Sure. The goal in this process is to improve how we do investigations. A core element of that—

Senator LANKFORD. But, why does it take a new entity to do that?

Ms. COBERT. What we are doing is taking the resources and moving them to the new entity, but operating it differently. So, the IT support will be different. We will be leveraging the expertise of DOD, particularly around security and their ability to provide resources that do not exist inside of OPM at scale.

Senator LANKFORD. OK.

Ms. COBERT. We want to tap into those.

We also have structured this in a way that continues the inter-agency involvement that is a part of background investigations. The leader of the NBIB will become a member of the PAC, working together with the Security Executive Agents and others to drive operations. We are going to make sure that this bureau has more dedicated support than exists today around the specialized skills that it needs, whether it is in privacy or contracting. There will still be contracts.

And, we are going to manage this transition that we committed to following the Navy Yard tragedy to continuous evaluation in a new model.

Senator LANKFORD. More Federal employees or remaining contract employees because that has been a lot of contract groups on it, which I am not opposed to on that, but do you see a shift to more Federal employees or continue to use contractors?

Ms. COBERT. We are going to continue to have a balance between the two, because some of the way this work actually plays out in the field, the most effective way to do it is to have contractors, because demand is variable. So, we will work through and manage that balance.

Senator LANKFORD. OK. Let me ask one other question here, and this gets in the weeds and we will followup on this in the days ahead.

Ms. COBERT. Sure.

Senator LANKFORD. I have had some questions from some of the great folks from the Federal Aviation Authority (FAA) in air traffic control. In 2003, a law was passed that, granted, is fuzzy in some ways, but since 2003, the law has been dealt with on enhanced annuity rates, trying to encourage people that were front-line air traffic controllers to stay after their mandatory retirement and move to management, because we desperately need people in management that understand what is happening at that board. So, since 2003, we have given an additional annuity to those folks to help them make that transition to stay in management.

In 2015, without a change in law, OPM just changed that policy and now there is a disincentive for air traffic controllers to stay on, which makes it much more difficult, and now you are looking to bring in people that were not necessarily at that board to come manage people that were at that board, or it discourages people from staying on and going into management because, actually, their pension goes down if they go into management. It is this real-



ly odd perverse incentive and I am trying to figure out how OPM shifted the rules that had been in place and worked since 2003 when there was no change in statute. Do you know the background on that?

Ms. COBERT. Thank you, Senator, and your staff did tell us this was an issue of concern and we are continuing to work it. There was not a change in OPM regulations in 2015. The guidance that was issued after the law was written has remained in place. We are working with the FAA to make sure that there is consistent interpretation of that guidance and how that has played out, and so we are working with them to get to the bottom of this issue and we are happy to keep you informed as we work it.

Senator LANKFORD. Something definitely changed there. FAA is saying it is OPM. OPM is saying we are trying to figure it out. We have to figure out what just happened, because we do not want to have a gap in leadership moving into air traffic control for all of our public safety on that. We want to have good folks that stay there, and if we create a disincentive to go into management, then people will just say, I am going to retire and do something else in the private sector when we have some very qualified folks.

Ms. COBERT. Senator, we will continue to work the issue with the FAA and we will continue to stay in close touch so we can apprise you of our progress.

Senator LANKFORD. Please do. Thank you.

And, I appreciate the Chairman's indulgence.

Chairman JOHNSON. Thanks, Senator.

We do have a vote that is ongoing right now, so let us close out the hearing.

Again, everybody on this Committee appreciates your willingness to serve. We all think you are great. We want to see this nomination move forward.

Let me just adjourn the hearing by saying the nominee has filed responses to biographical and financial questionnaires, answered prehearing questions submitted by the Committee, and had her financial statements reviewed by the Office of Government Ethics. Without objection, this information will be made part of the hearing record, with the exception of the financial data, which is on file and available for public inspection in the Committee offices.

The hearing record will remain open until noon tomorrow, February 5, 2016, for the submission of statements and questions for the record.

This hearing is adjourned.

[Whereupon, at 11:48 a.m., the Committee was adjourned.]



## A P P E N D I X

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**Chairman Johnson Opening Statement  
“Nomination Hearing to Consider Beth F. Cobert to be Director, Office of Personnel  
Management”**

**Thursday, February 4, 2016**

*As submitted for the record:*

Good morning and welcome.

Today we are considering the nomination of Beth F. Cobert to be Director of the Office of Personnel Management (OPM).

Last year, the OPM gained worldwide attention when it was learned the agency suffered two major data breaches at the hands of a foreign government. These breaches, the most recent of five breaches at the OPM since 2012, resulted in the loss of highly sensitive information of 22.1 million Americans and the fingerprints of 5.6 million people. Meanwhile, hackers had also targeted data and user credentials at the OPM’s contractors, KeyPoint and USIS, and other federal agencies, such as the IRS.

The national security consequences of these breaches are unprecedented — risking Americans’ lives and our access to essential intelligence for generations to come. As we are well aware, this cyber hack is not something credit monitoring and 10 years of identity theft protection can cure.

Following the breaches at the OPM and the IRS, the committee held oversight hearings to determine how such immense cyberthefts could have occurred. One thing was made clear: The administration was not doing enough to protect Americans’ most sensitive information. For example, we know from the inspector general that the OPM was operating many of its information technology systems without the appropriate security protections. We also know that the OPM unintentionally stopped one of the cyberattacks when it deployed multifactor authentication at the agency.

It is impossible to say whether cybersecurity tools such as encryption and multifactor authentication would have stopped the cybertheft altogether, but they are essential security protections that should have been in place. The discovery that agencies did not have these protections and others prompted me to write legislation with Ranking Member Carper that requires federal agencies to improve their cybersecurity. That legislation, the Federal Cybersecurity Enhancement Act, is now law. Among other things, it requires agencies to encrypt sensitive data, use multifactor authentication for high-risk accounts, limit access to those who need it, and implement a federal intrusion detection and prevention system called EINSTEIN.

But Congress should not have to tell agency heads that they are responsible for protecting Americans’ most sensitive data. That responsibility should be obvious. Unfortunately, that has not been the case.

In part as a result of the breaches, last month the White House announced it would be shifting responsibility for securing background investigations data from the OPM to the Department of Defense, revealing a continuing lack of confidence in the OPM's ability to keep civil servants' data secure. I agree with that decision. Unfortunately this move comes too late to protect the 22.1 million Social Security numbers already lost, and it risks waste and unnecessary duplication. Despite the proposed move of background investigation data to Defense Department computer systems, the OPM appears to be moving forward with a \$93 million information technology modernization project largely to protect background investigation data that it will no longer hold. Meanwhile, the DOD is requesting \$95 million to improve its computer systems to protect the same data. The Inspector General has also voiced concerns about the OPM information technology modernization project because the OPM did not thoroughly plan the project before awarding contracts and beginning work.

Federal employees who dedicate their careers to public service should have confidence that the government will protect their most sensitive data. The government owes them — and all Americans — that much. Clearly existing protections are not sufficient and major changes are necessary, not just at the OPM but across the federal government.

I know that Ms. Cobert takes these concerns seriously, and I appreciate how cooperative she and her staff have been with the committee's oversight efforts. Today's hearing will provide members of the committee an opportunity to speak with Ms. Cobert about her plans to address these issues and others in more detail.

By working together we can and will make things better. I thank Ms. Cobert for her willingness to take on this important role. I hope that, when confirmed, she will continue to be responsive to the committee's requests and engage collaboratively in this partnership.

**Statement of Ranking Member Tom Carper  
“Nomination of The Honorable Beth F. Cobert to be Director, Office of Personnel  
Management”**

**Thursday, February 4, 2016**

*As prepared for delivery:*

Thank you, Mr. Chairman, for holding this hearing today to consider this important nomination. I'm pleased we could quickly reschedule after postponing our hearing last week due to the snowstorm.

Over the years, I've grown frustrated as, too often, senior positions in the federal government have been left vacant for far too long. A lack of critical leadership at agencies like OPM can -- and oftentimes does -- undermine the effectiveness of federal programs.

We're fortunate, then, to have an excellent nominee before us today in Beth Cobert. Ms. Cobert is well known to this committee already, both from her time at the Office of Management and Budget, and now in an acting capacity in the position to which she's been nominated.

I've been very impressed with Ms. Cobert's work and her leadership in both of the positions she's held in the federal government. We're fortunate that she's willing to continue to serve and that her family is willing to continue sharing her with the people of this country.

As my colleagues know, Ms. Cobert's time as Acting Director of OPM began in the aftermath of one of the worst cyber-attacks committed against our government.

As we learned at a hearing last July, warnings from the Inspector General and other watchdogs about cybersecurity at OPM went unheeded for years, contributing to the attack. If confirmed, Ms. Cobert, you will be inheriting an agency that unfortunately has an exceptionally poor track record of information technology management and cybersecurity.

Given these past failings, the modernization of the agency's information technology infrastructure presents a major challenge. But it also presents a great opportunity. An opportunity to restore the faith and trust of the American people that government can protect them from those that would do us harm.

As you continue the work of improving OPM's technology, Ms. Cobert, it is imperative that we get this right. OPM must upgrade to the best technologies and security tools available, and do so quickly and without faltering as has happened in the past.

Throughout this process, I encourage you to work transparently and in collaboration with all stakeholders: with Congress, with the Inspector General, with the Office of Management and Budget, and with other agencies like the Department of Homeland Security.

This hearing will help us understand your personal involvement in the response to the breach so far, your goals for the coming year if you are confirmed, and your plans for a successful transition a year from now as a new President takes office.

While a strong and secure IT infrastructure at OPM is certainly important and worthy of the attention it has received of late, I don't want to lose sight of the many other roles OPM must play in the coming months in helping the federal government support our federal workforce.

OPM helps to recruit, hire, and train new employees and supports them all the way through their careers and into retirement. I look forward to hearing about some of your plans for improving these services and how we can work with you to help build and continue to develop a strong federal workforce.

For example, I'm interested in hearing how you think we can ensure we're finding good people to fill jobs in key, mission critical areas – including areas like cybersecurity. I'd also like to learn more about how OPM, under your leadership, can help agencies leverage the lessons learned from the Employee Viewpoint Survey and the Best Places to Work rankings to continue to improve morale across government.

In addition, since you began your government service relatively recently, I'm interested to hear about your impressions as you transitioned from the private sector. I hope you can tell us about the things that surprised you most, and also about the best practices both from inside and outside of government you hope to bring to this job.

I appreciate all of the hard work you have already done at OPM. It is my hope that this committee can continue to work closely with you and your team going forward to improve how the government serves taxpayers, the federal workforce, and federal retirees.

Again, thank you for being here, for your willingness to serve, and for your willingness to apply your intellect and impressive experience to the serious challenges facing OPM. I look forward to hearing from you today.

**STATEMENT OF BETH F. COBERT  
Acting Director  
U.S. Office of Personnel Management**

**Nominee to Serve As  
Director  
U.S. Office of Personnel Management**

**before the**

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

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**February 4, 2016**

Thank you Chairman Johnson, Ranking Member Carper, and Members of the Committee for welcoming me today. It is an honor to be considered by this Committee as a nominee for Director of the U.S. Office of Personnel Management (OPM).

I am pleased to be joined here today by my husband Adam Cioth. I want to thank my children Peter Cioth and Talia Cioth for their continued support. I also want to thank my mother, Shirley Cobert, for her constant encouragement and both my parents for being such a great role models of what it means to be engaged and community-minded citizens.

I want to thank President Obama for nominating me to this position. I also want to thank the Members of this Committee and their staff for taking the time to meet with me, both recently and over the last two years in my previous role as Deputy Director for Management at the Office of Management and Budget (OMB). Working as partners with this Committee was a vital component of our successes during my time at OMB, and I am confident that, if confirmed, the level of progress we can achieve at OPM will be enhanced by the strength of the relationship between this Committee and OPM.

Serving as the Deputy Director for Management at OMB was my first role in Federal service. I have found the experience to be challenging and phenomenally rewarding. My time at OMB and as Acting Director at OPM has given me the opportunity to work with thousands of dedicated public servants who wake up each day with a desire to improve the lives of their fellow Americans. It has been my honor to serve alongside them.

Every day, OPM's employees are hard at work providing valuable services to their fellow Federal workers and developing policies and strategies to make the government work more effectively for the American people. They are processing retirement claims from across the Federal government, conducting background investigations on prospective and current Federal employees and Federal partners, collaborating with agencies to attract top candidates to Federal service, and providing quality health insurance to employees of the Federal Government. If confirmed as the Director of OPM, I pledge to support OPM's employees as they build on the progress they have already made by focusing on management discipline, ensuring our decisions

are based on reliable data, and delivering excellent customer service. By following these good management practices, I believe we can achieve our main goals: improving OPM's cybersecurity and IT posture, assisting with the transition to stand up the new National Background Investigations Bureau (NBIB) while continuing to provide quality background investigation services to our agency customers, and implementing the initiatives that make up the People and Culture pillar of the President's Management Agenda so that OPM may lead agencies in their efforts to recruit, train, and retain a world-class workforce.

Since arriving at OPM, I have made cybersecurity and helping those individuals who were impacted by the malicious cyber intrusions which resulted in the theft of personal information, including Social Security numbers, of approximately 22 million individuals, one of OPM's highest priorities. Over the past several months we have worked to provide identity protection services to those impacted, and we are committed to implementing Section 632 of Public Law 114-113 which also provides services to impacted individuals. If confirmed, I will work to see that OPM continually strengthens its cyber defenses and IT systems in the face of today's evolving threats, by focusing on technology, people, and processes.

On this front, we have made significant progress. For example, we now require two-factor authentication for network access, we continue to strengthen the perimeter protections with firewalls, and we have installed tools to better inspect incoming and outgoing traffic and create more visibility on the network. I have also hired a Senior Advisor for Cybersecurity, to bring private sector experience on how best to strengthen OPM's IT systems, modernize our IT infrastructure, and enhance the security of valuable federal IT systems and information. At the same time we have reorganized our Office of the Chief Information Officer, brought in a new Acting Chief Information Security Officer, and hired four new SES-level employees and four new senior IT program managers to further strengthen our senior IT team. On the process front, we are putting into practice a new incident response plan, and OPM periodically requests independent penetration testing from our interagency partners. More generally, we are continuing to collaborate with our interagency partners and the Office of Inspector General on ways to bolster our cyber defenses. Going forward, we will continue these efforts as we begin to migrate our systems into a more modern and secure environment.

As you are aware, recently the Administration announced a series of changes to modernize and strengthen the way we conduct background investigations for Federal employees and contractors and protect sensitive data. These changes include the establishment of the NBIB, which will absorb OPM's existing Federal Investigative Services, and be headquartered in Washington, D.C. This new government-wide service provider for background investigations will be housed within OPM. Its mission will be to provide effective, efficient, and secure background investigations for the Federal Government. Unlike the previous structure, the Department of Defense will assume the responsibility for the design, development, security, and operation of the background investigations IT systems for the NBIB. Additional key changes include: the leader of NBIB will be a full member of the Performance Accountability Council (PAC), and NBIB will receive policy direction and guidance from, and be accountable to, the PAC and its customer agencies for providing continuous improvements to the investigative process. If confirmed, I will work to facilitate the transition while minimizing disruptions of current



operations and continuing the focus on providing effective, efficient, and secure background investigations for the Federal Government.

Maintaining our efforts to carry out the People and Culture pillar of the President's Management Agenda (PMA) is also critically important. If confirmed, I will work to see that the Federal government stays competitive as an employer and that agencies have the tools and resources needed to meet their mission and be responsive to the needs of the American public we all serve.

As part of the PMA, OPM is currently leading "Hiring the Best Talent" efforts to identify issues or challenges in Federal employment, and helping agencies "untie the knots" when confronting difficulties in hiring. OPM is a customer service organization: a key feature of our mission to assist our clients with understanding the existing authorities and tools at their disposal to successfully recruit, develop, and retain the best personnel they can to meet their needs. Accordingly, we have increased our outreach and strengthened our available guidance to Federal agencies. OPM is partnering with agencies to develop workgroups and action plans to pursue challenges related to specific occupational areas (e.g., information technology), position management, training and certification. To help support this process, OPM is also leveraging partnerships, including the Chief Human Capital Officers Council and other key stakeholders to inform future strategies and action plans.

OPM is also committed to increasing employee engagement across the Federal government as another key element of the PMA. Employees want a job that makes full use of their skills, gives them opportunities for continuous learning, and enables them to make an impact on the people they serve. OPM is proud to be leading this effort and has been charting a course over the past several years for Federal employees to build key skills that lead to improved individual and organizational performance and job satisfaction. These efforts to enhance employee engagement and mission performance involve personnel from across the federal workforce including Chief Human Capital Officers, senior managers, and labor unions representing front line employees across the Executive Branch.

Recognizing that the overwhelming majority of Federal employees – roughly 85 percent – are not in the Washington, DC area, OPM is reaching out to individuals in Federal agencies in geographically diverse areas of the country. Through the Hiring Excellence Campaign OPM will soon be launching, OPM will be working directly with agency hiring managers and human resources staff to help them identify skills gaps and find and recruit the best professionals to fill these positions. This allows us to hear directly from hiring managers and supervisors, while also giving us the opportunity to have discussions with Federal agencies about the tools already available to them. We have also launched a Hiring Toolkit on HR University, which includes guidance on the authorities, assessments and data already available to hiring managers. In addition, we are also working to support the Administration's Cybersecurity Strategy and Implementation Plan by leading the effort to put in place programs to recruit and retain the most highly qualified cybersecurity workforce and talent across the Federal Government. All of these activities are in addition to our daily oversight responsibilities to ensure Federal Government agency human resources programs are effective, follow merit system principles, and meet related civil service requirements.

Our PMA goals around hiring the best talent would not be complete without a strong commitment to diversity; and we are continually focused on recruiting, hiring and retaining a diverse workforce. Through a data-driven approach, we are collecting and reviewing demographic data to address challenges in employing a Federal workforce that draws from all segments of society. We are also providing training to agencies, managers, supervisors and employees to foster diversity and create a more inclusive workplace. OPM works closely with Federal agencies and employees, including Federal employee resource and affinity groups to enlist their support and to achieve common agency-wide goals and objectives in this critically important area.

Equally important is improving the experience for applicants who are seeking employment in the Federal government. In this area, OPM is making significant improvements to USAJOBS. Originally, USAJOBS was aimed at automating a paper-based process that was designed to meet a statutory requirement for posting vacancies; it was not explicitly built upon user's needs and expectations. In the last year, there have been a number of positive developments on USAJOBS, including improved underlying search architecture to make way for better search results for both recruiters and jobseekers, the ability for job seekers to search by geographic locations; making the website mobile friendly, allowing job seekers to access USAJOBS from any device with full access to all features; and simplifying the process by which agencies are able to access USAJOBS data to support recruitment efforts so that agencies and job seekers are better able to find one another. Going forward, we are looking to continue to enhance the user experience and deliver a website that is thoughtfully crafted, personalized and serves as a valued resource for individuals exploring employment opportunities for federal service.

And finally, a third key pillar of the PMA is supporting the Senior Executive Service, given the critical role that these leaders play in the operations and mission impact of their agencies. Recently, the Administration issued an Executive Order: Strengthening the Senior Executive Service, that reflects the Administration's commitment to investing in and supporting senior leaders and ensuring agencies are developing talent pipelines for the future. OPM looks forward to continuing to support this important effort.

There are many other important program areas that highlight OPM's role as a service provider. For example, OPM administers healthcare benefits for over 8 million Federal employees, annuitants, and their families through the Federal Employees Health Benefits Program, and also contracts to provide dental and vision insurance, life insurance, and long-term care insurance, and also makes available to Federal employees flexible health spending accounts. These benefits are an important tool in enabling the Federal government to recruit and retain top talent to serve the American people. OPM also manages health plan options available to consumers and small business in 32 states, plus the District of Columbia, through the Multi-State Plan Program. If confirmed, I am committed to maintaining OPM's ability to provide comprehensive benefits at an affordable cost to enrollees and the government.

OPM also strives to honor the service of Federal employees by providing to them, and their families, timely, transparent, seamless, and accurate retirement benefits. Over the last four years, OPM has made progress in reducing the retirement claims inventory and modernizing the retirement process. Data showing our progress in reducing the inventory and meeting monthly

claims processing goals is posted publicly on OPM's website on a monthly basis to inform Congress and the public about our efforts to improve service. However, I understand that challenges remain. I commit to you and to the nearly 2.6 million annuitants, survivors, and their families that we serve that, if confirmed, I will continue to work to identify opportunities to gain efficiencies in the retirement process and to improve customer service.

Finding ways every day to support these important functions of OPM, as we support our federal workforce from resume to retirement, is what most excites me about this opportunity.

During my almost 30 years in the private sector, I worked with corporate, non-profit, and government entities. One consistent lesson was that the most effective way of getting things done is to approach issues with a solutions-based mindset. This is why I believe the best way to deliver results to the American people is to work with partners wherever we may find them, from the Office of the Inspector General to the Government Accountability Office, from labor unions to private sector stakeholders to Congress.

Every organization can benefit from leaders who provide a sense of purpose, ensure people deliver against commitments, and are willing to roll-up their shirtsleeves and dig in with their workforce to accomplish goals on behalf of their customers. If confirmed, that is how I will approach my work at OPM. I look forward to working with this Committee to find ways to continue the improvements that I believe are already under way at OPM to provide the support needed for our customers: current, future, and former federal employees; their agencies and departments and ultimately, the American people.

I want to thank the Committee again for considering my nomination and I look forward to answering any questions you may have.

**REDACTED**

**HSGAC BIOGRAPHICAL QUESTIONS FOR  
EXECUTIVE NOMINEES**

**I. Basic Biographical Information**

Please provide the following information.

<i>Position to Which You Have Been Nominated</i>	
<b>Name of Position</b>	<b>Date of Nomination</b>
Director of the Office of Personnel Management	November 10, 2015

<i>Current Legal Name</i>			
<b>First Name</b>	<b>Middle Name</b>	<b>Last Name</b>	<b>Suffix</b>
Both	Frances	Cobert	

<i>Addresses</i>					
<b>Residential Address</b> (do not include street address)			<b>Office Address</b> (include street address)		
			Street: 1900 E St NW		
City: Washington	State: DC	Zip: 20037	City: Washington	State: DC	Zip: 20415

<i>Other Names Used</i>						
<b>First Name</b>	<b>Middle Name</b>	<b>Last Name</b>	<b>Suffix</b>	<b>Check If Maiden Name</b>	<b>Name Used From</b> (Month/Year) (Check box if estimate)	<b>Name Used To</b> (Month/Year) (Check box if estimate)
					Est <input type="checkbox"/>	Est <input type="checkbox"/>
					Est <input type="checkbox"/>	Est <input type="checkbox"/>

<i>Birth Year and Place</i>	
Year of Birth (Do not include month and day.)	Place of Birth
1959	New York, NY

<i>Marital Status</i>					
Check All That Describe Your Current Situation:					
Never Married <input type="checkbox"/>	Married <input checked="" type="checkbox"/>	Separated <input type="checkbox"/>	Annulled <input type="checkbox"/>	Divorced <input type="checkbox"/>	Widowed <input type="checkbox"/>

<i>Spouse's Name (current spouse only)</i>			
Spouse's First Name	Spouse's Middle Name	Spouse's Last Name	Spouse's Suffix
Adam	Julian	Cloth	

<i>Spouse's Other Names Used (current spouse only)</i>						
First Name	Middle Name	Last Name	Suffix	Check Maiden Name	Name Used From (Month/Year) (Check box if estimate)	Name Used To (Month/Year) (Check box if estimate)
					Est <input type="checkbox"/>	Est <input type="checkbox"/>
					Est <input type="checkbox"/>	Est <input type="checkbox"/>

<i>Children's Names (if over 18)</i>			
First Name	Middle Name	Last Name	Suffix
Peter	Jacob	Cloth	
Tafia	Stephanie	Cloth	

2. Education

List all post-secondary schools attended.

<u>Name of School</u>	<u>Type of School</u> (vocational/technical/trade school, college/university/military college, correspondence/distance/extension/online school)	<u>Date Began School</u> (month/year) (check box if estimate)	<u>Date Ended School</u> (month/year) (check box if estimate) (check "present" box if still in school)	<u>Degree</u>	<u>Date Awarded</u>
Princeton University	University	09/1976 Est <input type="checkbox"/>	Est Present 06/1980 <input type="checkbox"/>	B.A., Economics	June 1980
Stanford University	University	09/1982 Est <input type="checkbox"/>	Est Present 06/1984 <input type="checkbox"/>	M.B.A	June 1984
		Est <input type="checkbox"/>	Est Present <input type="checkbox"/>		
		Est <input type="checkbox"/>	Est Present <input type="checkbox"/>		

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.

<u>Type of Employment</u> (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	<u>Name of Your Employer/ Assigned Duty Station</u>	<u>Most Recent Position Title/Rank</u>	<u>Location (City and State only)</u>	<u>Date Employment Began</u> (month/year) (check box if estimate)	<u>Date Employment Ended</u> (month/year) (check box if estimate) (check "present" box if still employed)
Federal employment	Office of Personnel Management	Acting Director	Washington DC	July 2015 <input type="checkbox"/>	Est Present <input type="checkbox"/>
Federal employment	Office of Management and Budget	Deputy Director for Management	Washington DC	Est October 2013 <input type="checkbox"/>	Est July 2015 <input type="checkbox"/>
Non-government	McKinsey & Company	Senior Partner	New York, NY and San Francisco, CA	Est 09/1984 <input type="checkbox"/>	Est October 2013
Non-government	IVAC Corp. (subsidiary of Eli Lilly and Co.)	International Marketing intern	San Diego, CA	Est Summer 1983 <input type="checkbox"/>	Summer 1983 Est <input type="checkbox"/>
Non-government	Goldman, Sachs & Company	Analyst- Corporate Finance Department	New York, NY	Sept 1980 Est <input type="checkbox"/>	Est June 1982 <input type="checkbox"/>
Non-government	W.R. Grace and Company	Economics Department Intern	New York, NY	Summer 1979	Summer 1979
Non-government	Camp Merriwood	Counselor	Orford, NY	Summer 1978	Summer 1978
Non-government	Stacy Fabrics Corp.	Accounting/Of fice Clerk	Clifton, NJ	Summer 1978 and Summer 1977	Summer 1978 and summer 1977

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

<u>Name of Government Entity</u>	<u>Name of Position</u>	<u>Date Service Began</u>	<u>Date Service Ended</u> (month/year) (check
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		(month/year) (check box if estimate)	box if estimate) (check "present" box if still serving)
		Est <input type="checkbox"/>	Est Present <input type="checkbox"/> <input type="checkbox"/>
		Est <input type="checkbox"/>	Est Present <input type="checkbox"/> <input type="checkbox"/>
		Est <input type="checkbox"/>	Est Present <input type="checkbox"/> <input type="checkbox"/>

#### 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 consulted with the Office of Government Ethics and the Office of Personnel Management's designated ethics officials to identify potential conflicts of interest. I will resolve any potential conflicts in accordance with the terms of an ethics agreement that I entered into with OPM's designated ethics officials 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.

In my volunteer capacity as the Board Chair of the United Way of the Bay Area, I visited several members of Congress and their staff for one day during 2011 to meet with them to discuss legislation to authorize a national 211 program to act as a helpline to connect callers in need with programs (both government and not for profit) to provide food support, housing, health care, senior services, child care, legal aid, volunteer opportunities, and much more. The 211 program is one of the services provided by the United Way of the Bay Area and other United Ways across the United States.

#### 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.

- 2015 Fed Scoop 50 Award, Federal Leadership
- 2015 D.C.'s Top Women in Tech, Fed Scoop
- 2015 FCW 2015 Federal 100
- 2009 San Francisco Business Times' 100 Most Influential Women List
- 2008 San Francisco Business Times' 100 Most Influential Women List
- 2007 San Francisco Business Times' 100 Most Influential Women List
- 1984: Arjay Miller Scholar (10 Top %), Stanford Graduate School of Business
- 1980: Phi Beta Kappa, Magna Cum Laude, Princeton University

#### 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).

<u>Name of Organization</u>	<u>Dates of Your Membership</u> (You may approximate.)	<u>Position(s) Held</u>
Stanford Graduate School of Business Advisory Council	2012- 2013	Member
Stanford Graduate School of Business Management Council	2005-2007	Member
United Way of the Bay Area	2009-2012 2008-2013	Board Chair Board Member
San Francisco Ballet	1999-2011	Board of Trustees; Chair, Long Range Planning Committee
San Francisco Chamber of Commerce	2007-2009	Board of Trustees
Princeton University Annual Giving: Fundraising for Class of 1980	2004-2005	Major Gifts Committee Member
Stanford University Graduate School of Business, Alumni Giving Fundraising: Class of 1984	2008-2009	Fundraising Committee Member
Lahontan Golf Club, Truckee, CA	1998-Present	Member
Lake Merced Golf Club	2006-2013	Member
California Tennis Club, San Francisco, CA	1994-Present	Member

#### 7. Political Activity

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

No.

<u>Name of Office</u>	<u>Elected/Appointed/ Candidate Only</u>	<u>Year(s) Election Held or Appointment Made</u>	<u>Term of Service</u> (If applicable)
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(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.

None.

<u>Name of Party/Election Committee</u>	<u>Office/Services Rendered</u>	<u>Responsibilities</u>	<u>Dates of Service</u>

(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.

<u>Name of Recipient</u>	<u>Amount</u>	<u>Year of Contribution</u>
Obama for America	\$500	2012
Obama Victory Fund	\$2300	2008

Brian Johnson for Assembly (CA)	\$2000	2012
Shavar Jeffries Team for Newark 2014	\$26,000	2013
Students for Education Reform Action Network	\$200,000	2013
Planned Parenthood Federation of America	\$250 annually	2008-2013

#### 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.

I have done my best to identify titles, publishers, and dates of all books, articles, reports, speeches, testimony, and other materials including a thorough review of my personal files and searches of publicly available electronic databases. Despite my searches, there may be other items I have been unable to identify, find, or remember. I identified the following:

<u>Title</u>	<u>Publisher</u>	<u>Date(s) of Publication</u>
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Realizing the Vision for the White House Leadership Development Program	White House Office of Management and Budget (OMB) Blog	November 2015
Giving Thanks and Helping Others	OPM Director's Blog	November 2015
Serving with Honor, Dedication, and Distinction	OPM Director's Blog	November 2015
Championing Native Americans in Federal Service	OPM Director's Blog	November 2015
Supporting Hiring Excellence	OPM Director's Blog	October 2015
Building an Inclusive Workforce	OPM Director's Blog	October 2015
Meeting the President's Challenge to Hire People with Disabilities	OPM Director's Blog	October 2015
OPM Releases Full FEVS Report for 2015	OPM Director's Blog	October 2015
Notifying Those Impacted by Recent Cyber Intrusion	OPM Director's Blog	October 2015
Positive Trend Lines in Employee Engagement and Job Satisfaction	OPM Director's Blog	September 2015
Administration's Focus on Engagement Brings Change to HUD	OPM Director's Blog	September 2015
Celebrating Hispanic Heritage Month	OPM Director's Blog	September 2015
Improving Hiring for our National Parks	OPM Director's Blog	August 2015
Matching Agencies with Top Talent	OPM Director's Blog	August 2015
Keeping You Informed on Cybersecurity	OPM Director's Blog	July 2015
Celebrating America's Workforce	White House Office of Management and Budget (OMB) Blog	May 2015
Focusing on Implementation to Drive Continued Progress	White House Office of Management and Budget (OMB) Blog	April 2015

A High-Performing Government of the Future	White House Office of Management and Budget (OMB) Blog	April 2015
Q4 Priority Goals Update: Notable Progress on Government Effectiveness and Efficiency	White House Office of Management and Budget (OMB) Blog	December 2014
Taking Steps to Improve Federal Information Security	White House Office of Management and Budget (OMB) Blog	October 2014
Progress on Security and Suitability	White House Office of Management and Budget (OMB) Blog	September 2014
Delivering a Customer-Focused Government Through Smarter IT	White House Office of Management and Budget (OMB) Blog	August 2014
Freezing the Federal Footprint	White House Office of Management and Budget (OMB) Blog	June 2014
Agencies Release Action Plans for Implementing New Performance Goals	White House Office of Management and Budget (OMB) Blog	June 2014
Creating a 21st Century Government: Enhancing Productivity and Achieving Cost Savings by Reducing Fragmentation, Duplication, and Overlap	White House Office of Management and Budget (OMB) Blog	April 2014
Setting New Goals to Deliver a More Effective and Efficient Government	White House Office of Management and Budget (OMB) Blog	March 2014
Real Progress in Meeting Agency Performance Goals	White House Office of Management and Budget (OMB) Blog	February 2014
Grant Reform: Improving Outcomes by Reducing Red Tape for Financial Assistance	White House Office of Management and Budget (OMB) Blog	December 2013
Making Further Progress on Improper Payments	White House Office of Management and Budget (OMB) Blog	December 2013
Mobile Money: Getting to Scale in Emerging Markets	McKinsey on Society, co-authors Brigit Helms, Doug Parker	February 2012
The Promise of Mobile Banking	Milken Institute Review, co-authors Alberto Chaia and Elena Thomas	2012
Banking on Mobile	McKinsey on Society/McKinsey on Financial Inclusion, co-authors Chris Beshouri, Alberto Chaia, Jon Gravak	February 2010
US Pension Funds: Mind the Gap	McKinsey Quarterly, co-authors Robert Palter and Elizabeth Urdan	May 2004
The virtual reality of mortgages	McKinsey Quarterly, co-author Poonch Baghai	August 2000

Reinventing real estate closing	McKinsey Quarterly, co-author Cathy Kenworthy	August 1997
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(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.

<u>Title/Topic</u>	<u>Place/Audience</u>	<u>Date(s) of Speech</u>
Keynote Remarks to Chief Human Resource Officers Leadership Summit on future of federal workforce	CHRO Leadership Summit, Arlington VA	December 4, 2015
The Future Workplace and Meeting the Needs of the Future Worker	Human Capital Management Government Conference, Alexandria VA	December 1, 2015
Keynote Remarks to ACT-IAC Customer Experience Summit on importance of customer service in federal leadership	ACT-IAC Customer Experience Summit, Washington DC	October 7, 2015
Remarks on Response to Recent Cybersecurity Incidents	National Defense Industrial Association, Orlando Florida	September 15, 2015
Keynote Remarks to the Association for Talent Development on talent development across government	Association for Talent Development, Washington DC	September 10, 2015
Testimony of Beth Cobert, Deputy Director for Management, Office of Management and Budget on the 2015 Annual Report on "Fragmentation, Overlap, and Duplication"	House Committee on Oversight and Government Reform	April 14, 2015
President's Management Agenda	Career Senior Executive Service Orientation, Washington DC	December 2, 2014
Future of the Senior Executive Service	Brookings Institution SES of the Future Symposium	November 19, 2014
Deputy Director Cobert Remarks to 4 x 24 CFO Dinner on innovation and the President's Management Agenda	4 x 24 CFO Dinner, Washington DC	November 13, 2014
Deputy Director Cobert Remarks to ACT-IAC Executive Leadership Conference on the President's Management Agenda	ACT-IAC Executive Leadership Conference	October 27, 2014
Testimony of Beth Cobert, Deputy Director for Management, Office of Management and Budget on "Improper Payments"	House Committee on Oversight and Government Reform Subcommittee on Government Operations	July 9, 2014
Remarks to Federal CIO Bootcamp on IT and the President's Management Agenda	Federal CIO Bootcamp	June 18, 2014

Beth Cobert Remarks to Partnership for Public Service on the President's Management Agenda	Partnership for Public Service, Washington DC	June 5, 2014
Beth Cobert Remarks to Joint Financial Management Improvement (JFMIP) Conference on Financial Management and the President's Management Agenda	Joint Financial Management Improvement (JFMIP) Conference, Washington DC	May 20, 2014
Beth Cobert Remarks to Government Executive "Excellence in Government Conference" on the President's Management Agenda	Government Executive "Excellence in Government" Conference, Washington, DC	May 14, 2014
Beth Cobert Remarks at FOSE Technology Conference on the President's Management Agenda	FOSE, Washington DC	May 12, 2014
Beth Cobert Remarks to the NAPA/George Mason/Oliver Wyman Forum on Government Wide Management on the President's Management Agenda	NAPA, St Regis Hotel, Washington DC	April 30, 2014
Beth Cobert Remarks to Professional Services Council Luncheon on the President's Management Agenda	Professional Services Council Luncheon, Washington DC	April 15, 2014
Testimony of Beth Cobert Deputy Director for Management Office of Management and Budget on The President's Management Agenda	Committee on Homeland Security and Government Affairs Hearing	March 12, 2014
Written Testimony of Beth F Cobert, Deputy Director for Management, Office of Management and Budget on Conferences and Travel	Homeland Security and Government Affairs Committee	January 14, 2014
Statement of Beth F. Cobert: Nominee to Serve as Deputy Director for Management of the Office of Management and Budget	United States Committee on Homeland Security and Governmental Affairs	October 2, 2013
Women in the U.S. Economy	Fortune's Most Powerful Women, Palo Alto, CA Audience: 100 senior executive women	November 29, 2011
Technology and Financial Inclusion	Roundtable hosted by the Atlantic and Visa, New York, NY. Audience: Financial service executives, senior editors, and social sector leaders	September 19, 2011
How Will Private Equity Rebuild the Economy	Women's Private Equity Conference, Half Moon Bay, CA. Audience: 300 private equity and venture capital executives	March 2009
The Changing Market for Private Equity and its Implications for GPs and LPs	CalPERS/CalSTRS—Women in Investment Management Conference, Sacramento CA. Audience: Client and industry participants	February 10, 2009

(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.

<u>Title</u>	<u>Place/Audience</u>	<u>Date(s) of Speech</u>
Princeton Reunions Panel: Federal Government—Is Dysfunction Endemic	Princeton University Reunion	May 30, 2015
Beth Cobert Remarks at Women's Energy Director Network Event	Women's Energy Director Network Event, Washington DC	April 9, 2015
Deputy Director for Management Remarks to Joint Financial Management Improvement Conference	Joint Financial Management Improvement Conference	May 18, 2015
Deputy Director for Management Cobert Remarks to Council of the Inspectors General on Integrity and Efficiency (CIGIE) Annual Conference	Council of the Inspectors General on Integrity and Efficiency (CIGIE) Annual Conference	May 15, 2015
Deputy Director for Management Cobert Remarks to National Academy of Public Administration (NAPA) Leaders Digital Insight Study Meeting	National Academy of Public Administration (NAPA) Leaders Digital Insight Study Meeting	January 13, 2015
Beth Cobert Remarks at Ursuline School	Ursuline School, New York, NY	December 12, 2014
Beth Cobert Remarks to Stanford Graduate School of Business Reunion Alumni Panel	Stanford Graduate School of Business Reunion	October 25, 2014
Remarks on Data Act Implementation Approach	Data Transparency Town Hall, Department of Commerce	September 26, 2014
Remarks to Infrastructure Summit: Cross-Jurisdictional Infrastructure Breakout Session	Department of Treasury Infrastructure Summit	September 9, 2014
Deputy Director for Management Cobert Remarks to CEAR	Certificate of Excellence in Accountability Reporting (CEAR) Dinner	May 21, 2014
Beth Cobert Remarks on New Jersey State Day 2014	New Jersey State Day Remarks, The White House	May 2, 2014
Deputy Director for Management Cobert Remarks to PSC Dialogue Luncheon	Professional Services Council (PSC) Dialogue Luncheon, Washington DC	April 16, 2014
Deputy Director for Management Cobert Remarks to CIGIE Monthly Meeting	Council of the Inspectors General on Integrity and Efficiency (CIGIE) Monthly Meeting	March 25, 2014
Deputy Director for Management Remarks to Partnership for Public Service Board	Partnership for Public Service Board meeting	February 28, 2014



Deputy Director for Management Cobert Remarks Association for Government Accountants (AGA) National Leadership Training	Association for Government Accountants (AGA) National Leadership Training	February 12, 2014
Deputy Director for Management Cobert Remarks to NAPA Summit on Strategic Reviews	National Academy of Public Administration (NAPA) Summit on Strategic Reviews, Washington DC	January 27, 2014
Deputy Director for Management Remarks on Grant Reform proposals	OMB Rollout of Grant Reform Proposals Webcast	December 20, 2013
Beth Cobert Remarks to CIGIE Annual Awards Ceremony	Council of the Inspectors General on Integrity and Efficiency (CIGIE) Annual Awards Ceremony	November 15, 2013
Streamlining the Home Equity Loan Origination Process	Consumer Bankers Association Annual Conference, San Francisco CA	2007

#### 9. Criminal History

Since (and including) your 18<sup>th</sup> 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) Firearms 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.

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

(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.

McKinsey & Company, as a large, global management consulting firm, has been involved in several cases of civil litigation over time linked to its activities. I have not personally been involved or had any findings of wrongdoing against me in any of these matters.

<u>Date Claim/Suit Was Filed</u>	<u>Court Name</u>	<u>Name(s) of Principal Parties Involved in Action/Proceeding</u>	<u>Nature of Action/Proceeding</u>	<u>Results of Action/Proceeding</u>

(C) For responses 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.

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.

<u>Name of Agency/Association/ Committee/Group</u>	<u>Date Citation/Disciplinary Action/Complaint Issued/Initiated</u>	<u>Describe Citation/Disciplinary Action/Complaint</u>	<u>Results of Disciplinary Action/Complaint</u>

(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

(This information will not be published in the record of the hearing on your nomination, but it will be retained in the Committee's files and will be available for public inspection.)

**REDACTED**

**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

☒ 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.

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

#### 15. Agreements or Arrangements

☒ 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.

<u>Status and Terms of Any Agreement or Arrangement</u>	<u>Parties</u>	<u>Date</u> (month/year)

**16. Additional Financial Data**

All information requested under this heading must be provided for yourself, your spouse, and your dependents. (This information will not be published in the record of the hearing on your nomination, but it will be retained in the Committee's files and will be available for public inspection.)

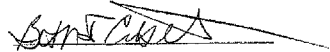
**REDACTED**



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.

A handwritten signature in dark ink, appearing to read "Samuel", written over a horizontal line.

This 12/1 day of , 2015

UNITED STATES OFFICE OF  
GOVERNMENT ETHICS**REDACTED**

NOV 18 2015

The Honorable Ron Johnson  
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 Beth F. Cobert, 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,

David J. Apol  
General Counsel

Enclosures

**REDACTED**

November 2, 2015

Robin Jacobsohn  
Designated Agency Ethics Official  
Office of Personnel Management  
1900 E Street, NW  
Washington, DC 20415

Dear Ms. Jacobsohn:

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 in which I know that I have a financial interest directly and predictably affected by the matter, or in which I know that a person whose interests are imputed to me has a financial interest directly and predictably affected by the matter, 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.

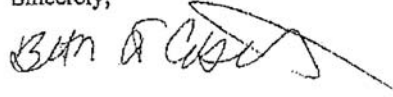
I will retain my position as a trustee of the Cloth/Cobert Family Trust. I will not participate personally and substantially in any particular matter that to my knowledge has a direct and predictable effect on the financial interests of the Cloth/Cobert Family Trust, unless I first obtain a written waiver, pursuant to 18 U.S.C. § 208(b)(1), or qualify for a regulatory exemption, pursuant to 18 U.S.C. § 208(b)(2).

My spouse is a member of Claremont Foods, LLC. I will not participate personally and substantially in any particular matter that to my knowledge has a direct and predictable effect on the financial interests of Claremont Foods, LLC, unless I first obtain a written waiver, pursuant to 18 U.S.C. § 208(b)(1).

I understand that as an appointee I must continue to abide by the Ethics Pledge (Exec. Order No. 13490) that I previously signed and that I will be bound by the requirements and restrictions therein in addition to the commitments I have made in this ethics agreement.

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 ethics agreements of other Presidential nominees who file public financial disclosure reports.

Sincerely,

A handwritten signature in black ink, appearing to read "Beth F. Cobert", with a long, sweeping horizontal line extending to the right.

Beth F. Cobert

U.S. Senate Committee on Homeland Security and Governmental Affairs  
Pre-hearing Questionnaire  
For the Nomination of Beth F. Cobert 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)?

I believe the President nominated me to serve as Director of the Office of Personnel Management (OPM) because of my experience at both the Office of Management and Budget (OMB) and in the private sector successfully managing and delivering results in the key disciplines that are relevant to OPM. This experience included helping organizations effectively manage information technology, improve their operational effectiveness, and build and maintain a strong workforce.

Examples of my successful track record at OMB in helping drive improvement include a renewed focus on employee engagement across agencies that contributed to the reversal of declining employee engagement (as measured by the Federal Employee Viewpoint Survey) for the first time in three years; multiple efforts to improve agency operations from Freeze the Footprint to category management to a new model for shared services; and overseeing the Federal Government's cross agency response to a number of critical cyber security incidents that occurred during my tenure.

At OMB, my oversight, daily reviews of the cybersecurity situation, and involvement with the Federal Chief Information Officer provided an opportunity to work very actively in shaping the Federal Government's response to the growing cyber security threat faced not only by federal entities but by the country at large. In particular, I worked closely with the Federal CIO and the National Security Council in initiating the 30-day Cybersecurity Sprint and the creation of the OMB Cyber and National Security Unit (OMB Cyber) to assist the federal government in the implementation of the Federal Information Security Modernization Act (FISMA) of 2014.

My experience at OMB, including my leadership of the Performance Accountability Council (PAC), and in particular my oversight of the review of suitability and security clearance procedures for Federal employees and contractors, provides me with awareness of the complexities of security clearance operations and the importance of making sure those operations are run effectively.

The experience I have gained from my private sector background on human capital issues, both in my work as a leader at McKinsey & Company as well as work with numerous client organizations on improving their management of human capital, will also be an asset at OPM. The experiences that I had at McKinsey as a leader of the firm's recruiting, talent development, and training programs for its thousands of staff directly relate to finding

**ways to help recruit, retain, and honor a world-class workforce for the Federal Government.**

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

No.

3. 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 the procedures and/or criteria that 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 taking any action on the matter.**

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

**My extensive experience as a management consultant working on human capital, IT management and organizational and operational effectiveness issues in the private sector combined with the cross-government experience I have gained as the Deputy Director for Management of the Office of Management and Budget qualify me to take on this new role as the Director of OPM.**

**As Deputy Director for Management at OMB, I worked closely with OPM on driving implementation of the President's Management Agenda, in particular the People and Culture pillar which is made up of critical initiatives focused on unlocking the full potential of the Federal workforce. As an example, a key component of our effort was to strengthen agency leadership involvement in efforts to improve employee engagement. We collaborated closely with OPM, the President's Management Council (PMC) and the Chief Human Capital Officers (CHCO) Council to put in place programs that have led to an increase in employee engagement for the first time in many years.**

**My experience at OMB, including my leadership of the PAC, and in particular overseeing the review of suitability and security clearance procedures for Federal employees and contractors following the Navy Yard incident in 2013, provides me with awareness of the complexities of security clearance operations and the importance of making sure those operations are run effectively.**

**At OMB, through my role as the chair of the Federal Chief Information Officer Council (CIOC), I also had the opportunity to work very actively in shaping the Federal Government's response to the growing cyber security threat faced not only by Federal entities but by the country at large.**

As a management consultant I worked with clients across a range of industries in the private and not-for-profit sectors to develop specific actionable programs to improve their performance. Many of these engagements involved similar issues we face at OPM: how to make smart investments in information technology (IT) that deliver results in a timely and cost-effective way; how to ensure that major operational processes and customer service programs deliver value to customers; or how to create programs to attract and retain talent and get the best out of the talent in their organizations.

Beyond my client service experience, I also served in key leadership roles within McKinsey, which is a global organization focused on improving its ability to attract, develop, and retain talent. They included: a) global recruiting programs to attract the highest-caliber talent from around the world; b) programs to attract a more diverse workforce, especially women in leadership positions; c) performance evaluation and selection processes for new partners; and d) programs to build critical skills in new arenas among our global consulting force.

5. 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 were the commitments made?

I have committed to the President and myself to work every day to uphold the integrity of the civil service, defend the principles of the merit system, and to find as many avenues as possible to recruit, retain, and honor a world-class workforce to serve the American people.

## II. Background of the Nominee

6. What experiences or lessons, if any, would you draw on as Director of OPM from your time at McKinsey & Company?

There are multiple relevant lessons from my experience at McKinsey & Company that I would likely draw on as Director of OPM.

The first is the critical importance of having the right talent in the right places, managed well to drive outcomes. McKinsey had a dual mission to help our clients achieve distinctive, lasting, and substantial performance improvement and to attract, develop, and retain talent and build a great firm. One of the most important lessons I took from my time at McKinsey was that talent is a critical element for driving effectiveness. One of the things that gets me excited about taking on the leadership role at OPM is therefore the ability to lead the agency most responsible for human resource policy for the Federal Government. I firmly believe that we can accomplish great things by having the right set of people working together as a team, and I saw many times that even the best strategy cannot succeed without a great team committed to executing it.

Another lesson was the importance of listening to input from a variety of sources in order to shape objectives and develop a strategy to tackle them. Those ideas can come from the

front line of an organization, from external industry observers, from looking at analogies in different industries, from academia, and -- often most importantly -- from a company's customers. In applying that lesson to OPM, I would again seek to get input from our employees, unions and other employee groups, our agency partners, Congress, our Inspector General, the GAO, as well as the private sector.

The importance of building coalitions to drive implementation should not be underestimated. As a consultant at McKinsey, I saw how much work was needed to translate a great idea to results on the ground. The clients, who were the ones driving execution, needed to understand not just what the idea was, but how and why it would create better results. While it took time to build this understanding, it was always worth it in terms of impact. Similarly, in the Federal Government, while we might create a new policy or new process, the impact comes once that policy or process is implemented effectively and consistently across agencies.

Additionally, my time at McKinsey highlighted for me the importance of looking for good practices that already exist and replicating them. One of the best opportunities to improve performance quickly is to find things that are working already, and take those ideas to scale. That is as true in the private sector as it is in the Federal Government. Based on my experiences at both OMB and OPM, I'm even more convinced that there are great things happening across the Federal Government, and if we can find ways to replicate and expand them, we will be able to make performance improve faster.

7. How did your experience as Deputy Director for Management at the Office of Management and Budget (OMB) prepare you for the position of Director at OPM?

Through my work with OMB's Office of Performance and Personnel Management and my work in leading the President's Management Agenda, especially its People and Culture pillar, I had the opportunity to work closely with the team at OPM on many issues related to talent management. This included close collaboration with the team at OPM on employee engagement, strengthening the Senior Executive Service (SES), and our work to attract, develop, and retain a talented and diverse workforce in the Federal Government. I also served as the vice-chair of the CHCO Council and co-chair of the National Council on Federal Labor-Management Relations.

OMB also plays a key role in coordinating the Administration's work on Cross-Agency Priority (CAP) goals, including those that support the President's Management Agenda. In addition to the People and Culture goals identified above, the OMB team has advanced efforts to expand shared services and category management, improve digital service delivery, and reduce improper payments across government. Many of these efforts have resulted in lessons learned that can help aid in the efficient and effective management of OPM.

I also had the opportunity to work closely with OPM on the suitability and security process review. During my time at OMB, I was the chair of the Performance Accountability Council, which has overall government-wide oversight for security and suitability matters.



In this role, I worked closely with the Office of the Director of National Intelligence (ODNI), OPM and the Department of Defense (DOD) in leading the suitability and security clearance reform efforts following the Navy Yard incident.

Finally, I gained experience at OMB working across agencies to drive performance improvements on a variety of fronts.

8. What experiences, if any, do you have related to cybersecurity or information security management?

While at OMB, I worked closely with the Federal CIO and the National Security Council (NSC) in initiating the 30 day Cybersecurity Sprint, the creation of OMB Cyber to assist the Federal Government in the implementation of the Federal Information Security Modernization Act (FISMA) of 2014, and the initiation of the cyber security implementation plan. I was also directly involved in helping manage the cross agency response to a number of critical cyber security incidents that occurred during my tenure.

At McKinsey, I also had the opportunity to work with a number of companies as they began to confront the growing cyber security threat and the need to develop a comprehensive corporate-wide response. The lessons I've learned in seeing cyber security move from a technical issue buried deep in an IT organization to a board level issue that is a priority for senior management are ones that I have brought to my approach to dealing with cyber security issues in my roles at OMB and at OPM.

9. In July 2015, the President appointed you Acting Director at OPM.

- a. What lessons, if any, have you learned in that role?

This experience has reinforced my longstanding belief that even good managers, in the midst of addressing a crisis, need a leadership team that can help prioritize the short, medium, and long-term steps that need to be taken in order to work through trying circumstances. At the same time, I have learned the importance of ensuring that while a crisis is being managed, the rest of the agency must feel empowered to continue to successfully fulfill the day-to-day mission of the agency by knowing how, and when, to raise critical issues so they can be addressed by senior leadership.

I have also learned that there is no such thing as too regular or frequent communication and there are always more channels available to make sure our messages are getting through to our partners and customers. We saw this when we wanted to get the word out about the identity theft protection and monitoring services available to those impacted by the cyber incidents. The more we communicated about what happened, how it happened, what services were available, and where more information was available, the better response we received. The same was true with the roll-out of the new Self Plus One health insurance plans this year. Knowing that they would be very popular, we began engagement with enrollees more than a month ahead of schedule.

Finally, while my role at OMB was heavily focused on the value of inter-agency collaboration, my time at OPM only reinforced the vital nature of these partnerships. While OPM is charged with improving and modernizing its IT infrastructure, it was a whole-of-government effort to address the cyber security issues at hand, prioritize short-term patches and long-term solutions, and find a way to allow all agencies to learn from OPM's experiences. The necessity and utility of strong inter-agency working relationships was the key to working through the crisis.

- b. What about your experience as Acting Director made you want to fill this position on a permanent basis?

I'm even more excited based on my experience working at OPM about the possibility of taking on this role on a permanent basis.

I have always believed that OPM's role as the lead agency for human resource policy, products, and services, benefits policy and administration, and background investigation services is crucial to improving the Federal Government's effectiveness and making sure it delivers for its citizens and its businesses. Now that I've had the chance to work closely with the team at OPM, I am even more excited about the opportunity to deliver in these crucial roles.

What I've seen at OPM is individuals from every component of the agency step up to respond to the challenges we faced. Individuals have worked incredibly long hours to get things right. They've done it through teamwork and a solid commitment to our clients, to our partner agencies, to the Federal workforce, and to retirees in their actions every day. I know this is a team that is committed and that can make a big impact. I would be honored if confirmed to be their leader.

### **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?

I anticipate my greatest challenges and priorities, if confirmed, will include OPM's need to upgrade its IT infrastructure, strengthen its cyber defenses including adding cyber talent, ensure it continues efforts to attract, develop, and retain a talented and diverse workforce and leadership in the Federal Government, and continue to find ways to improve the background investigation services that OPM provides. These are significant challenges in addition to OPM's everyday mission to support the Federal workforce. This is why I would prioritize working with agency staff, the Administration, and Congress to see through the steps we are already taking to address these critical needs.

11. As the government-wide human resources agency, OPM plays a critical role in helping agencies achieve their missions and program goals. Do you believe that OPM has

sufficient resources to fulfill its various roles and functions in helping agencies develop and meet their human capital goals?

Every agency has to make tough decisions about how best to use available resources to achieve its mission and goals, and OPM is no exception. As Deputy Director for Management at OMB, I led the Administration's efforts to deliver a Government that is leaner, smarter, and more effective and that can deliver the best results for the American people. If confirmed, I will continue to focus on setting clear goals, with measurable performance benchmarks and based on data-driven decision-making, to help the agency accomplish its mission and statutory requirements within available resources. I believe OPM has the ability to work in partnership with our customers to provide the human resource policy, products, and services they need to develop and fulfill their human capital goals.

12. The Inspector General has repeatedly warned about challenges that OPM faces regarding information security, including its most recent audit of OPM's compliance with the Federal Information Security Modernization Act.<sup>1</sup> The serious data breaches that affected OPM demonstrated the consequences of poor information security management—including the theft of personal information of millions of people. What is the role of the OPM Director in improving the agency's cybersecurity and information security? What is the OPM Director's role regarding the protection of individuals' sensitive personal information?

Improving cybersecurity and information security has been at the top of my priorities since arriving at OPM as the Acting Director. If confirmed as Director, my role will be to continue to improve the agency's cybersecurity and information security and continue to drive actions to strengthen OPM's cyber defenses and information technology systems in partnership with interagency experts. I must also continue my active role in the recruitment, development, and retention of individuals with critical cybersecurity skills. Since my arrival at OPM, we have implemented critical enhancements to cybersecurity governance processes, network protections, access controls, situational awareness, and revamped and enhanced our cyber talent. And we must continue to leverage available and proven technologies and processes as we did in our implementation of DHS's Continuous Diagnostic and Mitigation (CDM) program as well as the Einstein 3A initiative, and continue to actively work with other agencies to protect sensitive information. As such, OPM has actively participated in numerous Federal cybersecurity initiatives including OMB's Cyber Sprint, the identification of High Value Assets (HVA), accelerated PIV Implementation, and the deployment of Incident Response teams. As Acting Director, I oversee this review and the appropriate implementation of recommendations from my staff and other experts. I also regard it as important to understand the impacts of a cybersecurity incident -- like the recent breach of sensitive personal information of significant components of the Federal workforce -- and to help assess the appropriate steps that can be taken to assist those who are impacted.

<sup>1</sup> The Office of Personnel Management, Office of the Inspector General, *Federal Information Security Modernization Act Audit, FY2015*, Nov. 10, 2015.

13. What do you believe are the qualities of an effective manager?

**An effective manager is one who is committed to delivering results based on goals that are ambitious but achievable and that have been well communicated throughout an organization. Effective managers are adaptable to new ideas and facts, data driven, and work in a collaborative fashion. In addition, effective managers treat their team fairly and build a culture of collaboration and innovation, while holding everyone in an organization, including themselves, to a high standard.**

- a. How would you describe your management style?

**I would describe my management style as one that is highly collaborative and data driven. Working in a collaborative way means that I seek input from multiple sources in order to solve problems in an interactive manner. At the same time, focusing on data is vital, because it can be used both to understand the root causes of problems and to make sure we are measuring our progress against our goals. As a manager I want to understand what we are trying to achieve, how we are getting there, and focus on making progress in a systematic, disciplined way. Finally, I view myself as a hands-on manager. I enjoy interacting, learning, and benefiting from the wisdom of the individuals on the frontline, who are driving the work and impact on an organization.**

- b. What are the most important lessons you have learned about management in previous management positions you have held?

**I have learned the importance of setting clear goals and having processes to track progress against those goals. Having transparency and data to track progress and providing data and results, allows employees to see how they are doing in a concrete and objective way and empowers them to make adjustments accordingly. It is also critical to communicate clearly and frequently about these priorities in order for all involved to know what is important across the organization.**

**Finally, I have learned the importance of creating a culture of openness where individuals feel empowered to bring their best ideas and surface concerns when they see them. I have learned that it is critical to have a culture of openness because if we do not know a problem exists, we cannot fix it.**

- c. What qualities do you look for in assembling a management team?

**In assembling a management team, I look to build a set of specific technical skills and experience, combined with a shared attitude about a team-based approach to driving results. I look for team players whose individual performance is focused on collective success. I also want to have a diversity of perspectives and backgrounds because that leads to the best solutions. I also look for individuals who are willing to go above and beyond based on their passion and commitment to a shared mission.**

- d. What is your approach to delegating work and responsibilities to others?

To deliver results in a large organization, a leader needs to delegate, because no one can accomplish broad goals and scope alone. As I think about delegating, I focus on making sure that everyone is clear about what needs to be accomplished, both individually and collectively, what are the end goals we are trying to achieve, what is the timetable and the critical path to get there, and finally what do these individuals need from others in the organization to deliver results.

I have regular sessions in both one-on-one and larger group settings to understand how individuals and the team are proceeding against their goals. I support the philosophy that a leader should “trust but verify,” and so will at times go deep to understand the specifics of the situation, which enables me to gain a solid understanding of what is happening. But once I have done that, I have the confidence and the ability to delegate.

Having clear lines of authority and communications and regular reporting is the key in my mind to ensuring that when we delegate tasks to the great talent that we’ve assembled, we are going to get things done. Routine group discussions help me to determine progress and provide insights and ideas as well as help enhance the collaboration among team members and their staffs.

- e. How have you responded to underperforming individuals during your time working at OMB and now OPM?

From my time both in the private sector and government, I have learned that it is important when managing underperforming individuals first to determine the cause of the underperformance. There are circumstances where clear instruction and management can make a significant difference in performance. There are other situations where an individual may be very useful to an organization but for any number of reasons may have been placed in the wrong position, and changing that individual’s position or responsibility to find a better fit helps all concerned. And then there are circumstances where a performance action or an adverse action, up to and including removal, may be necessary.

14. What measures did you use in your previous role at OMB to determine whether your office was successful?

During my tenure at OMB, much of the work of the Management side of OMB was focused on making progress on the goals of the President’s Management Agenda. A core part of the Agenda are the six Cross-Agency Priority (CAP) Goals that aim to deliver a more effective and efficient Government. We tracked our progress on the specific goals and milestones that make up both the mission and management CAP goals using the framework set out by Government Performance and Results Act (GPRA) and provided updates quarterly on Performance.gov. I found GPRA to be an important tool for effective performance management, and I used this at OMB to track the implementation of these goals across the Administration and hold Agencies accountable for delivering on these goals.

- a. As the Director of OPM, what measures would you use to determine whether your office is successful?

**As Deputy Director for Management at OMB, I led efforts to deliver a high-performance government that provides the best value for the American people. The Administration designed a performance management approach, pulling successful practices from the public and private sector, of engaging leaders, increasing focus on goals and data-driven decision making, expanding strategic planning, strengthening collaboration, and communicating results. In accordance with this effort, OPM has set clear strategic goals for its management and its programs with measurable performance targets. If confirmed, I will continue efforts to implement performance measures to achieve priority goals such as timeliness and quality of background investigations, faster retirement case processing, maintaining healthcare quality and affordability, closing critical skills gaps in the Federal workforce, and enhancing the agency's cyber security posture.**

#### **IV. Policy Questions**

##### *Human Capital Management*

15. OPM describes its mission as “seek[ing] to recruit and hire the best talent; to train and motivate employees to achieve their greatest potential; and to constantly promote an inclusive work force defined by diverse perspectives.”<sup>2</sup> 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.
- a. 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?

**Individual agencies have authority to hire, develop and hold accountable their own workforces to carry out agency specific missions. In order to encourage sharing of best practices and drive Administration priorities in human capital and strategic workforce issues – while promoting and ensuring consistency with merit principles, OPM seeks to be a strong partner with agencies. OPM can and should continue to be a resource for innovative services for agencies in this effort, consistent with its statutory responsibilities, and based upon its expertise in these areas.**

**Additionally, OPM has statutory responsibilities to support Federal agencies by providing human resources advice and technical assistance, offering training and staffing services, and conducting oversight of agency human resources programs. Each of these functions are critical to the core mission of recruiting and retaining a high performing workforce**

<sup>2</sup> OPM.GOV, *Our Mission, Role & History, What We Do*, <https://www.opm.gov/about-us/our-mission-role-history/what-we-do/>.

consistent with principles of transparency, fairness, nondiscrimination, accountability, and capability.

- b. Please describe the general approach that you would apply for tackling strategic human capital problems in an environment of such competing roles and interests.

The Director of OPM serves as the chief advisor to the President and as the primary partner and resource to Federal agencies on Federal HR management issues. As such, OPM must always be responsive to agencies when agencies seek to address HR needs, so results can be achieved for the American people. Under my leadership, OPM will continue to reach out to stakeholders, including Federal employees, the CHCO Council, Federal employment job applicants, unions and other employee groups, advocacy and representation groups, and Congress. Working as a team with OPM's stakeholders, and guided by OPM's leadership, our goal will be to facilitate the development of a Federal workforce that best serves the American people.

- c. Do you believe that OPM has the appropriate resources to help individual agencies develop and meet their human capital goals?

OPM appreciates the appropriations it recently received in Pub. L. 114-113. Across the Federal Government, agencies are working strategically to operate within fiscal constraints while continuing to successfully execute their missions. OPM is no different in this respect. I look forward to working with the Administration and this Congress on the development of the FY2017 Budget.

- d. Given recent questions about abuses of HR programs at some agencies, including with the use of administrative leave, bonuses, relocation, conferences, travel expenses, and other issues, do you believe OPM should take a more government-wide oversight role in HR programs?

Examining the Government-wide oversight role OPM plays in the HR process is a discussion I welcome having with Congress and OPM's Administration partners.

In some areas, OPM does have a Government-wide oversight role. For instance, OPM has an oversight program to help ensure that an agency's use of human resources authorities, including delegated authority to conduct competitive examining or authority to pay recruitment, relocation, and retention incentives (the 3Rs), is in accordance with merit system principles, applicable statutory provisions, regulations, and any required plans.

In other areas, individual agencies' expertise in managing their internal affairs and ensuring compliance with applicable rules and regulations must be recognized. Further, some areas – such as relocation expenses and travel expenses – presently fall into the jurisdiction of other agencies.

16. As the Director of OPM, and as someone who held a management position at OMB, how would you work with OMB on human capital issues? Specifically, what do you believe are the respective roles of OPM and OMB with respect to human capital issues?

**OPM and OMB both play critical roles in the development and implementation of human capital policy. OPM plays a key role as the Federal Government's leader in the development of human capital strategy. OPM also has a responsibility to be a primary resource to agencies that are seeking to address human capital needs. OMB is responsible for the development of the President's policies and programs while ensuring that those policies and programs are effectuated within the realities of agency budgets. The OMB Office of Personnel and Performance Management works closely with OPM to see that agencies are implementing effective personnel policies. If confirmed, I will ensure that OPM continues to coordinate closely with OMB to advance our shared goals with respect to human capital.**

17. 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 2015 High Risk Update.<sup>3</sup>
- a. What do you believe is the biggest impediment to addressing strategic human capital and ensuring it is removed from the high-risk list?

**In the High Risk Update, GAO noted that OPM and the CHCO Council have "taken steps that show promise for identifying and addressing mission-critical skills gaps." GAO further noted that continued attention to this issue is required. I agree.**

**While we are committed to continued progress, there are several impediments that need to be overcome. Addressing challenges that have government-wide implications, like strategic human capital management, can be more difficult than agency specific ones because of the high degree of coordination required. We have engaged the CHCO Council in this effort to have a senior level forum to facilitate the needed interagency coordination and sharing of best practices.**

**A second challenge is to facilitate the continued engagement of senior agency program and functional leadership with their Human Capital counterparts to address critical skill gaps. Our approach has been to identify lead agencies which have specific expertise (e.g., Department of Treasury for economists) in each key gap area.**

**OPM will soon be issuing a proposed regulation that sets out a new Human Capital Framework that is intended to assist agencies in closing skill gaps by establishing a consistent framework to identify and address both Government-wide and agency specific needs. The process for finalizing these regulations is ongoing. If confirmed, I look forward to continuing to collaborate with GAO as we work to address this important issue.**

<sup>3</sup> GOV'T ACCOUNTABILITY OFFICE, GAO-15-290, HIGH-RISK SERIES, AN UPDATE (Feb. 2015), *available at* <http://www.gao.gov/assets/670/668415.pdf>.



- a. What, if anything, would you do differently to address GAO's recommendations in the 2015 high-risk list?

**The most critical action OPM can take with respect to GAO's recommendations is to continue our engagement with GAO, while also working with our stakeholders and Administration partners to address both Government-wide and agency-specific needs. GAO's feedback and expertise are always welcome, and OPM will continue to address GAO's recommendations.**

- 18. 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?

**OPM plays a strong role in leading data-driven collaborations to assess Government-wide occupations. OPM also works with our agency partners to help identify agency-specific skills gaps, educate about existing available tools, and develop solutions. OPM understands that addressing critical skills gaps is a complex endeavor that requires talent and tools from across the Federal government.**

- 19. What is your opinion about the present capacity of, and the need for improving, the acquisition workforce within the Federal Government?
  - a. 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)?

**Acquisition remains one of the critical skill gaps and is a priority for OPM's strategic human capital efforts. OPM has worked collaboratively with occupational leaders representing the current group of Government-wide mission critical occupations, such as Acquisition. OPM leads a quarterly Community of Practice with the occupational leaders, including Acquisition, during which the leaders discuss their accomplishments and challenges identified by the stakeholders within the respective occupational groups. We have partnered the occupational leaders with CHCOs who can advise on strategies to address key human capital areas (e.g., hiring flexibilities, recruitment, retention, and pay). I believe OPM should continue this work with OMB, including OFPP, to close this skill gap Government-wide.**

- 20. Do you support permitting Official Time use by agency employees? Is there anything you would change about current Official Time policies? Please explain.

**Current law requires agencies to grant official time for certain purposes and requires agencies to collectively bargain with unions on granting official time for other purposes. Official time allows unions to satisfy their statutory duty of fair representation for the entire bargaining unit, regardless of whether the bargaining unit employee has elected to join the union and pay union dues. There is potential for benefits to the Government**

resulting from working collaboratively with employee representatives to address workplace matters. However, to achieve such benefits, it is necessary to provide employees with time to serve as union representatives. If confirmed, I look forward to working with Congress on ideas for improving the efficiency of this or other similar programs.

21. Do you believe any changes should be made to the General Services Administration's schedules, or the HR shared services in order to leverage the government's buying power for HR services? If so, what changes would you suggest?

During my time at OMB, as part of the President's Management Agenda, the Administration studied ways to increase efficiencies by having agencies work together on support functions, including human capital and financial management. Based on that study, this past October the Administration announced that it would be scaling the implementation of shared services. This type of approach for category management has been used extensively in private industry for years. The category management initiative is focused on helping the Federal Government use its buying power across large categories of spending to increase agency effectiveness while reducing costs. As the designated category manager for the human capital category, OPM is partnering with GSA to enhance human capital contracting solutions, including the HR schedules. This innovative partnership leverages the technical strength of OPM to improve human capital management in compliance with key human capital tenets and civil service laws and regulations, and GSA's expertise with acquisition, to develop contracts that support Federal agencies in producing a world-class workforce and achieving their mission goals.

22. In a pay-for-performance system, performance bonuses are generally awarded for well-documented, superior performance. However, some have raised concerns that these performance awards have become too routine and are given to too many Senior Executive Service employees, and that the metrics used to measure performance are not always clear. Do you support extending the use of pay-for-performance in the Federal Government?
  - a. If confirmed, how will you improve the oversight of SES bonuses and standardize the metrics used in determining which employees deserve such bonuses?

With any system that adopts qualities of a pay-for-performance system, it is important to have a clear and accurate understanding of the system's strengths and weaknesses, of the challenges in finding the appropriate balance between achieving the objectives of human capital management and operating within fiscal constraints that can make it difficult to provide meaningful differentiation in pay. The latter can be very difficult in an environment undergoing fiscal challenges, as has been evident over the past several years within the operation of the SES.

In general, members of the SES are exceptionally dedicated to public service and their agencies' missions. Over the past year, I have been involved in efforts at OMB and OPM to strengthen the Senior Executive Service, improving the way the Federal Government recruits, hires, develops, retains, and provides accountability for these senior

leaders. While Congress has empowered agencies to recruit, hire, and manage their senior executives according to their own needs – including granting awards to recognize excellence in performance – OPM works closely with agencies to align awards and pay with results, and to promote rigor and consistency across agencies. OPM has strengthened performance evaluation requirements in the SES in order to include consideration of misconduct in assessing SES member performance (when the misconduct has a nexus to performance) and to hold SES members accountable in their performance plans for their responsibility to engage with their employees. If confirmed, I will continue to build on the Administration's efforts to work with agencies to improve SES performance and accountability, and evaluation, including meaningful distinctions in performance and differentiation and alignment of pay.

23. A recent GAO report found that from fiscal year 2011 through fiscal year 2013, 263 employees in the Federal government charged between 1 and 3 years of paid administrative leave, with an estimated salary cost of \$31 million. The report also found that agencies need guidance on what activities should be counted for administrative leave.<sup>4</sup> Do you agree that agency use of administrative leave is a problem that should be addressed?

Administrative leave is an authorized absence from duty without loss of pay or charge to leave. It is not an entitlement, and agencies are not required to grant it. As you may know, OPM does not have regulatory authority over administrative leave. The Comptroller General has issued many decisions acknowledging that heads of Executive agencies have broad authority to manage their organizations, including the authority to grant administrative leave, unless prohibited by law. As such, agencies have the inherent authority to determine the circumstances in which to provide administrative leave to their employees. However, OPM strongly cautions agencies to use administrative leave very judiciously and to provide it only on very rare occasions. If confirmed, I will work to make sure OPM effectively communicates the appropriate use of administrative leave to agencies.

- a. What do you believe are appropriate uses for administrative leave, and how long should it be used for?

I agree with OPM's current guidance. OPM advises that agencies should grant excused absence only when the employee's absence, in the agency's determination, is not specifically prohibited by law and satisfies one or more of the following criteria: (1) the absence is directly related to the agency's mission; (2) the absence is determined to be in the interest of the agency or the Federal Government; (3) the absence is requested or recommended by the President; (4) the absence will clearly enhance the professional development or skills of the employee in his or her current position; or (5) the absence is approved for other reasons as determined by the head of the agency.

<sup>4</sup> GOV'T ACCOUNTABILITY OFFICE, GAO-15-79, FEDERAL PAID ADMINISTRATIVE LEAVE: ADDITIONAL GUIDANCE NEEDED TO IMPROVE OPM DATA (Oct. 2014), available at <http://www.gao.gov/assets/670/666566.pdf>.

- b. Do you believe OPM should provide clearer guidance on what should be counted as administrative leave?

**Yes. And if confirmed, I will work to make sure that OPM communicates the appropriate use of administrative leave to agencies.**

- c. Do you believe paid administrative leave during an investigation into employee misconduct should be used only as a last resort if the employee is a threat in the workplace?

**Administrative leave is generally a tool of last resort. Agencies are encouraged to make maximum use of existing Federal human resources policies, such as assigning the employee to duties or a worksite where he or she is no longer a threat, or to allow the employee to take leave, whether it be paid leave or leave without pay.**

- 24. Another recent GAO report found that agencies are not properly utilizing the probationary period to make performance-related decisions about the employee.<sup>5</sup>
  - a. Do you believe the probationary period for new employees and new management/supervisors should be extended? Please explain.

**The employee probationary period is the introductory period of employment that allows the employee and agency to determine if the employee is suited for the job. During this period, employees may typically be terminated with appeal rights only in certain limited situations. Generally, the probationary period for most employees is the first 12 months of service in their initial appointment. However, the length of the probationary period for new supervisors and managers is determined by the head of each agency, pursuant to OPM regulations, and provided that it is of reasonable duration, appropriate to the position, and uniformly applied. During this period, a supervisor or manager may be re-assigned or demoted to a non-supervisory position for reasons of performance with limited or no appeal rights. The question of the appropriate probationary period for new employees or for supervisors is something I am interested in discussing further with Congress and other stakeholders.**

- b. Do you believe OPM could do more to ensure all agencies use computerized notice to remind them when an employee's probationary period is ending?

**The existing HR systems with all of the Shared Service Centers currently contain a functionality to automatically notify supervisors of the end of an individual's probationary period for appropriate action. Ultimately, each agency decides whether to use this functionality. OPM, through the CHCO Council, can educate agencies on the availability of this functionality and work with the agencies to assist in their development of effective**

<sup>5</sup> GOV'T ACCOUNTABILITY OFFICE, GAO-15-191, IMPROVED SUPERVISION AND BETTER USE OF PROBATIONARY PERIODS ARE NEEDED TO ADDRESS SUBSTANDARD EMPLOYEE PERFORMANCE (Feb. 2015), *available at* <http://gao.gov/assets/670/668339.pdf>.

approaches to manage the probationary period. Each agency can then independently assess whether it finds the use of this functionality beneficial in their specific situation as well as exploring what other mechanisms could enhance their management of employees in the probationary period.

- c. Do you think managers should be required to determine whether an employee has demonstrated successful performance and conduct prior to the end of the probationary period?

Pursuant to OPM regulations, managers should be assessing the fitness of an appointee throughout the probationary year and should terminate the appointee if he or she fails to fully demonstrate his or her qualifications for the position during that period. And managers' supervisors should be incorporating this obligation into their performance programs. A manager may terminate an individual at any point during the period, and should not wait until the end if it is clear the individual will not be successful in the position. Beyond that regulatory requirement, I do not think it would be appropriate to impose a requirement to make some more formal determination, as that might detract from the flexibility from which the agency is intended to benefit during the full length of the probationary period.

- 25. There have been many proposals for improving the Federal Employees Health Benefits Program (FEHBP).
  - a. What do you believe are the top legislative or administrative changes that should be made?

In order for the FEHBP to continue to provide high-quality, comprehensive benefits at an affordable cost, the focus should be on continuing to build OPM's capacity to measure the performance of health plans in key areas such as quality, customer service, and cost control. This will help OPM to more effectively manage contracts with insurance carriers, to expand choice for enrollees, and obtain the best value of benefits. Additionally, improving the depth and quality of health plan information shared with enrollees through plan comparison aids will facilitate the optimal choice of health plans during Open Season and the rest of the year.

Pharmacy benefits is an area where administrative and legislative actions could improve cost management, including working with carriers to adopt best practices in management of medication utilization and adherence, and making statutory changes to OPM's contracting authorities.

- b. 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. Do you believe this should be expanded? If so, please explain what type of changes you believe should occur and what you plan to do as Director of OPM to implement them.

During the past five years, the FEHBP has experienced an unprecedented period of low premium growth, which is reflective of the vitality of the FEHBP market. Yet, there are a number of updates to this 55-year-old program that could improve competition among plans, including risk adjustment, expansion of eligible plan types, adjustments to the government contribution formula, and the geographic basis for price setting. However, each of these updates interacts with the other; therefore, it is important to consider these interactive effects in developing a comprehensive and enduring approach. If confirmed, I will review the need for these proposals, and others, so that the program more accurately reflects the modern day insurance market and needs of the insured population.

26. 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. What priorities or initiatives would you plan to focus on in this role?

My top priority as chair of the CHCO Council would be to assist agencies in closing mission critical skills gaps. OPM has already helped agencies use a data-driven approach and a qualitative review process to identify Government-wide and agency-specific mission critical occupations with the greatest likelihood of experiencing skills gaps. By using data and other insights gathered from our partners on the CHCO Council, we can address the root causes of current skills gaps and anticipate challenges in rapidly developing areas like cyber and Science, Technology, Engineering, and Math (STEM) that are broader than a single occupation. Under my leadership, the CHCO Council would place a particular focus on the HR skill gap because it is so critical to achieving hiring excellence to address skills gaps in other areas. The CHCO Council would also continue to review key HR data to benchmark the cost and effectiveness of the HR services provided and explore the most effective service delivery models. If confirmed, I look forward to continuing progress on these important issues.

*Recruitment, Retention, and Training*

27. What are your views with respect to the current hiring process within the Federal Government, and what improvements would you recommend?

Throughout this Administration, much work has been done to streamline the Federal hiring process. OPM has worked with agencies in order to identify solutions to specific challenges agencies may be facing. OPM has rolled out the Recruitment, Engagement, Diversity and Inclusion (REDI) Roadmap, which is driven by demographic data in order to encourage diversity in hiring. OPM has also been proud to partner with the Administration in support of the President's Management Agenda. A cornerstone of the President's Management Agenda is a commitment to building the workforce America needs for tomorrow to drive greater effectiveness and efficiency within government.

That said, Federal hiring has opportunities to improve. I believe OPM should continue to work with agencies to help them use the competitive process effectively and enhance awareness of the tools available to them in special circumstances. Additionally, OPM should continue to help agencies identify the challenges in the Federal hiring process and help them to meet those challenges and modernize the Federal hiring experience for both applicants and hiring managers.

28. The Partnership for Public Service, along with Booz Allen Hamilton, in 2014 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?

I agree that finding innovative ways to attract and hire diverse, top-quality STEM talent must be a priority for OPM and the entire Federal Government. This includes helping hiring managers target STEM-job applicants, track trends, and understand the needs of both the existing Federal STEM workforce and those who are seeking to enter the Federal STEM workforce. In working together with agency partners through forums like the CHCO Council, while also working with colleges, universities, and community colleges to reach communities of talent, OPM can help address challenges in shaping the Federal STEM workforce.

29. We have heard some concerns that hiring managers across the federal government are not receiving applications from qualified candidates for various positions. Some have suggested that part of the reason for this is the extensive pre-vetting process for resumes by OPM and by HR at the various agencies. What do you see as OPM’s role in helping to streamline this process and ensure the resumes of qualified candidates are given to hiring managers?

The pre-vetting process of applications for positions is handled at each individual agency (and OPM, just like other agencies, is responsible for pre-vetting resumes for its own candidates). OPM encourages agencies to examine their processes when facing difficulties in recruiting ideal candidates. Under my leadership, if confirmed, OPM will work through the CHCO Council to improve the awareness of all parties in the hiring process about best practices for a successful competitive hiring process, current hiring flexibilities, and the importance of collaboration between agency HR specialists and hiring managers, so job announcements and assessment strategies accurately capture the skills necessary to be successful. OPM also recognizes that one of the challenges facing Federal agencies is how to recruit and attract well-qualified individuals by meeting applicants’ expectations for user-friendly application procedures, clear communication of the job requirements, and providing easy to understand information about the hiring process. OPM is working on solutions and initiatives through the President’s Management Agenda to help agencies

continue to recruit and get the right talent in front of hiring managers, and has identified the use of appropriate assessments as one area that needs improvement.

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?

**OPM and other agencies are acutely aware of the challenges faced by the transition from those who are retirement-eligible to current employees and the new employees who will be recruited and hired in the coming years. Helping agencies manage this transition in the workforce is core to OPM's function.**

To this end, OPM collects data and publishes reports on a number of topics, which contain valuable information regarding the Federal workforce. Through OPM's collection of this data and our communication with agencies both through formal channels (i.e., the CHCO Council), and through informal channels (i.e., through OPM's Strategic and Workforce Planning and SES offices), OPM helps agencies understand their present workforce composition and emerging needs. OPM encourages agencies to recruit from all segments of society including colleges and graduate schools as well as employees in the middle or near the end of their careers, in order to promote continuity and appropriate skill levels at all levels of Government. OPM is able to offer agency-specific recommendations to allow agencies to incorporate strategies to develop their workforce, which can also include a succession risk assessment and succession planning strategies. OPM also provides support through tools and guidance to inform agency workforce and succession management plans.

31. 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.<sup>6</sup> If an agency claims an urgent need, however, it can hire an individual with both a full salary and a full pension.<sup>7</sup>
- a. In your opinion, what should constitute an "urgent need"?

**OPM's authority relates to waivers of salary offsets. By statute, OPM may grant a waiver of the salary offset requirement, on a case by case basis, when there is exceptional difficulty in recruiting or retaining a qualified employee or when it is necessary due to an emergency involving a direct threat to life or property or other unusual circumstance. By regulation, OPM has already defined both what constitutes an "emergency hiring need" and what constitutes "other unusual circumstances." OPM has also explained under what circumstances it will find severe recruiting difficulty or an urgent need to retain.**

**Examples of an emergency hiring need would include responses to a military threat,**

<sup>6</sup> 5 U.S.C. §§ 8344 and 8468.

<sup>7</sup> For more information, see OPM Questions and Answers, "Reemployment of Civilian Retirees to Meet Exceptional Employment Needs," <http://www.opm.gov/staffingportal/reemployment.pdf>.



natural disaster, or other unforeseen occurrences.

**OPM's regulations appear to have worked well to afford agencies this flexibility where it is truly needed. In each instance, the burden is on the agency to make the case for the granting of the dual compensation reduction waiver.**

- b. Do you believe the number of waivers currently being granted is appropriate?

**It is my understanding that OPM staff examines requests received for salary offset waivers very carefully to ensure that they are only granted if appropriate.**

- c. 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?

**Agencies are ultimately responsible for examining their budgets and ensuring they will be able to sustain the costs involved with re-employing an annuitant. Agencies are not required to make a budget case to OPM regarding the waiver and OPM's involvement in the decision is limited to determining whether the case for a waiver of the salary offset has been made.**

**OPM does, however, engage agencies on both the individual level and on the Government-wide level in long-term strategic planning and encourages agencies to engage in succession planning as a long-term workforce solution, rather than relying too heavily on re-employing annuitants, which ultimately defers the need to develop existing talent or hire new talent to fill the position.**

- 32. Agencies often ask Congress to pass legislation giving it hiring flexibilities that could have been granted via an OPM waiver request.

- a. How do you believe OPM can work with agencies to more effectively use the already established authorities?

**OPM provides extensive materials on the process on its website and conducts outreach to agencies through available channels to educate agencies about the solutions available to them. If agencies are not finding suitable candidates, OPM encourages agencies to examine the solution they are seeking and to ask if the solution could be addressed via alternative means the agency may already have – this could include re-starting the hiring process with broader outreach and a more effective assessment tool, the temporary use of re-employed annuitants, increased training of existing employees, and using Intergovernmental Personnel Act authorities.**

- b. Do you have any concerns with the varying agency authorities created by individual, legislative carve-outs?

OPM has general concerns about granting agency authorities created by individual, legislative carve-outs. OPM's concerns typically center on ensuring consistency across Federal hiring systems and maintaining equitable treatment in hiring among agencies. OPM seeks to protect the openness and transparency of the hiring process among agencies and discourages disparate treatment among similarly situated applicants who apply at different agencies.

33. Telework has become an increasingly-used tool at Federal agencies.

a. What do you believe are the advantages and disadvantages of telework?

Agencies use telework as a recruitment and retention tool, to promote employee engagement, and as a tool for emergency preparedness and agency efficiency. According to the Federal Employee Viewpoint Survey, individuals who are given the choice to telework consistently have higher engagement scores, higher job satisfaction and are more likely to recommend their organizations as good places to work, and 78 percent of Federal employees are satisfied with the telework program at their agency. Agencies have reported using telework to achieve a range of goals, including continuity of operations during emergencies, recruitment and retention of skilled employees, improved performance, reduced real estate costs, and reduced energy use. As noted in the 2014 Status of Telework in the Federal Government Report to Congress, although barriers such as management resistance and tight budgets still present challenges, agencies are using creative strategies to improve the implementation of telework programs.

b. Would you propose any changes to current telework practice across OPM in particular, and Federal agencies generally?

**Agencies are continuing to develop and advance telework programs. If confirmed, I will be available to assist with providing guidance to agencies in this area.**

34. An important factor affecting the Federal Government's cybersecurity and information security is employee's practices and compliance with cybersecurity rules and procedures.

a. What do you believe are the keys to ensuring that Federal employees—both at OPM and across the government—comply with cybersecurity rules and procedures?

**The key to compliance by Federal employees with cybersecurity rules and procedures is to offer sufficient training and educational resources so they understand their responsibility for protecting sensitive information. Federal employees are required to complete cybersecurity awareness training on an annual basis. Each Federal agency is required to report on the completion of this training as part of its OMB reporting. The requirement to complete this training must be adequately communicated to employees by supervisors. OPM, and other agencies, are working with OMB to better coordinate cybersecurity efforts Government-wide.**

- b. What is your view about the current training provided to Federal employees related to cybersecurity and information security rules and practices?

**The nature of cyber risks will continue to change and evolve, and the training provided to Federal employees must promote the latest strategies available to address these risks. Each year, OPM will refresh its cybersecurity awareness training for its employees and contractors handling sensitive information so that every individual is prepared to do his or her part to protect the agency's sensitive data. One way I am improving the OPM workforce's awareness is by providing shorter, focused training segments more frequently, and using different mediums for delivering the training, such as in-person and on-line.**

*Accountability and Oversight*

35. What role do you think the OPM Director should play in identifying, preventing and recovering improper payments in OPM's programs?

**Reducing improper payments across the Federal government was a key priority for me in my role at OMB, and I am committed to identifying and stopping improper payments within OPM. Today, improper payments make up a small fraction of the overall payments made by OPM, but there are steps we can take to further limit improper payments. To help recapture improper payments, OPM has requested debtor information from the financial institution, and sent letters to the financial institution and to the last withdrawer or joint account holder listed on the back of the reclamation, to request the return of funds to OPM. These efforts reduced the balance of improper payments for deceased annuitants from \$102.9 million in FY2011 to \$78.8 million in FY2015 (a 23 percent reduction), and increased the number of reclamation cases referred to the Treasury to 79 percent for 2015. If confirmed as Director, I would help continue these efforts.**

36. Do you see a role for the OPM Director in coordinating with other federal agencies to curb improper payments, such as for federal employee payroll?

**Reducing improper payments remains an ongoing effort. I am very open to working with other Federal agencies, through the CHCO Council, to coordinate lessons learned as best practices for reducing these improper payments. If confirmed as Director, I would also work with the OPM OIG to identify further strategies to reduce improper payments.**

37. 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.

**OPM administers critical programs including helping agencies create and maintain the workforce needed to meet their missions, providing quality and affordable health insurance, overseeing a program to assess the suitability of appointees to the competitive service, and facilitating the protection of national security through investigating the backgrounds of individuals who are being considered for access to classified information. Accountability is essential to ensure that the programs operate appropriately and are as**

credible as possible. If confirmed, I will continue the efforts at OPM to advance the use of evidence-based decision-making so that program and policy decisions are driven by reliable information and data. If confirmed, I will also continue efforts underway to work closely with the OIG and Congress to facilitate their oversight of OPM operations.

38. Please briefly describe any experience you have had at OMB or OPM with that agency's inspector general.
- a. If confirmed, how do you plan to maintain a positive working relationship with the inspector general?

I respect and support the role of the Inspector General to help improve the efficiency and effectiveness of OPM's programs. Since becoming Acting Director, I have met regularly with the Inspector General (we do so now on a bi-weekly basis), and I have directed staff to hold regular and frequent meetings with the IG's staff, particularly on critical efforts such as information security and key agency acquisitions. I am committed to maintaining open communication with the IG in order to address challenges as they arise and to promote accountability. In addition, during my tenure at OMB, I worked with the Council of the Inspectors General on Integrity and Efficiency which gave me an understanding of the various issues where IGs provide insight to agency operations and ways agencies can benefit from these insights.

39. Inspectors general from time to time make recommendations to the agency as a part of their report, audit, or investigation. If confirmed, do you commit to ensuring that all such recommendations are reviewed, responded to, if necessary, and, unless the agency justifies its disagreements with the recommendations, implemented to the fullest extent possible within a reasonable time period?

I do.

40. Protecting whistleblower confidentiality is of the utmost importance to this Committee as whistleblowers provide an invaluable service to rooting out waste, fraud, and abuse within the Federal Government.
- a. In your previous role at OMB, and then in your acting role at OPM, how did you address whistleblower complaints? What steps did you take to ensure those individuals did not face retaliation and that their claims were thoroughly investigated?

OPM's intranet site "THEO" contains easily-retrieved information on whistleblower protection, and OPM's policy to protect an employee's whistleblower rights and protections, including confidentiality. The site specifically states that OPM:

**"fully supports Federal law prohibiting any employee who has authority to take personnel actions from discriminating for or against any employee or applicant for employment on the basis of conduct that does not adversely affect job performance. Consistent with the law**

and agency objective, it is the policy of OPM to protect the rights of employees and applicants for employment by prohibiting inquiries into, or actions based on non-job-related status, including: marital status; political affiliation; whistleblower status; sexual orientation; and parental status.”

It also advises employees of various means for seeking redress of complaints relating to whistleblowing, including contacting OPM’s Center for Human Capital Management Services, filing a grievance under an applicable collective bargaining agreement, filing an appeal with the Merit Systems Protection Board, or filing a complaint with the U.S. Office of Special Counsel.

The OPM internet website ([www.opm.gov](http://www.opm.gov)) links to the website of the OPM Office of Inspector General, which provides additional details about whistleblower rights and protections, and describes the availability of the OPM OIG Hotline for communicating complaints. The OMB website also provides information about whistleblower protections, including the "Notification and Federal Employee Antidiscrimination and Retaliation Act of 2002," and antidiscrimination laws, and contains links to further information from the Office of Special Counsel and Equal Employment Opportunity Commission.

- b. How do you plan to work with the OPM OIG and other components to implement policy within the agency to encourage employees to bring constructive suggestions forward without the fear of reprisal?

**As Acting Director of OPM, I have an open door policy for employees. I also encourage employees to e-mail me personally with any constructive suggestions. I endeavor to be as accessible as possible to the OPM workforce and I will continue this policy if confirmed as Director. Protecting whistleblower confidentiality is important, and I am happy to discuss with the OIG as part of our regular meetings other ways to encourage employees to report fraud, waste, and abuse.**

- c. Do you commit without reservation to work to ensure that any whistleblower within OPM does not face retaliation?

**Yes.**

- d. Do you commit without reservation to take all appropriate action if notified about potential whistleblower retaliation?

**Yes, by communicating to my managers their obligation to pursue or take appropriate action through the normal agency procedures.**

- 41. In 2014, OPM issued final regulations related to changes to the Combined Federal Campaign (CFC). Among other changes, the rules would shift control of the program away from local federal employee committees to OPM; require all pledging and

donation to be submitted online; and require a nonrefundable, upfront fee to participate. Recently, OPM announced it would delay implementation of the new rules until the 2017 CFC campaign.

- a. Many have voiced concerns that the restructuring of the CFC to centralize administrative efforts in a Central Campaign Administrators (CCA) office will worsen the trend of donor participation. Given your experience with charitable organizations, what are your thoughts about how the new rules would affect the declining CFC participation rates? How do you believe the new rules would affect the local aspect of the CFC that so many participants seem to appreciate?

**I have long been involved with the philanthropic community, and am excited to work with our CFC partners to continue to strengthen the program and continue to benefit from the enduring generosity of our Federal workforce. I believe the new rules make it easier for charities to participate by streamlining the application process. I also believe the new rules will increase CFC participation rates by making it easier for individuals to donate to their charity of choice – including the pivotal online charity application and donor pledging systems. The new regulations call for eliminating redundant campaign administration and financial functions by consolidating them into one or more Central Campaign Administrators (CCA) and through the development of a new CFC IT system. Local ownership of campaigns still resides with the Local Federal Coordinating Committees (LFCCs) - their responsibilities are simplified to focus on campaign promotion and employee engagement, such as reviewing charity applications and finding outreach coordinators at the local level.**

- b. Approximately 80 percent of pledges and 10 percent of gifts are currently made on paper forms, many of which are by military members. Has OPM assessed the likely impact of a move to online pledges and gifts?

**Yes, we have. Increasingly, employees (civilian and military personnel) have requested that more CFC campaign zones offer an online giving option. Despite OPM's best efforts, only 90 of 151 (less than 60 percent) campaign zones in 2014 offered their employees the option to give online. In fact, according to our research, in 2014 the states of North and South Dakota had over 19,000 Federal and military personnel there who were solicited to give through the CFC. However, none of them were offered a chance to give online. They were only offered the option to give by completing a paper pledge form. Although less than 60 percent of campaigns offered this option, 50 percent (over \$90 million) of all dollars pledged in 2014 were pledged electronically. In 2013 that figure was 30 percent (approximately \$63 million). Online giving is the fastest growing method of giving in the CFC program. The new rules will give all employees the option to give online. This trend represents our ability to address customer demand while allowing for a reduction in campaign costs.**

- c. How does OPM plan to ensure that individuals who do not have access to computers are not left out?

There will be several opportunities for individuals without access to a computer to donate to their favorite CFC charities. Outreach Coordinators will be responsible for assisting the LFCCs in continuing to provide expertise in employee engagement and a local touch to the campaign. Checks will still be accepted and processed electronically. Paper Charity Lists and pledge forms will be made available for the first five campaign periods after the new rule is implemented. And Federal payroll offices will disburse and provide detailed reports to the Central Campaign Administrators that will distribute funds to the charities designated by CFC donors.

- d. Despite requests, our Committee has not received any information about the fee OPM plans to charge for charities to participate in CFC. What is the fee OPM plans to charge, how was it determined, and how will it be administered? Specifically, will it be adjusted based on the size and funding of the charity?

**OPM has recently completed the procurement process which will consolidate the cash receipt and disbursement process as well as other administrative processes that are redundant throughout the CFC program. This consolidation will reduce the cost of administering the campaign and thus the cost to charities.**

- e. If you cannot answer questions about the fee structure at this time, will you commit to providing this information to our Committee and working with the Committee to address concerns before the rules take effect?

**Yes, we will provide the information when it is available.**

42. The Federal Information Security Modernization Act of 2014 (FISMA) requires that agencies “ensure that all personnel are held accountable for complying with the agency-wide information security program” mandated by FISMA.<sup>8</sup> What is OPM’s role or responsibility to assist agencies with complying with this provision?

**It is up to each individual agency to comply with FISMA requirements, working with the Office of Management and Budget. With that said, OPM has learned a great deal over the past two years as a result of the cyber incidents that were identified in the spring of 2015. We have openly shared these lessons learned in an effort to help OMB formulate better cybersecurity requirements and to assist other agencies in their own preparedness and compliance efforts.**

*Automation Efforts/Privacy/Security*

43. OPM administers retirement benefits for Federal employees, but 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, and a paper-based system makes it difficult to conduct data-analytics and detect programmatic fraud. Are

<sup>8</sup> Pub. L. No. 113-283, 113th Congress.

you concerned about OPM's system for handling retirement benefits? If so, what would you do to address it?

**OPM's Retirement Services (RS) Strategic IT Vision is to transition the Retirement Program from a paper-based to a paperless system. To implement this vision, RS has partnered with the Office of the Chief Information Officer (OCIO) to develop the Retirement Data Repository (RDR), a centralized repository of data that captures, validates and maintains information relative to an employee's career that impact benefit calculations and the Retirement Data Viewer (RDV) to view and interact with the data resident in the RDR. We are also acquiring contractor services to configure OPM's recently acquired Enterprise Case Management System (ECMS), eCase to replace our existing case management system, the Document Case Control System (DCCS), integrate and interface with RS legacy systems and provide workflow capability to manage the paperless business process. I am confident that this progress will continue.**

44. 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?

**While USAJOBS has come a long way, there is still more work to be done. Applicants often tell us they find the Federal application process confusing and complex. Of course, some of this complexity is a function of the underlying requirements to run a process governed by merit systems principles and meet other statutory obligations, such as the recognition of veterans' preference. In response to these criticisms, however, OPM is continually looking to improve the Federal hiring process, including the user's experience with USAJOBS. The goal has been to deliver a website that is thoughtfully crafted, personalized, and builds user trust when searching and applying for Federal opportunities.**

**USAJOBS is identifying ways to harness the power of data collected to inform the applicants' and agencies' experiences. In addition, USAJOBS is identifying ways to leverage social media, affinity groups and colleges and universities to create a recruitment network to find talent.**

45. OPM's Federal Investigative Services (FIS) is responsible for conducting background checks for security clearances for most Federal employees and contractors. In recent years, high-profile inside threat cases have raised concerns about the adequacy of the background check process, as have fraud allegations brought by the Department of Justice against USIS, which was OPM's largest contractor for background investigation services until its contracts were terminated last year. In addition, over the years the clearance process has sometimes been criticized as too lengthy – a problem that OPM had made progress addressing before the problems caused by the USIS scandal. What role do you think OPM can play in ensuring the process is both thorough and timely? As OPM Director, how would you approach this issue?



FIS conducts a thorough quality assessment of its investigative products. OPM investigators conduct investigations in accordance with established investigative standards, and OPM has a multi-layered review process to ensure that its investigations make all reasonable attempts to satisfy those standards.

Timeliness is also important, and the demand for background investigations has increased in recent years. In response to this increased demand, OPM is working to expand both its Federal employee and contractor background investigator workforce. The process of vetting, hiring, and training new Federal employees and contractors does take time, and OPM is hoping to complete this process as quickly as possible.

OPM is also continuing to work with its partners on the Performance Accountability Council which includes OMB, the Department of Defense and the Office of the Director of National Intelligence to review our collective responsibilities and to facilitate effective coordination of efforts.

46. In recent years, certain Federal agencies, including OPM, have experienced data breaches or had personally identifiable information compromised. In the two breaches involving OPM identified earlier this year, cyber adversaries stole personal data on 22.1 million current, former, and prospective Federal employees (and their spouses and co-habitants). As the Director of OPM you would be responsible for human resources in the Federal Government, including protecting employees from future breaches and mitigating the effects of past breaches.
  - a. What is your view of this trend towards increased cyber theft of data from Federal employees? How do you think the Federal Government can best respond to this cyber threat?

Like many others, I am concerned about the threat of cyber theft from Federal agencies and private companies. As everyone is aware, cyber threats are only growing and becoming more sophisticated. Further, the reality is that more and more data is becoming available in an electronic form. The Federal Government is taking aggressive action to continually strengthen its cyber defenses through a variety of efforts, including those led by the Federal Chief Information Officer. All agencies recently completed a 30-day cybersecurity sprint, taking steps to further protect information and assets and improve the resilience of Federal networks. Through this type of focused activity and sharing of lessons learned, ideas, and best practices across the Federal government, we all learn and strengthen our posture.

- b. As Director of OPM, what specific steps would you take to address Federal privacy laws and security requirements concerning OPM's records and information systems?

As Acting Director of OPM I have taken several steps to address Federal privacy laws and security requirements and, going forward, if confirmed, I plan to take the following additional steps:

1. Hire a full time Privacy Officer as a member of my direct staff

2. Implement a focused cybersecurity training initiative to enhance the skills within the office of the Chief Information Security Officer, and then across the remaining elements of the Office of the Chief Information Officer
  3. Conduct reviews of our High Value Asset systems as defined by OMB to assess current risk as it pertains to both privacy and other cyber risk
  4. Based upon the risks, review what can be accomplished to mitigate the identified risks in an optimal manner and within the financial constraints in which we operate
  5. Raise awareness and champion for additional funding prioritization to address any outstanding risks
  6. Continue to work across agencies, particularly with OMB and DHS, on means to leverage best practices and make impactful change without the need to recreate solutions or make unnecessary investments
47. In its 2015 audit of OPM's FISMA compliance, the Office of Inspector General identified many areas where OPM's information security management is not meeting FISMA standards, such as:
- "Up to 23 major OPM information systems are operating without a valid Authorization."
  - "OPM does not have a mature continuous monitoring program. Also, security controls for all OPM systems are not adequately tested in accordance with OPM policy."
  - A lack of evidence that OPM has a mature scanning program.
  - Many OPM employees with "significant information security responsibility have not taken specialized security training in accordance with OPM policy."
  - "Multi-factor authentication is not required to access OPM systems in accordance with OMB memorandum M-11-11."<sup>9</sup>

The Inspector General's report includes the following warning about the current steps that are being taken by OPM following the 2015 breach:

*"Of particular concern in this year's FISMA audit results is the overall lack of compliance that seems to permeate the agency's IT security program. For example, OPM's decision to put system Security Assessment and Authorizations on hold until applications are migrated into the Shell is an extremely poor decision, and makes it likely that the IT security controls of OPM's systems will remain neglected during the time that it takes to move the systems to the new environment (probably many years – see section B below). Combined with the inadequacy and non-compliance of OPM's continuous monitoring program, we are very concerned that the agency's systems will not be protected against another attack."*<sup>10</sup>

- a. Please respond to the OIG's findings and this statement.

<sup>9</sup> The Office of Personnel Management, Office of the Inspector General, *Federal Information Security Modernization Act Audit, FY2015*, Nov. 10, 2015.

<sup>10</sup> *Id.*

Since my arrival at OPM, cybersecurity has been my top priority. If confirmed, it will continue to be at the top of my priority list. I take the OIG's findings seriously and we are addressing them.

For example, OPM has taken a number of steps to implement real-time monitoring of its IT systems, including systems whose authorities to operate were extended by the authorizing official. After considering the relevant OMB policies and consulting with the OPM Office of General Counsel, among others, OPM has decided to update the status of those systems that are operating under extended authorizations. Formal reauthorizations will be issued to those systems as needed. Further, I support and appreciate the role the Inspector General plays in providing OPM an independent assessment of our operations which help guide our improvements to enhance our cybersecurity as well as other information technology throughout the agency. During my time as Acting Director, I have met regularly with the Inspector General and I have directed staff to hold regular and frequent meetings with the IG's staff, particularly on critical efforts such information security and key agency acquisitions. I am committed to maintaining open communication with the IG in order to address challenges as they arise and to promote accountability.

- b. What policies, procedures, or management practices would you establish at OPM to ensure that OPM's information systems are secure? In particular, please address how OPM will support and protect its current IT systems during the migration process.

Working with the OCIO team and the recommendations of OIG, DHS, US CERT, NIST, OMB, and other inter-agency partners, we are committed to putting in place policies and practices that will prevent, detect, respond, and eradicate threats to our system. Updated security authorization procedures and a new continuous monitoring strategy have been implemented and will continue to be enhanced.

These new policies, procedures, and management practices will closely align security and development processes to secure systems throughout their life cycle. All systems migrating to the new infrastructure will follow these processes, including the assessment and authorization of the system as a part of the migration. The OPM Cybersecurity program will be restructured and additional resources will be dedicated to facilitate compliance with these policies and procedures.

- c. The OIG report indicates that 21 of the 27 recommendations that are in the report are at least one year old. What steps will you take to address the OIG's recommendations?

Addressing the OIG's recommendations on this and other issues is a top priority for me. If confirmed, I look forward to continued discussions with the OIG to help us work toward effective remediation of their findings. OPM tracks these recommendations in our dashboards to facilitate the aggressive pursuit of remediations, and we will continue to provide updates regularly to the OIG. OPM has closed approximately 78 percent of the recommendations for the FY 2007 through FY 2014 OIG FISMA Audits, as well as OIG system audits. And just last year OPM closed an additional 35 findings. We believe this

**progress during the past year demonstrates that OPM takes the recommendations seriously and is focused on protecting its data and IT systems.**

- d. The OIG found that OPM struggles to accurately inventory its systems. How will this change under your tenure?

**I concur with the OIG that having a comprehensive, accurate and up to date systems inventory is a critical priority. Within the past 6 months, OPM has implemented a number of tools that scan the network to identify databases, and hardware and software. We have also implemented tools that prevent access by unknown devices and devices without the proper configuration. It is my understanding that these tools now scan the entire OPM network and our security engineers address any anomaly reports very quickly.**

- 48. In an OIG memorandum on December 2, 2015, the OIG identified “significant deficiencies” in OPM’s contracting process in hiring Winvale and CSIdentity for credit monitoring and identity theft protection services. Additionally, in a June 2015 OIG Flash Audit, the OIG reported concerns about OPM entering a sole-source contract with Imperatis to manage all phases of the IT modernization project.
  - a. During your tenure, will you continue to consider entering into sole-source contracts to complete work quickly, or will you advocate for a more deliberative process of contractor selection?

**Federal law and regulations require, with certain limited exceptions, that agencies promote and provide for full and open competition in soliciting offers and awarding government contracts through use of appropriate competitive procedures. As much as possible, I will seek to use competitive procedures in order to obtain the best value for the government while giving the largest number of potential contractors an opportunity to bid on the work. However, Federal procurement law also recognizes that in certain circumstances fully open competition is neither feasible nor appropriate, such as when there is an unusual and compelling urgency, and provides a framework for making procurements with limited competition. I will seek to avoid limits on competition as much as possible and strictly adhere to the law when limiting competition.**

- b. When OPM has a legitimate need to move quickly and enter a sole-source contract, how will you ensure that the scope of the contract is narrowly tailored to encompass only the portions of a project that necessitate expedited contracting and performance?

**Under my leadership, OPM has recently reorganized its contracting responsibilities under the Office of Procurement Operations (OPO), which reports directly to me. We have also hired additional contract specialists to review existing contracts and improve our future solicitations. Improved contract management will be a significant focus for me if confirmed as Director.**

- c. OPM has faced challenges with contractor performance after entering sole-source contracts. What steps will you take to ensure that when OPM enters a sole-source

contract, in the absence of thorough contractor vetting, OPM conducts additional oversight of that contract's performance?

**Please see above.**

49. The OIG reported that OPM's management of system authorizations is a longstanding problem, identified in the FY2014 FISMA audit, which "deteriorated even further" in FY2015. The OIG explained that the agency has granted authorizations for all previously expired authorizations through September 2016. This means that "the agency will have up to 23 systems that have not been subject to a thorough security controls assessment" if the moratorium continues through FY2016, which appears to be the case.<sup>11</sup> Will you change this policy to ensure that all of OPM's systems are assessed for their security?

- a. Will you ensure that OPM meets all mandates from the Office of Management and Budget's Circular A-130?

**If confirmed, I commit to working to see that OPM meets all applicable requirements.**

- b. Will you ensure that OPM's systems are routinely scanned for information security weaknesses?

**If confirmed, I commit to working to see that OPM's systems are routinely scanned for information security weaknesses. The Computer Information Security Office updated the process of tracking vulnerabilities identified from network scans. The process has been implemented and is undergoing testing to ensure it works properly.**

- c. How will you ensure that OPM's contractors comply with FISMA and OMB policies regarding information security?

**OPM's Office of Procurement Operations (OPO) will make contract oversight management a top priority. This includes FISMA and OMB policy compliance.**

- d. OPM currently does not meet HSPD-12 requirements for strong authentication. Will you ensure that OPM meets this and other relevant mandates?

**If confirmed, I commit to working to see OPM meet applicable requirements. OPM has implemented HSPD-12 requirements for strong authentication to its network. OPM will continue to meet HSPD-12 strong authentication requirements for applications in addition to those requirements already met for network access, in accordance with its planned schedules.**

50. Should another significant cyber breach of OPM's information systems occur—exposing the sensitive personal information of individuals or the loss of other sensitive information—what steps would you take and when would you notify Congress?

<sup>11</sup> *Id.*

OPM has significantly improved its ability to prevent and detect anomalous activity in the network. Additionally, OPM has implemented numerous tools to limit damage should another incident occur. That being said, all Federal agencies must continue to advance their efforts to enhance their cybersecurity. If there were another significant cyber breach, I would notify Congress in accordance with the FISMA reporting requirements. I would immediately work with our interagency partners to identify the nature of the breach and coordinate the best course of action to remediate the threat and return to normal operations. I would also work to notify affected individuals as appropriate.

V. Assistance

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

While I consulted with OPM staff on background material to use in responding to these questions, the final answers are my own.

**Chairman Ron Johnson  
Supplemental Pre-hearing Questionnaire  
For the Nomination of Beth F. Cobert to be  
Director, Office of Personnel Management**

1. Do you agree without reservation to comply with any request or summons to appear and testify before any duly constituted committee of Congress if you are confirmed?

**I agree to cooperate with this Committee and any other duly constituted committee of Congress to accommodate its oversight needs.**

2. Do you agree without reservation to make any subordinate official or employee available to appear and testify before, or provide information to, any duly constituted committee of Congress if you are confirmed?

**I agree to cooperate with this Committee and any other duly constituted committee of Congress to accommodate its oversight needs.**

Do you agree without reservation to comply fully, completely, and promptly to any request for documents, communications, or any other agency material or information from any duly constituted committee of the Congress if you are confirmed?

**I agree to cooperate with this Committee and any other duly constituted committee of Congress to accommodate its oversight needs.**

3. Do you agree without reservation to respond fully and completely to the August 7, 2015 letter from Chairman Lankford, Senator Sasse, and myself to you regarding the OIG's July 22, 2015 memorandum?

**Responses to this inquiry were made in writing on November 20, 2015 and at an in-person briefing by a senior OPM official on December 21, 2015. We have worked hard to be responsive to the questions raised by the August 7, 2015 letter, and to the extent questions remain we will continue to do so going forward.**

**Ranking Member Tom Carper  
Supplemental Pre-hearing Questionnaire  
For the Nomination of Beth F. Cobert to be  
Director, Office of Personnel Management**

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

**I agree to cooperate with this Committee and any other duly constituted committee of Congress to accommodate its oversight needs.**

2. 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 agree to cooperate with this Committee and any other duly constituted committee of Congress to accommodate its oversight needs.**

I, Beth Cobert, hereby state that I have read the foregoing Pre-Hearing Questionnaire and that the information provided therein is, to the best of my knowledge, current, accurate, and complete.

  
(Signature)

This 15 day of January, 2016





UNITED STATES OFFICE OF PERSONNEL MANAGEMENT  
Washington, DC 20415

The Director

MAR 02 2016

The Honorable Ron Johnson  
Chairman  
Committee on Homeland Security  
and Governmental Affairs  
United States Senate  
340 Dirksen Senate Office Building  
Washington, DC 20510

Dear Chairman Johnson:

The purpose of this letter is to clarify a response that I provided within the Pre-Hearing Questionnaire for my nomination to be Director of the U.S. Office of Personnel Management (OPM).

Question 40a asked about how I addressed whistleblower complaints as Deputy Director of the Office of Management and Budget and as Acting Director of OPM to ensure that individuals were not retaliated against and that complaints were thoroughly investigated. In my response, I referred to materials available on OPM's internal website regarding employees' whistleblower rights and protections, and cited various actions that employees could take to seek redress of complaints. One such action was "contacting OPM's Center for Human Capital Management Services". Since submitting my responses, I have become aware that the reference to the Center is outdated due to the reorganization of OPM, and the functions of that office were assumed by OPM's Human Resources Office. Other than that reference, I have no changes to my response.

If you have any questions or concerns, or if I may be of any other assistance to you, please contact me or Jason Levine, Director of Congressional, Legislative, & Intergovernmental Affairs, at (202) 606-1300.

Sincerely,

Beth F. Cobert  
Acting Director

cc: The Honorable Thomas Carper  
Ranking Member  
Committee on Homeland Security  
and Governmental Affairs

**Post-Hearing Questions for the Record  
Submitted to Beth F. Cobert  
From Chairman Ron Johnson**

**Nomination Hearing to Consider  
Beth F. Cobert to be Director, Office of Personnel Management  
February 4, 2015**

I understand that OPM is currently in the process of drafting an overhaul of the regulations that dictate the questions in the annual Federal Employee Viewpoint Survey (FEVS). The FEVS is a valuable tool for agency leaders to identify potential problems within their agencies, and is also an important oversight tool for Congress to evaluate the culture and morale of federal agencies from the view of their employees. In 2015, more than 400,000 federal employees participated in the FEVS, including employees from OPM.

In reviewing the results of the survey, it is critical for Congress and the American public to be able to compare the annual results with the results from previous years. In particular, I am concerned about any attempt to remove required questions related to whistleblower activities.<sup>1</sup> The current FEVS structure provides necessary protections for whistleblowers and gives Congress and the public insight into whether specific agencies have a culture that encourages employees to point out wrongdoing, waste, fraud, and abuse. I am concerned that changes to the whistleblower-related questions—whether directly through this overhaul, or at a later date under the flexibility allowed by the overhaul—will hamper the ability of Congress to fulfil its oversight responsibilities and protect whistleblowers.

1. How does OPM plan to continue to improve employee engagement, both within OPM and across the government?

**The Federal Employee Viewpoint Survey (FEVS), administered by OPM each year, provides the employee feedback from which the employee engagement index is derived. OPM has worked diligently over the last several years to broaden the impacts of the FEVS by: 1) expanding the reach of the survey by ensuring agencies provide lower-level organizational breakouts; 2) greatly increasing the number of component and office level reports available to agencies; 3) improving the functionality of the FEVS Online Reporting and Analysis tool which enables agencies to analyze their results at various levels; 4) enhancing UnlockTalent.gov, a data visualization tool that displays FEVS results in ways that facilitates senior leaders' understanding; and 5) increasing the number of special reports and analyses. The increased availability of FEVS results and the expanded number of reports and analyses provide agency managers and leaders, including OPM's own**

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<sup>1</sup> The current questions regarding whistleblowers include numbers 17, 37, and 38: "Arbitrary action, personal favoritism and coercion for partisan political purposes are not tolerated", "I can disclose a suspected violation of any law, rule or regulation without fear of reprisal", and "Prohibited Personnel Practices [for example, illegally discriminating for or against any employee/applicant, obstructing a person's right to compete for employment, knowingly violating veterans' preference requirements] are not tolerated."

leadership, with the information needed to develop targeted strategies to address conditions that lead to improved employee engagement and performance.

OPM is a co-leader of the Cross-Agency Priority Goal on People and Culture, and agency staff is directly involved in activities to achieve it. To increase employee engagement, Federal Government leaders are setting clear goals and conducting regular data-driven reviews to identify agency components and offices where improvements in employee engagement are required. Senior executives are being held accountable for improvement; data is disseminated to managers and organized for action; and agencies are motivated to increasingly adopt evidence-based practices. Each agency has named a Senior Accountable Officer (SAO) to lead efforts to improve employee engagement. Senior representatives from OPM, OMB and the Presidential Personnel Office are engaging with each SAO to learn more about individual agency efforts and to share best practice from other agencies.

2. How many agencies are using incentives to improve employee participation in the FEVS?

Agencies communicate the value/importance of the FEVS with employees and encourage participation in a variety of methods. Ways in which agencies encourage survey participation include, but are not limited to, the following: email messages, posters, special events, and town hall meetings. OPM has no knowledge that agencies are using monetary incentives to encourage employees' participation in the FEVS.

3. What is the estimated total cost of the incentives used by agencies to improve employee participation in the FEVS?

OPM has no knowledge that monetary incentives are being offered to improve employee participation.

4. Does OPM support the use of incentives by agencies to improve employee participation in the FEVS?

OPM does not support the use of monetary incentive to encourage employee participation in the FEVS. We support the use of best practices in employee communications about the survey and using a variety of approaches to encourage participation.

5. What questions does OPM intend to change or remove from the FEVS?

OPM is issuing a proposed regulation which will be published for public comment. The regulation proposes to reduce the number of questions specifically prescribed by regulation; currently, 45 of the 84 questions are required to be included verbatim. This will allow OPM the opportunity to thoroughly review the existing survey instrument to ensure questions exhibit appropriate metrics, are clear and unambiguous in nature, and reflect a stable survey instrument that agencies can use

in decision-making. OPM recognizes that many current survey questions provide value to Federal agencies, Congress, and other stakeholders and retaining these questions (or questions with similar intent but improved wording) may continue to be important to understand changes over time. OPM will consider comments received during the public comment period in final rule-making.

6. What problem with the existing questions does OPM intend to remedy by overhauling the FEVS?

The current FEVS has been in place since 2002 and, consistent with best practice in survey management, the instrument needs to be reviewed to ensure its continued relevance. New and improved survey best practices are developed, and the way current survey questions have been written may lose meaning over time. Therefore, it is important that an ongoing critical assessment of the survey instrument take place grounded in the latest review of the literature and sound theoretical reasoning to ensure its effectiveness for future administrations.

7. Will you commit to preserving questions numbered 17, 37, and 38 in their current form?

I will commit that the content for these three questions (concerning the inappropriate influence of partisan politics, fear of reprisal for disclosing violations of law, and prohibited personnel practices) will be preserved but changing the wording on some questions to enhance clarity and understanding may occur. Changes of this nature will still allow for comparability with prior survey results.

8. How will OPM ensure that the overhauled FEVS will allow employees to provide honest and meaningful assessments of the effectiveness and accountability of their colleagues and leaders?

The proposed regulation will give OPM the flexibility to obtain comment from the public and stakeholders and to identify improvements to ensure its effectiveness for future administrations of the survey. Any changes would be to strengthen the utility of the instrument, ensuring continued validity of results with no degradation of employees' ability to provide honest and meaningful assessments.

9. What tangible improvements in increasing employee satisfaction and engagement has OPM observed in the wake of the "Strengthening Employee Engagement and Organization Performance" memorandum issued in December 2014?

Since the issuance of OPM's memo to agencies on "Strengthening Employee Engagement and Organizational Performance," governmentwide FEVS results show modest, but steady, gains in Employee Engagement and Satisfaction after several years of decline. A comparison of results between 2014 and 2015 show a solid increase of 1 percentage point in both overall employee engagement and satisfaction. Two of the three subfactors of Employee Engagement, 'Leaders Lead and Intrinsic Work Experience', also showed a 1 percentage point increase from 2014. The third

subfactor of Employee Engagement, 'Supervisors', remained steady with a high index score of 71%. Taken within the context of Governmentwide, where broad change is difficult to achieve, an increase of 1 percentage point is consequential and has occurred as a result of concerted effort across agency leaders.

In several individual agencies we see substantially greater increases in Employee Engagement including: Department of Housing and Urban Development and Office of Management and Budget (5 percentage point increases); National Archives and Records Administration, National Labor Relations Board, and Pension Benefit Guaranty Corporation (4 percentage point increases); Department of Energy, Department of Labor, and US Agency for International Development (3 percentage point increases). In small agencies with fewer than 1,000 employees, engagement scores rose from 65% in 2014 to 67% in 2015.

Agency engagement and satisfaction results show that over 70% of the Departments/Large Agencies surveyed demonstrated increased scores over the past year. With agency's determined commitment to employee engagement and organizational performance we anticipate such positive trends will continue.

10. Will you commit to providing documents, including communications, that may be requested by the Committee regarding OPM's consideration of modifications to the FEVS, including drafts of new or revised survey questions and any available analyses of the statistical impact of changing or removing FEVS questions?

**I agree to cooperate with this Committee and any other duly constituted committee of Congress to accommodate its oversight needs.**

11. On October 9, 2013, Senator David Vitter requested information and documents regarding an OPM rule that enabled Members of Congress and their staff to purchase health insurance offered by a District of Columbia Small Business Health Options Plan (SHOP) exchange, despite the fact that Congress is not a small business (with over 16,000 employees). Further, the rule enabled a government contribution to be provided, equal to the government's premium contributions offered to Federal employees enrolled in the Federal Employee Health Benefits Program. On February 2, 2016, Senator Vitter sent a renewed request to your attention, with the following requests:
  - Prior to issuing the rule, did anyone within OPM, advising on this particular matter, at any point, argue that OPM did not have the authority to determine that FEHBP contribution could be used towards purchasing a plan on an exchange or with a private insurance plan outside FEHBP?
  - Please disclose all correspondence of any kind, including emails and meetings OPM officials had with Members of Congress and/or any of their staff, prior to issuing the proposed rule on August 2, 2013, and prior to issuing the final rule on October 2, 2013?

- Please disclose all correspondence of any kind, including emails and meetings that OPM officials have had with the White House, including the President, with regards to this ruling that allows Members and congressional staff to keep their generous taxpayer funded subsidy for health insurance.
- Was there, at any point, disagreement between OPM, Members of Congress, the White House, their respective staff with regard to OPM's authority to authorize FEHBP subsidies for health plans on an exchange?
- Please disclose all correspondence of any kind, including emails and meetings that OPM officials have had with the U.S. Senate Disbursing Office and the Office of the Clerk of the House of Representatives suggesting staff report Congress only employs 45-full-time equivalent employees, and therefore meets the criteria of a "small business."

Will you commit to promptly disclose all documents and information necessary to answer these questions?

**I agree to cooperate with this Committee and any other duly constituted committee of Congress to accommodate its oversight needs.**

**Post-Hearing Questions for the Record  
Submitted to Beth F. Cobert  
From Senator Cory Booker**

**Nomination Hearing to Consider  
Beth F. Cobert to be Director, Office of Personnel Management  
February 4, 2015**

1. Last summer, the Office of Personnel Management (OPM) experienced an unprecedented cyberattack that impacted millions of Americans. The hackers accessed sensitive personal information—including fingerprints and social security numbers—of up to 22 million federal workers, which puts them at risk of identity theft.

- a. How many of the 22 million people impacted by this breach have received identity protection services OPM offered?

**Individuals impacted by either incident are eligible for identity restoration and identity theft insurance services. As of February 5, 2016, approximately 25% of individuals impacted by the personnel records incident and approximately 11% of individuals impacted by the background investigations incident have also signed up for credit and identity theft monitoring services. It is OPM's understanding that the average enrollment rate for a similar sized breach industry-wide is approximately 3.5%.**

- b. How will OPM continue to monitor and update the policy for all affected personnel beyond the current three year free credit monitoring?

**As you know, OPM is providing individuals impacted by the background investigations incident and their minor dependent children (under 18 years of age as of July 1, 2015) the following services until December 31, 2018: full service identity restoration, identity theft insurance, and continuous identity and credit monitoring. For those individuals impacted by the incident involving personnel data, OPM is providing free identity theft monitoring and restoration services for 18 months. At the same time, OPM is committed to implementing Section 632 of Public Law 114-113 which provides services to these same impacted individuals for 10 years. We continue to work with the Federal Bureau of Investigation, the Intelligence Community, and the rest of our interagency partners to monitor the situation, but to date OPM has no evidence that the stolen data from the breach has been exploited. Additionally, given that the Government must collect, use and store sensitive personal identifiable information for Federal employees, the evolving cyber threat landscape, and the prevalence of concerns about identity theft in both the private and public sectors, the Administration intends to provide legislation to Congress that would authorize OPM to provide cost-effective benefits to current and future federal employees that would help employees mitigate the risks of identity theft.**

- c. The recent breach resulted in compromise of 5.6 million fingerprints along with other sensitive information. Unlike passwords and social security numbers, individual only have one set of fingerprints. How is OPM addressing the permanency of fingerprint compromises?

**Federal experts believe that, as of now, the ability to misuse the fingerprint data compromised in the breach is limited. However, this probability could change over time as technology evolves. Therefore, an interagency working group with expertise in this area – including the Federal Bureau of Investigation, Department of Homeland Security, Department of Defense, and other members of the Intelligence Community – is reviewing the potential ways adversaries could misuse fingerprint data now and in the future. OPM is committed to coordinating with this interagency group. This group will also seek to develop potential ways to prevent such misuse. If, in the future, new means are developed to misuse the fingerprint data, the government will provide additional information to individuals whose fingerprints may have been stolen in this breach.**

2. Last November, the House Financial Services Democratic staff released a report on diversity in the federal workforce, which found that minorities and women are underrepresented at federal financial services agencies. According to the report, only 18 percent of the federal workforce that oversee the financial services industry is African American and only 7 percent are Latinos, compared to 67 percent of the workforce being White. The report also found that minorities are underrepresented in agencies' senior-management positions. At the SEC, for example, our top Wall Street regulatory enforcer, Blacks, Latinos, and Asians make up just 12 percent of the senior management. What steps would you take to push for standards to address the diversity and inclusion shortcomings highlighted in this report?

**I agree that promoting, developing and providing agencies, managers, supervisors and employees with the skills and tools to foster diversity and create and sustain an inclusive workplace are important goals of the Federal government. The agencies covered in the House Financial Services Democratic staff report – the Federal Deposit Insurance Corporation, the Board of Governors of the Federal Reserve System, the Consumer Financial Protection Bureau, the Office of the Comptroller of the Currency, the Federal Housing Finance Agency, the National Credit Union Administration, and the Securities and Exchange Commission – are financial regulatory agencies, often referred to as FIRREA agencies. Some, but not all, of these agencies are required to submit a Federal Equal Opportunity Recruitment Program (FEORP) report annually to OPM. I commit to reviewing the House Financial Services Democratic staff report, as well as OPM's FEORP report, with your concerns in mind as well as having my staff reach out to each agency in question and share some effective strategies, tools, and training programs we have developed to help them increase their workplace diversity and inclusion.**



3. Before the consolidation of three military bases in New Jersey into Joint Base McGuire-Dix-Lakehurst (JBMDL), Federal Wage System employees at two of the three military bases were paid at the Philadelphia wage rate, while employees at the other base were paid at the New York City rate. After the consolidation of JBMDL, this pay discrepancy remained. As a result, employees doing the same job on different sides of the base are being paid different wages. Last May, Senator Menendez and I wrote former OPM Director Katherine Archuleta, requesting OPM fix the pay disparity at JBMDL and move JBMDL from the Philadelphia Wage Area to the New York Wage Area. What are your plans to address the unfair wage disparity at the JBMDL?

**The Federal Prevailing Rate Advisory Committee (FPRAC) met on October 15, 2015, and recommended by majority vote that OPM should move a portion of the Joint Base McGuire-Dix-Lakehurst from the Philadelphia, PA wage area to the New York, NY wage area. OPM carefully considers FPRAC recommendations and administers the Federal Wage System through regulation. A formal proposed regulation package based on the majority vote is in the process of being developed internally at OPM for my review. I recognize this is an important issue and a unique geographical circumstance. I will carefully consider the formal package when I receive it.**

**Post-Hearing Questions for the Record  
Submitted to Beth F. Cobert  
From Senator James Lankford**

**Nomination Hearing to Consider  
Beth F. Cobert to be Director, Office of Personnel Management  
February 4, 2015**

*On the OPM data breach*

1. The Department of Defense is managing the government response to this data breach and sent notification letters to the affected personnel. We have received anecdotal reports that approximately 2 million of those letters were returned due to incorrect recipient contact information. What is the total number of breach notification letters sent by OPM?

**In developing the plan for notifications related to the background investigations data breach, an inter-disciplinary group of subject matter experts, including security and privacy representatives from the Department of Homeland Security, Department of Defense (DOD), Federal Trade Commission, and other agencies, worked to determine the best way to notify impacted individuals while being mindful of privacy and national security concerns. As a result, while the vast majority of impacted individuals were notified via the U.S. Postal Service, a subset of individuals was notified via other means. OPM and DOD concluded the initial mailing of letters to roughly 93 percent of individuals whose Social Security numbers and other personal information was stolen in the cyber incident relating to background investigation records on December 11, 2015.**

**OPM has engaged in a rigorous process to notify impacted individuals through a method that prioritized the security of their information. Additionally, significant time and effort was spent to collect appropriate contact information for impacted individuals. For approximately half of the impacted individuals, the Government verified mailing addresses using payroll information. For the other half, DOD worked with two commercial vendors (ID Experts and Thompson Reuters) to collect address information. OPM will use commercial address validation to resend notification letters to those whose address was initially provided by a Government source. These letters will be sent via the U.S. Postal Service in the coming weeks.**

**In addition to these efforts, OPM partnered with DOD to establish a verification center. The verification center serves as a resource for individuals who believe they may have been impacted, but have not yet received a letter; those requesting a copy of their notification letter; and those who have issues with their Personal Identification Number. Additional letters will be mailed as individuals contact the verification center or if better addresses can be obtained for unopened letters returned to sender through the U.S. Postal Service.**

2. Have all breach victims received some type of notification informing them of the incident and steps to protect his or her identity?

**Approximately 93 percent of impacted individuals were sent individual notification letters via the U.S. Postal Service. A subset of individuals were notified via other means. For individuals who did not receive an individual notification letter and believe they may have been impacted, we have established a verification center which will send a letter to the current address they provide and let these individuals know if they were impacted.**

**Since July 2015, OPM has operated an online Cyber Resource Center and set-up a listserv for individuals to receive regular updates. OPM has briefed current Federal employees and contractors, veteran's organizations, Congressional staff, labor management organizations, industry organizations, and other stakeholder groups. In addition to working with media contacts, OPM has also issued multiple press releases, agency postmaster notices, and listserv messages.**

3. We have been informed that DOD will abandon efforts to establish contact with those individuals as their current contractor lacks the necessary data capabilities and assets to solve the problem. I think it is the responsibility of the US government to make every effort to contact all affected personnel and urge the Office of Personnel Management to seek alternate solutions. How many letters were returned due to an incorrect or insufficient address or other erroneous information?

**Approximately 9 percent initial mailed letters was returned due to an incorrect address or other reasons. Individuals who believe they were impacted, but have not received their notification letters may contact the verification center.**

4. What steps is OPM taking to reach those individuals whose letters were returned due to incorrect or insufficient contact information?

**OPM has engaged in an extensive campaign to notify impacted individuals. In addition to the processes discussed in previous responses, OPM continues to partner with other Federal agencies, labor unions, veterans organizations, industry organizations, and other contacts to share updates and publicize the verification center. OPM updates the content on its online Cyber Resource Center and sends agency postmaster messages and listserv updates regularly.**

**In addition, OPM and DOD are currently working to finalize a process to use a commercial address validation resource to secure better mailing addresses for any individual whose address was initially provided using a government payroll system.**

5. Has OPM considered using an outside resource to help locate lost individuals?

**Yes. For approximately half of the impacted individuals mailing addresses were verified using Government payroll information. For the other half, DOD worked**

with two commercial vendors to collect address information. Additionally, OPM and DOD are currently working to finalize a process to use a commercial provider to review the returned mail of anyone whose letter was returned after using government payroll information to verify the address.

*On OPM's service to government retirees*

6. Caseworkers report that working with OPM consistently takes more time than work for constituents involving other agencies. What is the specific timeline of the OPM benefits process?

Once OPM receives a completed retirement package from the employing agency we calculate an interim payment based on information provided. The average interim payment is approximately 80 percent of the final payment. The retiree generally starts receiving interim pay within the first ten days after OPM receives the retirement package from the employing agency. At that point OPM starts the process of analyzing the retirement application to ensure it has all the required information. This process includes collecting additional information from the employing agency's human resources and payroll offices or from the retiree. This can include missing health insurance evidence, court ordered benefits, retiree election of benefits or other required materials. The regular benefit payment is calculated, and the package is reviewed by a second adjudicator for accuracy. Then the full annuity benefit is authorized to be paid to the retiree.

7. You stated that 90% of cases are handled within 60 days. What improvements can OPM make to improve this timeline?

OPM's goal is to process 90 percent of retirement applications within 60 days or less. As of February 2016, OPM is processing almost 80 percent of retirement applications within that time frame. Of cases that are processed in 60 days or less, the average processing time is 38 days. Generally, those cases taking longer than 60 days process are waiting for additional information from the retiree, the agency or both. We are making progress in improving processing times. Our efforts include improving accuracy and completeness of incoming claims; implementing an agency audit process designed to identify incomplete and inaccurate retirement cases sent to us by the agencies so that we can better track and report errors; working with agency Chief Human Capital Officers to improve the accuracy and completeness of incoming claims; and continuing to work with agencies regarding claims deficiencies. We are also working to implement an electronic Case Management System, which will include an electronic retirement application. We expect the cumulative result of these efforts will be a reduction in processing times, getting us closer to our goal of processing 90 percent of claims within 60 days or less.

8. Has OPM considered producing training videos for federal retirees and their caseworkers to access online in order to preview and understand common issues with the benefits process?

OPM frequently offers agency benefits officer training to reduce the error rate of retirement applications. Many of these trainings are recorded and provided online for free for agency benefits officers. They can be found on our website at: <https://www.opm.gov/retirement-services/benefits-officers-center/#url=Webcasts>. These videos cover a wide range of topics from survivor benefit processing to court ordered benefits.

We also continue to improve our customers' experience by urging them to log on and use Services Online (SOL) located on OPM's website at: <https://www.servicesonline.opm.gov/>. This allows our customers to manage most changes to their retirement benefits at a time that is convenient for them; SOL is available 24 hours a day. In FY15, we increased the number of unique users who logged onto SOL by 25 percent. SOL transactions during this time frame also increased 25 percent from 4,261,196 to 5,345,342. In FY 16, we are upgrading SOL to a responsive design allowing customers to login using whatever electronic device they choose. The number of customers electing to receive their annual notices and tax statements electronically has increased by 67 percent from FY14 to FY15. We continuously monitor our customers' satisfaction through our Customer Satisfaction Survey.

*On changes in FAA retirement calculations*

9. OPM issued retirement payments to certain air traffic controller managers at enhanced accrual rates of 1.7% per year since Public Law 108-176, Section 226 passed in 2003, providing an enhanced annuity for managers to incentivize them to stay on with the FAA after reaching retirement eligibility. In 2015, OPM reinterpreted the law's language, cutting off the enhanced annuity rate. Can you explain OPM's recent reinterpretation of the law?

OPM was recently made aware of questions regarding the calculations of the annuities of air traffic control managers. In 2006, OPM provided extensive and detailed guidance in writing to the Federal Aviation Administration (FAA) on this subject. OPM has not changed its interpretation since 2006. OPM has relied on the official retirement records certified by FAA (as it does with all agencies) to credit the type of service performed in a retirement calculation. It is unclear if retirement records have been incorrectly certified to OPM, and if so, for how long this has been occurring. I understand this is very concerning for impacted annuitants and employees. We are continuing to be in communication with FAA to discuss ways of moving forward on this important issue.

10. OPM previously issued Section 226 through Notice & Comment rulemaking. What procedures did OPM follow, such as consulting with stakeholders, when making this reinterpretation of the law?

OPM has not published a regulation to implement this law. In 2006, OPM provided extensive and detailed guidance in writing to the FAA on this subject. OPM has not changed its interpretation since 2006. We are continuing to be in

communication with FAA to discuss ways of moving forward with FAA on this important issue.

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Subcommittee Chairman  
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February 2, 2016

The Honorable Beth F. Cobert  
Acting Director  
Office of Personnel Management  
1900 E Street NW  
Washington, DC 20415

Dear Ms. Cobert:

Your nomination by the President to become the next Director of the Office of Personnel Management (OPM) will be the subject of a hearing on Feb. 4, 2016, by the U.S. Senate Committee on Homeland Security and Government Affairs. I write to you today because, in spite of multiple communications with your predecessors, a number of questions related to the special health care exemption given to Members of Congress and congressional staff under federal law remain completely unanswered.

Let me first review some basic facts. Section 1312(d)(3)(D) of the Patient Protection and Affordable Care Act (ACA), entitled "Members of Congress in the Exchange," states that:

*"Notwithstanding any other provision of law, after the effective date of this subtitle, the only health plans that the Federal Government may make available to Members of Congress and congressional staff with respect to their services as a Member of Congress or congressional staff shall be plans that are –*

- (I) *Created under this Act (or an amendment made by this Act); or*
- (II) *Offered through an Exchange established under this Act (or an amendment made by this Act)."*

In other words, Congress was forcing itself to live by the law it enacted.

However, on Oct. 2, 2013, OPM promulgated a final rule entitled "Federal Employees Health Benefits Program: Members of Congress and Congressional Staff," which amends 5 CFR Part 890. This was done at the demand of unnamed Congressional leadership staff, as well as White House officials, and without any notification to Congress until it was finalized. The final rule enabled Members of Congress and congressional staff members to purchase health insurance offered by a Small Business Health Options Plan (SHOP) exchange by falsely claiming that both the U.S. Senate and the U.S. House of Representatives only had 45 employees. You well know that the Congress has more than 16,000 employees. Furthermore, it enabled the provision of a

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government contribution, or subsidy, equal to the government's share of premium contributions offered to federal employees enrolled in a health insurance plan offered through the Federal Employee Health Benefits Program (FEHBP). Such a subsidy is not available to other Americans who purchase their health insurance on a federal or state based exchange as the ACA mandated. Therefore this amounts to a special exemption for Congress.

As jurisdiction of the U.S. Senate Committee on Small Business and Entrepreneurship includes oversight responsibilities affecting or related to small businesses, I have at least four major concerns with the actions of OPM. First, OPM's final rule undermines the intent of Congress that its Members and staff share the same burden they have imposed on American citizens by purchasing their health insurance on a federal or state based individual health insurance exchange. Second, OPM's rule undermines the purpose for a SHOP exchange, which is to assist small business employers in providing health insurance to their employees. Third, OPM's rule incentivized false representations that Congress is a small business, even though it has thousands of employees—an action that appears to circumvent the provisions of Section 1312, cited above. And finally, OPM's rule violates the ACA provisions of Section 1312(d)(3)(D), which clearly indicate a government subsidy for health coverage for Members and congressional staff is not available unless the income requirements of the law that apply to other Americans are fully met.

While OPM has taken the position that the ACA did not alter its authority under 5 U.S.C Chapter 89, in fact the clear language of Section 1312(d)(3)(D), which reads "Notwithstanding any other provision of law..." makes congressional intent quite clear—that Members of Congress and congressional staff are to share in the requirement they mandated for other Americans by purchasing their health insurance on an individual health insurance exchange. In my view, OPM has operated arbitrarily and outside its authority by promulgating a final rule that has enabled the purchase of SHOP exchange plans accompanied by a government subsidy not available to other citizens.

Shortly after the final rule was promulgated, your office received a direct congressional request from my office to provide "all correspondence OPM officials had within the Administration and with Members of Congress and their staff regarding how the agency arrived at its position in the final rule" that ultimately impacted how Members of Congress and their staff receive and are awarded health benefits. It had been widely reported that OPM was in deliberations with Congress and officials in the White House, including the President, over the specifics of this rule. Since that time additional information has come to light indicating that false information was provided to the District of Columbia Health Benefits Exchange, now named DC Health Link. According to the application DC Health Link approved, Congress was represented as a small business in order to qualify for the purchase of health insurance on the SHOP exchange.

Allowing Congress to determine itself as a "small business" obviously should not have passed the common sense test, yet OPM was directly involved in the promulgation and implementation of the final rule that has enabled this Washington exemption from an onerous effect of the ACA. To date, information I have received from your predecessor has not been responsive to the questions I have posed. In order for your nomination to move forward, please answer the following questions and provide the information requested:



1. Prior to issuing the rule, did anyone within OPM, advising on this particular matter, at any point, argue that OPM did not have the authority to determine that FEHBP contribution could be used towards purchasing a plan on an exchange or with a private insurance plan outside FEHBP?
2. Please disclose all correspondence of any kind, including emails and meetings OPM officials had with Members of Congress and/or any of their staff, prior to issuing the proposed rule on August 2, 2013, and prior to issuing the final rule October 2, 2013.
3. Please disclose all correspondence of any kind, including emails and meetings that OPM officials have had with the White House, including the President, with regards to this ruling that allows Members and congressional staff to keep their generous taxpayer funded subsidy for health insurance.
4. Was there, at any point, disagreement between OPM, Members of Congress, the White House, their respective staff with regard to OPM's authority to authorize FEHBP subsidies for health plans on an exchange?
5. Please disclose all correspondence of any kind, including emails and meetings that OPM officials have had with the U.S. Senate Disbursing Office and the Office of the Clerk of the House of Representatives suggesting staff report Congress only employs 45 full-time equivalent employees, and therefore meets the criteria of a "small business."

As you are aware, the President committed to faithfully executing the law, and that duty carries over to you in your role directing an office that is an independent establishment within the executive branch of government. Should you or anyone within the Executive Office of the President, wish to see the nomination move forward, I will be happy to oblige and help facilitate upon a complete and full response to the requested information now pending for over two years.

Sincerely,



David Vitter  
United States Senator, Chairman of Senate  
Committee on Small Business and  
Entrepreneurship



February 3, 2016

The Honorable Ron Johnson  
Chairman  
U.S. Senate  
Homeland Security and Governmental Affairs Committee  
340 Dirksen Senate Office Building  
Washington, D.C. 20510

The Honorable Thomas R. Carper  
Ranking Member  
U.S. Senate  
Homeland Security and Governmental Affairs Committee  
340 Dirksen Senate Office Building  
Washington, D.C. 20510

**Re: Confirmation of Mrs. Beth F. Cobert as Administrator of the Office of Personnel Management**

Dear Chairman Johnson and Ranking Member Carper:

On behalf of the IT Alliance for Public Sector<sup>1</sup>, I urge the speedy confirmation of Beth F. Cobert to be the next Administrator for the Office of Personnel Management (OPM). Mrs. Cobert's nomination comes at a critical time when OPM is facing extraordinary circumstances and should be approved quickly. Making her assignment permanent as the OPM Administrator will underscore the commitment in the Legislative and Executive branches to quickly restore confidence in the Agency.

In addition to her clear demonstration of capabilities while serving as the Acting Administrator, Mrs. Cobert's extensive experience in the public and private sectors make her an ideal candidate for this position. This experience, coupled with her efforts while serving as the Deputy Director for Management and the U.S. Chief Performance Officer at the Office of Management and Budget, establish her qualifications to lead OPM. We would also commend to the Committee her consistent and meaningful outreach to government contractors to make them aware of the ramifications on cleared contractor personnel of the breach at OPM, the impact contractors should expect from the temporary suspension of the clearance granting process to address security weaknesses in the systems, the steps being taken to address risk for contractor personnel and what credit monitoring and repair services contractor employees should expect to be put in place for impacted individuals. We are sincerely appreciative of her efforts to keep the contractor community informed and listen to our concerns.

We believe that Mrs. Cobert is the ideal candidate to assume this role in a permanent capacity and would urge you to consider her nomination favorably and vote to confirm her as the next Administrator of the Office of Personnel Management. Thank you for your consideration of our endorsement and should you have any questions, please feel free to contact me at 202-626-5758 or at [thodgkins@ititc.org](mailto:thodgkins@ititc.org).

Respectfully,

A.R. "Trey" Hodgkins, III, CAE  
Senior Vice President, Public Sector

Cc: Senate Homeland Security and Government Affairs Committee

<sup>1</sup>About ITAPS. ITAPS, a division of the Information Technology Industry Council (ITI), is an alliance of leading technology companies building and integrating the latest innovative technologies for the public sector market. With a focus on the federal, state, and local levels of government, as well as on educational institutions, ITAPS advocates for improved procurement policies and practices, while identifying business development opportunities and sharing market intelligence with our industry participants. Visit [itaps.itic.org](http://itaps.itic.org) to learn more. Follow us on Twitter @ITAlliancePS.

IT Alliance for Public Sector  
February 23, 2015  
Page 2



2

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<sup>2</sup> **About ITAPS.** ITAPS, a division of the Information Technology Industry Council (ITI), is an alliance of leading technology companies building and integrating the latest innovative technologies for the public sector market. With a focus on the federal, state, and local levels of government, as well as on educational institutions, ITAPS advocates for improved procurement policies and practices, while identifying business development opportunities and sharing market intelligence with our industry participants. Visit [itaps.itic.org](http://itaps.itic.org) to learn more. Follow us on Twitter [@ITAlliancePS](https://twitter.com/ITAlliancePS).



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February 2, 2016

The Honorable Ron Johnson  
Chairman  
Committee on Homeland Security and  
Governmental Affairs  
340 Dirksen Senate Office Building  
Washington, DC 20510

The Honorable Tom Carper  
Ranking Member  
Committee on Homeland Security and  
Governmental Affairs  
442 Hart Senate Office Building  
Washington, DC 20510

Dear Chairman Johnson, Ranking Member Carper, and Members of the Committee:

On behalf of the Senior Executives Association, I urge the committee to support the President's nomination of Beth Cobert to serve as the Director of the Office of Personnel Management (OPM).

Before joining the Federal government, Ms. Cobert's work in the private sector showcased her talent for strategic and operational planning and her ability to lead crucial organizational initiatives. Those skills have served Ms. Cobert well, as she has proven herself in her current and former capacities. Further, her leadership skills have already been affirmed by the Senate by way of her confirmation for the position of Deputy Director for Management at the Office of Budget and Management (OMB) in 2013.

Since taking the helm of OPM in the Acting Director capacity following the agency data breaches affecting millions of Federal employees, contractors, and others, Ms. Cobert has led the important work of repairing the breaches; it is critical that she be afforded the opportunity to continue doing so. It is also essential to the stability of the agency that her leadership of personnel, IT, security clearance and other reforms already underway continue through the conclusion of the President's time in office.

Ms. Cobert's work at both OMB and OPM has contributed to making government more effective and efficient. SEA, along with our colleagues in the Government Managers Coalition (GMC) and the broader federal community, have appreciated the open door she has provided to employee groups and her willingness to consider our perspective on matters of importance to both the government and its workforce, including in the aftermath of the agency data breaches.

I urge confirmation of Ms. Cobert so she may continue her exemplary work leading OPM forward. For more information, or to further discuss SEA's view on this and other issues, please contact our Legislative Director, Jason Briefel ([jbriefel@shawbransford.com](mailto:jbriefel@shawbransford.com); 202-463-8400).

Sincerely,

*Carol A. Bonosaro*

CAROL A. BONOSARO  
President Emeritus