

OFFICE OF PERSONNEL MANAGEMENT

Federal Funds

General and special funds:

SALARIES AND EXPENSES

(INCLUDING TRANSFER OF TRUST FUNDS)

For necessary expenses to carry out functions of the Office of Personnel Management pursuant to Reorganization Plan Numbered 2 of 1978 and the Civil Service Reform Act of 1978, including services as authorized by 5 U.S.C. 3109; medical examinations performed for veterans by private physicians on a fee basis; rental of conference rooms in the District of Columbia and elsewhere; hire of passenger motor vehicles; not to exceed \$2,500 for official reception and representation expenses; advances for reimbursements to applicable funds of the Office of Personnel Management and the Federal Bureau of Investigation for expenses incurred under Executive Order No. 10422 of January 9, 1953, as amended; and payment of per diem and/or subsistence allowances to employees where Voting Rights Act activities require an employee to remain overnight at his or her post of duty, \$118,748,000, of which \$2,000,000 shall remain available until expended for the cost of the enterprise human resources integration project, \$2,500,000 shall remain available until expended for the cost of leading the government-wide initiative to modernize federal payroll systems and service delivery, and \$2,500,000 shall remain available through September 30, 2005 to coordinate and conduct program evaluation and performance measurement; and in addition \$135,914,000 for administrative expenses, to be transferred from the appropriate trust funds of the Office of Personnel Management without regard to other statutes, including direct procurement of printed materials, for the retirement and insurance programs, of which \$36,700,000 shall remain available until expended for the cost of automating the retirement recordkeeping systems: Provided, That the provisions of this appropriation shall not affect the authority to use applicable trust funds as provided by sections 8348(a)(1)(B) and 9004(f)(1)(A), and (2)(A) of title 5, United States Code: Provided further, That no part of this appropriation shall be available for salaries and expenses of the Legal Examining Unit of the Office of Personnel Management established pursuant to Executive Order No. 9358 of July 1, 1943, or any successor unit of like purpose: Provided further, That the President's Commission on White House Fellows, established by Executive Order No. 11183 of October 3, 1964, may, during fiscal year 2004, accept donations of money, property, and personal services in connection with the development of a publicity brochure to provide information about the White House Fellows, except that no such donations shall be accepted for travel or reimbursement of travel expenses, or for the salaries of employees of such Commission.

Note.—A regular 2003 appropriation for this account had not been enacted at the time the budget was prepared; therefore, this account is operating under a continuing resolution (P.L. 107-229, as amended). The amounts included for 2003 in this budget reflect the Administration's 2003 policy proposals.

Program and Financing (in millions of dollars)

Identification code 24-0100-0-1-805	2002 actual	2003 est.	2004 est.
Obligations by program activity:			
00.01 HR program development	33	48	31
00.02 Agency merit systems accountability and human capital	30	39	41
00.03 HR products and services	114	142	143
00.04 Management services	46	54	62
00.05 Executive services	10	10	10
09.01 Reimbursable program	3	24	24
10.00 Total new obligations	236	317	311
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	7	7
22.00 New budget authority (gross)	263	317	311
23.90 Total budgetary resources available for obligation	270	324	311
23.95 Total new obligations	-236	-317	-311
23.98 Unobligated balance expiring or withdrawn	-27	-7

24.40 Unobligated balance carried forward, end of year	7
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation	99	129	119
68.00 Spending authority from offsetting collections: Offsetting collections (cash)	164	188	192
70.00 Total new budget authority (gross)	263	317	311
Change in obligated balances:			
72.40 Obligated balance, start of year	18	22	23
73.10 Total new obligations	236	317	311
73.20 Total outlays (gross)	-231	-316	-311
74.40 Obligated balance, end of year	22	23	22
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority	231	300	296
86.93 Outlays from discretionary balances	16	15
87.00 Total outlays (gross)	231	316	311
Offsets:			
Against gross budget authority and outlays:			
88.00 Offsetting collections (cash) from: Federal sources	-164	-188	-192
Net budget authority and outlays:			
89.00 Budget authority	99	129	119
90.00 Outlays	68	128	119
Additional net budget authority and outlays to cover cost of fully accruing retirement:			
99.00 Budget authority	5	5	6
99.01 Outlays	5	5	6

The Office of Personnel Management (OPM) has responded to President George W. Bush's charge to assume greater responsibility for the strategic management of human capital government-wide by crafting a new Strategic Plan.

This plan holds OPM accountable for Federal agencies adopting human resources management systems that use effective merit-based human capital strategies that, in turn, improve their ability to build and maintain successful, high performance organizations, with a rewarding work environment, that help agencies to accomplish their missions and goals.

To better meet these responsibilities, OPM is undertaking in FY 2003 a major restructuring that will align its efforts to the goals in the Strategic Plan. This restructuring will eliminate stovepipes and significantly reduce the number of offices, resulting in a delayered agency better able to serve its customers. FY 2004 will be the first full year OPM will be operating in its new structure. Concurrently, with the adoption of the new goals of the Strategic Plan and restructuring, OPM will develop a more robust performance evaluation program in FY 2003 to be deployed in FY 2004.

The functions and objectives of the restructured OPM are: *Human Resources Program Development (HRPD).*—This new organization will develop policies and programs in an integrated manner. HRPD will: (1) Develop policies that support agencies efforts to develop and maintain the capacity of their workforce to continue to meet and improve their strategic performance targets; (2) Support the establishment of the Department of Homeland Security (DHS) by developing policies and regulations consistent with the DHS bill; (3) Provide the Federal Government with a modern compensation system that is performance-oriented, market-sensitive, and assists Federal agencies in meeting their strategic goals; and (4) Increase the effectiveness and efficiency of the Federal hiring process and make Federal employment attractive to

General and special funds—Continued

SALARIES AND EXPENSES—Continued

(INCLUDING TRANSFER OF TRUST FUNDS)—Continued

high-quality applicants of diverse backgrounds. This function also includes two of 24 Government-wide e-Government projects: the e-Payroll project, which reduces the number of payroll providers from 22 to 4 resulting in planned savings of at least \$1.2 billion over the next 10 years, and the Enterprise Human Resources Integration project, which will develop and establish a repository for electronic employee records to enable electronic transfer of data between agencies.

Program performance.—OPM will continue to survey the Senior Executive Service (SES), Human Resources Directors, Human Resources Specialists, and the general workforce to assess and address the impact of policies affecting recruitment, performance, retention, human resource development programs, and their satisfaction with them. The 2001 HR Directors' Customer Satisfaction Survey showed that the percentage of Human Resources Directors who were satisfied with OPM's policy leadership were as follows; 91 percent in pay and leave administration, 80 percent in performance management, 82 percent in position classification and position management, and 74 percent in the Federal Wage System. OPM will deploy in FY 2004 a new evaluation strategy that will assess the value and impact of OPM programs. This strategy will measure effectiveness of OPM programs in how they help agencies strategically improve their human capital practices in support of their missions. Deployment will result in the establishment of baselines and improvement targets for FY 2004 accomplishments.

Agency Merit Systems Accountability and Human Capital Programs.—OPM established this organization to create agency-focused teams to explore, promote and help agencies adopt the best human capital practices that generate results and meet agencies' unique needs. This organization will: (1) Ensure that agencies implement flexible and customized human capital practices that will attract and retain a diverse, high quality, well motivated workforce that is able to tackle the complex issues of today and tomorrow; (2) Provide advice to agencies and promote best practices on solutions, actions and strategies to meet both their immediate and long term human capital management needs; (3) Monitor and assess Federal agencies' effectiveness in implementing merit-based human capital strategies that support their missions; (4) Work with agencies and constituent groups to improve the Senior Executive Service hiring process and address other leadership issues; and (5) Provide advice and assistance in establishing the Department of Homeland Security and ensure that human capital needs for the homeland security community are met. In FY 2002 and FY 2003, OPM took a lead role in establishing the human resource systems of the Department. For the remainder of FY 2003 and throughout FY 2004, OPM will lead in establishing the human capital practices that will help give the 170,000 employees the skills, tools and motivation to achieve the new Department's mission, goals and objectives.

Program performance.—OPM will develop an index that will allow an assessment of merit systems and human capital practices across Federal agencies as well as how those human capital practices help agencies better fulfill their missions, thereby establishing a link between human capital strategies and the results Americans expect from the Federal Government. In addition, OPM will track Government-wide data and trends through centralized data sources such as the Central Personnel Data File (CPDF), the Government-wide Survey (GWS) and other appropriate metrics to assess human capital progress and help agencies improve. In support of the President's Management Agenda, the GWS provides a managerially useful indicator of the views of responding Fed-

eral employees, who work in 27 member agencies of the President's Management Council, about agency human capital management practices. The 2002 GWS provided baseline data that can be used to measure and help understand changes in survey results over time.

HR Products and Services.—Under this new organization, OPM has consolidated functions and activities that: (1) Provide cost-effective, relevant and useful human capital products and services to agencies; (2) Make the transition from active employment to retirement seamless and expeditious, facilitating retirement income security for Federal employees; and (3) Give Federal employees, annuitants and their families choices of quality and fiscally responsible carriers for addressing their specific insurance needs.

Products and services include security and suitability personnel investigations, support to the department of Justice for the Voting Rights program, automated employment information needed to recruit and hire the federal workforce, and administration of earned employee benefits—the retirement and insurance programs—for federal employees, retirees, and their families.

Program performance.—OPM establishes annual performance goals and objectives designed to achieve long-term strategic goals. Customer service is measured through OPM's Customer Satisfaction Survey, surveys of attendees at conferences, workshops, and/or seminars, and feedback from users of the OPM website and email. Progress is monitored through program performance indicators and output measures.

The Retirement Systems Modernization (RSM) project is OPM's central strategy for meeting its long term retirement program customer service, financial management, business process, and workforce performance goals. OPM is moving from a paper-based record keeping system to program-wide electronic data and transactions. The on-going project is being implemented in phases, reaching full capability in 2010.

During FY 2003, RSM will begin a large-scale data effort to convert masses of hardcopy paper records for current employees to electronic data that will be available to program administrators via the Internet, and will automatically populate OPM's retirement benefits calculator and coverage determination tools. Additionally, OPM will begin providing web-enabled member self-service to facilitate electronic filing of benefits applications. Outcomes include faster, cheaper and more accurate claims processing, increased customer satisfaction and a significant decrease in the amount of space needed to house paper records, reducing storage costs.

In FY 2004, OPM will begin receiving recurring employee data from agencies through the Enterprise Human Resource (HR) Integration project, an OPM-led e-Government initiative, which will minimize the HR data that agencies must send to OPM. Other planned work packages will improve retirement benefits counseling, make claims processing real-time for a significant number of retiring federal employees, and reduce the manual data entry required for claims processing.

On average, OPM processes 170,000 Civil Service and Federal Employees' Retirement System (CSRS and FERS) annuity and survivor claims annually. Since FY 2000, the processing time for interim annuity payments has been reduced from five days to two days, and, in FY 2002, more than 56 percent of interim payments were authorized within one day. As OPM leveraged technology investments to increase its claims processing capacity and efficiency, FERS claims processing times dropped from 185 days in FY 2000 to 70 days in FY 2002, while customer satisfaction about the timeliness of the first annuity payment has remained at or near 80 percent since FY 1997.

OPM's continuing focus is to develop a comprehensive and competitive benefits package for the Federal workforce that offers choices comparable to the private sector, and which

supports our human capital efforts to recruit and retain an effective workforce. To mitigate the effects of rising health insurance premiums, OPM implemented premium conversion in FY 2001, which allows Federal employees to deduct their share of health insurance premiums from their taxable income, thereby reducing their taxes and making health coverage more affordable. In addition, OPM is implementing a Flexible Spending Account (FSA) program. These accounts allow employees to set aside a part of their salary by pre-tax withholdings and use the pretax dollars to pay for some medical, dental, vision and dependent-care expenses. FSAs are scheduled to be available to Federal employees beginning July 1, 2003.

The Administration will work with stakeholders to better coordinate the Medicare and Federal Employees Health Benefits programs and look to the practices of the private sector to ensure high quality, cost-conscious choices for retirees. These important programs jointly finance health insurance for about 2.1 million Federal retirees and their dependents.

Management Services.—Includes: OPM human resources, equal employment opportunity, security, facilities, telecommunications, publishing, acquisitions, information resources management, and financial management to support all of OPM's goals. As mentioned previously, this organization will include the new evaluation function that will facilitate the deployment of a new evaluation strategy in FY 2004. It is being developed and piloted during FY 2003 to assess the use and impact of OPM programs and create an index that will allow an assessment of merit systems and human capital practices across Federal agencies. This organization will also coordinate strategic planning and program performance reporting across the agency.

Executive Services.—Includes: executive direction, legal advice and representation, public affairs, legislative activities, and the operating expenses of the President's Commission on White House Fellows.

Reimbursable Programs.—OPM provides administrative, information resources management, and executive services to other OPM accounts on a reimbursable basis. OPM also performs a small amount of reimbursable work under the Economy Act at the request of other agencies.

Object Classification (in millions of dollars)			
Identification code 24-0100-0-1-805	2002 actual	2003 est.	2004 est.
Direct obligations:			
Personnel compensation:			
11.1 Full-time permanent	109	111	117
11.3 Other than full-time permanent	5	5	7
11.5 Other personnel compensation	4	4	4
11.9 Total personnel compensation	118	120	128
12.1 Civilian personnel benefits	27	28	30
21.0 Travel and transportation of persons	3	3	3
23.1 Rental payments to GSA	17	17	17
23.3 Communications, utilities, and miscellaneous charges	10	11	10
24.0 Printing and reproduction	2	2	2
25.2 Other services	48	104	89
26.0 Supplies and materials	3	3	3
31.0 Equipment	5	5	5
99.0 Direct obligations	233	293	287
99.0 Reimbursable obligations	3	24	24
99.9 Total new obligations	236	317	311

Personnel Summary			
Identification code 24-0100-0-1-805	2002 actual	2003 est.	2004 est.
Direct:			
1001 Total compensable workyears: Civilian full-time equivalent employment	1,908	2,032	2,087

Reimbursable:			
2001	Total compensable workyears: Civilian full-time equivalent employment	141	141
		141	141

HUMAN CAPITAL PERFORMANCE FUND
(Legislative proposal, not subject to PAYGO)

For the Human Capital Performance Fund established under section 639 of this Act, \$500,000,000: Provided, That such amounts as are determined by the Director of the Office of Personnel Management may be transferred to Federal agencies to carry out the purposes of this Fund.

Program and Financing (in millions of dollars)			
Identification code 24-0700-2-1-805	2002 actual	2003 est.	2004 est.
Obligations by program activity:			
00.01 Human capital performance fund			500
10.00 Total new obligations (object class 11.1)			500
Budgetary resources available for obligation:			
22.00 New budget authority (gross)			500
23.95 Total new obligations			-500
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation			500
Change in obligated balances:			
73.10 Total new obligations			500
73.20 Total outlays (gross)			-500
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority			500
Net budget authority and outlays:			
89.00 Budget authority			500
90.00 Outlays			500

The Human Capital Performance Fund is designed to create performance-driven pay systems for employees and reinforce the value of employee performance management systems. The Administration proposes providing additional pay over and above any annual, across-the-board pay raise to certain civilian employees based on individual or organizational performance and/or other critical agency human capital needs. Ninety percent of funds appropriated would be distributed to agencies on a pro rata basis, upon OPM approval of an agency's plan. The remainder, and any amount withheld from agencies due to inadequate plans, would be allocated at the discretion of OPM.

The current GS system would remain unchanged; individual employees would remain at their existing GS levels and on schedule for all routine pay raises such as a within-grade increase. Any pay increase received from the Fund would be treated as increases to base pay for retirement and other purposes and would stay with an employee throughout his/her career.

The Administration plans to transmit a detailed legislative proposal to Congress in the near future.

OFFICE OF INSPECTOR GENERAL
SALARIES AND EXPENSES
(INCLUDING TRANSFER OF TRUST FUNDS)

For necessary expenses of the Office of Inspector General in carrying out the provisions of the Inspector General Act, as amended, including services as authorized by 5 U.S.C. 3109, hire of passenger motor vehicles, \$1,498,000; and in addition, not to exceed \$14,427,000 for administrative expenses to audit, investigate, and provide other oversight of the Office of Personnel Management's retirement and insurance programs, to be transferred from the appropriate trust funds

General and special funds—Continued

OFFICE OF INSPECTOR GENERAL—Continued

SALARIES AND EXPENSES—Continued

of the Office of Personnel Management, as determined by the Inspector General: Provided, That the Inspector General is authorized to rent conference rooms in the District of Columbia and elsewhere.

Note.—A regular 2003 appropriation for this account had not been enacted at the time the budget was prepared; therefore, this account is operating under a continuing resolution (P.L. 107-229, as amended). The amounts included for 2003 in this budget reflect the Administration's 2003 policy proposals.

Program and Financing (in millions of dollars)

Identification code 24-0400-0-1-805	2002 actual	2003 est.	2004 est.
Obligations by program activity:			
00.01 Direct program activity	11	12	16
10.00 Total new obligations	11	12	16
Budgetary resources available for obligation:			
22.00 New budget authority (gross)	11	12	16
23.95 Total new obligations	-11	-12	-16
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation	1	1	1
68.00 Spending authority from offsetting collections: Offsetting collections (cash)	10	11	15
70.00 Total new budget authority (gross)	11	12	16
Change in obligated balances:			
72.40 Obligated balance, start of year	-5	-3	
73.10 Total new obligations	11	12	16
73.20 Total outlays (gross)	-11	-12	-16
74.10 Change in uncollected customer payments from Federal sources (expired)		3	
74.40 Obligated balance, end of year	-3		
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority	11	12	16
Offsets:			
Against gross budget authority and outlays:			
88.00 Offsetting collections (cash) from: Federal sources	-10	-11	-15
Net budget authority and outlays:			
89.00 Budget authority	1	1	1
90.00 Outlays		1	1
Additional net budget authority and outlays to cover cost of fully accruing retirement:			
99.00 Budget authority	1	1	1
99.01 Outlays	1	1	1

This appropriation provides agency-wide audit, investigative, evaluation, inspection, and administrative sanction functions to identify management and administrative deficiencies that may create conditions for fraud, waste, and mismanagement. The audits function provides internal agency audit, insurance audit, contract audit, and information systems audit services. Contract audits provide professional advice to agency contracting officials on accounting and financial matters regarding the negotiation, award, administration, repricing, and settlement of contracts. Internal agency audits review and evaluate all facets of agency operations, including financial statements. Insurance audits review the operations of health and life insurance carriers, health care providers, and insurance subscribers. Information systems audits review both general controls and application controls for the agency's systems and programs. The investigative function provides for the detection and investigation of improper and illegal activities involving programs, personnel, and operations. Administrative sanctions debar from participation in the health insurance program those health care providers whose conduct may pose a threat to the financial integrity of the program itself or to the well-being of insurance program enrollees.

These Inspector General activities resulted in positive financial impacts of approximately \$116 million, 24 criminal convictions, and 3,827 administrative sanctions in 2002.

Additional resources in 2004 will finance more audit staff, special agent criminal investigators, associated analytical staff, and improved information systems. OPM expects to reduce the audit cycle from 5 years to 3.6 years for community-related carriers. Recoveries are expected to increase by \$16 million annually as a result.

Object Classification (in millions of dollars)

Identification code 24-0400-0-1-805	2002 actual	2003 est.	2004 est.
Direct obligations:			
11.1 Personnel compensation: Full-time permanent	6	7	9
12.1 Civilian personnel benefits	2	2	4
23.1 Rental payments to GSA	1	1	1
25.2 Other services	1	1	1
99.0 Direct obligations	10	11	15
99.5 Below reporting threshold	1	1	1
99.9 Total new obligations	11	12	16

Personnel Summary

Identification code 24-0400-0-1-805	2002 actual	2003 est.	2004 est.
Direct:			
1001 Total compensable workyears: Civilian full-time equivalent employment	89	102	125
Reimbursable:			
2001 Total compensable workyears: Civilian full-time equivalent employment		1	1

GOVERNMENT PAYMENT FOR ANNUITANTS, EMPLOYEES HEALTH BENEFITS

For payment of Government contributions with respect to retired employees, as authorized by chapter 89 of title 5, United States Code, and the Retired Federal Employees Health Benefits Act (74 Stat. 849), as amended, such sums as may be necessary.

Note.—A regular 2003 appropriation for this account had not been enacted at the time the budget was prepared; therefore, this account is operating under a continuing resolution (P.L. 107-229, as amended). The amounts included for 2003 in this budget reflect the Administration's 2003 policy proposals.

Program and Financing (in millions of dollars)

Identification code 24-0206-0-1-551	2002 actual	2003 est.	2004 est.
Obligations by program activity:			
00.01 Government contribution for annuitants benefits (1959 Act)	6,069	6,754	7,454
00.02 Government contribution for annuitants benefits (1960 Act)	2	2	2
10.00 Total new obligations (object class 13.0)	6,071	6,756	7,456
Budgetary resources available for obligation:			
22.00 New budget authority (gross)	6,071	6,756	7,456
23.95 Total new obligations	-6,071	-6,756	-7,456
New budget authority (gross), detail:			
Mandatory:			
60.00 Appropriation	6,071	6,756	7,456
Change in obligated balances:			
72.40 Obligated balance, start of year	550	606	654
73.10 Total new obligations	6,071	6,756	7,456
73.20 Total outlays (gross)	-6,015	-6,707	-7,414
74.40 Obligated balance, end of year	606	654	695
Outlays (gross), detail:			
86.97 Outlays from new mandatory authority	5,465	6,101	6,760
86.98 Outlays from mandatory balances	550	606	654
87.00 Total outlays (gross)	6,015	6,707	7,414
Net budget authority and outlays:			
89.00 Budget authority	6,071	6,756	7,456

90.00	Outlays	6,016	6,707	7,414
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This appropriation covers: (1) the Government's share of the cost of health insurance for annuitants as defined in sections 8901 and 8906 of title 5, United States Code; (2) the Government's share of the cost of health insurance for annuitants (who were retired when the Federal employees health benefits law became effective), as defined in the Retired Federal Employees Health Benefits Act of 1960; and (3) the Government's contribution for payment of administrative expenses incurred by the Office of Personnel Management in administration of the Act.

The budget authority for this account recognizes the amounts being remitted by the U.S. Postal Service (USPS) to finance a portion of its post-1971 annuitants' health benefit costs.

	2002 actual	2003 est.	2004 est.
Annuitants:			
FEHB	1,857,014	1,871,000	1,910,000
(USPS non-add)	427,000	427,000	426,000
REHB	2,877	2,388	1,982
Total, annuitants	1,859,891	1,873,388	1,911,982

GOVERNMENT PAYMENT FOR ANNUITANTS, EMPLOYEE LIFE INSURANCE

For payment of Government contributions with respect to employees retiring after December 31, 1989, as required by chapter 87 of title 5, United States Code, such sums as may be necessary.

Note.—A regular 2003 appropriation for this account had not been enacted at the time the budget was prepared; therefore, this account is operating under a continuing resolution (P.L. 107-229, as amended). The amounts included for 2003 in this budget reflect the Administration's 2003 policy proposals.

Program and Financing (in millions of dollars)

Identification code 24-0500-0-1-602	2002 actual	2003 est.	2004 est.
Obligations by program activity:			
00.01 Direct program activity	33	34	35
10.00 Total new obligations (object class 25.2)	33	34	35
Budgetary resources available for obligation:			
22.00 New budget authority (gross)	33	34	35
23.95 Total new obligations	-33	-34	-35
New budget authority (gross), detail:			
Mandatory:			
60.00 Appropriation	34	34	35
Change in obligated balances:			
72.40 Obligated balance, start of year	3	4	4
73.10 Total new obligations	33	34	35
73.20 Total outlays (gross)	-33	-34	-35
74.40 Obligated balance, end of year	4	4	4
Outlays (gross), detail:			
86.97 Outlays from new mandatory authority	31	31	32
86.98 Outlays from mandatory balances	3	3	3
87.00 Total outlays (gross)	33	34	35
Net budget authority and outlays:			
89.00 Budget authority	33	34	35
90.00 Outlays	33	34	35

This appropriation finances the Government's share of premiums, which is one-third the cost, for Basic life insurance for annuitants retiring after December 31, 1989, and who are less than 65 years old.

PAYMENT TO CIVIL SERVICE RETIREMENT AND DISABILITY FUND

For financing the unfunded liability of new and increased annuity benefits becoming effective on or after October 20, 1969, as authorized by 5 U.S.C. 8348, and annuities under special Acts to be credited to the Civil Service Retirement and Disability Fund, such sums as may be necessary: Provided, That annuities authorized by the Act of May 29, 1944, as amended, and the Act of August 19, 1950, as amended (33 U.S.C. 771-775), may hereafter be paid out of the Civil Service Retirement and Disability Fund.

Note.—A regular 2003 appropriation for this account had not been enacted at the time the budget was prepared; therefore, this account is operating under a continuing resolution (P.L. 107-229, as amended). The amounts included for 2003 in this budget reflect the Administration's 2003 policy proposals.

Program and Financing (in millions of dollars)

Identification code 24-0200-0-1-805	2002 actual	2003 est.	2004 est.
Obligations by program activity:			
00.02 Payment of Government share of retirement costs	9,615	9,715	9,915
00.03 Transfers for interest on unfunded liability and payment of military service annuities	12,426	12,700	12,800
00.05 Spouse equity payment	67	69	72
10.00 Total new obligations	22,108	22,484	22,787
Budgetary resources available for obligation:			
22.00 New budget authority (gross)	22,108	22,484	22,787
23.95 Total new obligations	-22,108	-22,484	-22,787
New budget authority (gross), detail:			
Mandatory:			
Appropriation:			
60.00 Appropriation	12,426	12,700	12,800
60.00 Appropriation	9,682	9,784	9,987
62.50 Appropriation (total mandatory)	22,108	22,484	22,787
Change in obligated balances:			
73.10 Total new obligations	22,108	22,484	22,787
73.20 Total outlays (gross)	-22,108	-22,484	-22,787
Outlays (gross), detail:			
86.97 Outlays from new mandatory authority	22,108	22,484	22,787
Net budget authority and outlays:			
89.00 Budget authority	22,108	22,484	22,787
90.00 Outlays	22,108	22,484	22,787

Summary of Budget Authority and Outlays

	(in millions of dollars)		
Enacted/requested:	2002 actual	2003 est.	2004 est.
Budget Authority	22,108	22,484	22,787
Outlays	22,108	22,484	22,787
Legislative proposal, not subject to PAYGO:			
Budget Authority		2,059	2,085
Outlays		2,059	2,085
Total:			
Budget Authority	22,108	24,543	24,872
Outlays	22,108	24,543	24,872

Payment of Government share of retirement costs.—This payment amortizes increases in the static unfunded liability created since October 20, 1969 by any statute which authorizes new or liberalized benefits, an extension of retirement coverage, or pay increases.

Transfers for interest on static unfunded liability and payment of military service annuities.—This transfer covers interest on the static unfunded liability and annuity disbursements attributable to military service.

Payments for spouse equity.—This payment provides survivor annuities to eligible former spouses of annuitants who died between September 1978 and May 1986 and who did not elect survivor coverage.

General and special funds—Continued

PAYMENT TO CIVIL SERVICE RETIREMENT AND DISABILITY FUND—Continued

Object Classification (in millions of dollars)			
Identification code 24-0200-0-1-805	2002 actual	2003 est.	2004 est.
12.1 Civilian personnel benefits	9,682	9,784	9,987
13.0 Benefits for former personnel	12,426	12,700	12,800
99.9 Total new obligations	22,108	22,484	22,787

**PAYMENT TO CIVIL SERVICE RETIREMENT AND DISABILITY FUND
(Legislative proposal, not subject to PAYGO)**

Program and Financing (in millions of dollars)			
Identification code 24-0200-2-1-805	2002 actual	2003 est.	2004 est.
Obligations by program activity:			
00.03 Transfers for interest on unfunded liability and payment of military service annuities		2,059	2,085
10.00 Total new obligations (object class 13.0)		2,059	2,085
Budgetary resources available for obligation:			
22.00 New budget authority (gross)		2,059	2,085
23.95 Total new obligations		-2,059	-2,085
New budget authority (gross), detail:			
Mandatory:			
60.00 Appropriation		2,059	2,085
Change in obligated balances:			
73.10 Total new obligations		2,059	2,085
73.20 Total outlays (gross)		-2,059	-2,085
Outlays (gross), detail:			
86.97 Outlays from new mandatory authority		2,059	2,085
Net budget authority and outlays:			
89.00 Budget authority		2,059	2,085
90.00 Outlays		2,059	2,085

The budget includes a legislative proposal that corrects for an anticipated USPS overfunding of Civil Service Retirement System (CSRS) retirement benefits. This anticipated overfunding is due to a number of factors, including higher than expected past pension investment yields and overly prescriptive and inflexible statutory language. While the legislative proposal would reduce USPS payments to the Retirement Fund, it ensures that USPS meets its pension obligations so that no employee or retiree would lose any benefits. The proposal is consistent with the structure and financing of the Federal Employees' Retirement System as well as the Administration's legislative proposal to fully fund the CSRS liabilities for non-USPS employees and retirees.

Intragovernmental funds:

REVOLVING FUND

Program and Financing (in millions of dollars)

Identification code 24-4571-0-4-805	2002 actual	2003 est.	2004 est.
Obligations by program activity:			
09.01 Government services	86	86	90
09.02 Investigations	447	629	678
09.03 Training and development	33	35	35
10.00 Total new obligations	566	750	803
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	161	110	110
22.00 New budget authority (gross)	516	750	803

23.90 Total budgetary resources available for obligation	677	860	913
23.95 Total new obligations	-566	-750	-803
24.40 Unobligated balance carried forward, end of year	110	110	110

New budget authority (gross), detail:

Spending authority from offsetting collections:			
Discretionary:			
68.00 Offsetting collections (cash)	563	750	803
68.10 Change in uncollected customer payments from Federal sources (unexpired)	-47		
68.90 Spending authority from offsetting collections (total discretionary)	516	750	803
Change in obligated balances:			
72.40 Obligated balance, start of year	-126	26	26
73.10 Total new obligations	566	750	803
73.20 Total outlays (gross)	-460	-750	-803
74.00 Change in uncollected customer payments from Federal sources (unexpired)	47		
74.40 Obligated balance, end of year	26	26	26

Outlays (gross), detail:

86.90 Outlays from new discretionary authority	460	750	803
Offsets:			
Against gross budget authority and outlays:			
88.00 Offsetting collections (cash) from: Federal sources	-563	-750	-803
Against gross budget authority only:			
88.95 Change in uncollected customer payments from Federal sources (unexpired)	47		

Net budget authority and outlays:

89.00 Budget authority			
90.00 Outlays	-102		
Additional net budget authority and outlays to cover cost of fully accruing retirement:			
99.00 Budget authority	3	3	3
99.01 Outlays	3	3	3

OPM's Revolving Fund supports the President's Management Agenda by fully or partially funding three e-Government projects: e-Clearance; e-Training; and Recruitment One-Stop. The Revolving Fund also provides financing on a reimbursable basis for several products and services to Federal agencies.

Government Services.—OPM provides assistance to Government agencies in managing the development of training and human resources management solutions that meet their specific short-term and long-range objectives. This is accomplished through an expedited contracting process, which is managed by an experienced team of HR and contracting professionals. Much of the Training Management Assistance (TMA) workload supports development of training programs for anti-terrorism, emergency preparedness, and intelligence activities at the U.S. Customs Service, Department of Defense (DOD), U.S. Air Force, Federal Aviation Administration, Federal Emergency Management Agency, and the Immigration and Naturalization Service. About 250 programs are managed annually.

OPM delivers employment information, testing and recruiting services, automated staffing, and related human resource management services to Federal agencies nationwide. Nationwide testing involves work planning, scheduling, and administration of written examinations upon request from agencies including the DOD and the Department of Homeland Security.

Investigations.—Through a contract with a private company, OPM conducts National Agency Check and Inquiry cases and background security investigations for Federal agencies on a reimbursable basis. When OPM is required to pay a fee to the Federal Bureau of Investigation (FBI) for name and fingerprint checks, agencies are required to reimburse OPM for such fees through the Revolving Fund.

In FY 2002, a significant part of OPM's business came from the DOD, for which OPM helped reduce a backlog of reinvestigations for civilian and military personnel. When it was necessary, OPM sent teams of OPM employees and con-

tractor staff to assist with special hiring needs, for the Transportation Security Administration (TSA) and the Federal Aviation Administration (FAA). OPM provided these agencies with onsite assistance to complete investigative forms and used portable live-scan equipment to digitize and transmit fingerprints to the FBI for quicker applicant screening. OPM will continue to work closely with its contractor to provide useful, cost-effective products and services in support of Homeland Security.

Training and Development.—OPM conducts residential and nonresidential programs for Federal executives and managers to improve the effectiveness and efficiency of Federal programs.

WORKLOAD COUNT

	2002 actual	2003 est.	2004 est.
Participant training days	95,802	95,051	94,560
Background security investigations processed	92,634	73,000	70,000
National and special agency check and inquiry cases closed ..	526,672	270,000	270,000
Special agreement checks closed	1,184,585	700,000	700,000

Object Classification (in millions of dollars)

Identification code 24-4571-0-4-805	2002 actual	2003 est.	2004 est.
Personnel compensation:			
11.1 Full-time permanent	22	23	23
11.3 Other than full-time permanent	5	5	5
11.5 Other personnel compensation	2	2	2
11.9 Total personnel compensation	29	30	30
12.1 Civilian personnel benefits	8	10	10
21.0 Travel and transportation of persons	3	3	3
23.1 Rental payments to GSA	7	7	7
23.3 Communications, utilities, and miscellaneous charges	5	5	5
24.0 Printing and reproduction	1	1	1
25.2 Other services	496	672	725
26.0 Supplies and materials	7	10	10
31.0 Equipment	10	12	12
99.9 Total new obligations	566	750	803

Personnel Summary

Identification code 24-4571-0-4-805	2002 actual	2003 est.	2004 est.
Reimbursable:			
2001 Total compensable workyears: Civilian full-time equivalent employment	626	669	669

Trust Funds

CIVIL SERVICE RETIREMENT AND DISABILITY FUND

Unavailable Collections (in millions of dollars)

Identification code 24-8135-0-7-602	2002 actual	2003 est.	2004 est.
01.99 Balance, start of year	538,520	569,487	598,151
Receipts:			
02.00 Employee contributions	3,998	3,930	3,858
02.01 District of Columbia contributions	61	52	46
02.02 Employee deposits, redeposits and other contributions	477	494	520
02.40 Agency contributions	10,731	9,975	10,739
Offsetting receipts (intragovernmental):			
02.41 Postal Service agency contributions	2,888	2,985	3,080
02.41 Postal Service agency contributions, legislative proposal subject to PAYGO		551	1,049
Offsetting receipts (intragovernmental):			
02.42 Postal Service supplemental contributions	3,875	4,041	4,141
02.42 Postal Service supplemental contributions, legislative proposal subject to PAYGO		-4,041	-3,707
02.43 Federal Financing Bank interest	1,337	403	
Offsetting receipts (intragovernmental):			
02.44 Treasury interest	34,565	36,863	38,768
02.44 Treasury interest, legislative proposal not subject to PAYGO		24	-50
Offsetting receipts (intragovernmental):			
02.45 General fund payment to the Civil Service Retirement and Disability fund	22,108	22,484	22,787

02.45 General fund payment, legislative proposal not subject to PAYGO		2,059	2,085
02.46 Re-employed annuitants salary offset	29	29	30
02.99 Total receipts and collections	80,069	79,849	83,346
04.00 Total: Balances and collections	618,589	649,336	681,497
Appropriations:			
Appropriations:			
05.00 Civil service retirement and disability fund	-49,102	-51,185	-52,845
05.00 Proposed legislation, subject to PAYGO			-3
05.99 Total appropriations	-49,102	-51,185	-52,848
07.99 Balance, end of year	569,487	598,151	628,649

Program and Financing (in millions of dollars)

Identification code 24-8135-0-7-602	2002 actual	2003 est.	2004 est.
Obligations by program activity:			
00.01 Annuities	48,668	50,756	52,416
00.02 Refunds and death claims	300	290	284
00.03 OPM administration	131	136	145
00.04 Transfer to MSPB	3	3	
10.00 Total new obligations	49,102	51,185	52,845

Budgetary resources available for obligation:

22.00 New budget authority (gross)	49,102	51,185	52,845
23.95 Total new obligations	-49,102	-51,185	-52,845

New budget authority (gross), detail:

Discretionary:			
40.26 Appropriation (trust fund)	103	108	122
Mandatory:			
60.26 Appropriation (trust fund)	79,966	81,079	83,644
60.45 Portion precluded from obligation	-30,967	-30,002	-30,921
62.50 Appropriation (total mandatory)	48,999	51,077	52,723
70.00 Total new budget authority (gross)	49,102	51,185	52,845

Change in obligated balances:

72.40 Obligated balance, start of year	4,119	4,251	4,445
73.10 Total new obligations	49,102	51,185	52,845
73.20 Total outlays (gross)	-48,970	-50,991	-52,599
74.40 Obligated balance, end of year	4,251	4,445	4,691

Outlays (gross), detail:

86.90 Outlays from new discretionary authority	103	108	122
86.97 Outlays from new mandatory authority	44,748	46,632	48,094
86.98 Outlays from mandatory balances	4,119	4,251	4,383
87.00 Total outlays (gross)	48,970	50,991	52,599

Net budget authority and outlays:

89.00 Budget authority	49,102	51,185	52,845
90.00 Outlays	48,970	50,991	52,599

Memorandum (non-add) entries:

92.01 Total investments, start of year: Federal securities: Par value	542,637	573,713	602,591
92.02 Total investments, end of year: Federal securities: Par value	573,713	602,591	633,339

Additional net budget authority and outlays to cover cost of fully accruing retirement:

99.00 Budget authority	5	5	5
99.01 Outlays	5	5	5

Summary of Budget Authority and Outlays

(in millions of dollars)

	2002 actual	2003 est.	2004 est.
Enacted/requested:			
Budget Authority	49,102	51,185	52,845
Outlays	48,970	50,991	52,599
Legislative proposal, subject to PAYGO:			
Budget Authority			3
Outlays			3
Total:			
Budget Authority	49,102	51,185	52,848
Outlays	48,970	50,991	52,602

CIVIL SERVICE RETIREMENT AND DISABILITY FUND—Continued

This fund: (1) pays annuities to retired employees or their survivors; (2) makes refunds to separated employees for amounts withheld and to beneficiaries of employees who died before retirement or before annuities equaled the amount withheld; and (3) pays expenses of the Office of Personnel Management for administering the program.

The fund covers two Federal civilian retirement systems: the Civil Service Retirement System (CSRS) and the Federal Employees' Retirement System (FERS).

CSRS is basically a defined benefit plan, covering Federal employees hired prior to 1984. CSRS participants do not participate in the Social Security system. FERS is a three-tiered pension program that uses Social Security as a base, provides an additional basic benefit, and includes a thrift savings plan. FERS covers employees hired after 1983 and formerly CSRS-covered employees who elected to join FERS.

	2002 actual	2003 est.	2004 est.
Active employees	2,601,563	2,596,763	2,596,763
Annuitants:			
Employees	1,748,920	1,768,337	1,812,286
Survivors	634,130	631,640	633,640
Total, annuitants	2,383,050	2,399,977	2,445,926

Status of Funds (in millions of dollars)

Identification code 24-8135-0-7-602	2002 actual	2003 est.	2004 est.
Unexpended balance, start of year:			
0100 Treasury balance	31	26	8
Federal securities:			
0101 Par value	542,608	573,713	602,591
0102 Unrealized discounts	-3	-2	-4
0199 Total balance, start of year	542,639	573,738	602,596
Cash income during the year:			
Current law:			
Receipts:			
1200 Employee contributions, Civil Service Retirement and Disability Fund	3,998	3,930	3,858
1201 District of Columbia contributions	61	52	46
1202 Employee deposits, redeposits, and voluntary contributions	477	494	520
Offsetting receipts (intragovernmental):			
1240 Agency contributions, Civil Service Retirement and Disability Fund	10,731	9,975	10,739
1241 Postal Service agency contributions, Civil Service Retirement and Disability Fund	2,888	2,985	3,080
1242 Postal Service supplemental contributions, Civil Service Retirement and Disability Fund	3,875	4,041	4,141
1243 Federal Financing Bank interest, Civil Service Retirement and Disability Fund	1,337	403	
1244 Treasury interest, Civil Service Retirement and Disability Fund	34,565	36,863	38,768
1245 General fund payment to the Civil Service Retirement and Disability Fund	22,108	22,484	22,787
1246 Re-employed annuitant salary offset, Civil Service Retirement and Disability Fund	29	29	30
1299 Income under present law	80,069	81,256	83,969
Proposed legislation:			
Offsetting receipts (intragovernmental):			
2241 Postal Service agency contributions, legislative proposal subject to PAYGO		551	1,049
2242 Postal Service supplemental contributions, legislative proposal subject to PAYGO		-4,041	-3,707
2244 Treasury interest, legislative proposal not subject to PAYGO		24	-50
2245 General fund payment, legislative proposal not subject to PAYGO		2,059	2,085
2299 Income under proposed legislation		-1,407	-623
3299 Total cash income	80,069	79,849	83,346
Cash outgo during year:			
Current law:			
Cash outgo during the year (-):			
4500 Payment of claims to retired employees	-40,758	-42,475	-43,667
4500 Payment of alternative annuity refunds	-6	-4	-4
4500 Payment of claims to survivor annuitants	-7,790	-8,086	-8,497

4500 Lump sum payments to estates or beneficiaries of deceased annuitants and employees	-150	-163	-169
4500 Refunds to living separated employees	-135	-127	-114
4500 Administration	-131	-136	-148
4599 Outgo under current law (-)	-48,970	-50,991	-52,599
Proposed legislation:			
5500 Proposed legislation, subject to PAYGO			-3
6599 Total cash outgo (-)	-48,970	-50,991	-52,602
Unexpended balance, end of year:			
8700 Uninvested balance	26	8	8
Federal securities:			
8701 Par value	573,713	602,591	633,339
8702 Unrealized discounts	-2	-4	-4
8799 Total balance, end of year	573,738	602,596	633,340

Object Classification (in millions of dollars)

Identification code 24-8135-0-7-602	2002 actual	2003 est.	2004 est.
25.2 Other services	134	136	145
42.0 Insurance claims and indemnities	48,668	50,759	52,416
44.0 Refunds and death claims	300	290	284
99.9 Total new obligations	49,102	51,185	52,845

CIVIL SERVICE RETIREMENT AND DISABILITY FUND
(Legislative proposal, subject to PAYGO)

Program and Financing (in millions of dollars)

Identification code 24-8135-4-7-602	2002 actual	2003 est.	2004 est.
Obligations by program activity:			
00.01 Annuities			3
10.00 Total new obligations (object class 42.0)			3
Budgetary resources available for obligation:			
22.00 New budget authority (gross)			3
23.95 Total new obligations			-3
New budget authority (gross), detail:			
Mandatory:			
60.26 Appropriation (trust fund)			3
Change in obligated balances:			
73.10 Total new obligations			3
73.20 Total outlays (gross)			-3
Outlays (gross), detail:			
86.97 Outlays from new mandatory authority			3
Net budget authority and outlays:			
89.00 Budget authority			3
90.00 Outlays			3

The Administration will propose legislation to simplify the computation of annuities under the Civil Service Retirement System for individuals with part-time service. The change would eliminate an unintended adverse effect on employees who perform part-time service at the end of their careers, and provide agencies increased flexibility to recruit and retain personnel.

In addition, the budget includes a legislative proposal, a portion of which scores PAYGO, that corrects for an anticipated USPS over-funding of Civil Service Retirement System (CSRS) retirement benefits. This anticipated over-funding is due to a number of factors, including higher than expected past pension investment yields and overly prescriptive and inflexible statutory language. While the legislative proposal would reduce USPS payments to the Retirement Fund, it ensures that USPS meets its pension obligations so that no employee or retiree would lose any benefits. The proposal is consistent with the structure and financing of the Federal Employees' Retirement System as well as the Administra-

tion's legislative proposal to fully fund the CSRS liabilities for non-USPS employees and retirees.

EMPLOYEES LIFE INSURANCE FUND

Unavailable Collections (in millions of dollars)

Identification code 24-8424-0-8-602	2002 actual	2003 est.	2004 est.
01.99 Balance, start of year			
Receipts:			
02.80 Employees life insurance fund, offsetting collections	3,501	3,570	3,678
Appropriations:			
05.00 Employees life insurance fund	-3,501	-3,570	-3,678
05.99 Total appropriations	-3,501	-3,570	-3,678
07.99 Balance, end of year			

Program and Financing (in millions of dollars)

Identification code 24-8424-0-8-602	2002 actual	2003 est.	2004 est.
Obligations by program activity:			
09.01 Regular program premiums	1,157	1,268	1,288
09.02 Optional program premiums	841	922	1,002
09.03 Beneficial program premiums	2	2	2
09.04 Administration	2	2	2
09.05 Long term care administration	1	1	1
10.00 Total new obligations (object class 25.2)	2,003	2,195	2,295

Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	23,134	24,603	25,992
22.00 New budget authority (gross)	3,472	3,584	3,688
23.90 Total budgetary resources available for obligation	26,606	28,187	29,680
23.95 Total new obligations	-2,003	-2,195	-2,295
24.40 Unobligated balance carried forward, end of year	24,603	25,992	27,385

New budget authority (gross), detail:			
Discretionary:			
68.00 Spending authority from offsetting collections: Offsetting collections (cash)	2	2	2
Mandatory:			
69.00 Offsetting collections (cash)	3,499	3,568	3,676
69.10 Change in uncollected customer payments from Federal sources (unexpired)	-29	14	10
69.90 Spending authority from offsetting collections (total mandatory)	3,470	3,582	3,686
70.00 Total new budget authority (gross)	3,472	3,584	3,688

Change in obligated balances:			
72.40 Obligated balance, start of year	131	202	213
73.10 Total new obligations	2,003	2,195	2,295
73.20 Total outlays (gross)	-1,961	-2,170	-2,254
74.00 Change in uncollected customer payments from Federal sources (unexpired)	29	-14	-10
74.40 Obligated balance, end of year	202	213	244

Outlays (gross), detail:			
86.90 Outlays from new discretionary authority	2	2	2
86.97 Outlays from new mandatory authority	1,959	2,168	2,252
87.00 Total outlays (gross)	1,961	2,170	2,254

Offsets:			
Against gross budget authority and outlays:			
Offsetting collections (cash) from:			
88.00 Agency contributions	-420	-461	-482
88.20 Interest on Federal securities	-1,366	-1,325	-1,331
Non-Federal sources:			
88.40 Regular program	-666	-702	-740
88.40 Optional program	-1,049	-1,082	-1,125
88.90 Total, offsetting collections (cash)	-3,501	-3,570	-3,678
Against gross budget authority only:			
88.95 Change in uncollected customer payments from Federal sources (unexpired)	29	-14	-10

Net budget authority and outlays:			
89.00 Budget authority			

90.00 Outlays	-1,540	-1,400	-1,424
Memorandum (non-add) entries:			
92.01 Total investments, start of year: Federal securities:			
Par value	23,690	24,603	25,992
92.02 Total investments, end of year: Federal securities:			
Par value	24,603	25,992	27,385

This fund finances payments to private insurance companies for Federal employees' group life insurance and expenses of the Office of Personnel Management in administering the program.

Budget program.—The status of the basic (regular and optional) life insurance program on September 30 is as follows:

Life insurance in force (in billions of dollars):	2002 actual	2003 est.	2004 est.
On active employees	550	560	570
On retired employees	54	56	58
Total	604	616	628

Number of participants (in thousands):	2002 actual	2003 est.	2004 est.
Active employees	2,399	2,380	2,372
Annuitants	1,585	1,590	1,595
Total	3,984	3,970	3,967

Financing.—Non-Postal Service employees and all retirees under 65 pay two-thirds of the premium costs for Basic coverage; agencies pay the remaining third. Optional and certain post-retirement Basic coverages are paid entirely by enrollees. The status of the reserves at the end of the year is as follows:

Status of Reserves	2002 actual	2003 est.	2004 est.
Held in reserve (in millions of dollars):			
Contingency reserve	100	100	100
Beneficial association program reserve	1	1	1
U.S. Treasury reserve	25,350	24,471	25,779
Total reserves	25,451	24,572	25,880

EMPLOYEES AND RETIRED EMPLOYEES HEALTH BENEFITS FUNDS

Unavailable Collections (in millions of dollars)

Identification code 24-9981-0-8-551	2002 actual	2003 est.	2004 est.
01.99 Balance, start of year			
Receipts:			
02.80 Employees and retired employees health benefits fund, offsetting collections	23,610	26,820	29,468
Appropriations:			
05.00 Employees and retired employees health benefits fund	-23,610	-26,820	-29,468
05.99 Total appropriations	-23,610	-26,820	-29,468
07.99 Balance, end of year			

Program and Financing (in millions of dollars)

Identification code 24-9981-0-8-551	2002 actual	2003 est.	2004 est.
Obligations by program activity:			
09.01 Benefit payments	22,667	26,185	28,581
09.02 Payments from OPM contingency reserve	125	250	250
09.03 Government payment for annuitants (1960 Act)	2	2	2
09.04 Administration	24	24	27
10.00 Total new obligations (object class 25.6)	22,820	26,461	28,859

Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	4,418	5,341	5,827
22.00 New budget authority (gross)	23,742	26,947	29,582
23.90 Total budgetary resources available for obligation	28,161	32,288	35,409
23.95 Total new obligations	-22,820	-26,461	-28,859
24.40 Unobligated balance carried forward, end of year	5,341	5,827	6,551

New budget authority (gross), detail:			
Discretionary:			
68.00 Spending authority from offsetting collections: Offsetting collections (cash)	24	24	27

**EMPLOYEES AND RETIRED EMPLOYEES HEALTH BENEFITS FUNDS—
Continued**

Program and Financing (in millions of dollars)—Continued

Identification code 24–9981–0–8–551	2002 actual	2003 est.	2004 est.
Mandatory:			
69.00 Offsetting collections (cash)	23,586	26,796	29,441
69.10 Change in uncollected customer payments from Federal sources (unexpired)	133	127	114
69.90 Spending authority from offsetting collections (total mandatory)	23,719	26,923	29,556
70.00 Total new budget authority (gross)	23,742	26,947	29,583
Change in obligated balances:			
72.40 Obligated balance, start of year	2,235	2,215	2,368
73.10 Total new obligations	22,820	26,461	28,859
73.20 Total outlays (gross)	–22,707	–26,181	–28,726
74.00 Change in uncollected customer payments from Federal sources (unexpired)	–133	–127	–114
74.40 Obligated balance, end of year	2,215	2,368	2,388
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority	24	24	27
86.97 Outlays from new mandatory authority	21,786	25,127	27,542
86.98 Outlays from mandatory balances	897	1,030	1,157
87.00 Total outlays (gross)	22,707	26,181	28,726
Offsets:			
Against gross budget authority and outlays:			
Offsetting collections (cash) from:			
Federal sources:			
88.00 Agency contributions	–9,896	–11,364	–12,327
88.00 Government contributions for annuitants	–7,009	–7,871	–8,711
88.20 Interest on Federal securities	–210	–302	–379
Non-Federal sources:			
88.40 Employee salary withholdings	–3,371	–3,811	–4,178
88.40 Annuity withholdings	–3,059	–3,392	–3,785
88.40 Contributions from D.C. Government	–65	–80	–88
88.90 Total, offsetting collections (cash)	–23,610	–26,820	–29,468
Against gross budget authority only:			
88.95 Change in uncollected customer payments from Federal sources (unexpired)	–133	–127	–114
Net budget authority and outlays:			
89.00 Budget authority	–1		
90.00 Outlays	–903	–639	–742
Memorandum (non-add) entries:			
92.01 Total investments, start of year: Federal securities:			
Par value	6,651	7,554	8,202
92.02 Total investments, end of year: Federal securities:			
Par value	7,554	8,202	8,944
Additional net budget authority and outlays to cover cost of fully accruing retirement:			
99.00 Budget authority	1	1	1
99.01 Outlays	1	1	1

Status of Funds (in millions of dollars)

Identification code 24–9981–0–8–551	2002 actual	2003 est.	2004 est.
Unexpended balance, start of year:			
0100 Treasury balance	16	11	5
Federal securities:			
0101 Par value	6,651	7,554	8,202
0102 Unrealized discounts	–14	–10	–11
0199 Total balance, start of year	6,653	7,556	8,195
Cash income during the year:			
Current law:			
Offsetting collections:			
Offsetting governmental receipts:			
1280 Contributions from Employing Agencies	6,234	7,207	7,811
1280 Contributions from Postal Service for Active Employees	3,662	4,157	4,516
1280 Contributions from Postal Service for Annuity annuitants	993	1,164	1,296
1280 Government Payment for Annuity Health Benefits	6,016	6,707	7,415

1280 Interest Earned	210	302	379
1280 Contributions from DC Government	65	80	88
1280 Contributions from Active Employees	3,371	3,811	4,178
1280 Contributions from Annuitants	3,059	3,391	3,786
1299 Income under present law	23,610	26,820	29,468
Cash outgo during year:			
Current law:			
Cash outgo during the year (–):			
4500 Benefit Payments (–)	–22,557	–25,907	–28,449
4500 Payments to Carriers from OPM Contingency Reserves (–)	–125	–250	–250
4500 Administration (–)	–25	–24	–27
4599 Outgo under current law (–)	–22,707	–26,181	–28,726
Unexpended balance, end of year:			
8700 Uninvested balance	11	5	5
Federal securities:			
8701 Par value	7,554	8,202	8,944
8702 Unrealized discounts	–10	–11	–12
8799 Total balance, end of year	7,556	8,195	8,939

This display combines the Federal Employees Health Benefits (FEHB) fund and the Retired Employees Health Benefits (REHB) fund.

The FEHB fund provides for the cost of health benefits for: (1) active employees; (2) employees who retired after June 1960, or their survivors; (3) those annuitants transferred from the REHB program as authorized by Public Law 93–246; and (4) the related expenses of the Office of Personnel Management (OPM) in administering the program.

The REHB fund, created by the Retired Federal Employees Health Benefits Act of 1960, provides for: (1) the cost of health benefits for retired employees and survivors who enroll in a Government-sponsored uniform health benefits plan; (2) the contribution to retired employees and survivors who retain or purchase private health insurance; and (3) expenses of OPM in administering the program.

Budget program.—The balance of the FEHB fund is available for payments without fiscal year limitation. Numbers of participants at the end of each fiscal year are as follows:

	2002 actual	2003 est.	2004 est.
Active employees	2,189,131	2,186,000	2,182,000
Annuity annuitants	1,857,014	1,871,000	1,910,000
Total	4,046,145	4,057,000	4,092,000

In determining a biweekly subscription rate to cover program costs, one percent is added for administrative expenses and three percent is added for a contingency reserve held by OPM for each carrier. OPM is authorized to transfer unused administrative reserve funds to the contingency reserve.

The REHB fund is available without fiscal year limitation. The amounts contributed by the Government are paid into the fund from annual appropriations. The number of participants at the end of each fiscal year are as follows:

	2002 actual	2003 est.	2004 est.
Uniform plan	747	620	515
Private plans	2,130	1,768	1,467
Total	2,877	2,388	1,982

Financing.—The funds are financed by: (1) withholdings from active employees and annuitants; (2) agency contributions for active employees; (3) Government contributions for annuitants appropriated to OPM; and (4) contributions made by the United States Postal Service in accordance with the provisions of Public Law 101–508 and Public Law 103–66.

Operating results.—Funds made available to carriers but not used to pay claims in the current period are carried forward as special reserves for use in subsequent periods.

OPM maintains a contingency reserve, funded by employee and Government contributions, that may be used to defray future cost increases or provide increased benefits. OPM

makes payments to carriers from this reserve whenever carrier-held reserves fall below levels prescribed by OPM regulations or when carriers can demonstrate good cause such as unexpected claims experience or variations from expected community rates.

