

# OFR

OFFICE OF FINANCIAL RESEARCH



Recruitment and Retention Plan  
Training and Workforce Development Plan  
Workforce Flexibility Plan

2012

## ANNUAL REPORT TO CONGRESS ON HUMAN CAPITAL PLANNING

December 2012 | U.S. Department of the Treasury

# The Office of Financial Research

## Establishment of the Office

The Dodd-Frank Wall Street Reform and Consumer Protection Act established the Office of Financial Research (OFR or Office) within the Treasury Department. Section 153(a) of the Dodd-Frank Act charged the OFR with supporting the Financial Stability Oversight Council (Council) and member agencies:

- by collecting data on behalf of the Council, and providing such data to the Council and member agencies;
- by standardizing the types and formats of data reported and collected;
- by performing applied research and essential long-term research;
- by developing tools for risk measurement and monitoring;
- by performing other related services;
- by making the results of the activities of the Office available to financial regulatory agencies; and
- by assisting Council member agencies in determining the types and formats of data authorized by the Act to be collected by the member agencies.

## Organizational Structure and Responsibilities

To carry out the programmatic responsibilities of the Office, Section 154 of the Dodd-Frank Act established the Data Center and the Research & Analysis Center within the OFR.

The law provided that the Data Center, on behalf of the Council, shall collect, validate, and maintain all data necessary to carry out the duties of the Data Center. The data assembled shall be obtained from Council member agencies, commercial data providers, publicly available data sources, and financial entities under certain statutory authority detailed in the law.

The law provided that the Research & Analysis Center, on behalf of the Council, shall develop and maintain independent analytical capabilities and computing resources:

- to develop and maintain metrics and reporting systems for risks to the financial stability of the United States;
- to monitor, investigate, and report on changes in systemwide risk levels and patterns to the Council and to Congress;
- to conduct, coordinate, and sponsor research to support and improve regulation of financial entities and markets;
- to evaluate and report on stress tests or other stability-related evaluations of financial entities overseen by Council member agencies;
- to maintain the expertise necessary to support specific requests for advice and assistance from financial regulators;
- to investigate disruptions and failures in the financial markets, report findings, and make recommendations to the Council based on those findings;
- to conduct studies and provide advice on the impact of policies related to systemic risk; and
- to promote best practices for financial risk management.

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# Annual Report to Congress on Human Capital Planning

Office of Financial Research  
December 2012



# I. Introduction

## Overview

Section 156(b) of the Dodd-Frank Wall Street Reform and Consumer Protection Act, Public Law 111-203 (Dodd-Frank Act) requires the Office to submit a report each year for its first five years to the Senate Committee on Banking, Housing, and Urban Affairs and the House Committee on Financial Services that includes a Training and Workforce Development Plan, Workforce Flexibility Plan, and Recruitment and Retention Plan. The 2012 Annual Report on Human Capital Planning provides an update on the OFR's progress in its human capital planning and reflects the broader efforts of the OFR to maintain a culture of transparency and accountability in its operations.

During FY2012, the OFR's hiring accelerated, and this growth is expected to continue as the Office builds to a steady-state level of 275-300 full time employees by FY2014-2015. In setting its staffing goals, the organization has recognized the need to move forward expeditiously to build its team, while taking the time needed to hire the right staff and to support that staff effectively. The specialized nature of skills needed to achieve the OFR's complex mission and inherent uncertainties for a new organization represent challenges for recruitment. Notwithstanding these challenges, the OFR is making strong progress in building a talented staff dedicated to strengthening understanding of risks to financial stability.

## OFR Activities

In establishing the OFR, the framers of the Dodd-Frank Act recognized the need for better data and better analysis to help the Financial Stability Oversight Council (Council) and market participants assess and respond to

## Dodd-Frank Act Section 156 (b) Reporting Requirement

- (1) In general– The Office shall submit an annual report to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Financial Services of the House of Representatives that includes the plans described in paragraph (2).
- (2) Plans– The plans described in this paragraph are as follows:
  - (A) Training and Workforce Development Plan– The Office shall submit a training and workforce development plan that includes, to the extent practicable–
    - i. identification of skill and technical expertise needs and actions taken to meet those requirements;
    - ii. steps taken to foster innovation and creativity
    - iii. leadership development and succession planning; and
    - iv. effective use of technology by employees.
  - (B) Workplace Flexibility Plan– The Office shall submit a workforce flexibility plan that includes, to the extent practicable–
    - i. telework;
    - ii. flexible work schedules;
    - iii. phased retirement;
    - iv. reemployed annuitants;
    - v. part-time work;
    - vi. job sharing;
    - vii. parental leave benefits and childcare assistance;
    - viii. domestic partner benefits;
    - ix. other workplace flexibilities; or
    - x. any combination of the items described in clauses (i) through (ix).
  - (C) Recruitment and Retention Plan– The Office shall submit a recruitment and retention plan that includes, to the extent practicable, provisions related to–
    - i. the steps necessary to target highly qualified applicant pools with diverse backgrounds;
    - ii. streamlined employment application processes;
    - iii. the provision of timely notification of the status of employment applications to applicants; and
    - iv. the collection of information to measure indicators of hiring effectiveness.

threats to financial stability. Better data and analysis can help inform the design of the shock absorbers and guardrails to make the financial system more resilient and less prone to shocks. They can also support earlier warnings and effective responses to mitigate the effects of crises that occur and help draw lessons for the future.

In March 2012, the OFR released its first [strategic plan](#), covering the period from FY2012-2014. The plan took as its foundation the statutory mandates established in the Dodd-Frank Act. It set out the OFR's mission to serve the Council, its member agencies, and the public by improving the quality, transparency, and accessibility of financial data and information, by conducting and sponsoring research related to financial stability, and by promoting best practices in risk management. It established five long-term strategic goals for the OFR, consistent with requirements of the statute, and defined long-term objectives to achieve these goals.<sup>1</sup> The OFR's human capital planning is a core element of the broader strategic planning framework. The goals and objectives identified in the strategic plan underpin the OFR's organizational structure and workforce plan, as described below, and human capital planning activities themselves are key to achieving the OFR's fifth goal—establishing the OFR as an efficient organization and world-class workplace.

### OFR Strategic Goals

1. Support the Council through the secure provision of high-quality financial data and analysis needed to monitor threats to financial stability
2. Develop and promote data-related standards and best practices
3. Establish a center of excellence for research and analysis on financial stability and promote best practices for financial risk management
4. Provide the public with key data and analysis, while protecting sensitive information
5. Establish the OFR as an efficient organization and world-class workplace

On July 20, 2012, the OFR published its [first Annual Report](#) to Congress under Section 154(d) of the Dodd-Frank Act. As required in the statute, this report included the OFR's analysis of threats to the financial stability of the United States; the status of the efforts of the Office in meeting its mission; and key findings from the research and analysis of the financial system by the Office. The report outlines the Office's agenda for the activities of its staff, including through collaboration with Council member agencies and other outside researchers and experts, to monitor and conduct research on developments and sources of vulnerability in the financial system; to identify data needs (and data gaps) for this research and monitoring; and to promote strengthened data standards.

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<sup>1</sup> The plan also recognizes the importance of developing performance measurements, which the OFR published in the Treasury's FY2012 Agency Financial Report and will be included in the FY2014 President's Budget.



## Human Capital Planning

With support from human capital experts in Treasury's Office of the Assistant Secretary for Management, the OFR has developed and begun to implement a human capital strategy appropriate for both the stand-up and ongoing needs of the maturing office. In its first two years, the OFR has focused on several key areas:

- establishing core human capital frameworks, including the pay-and-benefit system, foundational human resources (HR) policies, and related procedures;
- designing an initial OFR organizational structure and developing a comprehensive workforce plan tied to the goals and objectives in the OFR's strategic plan; and
- recruiting OFR leadership and ramping up the staff across the full range of Office functions.



## The OFR and the Council

The primary function of the OFR is to support the Financial Stability Oversight Council (Council) and its member agencies in fulfilling their duty to promote financial stability and enhance market discipline. To do so, the Director of the OFR will work closely with the Chairperson of the Council (the Secretary of the Treasury).

The OFR serves as a data and research resource for the Council and its member agencies and works with those agencies to reduce reporting burdens and increase market transparency. In this context, the OFR serves as a shared resource for Council members, their agencies and staff. It is unique among those agencies because its primary mission is to analyze threats to the stability of the overall financial system, and because it has the authority to collect information, where needed, from any U.S. financial company. The OFR has a responsibility to evaluate and report on stress tests and other stability-related assessments of financial entities overseen by member agencies, provide advice to member agencies on the impact of their policies as they relate to financial stability, investigate disruptions and failures in the financial markets, and provide its analysis to the Council, Congress, and public.

The OFR works closely with Council staff, who support policy discussions among and recommendations by the Council, e.g., at Council Committee meetings, through Council work streams, and in the Council's annual report. The OFR provides data and analysis to support that work, either as a participant or in response to requests from Council members, their agencies and staff. The OFR will have the capacity to provide in-depth, long-term research as well as rapid analyses of significant financial events to inform the policy debate that Council staff will coordinate.

# II. Organization and Workforce

Under the Dodd-Frank Act, the Office was established within the Department of the Treasury, and utilizes the resources of the Department. In fulfilling its mandate to serve the Council (see box), the OFR also works closely with staff of the Council Secretariat as well as the staffs of Council members and member agencies.

## Workforce Plan

The OFR's workforce plan identifies the human capital needs of the Office, including the scale of the staff, its skill sets, and organizational structure. In developing the workforce plan, the OFR reviewed best practices related to organizational structure and human resources and lessons learned from the stand-up and operation of similar organizations. In particular, the Office solicited input from other governmental agencies and nonprofits with significant data and research mandates and reviewed their operations. Recognizing that the organization is in its early stages and that the workforce plan will evolve as the needs of the organization change, the OFR has developed a process for regular review of this plan.

The OFR's strategic plan drives its human capital planning efforts. In this context, the Office's organizational structure and workforce plan align targeted competencies to support achievement of the goals identified in the strategic plan. At the individual level, the objectives used for performance planning and measurement must be aligned with achievement of one of the OFR's strategic goals.

## Organizational Structure

The OFR's organizational structure derives from the requirements of the Dodd-Frank Act, specifically those prescribing the role of the Director and the responsibilities of the Data Center and Research & Analysis Center. OFR management's approach to fulfilling these requirements reflects three organizational imperatives. First, the effectiveness of the organization depends critically

## Aligning Human Capital Planning to the OFR's Strategic Goals

The Data Center supports the OFR's first strategic goal – *to support the Council through the secure provision of high-quality financial data and analysis needed to monitor threats to financial stability*. Key competencies required to drive the Data Center's work include information technology, strategic data management and analysis, and analytic and support services. The Data Center also supports the OFR's second strategic goal – *to develop and promote data-related standards and best practices* – requiring specialized expertise in information standards.

The Research & Analysis Center also supports achievement of the first strategic goal to *support the Council*, as well as the OFR's third strategic goal – *to establish a center of excellence for research and analysis on financial stability and promote best practices for financial risk management*. To do so, the Research & Analysis Center must recruit and retain researchers and other staff with key competencies that include macroeconomics, finance, statistics, risk management, and applied sciences.

To support the OFR's fourth strategic goal – *to provide the public with key data and analysis, while protecting sensitive information* – OFR staff responsible for relationship management, Congressional affairs and communication, and information technology require key skills in information security, law, public communications and relationship management, and legislative affairs.

Finally, to support the OFR's fifth strategic goal – *to provide the OFR as an efficient organization and world-class workplace* – the OFR must have staff with key skills in program management, budgeting, human resources, strategic planning, and legal and regulatory policy.

on teamwork and a unified approach that requires close collaboration and coordination among all units. Second, important efficiencies derive from utilizing expertise from other Treasury offices, in particular those related to administrative support. Finally, OFR is a new organization, so its organizational structure must evolve to meet changing needs as the organization matures and grows.

The Dodd-Frank Act requires that a Director lead the Office, overseeing the Research & Analysis Center and the Data Center. Organizationally, the senior management team is made up of the Director, Deputy Directors for each of the two centers, and five Chiefs (the Chief Business Officer, Chief Technology Officer, Chief of Analytical Strategy, Chief Operating Officer, and Chief Counsel). OFR Deputy Directors and Chiefs oversee 17 sections led by 16 Associate Directors and one management support liaison from the Office of the Assistant Secretary of Management.

As of September 30, 2012, five of the eight senior management positions of the OFR were filled, while the positions of Director, Deputy Director for Research, and Chief Business Officer were pending, and 11 of the 17 Associate Director positions were filled.<sup>2</sup> On December 16, 2011, the President nominated Richard Berner to be the OFR's first Director; on March 29, 2012, the Senate Banking Committee favorably reported the nomination to the full Senate for consideration.

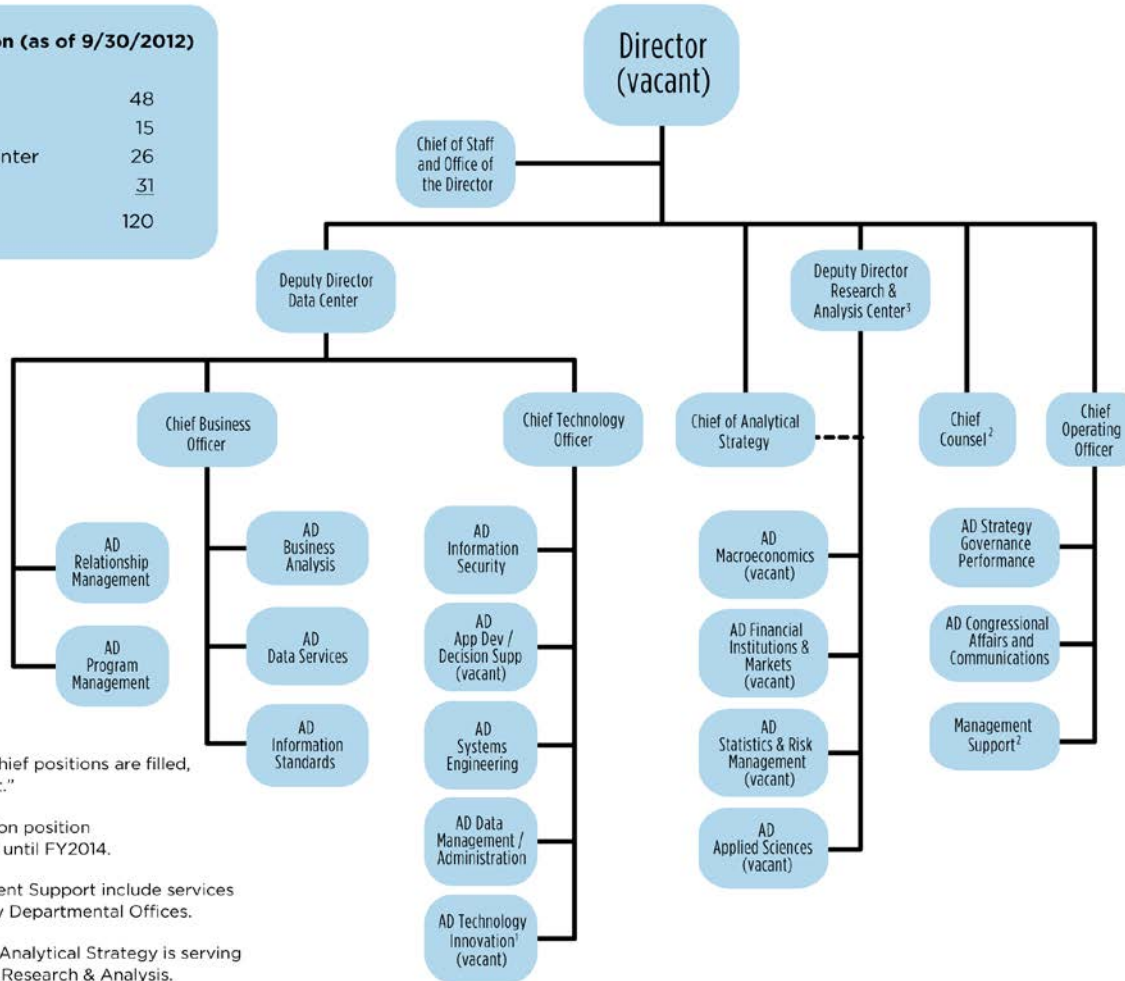
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<sup>2</sup> With the addition of the Chief Business Officer in November 2012, six of the eight senior management positions were filled.

# Office of Financial Research Organization Chart

September 2012

Staff Levels by Function (as of 9/30/2012)	
Data Center	
Business	48
Technology	15
Research & Analysis Center	26
Support Offices	31
<b>TOTAL</b>	<b>120</b>



Associate Director (AD) and Chief positions are filled, except where noted as "vacant."

<sup>1</sup> The AD Technology Innovation position is not anticipated to be filled until FY2014.

<sup>2</sup> Chief Counsel and Management Support include services from Department of Treasury Departmental Offices.

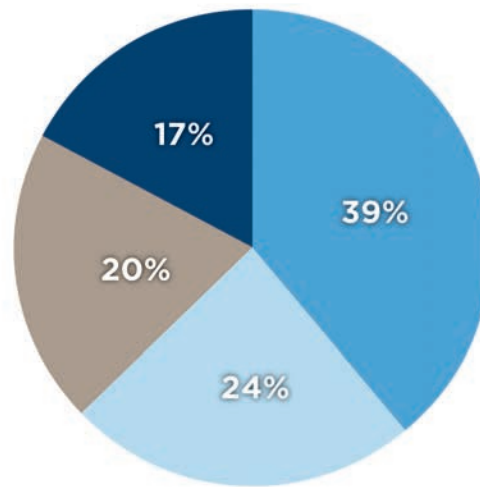
<sup>3</sup> As of 11/4/2012, the Chief of Analytical Strategy is serving as acting Deputy Director of Research & Analysis.

## Staff Levels

The OFR projects steady-state staffing levels of 275 to 300 by FY2014-2015. An estimated 63 percent of the OFR's staff will be in the Data Center, split between the Data Center's business and information technology (IT) groups. The Research & Analysis Center will constitute roughly 20 percent of the OFR's staff but will utilize a broader network of resources through work arrangements with outside researchers, as well as collaboration with researchers in other Council member agencies. The Office of the Director and support functions (Counsel and Operations) constitute the remaining staff.

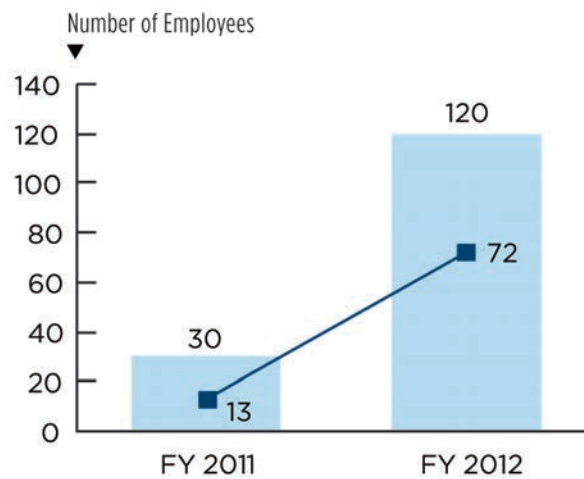
The OFR has set ambitious, but achievable, hiring targets to reach steady-state staffing levels as early as FY2014. Staff levels including permanent and detailed staff reached 120 at the end of FY2012 from 30 at the end of FY2011. Hiring will further accelerate in FY2013 through FY2014.

## Workforce Plan Steady State



Includes reimbursable support. Research staffing to be augmented through networks with outside researchers.

## Staff Levels



<sup>1</sup> Full time employees (FTE) are calculated as total hours worked over the full year divided by a standard measure of annual hours worked for a full time employee.

<sup>2</sup> Staff includes direct staff, reimbursable Treasury staff, and external details.

## Staff Locations

Most of the OFR staff will be located at its headquarters in Washington, D.C. The OFR will also maintain a small presence in New York City to support research and data-related interactions with New York-based regulators, data providers, and financial market participants. The OFR also expects to maintain a small number of work arrangements with contributors outside of Washington and New York, including to support research collaboration.

## Roles and Responsibilities

### Director

Under the Dodd-Frank Act, the OFR Director - appointed by the President, with the advice and consent of the Senate - provides overall leadership, direction, and representation for the OFR. The Director also serves as a non-voting member of the Council.

The Act requires several key duties of the Director:

- establishing the OFR's budget, as well as the size and compensation of OFR staff, in consultation with the Chairperson of the Council.
- testifying and reporting to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Financial Services of the House of Representatives annually on the activities of the Office. Subjects include updates on the work of the Data Center and the Research & Analysis Center, and the OFR's assessment of significant financial market developments and potential emerging threats to the financial stability of the United States. The OFR Director's testimony is not subject to prior review by any office or agency and shall state that the views expressed are those of the Director.
- requiring from a financial company the production of data not elsewhere available, where needed to carry out the functions of the OFR, after consulting with the Council or primary regulators.
- ensuring that data collected and maintained by the Data Center are kept secure and protected against unauthorized disclosure.
- ensuring that all other requirements for the OFR under the Dodd-Frank Act are fulfilled.

### Research & Analysis Center

The Research & Analysis (R&A) Center is led by a *Deputy Director*, who reports to and advises the Director. The Deputy Director directs the full range of R&A operations and sets the strategic priorities and overall direction for the R&A Center, in close consultation with the Director. The Deputy Director is also responsible for oversight of the R&A staff and for collaboration with the outside research community.

The *Chief of Analytical Strategy (CAS)* reports to and advises the Director and supports a broad range of analytical and operational functions related to OFR research, in close coordination with the Deputy Director of R&A and the Deputy Director of the Data Center. The CAS supports, in close collaboration with the Deputy Director of R&A, the management of the OFR's research functions, including definition of priorities for strategic analysis and requirements for data acquisition, as well as planning for recruitment, outreach to, and collaboration with outside experts. In the absence of the Deputy Director of R&A, the CAS has been performing the functions of the Deputy Director.

The Deputy Director will oversee four sections led by Associate Directors:

- *Financial Institutions and Markets* will focus on banking, financial institutions, and markets, especially exposures and interconnections among and across financial institutions and markets.
- *Macroeconomics* will focus on the interaction and feedback between the financial system and the real economy, including in sectors such as housing and industry.
- *Statistics and Risk Management* will study best practices in risk management and develop new tools and techniques to evaluate and measure risk within firms, and at the microprudential and macroprudential levels.
- *Applied Sciences* will use its nonfinancial expertise in mathematics and the sciences to bring innovative technologies, techniques, and approaches to the study of financial stability.

## Data Center

The Data Center is led by a *Deputy Director*, who reports to and advises the Director and oversees the full range of operations of the OFR's Data Center. These operations cover business analysis, information technology, OFR-wide program management, and relationship management. The Deputy Director provides strategic guidance for activities and investments in data collection and management, data standards, and the provision of data services to the Council and broader stakeholders.

The Deputy Director oversees two Chiefs, one responsible for business functions and the other responsible for information technology.

The *Chief Business Officer (CBO)* directs the identification, acquisition, access, management, and distribution of data to the Council and broader stakeholders. The CBO also assists in identifying and developing data-related standards to analyze threats to financial stability. The CBO coordinates closely with the Deputy Director of Research & Analysis, Chief of Analytical Strategy, Chief Technology Officer, and Chief Operating Officer. The CBO oversees three sections led by Associate Directors:

- *Business Analysis* oversees and directs data analysis; identification and documentation of business, functional, and technical requirements; market research; and other activities to support data-related initiatives.
- *Data Services* oversees and manages OFR activities in acquiring, tracking, managing, securing, organizing, and publishing data to approved constituents. In this context, the section will establish a “service desk” and library for data and data-related and research products. The section also will administer the data protocols of the interim rule on OFR post-employment restrictions.
- *Information Standards* coordinates and supports domestic and global efforts to standardize the types and formats of data that are reported to, and collected by, the OFR and Council member agencies to support the analysis of threats to financial stability.

The *Chief Technology Officer (CTO)* provides leadership and advice to other OFR senior managers on the use and management of IT to achieve the OFR’s mission. This function directs and manages the technical infrastructure of the Data Center and the maintenance of information security policies and controls. The CTO is also responsible for the governance and management of IT services through a sound, secure, and integrated IT architecture for the OFR. This responsibility includes developing a roadmap to ensure that systems architecture, standards, and protocols provide an efficient, innovative, and secure environment to house and disseminate the OFR’s information assets.

The CTO oversees five sections led by Associate Directors:

- *Information Security* defines and maintains the overall data and information security strategy for the OFR, as it relates to all aspects of the IT and business system infrastructure as well as OFR-wide policies and procedures. Duties include working with other business units to establish the OFR’s IT security architecture and processes in accordance with government regulations and industry best practices to safeguard OFR computing and data resources. This section is also responsible for IT continuity plans, security compliance testing, and certifications and accreditations, where applicable.
- *Application Development & Decision Support* builds, installs, and supports OFR-specific applications (e.g., to support data management and analytics) as well as Web applications and tools. This work includes identifying, evaluating, installing, adapting, and supporting commercial software, as well as supporting quality assurance of these applications.
- *Systems Engineering* oversees and facilitates specification, delivery, and support of all OFR IT software applications, tools, and infrastructure components including servers, networks, desktops, security appliances, and telephones. It also ensures that disaster recovery, backups, and archiving facilities are in place. The section receives support from Treasury’s Office of the Chief Information Officer (OCIO) for



IT procurement and for the operation of shared services utilized by the OFR. The current Associate Director for Systems Engineering also serves as the Deputy CTO.

- *Data Management & Administration* oversees the development and support of all OFR data stores (e.g., databases, warehouses, and data management tools). Key responsibilities include data architecture, modeling and profiling, metadata management, schema design and implementation, and operational procedures. The team provides subject matter expertise to researchers and analysts, as well as to Data Services, on creating effective and efficient data access, management, and distribution and works with the Associate Director of Information Security to ensure data are protected.
- *Technology Innovation* oversees and facilitates innovation and improvement to OFR's technology infrastructure by identifying, assessing, and introducing concepts and technologies that extend the OFR's IT capabilities. This function is responsible for ensuring that the OFR continuously improves its technology practices to support secure and efficient business activities. The OFR does not anticipate recruiting for this small team until FY2014, after the CTO organization reaches a more mature and steady-state mode of operation.

The Deputy Director, Data Center, also oversees the OFR's program management and relationship management functions:

- *The Program Management Office (PMO)* oversees and facilitates decision-making, tracking, reviewing, and reporting on key OFR programs and projects. The PMO helps to identify and resolve issues and project roadblocks and measures performance across each project portfolio.
- *Relationship Management* supports the establishment, maintenance, and management of relationships with public and private-sector stakeholders of the OFR, including Council members, other government agencies, financial institutions, insurance providers, trade groups, standards bodies, exchanges and settlement agents, and providers of data and technical services. Relationship Management also serves as the point of contact for the Federal Research Advisory Committee.

## Support Offices

The *Chief Operating Officer (COO)* reports to the Director, advises the Director, and is responsible for overall allocation, management, and oversight of resources to achieve the OFR's mission. In collaboration with other OFR senior managers, the COO establishes programs to support the stand-up of the OFR. The COO has responsibility for the OFR's external communications and strategic planning; OFR operational policies, procedures, and controls; and, in collaboration with the Treasury Department's Assistant Secretary for Management, operational areas such as financial management, human resources, procurement, and facilities. The COO also oversees three sections led by two Associate Directors and a liaison from the Office of the Assistant Secretary for Management:

- *Congressional Affairs & Communications* communicates the OFR's programs and policies to the public and serves as a point of contact for Congressional offices and the media. The Associate Director works closely with Treasury Public Affairs and Legislative Affairs. The section also designs and implements strategies for internal communications to OFR employees.
- *Strategy, Governance, and Performance* leads strategic planning and review, performance measurement, development and review of policies and procedures, and responses to external audits.
- *Management Support*, staffed by a team from the Office of the Assistant Secretary for Management, performs multiple roles in facilitating OFR's operations, including financial management, human resources, procurement, and facilities.

The *Chief Counsel* serves as legal advisor to the Director and directs OFR legal activities, reporting to Treasury's Office of the General Counsel. In this capacity, the Chief Counsel coordinates with the legal counsel for the Council and its members as related to the OFR.

# III. Human Capital Staffing and Policies

As an Office within the Department of the Treasury, the OFR is able to employ existing human capital policies and procedures, except where the Dodd-Frank Act establishes alternative requirements. The OFR has established OFR-specific human capital policies and procedures to address these requirements including administration of OFR compensation and benefits programs (described below) and a fellowship program (described in Section IV). In September 2011, the Treasury also published an interim rule on OFR post-employment restrictions (described below), as required under the statute.

The Office of Human Resources (OHR) within the Office of the Assistant Secretary for Management supports the OFR on a reimbursable basis with a range of human resources management functions, and the OFR also utilizes the Bureau of the Fiscal Service's Shared Services group to process human resources actions, including operational recruiting for OFR positions. In addition, the Office of the Comptroller of the Currency (OCC) administers certain benefit programs for the OFR through reimbursable contracts.

## Compensation and Benefits

The Dodd-Frank Act provides that the Director of the OFR, in consultation with the Chairperson of the Council, shall fix, adjust, and administer the pay for all OFR employees without regard to the General Schedule pay rates or classification system.<sup>3</sup> In addition, the Act requires the OFR “seek to maintain comparability regarding compensation and benefits” with other Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA) agencies.<sup>4</sup> Following a review of the compensation systems of FIRREA agencies and options for integrating with existing Treasury payroll and processing systems, the OFR adopted a compensation system based on that of the OCC in July 2011. The OFR will continue to benchmark its salary data with other FIRREA organizations to assess continued comparability.

In addition to the benefits available to all Treasury Departmental Offices employees, the OFR provides supplemental benefits to align its structure with other FIRREA organizations. These supplemental benefits include Business Travel Accident Insurance, a Domestic Partner Health Insurance Subsidy Program, Group Life Insurance, Short and Long-Term Disability Insurance, and enhanced dental and vision coverage. In the second quarter of FY2013, the OFR expects to adopt an agency-specific defined contribution retirement plan, based on that of the OCC, to strengthen comparability with other

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<sup>3</sup> Section 152(d)(2)

<sup>4</sup> Section 152(d)(3)

FIRREA organizations' retirement benefits and to improve the Office's ability to attract and retain needed talent.

## Post-employment Restrictions

The Department of the Treasury, with the concurrence of the Office of Government Ethics, issued an interim rule in September 2011 establishing post-employment restrictions for OFR employees with access to certain sensitive financial markets data, as required by the Dodd-Frank Act. These restrictions are detailed in 12 CFR Chapter XVI, [Supplemental Standards for Ethical Conduct for Employees of the Department of the Treasury](#), as published in the Federal Register. As one aspect of the OFR's focus on protecting confidential and sensitive data, the interim rule provides certain post-employment prohibitions if OFR employees have had access to confidential business information, including transaction or position data, about financial entities. The Office provides information about these restrictions to OFR recruits as part of the hiring process. The Office also requires that employees with access to confidential business information sign a document acknowledging the post-employment restrictions. The Office is developing additional policies and procedures to implement the restrictions and will support Treasury in issuing a final rule.

# IV. Recruitment and Retention

The OFR is building an organization and culture that attracts and retains individuals with the highly specialized skills needed to meet the OFR strategic goals and objectives. A key challenge facing the OFR is the strong competition for individuals with these same specialized skills from the public sector, private sector, and academic employers (often with significantly higher compensation including benefits). To mitigate this challenge the OFR's recruitment message highlights the Office's ability to engage top academic and industry professionals through innovative research networks; the opportunity to work on unique data sets; and the historic opportunity for employees to build a new institution that will promote financial stability, data transparency, and market discipline.

## Fellowship Program

Section 152(i) of the Dodd-Frank Act authorizes the OFR, in consultation with the Chairperson of the Council, to “establish and maintain an academic and professional Fellowship program, under which qualified academics and professionals shall be invited to spend no longer than 2 years at the Office, to perform research and to provide advanced training for Office personnel.” Consistent with the statute, the OFR established the framework for a Fellowship Program in April 2012. The OFR Fellowship Program provides flexible support for the OFR staff by augmenting research and expertise on financial stability, risk management, and financial data management, and by providing advanced training to OFR employees on these issues. This program will facilitate the transfer and use of new technologies and approaches to identifying and analyzing threats to financial stability. Fellows may come from academia, state or local governments, the non-profit sector, and other federal agencies. Aligning with the academic calendar, OFR initiated recruitment for the first class of fellows in the fall of 2012, with fellows expected to report in the spring or summer of 2013.

## Outreach

The OFR has undertaken a large number of steps to target highly qualified applicant pools with diverse backgrounds as part of its hiring process. As would be expected in a start-up organization, hiring and outreach are a strong focus of the OFR leadership. In seeking qualified candidates, the OFR has reached out to a number of venues, including colleges, universities, professional associations, and other parts of the federal government. OFR staff and managers have attended job fairs and professional conferences, participated on panels, and conducted on campus interviews. The OFR human resources team has also attended recruitment events, including those focusing on hiring veterans and individuals with disabilities. The OFR has also utilized flyers and letters to academic institutions and has spread the word through contacts in relevant disciplines. The OFR has also recruited through various forums such as the Social Science

Research Network, a professional organization of social scientists, and through online professional networks such as LinkedIn.

## Hiring Flexibility, Streamlined Application, and Hiring Effectiveness

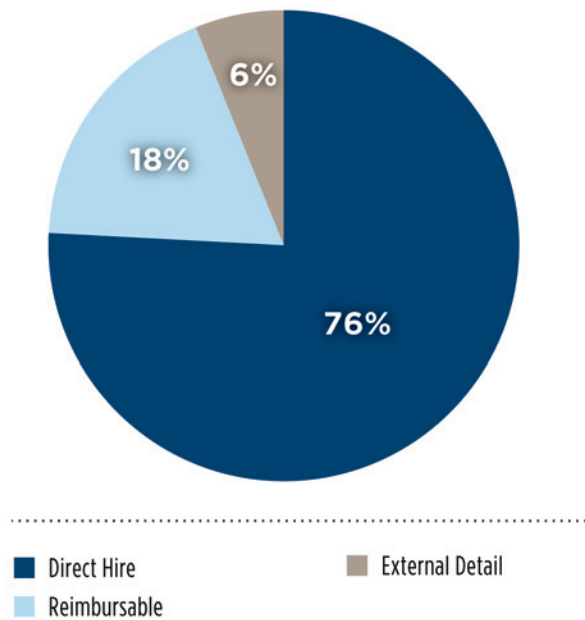
OFR staff have been recruited through three key means:

- 1) direct hiring into the OFR, utilizing competitive or excepted hiring authorities.
- 2) staffing support from other Treasury offices, in particular Treasury's Office of the Assistant Secretary for Management through reimbursable arrangements for core operational functions and information technology. Such arrangements, which currently account for 18 percent of the staff, are expected to account for approximately 11 percent of the OFR's staffing in the steady state. As noted above, the OFR is able to fulfill critical functions through these arrangements by using the broader competencies of Treasury's management infrastructure, supporting effectiveness and cost efficiency.

- 3) work details of staff members from other agencies and outside organizations to ramp up the OFR workforce with the appropriate mix of skills and experience. As anticipated in the statute, work details are expected to continue as a way to foster cross-pollination and collaboration with other organizations with research and data-related missions, including other Council member agencies.

Although the Dodd-Frank Act did not provide the OFR with specific hiring flexibility or streamlined application procedures, the Office benefits from broader Treasury authority provided by the Office of Personnel Management (OPM) to utilize Schedule A (excepted) hiring practices for certain positions that supplement permanent staff involved in the study and analysis of complex problems in domestic economic policy and financial policy.<sup>5</sup> This excepted hiring authority has allowed the OFR to recruit

### OFR Staff Hiring Authority



As of September 30, 2012

<sup>5</sup> Following passage of the Act, OPM granted Treasury's request to increase the number of Schedule A slots allocated to Treasury for this purpose from 20 to 100.

and hire individuals with unique skills directly to fill critical positions expeditiously during the start-up phase. For example, Research & Analysis used this authority to recruit through targeted advertising, allowing over 300 candidates to apply easily and be screened quickly, then be interviewed by designated subject matter experts. In addition, the OFR utilizes existing government-wide Schedule A authority to recruit attorneys.

The 76 percent of staff members hired directly into the OFR as of September 30, 2012 were hired using competitive hiring, time-limited, and student hiring authorities. As the OFR continues to mature, it is relying increasingly on competitive recruiting through USAJOBS as its core method for hiring staff.

OFR incentives for recruitment, relocation, and retention are available for highly qualified individuals with rare, critical skills and competencies or who are in hard-to-fill occupations. These programs are based on existing Treasury Departmental Offices policies, adapted to take into account OFR organizational requirements. A student loan repayment program is also available to enhance recruitment and retention. In appropriate cases, candidates are given credit for non-federal service to offer a comparable leave benefit to support recruitment.

The OFR is working to ensure that it hires as expeditiously as possible, while taking care to select the right candidates for the right roles under transparent processes. To facilitate recruitment, the OFR has developed a manager's reference site within its intranet system with a repository of human resources reference information, including policies and procedures, templates, and checklists. The OHR staff supporting the OFR lead weekly meetings with OFR hiring managers to review and track recruitment and hiring efforts, including competitive recruitment, excepted hiring, and work detail arrangements. In addition, the OHR staff assigned to the OFR helps managers to identify and recruit the best candidates by identifying recruitment processes that need improvement, additional resources that may be needed, or obstacles that must be overcome.

The OFR uses OPM's applicant survey to assess candidates' satisfaction with the competitive process, as well as OPM's manager satisfaction survey to assess hiring managers' satisfaction with the hiring process and the quality of the applicants. As part of the competitive hiring process, applicants also receive updates on the status of their applications through Treasury's automated system.

As detailed in the previous section, the OFR has made strong progress in its hiring across all of its business units, with a trajectory that puts the Office on schedule to reach its steady-state staffing target by FY2014-FY2015.

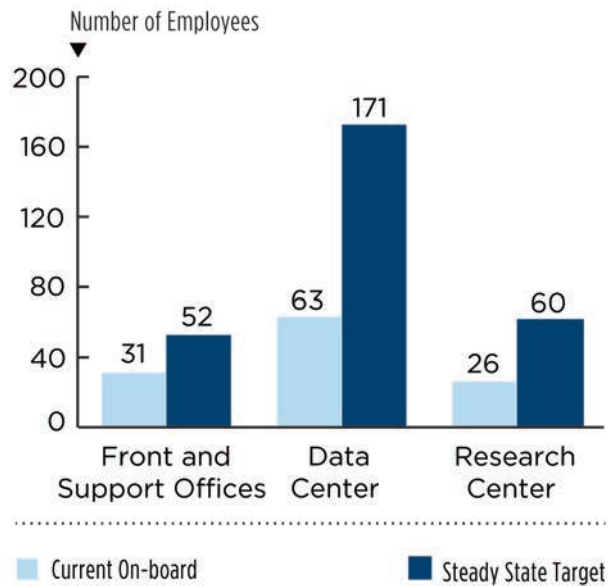
## Diversity

The OFR is committed to cultivating a workplace environment that promotes and respects diversity, and the Office demonstrates this commitment in its recruitment efforts. The OFR is continuing to build relationships with the Treasury Departmental Offices' Office of Minority and Women Inclusion and Treasury's Office of Civil Rights and Diversity to support the recruitment of highly qualified applicants with diverse backgrounds, including through outreach efforts noted previously, student internship programs, and special hiring authorities that target veterans, individuals with disabilities, and minority candidates. The Office has also worked with Treasury's Veterans Employment Manager to identify candidates with skill sets that fit positions within the OFR.

The OFR uses Treasury's new employee orientation process, which contains sessions on Equal Employment Opportunity (EEO) and Diversity and provides information to new employees regarding tools and resources to address potential challenges. The OFR also sponsored EEO training for all managers in August 2012.

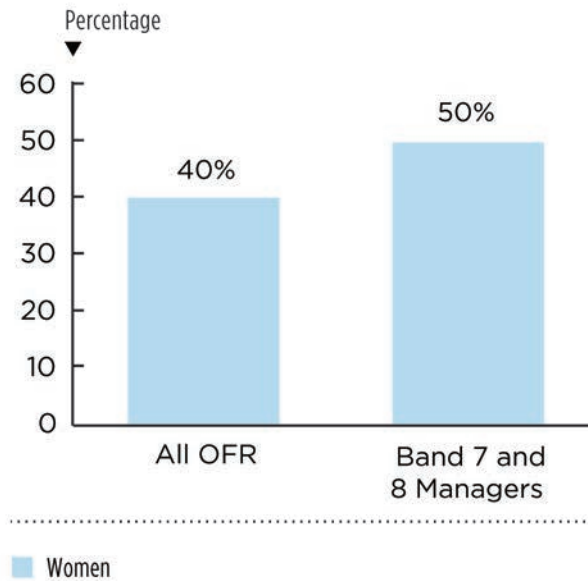
As of September 2012, women represent 40 percent of the OFR workforce and 50 percent of senior staff positions (Band 7 and 8 managers). Minorities represent 41 percent of the overall OFR staff and 17 percent of the OFR management positions.

## Onboard vs. Steady State Target



As of September 30, 2012

## OFR Staff Gender Diversity



As of September 30, 2012



# V. Training and Workforce Development

## Training

Building on existing Treasury policies, the OFR has established a Training and Tuition Assistance Reimbursement Procedure that enables the OFR to meet the specialized training needs of its staff in a targeted and cost effective manner.

The OFR utilizes the Treasury Learning Management System (TLMS), an online training system available to all employees of Treasury, providing access to specialized online courses, certification programs, leadership briefings, and interactive webinars with national experts. All OFR employees are required to undergo TLMS-based training in cyber security, No FEAR and Privacy Act requirements, and federal ethics regulations.

As members of the Treasury staff, OFR employees in managerial and senior professional levels (Bands 6-8) have access to Treasury Executive Institute programs; these regular sessions help attendees further develop leadership competencies. Additionally, as a response to the unique managerial challenges of standing up an organization, all OFR managers attended a two-day leadership training program in 2012. OHR has also provided a series of training sessions for OFR supervisors on human resources topics, including hiring, compensation and pay, performance management, and work schedules, leave, and telework policies.

## Technology

A key element of the OFR's strategy to support achievement of its mission and the development of its staff is utilization of technology to facilitate cutting-edge research and to connect OFR employees with outside researchers. As part of this effort, the OFR is developing sophisticated systems to support secure data-driven research and collaboration by its researchers. The OFR has now put in place a short-term secure analytical environment for its own researchers that will also provide access for joint work with the Council staff members on certain OFR data sets and related analytical tools. The OFR has also developed a data transmission protocol and a SharePoint collaboration environment that will enable interagency exchange with other Council members. Finally, the OFR is building upon this foundational infrastructure to create a long-term secure analytical environment, which will contain additional tools to foster secure collaboration with outside researchers and others who are participating in the OFR's community of innovation and development.

Effective use of technology also facilitates flexibility and efficiency in day-to-day activities. The OFR, through Treasury's OCIO, has access to Treasury's DORA program, which enables employees to access their desktops remotely. The OFR also utilizes Trea-

sury online HR tools allowing employees to access personnel actions and self-service tools. The OFR maintains an office-specific intranet site for employee reference, where employees have access to a range of information, including OFR policies and procedures, and can collaborate on work products.

## **Fostering Innovation and Creativity**

The OFR business model recognizes the need for the staff to maintain access to fresh thinking and a diverse range of views. As noted above, the Fellowship Program seeks to facilitate temporary visits by outside experts. The establishment of the Financial Research Advisory Committee of leading researchers, academics, data and IT experts, as well as work arrangements with outside researchers - including through work detail arrangements and contracting - are also expected to play important roles in this regard, as will broader collaboration and joint research with outside experts. Additionally, the OFR sponsors a Seminar Series that brings researchers from across the regulatory community to discuss topical issues related to research and analysis on threats to financial stability.

## **Leadership Development and Succession Planning**

As the OFR continues to build its workforce, the organization recognizes the need to plan for developing future leaders and to support the ongoing development of the staff. As noted above, the OFR has invested in leadership training for all OFR managers. As a part of its workforce planning, the OFR has defined key leadership and deputy positions and is undertaking regular reviews of these structures, including as the organization's needs evolve with its continued growth. In FY2013, the OFR will further elaborate its succession management plan, building from this foundation and reflecting a bench strength analysis, competency assessment, and measures to address critical gaps, where they are identified.

In FY2012, the OFR also undertook an employee survey to develop baseline data on employees' perceptions of whether, and to what extent, characteristics of a successful organization including effective leadership are emerging at the OFR. Ongoing review of survey results will assist the OFR in benchmarking its performance against other organizations, identifying areas for improvement, and measuring its development over time.

As another element of succession planning, the OFR recognizes the need to allow its employees to grow and develop. The OFR has adopted Treasury-wide procedures for employee performance planning and review, in which an individual employee's objectives are linked to achieving the OFR's strategic goals. Many OFR positions contain career ladders for employees to advance in their current positions to increased job responsibilities. The OFR has also established a promotion policy to clarify the basis for advancement within the organization.

# VI. Workplace Flexibility

The OFR has a number of workforce flexibility programs that supplement and support the OFR's efforts in recruiting, retaining, and developing a skilled workforce by encouraging employee productivity and health, continuity of operations, environmental benefits, and economic efficiencies. These policies build from existing Treasury Departmental Offices policies.

## Telework

As part of the Treasury Department, the OFR has implemented a telework program in full compliance with the Telework Enhancement Act of 2010. Each position created in the OFR is designated either eligible or non-eligible based upon the nature of the work and level of security of access to sensitive documents and financial information. Treasury's remote access capabilities support telework by offering fast and secure access to employees' desktops from outside locations. The ability to work remotely also plays an important part in OFR's Continuity of Operations Plan.

## Flexible Work Schedules

The OFR provides Compressed Work Schedules and Flexible Work Schedules when consistent with work demands. In addition, credit hours are available to OFR staff members, except employees in executive (Band 8) positions. These flexibilities allow employees to balance work and family needs, decrease commuting expenses, and provide an attractive benefit for employees.

## Reemployed Annuitants and Phased Retirement

The OFR employs Treasury programs for reemployed annuitants, based on specialized skill sets required by the Office, as part of its cohesive strategy for recruitment and retention. The phased retirement program enacted by Congress will be considered in succession planning efforts and retention strategies following establishment of related regulations.

## Part-time Work and Job Sharing

The OFR follows Treasury programs on part-time work and job sharing that expand the applicant pool of qualified candidates interested in part-time employment.

## Parental Leave Benefits and Child Care Assistance

The OFR follows federal leave guidance for parents, as outlined by the Office of Personnel Management, in accordance with Title 5 regulations.

OFR staff members have access to child care services through sponsored day care centers and emergency child care assistance administered by the Department of the Treasury.

## **Domestic Partner Benefits**

The OFR offers a Domestic Partner Health Insurance Subsidy Program. Under this program, employees who are in a committed relationship with a domestic partner can receive a subsidy toward premiums paid for privately obtained health insurance for their domestic partners and the eligible children of their domestic partners with a benefit comparable to the government's share of the Federal Employees Health Benefits premium.

## **Transit**

Consistent with Treasury Departmental Offices policy on the Public Transit Incentive Program, the OFR provides a fare subsidy, which is applied toward an employee's monthly transit costs. This subsidy is available to employees who commute by public transportation or authorized vanpools.

## VII. Conclusion

Over the past year, the OFR has made substantial progress in establishing the human capital infrastructure needed to support the needs of the growing organization. With growth over FY2012 to 120 staff members - an increase of four times - the OFR has made major strides in building its most valuable resource: its human capital. The organization is projected to grow by a similar number in the coming year, requiring continued diligence in ensuring that the organizational and workforce structures remain robust to meet the OFR's growth. During FY2013, the Office will continue to review and elaborate its human capital strategy as part of its broader strategic planning framework. To this end, the OFR will continue to focus strong attention on recruitment (and monitoring of hiring effectiveness), while also further elaborating its existing strategies, with a focus on support for diversity, staff development and retention, and effective succession management.

During its stand-up, the Office is balancing the need to move forward expeditiously with the need to hire the right staff members and to support their continued development. As this report shows, the OFR is making significant progress in building a talented workforce dedicated to a better understanding of risks to financial stability.