

Annual Report to Congress on Human Capital Planning



2015

Human Capital Strategic Alignment

Recruitment, Retention, and Workplace Flexibility

Training and Workforce Development

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OFFICE OF FINANCIAL RESEARCH

Establishment of the Office

The Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) established the Office of Financial Research (OFR or Office) within the Department of the Treasury. 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;
- Standardizing the types and formats of data reported and collected;
- Performing applied research and essential long-term research;
- Developing tools for risk measurement and monitoring;
- Performing other related services;
- Making the results of the activities of the Office available to financial regulatory agencies; and
- 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 its programmatic responsibilities, the Office operates a Data Center and a Research and Analysis Center within the OFR.

The law provides 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 provides that the Research and 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;
- Monitor, investigate, and report on changes in systemwide risk levels and patterns to the Council and to Congress;
- Conduct, coordinate, and sponsor research to support and improve regulation of financial entities and markets;
- Evaluate and report on stress tests or other stability-related evaluations of financial entities overseen by Council member agencies;
- Maintain the expertise necessary to support specific requests for advice and assistance from financial regulators;
- Investigate disruptions and failures in the financial markets, report findings, and make recommendations to the Council based on those findings;
- Conduct studies and provide advice on the impact of policies related to systemic risk; and
- Promote best practices for financial risk management.

Introduction

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 on human capital planning each year for its first five years to the Senate Committee on Banking, Housing, and Urban Affairs and the House Committee on Financial Services. The report is required to include a Recruitment and Retention Plan, Workforce Flexibility Plan, and Training and Workforce Development Plan. The 2015 Annual Report to Congress on Human Capital Planning is the fifth update on the OFR's progress in its human capital planning activities.

Establishing and sustaining the OFR as a world-class workplace is our most important human capital goal. During fiscal year (FY) 2015, we developed and continued to refine human capital strategies to work toward that goal and meet the ongoing needs of the maturing office. In FY 2015, we focused on the following key areas:

- Aligning our organizational structure to better support our strategic plans;
- Enhancing our tools for recruitment, retention, and workplace flexibilities to attract and retain a skilled, high-quality workforce; and
- Implementing tools to train and to develop thought leaders and organizational leaders.

Early in 2015, we published our FYs 2015-2019 [Strategic Plan](#), which set out our mission, vision, goals, and objectives, and a roadmap for achieving them. The strategic plan commits us to align our activities with strategic goals and to measure our performance with specific metrics. It reflects our

commitment to be transparent and accountable. Based on the statutory mandates established in the Dodd-Frank Act, the plan sets out our mission to promote financial stability by delivering high-quality financial data, data standards, and analysis for the Financial

Stability Oversight Council (Council) and the public. In FY 2015, OFR leaders identified priorities that align with our new strategic plan, clarified roles and responsibilities, and enhanced accountability, collaboration, and clear communication. To achieve our mission, we evaluated the skills and capabilities needed to accomplish our objectives, and reflected these findings in our human capital planning.

In addition to the strategic plan, at the beginning of FY 2015, the OFR Director identified five key components that define success for the Office. These components are to be a widely recognized thought leader in financial research, a key source for financial data, an architect for data standards, a research-and-development hub for large-scale information technology, and a "One OFR" culture. These components are tied closely to the three goals in the OFR's strategic plan, our core values, and our most important operating principle – establishing the OFR as a world-class workplace.

We have positioned our Office for success through human capital strategic alignment; recruitment, retention, and workplace flexibilities; and training and development. We will continue to refine our human capital plans to be the world-class organization we strive to be. And we will nurture and sustain a culture that will foster continued excellence.

Since our start-up five years ago, we have faced and overcome significant challenges. We met the challenge of building a diverse, talented workforce





to realize our mission. However, attracting and retaining diverse talent continues to be challenging because of competition for individuals with the same specialized skills from business and academia, the Federal Reserve System, and other agencies covered by the Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA). We have partly addressed this challenge by adopting and implementing new tools to increase flexibility in our compensation policy, while preserving our commitments to stewardship.

In FY 2015, we also faced new challenges as the organization evolved into a more mature institution. We addressed this evolution by conducting a skill needs assessment and use of workforce planning to align those needs with the organizational structure. The result was an organizational realignment and the reassignment of some staff members to align the Office's structure with our mission and our strategic goals.

Through employee surveys, suggestion box submissions, and other mechanisms, we received

constructive feedback on where to focus our attention to continually improve employee engagement and job satisfaction. It is clear that our staff members are passionate about their jobs and our mission. It is also clear that enhanced communication from Office leaders to employees across the organization further empowers and unifies our teams. By focusing our attention on more and better communications, such as "town halls," "lunch and learns," and "all-employee messages," we addressed organizational silos, improved leadership effectiveness, and supported delegation and empowerment.

At the end of FY 2015, for the first time, we filled all senior management positions. High priority is now placed on filling the remaining mid-level management positions and building deep teams to promote professional and personal growth, and as part of succession planning. As a consequence of all these efforts, our Federal Employee Viewpoint Survey results improved this year, and we expect continued attention to these issues will lead to more improvements.

Human Capital Strategic Alignment

Our approach to fulfilling the OFR's statutory requirements reflects three organizational imperatives. First, the effectiveness of the Office depends on clear direction and accountability for results. Second, success depends on teamwork and a unified approach requiring close collaboration and coordination, which requires a functionally aligned organizational structure. Third, our organizational structure must be able to evolve to meet changing needs.

The Office has grown larger and more complex over the past five years, and we are meeting the challenges of an evolving organization. We strengthened our organization and governance to support further planned growth. Our high-level organizational needs assessment coupled with workforce planning created a review of our current workforce compared to future needs in meeting our mission. We focused on the Office's functions and positions within each area to promote collaboration and teamwork.

These efforts enabled us to align the organization by functional area to achieve five goals: expand our research capability and productivity, enhance our ability to provide world-class information technology, increase operational efficiencies and effectiveness in support of our Office-wide initiatives, minimize gaps and redundancies, and clarify roles and responsibilities. Alignment helped us create new positions and matrix teams. The OFR's structure is now well aligned with our strategic goals and our mission.

Specifically, we have three distinct centers — the Data Center, the Technology Center, and the Research and Analysis Center — each headed by a Deputy Director. Together with the Director

and Chiefs of External Affairs, Operations, and Legal, they comprise the Senior Management team. The OFR's broader leadership team consists of the senior staff and associate directors; as a group, they meet monthly to assure strong leadership and communication.

Our workforce planning efforts have helped identify and distinguish between staffing requirements for long-term permanent resources, and requirements for temporary or contractual solutions. Our vision always involved a virtual research-and-data community that would be enhanced by a mix of full-time and part-time employees in different locations.

To implement that vision, we establish work arrangements with contributors outside Washington, D.C., and New York, including collaboration with academic experts on specific research projects. In addition, we use fellowships and detail arrangements of staff members from other agencies and external organizations to augment the Office's workforce with needed skills and experience and





to offer developmental opportunities for employees. Fellowships and work details are expected to continue as a way to foster collaboration with other organizations with research and data-related missions, including other Council member agencies. In addition, in FY 2015 the Office began to implement a broader visiting scholars program to augment our collaborations and our work to develop a world-class virtual research and data community.

As we plan for future needs, we will continue to align our actions with our strategic and tactical plans and with our annual priorities and programs. This holistic OFR-wide approach is supported by our organizational structure. We are collaborating and communicating as “One OFR,” which results in tangible, consequential individual and organizational achievements. However, this structure cannot be static; we will continue to adjust our workforce planning and strategies as we identify changes in work priorities and processes, programs, evolving stakeholder needs, and upcoming challenges and risks. We will further incorporate programs, policies, and practices for recruitment, employee and leadership development, performance management, retention, and succession.

Recruitment, Retention, and Workplace Flexibility

As part of our hiring process, we have taken steps to target highly qualified applicant pools with diverse backgrounds and communicate the importance of our mission to those potential employees. Outreach and recruitment are a strong focus of the OFR's leadership. Interacting with the news media and participating in public speaking events help increase public awareness of our mission. In seeking qualified candidates, we reach out in a number of venues, including colleges, universities, professional associations, and other parts of the federal government. Members of our staff attend job fairs and professional conferences, participate on panels and in workshops, and conduct on-campus interviews. The Office also recruits through job boards and online professional networks, such as LinkedIn and the American Economic Association's Job Openings for Economists network.

We use competitive and "excepted" hiring authorities to bring staff members into the Office. We benefit from broader Department of the Treasury (Treasury) authority provided by the Office of Personnel Management (OPM). Following passage of the Dodd-Frank Act, the OPM granted Treasury's request to increase the number of Schedule A (excepted) hiring slots allocated to Treasury from 20 to 100. This Schedule A hiring authority may be used for positions that supplement permanent members of our staff involved in the study and analysis of complex data and problems in

domestic economic policy and financial policy. It has allowed us to quickly recruit and hire individuals with unique skillsets or expertise to fill critical positions.

We are committed to cultivating a workplace environment that promotes and respects diversity and inclusion, and we demonstrate this commitment in our recruitment efforts. The OFR recruits highly qualified applicants with diverse backgrounds through outreach efforts, student internship programs, and special hiring authorities that target veterans, individuals with disabilities, and minority candidates with support from the Treasury Departmental Offices' Office of Minority and Women Inclusion and Treasury's Office of Civil Rights and Diversity.

In the past year, we significantly improved our compensation policy including tools to augment pay





flexibilities based on merit, pay equity, and accomplishments. In Section 152(d)(3), the Dodd-Frank Act requires the OFR “seek to maintain comparability regarding compensation and benefits” with other FIRREA agencies. We continue to benchmark our salary data and benefits, and we revised the OFR’s compensation policy to be more competitive with other FIRREA agencies to attract and retain the talent essential to carrying out our mission. In addition, the Office uses Title 5 pay flexibilities such as recruitment and retention incentives, the student loan repayment program, and credit for nonfederal service for leave accrual to more effectively attract and retain staff members with critical skills and competencies.

Our merit-based pay-for-performance system rewards accomplishments, and our performance management system allows for remediating poor performance in a timely way. In addition, we offer recognition and non-pecuniary awards. OFR leaders are committed to celebrating successes that help build our Office and create trust with our stakeholders.

In addition to the benefits available to all Treasury Departmental Offices employees, the OFR provides supplemental benefits to maintain comparability with other FIRREA agencies. These supplemental benefits include business travel accident insurance, group life insurance, short- and long-term disability insurance, enhanced dental and vision insurance coverage, and a defined contribution retirement plan. Also, we have a number of workforce flexibility programs to help recruit, retain, and develop a

skilled workforce by encouraging employee productivity and wellness. The Office provides several flexibilities that allow employees to balance work and family needs including leave, telework, and alternative work schedules.

Giving clear direction, appropriately delegating responsibility, empowering and holding staff members accountable, and promoting teamwork throughout the organization are essential ingredients for our success. OFR leaders create opportunities for professional and personal growth by supporting cross-functional projects and encouraging cross-functional interaction that helps break down internal silos. Because succession planning is imperative for continuity, employees are also encouraged to engage in cross-functional work through reassignments and details. Executive fellows, rotational details, and acting assignments have also fostered this cross-functional collaboration. In addition, in FY 2015, we developed a procedure to purchase relevant individual employee professional licenses, certifications, and memberships for further professional growth.

We continuously seek to attract and retain individuals with the highly specialized skills needed to meet the Office’s strategic goals and objectives. We emphasize to candidates the unique opportunities available at the OFR: collaborating with top academic and industry professionals through innovative research networks; working with unique datasets and with Council staff members; and building an institution with a compelling mandate to promote financial stability, data transparency, and market discipline. The OFR’s mission attracts talented people, and because of the work we have done in FY 2015, we have greater clarity of purpose, clearer direction, and more precise definition of our positions, roles, and responsibilities tied to our mission. In FY 2015, clarifying roles and responsibilities, setting priorities, and determining accountability were critically important for our success. We are moving ever closer to being a world-class organization that delivers on our mission, is sustainable, and rewards staff members for accomplishments.

Training and Workforce Development

We are committed to supporting continued training and development for all our employees. Access to training creates a culture of learning within the Office and helps employees meet the OFR's business objectives. In addition, training enables us to retain and motivate a diverse group of highly skilled employees to accomplish our mission and meet our goals. Building on existing Treasury policies, we have a training procedure to meet the specialized training needs of our staff in a targeted and cost-effective manner. An allocated training fund is replenished annually for approved training costs.

We also focus on developing and implementing tools to train and develop thought leaders, looking for ways to foster innovation and creativity in achieving our mission. As part of this effort, we provide developmental opportunities for our staff members through collaborative projects with the public and private sectors and academia. In addition to external training and bringing developmental sessions to the Office, our employees have access to a variety of internal training opportunities including seminars and lectures. The OFR's informal Lunch & Learn program provides monthly developmental opportunities and a forum for sharing ideas and collaborating with both internal and external speakers.

Finally, we focus on training and developing organizational leaders. Strong leadership and clear direction is essential to building the "One OFR" culture. In FY 2015, senior leaders completed a comprehensive leadership development workshop to enhance individual leadership qualities and forge a unified leadership team to address organizational challenges. One result of this leadership development

training, which included 360-degree review feedback, was improved leadership effectiveness. Senior leaders have improved engagement with each other, continue to share progress on milestones in relation to the overall strategic mission, and communicate the context for decisions. As mentioned, a broader leadership team including senior leaders and middle management meets monthly.

As we continue to build our workforce, we recognize the need and provide the resources to develop future leaders. Staff members in managerial and senior professional levels have access to leadership training opportunities and Treasury Executive Institute programs that help develop leadership skills. In addition, managers may participate in various leadership programs, including the Department of Energy's Leadership Development Series events.



Conclusion

More than five years ago, Congress passed the Dodd-Frank Act and the President signed it into law on July 21, 2010. The OFR has progressed from a new start-up to an established organization. Although we are no longer in the start-up stage, the Office is still new. Attracting, nurturing, and retaining a skilled, high-quality work force through constant improvement in our human capital initiatives remains a top priority.

In our five year journey, we have faced challenges in recruiting and retaining staff with highly specialized skills; augmenting compensation and benefits; filling leadership positions; clarifying direction, roles, and responsibilities; realigning organizational structures; and nurturing a developing and strong culture.

Likewise, we have addressed those significant challenges. We implemented best practices for recruiting and retaining a high-caliber workforce. Emphasis was placed on human capital strategic alignment and workforce planning to identify needs and align our organizational structure with our goals. We also implemented new tools to attract, develop, and retain a high quality workforce.

In coming years, we will continue to review, refine, and expand our human capital strategies while ensuring alignment with the OFR's FYs 2015-19 strategic plan. We expect to make further progress in the areas of strategic alignment, talent management, leadership and knowledge management, including succession planning, results-oriented performance culture, and accountability. We commit to continue our human capital initiatives and report our progress in future annual reports.



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 relating 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.

