

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 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.

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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 Recruitment and Retention Plan, Workforce Flexibility Plan, and Training and Workforce Development Plan. The *2014 Annual Report to Congress on Human Capital Planning* provides an update on the OFR's progress in its human capital planning activities.

During fiscal year (FY) 2014, ended September 30, the OFR continued its staffing trajectory toward a steady state level of approximately 300 full-time employees. We have developed and continue to refine human capital strategies to meet the ongoing needs of the maturing office with support from Treasury's human capital staff. In FY 2014, we focused on the following key areas:

- Refining core human capital frameworks, including the compensation system, human resources (HR) policies, and related procedures in order to attract and to retain the talent needed to carry out our mission;
- Aligning our organizational structure and related human capital needs to the goals and objectives in the OFR's strategic plan;
- Staffing across the full range of Office functions, including effective use of details, fellowships, and student employment;
- Addressing staff feedback through employee engagement action teams;
- Training and developing our staff for skill enhancement and professional growth; and
- Furthering employee engagement through workforce flexibilities.

OFR Goals and Objectives

The OFR's strategic plan establishes the foundation for our vision, mission, goals, values, and operating principles. Through the end of FY 2014, the OFR operated under its first strategic plan, covering the period of FY 2012-14. The plan took as its foundation the statutory mandates established in the Dodd-Frank Act. It set out our mission to serve the Financial Stability Oversight 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 strategic goals for the OFR, consistent with requirements of the statute, and defined objectives to achieve these goals.

The plan also helped us determine FY 2014 priorities and establish a Quarterly Performance Review process. The Office is developing its second strategic plan, covering FY 2015-19. Human capital planning is a core element of both the previous and the forthcoming strategic plans.

OFR Strategic Goals FY 2012-14

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.

The goals and objectives identified in the strategic plan link the OFR's organizational structure, performance evaluation and reporting, workforce plan, and annual performance plans and reviews.

OFR Activities

In fiscal 2014, we published the OFR's annual report to Congress under Section 154(d) of the Dodd-Frank Act. As required in the statute, the annual report contained our analysis of threats to the financial stability of the United States, key findings from the Office's research and analysis of the financial system, and the status of efforts to meet our mission including data standards and data gathering activities.

Major FY 2014 initiatives and activities included OFR staff members serving as the chairman of the Global Legal Entity Identifier System's Regulatory Oversight Committee and assisting with the establishment of the Global Legal Entity Identifier Foundation; working with agencies and industry on data standard initiatives; creating data inventories; coordinating the Financial Research Advisory Committee and subcommittees' activities and meetings; hosting and co-hosting public seminars on financial stability issues; coordinating the annual Regulatory Data Workshop for federal regulators; publishing research working papers; and providing Congressional testimony regarding the OFR's annual report.

Workforce Planning

Under the Dodd-Frank Act, the Office was established within the Department of the Treasury (Treasury), and uses its own resources and reimbursable resources of the Department.

OFR's management approach to fulfilling its statutory requirements reflects four organizational imperatives. First, the effectiveness of the organization depends both on clear direction and on accountability for results. That requires an organizational structure that aligns with our functions. Second, success depends on teamwork and a unified approach requiring close collaboration and coordination among all units. Third, it follows that our organizational structure continues to evolve to meet changing needs and functions. Finally, important efficiencies come

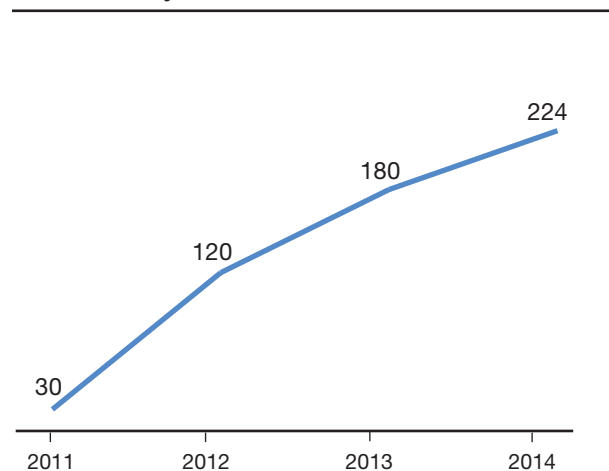
from using resources and operational facilities from other Treasury offices.

Reflecting those imperatives, our organizational structure aligns to our goals and objectives, and is also based on some requirements of the Dodd-Frank Act, specifically those prescribing the role of the Director and the responsibilities of the Data Center and the Research and Analysis Center. The Dodd-Frank Act requires that a Director lead the Office, overseeing the Data Center and the Research and Analysis Center. Organizationally, as of September 30, 2014, the senior management team was made up of the Director, Deputy Directors for each of the two centers, and six Chiefs (the Chief Data Officer, Chief Technology Officer, Chief of External Affairs, Chief Operating Officer, Chief Counsel, and Chief of Staff).

The OFR's staff has increased from 30 in FY 2011 to 120 in FY 2012 to 180 at the end of FY 2013. As of September 30, 2014, the OFR had 224 staff members with a target or steady state goal of approximately 300.

In steady state, an estimated 50 percent of the OFR's staff will be in the Data Center, split between its Data and Technology groups. The Research and Analysis Center will constitute roughly 22 percent of the OFR's staff, but will leverage a broader network of resources through work arrangements with outside researchers, as well as collaboration with other Council members. The Office of

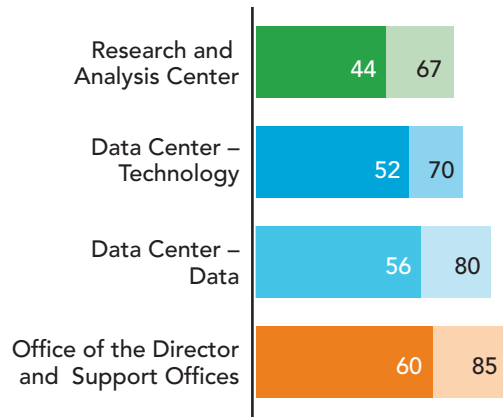
Workforce by Fiscal Year



Note: Workforce includes permanent, reimbursable, and detailed staff members

Current and Target Workforce

(As of September 30, 2014)

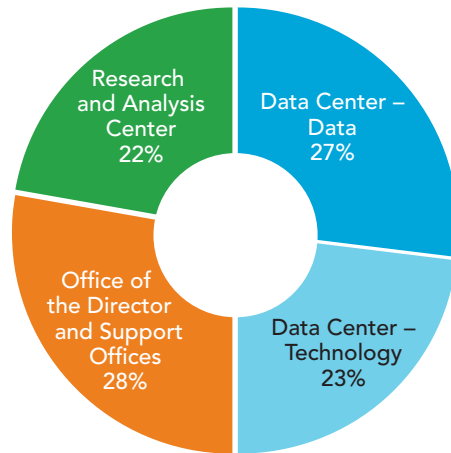


Note: Workforce includes permanent and reimbursable staff members

the Director and support functions (Counsel, External Affairs, and Operations) will constitute the remaining 28 percent of the OFR's staff.

Most of our staff is located at our headquarters in Washington, D.C. We also maintain a presence in New York City to support research and data-related interactions with New York-based regulators, data providers, academics, and financial market participants. Employees in our New York office focus on topics

Planned Workforce Distribution



and issues requiring engagement with the New York-based financial, policy, and regulatory communities (including the Federal Reserve Bank of New York, data providers, and financial institutions). The OFR also has a small number of work arrangements with contributors outside Washington, D.C., and New York, including collaboration with academic experts on specific research projects.



Recruitment and Retention

As an Office within Treasury, we base our policies and procedures on those of the Treasury Departmental Offices' Office of Human Resources (OHR), and we use human capital resources from OHR. However, the Dodd-Frank Act established alternative requirements for the OFR and granted the Director sole discretion to establish policies and procedures and to attain human capital resources needed to fulfill the OFR's mission. We have established OFR-specific human capital policies and procedures to address these requirements, including a fellowship program and administration of OFR compensation and benefits programs.

The Dodd-Frank Act, Section 152(d)(3) requires the OFR "seek to maintain comparability regarding compensation and benefits" with other Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA) agencies. Following a review of the compensation and benefits of FIRREA agencies and options for integrating with existing Treasury payroll and processing systems, we adopted a compensation system based on that of the Office of the Comptroller of the Currency (OCC) in July 2011. The OFR continues 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 maintain comparability with other FIRREA organizations. These supplemental benefits include Business Travel Accident Insurance, Group Life Insurance, Short- and Long-Term Disability Insurance, and enhanced dental and vision coverage. In the second quarter of FY 2013, we adopted an agency-specific defined contribution retirement plan, based on that of the OCC, to strengthen comparability with other FIRREA organizations' retirement benefits and to improve our ability to recruit and to retain needed talent.

Treasury's OHR continues to support us on a reimbursable basis with a range of human resources management functions. The OFR also uses the Bureau of the Fiscal Service's Shared Services group to process human resources actions and to recruit for OFR

positions. In addition, the OCC administers certain benefit programs for us through reimbursable contracts.

We continue to build an organization and culture of trust, accountability, and urgency that attracts and retains individuals with the highly specialized skills needed to meet the OFR's strategic goals and objectives. To foster this desired culture, the OFR in FY 2014 used teambuilding and relationship-building activities, created an internal communication strategy, and focused on strategic planning. An ongoing key challenge is strong competition from the public sector, private sector, and academic employers (often with significantly higher compensation including benefits) for individuals with these same specialized skills. To address this challenge, we emphasize to candidates the unique opportunities available at the OFR: collaborating with top academic and industry professionals through innovative research networks; working on unique datasets and with Council staff members; and building an institution with a compelling mandate to promote financial stability, data transparency, and market discipline. Equally important, we are revising the OFR's compensation policy to be competitive with other FIRREA agencies, and we will continue to address policies in order to attract and to retain the talent essential to carrying out our mission.

In addition, employee engagement action teams have developed recommendations to address employee satisfaction feedback. Also, the Office developed a new logo and design to establish a clear identity and branding for the OFR and its products.

Hiring Effectiveness

We recruit through several hiring authorities:

1. Hiring directly into the OFR, using competitive or excepted hiring authorities. As of September 30, 2014, 90 percent of the Office was composed of OFR employees.
2. Staffing support from Treasury's Office of the Assistant Secretary for Management, through reimbursable arrangements for core operational functions and information technology. Such arrangements

accounted for seven percent of the OFR's workforce in FY 2014. The OFR is able to fulfill some critical functions through these arrangements for effectiveness and cost efficiency.

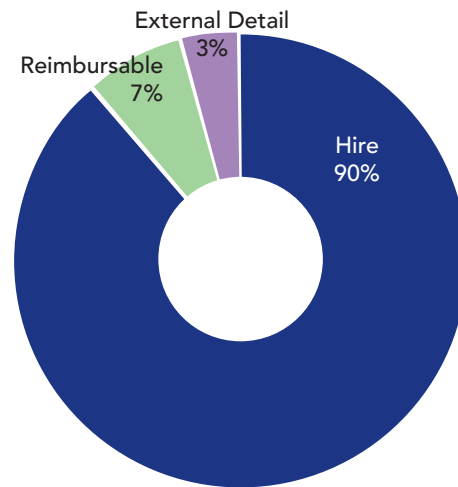
3. Work detail arrangements of staff members from other agencies and external organizations to augment the OFR workforce with the appropriate mix of skills and experience and to provide developmental opportunities for employees. As anticipated in the statute, work details are expected to continue as 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 flexibilities or streamlined application procedures, we benefit from broader 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 for this purpose from 20 to 100. Treasury's Schedule A hiring authority can 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. This excepted hiring authority has allowed us to quickly recruit and hire individuals during the start-up phase with unique skillsets or expertise to fill critical positions. For example, our Research and Analysis Center uses this authority to recruit candidates through targeted advertising, followed by an application and screening process, and by interviews with designated subject matter experts.

OFR incentives for recruitment, relocation, and retention are available for highly qualified individuals in hard-to-fill occupations or with rare, critical skills and competencies. These programs are based on Treasury Departmental Offices' policies, modified to take into account our 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 so we can offer a leave benefit comparable to the private sector to support recruitment.

Workforce by Hiring Authority

(As of September 30, 2014)



Outreach

The OFR has taken steps to communicate the importance of its mission, as well as to target highly qualified applicant pools with diverse backgrounds as part of its hiring process. As would be expected in a growing organization, outreach and recruitment are a strong focus of the OFR leadership. Outreach includes interaction with the news media and participation in public speaking events to help increase public awareness of our mission. In addition, we seek to increase our output of research products published on the OFR's website and submitted for publication in academic journals. In seeking qualified candidates, we reach out to a number of venues, including colleges, universities, professional associations, and other parts of the federal government. Members of the OFR staff attend job fairs and professional conferences, participate on panels, and conduct on-campus interviews. The OFR also recruits through job boards and online professional networks such as LinkedIn.

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, through the support of the Treasury Departmental Offices' Office of Minority and Women Inclusion and Treasury's Office of Civil Rights and Diversity, recruits 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.

Workplace Flexibility

We have a number of workforce flexibility programs to help recruit, retain, and develop a skilled workforce by encouraging employee productivity and wellness, continuity of operations, environmental benefits, and economic efficiencies. These programs build on Treasury Departmental Offices' policies.

Work/Life Flexibilities

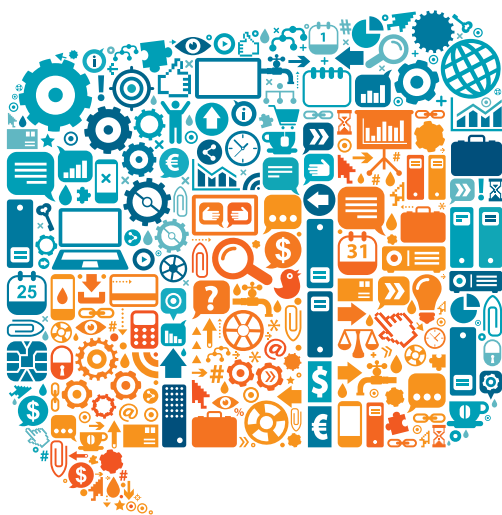
The OFR provides several flexibilities that allow employees to balance work and family needs and to cut commuting costs. We also offer the ability for all OFR staff members, with the exception of employees in the executive (Band 80) positions, to earn credit hours. By following Treasury policies on part-time work and job sharing, we provide part-time work schedule options, thereby attracting and accommodating an applicant pool of qualified candidates interested in part-time employment. Another work schedule flexibility program available to our staff is the Voluntary Leave Transfer Program, which allows an eligible employee to donate annual leave to another employee who has a personal or family medical emergency and who has exhausted his or her available paid leave.

We use Treasury Departmental Offices' telework program in full compliance with the Telework Enhancement Act of 2010. During FY 2014, the OFR developed a telework procedure including routine

telework to encourage telework among members of our staff. Treasury's Departmental Offices Remote Access system supports telework by offering fast and secure access to employees' desktops from outside locations. The ability to work remotely also plays an important part in the OFR's Continuity of Operations Plan.

We use Treasury programs for reemployed annuitants, based on specialized skill sets required by the Office, as part of a 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 the related Treasury policy.

Consistent with Treasury Departmental Offices' policy on the Public Transit Incentive Program, a fare subsidy, which is applied toward an employee's monthly transit costs, is available to employees who commute by public transportation or authorized vanpools. We also provide tuition reimbursement and student loan repayment for eligible staff members. In addition, the OFR follows federal leave guidance for parents, as outlined by the OPM, in accordance with Title 5 regulations. The OFR has a lactation room to support nursing mothers returning to the workforce.



Training and Workforce Development

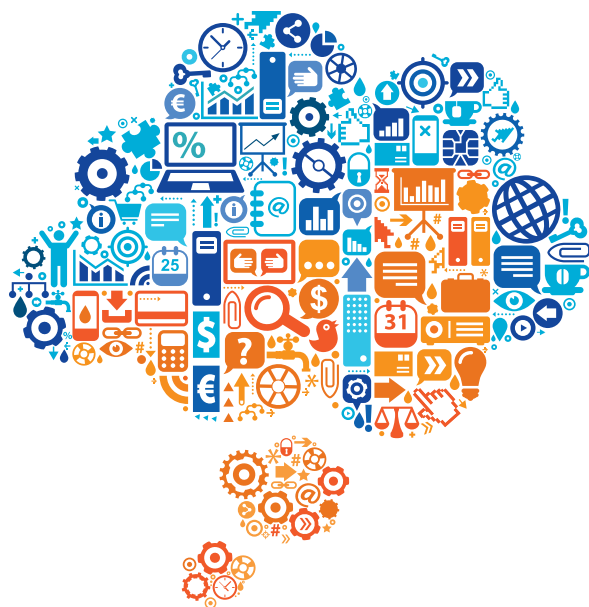
We are committed to supporting continued professional growth and training for all our employees. Access to training creates a culture of learning within the organization and helps employees meet the OFR's business objectives. In addition, training enables us to retain and to motivate a diverse group of highly competent employees with the requisite skills to accomplish the Office's mission and meet its goals. Building on existing Treasury policies, we have a Training and Tuition Assistance Reimbursement Procedure to meet the specialized training needs of our staff in a targeted and cost effective manner. This procedure streamlines the approval of training requests, encouraging employees to seek external training and development opportunities. An allocated training fund is replenished annually for approved training costs of all OFR employees.

In addition to external training, our staff has access to a variety of internal training opportunities. The Employee Series, a Treasury Departmental Offices program, educates employees on maintaining a work/life balance and offers information about other HR programs and services. Topics covered by the Employee Series in FY 2014 included performance management, benefits, an overview of the Treasury Learning Management System, and interviewing skills. Members of our staff also have opportunities to attend Treasury brown bag seminars and lectures, such as those provided by the Treasury Historical Association and the Women in Finance Symposium. The OFR's informal program, Lunch and Learn, provides learning opportunities for our staff members and a forum for sharing ideas and collaborating. In FY 2014, topics discussed at Lunch and Learn sessions included briefings on clear writing and various functional areas of HR, including work schedules, leave, and telework; employee engagement; Federal Employee Viewpoint Survey action planning; performance management; the hiring process; equal employment opportunity; and employee relations.

In addition to the Lunch and Learn sessions, we hold Data Center Hot Topic Meetings, which provide an opportunity for members of the OFR staff to learn

about important data-driven initiatives and updates. The sessions are led by both external presenters and internal OFR employees. Topics in FY 2014 included the data quality framework; OFR knowledge resources and library services; industry efforts to standardize language defining the characteristics of financial instruments and how the OFR can use this as part of satisfying the Dodd-Frank mandate for a financial instrument reference database; and an overview of how the OFR uses project management software to track user access requests and other technology administration and development tasks.

As the OFR continues to build its workforce, we recognize the need to develop future leaders. OFR employees in managerial and senior professional levels (Bands 60-80) have access to Treasury Executive Institute programs, which help develop leadership skills. Also, OFR managers may participate in various leadership forums and training, including a Diversity Training Master class and a Federal Executive Cybersecurity Seminar. In addition, managers participated in the Department of Energy's Leadership Development Series events.



Technology

During FY 2014, we built and implemented the OFR Analytic Environment (OFRAE). This robust, integrated network environment is separate from Treasury Department Offices and allows our staff to collect, process, store, manage, analyze, secure, and disseminate data and analytic products. The OFRAE provides the capabilities required for OFR's Research and Analysis Center to fulfill its mission through improved functionality and efficiency. As part of the OFRAE, we deployed software for processing large volumes of data for complex data modelling and analysis. Hoteling stations have been established in the Washington, D.C., office to support travelling personnel. The OFR is also installing wireless networking throughout the Office and enhancing teleconferencing capabilities for increased flexibility and collaboration among members of our staff, especially those working remotely.

The OFR's intranet site continues to serve as the Office's central information repository to enhance knowledge management. Through the intranet, our staff members can store, share, and access important work documents. The intranet has also been used by the Office to automate workflows including the events attendance and the data access request processes. During FY 2014, we enhanced our intranet by expanding the online OFR Library, which offers extensive information sharing, to include briefing memos, research presentations, and external speeches. In addition, our Program Management Office (PMO) implemented a PMO Knowledge Center on the intranet to compile information and job aids to assist project managers. The Data Center created an online activity tracker open to all OFR staff members. Increased reliance and use of the intranet has made it easier for our staff to access information and to manage records. At the end of FY 2014, we launched a project to redesign the intranet site, to greatly expand the content shared throughout the Office, and to make other improvements.

Fostering Innovation and Creativity

The OFR looks for ways to foster innovation and creativity in achieving its mission. As part of this effort, we provide developmental opportunities for our staff through collaborative projects with the public and private sectors and academia. Employees are also encouraged to

engage in cross-functional work through reassignments and details. During FY 2014, several OFR employees provided expertise to the Commodity Futures Trading Commission (CFTC) as part of a joint OFR-CFTC working group.

The OFR Working Paper Series and OFR Staff Discussion Paper Series offer staff researchers opportunities to collaborate with external coauthors on papers and then disseminate their preliminary research findings to generate discussion and critical comments. In FY 2015, we plan to launch the OFR Brief Series to explain our important work to a more general audience in a professionally designed, short format. In addition, the OFR uses an online blog to highlight key accomplishments of the Office and to summarize our research working papers, along with background information and insights.

We continue to sponsor a Research Seminar Series, which brings researchers from across the regulatory community, financial industry, academia, and government to the OFR to give presentations on engaging topics relevant to financial and economic research and financial stability. These seminars are a forum for internal and external researchers to present findings from current research and receive feedback, which can lead to improvements in future research. The seminar series also welcomes the presentation of responsible and cutting-edge theories and findings, and discussions that enrich and inform the research agenda. We developed a new forum in FY 2014, the Metrics and Monitors Meeting Series, for our researchers to discuss state of the art technical tools and to discover opportunities for innovation in monitoring and policy studies work.

To foster innovative teamwork and knowledge sharing, we use team collaboration software for assigning tasks, making decisions, and sharing files, links, and calendars. The information that is captured and stored can be easily found, used, and updated, resulting in a single, centralized record. Another software tool enables OFR teams to easily create flowcharts, data architect diagrams, and technical drawings.

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.

