Description of document:	Federal Housing Finance Agency (FHFA) Agency Benchmark Study 2020
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Source of document:	FOIA Request FHFA-OIG FOIA Requester Service Center ATTN: FOIA Officer 400 7th Street, S.W., Eighth Floor Washington, DC 20219 Fax: (202) 318-8602 Email: FOIA@fhfaoig.gov

September 29, 2022

Re: FHFA FOIA Request No.: 2021-FOIA-028 & 2021-FOIA-046

This is in response to your Freedom of Information Act (FOIA) requests, dated April 29, 2021 and August 13, 2021. Your requests were processed in accordance with the FOIA (5 U.S.C. § 552) and FHFA's FOIA regulation (12 CFR Part 1202).

You requested documents related to the Benchmark study prepared by Guidehouse.

A search of FHFA files and records located 151 pages responsive to your requests. The records are being partially withheld pursuant to exemption 5 of the Freedom of Information Act, 5 U.S.C. § 552 (b)(5), pertaining to the deliberative process, which protects documents reflecting advisory opinions and recommendations comprising the process by which the Government formulates decisions and policies. Please note that there were no status reports filled by Guidehouse under the Benchmark study contract. The releasable material, totaling 98 pages is attached.

This is FHFA's final decision on your FOIA request. If you wish to appeal any aspect of FHFA's decision on your request, you must forward within 90 days:

- A copy of your initial request;
- A copy of this letter; and
- A statement of the circumstances, reasons, or arguments for seeking disclosure of the affected record(s).

The appeal must be sent either electronically by 5pm to foia@fhfa.gov or by mail to the "FOIA Appeals Officer" at 400 7th Street, SW, 8th Floor, Washington, DC 20219. The subject line, or the envelope and the letter of appeal, must be clearly marked "FOIA Appeal." Please note that all mail sent to FHFA via the United States Postal Service is routed through a national irradiation facility, a process that may delay delivery by approximately two weeks. For any time-sensitive correspondence, please plan accordingly.

Additionally, you may seek dispute resolution services from the Office of Government Information Services (OGIS) at the National Archives and Records Administration. OGIS can be reached at 8601 Adelphi Road – OGIS, College Park, Maryland 20740-6001; by email at ogis@nara.gov; by telephone at 202-741-5770 or toll free at 1-877-684-6448; or by facsimile at 202-741-5769.

Your FOIA request is releasable to the public under subsequent FOIA requests. In responding to these requests, FHFA does not release personal information, such as home or email addresses and home or mobile telephone numbers which are protected from disclosure under FOIA Exemption 6 (5 U.S.C. § 552(b)(6)).

There are no fees associated with processing this request.

If you have any questions regarding the processing of your request, please contact us at foia@fhfa.gov.

Sincerely,

Stacy J. Easter
Freedom of Information Act/Privacy Officer
FOIA Public Liaison
Federal Housing Finance Agency
400 7th Street, SW | Washington, DC 20219
Office: 202-649-3067|Fax: 202-649-4067
FOIA/Privacy Website

FHFA Organizational Optimization Assessment

Benchmarking Analysis Report

August 14th, 2020

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Overview

The Federal Housing Finance Agency (FHFA) initiated an organizational assessment in an effort to prepare an organizational optimization blueprint, including an accompanying human capital management plan, to cement FHFA's position as a world-class regulator in a post-conservatorship environment. The outcome of this assessment will provide FHFA leadership a series of recommendations, as well as a roadmap, for addressing identified gaps and enhancing FHFA's position as a world-class regulator.

Organizational Assessment Approach

Phase 1:
Benchmarking Analysis

Phase 2:
Current State Assessment

Phase 3:
Blueprint

The Organizational Assessment employed a three-phase approach, including a Benchmarking Analysis comparing FHFA to five domestic and international financial regulators; a Current State Assessment, providing a snapshot of FHFA's current or "as-is" state, as well as a gap analysis of FHFA against identified attributes of world-class regulators; and, a Blueprint, involving the development of recommendations and remediation activities to address identified gaps.

This deliverable focuses on Phase 1 of the Organizational Assessment Approach where three domestic and two international financial regulators were assessed to identify best practices and attributes of a world-class regulator.

Methodology

➤ The Organizational Assessment team conducted interviews with five target benchmarks. The data in this report reflects information obtained from interviews with the following financial regulators:

- The Office of the Comptroller of the Currency (OCC)

- The Board of Governors of the Federal Reserve System (The Board)

- The Federal Deposit Insurance Corporation (FDIC)

- The Bank of England's Prudential Regulation Authority (PRA)

- The Office of the Superintendent of Financial Institutions (OSFI)

➤ The data included in this report is based upon interviews the Organizational Assessment team conducted with representatives from the Benchmarks and does not substantially take into consideration other sources of information.

➤ The attributes presented reflect the interviewees perspective on their organization's leading practices.

➤ This report does not address findings from the current state interviews with FHFA employees, nor does it account for feasibility to implement these practices.

Interview Data

The Board
OCC
FDIC
OSFI
PRA
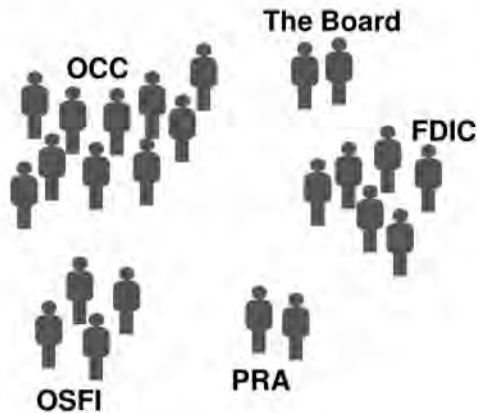
- 24 leaders from the four Federal agencies were invited to participate
- Interviewees consisted of:

Agency	OCC	FDIC	The Board	PRA	OSFI
Interviews Conducted	5	4	2	1	1

Attributes of a World-Class Regulator – Strategy & Structure

The benchmarking analysis determined the following to be key strategy and structure attributes of a world-class regulator:

#	Attribute – Strategy/Structure	Features
S1	Establishes a clear mission and promotes shared understanding of core supervisory and regulatory mandates across the organization.	Develops strategic goals tied to the mission and vison of the agency which is embraced and well understood by staff and senior leadership.
S2	Performs integrated enterprise-wide operational planning that links goals, objectives, and planned actions to expected outcomes.	Uses integrated enterprise planning, revisited periodically to adjust to environmental shifts and validate assumptions, tied to budgeting and operational planning. This approach utilizes perspectives from across the organization and results in measurable goals with the proper allocation of budget and resources.
S3	Creates an overall governance structure that aligns priority supervisory risks with necessary agency responses/actions.	Uses multiple forums for identifying, communicating, and prioritizing risk and necessary agency responses/actions. Such forums include but are not limited to the use of supervision committees and independent risk committees.
S4	Develops a strong collaborative culture in which senior management values different perspectives and can empower staff to drive the process and escalate issues/matters appropriately.	Cultivates an environment that promotes healthy tension amongst staff when diverging views arise. By doing so, stakeholders are able to collaborate in an effective manner and incorporate multiple perspectives in the organization's supervision role.
S5	Aligns organizational structure, roles, responsibilities, and decision rights to overall mission, goals and objectives.	Outlines clearly defined roles, responsibilities, and decision rights for each division. Supervision activities are organized to be self-contained with examination, policy, and surveillance functions.
S6	Improves communication and coordination throughout the organization to break down silos, foster trust, and create a "one team" environment.	Establishes processes to promote communication and collaboration across the organization in order to share knowledge, work efficiently and effectively, and keep staff informed of key decisions affecting the organization.

Attributes of a World-Class Regulator – People

The benchmarking analysis determined the following to be key people attributes of a world-class regulator:

#	Attribute – People	Features
P1	Uses robust human capital planning to assess, plan, and design strategies to optimize resource allocation and respond proactively to future workforce needs.	Ties a human capital plan to the enterprise planning function. The human capital plan accounts for current and future workforce needs, specific goals and objectives, and measures for monitoring progress.
P2	Uses a balanced talent acquisition approach to acquire specialized expertise from outside the organization and to grow and develop talent from within the organization.	Employs a mix of home developed employees and industry hires. The former promotes both generalist examination skills and subject matter expertise, while the latter achieves needs for deeper specialty expertise.
P3	Establishes a structured and robust multi-year commissioning program for examiners.	Establishes programs and trainings to develop "commissioned" examiners to keep them up to date with industry trends with specialized skills needed in the field (i.e., investigation, critical thinking, strategic thinking).
P4	Develops processes for career mobility and professional growth through enhanced training, job rotation, and temporary detail assignment opportunities.	Establishes an environment for career mobility in efforts to develop staff. Provides opportunities for exposure to different parts of the organization and other areas of expertise (i.e., credit, market risk, compliance, BSA/AML) through rotations and temporary detail assignments.
P5	Contains experienced staff that possess deep regulatory and analytical knowledge and expertise to execute the mission, goals, and activities of the agency.	Aligns the right skillsets to the appropriate functions in order to execute the mission, goals, and activities of the agency.
P6	Uses robust human capital processes for succession planning and leadership development to identify, develop, and build leadership bench strength.	Establishes a succession framework that identifies new leaders and ensures knowledge and skills are maintained within the organization.
P7	Establishes formal career development learning paths and mandatory continuing education requirements.	Embraces employee training and development and is part of the organization's culture. Depending on functions and roles or responsibilities of the employee, a financial regulator will make specific training mandatory.
P8	Establishes a performance management system with clear guidance and expectations that properly align expectations with incentives.	Implements a formal performance management system that provides clear and consistent guidance and expectations that align the mission of the organization to staff members compensation and promotion opportunity.

Attributes of a World-Class Regulator – Process

The benchmarking analysis determined the following to be key process attributes of a world-class regulator:

#	Attribute – Process	Features
PR1	Uses a forward-looking risk-based supervision/examination planning approach informed by research and analytics.	Addresses potential risks and issues that could affect safety and soundness through forward-looking approaches. By doing so, the financial regulator is able to take corrective action and better anticipate and mitigate present and future problems.
PR2	Develops a centralized and standardized approach to supervision and examination that enables identification of potential future risk and necessary response plans.	Contains examiners grounded in consistent and repeatable processes that promote effective communication, risk identification, and standardization across the Agency's purview.
PR3	Establishes an internal controls system by documenting processes and controls across all divisions/offices and assessing and updating internal controls on a periodic basis.	Features well defined policies and procedures that are current and in a central hub which all employees and their supervised institutions can easily access. Role or function specific policies and procedures are well documented and readily available should an employee need to refer to them.
PR4	Improves and modernizes supervision and examination systems, tools, and resources to create efficiencies and reduce challenges for the institutions.	Focuses on evolving and improving tools and systems to enable efficient execution of assigned job functions.
PR5	Develops robust strategies for resolution practices as well as resource planning.	Develops a robust manual/playbook outlining strategies and activities for resolving troubled or failing institutions as well as resource planning considerations for complex or system-wide resolutions.
PR6	Maintains transparency with regulated entities and the public.	Ensures there is transparency with regulated institutions and the public through letters, press releases, the public website(s), or other communication methods.

Benchmark Findings – Strategy & Structure Attributes

#	Structure/Strategy	The Board	FDIC	PRA	OCC	OSFI
S1	Establishes a clear mission and promotes shared understanding of core supervisory and regulatory mandates across the organization.	●	●	●	●	●
S2	Performs integrated enterprise-wide operational planning that links goals, objectives, and planned actions to expected outcomes.	●	●	●	●	●
S3	Creates an overall governance structure that aligns priority supervisory risks with necessary agency responses/actions.	●	●	◐	●	●
S4	Develops a strong collaborative culture in which senior management values different perspectives and can empower staff to drive the process and escalate issues/matters appropriately.	●	●	●	●	●
S5	Aligns organizational structure, roles, responsibilities, and decision rights to overall mission, goals and objectives.	○	●	●	●	●
S6	Improves communication and coordination throughout the organization to break down silos, foster trust, and create a "one team" environment.	●	●	●	●	●

● Observed ◐ Partially Observed ○ Not Observed

Attributes Defined – Strategy & Structure (S)

S1. Establishes a clear mission and promotes shared understanding of core supervisory and regulatory mandates across the organization.

Features:	Benefits:	Example Leading Practice:
Develops strategic goals tied to the mission and vison of the agency which is embraced and well understood by staff and senior leadership.	• Agency mandate is well-defined and understood by staff. • Staff have a strong affiliation to the mission and vision. • Promotes employee engagement.	• The Board has a high level of staff retention with a strong affiliation to the importance of the organization's mission. Staff feel that the work they are doing is impactful. • FDIC's budget and resource allocation are reviewed frequently by senior leadership, who prioritize scenario planning, and are tied to the goals set to achieve the mission and vision of the Agency. Staff have high degree of commitment to the Agency's mission. "Protect the fund." • Senior leadership of FDIC review internal goals regularly. Goals are shared with staff in order to remain aware of the Agency's objectives and their role in achieving the goals. • FDIC HR engages with mission-oriented divisions during recruiting to ensure the organization is bringing in the right talent. • The mission and vision of OCC is thoroughly communicated with staff through a series of semi-annual communications that relate to each job function. • OSFI has a focused mandate that clearly outlines direction, roles and responsibilities for the organization. Their mandate helps lead decision making within OSFI.

The Board	FDIC	PRA	OCC	OSFI
●	●	●	●	●

Attributes Defined – Strategy & Structure (S)

S1. Establishes a clear mission and promotes shared understanding of core supervisory and regulatory mandates across the organization. (Continued)

Features:	Benefits:	Example Leading Practice:
Develops strategic goals tied to the mission and vison of the agency which is embraced and well understood by staff and senior leadership.	• Agency mandate is well-defined and understood by staff. • Staff have a strong affiliation to the mission and vision. • Promotes employee engagement.	• OSFI is driven across the organization by five foundational principles: 1) Results Oriented, 2) Risk Based, 3) Benchmark Driven, 4) Balanced Approach, and 5) Principles Based.

The Board	FDIC	PRA	OCC	OSFI
●	●	●	●	●

Attributes Defined – Strategy & Structure (S)

S2. Performs integrated enterprise-wide operational planning that links goals, objectives, and planned actions to expected outcomes.

Features:	Benefits:	Example Leading Practice:
Uses integrated enterprise planning, revisited periodically to adjust to environmental shifts and validate assumptions, tied to budgeting and operational planning. This approach utilizes perspectives from across the organization and results in measurable goals with the proper allocation of budget and resources.	• Links execution and operational planning. • Facilitates communication across silos. • Clearly defines objectives and goals. • Reduces risks through various mechanisms such as scenario planning.	• FDIC senior management, including deputies and office heads, work collaboratively to determine budget activities in light of strategic/mission priorities through tabletop exercises, crisis management planning, and various governance committees. • Within the Division of Supervision and Regulation, the Board has a "Policy Operation Committee" which includes different groups (i.e., supervision, policy, risk) within the Division to ensure resources are allocated properly and necessary communication and collaboration is occurring when policy is developed. • OSFI's planning group consists of senior managers across the Agency with deep knowledge who work together to develop a fully integrated and comprehensive enterprise plan. This plan includes human capital, information technology, and facilities management elements. • OCC developed a National Planning Tool that determines workforce strategies, gaps in skill and people, and overall objectives. This planning process includes stakeholders from various areas of the organization. • PRA engages in quarterly horizon scanning to review trends and risks in financial stability, monetary policy, and markets. Response and contingency plans are developed based on agreed upon risks.

The Board	FDIC	PRA	OCC	OSFI
●	●	●	●	●

Attributes Defined – Strategy & Structure (S)

S3. Creates an overall governance structure that aligns priority supervisory risks with necessary agency responses/actions.

Features:	Benefits:	Example Leading Practice:
Uses multiple forums for identifying, communicating, and prioritizing risk and necessary agency responses/actions. Such forums include but are not limited to the use of supervision committees and independent risk committees.	• Enables a proactive and forward-looking approach. • Improved oversight of management and company operations. • Ability to anticipate and react to events and trends that might otherwise be unknown.	• OCC has dedicated sub-committees that work together to realign resources, as necessary. One of the OCC's sub-committees is the National Risk Committee that analyzes future trends to protect against disruption by unforeseen events. • Within its supervision function, the Board contains an individualized risk function that works across all major supervision offices including large complex banks office, large financial and foreign banking office and the regional/community banking office. • The FDIC's senior leadership (includes all deputies to the chairman as well as heads of each division) meets once a year to discuss the fiscal year budget. Before the budget can be estimated, this group must come to an agreement on assumptions on terms for future risk and prioritization. • OSFI relies on a cross-cutting risk group to provide risk specialists, modeling, data aggregation and support to its three Supervisory Divisions (Banking, Insurance and Pension). Additionally, OSFI has an Emerging Risk Committee which monitors macro risks and feeds risks assessments to a central Governance Committee, who determines whether identified risks will be passively or actively managed through integrated plans.

The Board	FDIC	PRA	OCC	OSFI
●	●	◖	●	●

Attributes Defined – Strategy & Structure (S)

S4. Develops a strong collaborative culture in which senior management values different perspectives and can empower staff to drive the process and escalate issues/matters appropriately.

Features:	Benefits:	Example Leading Practice:
Cultivates an environment that promotes healthy tension amongst staff when diverging views arise. By doing so, stakeholders are able to collaborate in an effective manner and incorporate multiple perspectives in the organization's supervision role.	• Inclusive environment. • Allows for diverging views. • Challenges staff to work cooperatively regardless of viewpoints.	• The PRA places an emphasis on healthy discussion/tensions among divisions and functions to balance different perspectives. This enables the organization to keep challenging themselves and ensure others are doing their best work even though one silo may believe there is not an issue. • The FDIC uses a table-top exercise by bringing in group of diverse staff members to develop an approach or solve a problem, particularly areas that are complicated and complex and no one particular person has the skills at present within the Agency to solve it (e.g., a contractor created a document for credit card bank failure but Agency had a skill gap so did a table-top exercise where staff (10) had to come-up with resolution strategy for such banks in time of pandemic). • The Board has a "collegial approach" to the examination process through an initiative called "Divergent Views" which is a formal process that allows for staff to raise concerns if they have a divergent view on a policy or examination. • The OCC's approach to policy and rule writing uses a cross team approach whereby employees from other functions within the organization share their perspective which plays a role in final policies.

The Board	FDIC	PRA	OCC	OSFI
●	●	●	●	●

Attributes Defined – Strategy & Structure (S)

S5. Aligns organizational structure, roles, responsibilities, and decision rights to overall mission, goals and objectives.

Features:	Benefits:	Example Leading Practice:
Outlines clearly defined roles, responsibilities, and decision rights for each division. Supervision activities are organized to be self-contained with examination, policy, and surveillance functions.	• Provides a clear role of accountability and ownership. • Reduces confusion by eliminating unintentional job overlap. • Improves collaboration between divisions by providing a non-hostile space. • Helps align performance with management goals and organizational objectives. • Supervisory missions of agencies are iron clad and allows them to minimize political and inherent conflicts.	• FDIC clearly documents and communicates roles and responsibilities across the organization, and devolves decision making authority to the respective functional leads throughout the organization. From a supervisory perspective, policy and governance making processes are largely centralized, but examiners are given a high degree of professional discretion in performing their jobs. • FDIC fosters knowledge sharing across the organization through a centralized intranet system, and uses formal processes including temporary job rotations (60/90/120 days) to provide exposure to and build an understanding of different functional roles within the organization. • OCC offers a formal cross-training and information sharing program across the organization. Governed by an opportunity board, the program allows employees to identify different job functions they would like to build their skillset in. Once approved, employees receive training and procedural information on the selected function. • OSFI clearly defines roles and responsibilities through their internal guide, "Compass." This internal guide is on their intranet site for all staff to easily locate.

The Board	FDIC	PRA	OCC	OSFI
○	●	●	●	●

Attributes Defined – Strategy & Structure (S)

S6. Improves communication and coordination throughout the organization to break down silos, foster trust, and create a "one team" environment.

Features:	Benefits:	Example Leading Practice:
Establishes processes to promote communication and collaboration across the organization in order to share knowledge, work efficiently and effectively, and keep staff informed of key decisions affecting the organization.	• Promotes knowledge sharing. • Facilitates communication across silos. • Allows functions to work efficiently and effectively. • Promotes clarity around roles and responsibilities. • Clear direction for the organization.	• FDIC conducts operational reviews overseen by an operating committee. For the review, each division gives a 2 hour presentation highlighting key activities occurring in their division/region, including challenges presented. This provides a cross-division understanding of activities occurring enterprise-wide. • OSFI has various sub-committees within their organization to best identify and address current and potential risks. • The Board places a heavy emphasis on collaboration through the various management groups and governance committees that involve stakeholders from necessary functions. • During OCC examinations, examiners are constantly looping in the necessary stakeholders from other divisions (i.e., policy function, legal group) to ensure optimal results. • OCC has various sub committees that work together and determine the allocation of resources to best support the Agency's mission/strategic goals. Each one of these sub committees conduct research and present their recommendations to the executive committee for final decision.

The Board	FDIC	PRA	OCC	OSFI
●	●	●	●	●

Benchmark Findings – People Attributes

#	People	The Board	FDIC	PRA	OCC	OSFI
P1	Uses robust human capital planning to assess, plan, and design strategies to optimize resource allocation and respond proactively to future workforce needs.	◖	●	◖	●	●
P2	Uses a balanced talent acquisition approach to acquire specialized expertise from outside the organization and to grow and develop talent from within the organization.	●	●	●	●	●
P3	Establishes a structured and robust multi-year commissioning program for examiners.	●	●	○	●	○
P4	Develops processes for career mobility and professional growth through enhanced training, job rotation, and temporary detail assignment opportunities.	●	●	◖	●	●
P5	Contains experienced staff that possess deep regulatory and analytical knowledge and expertise to execute the mission, goals, and activities of the agency.	●	●	●	●	●
P6	Uses robust human capital processes for succession planning and leadership development to identify, develop, and build leadership bench strength.	○	●	○	●	○
P7	Establishes formal career development learning paths and mandatory continuing education requirements.	●	●	○	●	●
P8	Establishes a performance management system with clear guidance and expectations that properly align expectations with incentives.	●	●	○	●	○

● Observed ◖ Partially Observed ○ Not Observed

Attributes Defined – People (P)

P1. Uses robust human capital planning to assess, plan, and design strategies to optimize resource allocation and respond proactively to future workforce needs.

Features:	Benefits:	Example Leading Practice:
Ties a human capital plan to the enterprise planning function. The human capital plan accounts for current and future workforce needs, specific goals and objectives, and measures for monitoring progress.	• Improves organizational communication. • Identifies clearly defined future goals and how the organization will get there. • Increases employee satisfaction. • Ability to retain more employees (including the best talent).	• FDIC conducts integrated enterprise planning with representatives across the organization including HR, where workforce drivers are a key focus area of the planning discussions. Following finalization of the plan, associated budgets and human capital plans are developed to enable attainment of enterprise goals. • FDIC performs regular scenario-based tabletop exercises to develop responses to potential bank failure circumstances and other crises. The exercises involve representatives from across the organization and includes the development of staffing approaches to support surge needs including use of contracts to supplement the federal workforce. • OSFI has an effective annual human capital planning process that is linked to their integrated enterprise and financial plans. • OCC developed a National Planning Tool that determines workforce strategies, gaps in skill and people, and overall objectives. This process includes stakeholders from various areas of the organization • PRA engages in quarterly horizon scanning with representative from across the organization to review trends and risks in financial stability, monetary policy, and markets. Staffing plans and contingencies are developed based on agreed upon risks.

The Board	FDIC	PRA	OCC	OSFI
◐	●	◐	●	●

Attributes Defined – People (P)

P2. Uses a balanced talent acquisition approach to acquire specialized expertise from outside the organization and to grow and develop talent from within the organization.

Features:	Benefits:	Example Leading Practice:
Employs a mix of home developed employees and industry hires. The former promotes both generalist examination skills and subject matter expertise, while the latter achieves needs for deeper specialty expertise.	• Focuses on developing future leaders from within the organization. • Enhances training and development programs. • Creates a leveled approach to staffing.	• The PRA hires employees of all levels and places an emphasis on a combination of hire and develop (home grow) and hiring industry experts (not home grown). This ensures the Agency has a continuous flow of development and educated talent. • The OCC invests heavily in development and trainings. The organization stood-up an examiner program and is now revisiting every training and development program offered at the organization. At the OCC, newly hired candidates are put on a training team, with 2-3 senior examiners with each candidate for ~6 months. Then for next 4 years they go through the whole program, including in-person training. • The FDIC has a system in place which builds employees from entry level college graduates all the way to fully commissioned bank examiners and beyond. Specifically for employees to grow within, the FDIC has a training program set up in which recent graduates must take a certain amount of trainings until they are able to sit for their examination test and proceed to become a commissioned examiner. To keep examiners once commissioned, FDIC has recently established a student debt program whereby the FDIC will pay off existing loans if they agree to spend a number of years with the agency.

The Board	FDIC	PRA	OCC	OSFI
●	●	●	●	●

Attributes Defined – People (P)

P3. Establishes a structured and robust multi-year commissioning program for examiners.

Features:	Benefits:	Example Leading Practice:
Establishes programs and trainings to develop "commissioned" examiners to keep them up to date with industry trends with specialized skills needed in the field (i.e., investigation, critical thinking, strategic thinking).	• Promotes continuous learning. • Develops examiners skillset. • Consistent knowledge and practice of examiners across the organization.	• The Board has a rigorous two year examiner training program to develop examiners within the Agency. After the program, examiners are provided trainings to further grow and develop their skills and knowledge. • OCC invests heavily in required development and trainings of their examiners. Their examiner program matches a newly hired candidate to a training team of 2-3 senior examiners for 6 months. After shadowing, examiners are required to participate in an extensive 4 year training program. • FDIC established a formal 4 year examiner training program where trainees are required to pass a series of classes, on the job assignment and a technical examination to become a commissioned examiner. In order to be an examiner at FDIC, trainees must pass this training. After the program is complete, examiners are still required to attend yearly trainings to stay up to date with industry trends.

The Board	FDIC	PRA	OCC	OSFI
●	●	○	●	○

Attributes Defined – People (P)

P4. Develops processes for career mobility and professional growth through enhanced training, job rotation, and temporary detail assignment opportunities.

Features:	Benefits:	Example Leading Practice:
Establishes an environment for career mobility in efforts to develop staff. Provides opportunities for exposure to different parts of the organization and other areas of expertise (i.e., credit, market risk, compliance, BSA/AML) through rotations and temporary detail assignments.	• Increases employee retention and engagement. • Diversifies skillset of the workforce. • Develop leaders from within your organization. • Rotations of examiners and supervisors diminish regulatory capture and promote objectivity.	• FDIC performs regular scenario-based tabletop exercises to develop responses to potential bank failure circumstances and other crises. The exercises involve representatives from across the organization and includes the development of staffing approaches to support surge needs including use of contracts to supplement the federal workforce. • FDIC utilizes job rotations to cross-train staff at all levels (including administrative levels). These programs have gotten positive feedback from employees. The FDIC places employees in different roles for 60/90/120 days at a time to learn the roles and responsibilities of other functions and/or divisions or offices. • OCC has an "Development of Future Leaders" program which is designed to motivate leadership within OCC and give staff an opportunity to learn different skills and develop new experiences by moving around to different functions. • At the Board, there is a fair amount of opportunities for mobility throughput the Fed system. Many Board staff tend to move across divisions as well as to the Reserve Banks for new opportunities to expand their skillset. • OSFI develops and grows supervisors within the organization through a targeted onboarding program and years of on the job trainings.

The Board	FDIC	PRA	OCC	OSFI
●	●	◐	●	●

Attributes Defined – People (P)

P5. Contains experienced staff that possess deep regulatory and analytical knowledge and expertise to execute the mission, goals, and activities of the agency.

Features:	Benefits:	Example Leading Practice:
Aligns the right skillsets to the appropriate functions in order to execute the mission, goals, and activities of the agency.	• Increases efficiency and completing tasks on time. • Enhances relationships with regulated entities.	• Board staff are highly skilled specifically in the areas of financial analysis, examination, auditing, and basic written and oral communication. Creativity was also noted as a strong skill within the Board due to the strong ability for staff to think critically when conducting examinations. • The FDIC conducts horizontal reviews of all regions each year to ensure consistency across all regions. The scope of review is related to internal controls for process and/or decision-making that includes assessment of skills gaps to ensure functions are adequately staffed for tasks. • OCC undertakes internal initiatives to assess skill gaps. As a result of this review, OCC determines if additional training is required and if the organization needs to bring in talent to fill in the skill gaps.

The Board	FDIC	PRA	OCC	OSFI
●	●	●	●	●

Attributes Defined – People (P)

P6. Uses robust human capital processes for succession planning and leadership development to identify, develop, and build leadership bench strength.

Features:	Benefits:	Example Leading Practice:
Establishes a succession framework that identifies new leaders and ensures knowledge and skills are maintained within the organization.	• Prevents "brain drain" or loss of valuable knowledge to the organization. • Creates a structure for training and development. • Helps an organization plan for the long-term. • Makes an organization agile when sudden changes occur.	• The FDIC conducts an in depth retirement analysis (goes beyond just looking at age eligibility) and constructed a formal knowledge management program to retain knowledge from senior leadership that is housed in a central database. • The FDIC has a program in place to help alleviate concerns regarding people retiring in huge numbers where they identify higher performers and discuss their development plan. This program runs at the DRR division level as well as enterprise-wide level. • The OCC looks at the hierarchy of the organization, especially the mid level, to identify future leaders. Once staff have been identified, OCC then creates training programs for those individuals in their individual development program.

The Board	FDIC	PRA	OCC	OSFI
○	●	○	●	○

Attributes Defined – People (P)

P7. Establishes formal career development learning paths and mandatory continuing education requirements.

Features:	Benefits:	Example Leading Practice:
Embraces employee training and development and is part of the organization's culture. Depending on functions and roles or responsibilities of the employee, a financial regulator will make specific training mandatory.	• Continuous development of workforce. • Ensuring consistent practices across the agency. • Training employees for their role so that everyone is "on the same page".	• The Board provides mandatory trainings for specific job functions (i.e. examiner trainings) as well as a large menu of leadership and market trainings. • FDIC provides annual trainings at their FDIC University (e.g., executive leadership program, senior leadership program, Harvard School of Government) whereby staff are updated on current policies and procedures in addition to the topic of the training course. FDIC also provides specialized training courses in areas such as capital markets, oil and gas lending, and subprime credit card lending. • Groups within FDIC lead special training seminars that cover specific areas like model risk management . For example, the Large Bank Supervision group hosts annual large bank training sessions that transition staff moving from community banks to large banks. • OCC is constantly looking for ways to develop their staff, such as their cross training "Development of Future Leaders" program and specialized examiner trainings. • OSFI sets target dates within their Human Capital Plan for several annual training days for staff to develop skills. OSFI also highly encourages staff to participate in their leadership development program, behavioral trainings, manager trainings, and external trainings.

The Board	FDIC	PRA	OCC	OSFI
●	●	○	●	●

Attributes Defined – People (P)

P8. Establishes a performance management system with clear guidance and expectations that properly align expectations with incentives.

Features:	Benefits:	Example Leading Practice:
Implements a formal performance management system that provides clear and consistent guidance and expectations that align the mission of the organization to staff members compensation and promotion opportunity.	• Provides clear guidance for employees to work towards. • Increases employee morale. • Decreases uncertainty in employee performance. • Clarity in performance metrics.	• The Board established performance management policies that ensure cohesive expectations for employees to promote fairness and clarity during employee evaluations. These policies help staff resolve any performance management issues that may arise. • OCC is currently focusing on improving their performance management systems by ensuring performance evaluation links to tangible attributes of the strategic goals of the Agency. OCC established a working group made up of staff who are directly involved in the performance evaluation process in order to obtain optimal results. Staff feel this process has been effective.

The Board	FDIC	PRA	OCC	OSFI
●	●	○	●	○

Benchmark findings – Process Attributes

#	Process	The Board	FDIC	PRA	OCC	OSFI
PR1	Uses a forward-looking risk-based supervision/examination planning approach informed by research and analytics.	●	●	●	●	●
PR2	Develops a centralized and standardized approach to supervision and examination that enables identification of potential future risk and necessary response plans.	○	●	●	◑	●
PR3	Establishes an internal controls system by documenting processes and controls across all divisions/offices and implementing a process to assess and update processes and controls on a periodic basis.	●	●	○	●	○
PR4	Improves and modernizes supervision and examination systems, tools, and resources to create efficiencies and reduce challenges for the institutions.	○	●	○	●	◑
PR5	Develops robust strategies for resolution practices as well as resource planning.	○	●	○	○	○
PR6	Maintains transparency with regulated entities and the public.	●	●	○	○	●

● Observed ◑ Partially Observed ○ Not Observed

Attributes Defined – Process (PR)

PR1. Uses a forward-looking risk-based supervision/examination planning approach informed by research and analytics.

Features:	Benefits:	Example Leading Practice:
Addresses potential risks and issues that could affect safety and soundness through forward-looking approaches. By doing so, the financial regulator is able to take corrective action and better anticipate and mitigate present and future problems.	• Increases effectiveness of supervision enabling the regulator to focus on the right risks. • Ability to be adaptable. • Reduces risk in supervision of entities. • Facilitates resolutions to potential issues.	• PRA prioritizes the firm's top risks and focuses its attention on these items. Combined with environmental surveillance/horizontal scanning, PRA is able to react to incidents in a more agile manner. • OCC created a specific risk sub committee called the National Risk Committee that facilitates collaboration between all functions within supervision (i.e., credit risk, policy, supervision, etc.) to identify potential risks and inform the Executive Committee of actions the organization needs to address. • OCC established the Division of Supervision Systems and Analytical Support in efforts to centralize supervision data and ensure comprehensive data is readily accessible to staff. This division coordinates with all supervision functions and lead experts to ensure the Division has the appropriate data for staff to utilize. • OSFI implemented a risk committee called the "Emerging Risk Committee" that is responsible for taking a forward-looking approach to identifying and understanding risks within the organization. This group meets quarterly and refers identified risks to a Governance committee who determine whether they will be actively or passively managed. Identified risks are also tracked using an enterprise risk dashboard. • Within the Division of Supervision and Regulation, The Board's risk function takes a forward-looking approach to identify potential risks throughout the division.

The Board	FDIC	PRA	OCC	OSFI
●	●	●	●	●

Attributes Defined – Process (PR)

PR2: Develops a centralized and standardized approach to supervision and examination that enables identification of potential future risk and necessary response plans.

Features:	Benefits:	Example Leading Practice:
Contains examiners grounded in consistent and repeatable processes that promote effective communication, risk identification, and standardization across the Agency's purview.	• Organization is equipped to address potential risks. • Planning for various scenarios allows an organization to be adaptable. • Optimal allocation of resources. • Reduces risks.	• FDIC utilizes crisis management planning through tabletop exercises where a group of staff are tasked to solve a complex problem the Agency could potentially face in the future (e.g., a contractor created a document for credit card bank failures but the Agency had a skill gap. FDIC conducted a table-top exercise where 10 staff members had to come-up with an effective resolution strategy).

The Board	FDIC	PRA	OCC	OSFI
○	●	●	◖	●

Attributes Defined – Process (PR)

PR3: Establishes an internal controls system by documenting processes and controls across all divisions/offices and implementing a process to assess and update processes and controls on a periodic basis.

Features:	Benefits:	Example Leading Practice:
Features well defined policies and procedures that are current and in a central hub which all employees and their supervised institutions can easily access. Role or function specific policies and procedures are well documented and readily available should an employee need to refer to them.	• Allows employees understand the constraints of their job without using a 'trial and error' approach. • Enables workforce to clearly understand individual and team responsibilities. • Saves time and resources.	• FDIC utilizes SharePoint's central repository to store current policies and procedures for staff to reference (policies/procedures/job-aides/manuals). In addition, FDIC offers annual trainings for employees where they are updated on the current policies and procedures. • OCC utilizes their SharePoint intranet as a central hub for all policies and procedures to be easily referenced. In addition, specific functions, and even district offices, have their own Standard Operating Procedures (SOPs) available on the intranet site for employees to reference. • The Board has internal policies and procedures published on their public website which provides access and transparency to Reserve Banks and the public on updates and changes to policies.

The Board	FDIC	PRA	OCC	OSFI
●	●	○	●	○

Attributes Defined – Process (PR)

PR4: Improves and modernizes supervision and examination systems, tools, and resources to create efficiencies and reduce challenges for the institutions.

Features:	Benefits:	Example Leading Practice:
Focuses on evolving and improving tools and systems to enable efficient execution of assigned job functions.	• Enables delivery of services in a more efficient manner. • Reduces chances of inaccuracies in the work conducted. • Improves employee morale and confidence to complete job functions.	• OCC's Technology and Service Subcommittee (TSS) prioritizes technology/IT initiatives and ensures the organization has the most up to date systems and tools for staff to complete their tasks. • Both FDIC and OCC noted access to the necessary surveillance tools, databases, and other information sources to perform their supervisory and regulatory functions, as well as access to analytical tools for examining market, credit, and risk data. • OSFI is currently modernizing its data aggregation processes and tools, specifically standardizing the format in which they collect data from financial institutions, as well as how they process and manipulate data.

The Board	FDIC	PRA	OCC	OSFI
○	●	○	●	◖

Attributes Defined – Process (PR)

PR5: Develops robust strategies for resolution practices as well as resource planning.

Features:	Benefits:	Example Leading Practice:
Develops a robust manual/playbook outlining strategies and activities for resolving troubled or failing institutions as well as resource planning considerations for complex or system-wide resolutions.	• Enhances supervision of regulated entities. • Outlines guidance for employees to utilize should they need a reference point.	• The FDIC conducts regular scenario-based tabletop exercises to form solutions to potential crises. Employees from different areas of the organization participate in these exercises to develop response plans for complex issues including credit bank failures, and larger systemic financial events. These plans include resolution approaches and strategies, as well as associated staffing needs.

The Board	FDIC	PRA	OCC	OSFI
○	●	○	○	○

Attributes Defined – Process (PR)

PR6: Maintains transparency with regulated entities and the public.

Features:	Benefits:	Example Leading Practice:
Ensures there is transparency with regulated institutions and the public through letters, press releases, the public website(s), or other communication methods.	• Keeps regulated entitles informed. • Creates a sense of trust between the financial regulator and stakeholders.	• The Board establishes guidance through supervision and regulation Letters (SR Letters) to inform regulated entities and the public of significant policy and procedural matters related to the Federal Reserve System's supervisory responsibilities. • The FDIC instituted a regulatory committee which interreacts with counterparts at other agencies, the Federal Financial Institutions Examination Council's (FFIEC), regional banks and read associations. These stakeholder meetings ensure clarity regarding significant priorities and policies affecting the organization. • OSFI has a Regulatory Affairs Office that handles relationships and communication with external parties.

The Board	FDIC	PRA	OCC	OSFI
●	●	○	○	●

Appendix - Methodologies

Benchmarking Approach

Using a data driven approach, the team conducted a benchmark analysis to identify best practices and key attributes of "world-class" financial regulators.

Identify Targets	Define & Apply Selection Criteria	Develop Approach	Execute Benchmarking	Summarize Data
• Researched potential financial regulators (8-9) to benchmark against. • Developed high-level organizational view of targets.	• Designed target selection criteria (e.g., similarity of regulatory mission). • Used criteria to score and select targets.	• Convened on a set of benchmarks. • Developed scoring mechanism and data collection tools (e.g., Excel file).	• Interviewed targets using set of pre-approved questions. • Incorporated data in the tool and identify trends/insights.	• Defined attributes of a world-class regulator.
Potential targets (8-9)	Final targets (3-5)	Benchmarks, interview guides	Interview notes, benchmark scorecard	Findings & leading practices

The agencies included in the Benchmarking Analysis are: **Office of the Comptroller of the Currency (OCC), Board of Governors of the Federal Reserve System (The Board), Federal Deposit Insurance Corporation (FDIC), Office of the Superintendent of Financial Institutions (OSFI)** and **Bank of England's Prudential Regulation Authority (PRA)**.

Observation Methodology

A critical component of the Benchmarking Analysis was the utilization of a Harvey Balls scoring exercise to compare and determine the organizations' world-class attributes. The Organizational Assessment team developed a Harvey Balls score to highlight high performing organizations and their behaviors. The Harvey Balls scoring has three components which are aligned to Not Observed, Partially Observed, and Observed.

Not Observed: Attribute was not observed

Partially Observed: Attribute was partially observed

Observed: Attribute was observed and is in practice

The benchmarking interview responses were analyzed and key findings were extracted and mapped to the world-class attributes to identify gaps across the financial regulators. The results of the analysis were organized using the three pillars: Structure/Strategy, People, and Process. There were 20 unique attributes, across the pillars, that were examined in detail to determine the organization's capabilities and compare FHFA's performance against the other organizations.

Agency Selection Methodology

Nine world-class financial regulators were included in the initial pool of Benchmarking agencies. Using the Benchmarking selection methodology, developed by the Organizational Assessment team, five organizations were determined to be more similar to FHFA. These five agencies were subsequently included in the Benchmarking Analysis: **OCC, The Board, FDIC, OSFI, and PRA.** The benchmarking peer group was chosen based on the following criteria outlined below.

Selection Criteria	Description
Similarity of Regulatory Mission	Scope and authority of the financial regulator (policy, examination, ensuring safety and soundness, establishing or enforcing regulation, etc.)
Systemic Importance of the Institutions Supervised	Size of the institutions the regulator oversees relative to the importance to the economy
Similarity of Organizational Structure	Type of organizational structure (e.g., centralized vs. decentralized) which consists of functions, lines of authority, and span of control and how information flows between different levels of management.
Agency Size	Number of employees, offices/operating functions, and the regulators operating budget.

We scored potential benchmarking candidates against each selection criteria as **high (3 points)**, **medium (2 points)** or **low (1 point)** based on their correlation to FHFA – the more similar a candidate is to FHFA, the higher their score. Each selection criteria was **weighted** based on significance. For example, the *Similarity of Regulatory Mission* selection criteria is deemed 'high' as it is a key selection criterion since it relates to the type of work and type of duties the organization is responsible for completing. Scores for the five benchmarking candidates are below:

Potential Benchmarking Candidates	Weighted Criteria Score				Total Score
	Similarity of Regulatory Mission	Systemic Importance of the Institutions Supervised	Similarity of Organizational Structure	Agency Size	
Office of the Comptroller of the Currency (OCC)	9	6	3	1	19
Board of the Governors of the Federal Reserve System (The Board)	9	6	2	2	19
Office of the Superintendent of Financial Institutions (OSFI)	6	6	2	3	17
Bank of England's Prudential Regulation Authority (PRA)	6	6	2	3	17
Federal Deposit Insurance Corporation (FDIC)	9	4	2	1	16

FHFA
Organizational Optimization Assessment

Blueprint Report
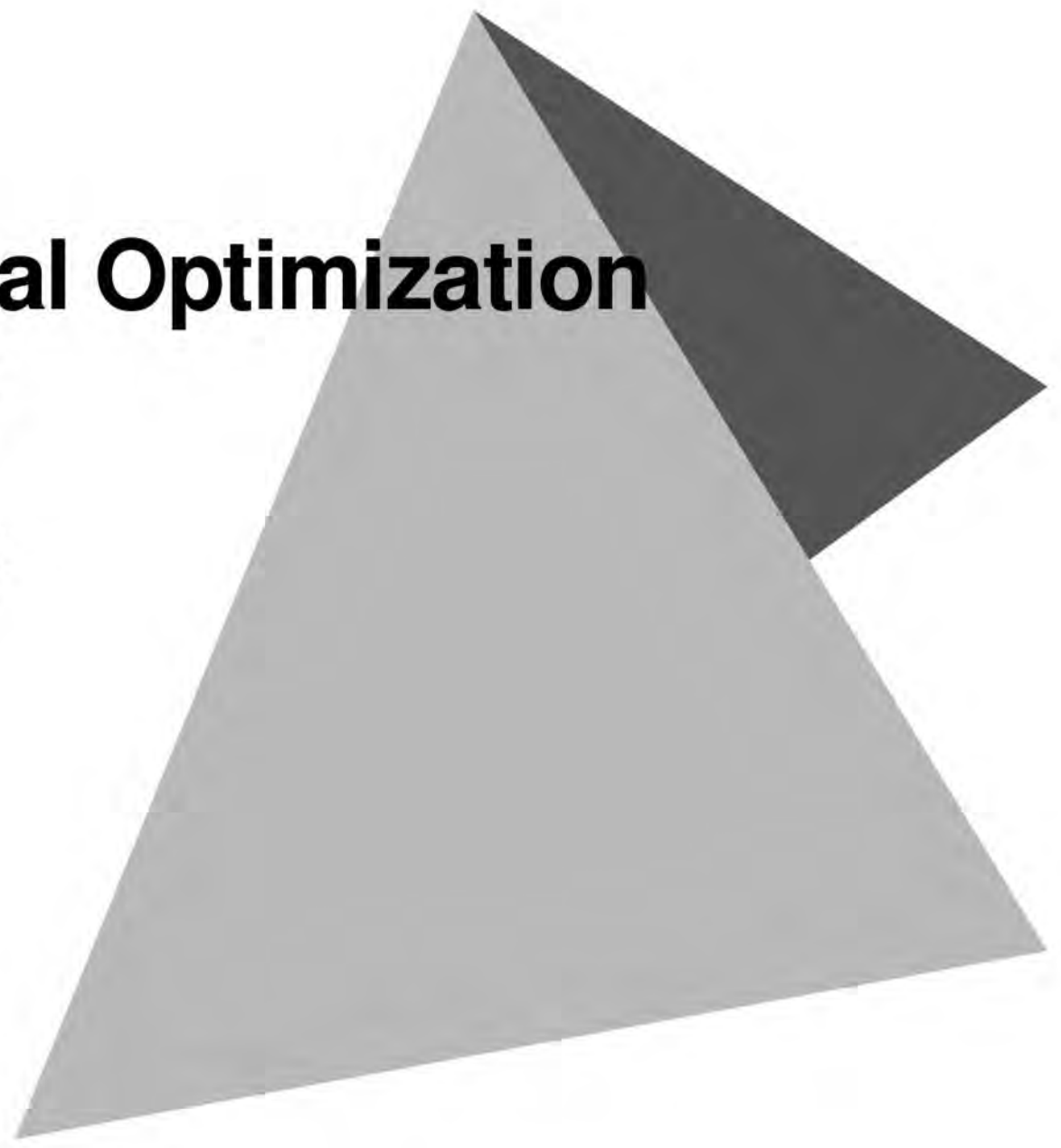
October 31, 2020

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10. Appendix

Overview

The Federal Housing Finance Agency (FHFA) initiated an organizational assessment in an effort to prepare an organizational optimization blueprint, including an accompanying strategic human capital plan, to cement FHFA's position as a world-class regulator in a post-conservatorship environment. This deliverable represents the final output of the assessment, which provides FHFA leadership with a series of initiatives for addressing identified gaps, bringing FHFA in line with documented benchmarks, and enhancing FHFA's position as a world-class regulator.

The Organizational Assessment Team employed a three-phase approach, including a Benchmarking Analysis comparing FHFA to five domestic and international financial regulators; a Current State Assessment providing a snapshot of FHFA's current or "as-is" state, as well as a gap analysis of FHFA against identified attributes of world-class regulators; and a Blueprint involving the development of initiatives and remediation activities to address identified gaps.

The Organizational Assessment will provide FHFA with outputs to make decisions regarding their workforce, processes, and organizational structure. The assessment aims to answer three critical questions:

1. *What does FHFA presently look like?*
2. *What do comparable agencies look like?*
3. *What should FHFA look like in the future?*

Underpinning the Organizational Assessment are three analysis pillars: **Strategy/Structure, People, and Process.**

Pillars

Strategy/Structure	People	Process
Focuses on the overall organizational structure, vision, areas of responsibility, and decision rights.	Examines the distribution of employees, division of labor, skills, and capabilities of the workforce and employee engagement.	Analyzes project execution, metrics, bottlenecks, and operational inefficiencies.
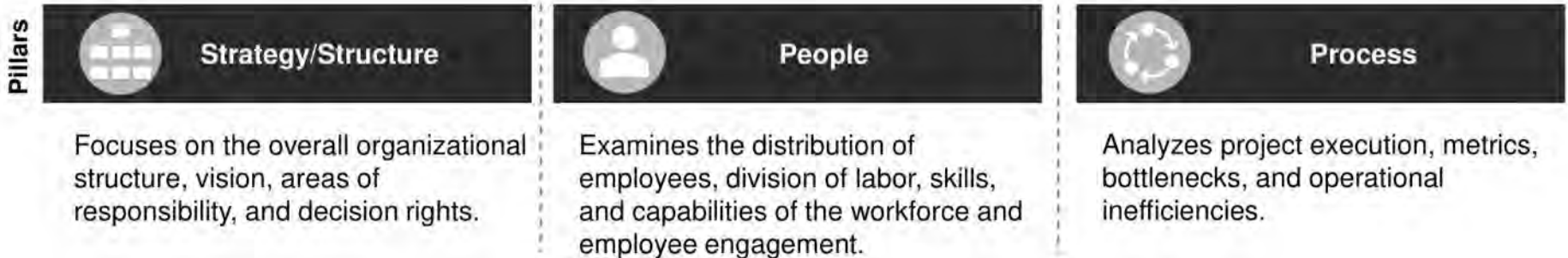
Approach

Working closely with the FHFA Project Team and Executive Steering Committee (ESC), the team assessed industry best practices from financial regulators; analyzed Current State organizational practices; identified gaps; and then developed a blueprint for becoming a world-class regulator in a post-conservatorship environment.

	Phase 1: Benchmarking Analysis	Phase 2: Current State Assessment	Phase 3: Blueprint
	Completed August 2020	*Completed September 2020*	*Completed October 2020*
Description	• Benchmark FHFA against select world-class financial regulators based on identified criteria.	• Assess and define the Current State of FHFA leveraging perceptions of key FHFA leadership stakeholders.	• Determine gaps between FHFA and other world-class financial regulators to create remediation actions to mitigate gaps.
Activities	• Narrow down list of financial regulators to be used in the Benchmark Analysis. • Verify the selected benchmark agencies (5 agencies). • Distribute a survey questionnaire to the benchmark agencies and collect/analyze responses. • Interview identified benchmarking Agency leadership within selected agencies to obtain data for comparison. • Identify world-class attributes from benchmark data comparison tool.	• Review documentation such as management reports, OIG reports, employee data, and functional statements. • Distribute a skills survey to senior staff and collect/analyze responses. • Schedule interview times with predetermined focus groups (13 groups) and Division/Office Leaders (11 leaders) across the Agency. • Interview Division/Office Leaders and focus groups to collect information to develop an "as-is" state of FHFA's structure and strategy, people, and processes.	• Analyze data from the Benchmarking Analysis and Current State Assessment Report. • Meet with stakeholders to review Current State gaps. • Develop initiatives, along with associated activities, based on identified gaps. • Prioritize initiatives based on level of effort, level of impact, and alignment of world-class attributes.
Outputs	• Benchmarking Analysis Report and composite definition of a World-Class Regulator.	• Current State Assessment Report and Briefing.	• Blueprint Report and associated Human Capital Plan.

Blueprint Methodology

Using the outputs obtained during the Benchmark Analysis (Task 1) and the Current State Assessment (Task 2), gaps were reviewed and used to inform a set of core recommendations. Core recommendations were then used to inform the specific initiatives outlined in the blueprint.

Primary Activity	Analytical Steps
Analyze benchmarking data from analysis of FHFA Current State operations	1. Reviewed world-class attributes derived from the 5 financial regulator benchmarks, which included the interview data in the benchmark tool. 2. Convened working sessions with SMEs to discuss gaps and potential remediations. 3. Compared FHFA against world-class attributes defined in the Benchmark Analysis to identify specific gaps. 4. Proposed gap resolutions strategies and identified initial core recommendations.
Meet with stakeholders to review identified Current State gaps	1. Conducted meetings with internal SMEs to review Benchmark and Current State findings solicit feedback on Current State analysis and identified gaps. 2. Conducted meetings with the ESC and Project Team to review gather feedback on Current State findings and solicit feedback on potential gap resolutions. 3. Conducted a virtual working session with the ESC to gather feedback on potential courses of action to address identified gaps and bring FHFA in line with benchmarks.
Develop initiatives, along with associated activities, based on identified gaps.	1. Identified a set of blueprint initiatives derived from Current State gap resolutions and initial core recommendations. 2. Developed step-by-step sub activities for each initiative. 3. Estimated the duration of each initiative.
Prioritize initiatives based on level of effort, level of impact, and alignment of world-class attributes.	1. Evaluated each initiative based upon level of effort and level of impact. 2. Input data into the prioritization criteria matrix to display LOI and LOE scores for each initiative. 3. Grouped initiatives into short, medium and long-range initiatives. 4. Developed an implementation roadmap depicting the sequencing of initiatives based on prioritization and dependencies, as applicable.

World-Class Attributes and Presence Within FHFA

The Benchmarking Analysis identified 20 attributes of world-class financial regulators within each of the analysis pillars. The tables below identify the attributes, as well as their presence within FHFA.

Attribute	Description	Presence
S1	Clear mission and shared understanding	◖
S2	Integrated enterprise-wide operational planning	○
S3	Structure that aligns risks with actions	◖
S4	Strong collaborative culture	◖
S5	Aligns organizational structure to overall mission	◖
S6	Improves communication and coordination	◖

●	Observed
◖	Partially Observed
○	Not Observed

Strategy/Structure

World-Class Regulator

Process

People

Attribute	Description	Presence
PR1	Forward-looking supervision planning	◖
PR2	Standard approach to supervision	○
PR3	Documented processes	◖
PR4	Modern examination tools	◖
PR5	Robust strategies for resolution	○
PR6	Transparency with regulated entities	◖

Attribute	Description	Presence
P1	Robust human capital planning	○
P2	Balanced talent acquisition approach	◖
P3	Structured commissioning program	◖
P4	Processes for career mobility	○
P5	Experienced staff with deep knowledge	●
P6	Robust succession planning	○
P7	Formal learning paths	◖
P8	Clear performance management system	◖

Blueprint Initiatives

The recommended initiatives are intended to align FHFA with the world-class attributes identified during the Benchmarking Analysis. The specific world-class attributes are linked to the recommended initiatives in the table below. Although initiatives are linked to a primary organizational pillars, they may impact other organizational pillars and contribute to the achievement of multiple attributes. For example, Initiative #1 is strategy focused, however, it assists in achieving both strategy and process related attributes.

#	Initiative	Primary Attribute Addressed	Secondary Attribute Addressed
1	Redefine and expand the role of the FHFA Enterprise Risk Committee (FERC).	S3, S4	PR1, PR2, PR4, PR5
2	Create formal information sharing mechanisms between FERC and others.	S3, S4, S6	PR1, PR2, PR6
3	Realign the data and research functions to reside within DRS.	S5	PR1, PR2, PR4
4	Establish a consistent set of functional statements for each Division/Office.	S1, S5, S6	PR3
5	Establish communities of practice for defined functions.	S4, S6	
6	Develop a formal governance process for seeking input on policy.	S4, S5, S6	PR3
7	Document and build awareness of existing Agency committees.	S5, S6	
8	Develop and implement updated Agency-wide Strategic Human Capital Plan.	P1, P2, P4, P6, P7, P8	
9	Develop individual learning paths by employee type in the Learning Academy.	P2, P3, P4, P7	
10	Centralize coordination of training across the Agency.	P2, P3, P7	
11	Establish a clear performance management strategy.	P8	
12	Document, assess, and streamline the hiring process.	P2	
13	Establish a formal and mandatory manager training program.	P7	S1
14	Mature FHFA's examiner development programs.	P2, P3, P7	
15	Establish an annual supervision planning process tied to Agency's strategic plan.	PR1, PR2, PR4, PR6	S2, P1
16	Cross-train operations staff.	PR3	P4
17	Update and establish consistent examination manuals and repository.	PR2, PR3, PR4	

Key ● Strategy/Structure ● People ● Process

Achieving World-Class – Strategy/Structure

Through implementation of the following aligned initiatives, FHFA will achieve the world-class attribute.

#	Structure/Strategy	Aligned Initiative
S1	Establishes a clear mission and promotes shared understanding of core supervisory and regulatory mandates across the organization.	4, 13
S2	Performs integrated enterprise-wide operational planning that links goals, objectives, and planned actions to expected outcomes.	15
S3	Creates an overall governance structure that aligns priority supervisory risks with necessary Agency responses/actions.	1,2
S4	Develops a strong collaborative culture in which senior management values different perspectives and can empower staff to drive the process and escalate issues/matters appropriately.	1,2,5,6
S5	Aligns organizational structure, roles, responsibilities, and decision rights to overall mission, goals and objectives.	3,4,6,7
S6	Improves communication and coordination throughout the organization to break down silos, foster trust, and create a "one team" environment.	2,4,5,6,7

Achieving World-Class – People

Through implementation of the following aligned initiatives, FHFA will achieve the world-class attribute.

#	People	Aligned Initiative
P1	Uses robust human capital planning to assess, plan, and design strategies to optimize resource allocation and respond proactively to future workforce needs.	8, 15
P2	Uses a balanced talent acquisition approach to acquire specialized expertise from outside the organization and to grow and develop talent from within the organization.	8, 9,10,12,14
P3	Establishes a structured and robust multi-year commissioning program for examiners.	9,10,14
P4	Develops processes for career mobility and professional growth through enhanced training, job rotation, and temporary detail assignment opportunities.	8,9,16
P5	Contains experienced staff that possess deep regulatory and analytical knowledge and expertise to execute the mission, goals, and activities of the Agency.	N/A, Attribute Present
P6	Uses robust human capital processes for succession planning and leadership development to identify, develop, and build leadership bench strength.	8
P7	Establishes formal career development learning paths and mandatory continuing education requirements.	8,9,10,13,14
P8	Establishes a performance management system with clear guidance and expectations that properly align expectations with incentives.	8,11

Achieving World-Class – Process

Through implementation of the following aligned initiatives, FHFA will achieve the world-class attribute.

#	Process	Aligned Initiative
PR1	Uses a forward-looking risk-based supervision/examination planning approach informed by research and analytics.	1,2,3,15
PR2	Develops a centralized and standardized approach to supervision and examination that enables identification of potential future risk and necessary response plans.	1,2,3,15,17
PR3	Establishes an internal controls system by documenting processes and controls across all divisions/offices and implementing a process to assess and update processes and controls on a periodic basis.	4,6,17
PR4	Improves and modernizes supervision and examination systems, tools, and resources to create efficiencies and reduce challenges for the institutions.	1,3,15,17
PR5	Develops robust strategies for resolution practices as well as resource planning.	1
PR6	Maintains transparency with regulated entities and the public.	2, 15

Prioritization Methodology

In order to determine initiative prioritization, the assessment team developed a prioritization methodology and then scored each initiative. The scoring methodology as displayed in the table below was comprised of two criteria: **Level of Impact (LOI)** and **Level of Effort (LOE)**. After determining LOI and LOE, initiatives were plotted along a 2x2 matrix with LOE on the x-axis and LOI on the y-axis.

Criteria	Dimension	Range	Value
LOI	**Number of world-class attributes impacted**	Low = Tied to 1 world-class attribute Medium = Tied to 2-3 world-class attributes High = Tied to 4+ world-class attributes	Low = 1 point Medium = 2 points High = 3 points
	Number of Current State findings addressed	Low = Addresses 1 Current State finding Medium = Addresses 2-3 Current State findings High = Addresses 4+ Current State findings	Low = 1 point Medium = 2 points High = 3 points
	Direct impact on core supervisory functions	Yes = Does impact core supervisory functions No = Indirect or no impact core supervisory functions	Yes = 3 points No = 0 points
LOE	**Number of FTEs required**	Low = Requires 2 FTEs or less Medium = Requires 2-4 FTEs High = Requires 4 or more FTEs	Low = 1 point Medium = 2 points High = 3 points
	Complexity	Low = Duration is less than or equal to 6 months Medium = Duration is greater than 6 months and less then or equal to 12 months High = Duration is more than 12 months	Low = 1 point Medium = 2 points High = 3 points
	Requires policy change	Yes = Does require policy change No = Does not require policy change	Yes = 3 points No = 0 points

Initiative Prioritization

Initiatives in the left quadrants shaded in blue on the matrix below were designated as quick-wins intended to be implemented first to generate momentum for the overall organizational optimization effort. Initiatives falling in the right quadrants were sequenced based on duration, complexity, and associated dependencies.

Quick Wins

Mid to Long Term

LEVEL OF IMPACT (LOI)

LEVEL OF EFFORT (LOE)

Key — Strategy/Structure — People — Process
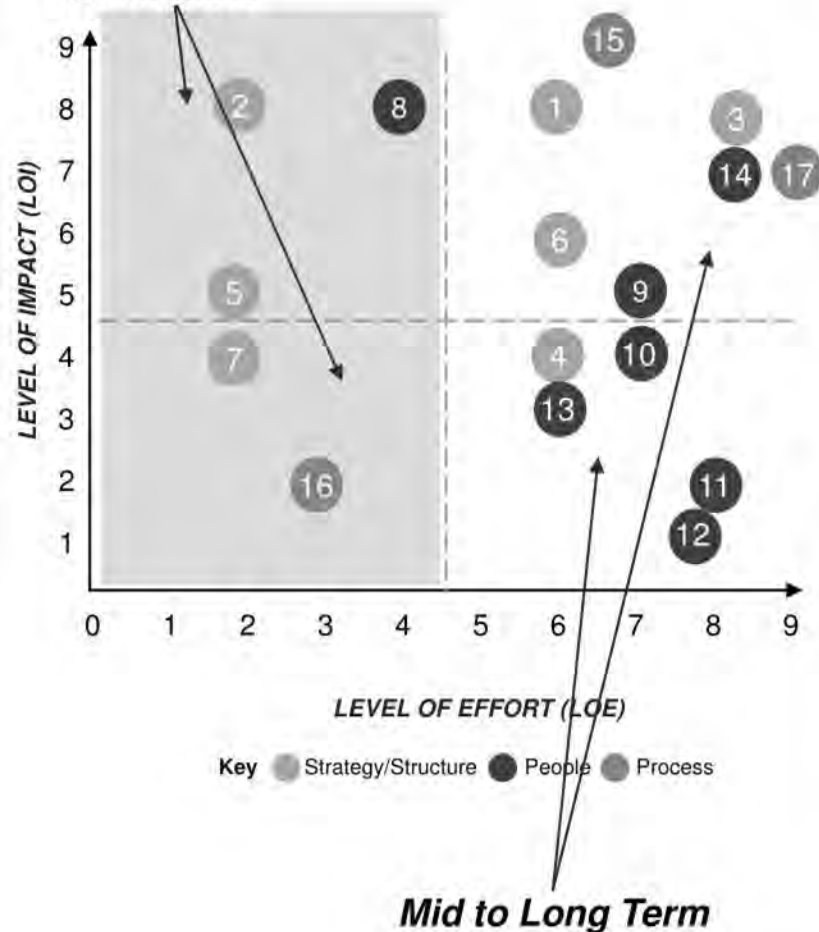
#	Initiative
1	Redefine and expand the role of the FHFA Enterprise Risk Committee (FERC).
2	Create formal information sharing mechanisms between FERC and others.
3	Realign the data and research functions to reside within DRS.
4	Establish a consistent set of functional statements for each Division/Office.
5	Establish communities of practice for defined functions.
6	Develop a formal governance process for seeking input on policy.
7	Document and build awareness of existing Agency committees.
8	Develop and implement updated Agency-wide Strategic Human Capital Plan.
9	Develop individual learning paths by employee type in the Learning Academy.
10	Centralize coordination of training across the Agency.
11	Establish a clear performance management strategy.
12	Document, assess, and streamline the hiring process.
13	Establish a formal and mandatory manager training program.
14	Mature FHFA's examiner development programs.
15	Establish an annual supervision planning process tied to Agency's strategic plan.
16	Cross-train operations staff.
17	Update and establish consistent examination manuals and repository.

Blueprint Implementation Roadmap

The implementation roadmap identifies the recommended sequencing of initiative implementation based on relative prioritization and dependencies, as well as the timeframe in which a world-class attribute will be achieved. Circles and triangles denote implementation completion, while dependencies are annotated by color-coded outlines which links dependent initiatives.
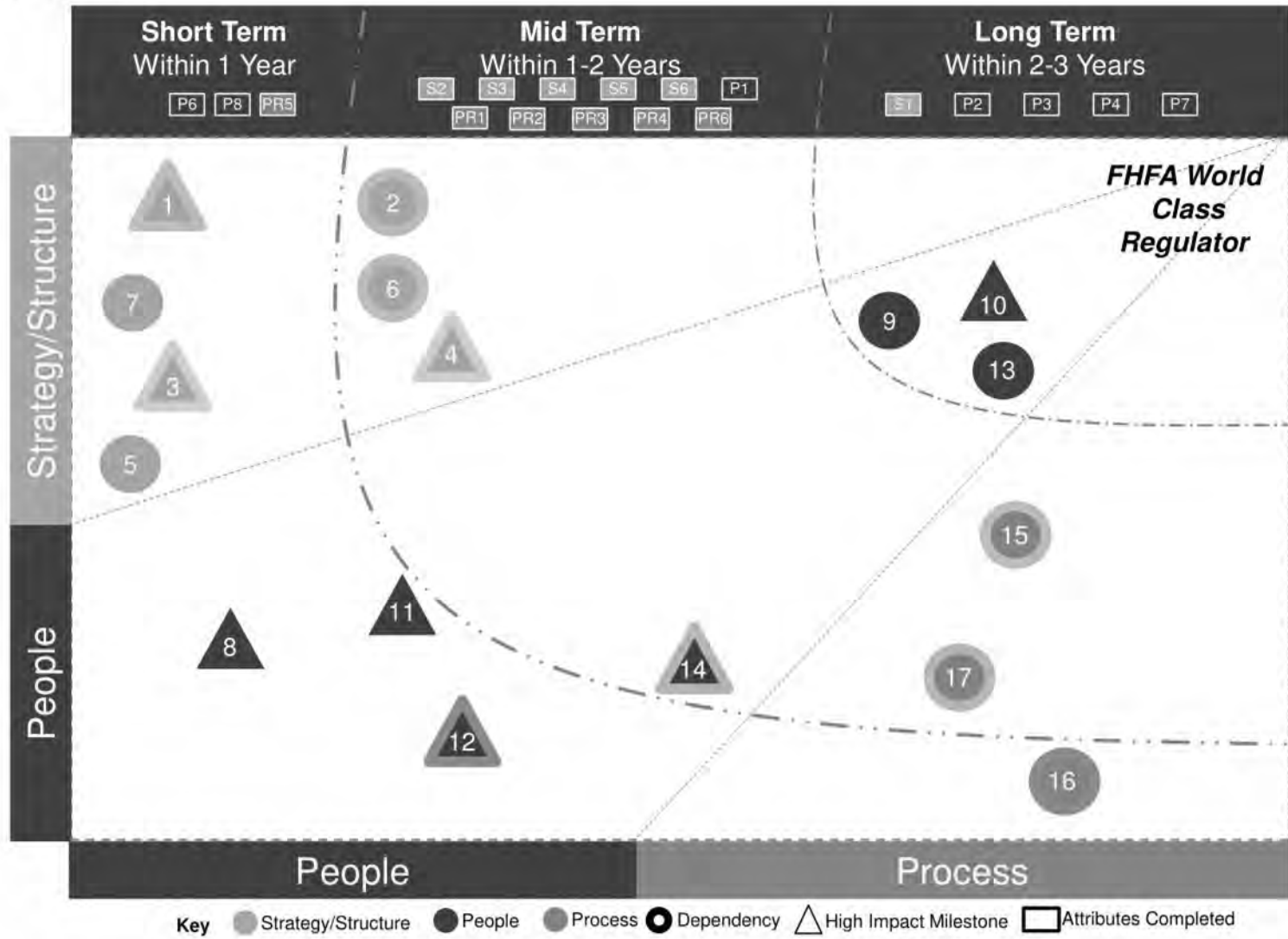
Blueprint Implementation Timeline

The timeline depicts the implementation schedule of all blueprint initiatives including durations, milestones, and dependency relationships through the end of CY2023.
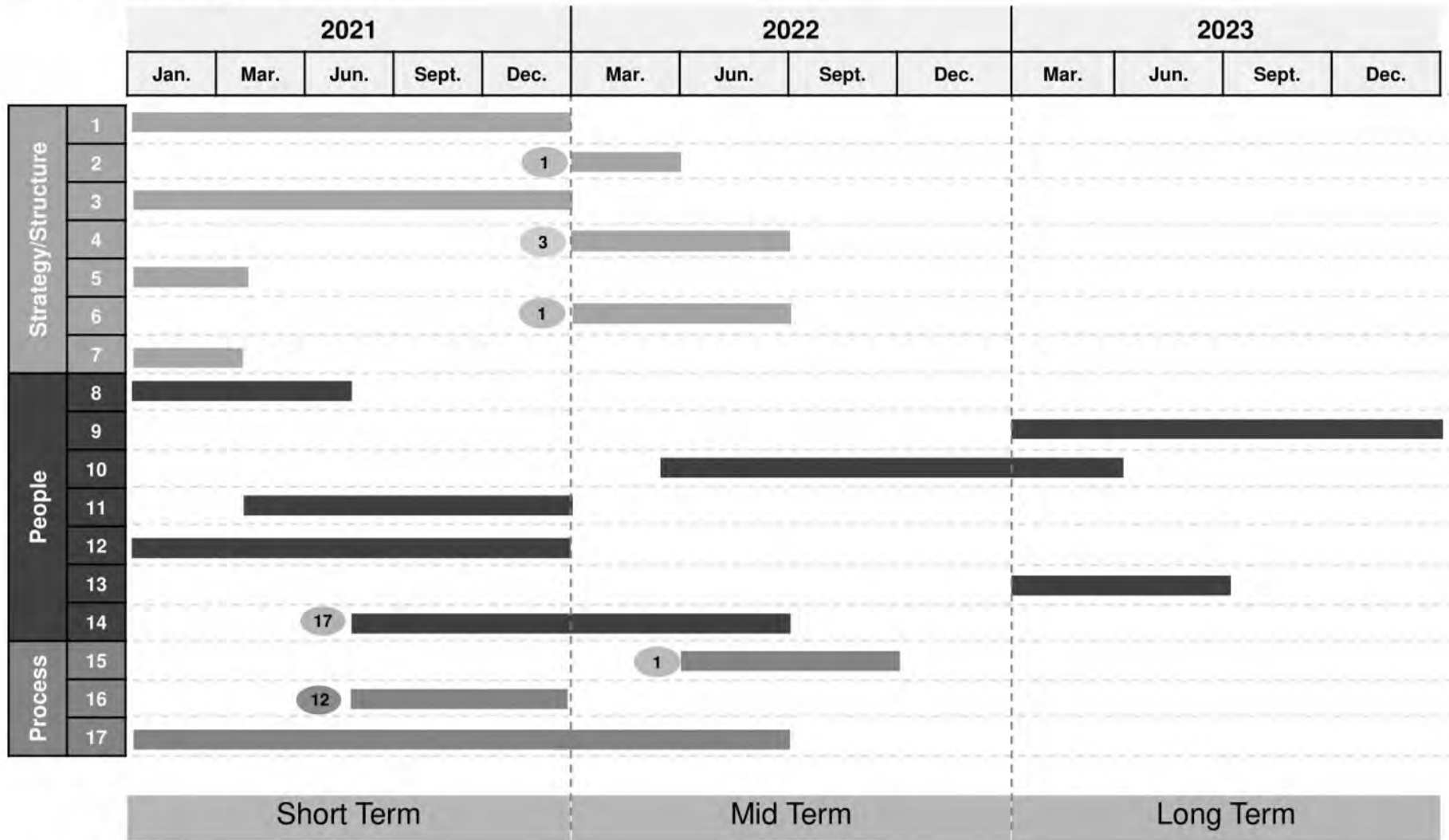
Key ⬭ Dependency

Blueprint Initiatives Summary

Strategy/ Structure	People	Process	LOE
0	0	0	H
0	1	0	M
0	2	0	L
1	1	1	H
1	0	1	M
1	0	0	L
2	2	0	H
1	0	0	M
1	1	1	L

Core Attribute Category

WC Financial Regulator

Long Term — Initiatives 3 New

Medium Term — Initiatives 6 New, 1 Ongoing[1]

Short Term — Initiatives 5 New, 2 Ongoing[1]

1- Revisions to performance management systems, streamlining hiring, and examination manuals are already underway

Short Term Initiatives

Initiative 1: Redefine and expand the role of the FHFA Enterprise Risk Committee (FERC)

Short Term

Strategy/Structure

Redefine and expand the role of the FHFA Enterprise Risk Committee (FERC) to increase its responsibility for identifying risks and related trends in the supervised entities and the broader housing finance market. The FERC should have the ability to make recommendations to the Director and Deputy Directors of supervisory Divisions regarding risk priorities and related supervisory actions (targeted examinations, policies/rulemaking, etc.). As a part of the expanded mandate, subcommittee and working group membership should be reviewed to ensure diversity of input from examination staff, housing finance and supervision policy, conserv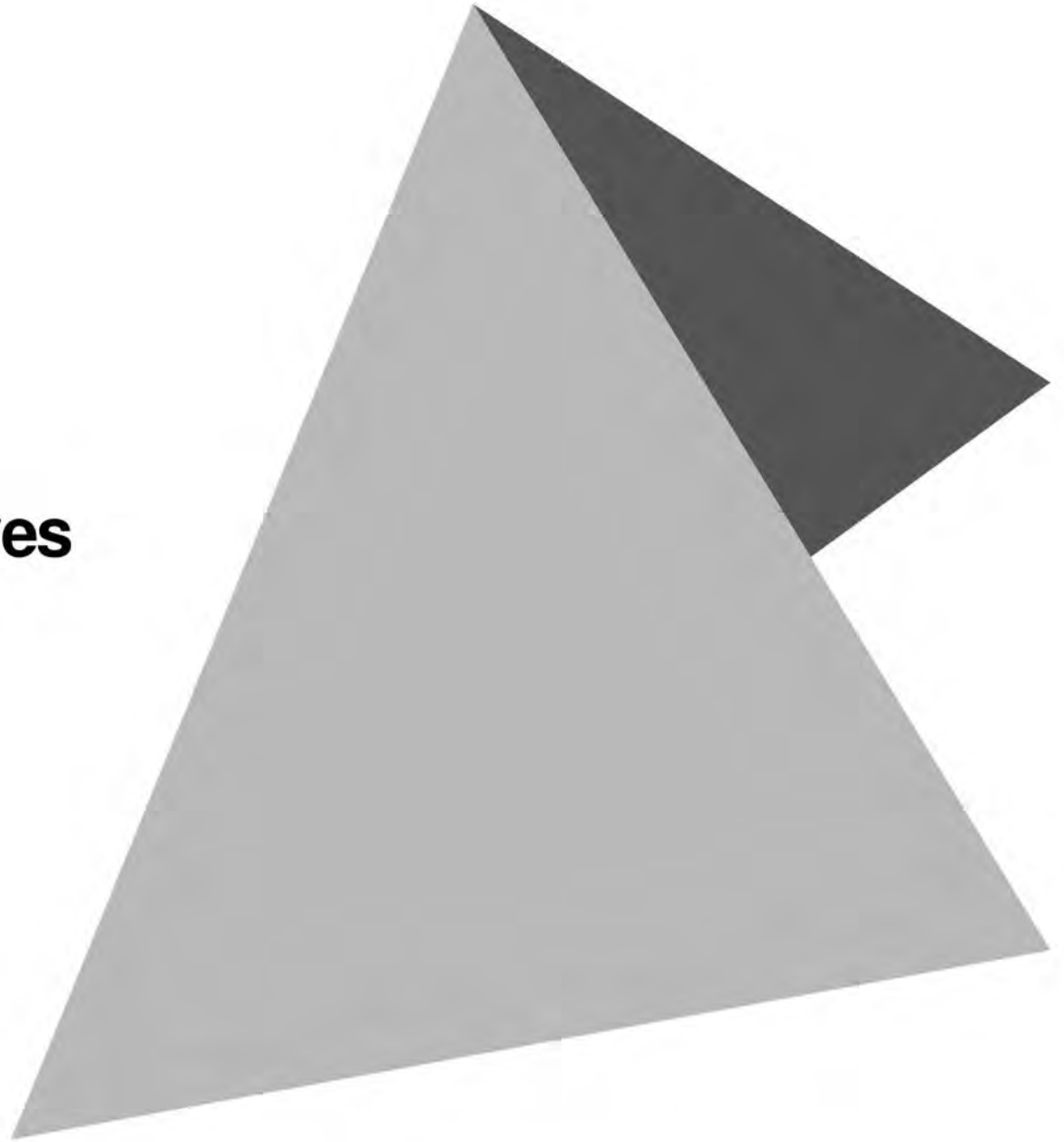atorship, and surveillance professionals (data and analytics). FERC outputs should drive resourcing decisions, including related workforce needs to ensure adequate Agency response to identified risks. The FERC should also be used to develop contingency plans and related supervisory responses to potential risks and crises.

Attributes Addressed	
S3	Structure that aligns risks with actions
S4	Strong collaborative culture
PR1	Forward-looking supervision planning
PR2	Standard approach to supervision
PR4	Modern examination tools
PR5	Robust strategies for resolution

Implementation Ratings					
LOE	●	LOI	●	Priority	●

Activity #	Activity Description
1.1	Detail the FERC's current responsibilities, membership, and operations, including subcommittee and working group membership.
1.2	Develop concept of operations redefining FERC's role as the central body for identifying risks and establishing supervisory risk priorities and related actions, as well as monitoring of those actions.
1.3	Develop reporting and communications protocols for providing transparency into FERC operations and creating mechanisms to allow for diverse inputs from across the Agency to be provided to the FERC (i.e. examination staff, housing finance and supervision policy, conservatorship, and surveillance professionals).

Initiative 1 : Redefine and expand the role of the FHFA Enterprise Risk Committee (FERC) Cont.

Redefine and expand the role of the FHFA Enterprise Risk Committee (FERC) to increase its responsibility for identifying risks and related trends in the supervised entities and the broader housing finance market. The FERC should have the ability to make recommendations to the Director and Deputy Directors of supervisory Divisions regarding risk priorities and related supervisory actions (targeted examinations, policies/rulemaking, etc.). As a part of the expanded mandate, subcommittee and working group membership should be reviewed to ensure diversity of input from examination staff, housing finance and supervision policy, conservatorship, and surveillance professionals (data and analytics). FERC outputs should drive resourcing decisions, including related workforce needs to ensure adequate Agency response to identified risks. The FERC should also be used to develop contingency plans and related supervisory responses to potential risks and crises.

Attributes Addressed	
S3	Structure that aligns risks with actions
S4	Strong collaborative culture
PR1	Forward-looking supervision planning
PR2	Standard approach to supervision
PR4	Modern examination tools
PR5	Robust strategies for resolution

Implementation Ratings					
LOE	●	LOI	●	Priority	●

Activity #	Activity Description
1.4	Finalize FERC concept of operations and obtain executive leadership approval.
1.5	Use the FERC to establish an annual Agency-wide contingency planning/table-top exercise process for planning for potential future issues that may become risks and crises. Develop specific contingency plans for identified potential risks, including necessary plans for increasing staffing (e.g., hiring, staff realignments, contacting) to adequately respond.
1.6	Implement FERC concept of operations and monitor completion of FERC recommended supervisory priorities and actions.

Initiative 3: Realign the data and research functions to reside within DRS

Strategy/Structure

Realign data and research functions from Divisions and Offices across FHFA to reside within DRS, enabling it to serve as the primary data and research function across the Agency. This includes, but is not limited to, present data and research functions within DBR, DER, and DHMG. This realignment would include redefining DRS's role as a shared service provider and enabling partner, providing centralized data and research to the Director and to the supervisory Divisions/Offices in the Agency. DRS's expanded role would include serving and supporting the information and surveillance needs of supervision and supervision policy under formalized service level arrangements.

Attributes Addressed	
S5	Structure that aligns risks with actions
PR1	Forward-looking supervision planning
PR2	Standard approach to supervision
PR4	Modern examination tools

Implementation Ratings					
LOE	●	LOI	●	Priority	●

Activity #	Activity Description
3.1	Validate critical data and information needs from different levels within the Agency, including DBR, DER, DHMG, and from external stakeholders who may be consumers of Agency data.
3.2	Align or implement a data integration plan to ensure business rules and data taxonomies are identified and implemented consistently across the enterprise. Validate plan with stakeholders to ensure business users understand how the information they require is devised.
3.3	Stand up a cross functional working group comprised representatives from senior leadership, and other users to identify and document specific technology needs and requirements.
3.4	Perform a fit/gap analysis of alternatives to select the tools and systems required to satisfy requirements and make a recommendation.
3.5	Evaluate whether current DRS staff is sufficient to meet Agency-wide needs and conduct individual staff capability assessments to identify any skill gaps. Develop a DRS workforce plan to addresses identified gaps including staff realignments, training and development, and hiring, among others.

Initiative 3: Realign the data and research functions to reside within DRS Cont.

Strategy/Structure

Realign data and research functions from Divisions and Offices across FHFA to reside within DRS, enabling it to serve as the primary data and research function across the Agency. This includes, but is not limited to, present data and research functions within DBR, DER, and DHMG. This realignment would include redefining DRS's role as a shared service provider and enabling partner, providing centralized data and research to the Director and to the supervisory Divisions/Offices in the Agency. DRS's expanded role would include serving and supporting the information and surveillance needs of supervision and supervision policy under formalized service level arrangements.

Attributes Addressed	
S5	Structure that aligns risks with actions
PR1	Forward-looking supervision planning
PR2	Standard approach to supervision
PR4	Modern examination tools

Implementation Ratings					
LOE	●	LOI	●	Priority	●

Activity #	Activity Description
3.6	Redefine and formalize new DRS's role as a centralized data research service provider by developing concept of operations, amending functional statements, reengineering processes as necessary.
3.7	Finalize concept of operations, including recommendation around tools and systems, and organizational change package and seek executive leadership approval.
3.8	Define and gain approval of service level agreements for data and research needs.
3.9	Establish change management and communication plan around revamped DRS's role.
3.10	Execute the DRS workforce plan to close capacity and capability gaps.
3.11	Implement selected systems and tools, including DRS workforce and other user training.
3.12	Develop and/or refine dashboards to facilitate enhanced decision-making and allow for at-a-glance views of key data. Equip staff and report users with specific automated tools and data access commensurate with their responsibilities.
3.13	Monitor service level agreement performance quarterly and conduct annual refresh to ensure Agency-wide needs are being met.

Initiative 5 : Establish communities of practice for defined functions

5

Establish a community of practice (COP) for defined functions such as supervision, policy, budget, human resources (HR), information technology (IT), and acquisition among others to bring professionals in like roles across FHFA together to promote information exchange, allow for knowledge sharing, build awareness of ongoing activities, and to share perspectives and best practices.

Attributes Addressed	
S4	Strong collaborative culture
S6	Improves communication and coordination

Implementation Ratings					
LOE	◯	LOI	◯	Priority	◯

Activity #	Activity Description
5.1	Identify and select functions for which a COP would add value (e.g., supervision, policy, budget, HR, IT, and acquisition).
5.2	Detail current communication practices and stakeholder engagement methods employed for selected functions.
5.3	Develop COP governance structure including charter, membership guidelines, and operating procedures.
5.4	Receive executive leadership approval of the COP governance structure.
5.5	Create a central repository to share COP documentation.
5.6	Develop Communication Plan for launching COPs.
5.7	Launch COPs and seek participation from across the Agency.
5.8	Perform annual review of COP governance structure and operations and adjust as necessary, including developing new COPs for additional functional areas, to foster continuous improvement.

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Initiative 7 : Document and build awareness of existing Agency committees

Document and build awareness of the outputs and outcomes of the work being performed by existing Agency committees and work groups. Similarly, this should include identifying and documenting existing work groups, as well as their mandate and membership, with the same formality in which Committees are documented (e.g., Charter, etc.). For both committees and working groups, ensure a central repository where those not serving in these groups can obtain information regarding the outcome of their efforts.

Attributes Addressed	
S5	Aligns organizational structure to overall mission
S6	Improves communication and coordination

Implementation Ratings					
LOE	◖	LOI	◯	Priority	◯

Activity #	Activity Description
7.1	Ensure documentation exists for all Agency committees and working groups, including documentation identifying scope, roles and responsibilities, authorities, and membership.
7.2	Develop a consistent set of foundational documents for each committee and working group, including, but not limited to, a charter, calendar, current membership directory, as well as recent business/outputs.
7.3	Develop a central repository to store foundational documents for each committee and working group, as well as a repository maintenance plan to ensure newly created committees and working groups are regularly identified and captured in the repository.
7.4	Receive executive leadership approval of the committee/working group foundational documents and central repository.
7.5	Develop plan for communicating and launching central repository.

Initiative 8 : Develop and implement updated Agency-wide Strategic Human Capital Plan

Short Term

People

8

Develop and implement an updated Agency-wide Strategic Human Capital Plan which outlines clear goals, objectives, and performance metrics for functions such as workforce planning, talent acquisition, employee development, performance management, leadership development, and succession planning to ensure the Agency has the necessary talent to execute its assigned mission and can evaluate its human capital performance. Establish an annual refresh process for establishing updated initiatives to achieve strategic human capital goals, and ensure this process is tied to annual planning functions across the Agency, including supervisory planning and FERC contingency planning.

Attributes Addressed	
P1	Robust human capital planning
P2	Balanced talent acquisition approach
P4	Processes for career mobility
P6	Robust succession planning
P7	Formal learning paths
P8	Clear performance management system

Implementation Ratings					
LOE	●	LOI	●	Priority	●

Activity #	Activity Description
8.1	Convene information gathering sessions with Division/Office Leaders to confirm human capital needs and gaps.
8.2	Gather and review existing human capital documentation including workforce demographic data, recent program evaluations, FEVS scores, and other source documents.
8.3	Outline Agency strategic human capital goals and validate with executive leadership. Include goals focused on establishing a more balanced approach to talent management, formal position management, professional development and career mobility, leadership development, succession planning, among other areas.
8.4	Develop objectives and initiatives linked to Agency strategic human capital goals.
8.5	Develop performance measures for evaluating success toward implementing strategic human capital goals.

Initiative 8 : Develop and implement updated Agency-wide Strategic Human Capital Plan Cont.

Short Term

People

8

Develop and implement an updated Agency-wide Strategic Human Capital Plan which outlines clear goals, objectives, and performance metrics for functions such as workforce planning, talent acquisition, employee development, performance management, leadership development, and succession planning to ensure the Agency has the necessary talent to execute its assigned mission and can evaluate its human capital performance. Establish an annual refresh process for establishing updated initiatives for achieving strategic human capital goals, and ensure this process is tied to annual planning functions across the Agency, including supervisory planning and FERC contingency planning.

Attributes Addressed	
P1	Robust human capital planning
P2	Balanced talent acquisition approach
P4	Processes for career mobility
P6	Robust succession planning
P7	Formal learning paths
P8	Clear performance management system

Implementation Ratings					
LOE	●	LOI	●	Priority	●

Activity #	Activity Description
8.6	Complete the development of the Strategic Human Capital Plan document consolidating strategic goals, objectives, initiatives, and performance metrics.
8.7	Obtain final executive leadership approval of Strategic Human Capital Plan.
8.8	Develop Strategic Human Capital Plan implementation, measurement, and annual maintenance approach.
8.9	Measure and report on progress towards implementing the Strategic Human Capital Plan.
8.10	Execute Strategic Human Capital Plan annual maintenance approach.

Initiative 11 : Establish a clear performance management strategy

Short Term

People

11

Establish a clear performance management strategy and process featuring goals/expectations for all staff levels tied to the mission and goals of the Agency, as well as uniform approaches for evaluating performance, providing coaching and professional feedback, and assigning performance ratings. Develop mandatory training and guidance on the performance management process to ensure consistent application.

Attributes Addressed	
P8	Clear performance management system

Implementation Ratings					
LOE	◖	LOI	●	Priority	●

Activity #	Activity Description
11.1	Review the current performance management strategy and associated policies and procedures.
11.2	Interview Agency staff to develop a deeper understanding of performance management gaps and areas of improvement.
11.3	Develop revised Agency performance management strategy and associated policies and procedures.
11.4	Receive executive leadership approval of the revised performance management strategy.
11.5	Collaborate with the Learning Academy to develop mandatory training and guidance on the revised performance management process to ensure consistent application.
11.6	Develop revised performance management strategy launch plan, including communication and training plans.
11.7	Monitor implementation of the revised performance management strategy and process to ensure consistency across Divisions/Offices year over year and to foster continuous improvement.

Initiative 12: Document, assess, and streamline the hiring process

Short Term

People

12

Document, assess, and streamline the hiring process, removing unnecessary steps and excessive approvals, and establish clear processing timeframes and expectations for different phases within the process. Develop a hiring dashboard report providing stakeholders clear visibility into the status of their hiring actions.

Attributes Addressed	
P2	Balanced talent acquisition approach

Implementation Ratings					
LOE	●	LOI	◖	Priority	◖

Activity #	Activity Description
12.1	Convene sessions with HR process owners to document the hiring process, as well as associated time frames, systems, and tools employed.
12.2	Convene sessions with Division/Office leaders to identify opportunities for hiring process improvements, as well as requirements for hiring dashboard report.
12.3	Analyze hiring process documentation and gathered feedback to identify areas for improvement.
12.4	Develop a set of recommendations to address identified challenges, including hiring process changes, policy changes, and new systems or tools among other areas.
12.5	Obtain executive leadership approval on which recommended improvement initiatives will move forward.
12.6	Develop discreet implementation plans for each approved hiring process improvement initiative.
12.7	Monitor execution of hiring process improvement initiatives.
12.8	Develop functional hiring dashboard report prototype and gather feedback from Division/Office leaders.
12.9	Finalize hiring dashboard report and begin production.
12.10	Develop communications and roll-out plans, inducing training, for each completed hiring process improvement initiative.
12.11	Monitor the performance of implemented initiatives and adjust as necessary to foster continuous improvement.

Initiative 16 : Cross-train operations staff

Process

Dependency #12

16

Cross-train operations staff so that there are no single points of failure when there are staff absences or periods of unavailability. Operations staff should continue to learn new skills, so that staff can perform other tasks as needed and understand how their role relates to the work being performed by others within their function.

Attributes Addressed	
PR3	Documented processes
P4	Processes for career mobility

Implementation Ratings					
LOE	○	LOI	◖	Priority	○

Activity #	Activity Description
16.1	Identify procurement, HR, and IT operations to identify functions and critical processes with risk for single points of failure.
16.2	Finalize the list of functions for which cross training will be developed and obtain approval of Division/Office leaders.
16.3	Identify critical competencies for positions designated for cross training and compare those to other positions within operations to identify appropriate staff to participate in cross training.
16.4	Develop cross training approach, including job shadowing, potential detail assignments, and supporting materials for each operational department (Procurement, HR, IT) which incorporates functional overview, standards operating procedures, related polices among other items.
16.5	Receive executive leadership approval of operations cross-training approach, plan, and materials.
16.6	Develop schedule and timeline for cross training and monitor completion.

Mid Term Initiatives

Initiative 2: Create formal information sharing mechanisms between FERC and others

Create formal information sharing mechanisms between the FERC and its supporting subcommittees or working groups, as well as Divisions and Offices. New information sharing mechanisms should allow for information to be reported to the FERC for ongoing monitoring and provide approaches for sharing the outcomes of FERC discussions, meetings, and actions across the Agency so they can inform ongoing activities.

Attributes Addressed	
S3	Structure aligns risks with actions
S4	Strong collaborative culture
S6	Improves communication and coordination
PR1	Forward-looking supervision planning
PR2	Standard approach to supervision
PR6	Transparency with regulated entities/public

Implementation Ratings					
LOE	◯	LOI	◑	Priority	◯

Activity #	Activity Description
2.1	Detail current communication forums between FERC and its supporting subcommittees/working groups, as well as processes for sharing outcomes with Divisions/Offices. Analyze detailed information for improvement opportunities and gaps.
2.2	Create a revised information sharing process flow showing how information will be submitted to the FERC, as well as how outputs will be shared across the Agency.
2.3	Develop a formal information sharing process between FERC and DRS.
2.4	Finalize the new FERC information sharing process and receive executive leadership approval.
2.5	Monitor communication flow between FERC, supporting subcommittees and working groups, and Divisions/Offices.

Initiative 4: Establish a consistent set of functional statements for each Division/Office

| Mid Term |
| Strategy/Structure |
| Dependency #3 |

Establish a consistent set of functional statements for each Division/Office that clearly aligns the roles and responsibilities to the Agency's mission and strategy. Functional statements should be accompanied by a detailed responsibility assignment matrix or responsible, accountable, consulted and informed (RACI) chart that clearly defines roles and responsibilities of staff, as well as when specific offices should be involved and informed of ongoing activities and decisions.

Attributes Addressed	
S1	Clear mission and shared understanding
S5	Aligns organizational structure to overall mission
S6	Improves communication and coordination
PR3	Documented processes

Implementation Ratings					
LOE	●	LOI	◑	Priority	◑

Activity #	Activity Description
4.1	Review current mission and functional statements of the Divisions/Offices.
4.2	Conduct interviews with Divisions/Offices to document gaps and redundancies.
4.3	Examine documented roles and responsibilities and identify areas for potential realignment of staff within the Divisions/Offices and/or requirements for collaboration between offices on certain functions. This may include, but not be limited to requirements that OMWI collaborate with DBR in conducting diversity examinations to get insights and understand of the entities they are conduction the diversity examination within. Similarly, this may also include realignment of some monitoring functions from DHMG into DBR or realignment of some functions performed by the Conservatorship Committee to DER.
4.4	Update, revise, or establish new functional statements for each Division/Office, clearly identifying decision-making rights of Divisions/Offices and where consultations and hand-offs should be.
4.5	Develop a RACI matrix that clearly defines roles and responsibilities of staff and decision-making rights of staff.
4.6	Finalize the functional statements and RACI matrix and receive executive leadership approval.
4.7	Distribute the revamped functional statements and RACI to ensure they are properly relayed to Agency staff and post in central repository (e.g., intranet) to ensure easy access for all Agency employees.

Initiative 6 : Develop a formal governance process for seeking input on policy

| Mid Term |
| Strategy/Structure |
| Dependency #1 |

Develop a formal governance process for seeking input on policy that impacts other Divisions and/or Offices. Include a detailed process flow showing policy distribution, timeframes for receiving and adjudicating comments, and process for providing transparency and feedback to offices on how and if their inputs were used in the final product.

Attributes Addressed	
S4	Strong collaborative culture
S5	Aligns organizational structure to overall mission
S6	Improves communication and coordination
PR3	Documented processes

Implementation Ratings					
LOE	◖	LOI	◖	Priority	◖

Activity #	Activity Description
6.1	Identify and document current policy development processes—including the roles and responsibilities of existing governance bodies (e.g. FERC, PMRC) or committees responsible for policy development, with a special emphasis on how and when input is gathered from other Divisions/Offices.
6.2	Identify gaps in existing policy development processes.
6.3	Draft an Agency-wide process for gathering cross-Divisional inputs on policy development, including a detailed process flow showing distribution, timeframes for receiving comments, and process for providing transparency on how gathered feedback was acted on.
6.4	Review new Agency-wide policy development process with stakeholders from across FHFA and revise accordingly.
6.5	Obtain executive leadership approval of the new policy development process.
6.6	Develop plan for communicating the new Agency-wide policy development process.
6.7	Perform annual review of Agency-wide policy development process and adjust as necessary to foster continuous improvement.

Initiative 14 : Mature FHFA's examiner development programs

Mid Term	
People	
Dependency #17	

14

Mature and bring the FHFA's examiner development programs (e.g. Housing Finance Examiner Program) in line with benchmarked world-class financial regulatory examiner commissioning programs. This includes completion of a review to determine the appropriate placement of the programs organizationally; review of examination processes; identification of learning needs and objectives, as well as present gaps in the curriculums; and, documentation of consistent program policies and guidelines.

Attributes Addressed	
P2	Balanced talent acquisition approach
P3	Structured commissioning program
P7	Formal learning paths

Implementation Ratings					
LOE	⬤	LOI	⬤	Priority	⬤

Activity #	Activity Description
14.1	Establish examination development needs assessment scope and approach.
14.2	Execute examination development needs assessment. Review examination processes for alignment with supervisory objectives and present recommended courses of action (COA) to executive leadership.
14.3	Obtain executive leadership decision on COAs.
14.4	Execute activities related to organizational placement of the program.
14.5	Execute activities related to development of content to fill gaps in examination development curricula.
14.6	Execute updates to examination development programs' policies and guidelines.
14.7	Establish program evaluation approaches.
14.8	Launch revised programs and conduct evaluations.
14.9	Continually revise programs based on collected evaluations.

Initiative 15: Establish an annual supervision planning process tied to Agency's strategic plan

15

Establish an annual supervision planning process, cascading from and tied to the Agency's strategic plan, its supervisory mission, and the risk priorities of the supervised entities. Formally link the supervision planning process to budget and human capital planning efforts. This includes development of annual initiatives for moving the Agency closer to achieving its strategic goals, as well as quarterly performance reviews for evaluating implementation progress. HR and IT should participate in planning processes to enable the development of accompanying plans that ensure that Divisions/Offices have the resources necessary to carry out planned examinations.

Attributes Addressed	
PR1	Forward-looking supervision planning
PR2	Standard approach to supervision
PR4	Modern examination tools
PR6	Transparency with regulated entities/public
S2	Integrated enterprise-wide operational planning
P1	Robust human capital planning

Implementation Ratings					
LOE	◗	LOI	◗	Priority	◗

Activity #	Activity Description
15.1	Detail current supervision planning functions in place at the Agency, identify best practices and statutory requirements.
15.2	Develop an Agency-wide supervision planning function, including roles responsibilities, process timelines, required approvals, and linkages to budgeting and human capital planning among other elements.
15.3	Establish a supervision planning working group comprised of a diverse set of staff from different Divisions/Offices, including HR and IT.
15.4	Formalize the supervision planning working group's membership, roles and responsibilities, and mandate.
15.5	Receive executive leadership approval of the supervision planning function and working group.
15.6	Develop plan to communicate revised supervision planning function across the Agency and promote opportunities for staff to participate in the working group.

Initiative 17: Update and establish consistent examination manuals and repository

Mid Term

Process

17

Update and establish consistent examination manuals and standard operating procedures (SOPs) for each supervisory Division, as well as a central repository for housing current guidance. Review and revise examination manuals and SOPs accordingly on an annual basis to ensure that procedures are up to date. Convene a Bi-Annual supervisory working group comprised of staff from across DBR, DHMG, DER and OMWI to discuss trends and any necessary updates to examination manuals, training, and SOPs.

Attributes Addressed	
PR2	Standard approach to supervision
PR3	Documented processes
PR4	Modern examination tools

Implementation Ratings					
LOE	●	LOI	●	Priority	●

Activity #	Activity Description
17.1	Catalog existing examination manuals and SOPs and identify any gaps.
17.2	Convene information gathering sessions with Division/Office Leaders and senior staff to identify SOP and manual development already underway, identify any remaining gaps, and develop gap closure recommendations.
17.3	Complete both SOP and manual development already underway as well as additional gap closure recommendations.
17.4	Create a governance process for the ongoing maintenance of examination manuals and SOPs, including the approval and final sign off process.
17.5	Develop a central repository for housing and maintaining up-to-date examination manuals and SOPs.
17.6	Establish the roles, mission, and participants of a bi-annual supervisory working group.
17.7	Convene bi-annual supervisory working group meeting to discuss trends and required updates.
17.8	Establish a schedule for required updates and monitor schedule execution.

Long Term Initiatives
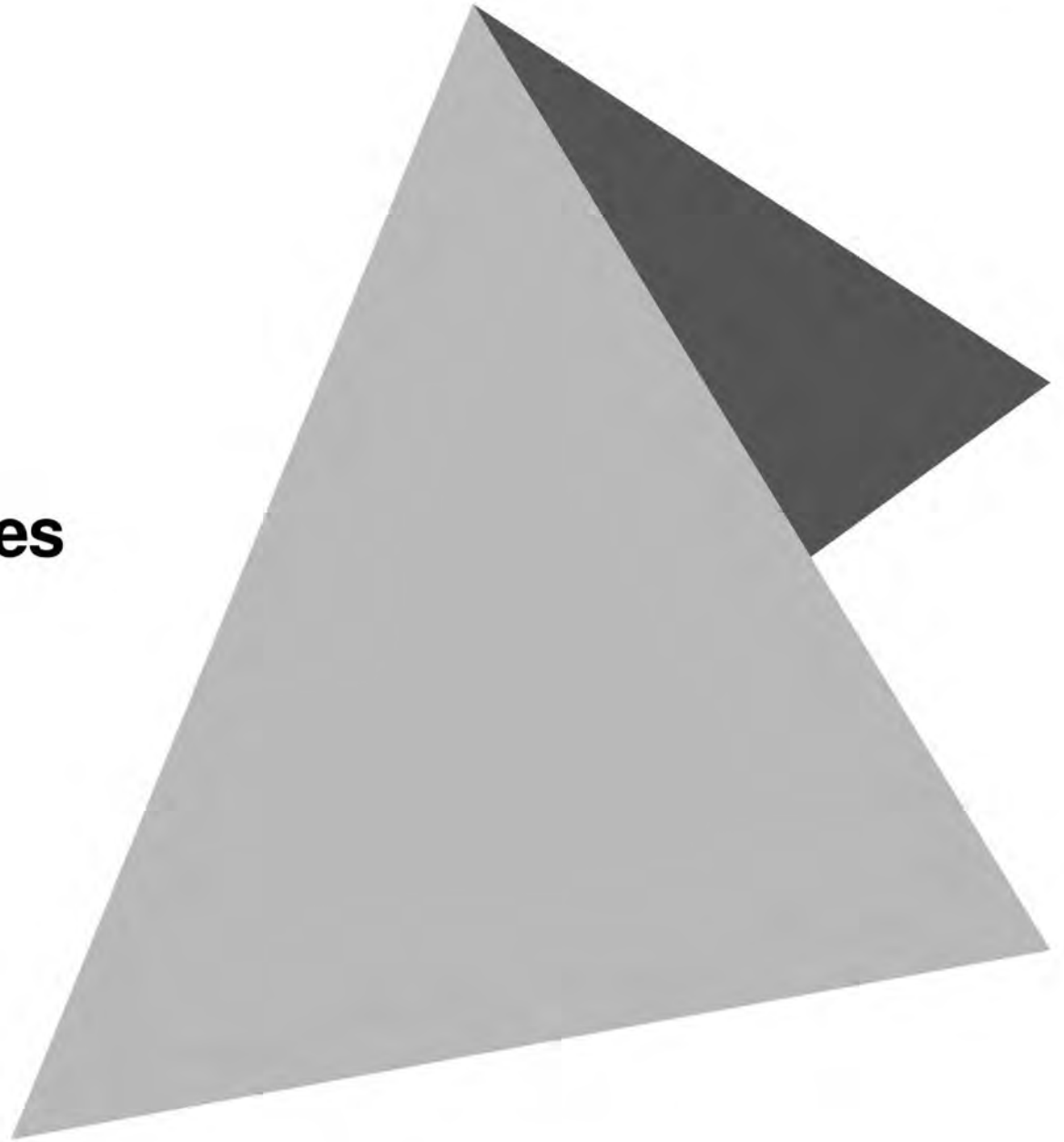
Initiative 9: Develop individual learning paths by employee type in the Learning Academy

Long Term

People

9

Develop individual learning paths by employee function in the Learning Academy (e.g., supervisory, HR, IT, Managers, etc.), as well as establish mandatory ongoing professional development training requirements (e.g., a prescribed number of hours per year).

Attributes Addressed	
P2	Balanced talent acquisition approach
P3	Structured commissioning program
P4	Processes for career mobility
P7	Formal learning paths

Implementation Ratings					
LOE	●	LOI	○	Priority	◖

Activity #	Activity Description
9.1	Perform audit of current offerings within the Learning Academy.
9.2	Create catalog organizing offerings in the Learning Academy by function/technical specialty area.
9.3	Conduct interviews with Division/Office leaders to review catalogue, identify gaps, and group offerings into graduated learning path by function/technical specialty area.
9.4	Develop and execute plan to close identified gaps through either course development or acquisition of additional learning content.
9.5	Document final learning paths by function/technical specialty area and validate with Division/Office leaders.
9.6	Receive executive leadership approval of learning paths.
9.7	Update annual mandatory training requirements policy and validate with Division/Office leaders.

Initiative 9: Develop individual learning paths by employee type in the Learning Academy Cont.

Long Term

People

9

Develop individual learning paths by employee function in the Learning Academy (e.g., supervisory, HR, IT, Managers, etc.), as well as establish mandatory ongoing professional development training requirements (e.g., a prescribed number of hours per year).

Attributes Addressed	
P2	Balanced talent acquisition approach
P3	Structured commissioning program
P4	Processes for career mobility
P7	Formal learning paths

Implementation Ratings					
LOE	●	LOI	○	Priority	◖

Activity #	Activity Description
9.8	Obtain executive leadership approval of annual mandatory training requirement policy.
9.9	Develop communication plan to launch new learning paths and annual training requirements.
9.10	Perform annual review of learning paths and adjust as necessary to foster continuous improvement.

Initiative 10: Centralize coordination of training across the Agency

	Long Term
	People

10

Centralize coordination of training across the Agency. Explore expansion of the Learning Academy including its present composition and placement within the Agency.

Attributes Addressed	
P2	Balanced talent acquisition approach
P3	Structured commissioning program
P7	Formal learning paths

Implementation Ratings					
LOE	◖	LOI	◑	Priority	◖

Activity #	Activity Description
10.1	Detail FHFA's Agency-wide approach to training, including training strategy and policy, location of training functions within the Agency, and the capabilities and organizational placement of the Learning Academy among other aspects.
10.2	Develop a concept of operations for centralization of Agency-wide training functions.
10.3	Obtain executive leadership approval of training centralization concept of operations.
10.4	Develop training centralization implementation plan and obtain executive leadership approval.
10.5	Execute training centralization implementation plan.
10.6	Perform annual review of centralized training function and adjust as necessary to foster continuous improvement.

Initiative 13 : Establish a formal and mandatory manager training program

| Long Term |
| People |

13

Establish a formal, mandatory manager training program comprised of a series of offerings for providing managers training on soft skills including topics such as effectively leading others, driving high performance, communicating with impact, and how to provide coaching and development among other topics.

Attributes Addressed	
P7	Formal learning paths
S1	Clear mission and shared understanding

Implementation Ratings					
LOE	◖	LOI	○	Priority	◖

Activity #	Activity Description
13.1	Identify, document, and evaluate current manager training offerings.
13.2	Conduct interviews with Division/Office leaders and Agency managers to identify gaps in skills and current training offerings.
13.3	Identify manager training best practices from across leading Federal and private sector organizations.
13.4	Develop a recommended manager training program that addresses skill and curriculum gaps, leverages documented best practices, and builds awareness around the Agency's core values and principles.
13.5	Receive executive leadership approval of new manager training program.
13.6	Collaborate with Learning Academy to operationalize the new manager training program and roll-out to appropriate parties.
13.7	Conduct periodic evaluations of the manager training program and adjust accordingly based on gathered feedback.

Success Measures

The initiatives, when combined, will support FHFA' objective of being a world-class regulator. Throughout the three-year plan, implementation success will be gauged by the following outcomes across the three organizational pillars.

Strategy/Structure	**People**	**Process**
• Clearly defined roles and responsibilities	• Improved ability to identify and satisfy future workforce needs	• Agency-wide supervision planning process that drives budget and resourcing decisions
• Proactive identification of risks to inform changing priorities	• Efficient hiring process which enables swift acquisition of necessary talent	• Consistency in examination processes and procedures
• Consistent and standardized supervision planning processes	• Highly trained workforce with clear advancement paths	• Timely operational support enabling efficient mission execution
• Economies of scale and improved sharing of data and research	• High performing and engaged workforce	
• Improved decision making and enhanced governance structure, guidelines and tools		
• Breakdown of organizational silos		

Implementation Considerations

Managing the Blueprint implementation will require top-level leadership commitment and a transformation infrastructure to support the change.

Critical Implementation Support Activities

1. Establish a transformation infrastructure including a transformation change management/PMO to coordinate activities of integrated project teams to support execution of initiatives

2. Develop discreet initiative project plans, as well as an integrated master schedule for monitoring initiative implementation

3. Build an organizational change management and communication plan for supporting organizational transformation

4. Establish transformation success measures as well as reporting and monitoring processes and tools to evaluate implementation progress

Implementation Success Factors

- Commitment to change—enduring and visible top-level support from FHFA executive leadership

- Agency capacity—adequacy of resources to support change

- Infrastructure and framework to support and manage change

- Ability to measure and track success

- IT resources, including knowledge management capabilities, and personnel to support initiatives
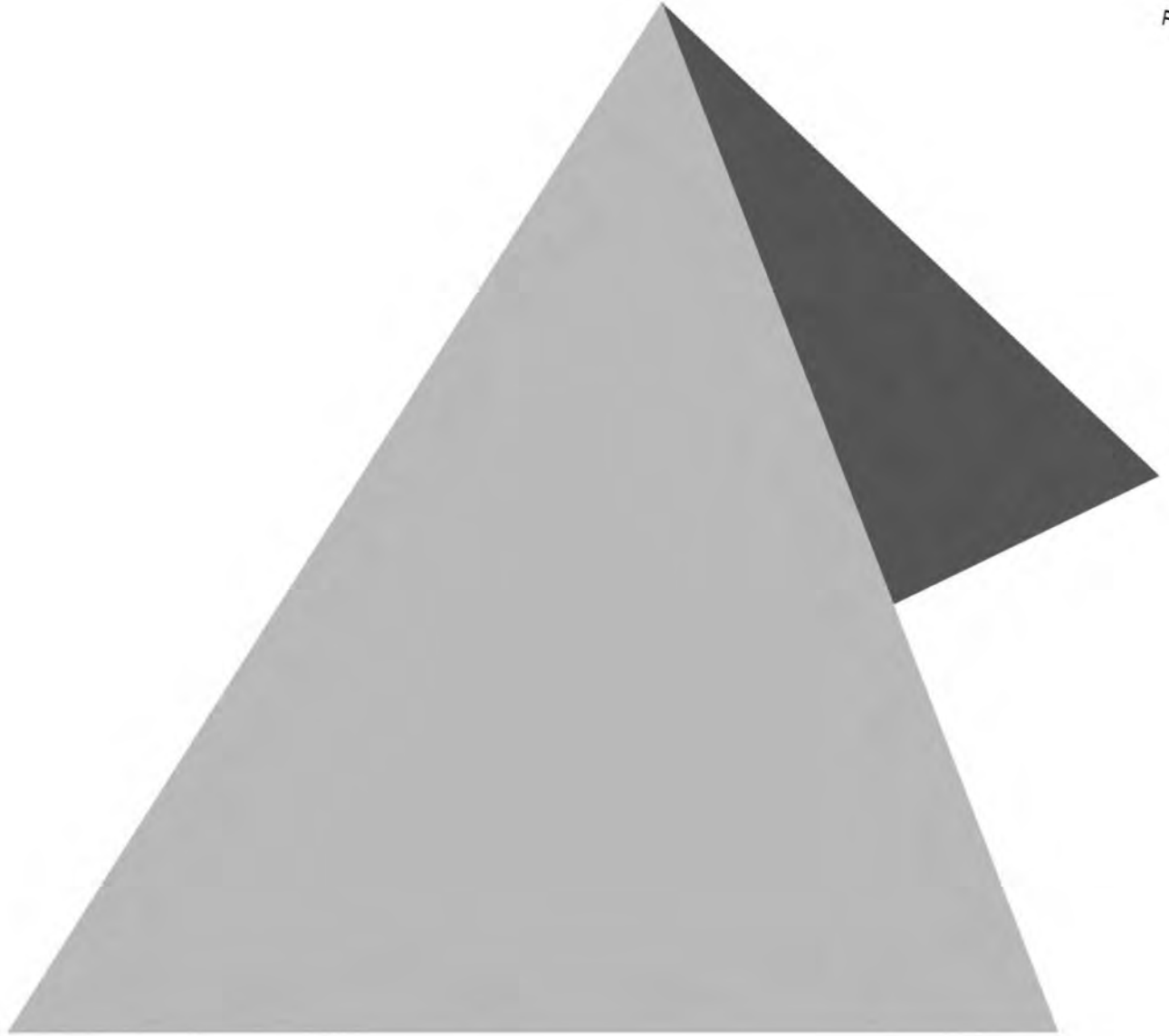
Appendix

Evaluation Methodology

1. "Harvey Balls" score was used to determine the level of effort, level of impact, and priority for the subsequent initiatives. The score has three components which are aligned to High, Medium, and Low.

⬤ **High**   ◑ **Medium**   ◯ **Low**

2. Associated Full Time Equivalent (FTE) numbers for initiatives were derived from a bottoms-up analysis of the associated initiative steps. Please note that 1 FTE equals 1920 hours of effort.

3. The initiatives were analyzed and sequenced into short, mid, and long-term time increments over a three-year time period.

Short Term: Initiatives completed within 1 year

Mid Term: Initiatives completed within 1-2 years

Long Term: Initiatives completed within 2-3 years

Initiative Duration, Dependencies and Resources Required

The table below highlights the estimated duration, identified dependencies and estimated resources required for each initiative.

#	Initiative Description	Duration	Dependency	Estimated FTE[1] Needed
1	Redefine and expand the role of the FHFA Enterprise Risk Committee (FERC).	12 months		≤ 2
2	Create formal information sharing mechanisms between FERC and others.	3 months	Initiative #1	≤ 2
3	Realign the data and research functions to reside within DRS.	12 months		≥ 4
4	Establish a consistent set of functional statements for each Division/Office.	6 months	Initiative #3	2 < 4
5	Establish communities of practice for defined functions.	3 months		≤ 2
6	Develop a formal governance process for seeking input on policy.	6 months	Initiative #1	2 < 4
7	Document and build awareness of existing Agency committees.	3 months		≤ 2
8	Develop and implement updated Agency-wide Strategic Human Capital Plan.	6 months		≥ 4
9	Develop individual learning paths by employee type in the Learning Academy.	12 months		2 < 4
10	Centralize coordination of training across the Agency.	12 months		2 < 4
11	Establish a clear performance management strategy.	9 months		≥ 4
12	Document, assess, and streamline the hiring process.	12 months		≥ 4
13	Establish a formal and mandatory manager training program.	6 months		2 < 4
14	Mature FHFA's examiner development programs.	12 months	Initiative #17 starting + 6 months	≥ 4
15	Establish an annual supervision planning process tied to Agency's strategic plan.	6 months	Initiative #1 + 9 months	2 < 4
16	Cross-train operations staff.	6 months	Initiative #12 + 6 months	2 < 4
17	Update and establish consistent examination manuals and repository.	18 months		≥ 4

Key ● Strategy/Structure ● People ● Process

1 - Estimated Full Time Equivalent (FTE) numbers for initiatives were derived from a bottoms-up analysis of the associated initiative steps. Please note that 1 FTE equals 1920 hours of effort. These resources could be internal or external to the Agency.

Acronyms List

Acronym	Definition
FHFA	Federal Housing Finance Agency
ESC	Executive Steering Committee
LOE	Level of Effort
LOI	Level of Impact
FERC	FHFA Enterprise Risk Committee
DRS	Division of Research and Statistics
COP	Community of Practice
PMRC	FHFA Policy and Management Review Committee
FEVS	Federal Employee Viewpoint Survey
SOP	Standard Operating Procedures
DBR	Division of Bank Regulation
DHMG	Division of Housing Mission and Goals
OMWI	Office of Minority and Women Inclusion
DER	Division of Enterprise Regulation
COTS	Commercial Off-The-Shelf
RACI	Responsible, Accountable, Consulted, Informed
HR	Human Resources
IT	Information Technology
COA	Courses of Action
PMO	Project Management Office
FTE	Full Time Equivalent

FHFA Organizational Optimization Assessment

Blueprint Strategic Human Capital Plan

October 31, 2020

Table of Contents

1. Overview

2. Blueprint Initiative Summary

3. Purpose and Approach

4. Strategic Human Capital Plan Framework

5. Detailed Goals, Objectives, and Activities

Overview

The Federal Housing Finance Agency (FHFA) initiated an organizational assessment to prepare an Organizational Optimization Blueprint ("Blueprint"), including an accompanying Strategic Human Capital Plan, to cement FHFA's position as a world-class regulator in a post-conservatorship environment.

Organizational Assessment Approach

Phase 1: Benchmarking Analysis	Phase 2: Current State Assessment	Phase 3: Blueprint

The Organizational Assessment Team employed a three-phase approach, including a Benchmarking Analysis comparing FHFA to five domestic and international financial regulators; a Current State Assessment, providing a snapshot of FHFA's current or "as-is" state, as well as a gap analysis of FHFA against identified attributes of world-class regulators; and, a Blueprint, involving the development of initiatives and remediation activities to address identified gaps.

Underpinning the Organizational Assessment are three pillars: **Strategy/Structure, People, and Process.**

Pillars

Strategy/Structure	People	Process
Focuses on the overall organizational structure, vision, areas of responsibility, and decision rights.	Examines the distribution of employees, division of labor, skills, and capabilities of the workforce and employee engagement.	Analyzes project execution, metrics, bottlenecks, and operational inefficiencies.

Blueprint Initiative Summary

The Blueprint featured 17 initiatives to address gaps identified during the current state assessment and to build the infrastructure needed to bring FHFA in line with documented benchmarks and cement the agency's position as a world-class regulator. The following table outlines the key themes addressed in the Blueprint by organizational pillar.

Organizational Pillar	Key Initiative Themes	Number of Initiatives
Strategy/ Structure	• Enhancing data and research functions • Improving supervisory risk functions • Clarifying roles and responsibilities in Offices/Divisions • Revising governance committee and sub-committees	7
People	• Creating an agency-wide Strategic Human Capital Plan • Enhancing performance management • Maturing training capabilities and programs • Streamlining Agency hiring • Revising the examiner commissioning program	7
Process	• Formalizing the supervision planning process • Improving operations support capabilities • Refining the examination process	3

Strategic Human Capital Plan Purpose and Approach

This deliverable represents the Strategic Human Capital Plan that accompanies the Blueprint. The purpose of the Strategic Human Capital Plan is to develop the necessary human capital resources to operationalize the Blueprint and assist FHFA in building the talent necessary to realize their future organizational vision. In developing the Strategic Human Capital Plan, the Organizational Assessment Team employed the following approach:

1. Reviewed the 17 initiatives contained in the Blueprint to identify human capital implications
2. Examined whether FHFA presently possessed the critical talent necessary to support implementation of provided initiatives
3. Assessed whether FHFA featured the necessary human resources processes and functions required to enable implementation of provided initiatives
4. Assessed whether the FHFA Office of Human Resource Management had the requisite capacity and expertise to support implementation and ongoing operation of infinitives provided in the Blueprint

Following completion of the above activities, the Organizational Assessment Team identified the following gaps:

- Insufficient capacity and expertise within the FHFA Office of Human Resource Management to support implementation of Blueprint initiatives
- Absence of a workforce planning function to assist in determining the required talent to support both supervisory and operational functions, as well as for informing workforce reshaping in a post-conservatorship environment
- Ambiguity as to whether DRS has an adequate number of data and research personnel to serve as the primary data and research function across the Agency
- Absence of an Enterprise Learning Strategy for promoting consistency in agency learning and development and driving high performance

In response to the identified gaps, the Assessment Team developed a set of Strategic Human Capital Goals, as well as accompanying Objectives and Activities, to address areas requiring attention to support implementation of the Blueprint. The slides which follow detail the rationale for each Strategic Human Capital Goal, as well as its linkage to the Blueprint, and provide tactical steps for accomplishing each provided goal.

Strategic Human Capital Plan Framework

Successful implementation of the following Strategic Human Capital Goals, Objectives, and Activities will enable FHFA to successfully implement the Blueprint and cement its position as a world-class regulator.

Goal 1: Increase the capacity and expertise of the FHFA Office of Human Resources

- Objective 1: Assess the current capacity of the HR organization
- Objective 2: Perform a Skills Assessment of the HR Staff
- Objective 3: Develop plans to close identified capacity and skill gaps
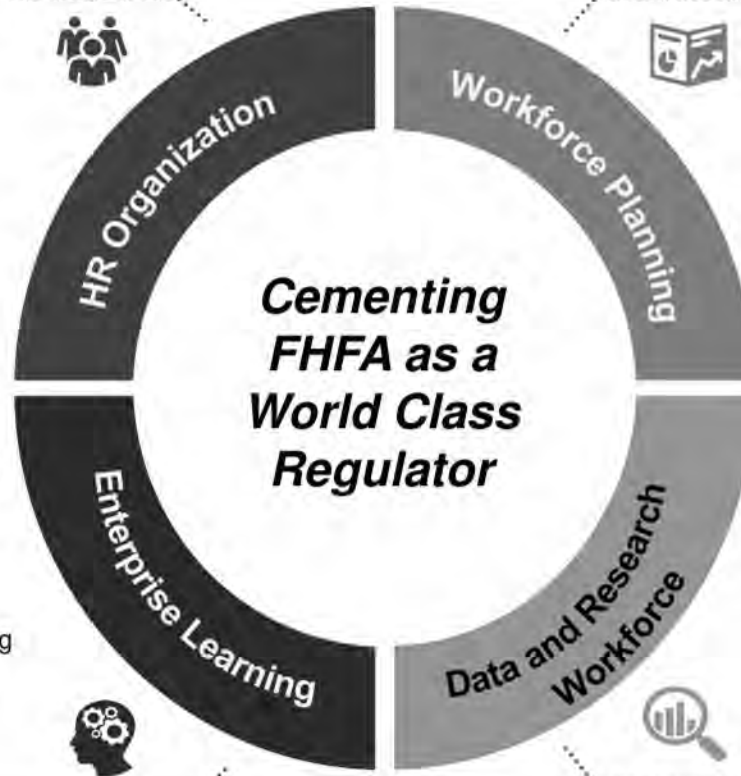
Goal 2: Establish a Workforce Planning Function

- Objective 1: Standup cross-functional Workforce Planning Team
- Objective 2: Determine Agency Strategic Direction
- Objective 3: Evaluate current Workforce, Future Demand, and Gaps
- Objective 4: Develop and monitor action plans to close Gaps

Goal 4: Establish an Effective Enterprise Learning Strategy

- Objective 1: Assess Agency Learning Needs
- Objective 2: Identify Current Learning Programs, Functions, and policies
- Objective 3: Develop Enterprise Learning Strategy

Goal 3: Build a Robust Data and Research Workforce

- Objective 1: Assess current state of Data and Research Workforce
- Objective 2: Establish Data and Research Workforce Demand
- Objective 3: Develop and monitor action plans to close Gaps

HR Organization · Workforce Planning · Data and Research Workforce · Enterprise Learning

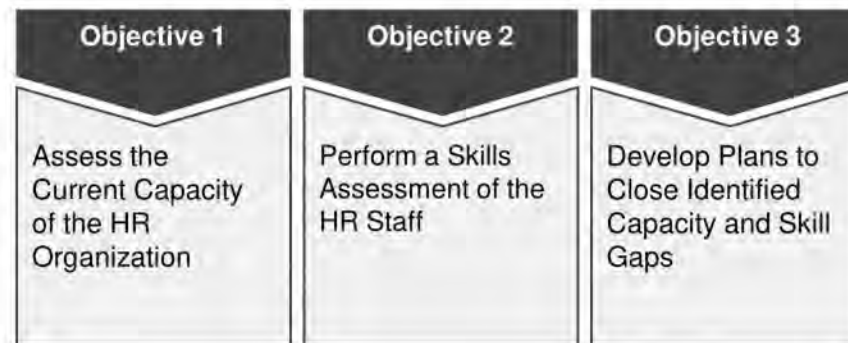**Cementing FHFA as a World Class Regulator**

Goal 1: Increase the Capacity and Expertise of the FHFA Office of Human Resources

The FHFA HR organization will be responsible for supporting many of the initiatives within the Blueprint. The FHFA Office of Human Resource Management will be a critical driver of initiatives involving establishment of an enterprise strategic human capital planning function, functional realignment, hiring process improvement, revision of agency performance management processes, and the establishment of necessary learning and development programs. As revealed in the Current State Assessment, HRM does not presently serve as a true business partner enabling improved mission. The level of HR knowledge and expertise varies widely, resulting in process inefficiencies and decreased serving times when HR personnel must seek out colleagues who possessed the required expertise to complete support requests. The assessment also revealed the level of HR service and support varies across Divisions and Offices due to inconsistent application and communication of necessary HR information and single points of failure in key functions. Given existing resource shortages and strains, as well as potential gaps in critical HR knowledge and expertise, it is imperative for the agency to increase the capacity and capability of this office to enable successful execution of the Blueprint.

Blueprint Initiative Linkage: All

Objective 1	Objective 2	Objective 3
Assess the Current Capacity of the HR Organization	Perform a Skills Assessment of the HR Staff	Develop Plans to Close Identified Capacity and Skill Gaps

👪 Goal 1: Objectives and Activities

Successful execution of the following Objectives and Activities will allow for attainment of Strategic Human Capital Goal 1.
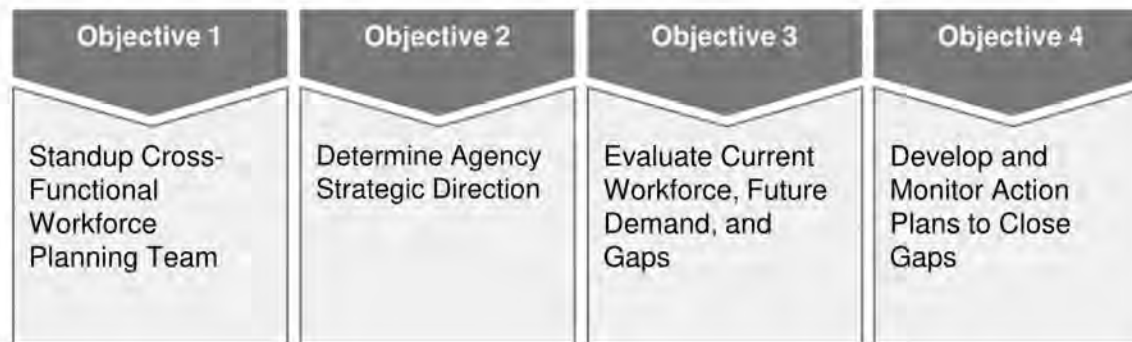
Objective 1: Assess the Current Capacity of the HR Organization	
1	Identify the current number of HR personnel
2	Identify existing vacancies and planned retirements amongst HR personnel
3	Assess current workload distribution within HR
4	Identify discrepancies in workload and areas requiring additional personnel resources

Objective 2: Perform a Skills Assessment of the HR Staff	
1	Conduct a competency assessment of HR personnel
2	Review competency assessment results and identify any knowledge and skill gaps

Objective 3: Develop Plans to Close Identified Capacity and Skill Gaps	
1	Review both capacity and competency assessment gaps and identify solutions (e.g., staff realignments, training and development, hiring, contracting, etc.) for closing gaps
2	Validate solutions with the COO and FHFA Director, and develop action plans for approved approaches
3	Implement approved action plans and report on quarterly progress towards closing gaps
4	Assess HR capacity and competencies following annual supervision and operational planning and make additional action plans to ensure adequate HR personnel to meet evolving Agency needs

Goal 2: Establish a Workforce Planning Function

Workforce planning will enable FHFA to analyze workforce supply, forecast future demand, assess gaps, and determine necessary talent management interventions to ensure they have the right people with the right skills to fulfill its mandate and strategic objectives. Given blueprint initiatives regarding the realignment of data and research functions to reside within DRS and the creation of a supervisory planning capability tied to human capital/talent planning, FHFA will need a workforce planning function and capability to adequately identify the number of personnel to meet agency data and research needs and to carry our planned examinations. Additionally, once Conservatorship ends, FHFA will need a systematic process for determining where to realign personnel currently performing conservatorship roles. Establishment of a workforce planning function will enable FHFA to successfully implement Blueprint initiatives and create the ability to continually re-assess talent needs on an annual basis to ensure talent decisions are tied to Agency priorities, and that the Agency has the critical resources necessary to carry our its mission.

Blueprint Initiative Linkage: 1,3,4,8,9,10,15

Objective 1	Objective 2	Objective 3	Objective 4
Standup Cross-Functional Workforce Planning Team	Determine Agency Strategic Direction	Evaluate Current Workforce, Future Demand, and Gaps	Develop and Monitor Action Plans to Close Gaps

Goal 2: Objectives and Activities

Successful execution of the following Objectives and Activities will allow for attainment of Strategic Human Capital Goal 2.

	Objective 1: Standup Cross-Functional Workforce Planning Team
1	Identify lead within HR responsible for workforce planning
2	Establish workforce planning support team within HR
3	Request leaders from each Division designate an individual to serve on the workforce planning team
4	Identify a budget/financial management representative to serve on the workforce planning team

	Objective 2: Determine Agency Strategic Direction
1	Review the Agency Strategic Plan and supervision plans to identify key workforce drivers
2	Gather and review organizational mandates (e.g., Office of Inspector General recommendations, etc.) impacting the FHFA workforce
3	Leverage Divisional workforce planning team members to convene sessions with Division/Office Leaders to capture and document their workforce priorities
4	Develop annual workforce planning goals and objectives and validate with the COO and FHFA Director

	Objective 3: Evaluate Current Workforce, Future Demand, and Gaps
1	Gather and analyze current workforce supply data including total number of employees, employees by position type, retirement eligibility, diversity and other demographic information
2	Determine workforce demand, including talent needs to address attrition, as well as talent necessary to accomplish workforce planning goals and objectives
3	Compare workforce supply against workforce demand and quantify gaps by total headcount needed, position type, level, diversity, etc.

📖 Goal 2: Objectives and Activities (Cont.)

Successful execution of the following Objectives and Activities will allow for attainment of Strategic Human Capital Goal 2.
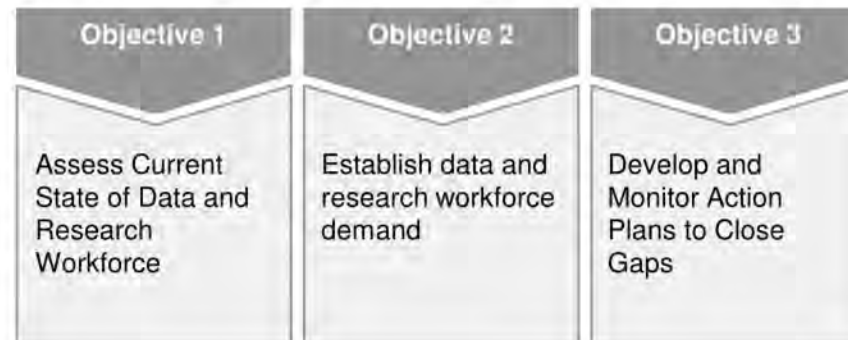
Objective 4: Develop and Monitor Action Plans to Close Gaps	
1	Review workforce gaps and identify potential solutions (e.g., staff realignments, training and development, hiring, contracting, etc.)
2	Leverage budget/financial management representative to understand salary, training, and contracting dollars available to fund potential solutions
3	Develop action plans for closing workforce gaps grounded in available funding and validate with FHFA Director and COO
4	Implement developed action plans and report on quarterly progress towards closing gaps
5	Perform annual review of action plans and adjust accordingly based on shifts in Agency direction, supervision planning priorities, and other factors

Goal 3: Build a Robust Data and Research Workforce

The Blueprint calls for the realignment of data and research functions to reside within DRS. In this capacity, DRS will serve as the primary data and research function across the Agency providing centralized data research to the Director and to the supervisory Divisions/Offices. DRS's expanded role would include serving and supporting the information, analysis, and surveillance needs of the agency. In order to meet this Agency-wide need and serve a true shared service provider of data and research, DRS needs to expand the size of their present workforce. This expansion must be informed by a workforce planning function and grounded in the data and research support requirements of the Agency. Establishment of a robust data and research workforce can be accomplished through various talent interventions including staff realignments, training and development, hiring, and contracting depending on funding availability and organization priorities.

Blueprint Initiative Linkage: 3, 15

Objective 1	Objective 2	Objective 3
Assess Current State of Data and Research Workforce	Establish data and research workforce demand	Develop and Monitor Action Plans to Close Gaps

Goal 3: Objectives and Activities

Successful execution of the following Objectives and Activities will allow for attainment of Strategic Human Capital Goal 3.
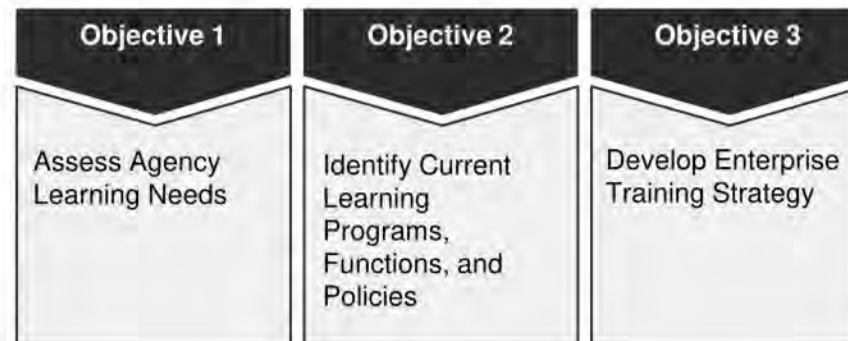
	Objective 1: Assess Current State of Data and Research Workforce
1	Convene sessions with Division/Office Leaders to identify current data and research personnel
2	Identify the current number of data and research personnel presently within the Division of Research and Statistics (DRS)
3	Conduct a competency assessment with identified data and research personnel (both within DRS and across FHFA), identifying any potential knowledge and skill gaps

	Objective 2: Establish data and research workforce demand
1	Identify the data and research functions which will be consolidated into the reorganized DRS
2	Establish the number data and research personnel required to adequately support the functions being realigned to DRS

	Objective 3: Develop and Monitor Action Plans to Close Gaps
1	Compare existing data and research personnel resources against personnel required to adequately staff the functions being realigned to DRS and identify gaps
2	Develop recommendations to address identified knowledge, skill, and capacity gaps (e.g., staff realignments, training and development, hiring, contracting, etc.) and validate with the DRS Deputy Director and FHFA Director
3	Monitor implementation and continually re-assess data and research workforce needs through the newly established FHFA workforce planning function

Goal 4: Establish an Effective Enterprise Learning Strategy

Organizational learning needs to be a formally supported strategy and an integral part of FHFA's culture. FHFA requires an organizational learning strategy that not only recognizes the Agency's functional and technical talent needs, but also the talent development needs and desires of the workforce. Proper alignment of the organizational learning strategy with the overall Agency strategy is critical to promoting strong, sustainable organizational learning. Personnel must be able to understand the link between available learning and development offerings and their professional ambitions. When agencies foster a culture of learning, employee skills and satisfaction are boosted, enhancing their capacity to meet organizational objectives. Given the number of Blueprint initiatives related to professional development and training, it is imperative for FHFA to have an enterprise learning strategy that articulates clear leadership expectations around, and in support of, continued professional development. This strategy will provide a clear vision for learning and development related Blueprint initiatives, as well as promote consistency in their development and ongoing maintenance. Further an enterprise learning strategy with mandatory, ongoing learning and development requirements will ensure investments in these initiatives are taken advantage of by the workforce.

Blueprint Initiative Linkage: 3, 15

| Objective 1	Objective 2	Objective 3
Assess Agency Learning Needs	Identify Current Learning Programs, Functions, and Policies	Develop Enterprise Training Strategy

Goal 4: Objectives and Activities

Successful execution of the following Objectives and Activities will allow for attainment of Strategic Human Capital Goal 4.

Objective 1: Assess Agency Learning Needs

1	Conduct an FHFA-wide survey to identify the learning needs of FHFA personnel
2	Convene sessions with Division/Office Leaders to capture and document the learning priorities they have for their Divisions

Objective 2: Identify Current Learning Programs, Functions, and Policies

1	Identify all existing training, both on demand learning in the Learning Academy and other in-person or external training programs FHFA personnel have access to
2	Identify location (e.g. Divisions and Offices) of all training functions within the Agency
3	Document the role and responsibilities of the Learning Academy
4	Identify and assess existing Agency training policies and procedures

Objective 3: Develop Enterprise Training Strategy

1	Compare documented agency-wide learning needs against current training offerings and programs, identifying and expounding on any gaps
2	Develop recommendations for closing identified gaps and validate with the FHFA Director, COO, and Divisional Division/Office Leaders
3	Develop a revised agency-wide Training Strategy, including approved recommendations for addressing identified gaps. Include specifics on placement of the learning function, policies and procedures, mandatory training requirements, among other areas
4	Develop plan for implementing the agency-wide training strategy, including execution of any organizational design changes
5	Monitor implementation and continually re-assess agency training needs on a routine basis

Appendix
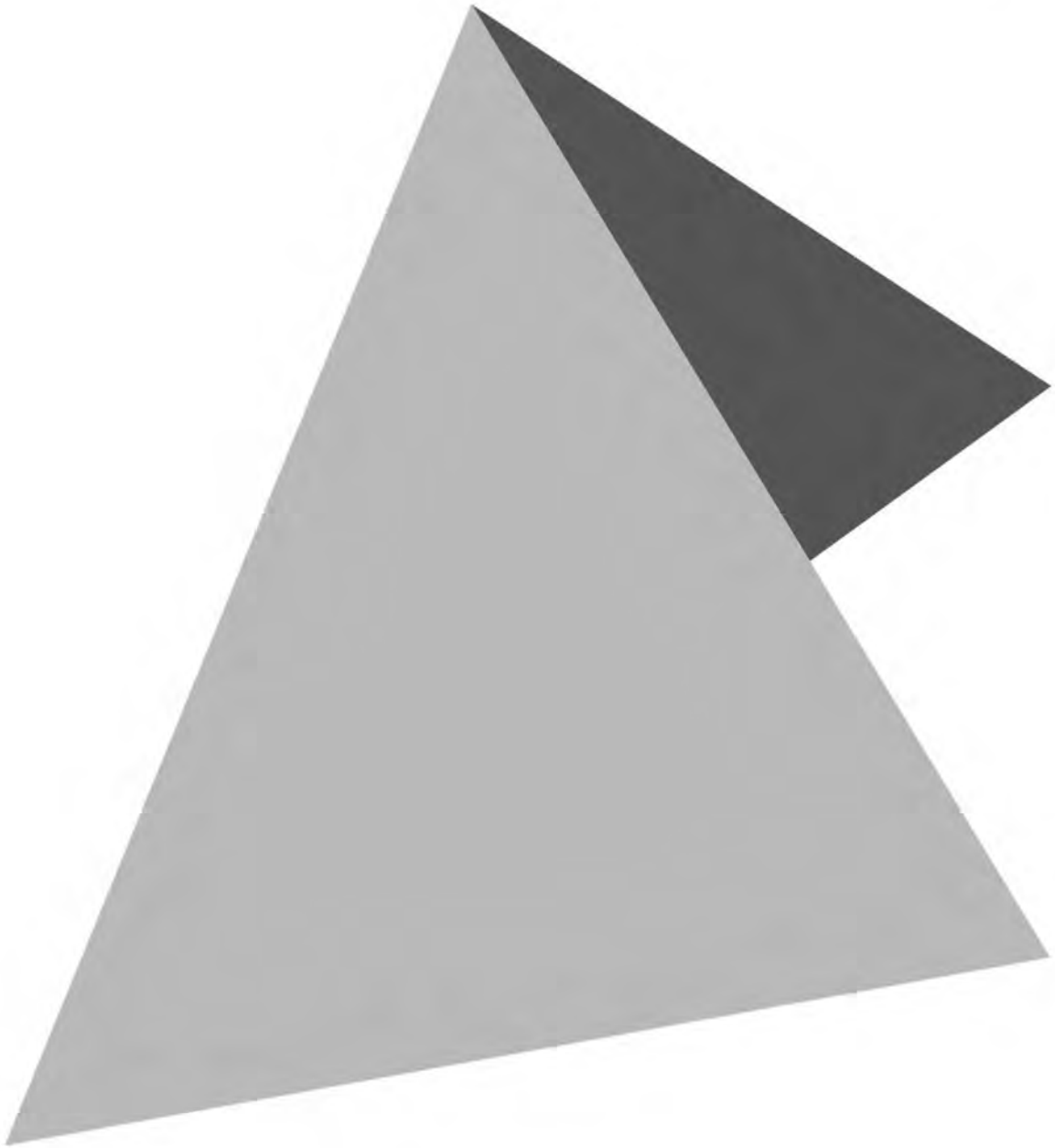
Strategic Human Capital Plan Blueprint Alignment

The table below aligns the 17 Blueprint initiatives to the enabling goal within the Strategic Human Capital Plan which will support the successful execution of the initiative.

#	Initiative	Aligned Human Capital Goal
1	Redefine and expand the role of the FHFA Enterprise Risk Committee (FERC).	1, 2
2	Create formal information sharing mechanisms between FERC and others.	1
3	Realign the data and research functions to reside within DRS.	1, 2, 3
4	Establish a consistent set of functional statements for each Division/Office.	1, 2
5	Establish communities of practice for defined functions.	1, 4
6	Develop a formal governance process for seeking input on policy.	1
7	Document and build awareness of existing Agency committees.	1
8	Develop and implement updated agency-wide Strategic Human Capital Plan.	1, 2
9	Develop individual learning paths by employee type in the Learning Academy.	1, 2, 4
10	Centralize coordination of training across the Agency.	1, 2, 4
11	Establish a clear performance management strategy.	1, 4
12	Document, assess, and streamline the hiring process.	1
13	Establish a formal and mandatory manager training program.	1, 4
14	Mature FHFA's examiner development programs.	1, 4
15	Establish an annual supervision planning process tied to Agency's strategic plan.	1, 2, 3
16	Cross-train operations staff.	1, 4
17	Update and establish consistent examination manuals and repository.	1, 4

Federal Housing Finance Agency (FHFA)

Current State Assessment Report

October 19, 2020

The Report (53 pages) is labled confidential/ non-public and is being withheld in full pursuant to FOIA exemption (b)(5)