2. STRATEGIC HUMAN CAPITAL REPORT APPROACH

2.1. Background

The United States Department of Agriculture (USDA), Farm Service Agency (FSA) administers and manages farm commodity, credit, conservation, disaster and loan programs as authorized by Congress through a network of Federal, state and county offices. FSA is a customer-focused agency, dedicated to achieving an economically and environmentally sound future for American agriculture.

FSA's National Headquarters Office (NHQ) has employees and operations located in Washington, DC; Kansas City, MO; St. Louis, MO; and Salt Lake City, UT. In addition, each of the fifty (50) states and the Commonwealth of Puerto Rico has an FSA State Office to support the FSA mission at the local level through nearly 2400 county offices. The FSA workforce includes 5,079 Federal employees as of January 2008, with approximately 8,000 additional County employees.

The following Report supports FSA's strategic objectives by describing the composition of the current workforce and identifying gaps within that workforce. This report also describes solutions and actions necessary to ensure that workforce resources are properly aligned to meet those future workload demands.

The Report includes a variety of demographic and trend data regarding FSA's workforce. This data serves as a starting point for identifying skills gaps and possible solutions for these workforce planning challenges. The data is assembled into various categories:

- Appointment Types
- National Origin
- Average Grade
- Retirement eligibility
- Race
- Gender
- Accession trends

In many cases, the data is further broken down by program area, supervisory status, mission critical occupations (MCO), and/or geographical location.

The workforce profile data also contains projected losses resulting from retirements and other attrition. The trend data reveals that FSA generally loses about 400 Federal employees a year, with nearly half of that number specifically due to Optional Retirements. At that rate, FSA can expect to lose over 2000 of its Federal employees over the next five years due to retirement and other attrition, with nearly 1000, or half, due to retirement alone. This will create significant gaps in the workforce, especially in the loss of critical skills in mission critical occupations. Other gaps will be created due to the emergence of new skill requirements, and due to the loss of employees in key leadership positions.

The Report identifies recommended strategies for closing these projected workforce gaps. The strategies included in this Report are geared towards improving the Staffing and Recruitment processes, Skills Training, Leadership Development, and Succession Planning. The strategies and actions provide a road map for ensuring that FSA's future workforce has the skills and knowledge necessary to meet FSA's future business needs.

Finally, the Report includes a discussion of the governance structure necessary to identify and deal with agency-wide Human Capital issues. The section on Human Capital Governance provides options for improving the structure and process for human capital analysis, leadership, and decision-making, and recommendations for ensuring that FSA's Human Resources Division (HRD) supports the agency in its efforts to handle its current and future workforce challenges in an effective manner.

2.1.1. Workforce Profile

The Workforce Profile includes a variety of demographic and trend data regarding the FSA workforce to serve as a starting point for identifying skills gaps and possible solutions for these workforce planning challenges. This section provides a summary of the workforce analyses conducted. For the complete workforce profile, including individual organizational analyses accompanied by charts and graphs, refer to the Appendices.

2.1.2. Scope and Methodology

The FSA Workforce Profile includes two primary analyses:

- **Current Workforce Profile:** The state of the current FSA workforce was examined for the following categories: Workforce Dispersion, Work Status, Appointment Type, Supervisory Status, Grade Dispersion, Average Age, Gender, and Race & National Origin (RNO).
- **Five-Year Staffing Trends and Five-Year Projection Models**: This section provides the following trends and forecasting information: Staffing Level Trends, Separation Trends, and Retirement Trends and Projections.

FSA's Human Resources Division (HRD) provided all the data contained in this report. The assessment team conducted a thorough independent analysis.

Workforce demographics were analyzed using a dataset as of January 2008. Workforce trends were analyzed using a dataset recent as of September 2007. This dataset includes FY 2002-2007 employee information, updated at the end of each fiscal year. Finally, separation trends, accession trends, and retirement projections were determined using a dataset recent as of January 2008. All trend analyses use FY 2002 as the starting date, since the data provided by HRD was assembled to cover that timeframe.

For each of the categories, specific focus was given to:

- The FSA workforce as a whole, as compared to the USDA workforce and the Federal Government workforce
- Each of the FSA deputy areas and the Office of the Administrator:
    - Deputy Administrator for Commodity Operations (DACO)
    - Deputy Administrator for Field Operations (DAFO)
    - Deputy Administrator for Farm Loan Programs (DAFLP)
    - Deputy Administrator for Farm Programs (DAFP)
    - Deputy Administrator for Management (DAM): Includes Acquisition Management Division (AMD), Human Resources Division (HRD), Information Technology Services Division (ITSD), and Management Services Division (MSD)
    - Office of the Administrator: Includes Economic and Policy Analysis Staff (EPAS)[1], Office of Business and Program Integration (OBPI), Office of Civil Rights (OCR), and Office of External Affairs (OEA)
- Separate analysis was conducted for the following individual offices or divisions of interest within the scope of the Organizational Assessment:
    - Information Technology Services Division (ITSD)
    - Human Resources Division (HRD)
    - Office of Budget and Finance (OBF)
    - Office of Business and Program Integration (OBPI)
    - State Offices (STO): Reside in the DAFO, with offices in all 50 states, Puerto Rico, the US Virgin Islands, and the Pacific Basin (not including County employees under separate personnel system).
- FSA Mission Critical Occupations (MCOs), with specific attention to those with the most employees: Program Technicians (GS-1101), Agricultural Program Specialists (GS-1145), Loan Specialists (GS-1165), and Information Technology (IT) Specialists (GS-2210). Mission critical categories identified in this report were provided by HRD.
- Metropolitan areas with the largest FSA populations: Washington, DC metro area, Kansas City, MO, St. Louis, MO, and Salt Lake City, UT

[1] Because trend data was provided as of September 2007, EPAS is still included as part of the OBPI trend analysis view.

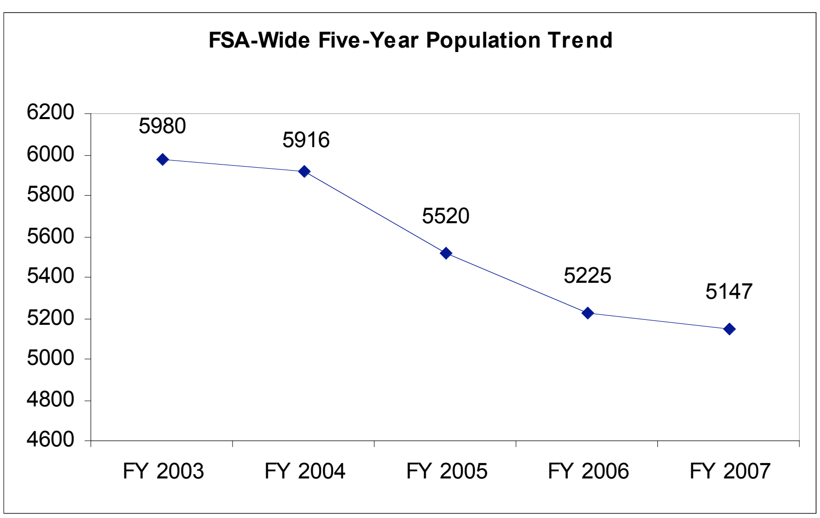
2.2. Summary of Findings

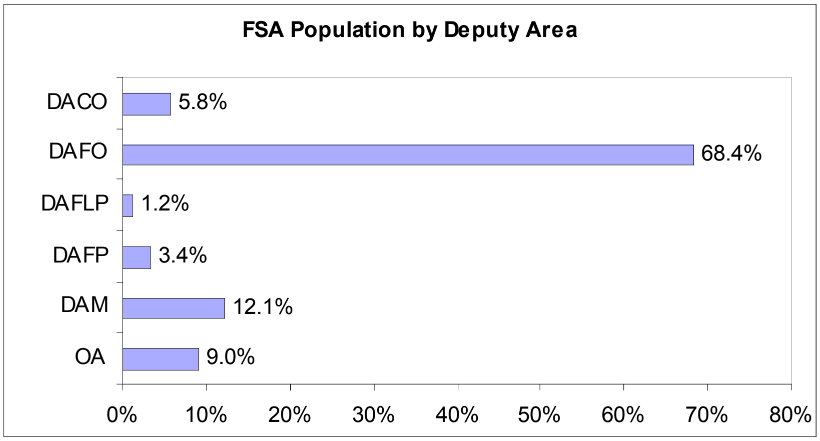
2.2.1. Current Workforce Profile

Workforce Dispersion

- As of January 2008, FSA had 5,079 employees, which were geographically dispersed in five major business units throughout the United States. FSA employs an additional 8,000+ people in the County offices. The non-Federal employees in the County offices were beyond the scope of this study and are not included in the Workforce Profile.
- The total FSA population peaked in 2003 with a total of 5,980 employees, and then steadily declined, resulting in a 14% decrease in overall staff over the past five years
- The largest business unit is DAFO, with approximately 3,500 federal GS employees, most of which are located in state and county offices. The largest FSA locations are the Washington, DC area and Kansas City, but the bulk of the FSA population is scattered throughout the nation in state and county offices.

There have been a few reorganizations over the past five years, which have affected the current state of the FSA workforce. First, USDA formed the Information Technology Services (ITS) organization in 2004 to serve as an in-house provider of IT service and support for USDA employees; associated with this, approximately 160 FSA IT Specialists from state offices, the KC Administrative Office, and ITSD were moved into USDA ITS at that time. Additionally, the Kansas City Administrative Office was completely dissolved between FY2005-2007, and in October 2007, two DAM organizations, Budget and Financial Management, were merged to form the Office of Budget and Finance as a direct report to the Administrator.




FSA Population by Deputy Area
DACO
5.8%
DAFO
68.4%
DAFLP
1.2%
DAFP
3.4%
DAM
12.1%
OA
9.0%
0%
10%
20%
30%
40%
50%
60%
70%
80%

Work Status

- Approximately 98% of the FSA federal workforce is full-time permanent, with the other 2% split between part-time permanent and full-time temporary. These ratios have not changed over the last five years.

Appointment Type

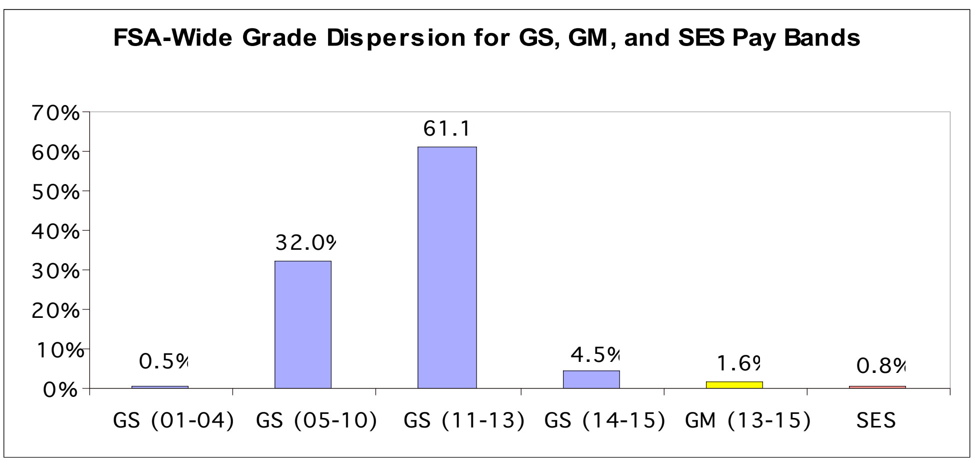
- Approximately 96% of the FSA Federal was appointed to the competitive service, and 4% was appointed to the excepted service. These ratios have not changed over the last five years.

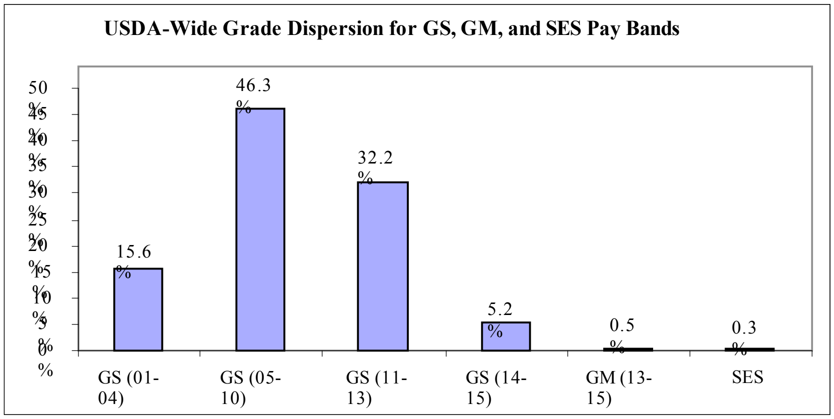
Supervisory Status

- Approximately 25% of FSA employees are classified as Supervisors. This overall percentage has increased slightly over the last five years.
- DAFO is above the FSA average for supervisory status, with 30% of its positions considered supervisory. When DAFO is not included, the overall percentage of FSA employees classified as Supervisors drops to 13%.

Grade Dispersion

- Approximately 60% of FSA Federal employees fall into GS-11 to 13 pay grades, and another 30% fall into GS-5 to 10 pay grades. This is in contrast to the Federal government and USDA overall, where the majority of employees fall into the GS-5 to 10 pay grades (~ 45).

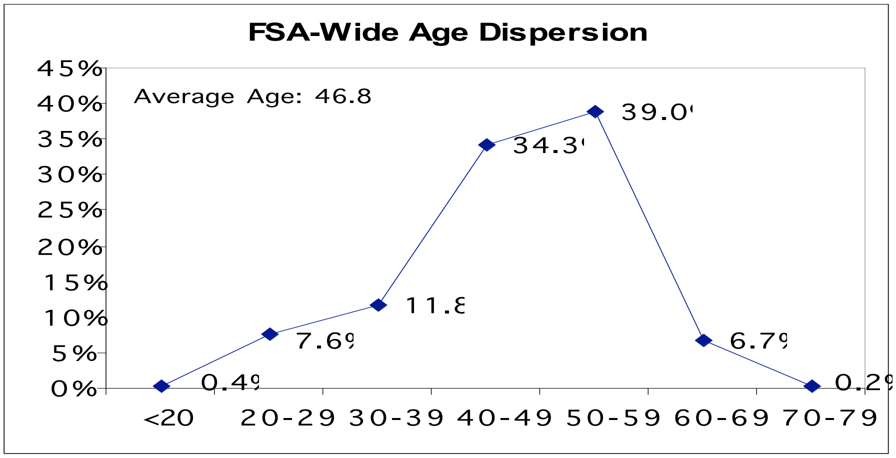




- DAFP and OBPI have higher percentage of GS 14-15s than the other business units, with 21% and 33%, respectively
- In terms of MCO, Agricultural Program Specialists, Loan Specialists, and IT Specialists have the vast majority of their staff in the GS-11 to 13 ranges (at least 80%). All Program Technicians, on the other hand, fall in the GS-5 to 10 range.
- When examining grade dispersion by metropolitan area, Kansas City and St. Louis tend to have a similar grade dispersion to that of FSA overall. Most employees in Salt Lake City fall in the GS-5 to 10 range at 51%, with the GS-11 to 13 range coming in a close second at 46%. The Washington DC area, on the other hand, has a higher majority of employees falling in the GS 14-15 category than the norm, with 23%.

Age Dispersion

- At the end of 2007, the average age of the FSA workforce was 46.8 years. FSA employees tend to be older than employees in the Federal government and USDA overall, with 46% of FSA employees over the age of 50 (as opposed to ~36% for all others). In addition, only 20% of FSA employees are under the age of 40, while the rest of the government has over 30% of its workforce in this age category.
- The average age of each business unit does not deviate far from the average age of FSA overall. The DAM organization has the youngest workforce, with an average age of 43, while DACO has a slightly older workforce, with an average of 48.5.

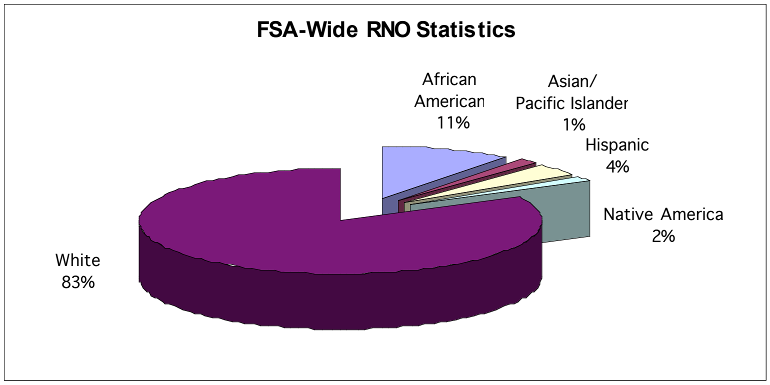


Gender

- At 56%, the FSA workforce participation rate for females far exceeds the Government-wide and USDA average, which is 44 percent. This ratio has remained very consistent over the past five years.
- There are more females than males in all of the business units. Most business units have a fairly close male-female ratio, with the exceptions of HRD and OBF, which are 82% and 66% female, respectively.
- When examining MCO by gender, Agricultural Program Specialists and IT Specialists have a fairly close male-female ratio. However, Program Technicians are 97% female, and Loan Specialists are 64% female.
- Gender was also examined by supervisory status to determine if differences exist between males and females. Females primarily hold non-supervisory positions, with only 11% of females in supervisory positions. Males, on the other hand, are more evenly distributed between supervisory and non-supervisory positions, with 42% of males classified as supervisors.

Race and National Origin

- FSA, in general, is less diverse in terms of RNO than the Federal government and USDA as a whole. Only 18% of the FSA workforce is ethnic minorities compared to 22% in USDA and 32% government wide. This distribution has remained constant over the past five years.



- Within the business units, HRD, OBPI, and OBF currently have the largest minority populations, with HRD at 49%, OBPI at 32%, and OBF at 29% minorities, respectively. DAFO is the least diverse business unit, with only 12% minorities. This of course is representative of FSA field staff.
- All four of the MCOs of interest are composed of a less diverse workforce than the FSA average, with the exception of the IT Specialist occupation, which has a 22% minority population
- When examining FSA RNO by metropolitan area, the Washington, DC area has the most diverse workforce, composed of a 46% minority population. This is certainly not an unusual data point in the Washington DC area, due to the demographics in the District. St. Louis is also more diverse than FSA as a whole, as 33% of their workforce is African American. The make-up of Kansas City and Salt Lake City is similar to that of FSA overall.

2.2.2. Staffing Level Trends

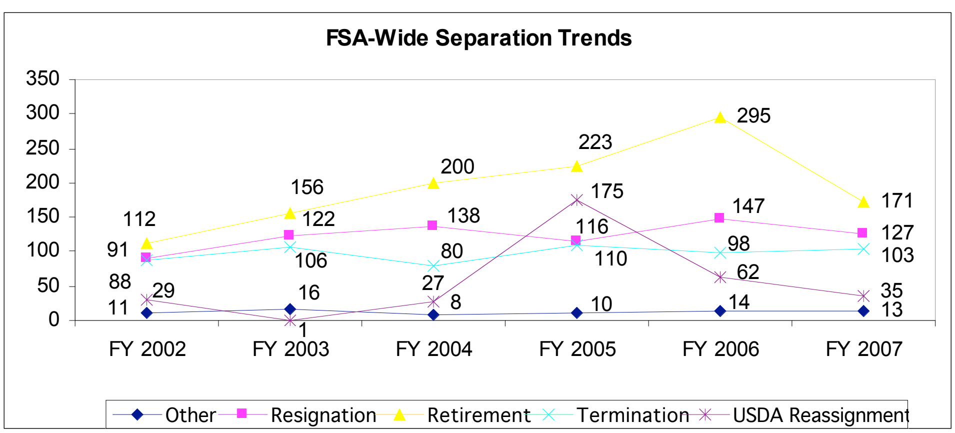
Separations exceed external new hires across FSA. In examining past trend data, we found that in 2002 and 2003 hires actually exceeded separations. However, the downward hiring trend began in 2005 and continued through 2007, a decrease of 14% since 2003. Although accessions increased in 2007, they were still exceeded by separations. Many factors have influenced the downward trend in the past few years, including an increase in retirements, a decrease in hiring, and the movement of positions to the Department. FSA staffing level trends are comparable to those of USDA as a whole. USDA has also seen a gradual decrease in staff over the last few years, although it is less dramatic than that of FSA, with a 9% decrease since 2003.

FY	On-Board	Accessions	Separations
2002	5966	415	331
2003	5980	415	411
2004	5916	364	453
2005	5520	324	634
2006	5525	300	616
2007	5147	361	449

Separation Trends

Retirements are the primary reason for attrition in FSA, followed by terminations and resignations. Based on a six-year average, approximately 3.5% of the FSA employee population retires annually. However, the percentage of the employee population who retires annually has been growing, from approximately 1.9% in 2002 to 5.6% in 2006. There was a sudden decrease in the number of retirements in 2007 (3.8%), although the general trend over time has still been an increase in the retirement rate. Although varying from year to year, the numbers of terminations and resignations has also increased in the past six years. The number of USDA reassignments is variable, as it depends on USDA reorganization initiatives. These increased in 2005 and 2006 due to the movement of IT specialists to ITS.

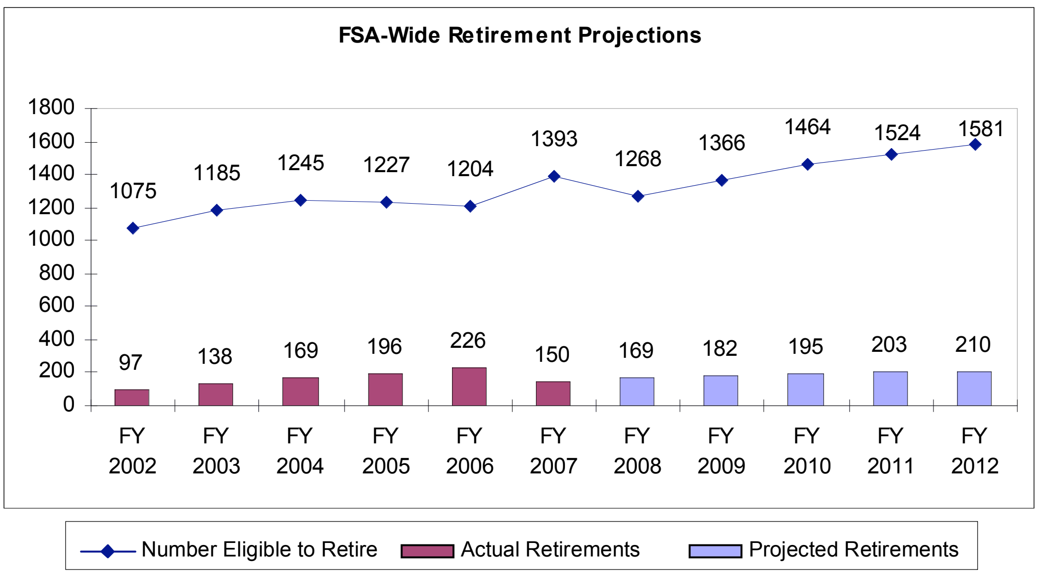
In contrast to FSA, terminations and resignations are the primary causes of attrition in USDA and the government as a whole. Retirements only make up approximately one-third of separations in USDA and the government. However, as with FSA, the number of retirements has been increasing over the last few years.



Retirement Trends and Projections

Retirement eligibility estimations and retirement projections were calculated for 2008-2013 using average values based on past FSA retirement behavior.

In the next few years, the number of FSA employees who are eligible to retire will be greater than the past few years. In addition, the percentage of retirement eligible employees who actually retire has been steadily increasing since 2002. Taking these two trends into account, FSA can expect to see an increase in retirements over the next few years. These retirement projections estimate that approximately 900 FSA employees will retire in the next five years, which is 19% of the current workforce. In addition, approximately 85 supervisors are expected to retire in the next five years, which is 27% of current FSA supervisors. Retirement projections for each business unit and MCO are included in the full Workforce Profile in Appendix E.



2.2.3. FSA Workforce Requirements

Based on the workforce analysis conducted throughout this study, as well as the findings in the individual program areas contained in the Organizational Assessment Report, certain assumptions can be made about FSA's future workforce requirements. These requirements can be grouped into the following general categories:

- Replacement and/or Retention of Critical Skills
- New Requirements due to Changing Mission and/or Work Processes
- Leadership Skills

2.2.4. Replacement and/or Retention of Critical Skills

A large part of FSA's future workforce challenges will be simply to replace employees who leave the agency through retirement or other attrition. Among these employees will be many who possess skills critical to accomplishing the agency's mission, and who are essential to maintaining institutional knowledge and experience. This problem is exacerbated when coupled with the fact that for many of FSA's mission-critical occupations there is a long learning curve for achieving full competence in job responsibilities. For example, Loan Officers and Warehouse Examiners need anywhere from six months to two years of training to reach an acceptable level of competence.

As described in the above analysis, at its recent annual attrition rate of nearly 10%, FSA can expect to lose over 2000 Federal employees over the next five years. The percentage number of FSA employees that will be eligible to retire will rise gradually over the next five years from about 25% in 2009 to nearly 40% by 2012. Trends show us that the number of Federal employees actually choosing Optional Retirement is projected to rise from around 170 a year in 2008 to over 210 a year by 2012.

The extent of the critical skill-loss problem will vary from program area to program area and from one geographical site to another. But some occupations will be harder hit than others, including some of FSA's mission critical occupations. For example, over the next five years the following breakdown of mission critical positions will become eligible for retirement, these percentages of course do not include losing people through the normal attrition process.

- 47% of IT Specialists
- 42% of Program Technicians
- 46% of Agricultural Program Specialists
- 41% of Farm Loan Specialists

Some organizations will also face significant challenges due to projected losses through retirement. For example, over 40% of the Kansas City Commodity Operations (DACO) workforce will be eligible for retirement.

In some cases, however, the problem will be to retain employees with critical skills. In ITSD, for example, FSA faces a problem in ensuring that it keeps employees who are familiar with its legacy systems until it can completely convert to more contemporary platforms. ITSD needs to hold on to employees who can maintain the AS/440/36 mainframe systems that are no longer supported by the vendor, and employees who are experienced in writing code using COBOL language, until this hardware transformation takes place.

Similarly, State Offices rely on a pipeline of employees from County Offices to staff their positions, especially in the Farm Loan and Farm Programs functions. With a large number (over 600 State Office employees, or 18% of the current workforce) expected to retire within the next five years, State Offices will be faced with the prospect of a shortage of skilled employees ready to step into these program positions.

An additional issue might be raised with the implementation of the regional administrative centers recommended in the Organizational Assessment Report. Although the proposed regional centers will house approximately 200 of the existing 300 administrative positions, there might be many current employees who will choose not to relocate to the new sites. This will require coordinated FSA-wide efforts to recruit for any resulting vacancies, in order to retain these valuable administrative skills that currently reside in the State Offices.

FSA must simultaneously develop strategies to handle the one-for-one replacement of this large number of employees who will be leaving the workforce, and consider retention programs for IT employees and State Office administrative employees with critical skills.

2.2.5. New Requirements due to Changing Mission and/or Work Processes

Another workforce challenge for FSA will be to utilize the above recruitment opportunities to hire employees with new sets of skills needed due to new requirements or because of changes to how work gets accomplished. Some of these new skill requirements are unique to an occupation or an organization, while some are new requirements that cut across several occupations. The new requirements will also pose challenges for FSA to retrain current employees so that they can meet evolving business needs.

2.2.5.1. Analytical Skills

Among the requirements that cut across several occupations is the emerging need for employees with analytical skills. This requirement is becoming increasingly necessary in most of FSA's technical occupations. Examples include:

- Farm Loan Specialists
- Program Technicians
- HR Specialists in HRD
- Contract Specialists in Commodity Operations
- Administrative support personnel in State offices
- Budget Analysts and Accountants in OBF

Some of this requirement is driven by the changing nature of work. For example, if HRD does transition from a more transaction-focused organization to an organization that is more consultative in nature, HR Specialists will be expected to demonstrate analytical skills and competencies as business advisors.

Using an example from the Programs perspective, as Farm Loan Programs has upgraded to web-based systems, this has enhanced their management reporting capabilities, and thus requires Farm Loan Specialists to become more skilled in financial analysis and interpretation of data.

The need for analytical skills is heavily driven by technology and the implementation of automated systems, which enable employees to move from transactional processing of work to more interpretation and management support functions. For instance, major IT initiatives in OBF, such as BPMS and FMMI, will increase the need for interpretive analytical skills among OBF's technical employees, and WBSCM will have the same effect for employees in Commodity Operations.

2.2.5.2. Information Technology Skills

In all areas of FSA, the proliferation of automated systems is changing the nature of work. The implementation of MIDAS and transition from a mainframe to a web-based environment is the most significant element of this transformation. The introduction of BPMS, FMMI, e-Travel and other agency-wide administrative systems also contributes to the need for most new hires to be equipped with IT skills and project management skills. The need for current IT and project management skills is true not only for IT Specialists in ITSD, but also for functional specialists in a variety of occupations. The widespread expansion of IT tools is changing the required basic skills set for just about every occupation in FSA.

IT skills are increasingly important for administrative personnel at all levels of the organizations, from headquarters offices to state and county offices, due to greater interaction with the enterprise systems mentioned above, and with office software suites that are now standard throughout the agency. These employees are the IT application end users who input data, run reports, and interpret data. These functions are increasingly becoming core skills in many administrative occupations.

BPMS and FMMI will also make IT abilities a significant requirement for financial personnel. Emerging GIS technologies will impose additional technical requirements for employees in DAFP headquarters, for employees in the Aerial Photography Office, and for Real Estate Appraisers. WBSCM is doing the same for specialists in Commodity Operations. And new IT tools, such as FLPIDS, are also changing the basic work processes for Farm Loan Specialists and Program Technicians, as the work techniques evolve to allow utilization of the flexibilities that the new automated programs provide.

2.2.5.3. Higher-Level "Expert" Skills vs. Transaction Skills

In many of FSA's organizations, the effects of technology, changing work processes, and customer service demands are affecting the role of the traditional journey-level specialist and is creating the need for more high-level non-supervisory positions to serve as experts or Program Managers. This transition is already occurring in isolated cases in OBF among Accountant positions, and with Program Managers in Commodity Operations and Farm Programs.

As FSA customers' requirements and program offerings grow more complex and market conditions change, situations will continue to arise that present the need for additional non-supervisory expert positions, usually at the GS-14 and GS-15 levels. Care must be taken to ensure that such classification is warranted and that the labor market exists to staff these "experts." FSA must also pay attention to the possibility of grade disparities that can arise between program areas and geographic locations.

A variation of this emerging "expert" requirement is the growing need for more "generalist" skills, as opposed to single-focus functional specialization. Very often, this is due to decreases in staff levels, which forces remaining staff to cover a number of functions that were previously considered separate areas of expertise. This can be seen in the need to rotate and cross-train Agricultural Marketing Specialists in Commodity Operations, in order to build broader program knowledge and provide back-fill; in Farm Loan Programs, where Specialists are exposed to a broader scope of loan programs and loan-complexity categories; and in HRD, where the consolidation of functions is occurring in order to streamline work flow and improve customer service.

2.2.5.4. Contracting Officer's Representative/Contracting Officer's Technical Representative (COR) Skills

FSA, like many other Federal agencies, has seen a big spike in the amount of contracting with outside sources for day-to-day operational services. Contracting is a fact of life in all programs and functions of the agency, and all indications are that reliance on outside vendors will continue to grow.

However, not all employees who wind up having a role in the contracting process are as well-equipped to handle their roles as they need to be. Typically, in order to effectively carry out COTR duties, employees need to:

To effectively carry out COTR duties, employees need to:
• Be familiar with the requirements of the Federal Acquisition Regulations • Have good verbal and writing skills in order to clearly define requirements • Have good Project Management skills in order to monitor contractors' performance in terms of timelines and deliverables • Have good negotiation skills in order to deal with disagreements over expected performance • Have good financial management skills, in order to monitor financial controls

Although FSA provides training in these responsibilities, the training has not reached all those who need it. This assessment found that even after having received training, some employees are not easily able to deal with difficult situations that arise regarding the role of contractors, their interface with Federal employees, the use of shared equipment and other related issues. FSA needs to equip employees with these skills through training, or ensuring that they hire these skills to the job through the Recruitment process.

2.2.5.5. Leadership Skills

A consistent theme that we found through this Organizational Assessment is the need for new Leadership skills for FSA managers at all levels of the organization. The lack of appropriate Leadership skills was cited in over 50% of our interviews as a problem for FSA and was noted as a contributing factor for low morale, poor work execution due to the lack of effective communications skills, lack of support for employee development, and low retention rates for new employees. When examining data from the 2007 OPM Federal Human Capital Survey, FSA ranked 149 out of 222 reported agencies on the Employee Satisfaction and Engagement index. FSA had a score of 46.4 (and a ranking of 182 out of 222) in the Effective Leadership category.

Another recurring theme found is that FSA's practice in selecting supervisors has been to hire technical experts, as opposed to hiring individuals who possess the leadership competencies necessary to lead an organization.

Examples of Leadership skills include but are not limited to:

- Communication
- Team Building
- Problem Solving
- Project Management
- Conflict Management
- Negotiation Skills

And the Office of Personnel Management (OPM) defines the following as necessary competencies for its Senior Executive Service (SES) population:

- Leading Change
- Results Driven
- Building Coalitions
- Leading People
- Business Acumen

These are considered "soft" skills that are hard to measure, and thus are not easily integrated into the Recruitment and Selection processes. The exact skills required for FSA managers need to be tailored to meet FSA needs, based on the desired competency model discussed in the following Strategies for Meeting Workforce Requirements section.

In our interviews, both managers and employees in several of the program areas, including OBF, Commodity Operations, and Farm Programs, raised concerns about the lack of succession planning to replace the expected spike in attrition among FSA's managerial ranks due to anticipated retirements. Some attributed the situation to the general lack of Leadership skills and lack of managerial planning expertise on the part of FSA's current managers, which reinforces the culture of promoting employees into supervisory and management positions without adequate preparation and training.

FSA's success in coming years in accomplishing its mission will rely in large measure on the quality of its supervisors and managers. Our findings show that FSA must focus on the selection process for new leaders, especially the skills that they must bring to the position. Leadership skill building must also focus on the continual development of those that are already in supervisory and mid-level manager positions in order to develop a pipeline for the next generation of senior leaders. This key investment is vital for the future success of FSA.

2.2.6. Strategies for Meeting Workforce Requirements

Our interviews revealed that employees and middle managers do not believe that FSA's senior leadership is devoting enough attention to the replacement of critical skills due to anticipated attrition; the recruitment of new employees with required skills; and the development of new managers with desired leadership skills. We found that the various program areas also were lacking in developing approaches to closing these workforce gaps. The following recommendations represent strategies for closing these gaps and for meeting these identified workforce requirements. They focus on the following areas:

- Strategic Management of FSA's Human Capital
- Enhanced Skills Training
- Succession Planning
- Enhanced Staffing Process for Recruitment/Replacement of Critical Skills
- Leadership Development

2.2.6.1.Strategic Management of FSA's Human Capital

The most important first step for FSA is to begin viewing the cross-cutting Human Capital issues from a broad, strategic standpoint. Examples of issues include Workforce Planning, Recruitment, Compensation, Training, Workforce Planning, and Performance Management and Rewards systems. FSA's future organizational effectiveness will depend on the degree to which FSA has built solutions to human capital management issues that are aligned and integrated with FSA current and future business demands. This means that "Human Capital" and development of strategies to address those current and looming challenges is not necessarily viewed as solely an "HR" problem, but one that is owned by the leaders throughout the organization, both at the HQ level and the field level. Leaders across the agency should recognize that proper recognition, development, and utilization of its human capital directly affects its ability to accomplish its business goals.

FSA should develop strategies and policies regarding how employees are recruited, trained and developed, and how they are treated in the workplace. These Human Capital strategies and policies must be viewed in the context of how they affect the agency as a whole, how they affect interpersonal and inter-organizational relations, and how they affect accomplishment of strategic agency goals.

Implementation of a strategic approach to managing Human Capital is discussed at greater length in the following section under HR Governance. The section elaborates on the need for changes in the Human Capital planning process and recommends a revised process and role for FSA's senior leadership and managers in the strategic management of Human Capital through the establishment of an FSA Human Capital Council. The section also discusses increased visibility and accountability for the new DAM as it plays an active role as the official Human Capital Officer (HCO), and discusses structural changes for the Human Resources Division to ensure it has a structure in place to support effectively dealing with human capital management. Refer to the HRD Report in Appendix 7 for more information.

2.2.6.2. Enhanced Staffing Process for Recruitment/Replacement of Critical Skills

With FSA facing the prospect of having to replace over 2000 positions, most of which will be vacant due to retirements, it is imperative that the agency establish a more disciplined and visible approach to filling these prospective vacancies. Much of the future attrition will be in mission critical occupations. In interviews, FSA managers across the organization indicated extreme frustration with the significant delay in the hiring process. FSA cannot afford to continue to have positions remain vacant for extended periods of time. In some cases a position was vacant for as long as six to eight months, often because HRD's processing of a Recruitment action request was delayed due to questions over FTE authorization, funding, or the cumbersome administrative processing of paperwork created through the approval and selection process.

The implementation of annual agency-wide Staffing Plans is recommended in order to help senior leadership assess FSA's short-term (Fiscal Year) staffing requirements, and to help HRD anticipate the necessary Recruitment actions and ensure that an adequate number of appropriate qualified employees will be available. The process would require HRD to take the lead in:

- Communicating with each of the program offices to identify current vacancies, known staffing needs, and projected attrition
- Discussing appropriate timelines for beginning of Recruitment actions
- Determining which positions might require restructuring or re-description before Recruitment action begins
- Identifying appropriate Recruitment sources for each vacancy
- Preparing spreadsheets on an organizational and agency-wide basis for review by the recommended Human Capital Council. *Refer to the HR Governance section of this report.*

Such an approach would allow senior leadership and program managers to review and approve the anticipated Recruitment actions, and to resolve in advance any questions about FTE authorization, funding levels, and projected budget allocations. Senior leadership would need to make decisions about hiring priorities, in the face of anticipated budget constraints, and to understand the hiring status for mission-critical positions.

In addition, OBF could use this process to make adjustments to budget projections, and to issue clear policies regarding FTE ceilings, which some managers indicate are sometimes confusing (authorized ceiling vs. ceiling allocation vs. budgeted ceiling). This process would make it easier to identify those positions that require special Recruitment strategies (e.g. hard-to-fill, special qualifications) and for which HRD might have to utilize non-traditional Recruitment approaches.

2.2.6.3.Enhanced Skills Training

The upcoming workforce transition resulting from retirement attrition and the hiring of new employees will permit FSA to bring in employees that already possess the desired skills. But for the majority of the FSA workforce, acquisition of these new and emerging skill sets will be accomplished only through on-the-job training. Even new employees will still require additional training to acquire the expected level of proficiency in FSA-unique work processes and competencies. In interviews, employees and managers throughout the organization expressed concerns about the lack of budgeted training resources within FSA. In light of government-wide budget constraints, this phenomenon is not unique to FSA. However, given the realities shown by the data, the agency must begin to evaluate whether current training funding levels are adequate to position FSA for success in the next five years.

FSA needs to develop a comprehensive plan for providing ongoing skills training to employees. This skills training plan needs to include in its curriculum the following topics:

Program Training	Continual training on various aspects of individual program areas. For example, the variety of Farm Program and Farm Loan Programs, the Budget Formulation and Execution Process, and COTR training. This needs to include cross-training in the various aspects of functional processes.
Analytical Thinking	Analysis and synthesis of information; ability to research and consolidate information; ability to organize and interpret data to communicate complex concepts.
Information Technology Skills	Ongoing skills development for IT Specialists in order to maintain competence in current technology; general IT training for all employees to learn and work effectively with new administrative IT systems (e.g. FMMI, BPMS, e-Travel, Microsoft Office Suite)
Communication Skills	Skills to improve verbal and writing abilities; skill in writing policies, regulations, and handbooks.
Project Management	Skills in managing resources (time, money, and people) to achieve project goals.
Customer Service	Skills in providing products or services (e.g. answering questions or complaints) in a manner that promotes customer satisfaction.

The development of a comprehensive Skills Training Plan would require HRD's newly recommended Strategic Human Capital Initiatives and HR Policy Branch to take the lead. HRD would need to meet with program offices to identify training needs in each of these categories, arrange for the most cost-effective training solution, verify availability of funds for both centrally-provided and program-funded offerings, and prepare an annual training plan for review by the new Human Capital Council. HRD's responsibility needs to include monitoring participation in these training sessions and developing metrics to evaluate the effectiveness of the training.

2.2.6.4. Leadership Development

FSA is facing the possibility of a large-scale turnover in its supervisory and managerial ranks, due to projected retirements and other attrition. The data in Section II, FSA Workforce Profile reinforces the large numbers of projected retirements in FSA's workforce. The Workforce Profile also shows that FSA's managerial ranks, because it represents an older demographic, will be affected more severely by the anticipated retirement surge:

- Approximately one-third of all managers in the Kansas City Commodity Office (DACO) will be eligible for retirement within the next year, with even higher percentages the ensuing years
- 80% of OBPI managers will be eligible to retire within the next five years
- Approximately 67% of State Office supervisors will be eligible to retire within the next five years, and nearly 30% will actually retire
- Approximately 30% of Farm Loan Program managers will be eligible to retire within the next five years
- Approximately 20% of Farm Program managers will be eligible to retire within the next five years
- Approximately 20% of HRD managers will be eligible to retire within the next five years
- Approximately 50% of OBF managers will be eligible to retire within the next five years
- Overall, FSA is likely to see a large percentage of its 336 managers retire over the next five years

Leadership Development for new and current managers represents a key Human Capital challenge for FSA. Accordingly, FSA needs to develop and implement a strategy to close this key workforce gap.

The first step is to develop a FSA Leadership Competency Model of the desired leadership skills. FSA needs to place greater emphasis on the need for the "soft" skills such as Communication, Team Building, Conflict Management, Problem Solving, Negotiation, Leading Change etc rather in addition to technical expertise. The competencies need to link to the government-wide SES Executive Core Qualification developed by OPM. The new FSA Human Capital Council can provide input, guidance and approval of the defined competencies.

The second step is to conduct an assessment, or inventory, of the skills already possessed by current FSA managers, to determine the leadership strengths and competency gaps. Various off-the-shelf software tools are available to perform this inventory.

In building upon existing leadership curriculums, FSA needs to recognize the varying needs of State Executive Directors, County Executive Directors, and District Directors, as well as those of headquarters Program Chiefs, Program Managers, and first- and second-level supervisors. A starting point can be the existing FSA programs, such as "Invitation to Excellence: Leading in FSA" and the KC New Leaders training programs, which have received high marks. The programs are now mandatory for new supervisors in headquarters, KC, St. Louis, and APFO. These programs need to be evaluated to see if they need to be modified as a result of the above assessment process.

The development and deployment of a Leadership toolkit to all program offices is also recommended. The toolkit would contain low-cost Leadership Development solutions, such as ideas for book clubs, on-line training, stretch developmental assignments, interagency assignments, and assignment opportunities to leadership positions on agency ad hoc task forces and teams.

Since training and development of managers will be a key ongoing initiative for the foreseeable future, the agency needs to consider whether other longer range actions can be taken to maintain an agency-wide learning focus. For example, designating a Chief Learning Officer and establishing an FSA Leadership Institute are some possible actions to create an agency-wide management development focus.

An FSA Leadership Institute can be modeled after the Food and Nutrition Service's Leadership Development Institute, and can supplement available USDA programs. The program can be developed for the existing cadre of FSA managers, and rolled out over a period of several years. The Institute's offerings can eventually supplant the curriculum discussed above, and can reflect the requirements of the new Leadership Competency Model. The training can be implemented throughout the agency by using blended instructional techniques, combining on-line learning and in-person instruction to reduce costs and leverage AgLearn courses. A separate Advanced Leadership Program can be an additional consideration to help interested candidates prepare to move into GS-15 and Senior Executive positions.

Finally, for its most senior leaders, FSA can expand its utilization of Executive Coaching services that are currently offered on a voluntary basis. FSA can consider making their use by senior leaders an expectation to help them master their leadership skills and develop effective teams within their organizations.

2.2.7. Succession Planning

Preparing the next generation of leaders is a critical need for FSA. With the large number of opportunities that will exist in coming years for filling new supervisory vacancies, FSA needs to plan for having a ready pool of available talent within the agency, ready to take on supervisory and management responsibilities. A variety of Succession Planning strategies are recommended in the following sections that can be pursued independently or in parallel.

2.2.7.1.Knowledge Transfer

A key element in Succession Planning includes planning an approach to transfer knowledge from individuals who will be leaving to those that will remain or follow. One aspect of this is to capture and document job information to have available to those who will perform that function in the future. The simplest approach is to ensure that there are Standard Operating Procedures (SOPs) in place for all key functions in all of FSA's program areas. Standard templates and instructions for documenting processes and procedures are recommended. Where feasible, these SOPs need to be in electronic form to facilitate storage, retrieval, and maintenance. The documentation of processes needs to be prioritized based on the risk value of the process.

FSA managers need to be encouraged to identify and prioritize those processes that are most critical and/or most risky from a business standpoint, and ensure that these processes are documented. Documentation needs to be readily available to whoever might be assigned to perform that function. Managers need to test the validity of these procedures by monitoring their effectiveness when utilized by new employees.

A simple first step is to standardize and simplify existing policies, processes, and automated tools. Program offices can then identify those process roles that can be performed by less experienced personnel and map out an approach for expanding responsibilities as new personnel gain experience. Program offices need to also identify those positions and/or decision points that require key skills, knowledge or experience, such as:

- FSA field office experience
- Agriculture credit and lending knowledge
- Commodity merchandising
- Federal Acquisition Regulations (FAR) contracting knowledge
- IT systems development

Additional steps to facilitate knowledge transfer:
• Increase "speed to competency" in various technical program areas through the use of computer-based simulations (e.g. eLearning) and structured on-the-job learning experiences • Train employees in skills that will enhance information sharing, such as Facilitation and Group Decision-Making • Create a repository of key documentation for future reference, such as research findings, white papers, position papers, reports to external entities, and key project outputs • Develop and index "Frequently Asked Questions" for reference by employees, and by customers, if appropriate • Develop electronic "yellow pages" of FSA program staff that provide name, contact information, and areas of expertise • Create an internal "best practices" database to share ideas and Lessons Learned across the various FSA program areas

An additional benefit of effectively carrying out COTR responsibilities will be the improved transfer of knowledge between FSA's vendors and its government employees, especially if contract language is included that requires the vendor to document procedures and train FSA personnel to perform ongoing operational tasks.

2.2.7.2.Mentoring

A related Knowledge Transfer technique that can stand alone is the establishment of mentoring programs, either on a formal or informal basis. As with most mentoring programs, FSA can identify those program areas that lend themselves to having an experienced senior manager paired up with a protégé (learner) to develop the protégé's skills, knowledge, and abilities. There are pockets of FSA, notably Farm Loans Program, where such approaches are already in place and working successfully to prepare Farm Loan Chiefs. HRD can consider this program in Farm Loans as a best practice model, and leverage it as a basis to build an agency-wide program.

A variation to the above approach is to use individuals who have signaled their intention to retire as mentors. During a period of time leading up to their retirement, they can spend their time transferring their knowledge to one or more learners. Additional functions for these "declared retirees" could be:

- Listing key contacts, such as customers, stakeholders, partners, and experts
- Documenting a schedule of recurring events and processes
- Developing detailed transition plans for key responsibilities
- Compiling samples of deliverables

FSA has an informal practice in place that does not allow "double-encumbering" of positions. Although budget constraints are the likely cause of this practice, FSA may want to make exception for critical positions and plan accordingly. Allowing "double-encumbering" of leadership positions, in order to allow overlap between retiree and the selected successor, will help ensure the new manager or leader is better positioned for success.

FSA can employ a combination of these approaches to ensure that the wisdom and experience of its trusted managers is transferred to prospective future candidates for these same positions.

2.2.7.3.Developing a Pipeline

Another important aspect of planning for succession is to ensure that there is a pipeline of potential candidates ready to compete for anticipated vacancies. One way to achieve this is to prepare as many non-supervisory employees as possible for this possible candidacy. Training, of course, is the most obvious method of preparation. In addition, FSA managers can employ various practices to prepare employees for assuming supervisory responsibilities.

A related issue is that many of FSA's senior leadership positions might be in Washington, DC and there is a growing reluctance of FSA field staff to relocate to headquarters because of higher living costs, which adds to the burden of preparing employees to assume headquarters responsibilities.

A primary requirement in creating a pipeline is enhancing job and program knowledge. FSA managers can enhance employees' job and program knowledge by exposing them to all aspects of agency functions and providing them opportunities to see job requirements from different viewpoints. This can be accomplished by:

- Creating rotational assignments that allows employees, especially new hires and interns, exposure to different key functions in their particular program areas
- Creating opportunities for informal rotations within a given site to expand competency and facilitate flexibility
- Creating opportunities for frequent exchange, on a temporary basis, between Washington, DC headquarters assignments and field offices
- Creating opportunities for field staff to serve as Subject-Matter Experts on special assignments
- Creating opportunities for field staff to serve on Task Forces that will allow them to work with headquarters personnel and sample a headquarters work experience
- Conducting Policy Update sessions on a program-by-program basis by electronic means for all employees quarterly, and larger live conferences on an annual basis

2.2.7.4.Retention

The retirement of eligible employees is expected to be a significant challenge for FSA. However, the situation will be exacerbated if attrition for reasons other than retirement continues at a high rate. FSA can mitigate this situation by employing practices that contribute to retaining as many employees with critical skills as possible. *Note: In some* *isolated cases, employee departures might be desirable to reduce outplacement issues or facilitate restructuring for efficiency.*

Employee retention can be improved by ensuring that the FSA work experience is positive one. Implementation of the following practices is recommended:

- On-Boarding Process: Create an improved method for processing new hires and introducing them to FSA
- New Employee Orientation Programs: Revise the existing program to include more program information and to streamline administrative processing to improve an employee's initial image of FSA
- Awards and Incentive Programs: Review current funding levels and types of incentives provided to FSA employees with a view to broadening the means by which FSA rewards and recognizes its high performers

This is not an all-inclusive list of retention strategies, but is representative of actions the agency can take to improve employee engagement and assist in retaining employees.

FSA senior leadership will need to determine the "critical few" Human Capital strategies which are the most feasible and likely to produce desired results. Action on all five fronts – Strategic Management of Human Capital, Enhanced Staffing Process for Recruitment/Replacement of Critical Skills, Enhanced Skill Training, Leadership Development, and Succession Planning – will be necessary to ensure FSA is able meet the future workforce requirements identified in the Organizational Review and through this Report's Workforce Profile.

2.3. HR Governance

The recommended Human Capital strategies require FSA to institute a new approach to addressing workforce challenges. A disciplined and structured approach for FSA's senior leadership to set priorities and make decisions is recommended.

Historically, discussions and decision-making regarding agency-wide human capital issues have been handled on an ad-hoc basis. Usually the Deputy Administrator for Management, along with the Director of the Human Resources Division, prepare briefing papers or make presentations to the senior leadership at a regularly-scheduled management meeting. In some cases, the issues are vetted with employee groups and/or the Administrative Officers' Leadership Group (AOLG). Decisions are then carried out by the DAM and the HRD Director, with periodic reporting back to the leadership group as appropriate.

A significantly different approach is recommended for dealing with workforce issues; one that ensures that FSA's senior leadership is more formally engaged in identifying, discussing, and deciding courses of action to deal with the many workforce challenges across the agency and in monitoring that desired results are achieved.

Changes in three areas are recommended.

Key Areas for Changes in FSA HR Governance
• Create a formal governance structure by establishing a Human Capital Council for the senior leadership. Involve all managers in the Strategic Management of FSA's Human Capital
• Transform the DAM into a more visible and active role in Human Capital Management. Formally designate the DAM to serve in a dual role as the agency DAM and Human Capital Officer
• Transform the way the Human Resources Division is structured and operates *Refer to the HRD Report for specific recommendations.*

2.3.1. Structure

During the organizational assessment, one key theme that surfaced was the need for a clear focus on the agency's most critical resource, its Human Capital. Although FSA has prepared a Human Capital Strategic Plan that is adequate in its identification of mission critical occupations and has worked through the goals set forth in the PMA to effectively manage Human Capital, a formal leadership body that provides a forum for decision making and oversight does not exist. The establishment of a Human Capital Council is recommended to strengthen FSA's focus and attention on Human Capital challenges. This council would include FSA's senior leadership and provide a forum to discuss and prioritize workforce issues, define FSA-wide human capital strategies and measure progress to ensure accountability and accomplishment of goals.

Human Capital Councils and Committees are common within Cabinet-level organizations, as an outgrowth of the establishment of Chief Human Capital Officer (CHCO) positions mandated by the CHCO Act of 2002. HC Councils are also frequently seen at the sub-agency level and in independent agencies, particularly because of the mandates of the PMA and the need for agencies to focus on this critical part of their business.

Two sub-agencies with similar bodies that we benchmarked are the Internal Revenue Service (IRS), a sub-agency of the Department of Treasury, and the U.S. Patent and Trademark Office (PTO), a component of the Department of Commerce. Both of these agencies have Human Capital Councils (the IRS body is called the Human Capital Board) whose members are the agency's senior leaders and whose purpose is to focus on agency-wide Human Capital issues from a corporate perspective. We have listed the key elements of these two examples as Appendix A and B to this Report. The appendices list the roles, membership, and charter for these groups.

Both of these bodies emphasize that their purpose is to provide the senior leadership of each agency with forums to discuss and monitor human capital issues on a corporate basis, and to ensure that there is a coordinated agency-wide approach to human capital plans, policies, and practices. In the case of the IRS, its charter clearly emphasizes the objective of providing "insight and corporate focus" to human capital issues that are not "or should not" be resolved at lower levels. At both the IRS and PTO, a starting point for this focus is the development, implementation, measurement and maintenance of a current Strategic Human Capital Plan.

A third similar group that we reviewed is at the General Services Administration (GSA), an independent agency. The GSA Human Capital Council meets quarterly and consists of human capital leaders, senior executives and officials of the major service and staff offices, and representatives of regional administrators and deputy regional administrators. The GSA HC Council is chaired by GSA's Chief People Officer. Among its many objectives, the council:

- Ensures that GSA's human capital strategic plan is consistent with the agency strategic plan
- Defines GSA leadership competencies
- Establishes the policy and requirements for the GSA-wide Advanced Leadership Development Program

As seen in the following table, these groups share some common elements.

Common Elements in Human Capital Councils	
• Membership includes the agency's senior leaders	• Chaired by the agency's top Human Capital official
• Defined charter that clearly spells out the group's goal and objectives	• Focused on corporate-wide Human Capital strategies
• Supported technically and administratively by the agency's Human Resources organization	• Are advisory in nature, but action-oriented

FSA's Human Capital Council can operate similarly to those benchmarked. The FSA Human Capital Council would be chaired by the Deputy Administrator for Management and Human Capital Officer. As in the benchmarked organizations, the Director of the Human Resources Division would serve as a non-voting Advisor to the Council.

The Council serves as a decision-making body that makes recommendations on workforce issues and serves as a key advisory group to the Administrator on cross cutting human capital issues facing the agency. The Council meets on an as-needed basis, but not less frequently than quarterly. Council members include the Deputy Administrators, as well as the Director of the Office of Budget and Finance. The Director of the Office of Civil Rights is recommended to serve on this Council, since deliberations on Human Capital issues include strategies to improve FSA's workforce diversity.

The FSA Human Capital Council's charter can be similar to those of the benchmarked organizations. An example charter is illustrated below.

> *"The FSA Human Capital Council is responsible for making recommendations to the Administrator on FSA-wide human capital policies, priorities, goals, objectives, and initiatives. The Council will monitor human capital programs agency-wide by:*
>
> - *Assessing FSA workforce characteristics and future needs in order to align agency human capital policies to meet mission goals*
> - *Overseeing updates and implementation of the FSA Human Capital Strategic Plan*
> - *Recommending policies and procedures pertaining to human capital, including, but not limited to, Compensation, Performance Management, Recruitment & Retention, Workforce Development, and Incentives & Rewards*
> - *Resolving cross-organizational human capital issues*
>
> *The Council will meet as frequently as deemed necessary to address time-sensitive, critical issues and initiatives.*
>
> *The Administrator may accept, reject, or modify any recommendation of the Council."*

Because IRS has a significant field structure, it has established a second group, the IRS Human Capital Advisory Council, as part of its HR Governance structure. This second group includes HR representatives from all its major organizations, and serves to provide agency-wide HR policy direction and oversight in support of the Human Capital Board. *Refer to Appendix C of this report to view the IRS Human Capital Advisory Council's charter.*

Given FSA's large field population, we recommend the agency consider establishing a Human Capital <u>Advisory</u> Council as a second similar body to serve as a resource to support the Human Capital Council in identifying Human Capital issues for Council consideration; recommending agenda items; helping implement HR plans and programs; and providing status reports on Human Capital matters. The proposed FSA Human Capital Advisory Group could be chaired by the Director of the FSA Human Resources Division, and supported by the HRD's new Strategic Human Capital Initiatives & HR Policy Branch. The Human Capital Council would have to determine what membership structure would best be able to reflect a cross-section of the field FSA population, but an initial starting point could be the existing Administrative Officers' Leadership Group (AOLG), which in some cases has been serving in the role envisioned for this Human Capital Advisory Group. Refer to Appendix D for a graphical representation of the overall proposed FSA HR Governance structure.

The benchmarking of HR Governance structures found that successful Human Capital Councils, and similar bodies, were marked by certain characteristics.

- Group must meet regularly
- Members must be well-prepared
- Group must have a key agenda and stick to it
- Members must be engaged and interested in guiding the agency's Human Capital issues
- Group must be well-supported by the HR organization

Once the FSA Human Capital Council is established, the initial agenda for the year should be established. Given the findings of the Organizational Assessment and the workforce strategies discussed in this Report, the new Council might consider focusing the first year on the following four critical issues:

- **Review and Update current FAS HR Strategic Plan, FY2005-2009**
  - Ensure the new Plan reflects the Human Capital high arching issues contained in the Organizational Assessment Report
  - Ensure the new Plan frames the vision and FSA's Human Capital priorities for the next three to five years

- **Agency-wide Training Focus with an Emphasis on Leadership Development**
  - Identify desired managerial competencies and build upon current Leadership Development Program
  - Prepare Skills Inventory Process
  - Approve Skills Training and Leadership Development curriculums

- **Succession Planning**
  - Develop FSA-wide approach to Succession Planning with targeted ways to improve program
  - Encourage documentation of standard operating procedures (SOP)
  - Identify functions for Formal Rotation Programs
  - Identify mentors
  - Improve On-Boarding and New Employee Orientation Programs
  - Evaluate funding and scope of Rewards Programs

- **Staffing for New Requirements**
  - Develop agency-wide Staffing Plans
  - Develop new Recruitment strategies

2.4. Role of FSA Leadership in Managing Human Capital

As previously discussed, every supervisor in FSA is responsible for Human Capital Management. Related to the proposed approach and structure suggested above, is an enhanced accountability for proper management of FSA's human resources. This accountability starts with senior leadership, and needs to be communicated as an important aspect of every supervisor's responsibility.

This improved approach for Human Capital Management is depicted in the following graphic, which shows the current and recommended models.

FSA LEADERS' ROLE IN HUMAN CAPITAL MANAGEMENT		
	Traditional	**New**
Human Capital Focus	Occasional involvement by senior leadership; usually problem-centered	Quarterly HC Council meetings to discuss strategic HC goals and progress
Human Capital Planning	HRD takes lead, with occasional strategic direction from senior leadership; focus is on Recruitment needs	Senior leadership takes lead to ensure agency-wide strategic focus. All levels of the organization participate
Policy-Making Framework	Narrow focus, based on HR policy being discussed	Broad Perspective – tied to FSA strategic objectives
Accountability	FSA Program Areas accountable for Business Results; HRD accountable for "People" matters	Shared accountability for business results and managing people. Senior leadership holds managers accountable for Human Capital results
HRD Role	Viewed primarily as transaction-processor and holder of personnel records	HRD viewed as strategic partner and advisor to assist in meeting business goals
Implementation of Government-wide or USDA-wide HR policies and initiatives	HRD informs leadership of what has to be done; then HRD develops, plans and implements	HC Council considers implementation approach and options with a view to FSA strategic objectives; HR Advisory Council implements with support from HRD.
Personnel Action Decision-Making	Managers rely on HRD to "take care" of people problems	Managers are accountable for HR decision-making; HRD consultant/generalists ensure FSA managers have day-to-day advice and support needed to exercise responsibility for their HRM decisions
Flexibilities	Central control with little leeway, in order to prevent inequities	Broadened authority to line managers and program areas to meet business needs. HC Council oversees after-the fact to ensure proper use and employee equity

FSA LEADERS' ROLE IN HUMAN CAPITAL MANAGEMENT		
	Traditional	**New**
Workforce Information	HRD holds close; provides on need-to-know basis	Regular and recurring reporting to managers of workforce data, trends, and projections. HRD uses multiple channels for communication
Organizational Changes	Developed by program areas in isolation; provided to HRD at advanced date to determine people impact	HRD is part of the planning process; workforce impact always a key issue in any proposed restructuring
HC Initiatives	HRD awaits direction from senior leadership or USDA on priorities and program needs	HRD initiates program proposals to meet business needs and presents proposals to HC Council for approval and buy in.

In order to deal with the critical Human Capital issues confronting FSA, the agency must

- Implement this new model
- Establish the Human Capital Council and Advisory Group described above
- Transform HRD's role on strategic issues, as described in the following section

All three aspects of this new approach are essential if FSA is going to successfully manage the serious Succession Planning, Knowledge Transfer, and Leadership Development problems it faces.

2.5. HRD Transformation

In order to carry out the recommendations and strategies outlined previously in this Plan, and to support FSA senior leaders and managers in their enhanced HC responsibilities, HRD must re-orient itself into an organization that is focused on the strategic, long range needs of the agency. HRD must also take steps to change the perception that it currently is not providing the desired level of support to FSA senior leaders and managers. *For additional information on the HRD transformation findings and recommendations, see the HRD write up.*

Establishment of the recommended Human Capital Council and the Human Capital Advisory Group will provide the HCO and HRD with an opportunity to have a more visible role in the strategic management of FSA's Human Capital. This opportunity will lead to improvement in HRD's standing only if it can carry out its expected role to deliver the reports, analyses, and range of options that FSA leadership and managers will need to make strategic Human Capital decisions. A first critical step for HRD, which is discussed in the HRD report, is to transform its service delivery to customers. Operational excellence and a culture of "service" will lead to strategic engagement and focus.

Central to successfully meeting these expectations will be for HRD to make effective use of two key functions, both of which will be the responsibility of the newly recommended Strategic Human Capital Initiatives and HR Policy Branch. The Branch's responsibility for HC strategic planning, measurement, and policy development makes it the most critical contributor to HRD's ability to effectively support the Council in developing agency-wide Human Capital policies and monitoring their effectiveness. The Branch's ability to regularly prepare detailed organizational profiles and trend analyses, such as those in this Plan's Workforce Profile above, will greatly facilitate the Council's policy-making process.

The second key element in this Branch is its workforce planning responsibilities. This responsibility makes it a critical component in dealing with Learning, Leadership Development, Succession Planning, and Skills Training, which will continue to be critical issues for the agency. This Branch must be able to support the Council and all FSA program areas in determining training needs, devising creative training solutions and delivery mechanisms, and developing metrics to measure the effectiveness of training. These workforce development responsibilities will become even more important for FSA as available resources for training continue to be limited.

Effective use of these two key functions of the Strategic Human Capital Initiatives and HR Policy Branch, coupled with improvements in overall customer service, will be essential to allowing HRD to play an active and respected role in FSA's Human Capital Management, and be viewed as a key contributor to FSA's success.

APPENDIX A

IRS Human Capital Board Charter (Updated June 22, 2006)

Mission, Purpose, & Objectives

The mission of the Human Capital Board is to advise and assist the Commissioner in setting the human capital management strategy for the IRS with respect to non-executives and to foster collaboration across organizational boundaries to ensure a coordinated, Service-wide approach to IRS human capital plans, policies, and practices. Board members will represent not only their organizational components, but also the interests of the entire IRS. Collectively and individually, members are ultimately accountable for the performance and actions of the IRS. Members are expected to be informed, before the meeting, of agenda topics and to come to meetings prepared.

The purpose of the Board is to:

- Ensure appropriate selection and delivery of all IRS human capital initiatives relating to non-executives
- Ensure the IRS implements the President's Management Agenda initiatives successfully as measured by the OPM/OMB human capital scorecard
- Ensure human capital plans, policies, and practices are responsive and easily accessible to all IRS customers
- Ensure appropriate results at an appropriate cost
- Ensure transparent decision-making, inclusive participation, and effective communication relating to human capital plans, policies, and practices

The objectives of the Board are action, insight, and corporate focus. Actions include approving the IRS Strategic Human Capital Plan and deciding cross-unit HR issues that are not resolved at lower levels or should not be resolved at lower levels. Insight includes providing status and information on significant items. Corporate focus includes representing the needs of the IRS, not solely individual organizational components.

Members

The Human Capital Board will be chaired by the Chief Human Capital Officer (CHCO) and will include the Commissioner, Tax Exempt and Government Entities; Chief, Appeals; Chief, EEO & Diversity; and Chief of Staff.

Responsibilities

Board members are responsible for:

- Recommending agenda items, regardless of whether the item is within their organizational component

- Coordinating input to and presentation of their agenda items
- Presenting any dissenting opinions discovered during coordination of their agenda items
- Identifying resource requirements or savings associated with the agenda item presented
- Providing follow-up reporting to the Board based on the Board's decision

Operations

The Board will conduct monthly meetings; meeting length will depend on the agenda topics. Only their deputy may substitute for a member. The Board may call on others to present agenda items. Each meeting will include Human Capital Advisory Council or standing sub-council reports that may be presented as a 2-3 page briefing or a short white paper. Members of these bodies and other affected parties may be invited to participate in issue specific discussions.

The Chairperson will have final approval authority on agenda content. Agenda topics will be flagged as either decision or status/information items. Decision items will be allocated 20 minutes on the agenda (15 minutes for presentation, 5 minutes for discussion). Information items will be limited to 10 minutes on the agenda.

Presentations will include cost; schedule; requirements/business need; interfaces; and business, operations, and program delivery impact, as appropriate. Action items for each presentation will be captured and assigned following the presentation.

The Senior Advisor to the Chief Human Capital Officer will serve as the Board secretariat with additional support to be provided by CHCO staff. Read ahead material or presentation charts will be due to the secretariat 8 days before a meeting, and the meeting agenda and read ahead materials will be distributed to members seven days before a meeting.

The agenda and materials will be sent to the Senior Executive Team at the same time to allow them to provide comments and concerns to the Board members before the meeting. Minutes will be distributed to members within seven days after a meeting. Action items will be tracked and status verified prior to the next meeting.

APPENDIX B

IRS Human Capital Advisory Council Charter (Updated July 31, 2006)

Mission, Purpose, & Objectives

The mission of the Human Capital Advisory Council is to support the Human Capital Board, serve as the Service's principal corporate human resource (HR) management policy-making body, and provide strategic Service-wide HR policy direction and oversight to the operating divisions, chief offices, and other major organizations. This Council will ensure a coordinated approach to cross-functional HR issues, policies, and strategies.

The purpose of the Council is to:

- Plan and implement IRS human capital initiatives relating to non-executives based on Human Capital Board decisions and direction
- Plan and monitor implementation of the President's Management Agenda initiatives to ensure success as measured by the OPM/OMB human capital scorecard
- Create and implement human capital plans, policies, and practices that are responsive and easily accessible to all IRS customers
- Plan and monitor initiatives and programs to ensure appropriate results at an appropriate cost
- Operate openly, obtain input from interested parties, and communicate effectively with all IRS customers

The objectives of the Council are action, insight, and corporate focus. Actions include developing the IRS Strategic Human Capital Plan for approval by the Human Capital Board and deciding cross-unit HR issues which can be resolved at their level. Insight includes providing status and information on significant items. Corporate focus includes considering the needs of the IRS as a whole in addition to individual organizational needs.

Members

The Human Capital Advisory Council will be chaired by the Deputy Chief Human Capital Officer (CHCO) and will include representatives from major organizations and an advisor from General Legal Services, Chief Counsel.

Responsibilities

Council members are responsible for:

- Recommending and working agenda items
- Coordinating input to and presentation of their agenda items
- Identifying resource requirements and savings associated with the agenda item presented

- Providing presentations and follow-up reports to the Human Capital Board and others as appropriate
- Establishing sub-councils and other tactical groups as needed

Operations

The Council will conduct monthly meetings with the length depending upon the agenda topics and issues to be worked. Decisions will be by consensus, and only a director or their deputy may vote. The Deputy CHCO is a voting member representing the HCO. HCO directors are advisory members. To promote frank and open discussion, participation will be limited. The Council may call on others to present agenda items or work issues; however, presenters who are not members will leave after their presentations. Each meeting will include sub-council reports. Sub-council members and other, affected parties may be invited to participate in issue-specific discussions.

The Chairperson will have final approval authority on agenda content. Decision items will be addressed first, followed by status reports, discussion items, and information items. Presentations will include cost, schedule, requirements/business need, interfaces, and business, operations, and program impact, as appropriate. Action items for each presentation will be assigned following the presentation and recorded in the meeting minutes.

The Deputy Chief Human Capital Officer's Executive Assistant will serve as the Board secretariat with additional support to be provided by Administrative Support staff. Read ahead material and presentation charts will be due to the secretariat eight days before a meeting, and the meeting agenda and read ahead materials will be distributed to members seven days before a meeting. The agenda and materials will be sent to the HCO directors at the same time to allow them to provide comments and concerns to the Council members before the meeting. Minutes will be distributed to members within seven days after a meeting. Action items will be tracked and status verified prior to the next meeting.

APPENDIX C

U.S. Patent and Trademark Office (USPTO) Human Capital Council

At USPTO, the group is called the Human Capital Council. The Council is chaired by the agency's Chief Administrative Officer, and includes all of the USPTO's senior leaders (Business Unit heads). The Director and Deputy Director of the Office of Human Resources serve as advisors to the Council.

The Council is responsible for making recommendations to the agency head and the agency Management Council on USPTO-wide human capital policies, priorities, goals, objectives, and initiatives. The Council monitors human capital programs agency-wide, by tracking the progress of human capital projects to completion dates. It assists the Management Council by:

- Assessing workforce characteristics and future needs in order to align USPTO's human capital policies to meet mission goals
- Overseeing the development and implementation of a USPTO Human Capital Strategic Plan
- Proposing changes in direction to the USPTO Human Capital Strategic Plan via periodic progress reviews
- Recommending policies and procedures pertaining to human capital
- Resolving cross-organizational human capital issues

The Council meets as frequently as it deems necessary to address time-sensitive, critical issues and initiatives.

APPENDIX D: Proposed Governance Structure

The proposed structure incorporates elements that have been identified through benchmarking as successful practices for other agencies (see Appendices A-C) and customizes based on the FSA organizational structure.