

Human Capital *Strategic Plan*



For the fiscal years 2004 – 2008



The Department of the Treasury

Human Capital
Strategic Plan

For the fiscal years 2005 – 2008

MESSAGE FROM THE SECRETARY

As an employee of the U.S. Department of the Treasury, you are serving your country and playing an important role in history. You are, as I have said many times, the Department's most valuable resource.

The responsibilities of this Department are great, and a commitment to excellence by each and every employee is essential. We work for the citizens of this great country, and we contribute each day, in ways large and small, to making our country safe and strong.



We work in a Department that is dramatically impacted by global change. Advancements in technology and the creation of new markets have an impact on financial services and our economy. As terrorism continues to threaten our security, the Department is moving quickly, along with the financial services community, to locate and cut off terrorist funding. The Treasury Department has had to work even harder, and more efficiently, to keep up with these changes.

Our world continues to change and the Department must adjust to do our job more effectively. The Treasury Human Capital Strategic Plan helps us keep up with the changes that place new and challenging requirements on our workforce. The plan presents a vision and a roadmap to ensure that the Department remains an excellent place to work, and a place to contribute one's talents and energy toward promoting growth and prosperity for America.

Our plan complements and supports our five key business goals and advances the President's Management Agenda by fostering an environment of unprecedented accountability and performance. The plan will help us stay focused on finding, hiring, retaining, and developing top employees. To meet our goals, we need a workforce that is up to a challenge, and energized by the purpose and objectives of our strategic goals.

I am committed to implementing the Treasury Human Capital Strategic Plan. I ask for your leadership and commitment to prioritize and allocate resources for our human capital initiatives, integrate human capital into bureau business planning, and communicate our human capital goals. Your efforts in this regard are critical to implementing this plan, and the success of the Department.

Thank you for your service as employees of the Department of the Treasury. Your daily efforts and your unwavering commitment to public service are acts of patriotism. I hope you are as proud as I am to serve this country.

Sincerely,

A handwritten signature in black ink, which appears to read "John W. Snow". The signature is fluid and cursive.

John W. Snow
Secretary of the Treasury

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INTRODUCTION

The Department of the Treasury is the world leader in promoting prosperity and stability in American and world economies. Established in 1789, Treasury has a long tradition of managing the government's finances and fighting financial criminal activity in America. In the international arena, the Department of the Treasury works with other federal agencies, the governments of other nations, and the International Financial Institutions to encourage economic growth, raise standards of living, and limit and prevent, to the extent possible, economic and financial crises.

In its unique role as steward of U.S. economic and financial systems, Treasury is entrusted with

a broad range of duties and functions. To carry out this role, Treasury has committed to ensuring economic growth and development through the proper accounting and management of the American citizens' money. This includes: monetary functions such as budgets, taxes, disbursements, and currency production and circulation; advising the President on economic and financial issues; promoting prosperity, economic growth, and fiscal soundness; enhancing corporate governance in financial institutions; and critical functions in financial enforcement, economic policy development, and international treaty negotiation.



TREASURY BUSINESS CONTEXT

The mission of the Department of the Treasury is to promote the conditions for prosperity and stability in the United States and encourage prosperity and stability in the rest of the world.

The Treasury mission focuses on two interrelated areas: economics and finance. A third focus area, management and operations, enables Treasury to build the institution necessary to carry out the mission. Within these three focus areas, Treasury has defined five strategic goals in the *Treasury Strategic Plan*:

- Strategic Goal E1. Promote Prosperous U.S. and World Economies**
- Strategic Goal E2. Promote Stable U.S. and World Economies**
- Strategic Goal F3. Preserve the Integrity of Financial Systems**
- Strategic Goal F4. Manage the U.S. Government's Finances Effectively**
- Strategic Goal M5. Ensure Professionalism, Excellence, Integrity, and Accountability in the Management and Conduct of the Department of the Treasury**

THE ORGANIZATION OF THE DEPARTMENT OF THE TREASURY



The **Department of the Treasury** is organized into ten major components, the Departmental Offices (the headquarters bureau) and nine operating bureaus. The **Departmental Offices (DO)** are primarily responsible for policy formulation and management of operations, while the bureaus are primarily operating organizations that execute many of the Treasury's strategic goals. The majority of Treasury's workforce and resources are focused in its bureaus. DO is composed of organizations headed by Assistant Secretaries, some of whom report to Under Secretaries, with primary responsibility for policy formulation and overall management of the Treasury Department.

The Office of the Under Secretary for Domestic Finance advises and assists in areas of domestic finance, banking, and other related economic matters. The office develops policies and guidance for Treasury Department activities in the areas of financial institutions, federal debt finance, financial regulation, capital markets, and government financial management.

The Office of the Under Secretary for Enforcement advises and assists with strategies to combat terrorist financing both domestically and internationally. The office implements the National Money Laundering Strategy and fights other financial crimes. The office is also responsible for intelligence and security analysis and support, including information technology security.

The Office of the Under Secretary for International Affairs advises and assists in the formulation and execution of U.S. international economic and financial policy, including the development of policies for international financial, economic, monetary, trade, investment, bilateral aid, environment, debt, development, and energy programs. International Affairs develops policy for the U.S. participation in international financial institutions.

The Office of the Assistant Secretary for Economic Policy reports on current and prospective economic developments and assists in the determination of appropriate economic policies. The office is responsible for the review and analysis of both domestic and international economic issues and developments in the financial markets.

The Office of the General Counsel provides legal and policy advice to the Secretary and other Departmental officials. The General Counsel also is the head of the Treasury Legal Division, a separate bureau within the Department that includes all legal counsels of the Treasury Department bureaus and their staff.

The Office of the Assistant Secretary for Legislative Affairs is responsible for communicating Treasury's policies and positions on an array of legislative issues. The office is Treasury's liaison with Members of Congress, Congressional committees and their staffs.

The Office of the Assistant Secretary for Management and Chief Financial Officer (ASM/CFO) is responsible for the overall management of the Department, and provides policy and operational services in the areas of human resources, financial management and budget, facilities and building maintenance, change management, emergency preparedness, and District of Columbia pensions.

The Office of the Treasury Chief Information Officer (CIO) advises the Secretary, the Deputy Secretary and other senior Treasury officials on all matters related to information technology (IT) and ensures that Treasury's IT program is consistent with the Clinger-Cohen Act of 1996 and other legislative and regulatory mandates. The CIO provides broad leadership in computer security, planning, budgeting, and acquiring and managing Departmental and bureau IT resources, which include computer hardware and software, data management and warehousing, office automation equipment, telecommunications support and imaging technologies. The CIO also manages the day-to-day operations of the Departmental Offices IT program.

The Office of the Assistant Secretary for Public Affairs develops and implements communications strategies for the Department. The office advises officials within the Department and its bureaus on how best to communicate issues and priorities of public interest.

The Office of the Assistant Secretary for Tax Policy develops and implements tax policies and programs; reviews regulations and rulings to administer the Internal Revenue Code; negotiates tax treaties; and provides economic and legal policy analysis for domestic and international tax policy decisions. The office also provides estimates for the President's budget, fiscal policy decisions, and cash management decisions.

The Treasurer of the United States advises on matters relating to financial literacy education, coinage, currency, and the production of other financial instruments issued by the United States, and serves as the National Honorary Director of the Savings Bonds Program.

The Community Development Financial Institutions (CDFI) Fund expands the capacity of financial institutions to provide credit, capital, and financial services to underserved populations and communities in the United States. CDFI is a special program emphasis office within DO.

The Office of the Inspector General (OIG) conducts independent audits, investigations and reviews to help the Treasury Department accomplish its mission; improve its programs and operations; promote economy, efficiency and effectiveness; and prevent

The Office of the Treasury Inspector General for Tax Administration (TIGTA) recommends policy for activities designed to promote economy, efficiency, and effectiveness in the administration of the internal revenue laws. The office also recommends policies to prevent and detect fraud and abuse in the programs and operations of the IRS and related entities.

Treasury bureaus carry out the operational facets of Treasury's business.



The Alcohol and Tobacco Tax and Trade Bureau (TTB) enforces and administers laws on the production, use, and distribution of alcohol and tobacco products. TTB also collects excise taxes for firearms and ammunition.



The Bureau of Engraving and Printing (BEP) designs and manufactures U.S. currency, many stamps, securities, and other official certificates and awards.



The Bureau of the Public Debt (BPD) borrows the money needed to operate the Federal Government and accounts for the public debt. The bureau administers the public debt by issuing and servicing U.S. Treasury marketable, savings, and special purpose securities.



The Financial Crimes Enforcement Network (FinCEN) supports law enforcement investigative efforts and fosters interagency and global cooperation against domestic and international financial crimes. The bureau also provides U.S. policy makers with strategic analyses of domestic and worldwide trends and patterns in financial crime.



The Financial Management Service (FMS) provides central payment services to federal program agencies, operates the federal government's collections and deposit systems, provides government-wide accounting and reporting services, and manages the collection of delinquent debt.



The Internal Revenue Service (IRS) is the largest of Treasury's bureaus. IRS determines, assesses, and collects internal revenue for the United States Government.



The United States Mint (Mint) designs and manufactures circulating, numismatic, and bullion coins as well as commemorative medals and other numismatic items. The Mint distributes U.S. coins to the Federal Reserve Banks and maintains physical custody and protection of our nation's silver and gold assets.



The Office of the Comptroller of the Currency (OCC) charters, regulates, and supervises national banks to ensure a safe, sound, and competitive banking system that supports the citizens, communities, and economy of the United States.



The Office of Thrift Supervision (OTS) charters, examines, and regulates federal thrifts to maintain their safety and soundness. OTS also regulates state-chartered savings associations belonging to the Savings Association Insurance Fund and savings association affiliates and holding companies.

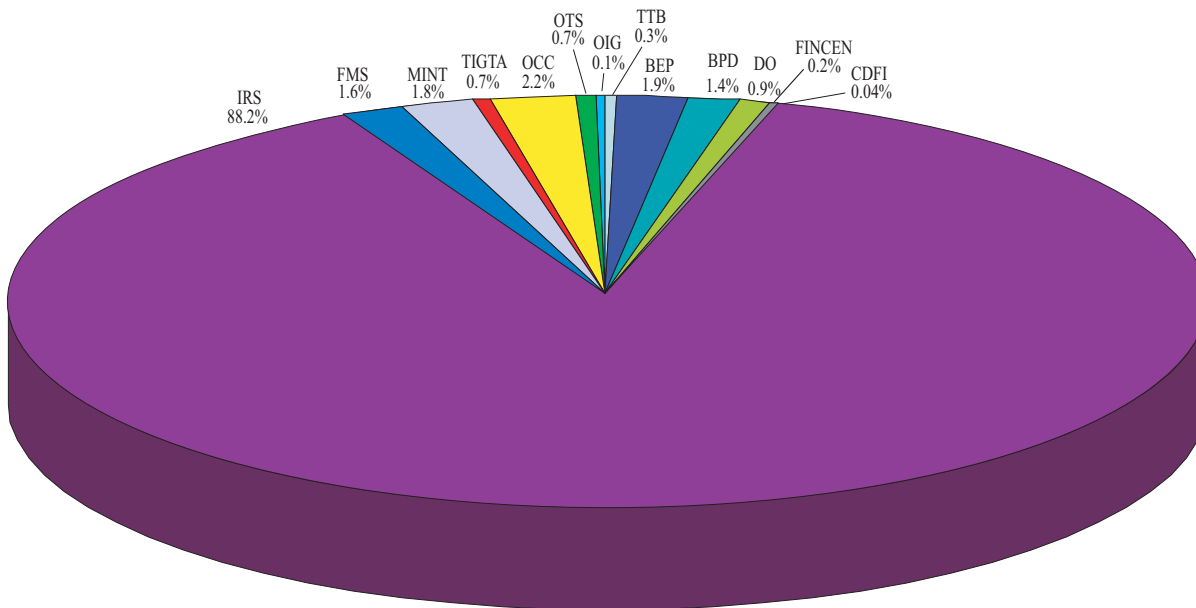
TREASURY'S WORKFORCE PROFILE

Treasury believes *Mission First, People Always*. The Department is proud of the team of over 127,500 qualified professionals that comprise Treasury's workforce. These employees are committed to helping citizens and promoting the legacy of the world's most open trade system.

Treasury is diverse in structure and size. Although the majority of Treasury employees are involved in the business of revenue collection, other Treasury

employees do equally important work such as currency production, budgeting, economic policy development, bank regulation, disbursement of government payments, and monitoring the public debt. Treasury employees working in over nine hundred locations worldwide affect citizens across the country and the world. Although the missions and organization structures vary, the bureaus are unified under the Treasury mission and common human capital strategic goals and business drivers.

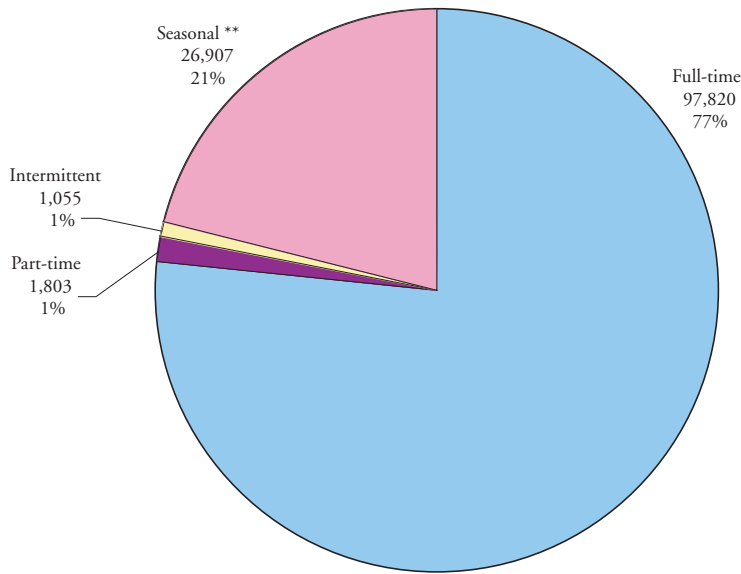
Permanent Workforce as of 9/30/03



FY 2003 Treasury Permanent Employees – 127,585

More than three-quarters of the workforce are in full-time permanent positions. However, part-time, intermittent, and seasonal employees are an important workforce component, particularly in the IRS.

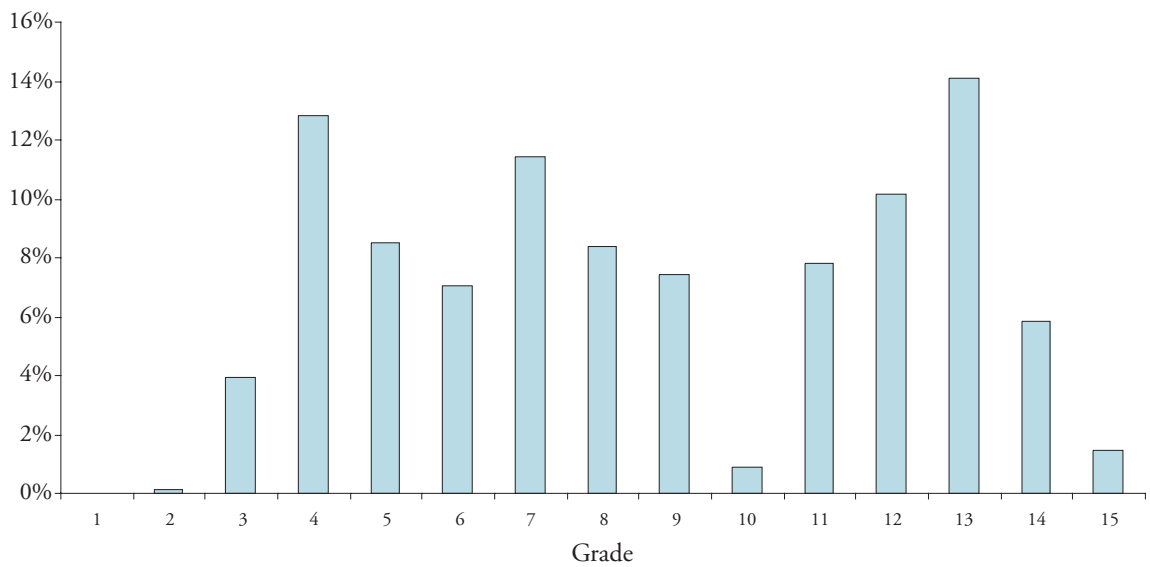
Permanent Workforce Profile as of 9/30/03



** A seasonal employee is one who works on an annually recurring basis for periods of less than 12 months each year. The vast majority of Treasury seasonal employees work for the IRS during tax season.

Treasury employees are covered by twenty pay plans, although most Treasury employees (93%) are in the General Schedule (GS) pay plan. The employees in the GS pay plan are distributed relatively evenly over the 1-15 grade structure. Thirty-two and one half percent (32.5%) of employees are in grades 6 and below; 35.9% are in the mid-range of grades 7-11, while 31.6% are in grades 12-15.

Grade Distribution of General Schedule Permanent Employees as of 9/30/03



* General Schedule employees represent 93 percent of the total Treasury population.

Treasury employees represent a broad range of skills that are as varied as the bureaus and missions they support. Treasury has identified forty-five mission-critical occupations (MCOs), including such diverse positions as Letter Press Operator, Revenue Officer, Economist and Criminal Investigator. MCOs represent fifty-eight percent (58%) of the permanent workforce. Although there are some commonalities, thirty-eight of the forty-five mission-critical occupations are unique to each bureau. Most of the bureau-unique positions, over sixty thousand or approximately eighty-one percent (81%), are in the Internal Revenue Service. The Bureau of Engraving and

Printing has nine of the thirty-four bureau-specific occupations, representing such specialties as Coin/Currency Checker and Intaglio Press Operator. Clearly the exception is the Information Technology Specialist position; approximately eighty percent (80%) of the bureaus cite this occupation as key to meeting their business goals.

Many of these Treasury positions directly impacting mission attainment require specialized knowledge or skills; are often difficult to fill; and merit targeted recruitment, retention, and knowledge management.

Treasury's Mission-Critical Occupations as of May 29, 2004

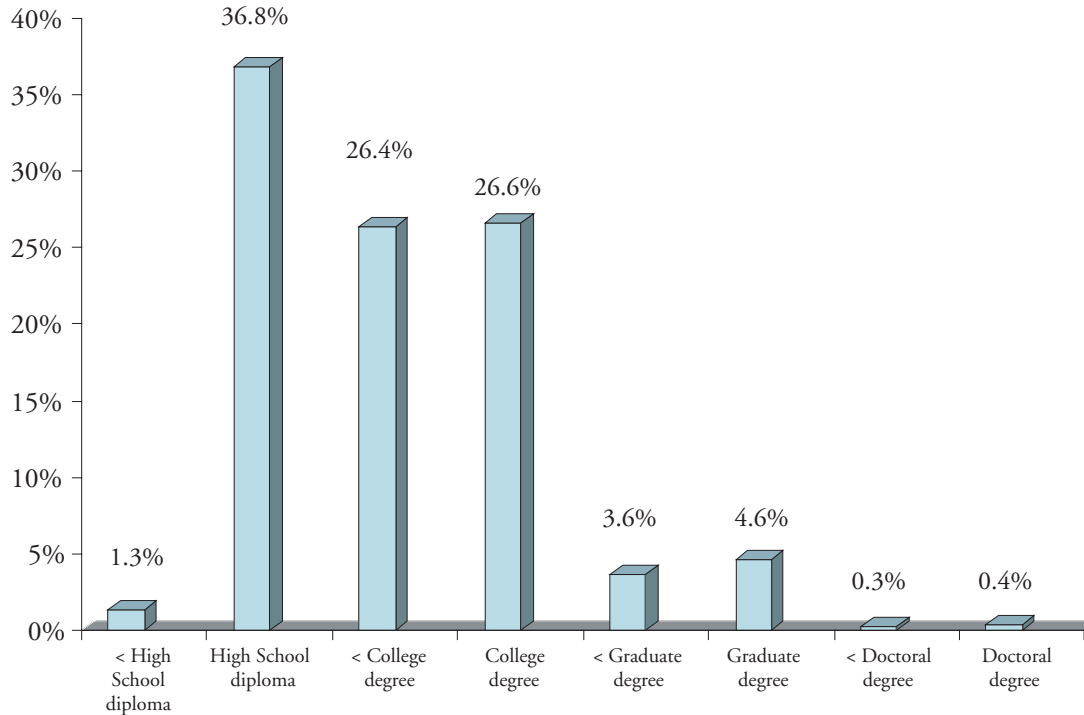
Series	Description	BEP	BPD	DO	FinCEN	FMS	IRS	Mint	OCC	OTS	TIGTA	TTB
0083	Police	✓						✓				
0110	Economist			✓			✓		✓			
0132	Intelligence Research Specialist				✓							
0301	Customer Service Specialist		✓									
0301	Customer Assistance Specialist								✓			
0301	Regulatory Compliance and/or Enforcement Specialist				✓							
0340	Program Management					✓						
0343	Management & Program Analyst					✓						
0501	Financial Systems Analyst		✓									
0501	Financial Administration & Program					✓						
0501	Government Specialist (TEGE)						✓					
0510	Accountant		✓			✓						
0511	Auditor										✓	✓
0512	Revenue Agent						✓					
0525	Accounting Technician		✓									
0526	Tax Resolution Representative/Tax Specialist						✓					
0570	Financial Institution Examiner								✓	✓		
0592	Tax Examiner						✓					
0801	Engineer						✓					
0905	General Attorney			✓					✓		✓	✓
0930	Appeals Officer						✓					
0962	Customer Service Representative						✓					
0963	Legal Instruments Examiner		✓									
0987	Tax Law Specialist						✓					
1160	Financial Analyst			✓								
1169	Revenue Officer / Settlement Officer						✓					
1320	Chemist											✓
1801	Alcohol and Tobacco Tax and Trade Investigator/Alcohol and Tobacco Specialist											✓
1811	Criminal Investigator										✓	
1811	Special Agent						✓					
1854	Alcohol and Tobacco Tax Specialist											✓
2210	Information Technology Specialist		✓	✓	✓	✓	✓	✓	✓		✓	
3414	Machinist							✓				
3513	Coin / Currency Checker	✓										
3869	Metal Forming Machine Operator							✓				
4406	Letter Press Operator	✓										
4441	Bookbinder	✓										
4446	Picture Engraver (Bank Note)	✓										
4449	Plate Maker (Intaglio)	✓										
4454	Intaglio Press Operator	✓										
5401	Press Worker (Roller Coverer)	✓										
5440	Packaging Machine Operator							✓				
6907	Currency Controller	✓										
6941	Bulk Money Handler	✓										

Treasury's FTE in Mission-Critical Occupations as of May 29, 2004

Series	Description	BEP	BPD	DO	FinCEN	FMS	IRS	Mint	OCC	OTS	TIGTA	TTB	TOTAL
0083	Police	231						385					616
0110	Economist			190			183		38				411
0132	Intelligence Research Specialist				109								109
0301	Customer Service Specialist		275										275
0301	Customer Assistance Specialist								118				118
0301	Regulatory Compliance and/or Enforcement Specialist				50								50
0340	Program Management					107							107
0343	Management & Program Analyst					180							180
0501	Financial Systems Analyst		51										51
0501	Financial Administration & Program					252							252
0501	Government Specialist (TEGE)						2,181						2,181
0510	Accountant		175			220							395
0511	Auditor										303	76	379
0512	Revenue Agent						12,318						12,318
0525	Accounting Technician		94										94
0526	Tax Resolution Representative/Tax Specialist						4,055						4,055
0570	Financial Institution Examiner								1,831	507			2,338
0592	Tax Examiner						17,827						17,827
0801	Engineer						281						281
0905	General Attorney			84					117		14	15	230
0930	Appeals Officer						933						933
0962	Customer Service Representative						14,288						14,288
0963	Legal Instruments Examiner		98										98
0987	Tax Law Specialist						296						296
1160	Financial Analyst			13									13
1169	Revenue Officer / Settlement Officer						5,680						5,680
1320	Chemist											22	22
1801	Alcohol and Tobacco Tax and Trade Investigator/Alcohol and Tobacco Specialist											92	92
1811	Criminal Investigator										337		337
1811	Special Agent						2,806						2,806
1854	Alcohol and Tobacco Tax Specialist											190	190
2210	Information Technology Specialist		294	55	29	390	5,063	71	113		85		6,100
3414	Machinist							71					71
3513	Coin / Currency Checker	104											104
3869	Metal Forming Machine Operator							302					302
4406	Letter Press Operator	179											179
4441	Bookbinder	99											99
4446	Picture Engraver (Bank Note)	12											12
4449	Plate Maker (Intaglio)	25											25
4454	Intaglio Press Operator	190											190
5401	Press Worker (Roller Coverer)	58											58
5440	Packaging Machine Operator							74					74
6907	Currency Controller	93											93
6941	Bulk Money Handler	278											278
	TOTAL	1,269	987	342	188	1,149	65,911	903	2,217	507	739	395	74,607

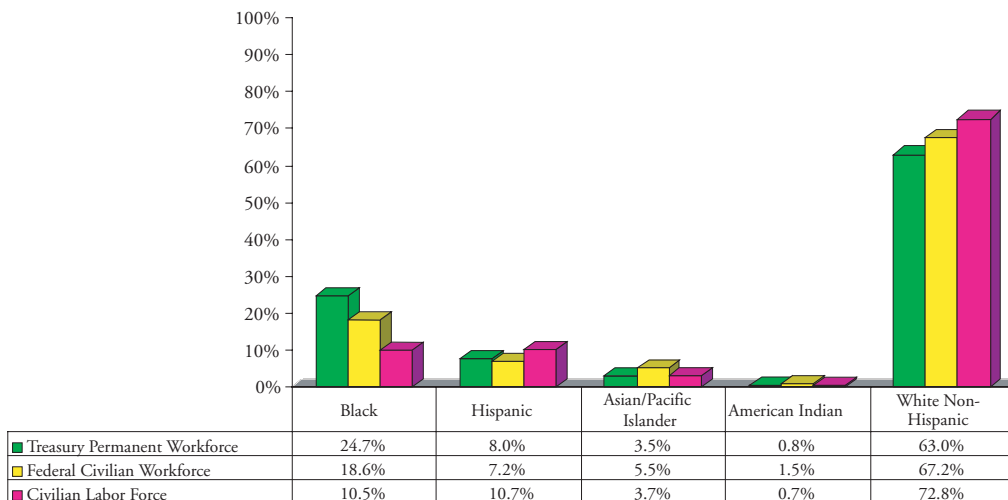
The workforce represents a broad spectrum of educational credentials. Over twenty-five percent have earned a college degree, and almost another ten percent have earned credits for courses beyond the college level, some earning graduate degrees.

Educational Level of Permanent Employees as of 9/30/03



Treasury's workforce is diverse and well represented in most categories of race and national origin when compared to the Federal Civilian Workforce (FCW) and the Civilian Labor Force (CLF).

Race/National Origin as of 9/30/03



WORKFORCE PLANNING

Treasury's complex and widely dispersed workforce composition presents challenges for workforce planning at the Department level. The *Human Capital Strategic Plan* (HCSP) recognizes that there are crosscutting human capital drivers that are shaping Treasury's future. Strategic workforce planning is a critical tool for ensuring that Treasury has sufficient staff with the right skills, and doing the right work to accomplish its mission, now and in the future. Workforce planning is seen as a key element in aligning the workforce with new and changing business needs. The HCSP specifies that workforce planning will form the basis for many human capital strategic decisions.

The Office of the Deputy Assistant Secretary for Human Resources/CHCO has developed a *Workforce and Succession Planning Guide*, which provides a framework to bureaus to conduct workforce and succession planning. Bureaus should recruit, retain and develop their leadership workforce using workforce succession planning to achieve Treasury's mission, goals and objectives. Workforce planning must be an integral part of an organizations' ongoing strategic planning, strategic performance planning, and workforce planning resource allocation processes.

Using the framework developed by OPM, the Department will build upon the bureaus' workforce analyses to:

- *Build a Workforce Profile and Workforce Supply*
Identify the products and services, the key job series required to provide them, and the critical competencies needed by employees in each job series.
- *Determine Workforce Demand*
Analyze current and future position and occupation demand and business requirements based on anticipated changes in demand and productivity for Treasury products and services
- *Conduct Workforce Gap Analysis*
Determine workforce gaps in positions and occupations based on changes in demand and productivity rates for Treasury's products and services
- *Close Gaps*
After identifying the gaps in the workforce, develop strategies to close FTE, skill, and competency gaps.
- *Integrate into Human Capital Planning*
Ensure that the results of workforce planning are continuously integrated with the HCSP.

A number of individual bureaus have analyzed their workforce needs and incorporated the results into their human capital planning. The result has been innovative and successful human capital strategies that contribute to attracting and retaining a talented workforce. Most notably, IRS and FMS, representing 90% of the Treasury workforce, have conducted workforce analyses and incorporated the results in their human capital strategies.



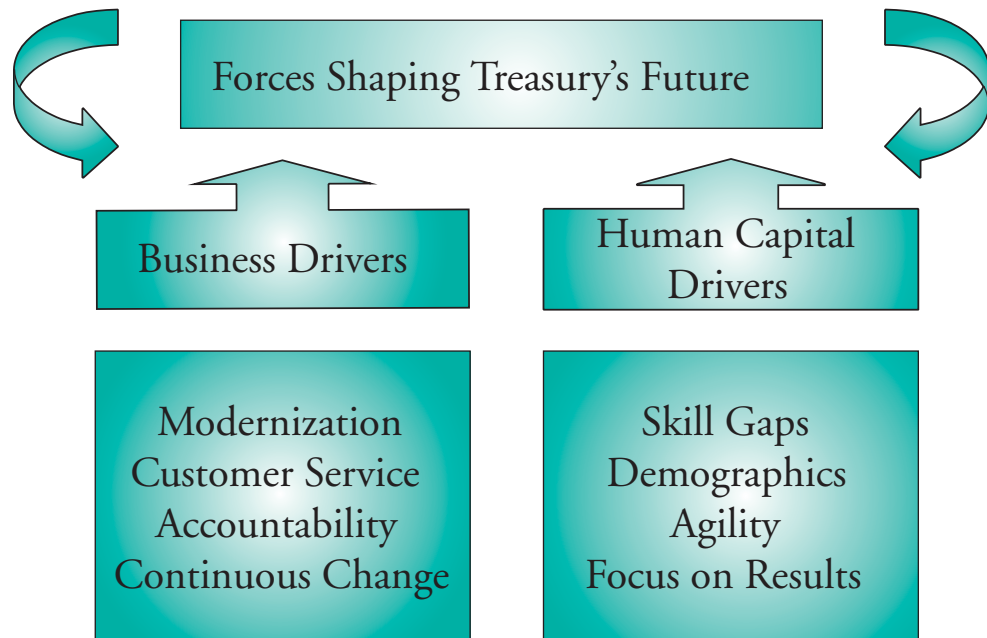
The Internal Revenue Service (IRS) has been a leader in conducting workforce analysis and integrating the results into workforce plans for recruiting, educating, developing, sustaining, and transitioning human resources. The IRS Human Capital Planning and Measures team identifies multi-year staffing plans based on projected competency needs and hiring requirements, with a particular focus on front-line tax administration divisions. The team has produced a Workforce Analysis Report, which summarizes projected hiring demand in key occupations.

The multi-year staffing plan identifies future demand for mission-critical occupations, consistent with IRS strategic plans and budgetary decisions. The staffing plan also matches the supply of current employees with this future demand, considering projected retirements, migrations and separations. Analysis revealed that several front-line business units needed to hire personnel in critical occupations, such as Revenue Agents and Tax Compliance Officers, in order to maintain current levels of organizational performance.

The Financial Management Service (FMS) identified occupational skill gaps as a basis for building human capital programs to close those gaps. FMS designated sixteen critical occupations and then asked each program area to project their attrition and hiring needs. For each of the occupations, FMS identified critical competencies, the level of proficiency for that area, and general assessment of the current workforce supply. This information not only comprised the initial critical competencies, but also highlighted the gap between the current workforce and projected demand, and provided a baseline for human capital planning.



BUSINESS AND HUMAN CAPITAL DRIVERS



BUSINESS DRIVERS

A variety of external forces will drive and shape the Department's future and have a significant impact on the structure and management of human capital. Several of those forces are summarized below.

Modernization

Doing business faster, better, and on a more global scale will continue to drive change and human capital demand at an ever-increasing pace at Treasury. Increased use of technology, business process and management, consolidating and modernizing systems, and the introduction of innovative manufacturing technology will require new and updated skills and work methods. For example, the extensive overhaul of the tax system will require changes in both the culture and skill requirements for Internal Revenue Service employees. The recent change to use color in the United States currency requires the Bureau of Engraving and Printing to retrain their highly skilled employees in these updated processes. A newly defined skill set for managers and employees is necessary as the Financial Management Service moves to web-based processing. Modernization is unilaterally transforming the work in all of Treasury.

Customer Service and Public Scrutiny

Providing citizen-centric services that can withstand public scrutiny is a cornerstone of management reform for federal agencies. Treasury's unique role as a financial champion highlights the importance of providing continuously improving customer service to citizens and other stakeholders, while ensuring the integrity and ethical behavior of employees. For example, both the Office of the Comptroller of the Currency and the Office of Thrift Supervision have initiated long-term efforts to secure suggestions from the public and industry on a more streamlined and less burdensome regulatory process. In response to increased public scrutiny, the Internal Revenue Service implemented a system for monitoring customer service representatives' telephone conversations with customers in order to ensure employee compliance with guidelines for integrity and ethics. Without compromising its responsibilities, Treasury will continue to adjust and align its business operations in order to exceed customer expectations and to provide a model of integrity throughout Treasury's business entities.

Efficiency and Accountability

Federal agencies are expected to work efficiently and effectively to implement the *President's Management Agenda (PMA)* and continuously improve internal business operations. The Department has established performance measures to explicitly gauge the level of success against performance goals. Treasury also uses the *Program Assessment Rating Tool (PART)* as a bridge between program performance measures and budgeted requests. Managers will use the information generated by *PART* to continuously assess progress in achieving desired outcomes, and adjust actions accordingly. An increased focus on business accountability will generate a shift for employees to a results-based culture that will recognize individual contributions to the achievement of the Treasury mission. The effective and efficient management of human capital is a key factor in improving business operations and is the responsibility of all managers. To ensure this principle is met, an integral part of the HCSP will be the *Human Capital System for Accountability*, which will be used to measure progress toward meeting human capital goals and ensure the effectiveness and efficiency of human capital programs across the Department.

Continuous Change

Change is constant and ever-present. Treasury employees will be expected to respond quickly to the product and service needs generated by changing market conditions, evolutions in the national banking industry, industry consolidation, and legislation. For example, Treasury is committed to improving and simplifying the tax laws and administrative guidance. A less burdensome tax system will mean tax code reforms, simplified tax forms, an increase in electronic reporting and filing, and improved pre-filing guidance. Workforce skills will evolve to meet these changes; and employees will be required to adapt to a changing work environment and adopt new work methodologies and processes. Transformation in some form is affecting virtually every Treasury bureau, while at the same time underscoring a need across Treasury for increased agility in recruiting and training, and the strategic deployment of human resources.

HUMAN CAPITAL DRIVERS

The complexity and high rate of business change driving the future of Treasury will influence investments in and deployment of the workforce. At the same time, several dynamic demographic trends are converging to reshape the labor pool. As the federal workforce ages, more employees will become eligible to retire, the majority of whom are managers with key professional expertise and institutional knowledge. Minority representation in the U.S. labor force will continue to increase, and this rise will be reflected in the federal workforce profiles across the federal government. Employees are no longer tied to a notion of joining an organization, staying for years and finally retiring from the same entity. The Department's response to changing and emerging workforce trends will continue to implement broad systemic changes in order to build an organization that can successfully compete for and retain talent as the *Employer of Choice* while achieving business excellence.

Skill and Competency Gaps

The Department's skill mix and workforce competencies must evolve to meet the changing business environment and requirements for new and evolving products and services. While it is understood that the need for today's skills and competencies will not become completely obsolete, it is obvious that skill and competency priorities will shift, and the future will require more sophisticated, complex, and interdependent blends of skills and talent. The increasing use of technology to deliver products and services, such as the Bureau of the Public Debt's move to an all-electronic system for Treasury retail investors, will create new efficiencies and result in changes in the type of work currently being performed. These changes will require the prompt additional hiring or retraining of existing employees to help them achieve new skills. Concurrently, the demand for some of the fundamental core skills and competencies could increase as services such as franchising to other federal agencies continue to grow. As modernization and e-Government initiatives expand, organizations such as the Community Development Financial Institution Fund, the Financial

Management Service, and Treasury Departmental Offices will require skills needed to manage projects, reengineer processes, design and implement electronic systems, and work in web-based environments. Finally, changes to work processes such as the Internal Revenue electronic tax filing initiative will result in a decreased need for employees performing routine tasks and an increased demand for employees who possess technical and specialized skills.

Demographics and Changes in Talent Pool

Treasury can expect a steady drain on the technical and leadership talent pool. The Department's demographic profile mirrors the federal retirement profile of employees who have enjoyed a long federal career and are nearing retirement. It is expected that some of the more populated and critical occupational categories could be dramatically affected. Treasury must have a strategy in place that provides a constant and ready pool of qualified candidates that can fill these critical gaps and ensure continuity of operations and achievement of organization goals. The Department must shift focus to actively compete for this emerging talent pool. The realities of hiring and retaining high-quality employees, and selecting and preparing them for leadership roles, are far different from the past. New recruits are eager for a balance between work and personal time and are willing to change jobs as frequently as is necessary to achieve their goals. Treasury must use innovative strategies to attract these workers and must offer financial incentives, challenging work, developmental opportunities, and state-of-the-art technology to retain them.

Workforce Agility

To support the continuous and constant business changes, Treasury must adopt more flexible and agile approaches to building a cadre of qualified and skilled employees. The size and structure of the Department's workforce will adapt to meet changing mission priorities, support new products and services, and enable identification and implementation of new work processes and methodologies. For example, as bureaus such as

the United States Mint and the Office of Thrift Supervision struggle to increase responsiveness to changing market conditions, their workforce must be easily realigned and reskilled to deliver new and improved products. New ways of approaching old work, such as the United States Mint's new generation of manufacturing technology, will surely change the structure of organizations and numbers of positions for better alignment, sometimes requiring more specialists and, at other times, the need for more generalists.

Focus on Results

An increased focus on both individual and organizational outcomes and results will continue to drive cost control, accountability systems, and the need to work efficiently. As a result, the performance culture will shift to one of emphasizing and recognizing overall accomplishments and outcomes rather than process. This shift will drive significant changes and an increase in individual accountability. Performance and pay systems should be linked, and to the extent possible, educational and developmental opportunities should be provided to help employees meet new performance expectations. Management will be challenged to inspire the workforce to embrace the culture shift, while improving employee satisfaction by providing support in work assignments and a positive and flexible work environment.



*The Blue Room –
Office of the
Under Secretary
for International
Affairs*

HUMAN CAPITAL STRATEGIC GOALS OVERVIEW

***TREASURY'S VISION:** Make Treasury an exciting and attractive place to work by offering employees the opportunity to use their full potential in support of the Department's stewardship of the U.S. economy.*

The Department of the Treasury Human Capital Strategic Plan (HCSP) for Fiscal Years 2005-2008 sets forth a roadmap for attracting and retaining the talent and commitment Treasury will need to meet its future business challenges. The plan envisions a continuously improving workforce of engaged, highly competent, and business-aligned employees. The purpose of the HCSP is to facilitate the management of human capital resources to accomplish the Treasury mission effectively and provide quality customer service.

The HCSP is designed to optimize the human capital vision within the highly variable missions and cultures of the bureaus. It presents a broad strategic direction that allows each bureau the freedom to target its most crucial human resources needs while recognizing and acting on crosscutting issues. The human capital planning process highlighted many current best practices that can be leveraged, some initiatives that can be improved upon and many opportunities for developing new initiatives. The HCSP and OPM's *Standards for Success* will serve as benchmarks for future progress

and allow Treasury to showcase and share all of its innovative and effective solutions.

The development of the HCSP was a collaborative effort throughout the Department. Executives from all bureaus participated in cross-bureau and cross-functional teams to identify a clear set of business drivers linked to the Treasury strategic goals. They defined the key human capital drivers evolving from workforce demographics and identified workforce gaps. Based upon the business and human capital drivers, they developed human capital goals, outcomes, and strategic priorities linked to and supportive of the *Treasury Strategic Plan*. A Core Team of executives appointed by respective bureau heads, developed universally accepted mission and vision statements and agreed to the key human capital strategic goals. Recognizing the importance of this endeavor for the future of Treasury, an Oversight Board of Treasury leaders provided guidance and direction on and subsequently approved the HCSP content and construct. Additionally, all bureaus reviewed and approved the *Human Capital Strategic Plan*.

HUMAN CAPITAL STRATEGIC GOALS

The HCSP commits to four key human capital strategic goals that form the pillars supporting the mission and vision for the future of human capital at Treasury:

- 1. Organizational Effectiveness:** Align human capital plans, strategies, and systems to achieve organizational effectiveness and mission accomplishment.
- 2. Recruitment and Diversity:** Recruit and hire a highly skilled and diverse workforce aligned with business goals.
- 3. Employee Retention and Employee Satisfaction:** Retain a high performing workforce while maintaining an environment conducive to a high level of employee satisfaction.
- 4. Technology Skills:** Enhance workforce capabilities to support the use of current, new, and evolving technologies.

Throughout the four human capital strategic goals identified in the *Human Capital Strategic Plan*, there are references to planned initiatives, and those currently underway at the Department, that support Treasury's human capital goals, Treasury's strategic goals, and ultimately Treasury's mission. These reflect the variety and complexity of Treasury's mission and resulting human capital needs. The goal of the HCSP is to create the vehicle by which Treasury can maintain and manage a workforce that can deliver such diverse Treasury mission as advising on economic growth and prosperity, developing policy and guidance on fiscal matters, producing coins and currency, collecting taxes and monies, making payments, and performing central accounting functions. The HCSP addresses the complexity of Treasury's mission by providing crosscutting strategic goals and guidance that can incorporate and support bureau and program-specific goals and objectives while optimizing Department-wide initiatives. Many of the management and programmatic challenges cut across bureau boundaries and would benefit from more coordinated approaches. Cross-bureau coordination has been a hallmark of the development of the HCSP and will continue to be key to its accomplishment.

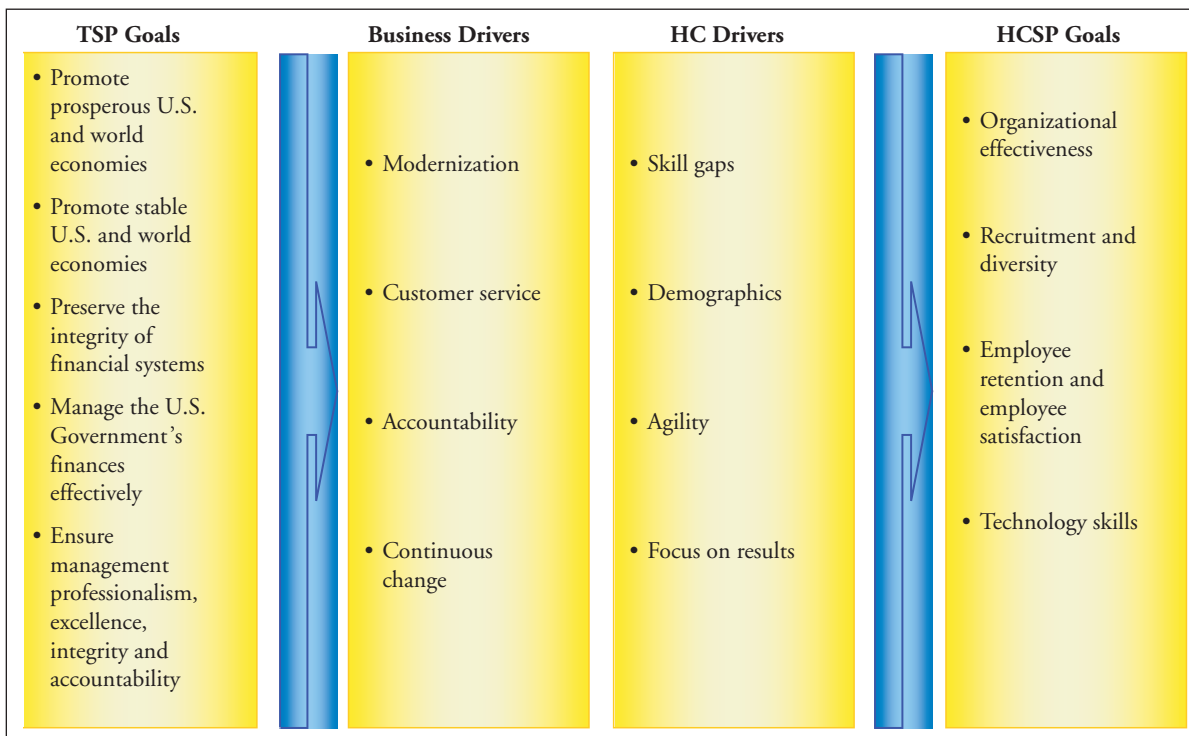
The *Human Capital System for Accountability (HCSFA)* will be used to measure the success of the strategies and tactics resulting from the HCSP. The implementation of the HCSP and the HCSFA will ensure that the Department has the information and data needed to make business decisions, and develop planned actions and milestones that will meet the intended goals of the HCSP.



*The Salmon Chase Suite,
honoring the 25th Secretary of the Treasury*

HUMAN CAPITAL STRATEGIC PLAN (HCSP) LINKAGE WITH THE TREASURY STRATEGIC PLAN (TSP) BUSINESS GOALS

HCSP Goals Flow From and Support the TSP Goals



The Treasury *Human Capital Strategic Plan* is the vehicle for providing the right people, in the right place, with the right skills to support the mission articulated in the *Treasury Strategic Plan*. The HCSP is an integral component of the Department's strategic commitment to linking human capital planning to business goals and outcomes. It is derived from the five business goals identified in the *Treasury Strategic Plan*, outlines the major business and human capital forces shaping our future, and defines the human capital strategies Treasury must use to meet strategic business needs. Throughout the plan, specific business challenges and their human resource implications are referenced.

Perhaps the most critical link between business and human capital planning is in the area of performance management. Employees who understand the mission, have the skills and knowledge to deliver the mission, and have performance expectations clearly linked to the mission are more likely to be high performers.

HCSP Goal #1 defines strategies and specific bureau initiatives to link individual performance plans and compensations systems with organizational goals and mission accomplishment and to invest in the development of mission-critical competencies. The success of the strategy will be measured by the strength of the linkage between employee expectations, business strategic goals, and performance management systems that provide incentives for high performers based upon achieving mission results.

HCSP Goal #2 addresses recruitment and diversity strategies linked to the business drivers derived from the TSP and the skill gaps and demographic issues identified as key human capital drivers. By focusing on recruiting a diverse workforce with mission-critical competencies, Treasury will continue to build a cadre of employees who can meet the challenges of global business, increased use of technology, elevated customer service expectations, and continuous business change. Treasury will re-focus recruiting

materials, continue collaboration with special emphasis and professional organizations, and maximize recruiting flexibilities to provide the optimal workforce of the future.

The speed of change and the high level of integrity and accuracy required by many of the Treasury missions, place high demands on employees. HCSP Goal #3 focuses on retaining a highly performing workforce and maintaining an environment conducive to a high level of employee satisfaction. Maintaining a supportive work environment will be a key factor in the success of major process and technology changes being implemented in the Internal Revenue Service, the Bureau of Engraving and Printing, and the United States Mint. Employees will be expected to learn new skills, change work processes, and be re-trained for new positions.

Almost all of the Treasury business strategic goals will depend upon new or increased technology. HCSP Goal #4 provides a comprehensive and concentrated focus on enhancing workforce capabilities to support the use of current, new and evolving technologies. The need for continuous improvement and change in technology skills is one of the most prominent crosscutting business and human capital issues. Eighty percent of the Treasury bureaus view technology and modernization as key business drivers and will be implementing significant process and technology changes during the planning period.

HUMAN CAPITAL STRATEGIC PLAN ALIGNMENT WITH MANAGEMENT INITIATIVES

The President's Management Agenda (PMA).

The President has called for a government that is active but limited, and focuses on priorities and achieves results. Rather than pursue an array of management initiatives, the Administration has elected to identify the government's most glaring problems and solve them. At Treasury, the PMA is a starting point for management reform.

The PMA contains five government-wide initiatives for improving federal management and delivering results to the American people:

1. Strategic Management of Human Capital
2. Competitive Sourcing
3. Improved Financial Performance
4. Expanded e-Government
5. Budget and Performance Integration

As part of this overarching effort, the HCSP fully supports the PMA initiative of Strategic Management of Human Capital. All human capital strategies will be linked to Treasury's business drivers and to the other four PMA initiatives, which will ensure that Treasury's workforce development programs are aligned with its mission.

The HCSP will fulfill Treasury's PMA goal of developing and communicating a comprehensive plan. The plan will provide a framework for ensuring that workforce planning is in place to address skill gaps in mission-critical occupations. Treasury's human capital efforts will align the workforce to the agency mission and provide service to the public in the most efficient manner. The HCSP will also ensure that (1) bureaus fully utilize human capital flexibilities and enterprise-wide technology solutions to support human resources service delivery; (2) performance management systems are linked to the accomplishment of the organization's mission; and (3) bureaus have succession and development plans in place to ensure continuity of leadership. Treasury is also incorporating actions into the HCSP that will address under representation and ensure that it can recruit and retain a high-quality, diverse workforce. The success of these efforts will be gauged through a *Human Capital System for Accountability* using a set of challenging performance measures.

OPM'S Standards for Success. The human capital strategic goals align with OPM's *Human Capital Assessment and Accountability Framework*. OPM's accountability framework established six *Standards for Success* for human capital management:

1. Strategic Alignment
2. Workforce Planning and Deployment
3. Leadership and Knowledge Management
4. Results-Oriented Performance Culture

5. Talent
6. Accountability

These standards form the platform for the HCSP outcomes and strategies.

Treasury Diversity Strategy. The *Treasury Diversity Strategy* provides a framework for linking the Department's diversity and human capital initiatives to mission results. It is designed to help bureaus assess their current state, identify gaps, develop plans for bridging those gaps, and check progress along the way.

The *Treasury Diversity Strategy* concentrates on four primary areas: recruitment, hiring, retention, and accountability. While it imposes no requirements beyond those currently required by existing law, regulation, or executive order, it provides a comprehensive blueprint to address Treasury's vision of a diverse workforce. It does this by ensuring that: 1) recruitment policies are sufficiently broad to afford maximum flexibility and enable recruitment of well-qualified candidates from a wide variety of sources; 2) internal barriers do not impede the hiring, promotion, or retention of any candidate or employee because of his or her race, gender, national origin, age, color, religion, disability, sexual orientation, parental status, protected genetic information, or any other non-merit factor; and, 3) the Department develops a culture of inclusiveness, where every employee is given the opportunity to work at his or her own full potential.

The strategies and outcomes directly link to the related components of the *President's Management Agenda (PMA)*, OPM's *Standards for Success*, and the *Treasury Strategic Plan*. These strategies also directly link to the strategies in the HCSP. The *Treasury Diversity Strategy* and the *Human Capital Strategic Plan* will enable Treasury to become the *Employer of Choice* for a talented, committed, and diverse workforce.

PLANNING AND OPERATIONAL GUIDANCE AND TOOLS

The *Human Capital Strategic Plan* is supported by planning and operational guidance focusing on critical aspects of implementation. The *Workforce and Succession Planning Guide* offers a means by which bureaus can determine workforce demand and supply, systematically ensure leadership continuity, and conduct effective workforce analysis. The *Human Resource Flexibilities Guide* alerts managers to the tools available as part of an overall recruitment and retention strategy. These guidelines will help Treasury develop creative responses to the four human capital strategic goals that form the framework for building the workforce of the future.

COMPETITIVE SOURCING

As part of the human capital initiative, managers are asked to carefully consider competitive sourcing as a workforce deployment option using the following rationale. First, competitive sourcing must factor in existing bureau restructuring initiatives. Customer expectations have changed dramatically at the Internal Revenue Service with the expansion of e-filing. The growth of internet commerce has reduced the use of traditional currency and coins, directly affecting the operating environments of the United States Mint and the Bureau of Engraving and Printing. These environmental changes have forced these three bureaus, representing more than ninety percent of the Treasury employee pool, to restructure and redefine their workforce requirements.

Second, competitive sourcing can be a potential solution to skill gaps. Treasury's competitive sourcing plan is based upon the Department of Transportation's best practice of *Buy, Grow, or Rent* initiative for addressing skill gaps. Treasury will utilize the results from a *90-Day Streamline Conversion Study* to provide a competitive sourcing option for addressing skill gaps.

The following sections define each of Treasury's human capital strategic goals and outline the strategies for reaching them.

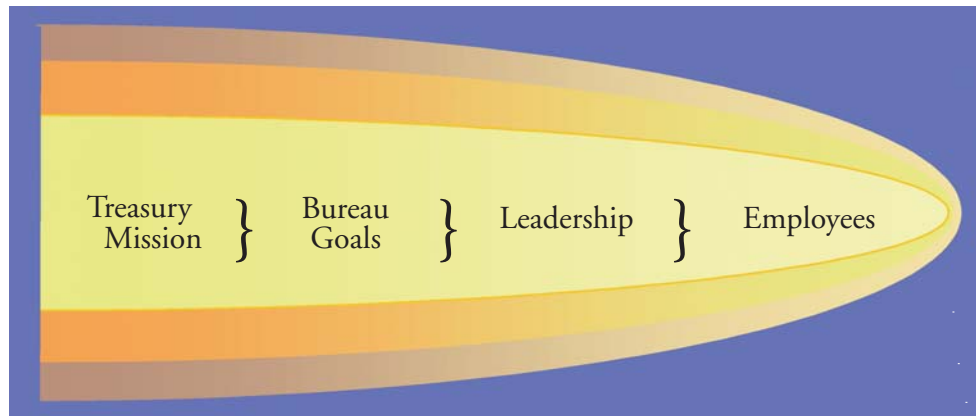
HCSP GOAL #1: ORGANIZATIONAL EFFECTIVENESS

GOAL:

Align human capital plans, strategies, and systems to achieve organizational effectiveness and mission accomplishment.

This strategic goal serves as the overarching framework for ensuring that Treasury's human capital management program reflects and supports core mission accomplishment. It requires that all bureau human capital management strategies and activities be clearly and strategically aligned to Treasury's core organizational goals and priorities.

Employee Responsibilities Align With Mission Goals



STRATEGIC ALIGNMENT

Treasury's future organizational effectiveness will depend upon the degree to which Treasury has built solutions to human resources management issues that are aligned and integrated with Treasury's business demands. The Department's human resources strategies should ensure that every Treasury employee understands how his or her work contributes to the accomplishment of the Department's goals. Treasury's business and human capital drivers suggest that key elements of the integration include ensuring that individual performance is linked to organizational performance, building workforce capacity through training, and aligning human capital policies to support mission goals. This goal envisions a workforce that is held accountable and rewarded for achieving results. In order to

meet the challenge of having a mission-ready workforce, training and development will remain a high priority. Furthermore, building workforce skill levels will mean retaining critical skills and knowledge as well as refreshing outdated skills. Finally, human capital policies will be examined with an eye toward ensuring that they demonstrably support business results.

Within the next few years, a retirement surge will result in a critical loss of knowledge and experience that will create staff and skill shortages, especially at the supervisory and managerial levels. Productivity gains, efficiencies from technology, and overall reductions in the federal workforce potentially translate to fewer hiring opportunities to replace Treasury's experienced workers. As demands on employees change and increase, they will need clear metrics for setting their

performance goals and priorities. The competition for talent will increase and retention of new employees will become more challenging. In order to improve Treasury's position as a competitive employer and maintain a capable workforce that can ensure organizational success, the Department will focus on pivotal workforce issues and continue to strengthen the linkage between human capital and business strategies.

This Organizational Effectiveness goal provides flexibility so that each bureau can customize their human capital plans to achieve their mission

priorities, while further enhancing strategic focus and demonstrating how and where value is added. The bureaus' goals, strategies, and approaches will continue to reflect their specific human capital needs and form an integral part of the bureaus' overall strategic planning, budgeting, and performance management processes as required by the Government Performance and Results Act (GPRA). The Department as a whole is making steady progress towards alignment of all human capital strategies and practices to more effectively and efficiently support the overall Treasury mission.

OUTCOMES AND STRATEGIES

GOAL I - OUTCOME I

Compensation strategies and performance systems differentiate performance levels and link with organizational goals and mission accomplishment.

Treasury bureaus will shift the orientation of individual employee performance from an emphasis on processes and the completion of activities to the achievement of results. Individual employee performance expectations will connect daily work activities to organizational success by creating alignment between the individual's responsibility and the organization's goals.

Strategies

Bureaus can employ the following strategies:

- 1.1.1 Align top leadership performance expectations with organizational goals and cascade to lower organizational levels to include managers and front-line employees. Results-oriented executive performance agreements will be used for senior executives and senior managers. The agreements can reflect the unique Treasury organizational priorities, goals, and mission. Performance may be appraised on quantitative and qualitative results that are balanced against other performance dimensions, including customer and employee satisfaction.
- 1.1.2 Use compensation and performance management systems to create strategic alignment between and among the Department's mission, the bureaus' individual missions, and the employees' responsibilities. Focus can be on rewarding mission-related contributions and creating a results-oriented performance culture.
- 1.1.3 Use incentive and reward systems in an innovative manner to ensure that they recognize and encourage mission-related contributions and create a results-oriented culture.

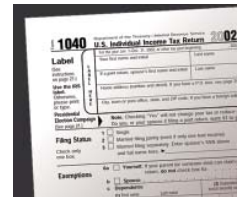
Current Human Capital Programs



The Office of the Deputy Assistant Secretary for Human Resources/Chief Human Capital Officer (DASHR/CHCO) has worked with Treasury bureau leadership to design a new performance management system for Treasury senior executives with implementation scheduled for FY 2005. The system replaces eight separate and significantly different bureau executive performance management systems, providing much needed consistency across Treasury in how executive performance is assessed.

The new system ensures alignment of individual executive performance to Treasury and bureau missions; emphasizes results-based performance standards; provides balanced measures of leadership competencies and employee and stakeholder perspectives; and provides the means for making meaningful distinctions based on relative performance and contributions. The system provides the framework for meeting certification requirements implemented as part of the 2004 Department of Defense Authorization Act and will enable Treasury to compensate its highest performing executives at higher pay rates, based on their contributions to organizational goals.

The Internal Revenue Service (IRS) has linked pay to performance with a new pay-banding system that bases compensation on performance rather than longevity, makes high performance more rewarding, and increases performance criteria with progression through pay bands. In response to the Restructuring and Reform Act of 1998, the IRS redefined its approach to performance, from mission and goals to organizational and individual performance measures. The system sets new individual employee goals and measures supported by common core responsibilities. It includes individual performance contracts, which are aligned to balanced measures. Another feature of the program is a compensation system focused on performance where higher pay requires higher performance expectations. In turn, higher performance nets increased rewards. The pay-banding structure provides for a biennial salary review, determined by two years of performance ratings, with oversight by a Performance Review Board.



The Bureau of Engraving and Printing (BEP) has implemented a *Goal Sharing Program* that provides an opportunity for all non-SES employees to participate in achieving bureau-wide product quality, cost reduction, and employee safety goals. The plan gives employees a financial stake in improving BEP's performance. Goal sharing rewards employees with monetary payments when their collective efforts reduce BEP's costs for production, manufacturing support, and administration. Employees can earn annual payouts based upon the amount of money saved. BEP provides guidance on specific business areas to target for cost reduction measures through quarterly reports it disseminates to employees. The program has shown measurable reductions in budgeted expenditures.

The United States Mint (Mint) Performance Program gives supervisors high-tech tools for dealing with performance problems swiftly and efficiently while improving performance outcomes and employee retention. The program consists of three components. The first is an interactive training module *Addressing and Resolving Poor Performance* that supervisors can access from their desktops. The second is the creation and use of a *Performance Support Team*, also accessible to supervisors via the Mint's intranet. The *Performance Support Team* provides supervisors prompt, personal, and on-going guidance and counsel so they can make more informed decisions prior to taking any action. The third component is a half-day group seminar that addresses the common reasons why supervisors fail to deal with performance problems and gives them effective tools for dealing with performance issues. The program has been successful in improving management's understanding and handling of this difficult human capital issue.





The Office of the Comptroller of the Currency (OCC) has adopted a *Pay for Performance Compensation Program* that incorporates a broad pay band structure, collapsing twenty-five grades into nine pay bands. All OCC positions, from entry level support staff to top executive, fall within these nine pay bands. Annual pay increases are merit and performance based; no annual across the

board or general increases are offered. In addition to merit pay pools, each year ten percent of OCC employees may receive special increases of five percent of base pay for developing and applying new skills that result in job growth and are aligned with OCC goals and objectives. Annual analysis of awards, special increases, merit increases and promotions demonstrates a positive correlation between levels of performance and pay recognition.

Critical Success Factors

The critical success factors that may be present for Treasury's accomplishment of GOAL 1 - OUTCOME 1 are:

- Performance management systems that establish a direct connection between employee performance expectations and the core mission and strategic goals.
- Performance management systems that effectively distinguish between levels of employee performance.
- Compensation and performance strategies that provide incentives for high performers based on achievement of mission and desired business results.
- Performance management systems that hold employees accountable for desired business results and effectively serve as a basis for addressing poor performance.
- Flexible compensation systems contribute to the retention of mission-critical occupations and achievement of mission and desired business results.

GOAL 1 - OUTCOME 2

The workforce is well trained and capable of achieving the mission.

Treasury bureaus should invest in employee, manager, and leader training and development programs as a strategic imperative for enhancing organizational performance.

Strategies

Bureaus can employ the following strategies:

- 1.2.1 Identify mission-critical occupations and competencies through a systematic workforce planning process. Design training strategies to build or improve these competencies within the current workforce where gaps exist.
- 1.2.2 Invest in employee, manager, and leader training and development programs as a strategic imperative.
- 1.2.3 Use enabling technology to reinvigorate training and development programs when it maximizes value and minimizes performance risks.
- 1.2.4 Capture and make available the wealth of expertise and experience the current workforce possesses to aid in developing the next generation of managers, leaders, and technicians.

Current Human Capital Programs



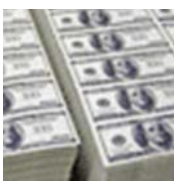
The United States Mint (Mint) has implemented a *Competency-based Career System*. Occupational training agreements are a key component of this system, as the Mint directs and develops the emerging workforce skills needed to accomplish its mission and meet individual career development goals. For fast learners, the agreements can accelerate career ladder movement to the journeyman level. At the same time, the system enables development of general leadership and supervisory competencies, two areas of top management concern. In addition, the trade occupations have active on-the-job certification programs that enable employees to attain needed skills. Each employee establishes career goals and sets learning schedules.

The Internal Revenue Service (IRS) has implemented and continues to improve several leading *Training Initiatives*. The increasing complexity of tax work and information technology systems requires the IRS to leverage learning technologies quickly. They have launched a corporate eLearning strategy that includes skill development courses, a self-directed learning management system, and other training options. The key component of the strategy is a state-of-the-art learning and content management system that increases the efficiency and effectiveness of training and employee development activities to improve mission accomplishment. IRS has formed a partnership with the *Arthur D. Little Alliance* that supports opportunities for accredited technical training. IRS is investing in long-term development through a *Life-Cycle* program to ensure that an adequate supply of skilled workers is available in the future. The program ensures that investments in training are planned, adequately funded, well managed, and give a high rate of return.



The Treasury Executive Institute (TEI) under the Deputy Assistant Secretary for Human Resources/CHCO brings the marketplace of leadership and business ideas to busy executives and senior leaders. TEI is unique in that it is a center for lifelong learning rather than formal development. It is also a model of cross-bureau collaboration. Programs are owned and customized by the bureaus. The primary delivery mechanism is a half-day seminar, often delivered by the author of a current leadership or business book. TEI programs are linked to the Office of Personnel Management's executive core qualifications. Ideas for the programs come from staff research, participants, and the Treasury Career Advisory Panel, TEI's board of directors. TEI is consistently praised by clients for its contribution to keeping leaders abreast of today's concerns and moving leaders toward excellence.

The Office of Thrift Supervision (OTS) has initiated the use of *video teleconferencing (VTC)* in support of its strategic goal to attain a professional and motivated workforce that provides exceptional service to its customers and supports achievement of its business goals. VTC increases OTS' productivity through effective and timely communications, provides the opportunity for additional staff participation, facilitates training and decision-making, improves teamwork, and integrates efforts among organizations and locations within OTS. In addition, VTC saves time and money and the personal burdens associated with travel. This initiative is indicative of OTS' commitment to remain proactive in the use of modern technology.



The Bureau of Engraving and Printing (BEP) established the *Plate Printers Apprenticeship Program*. The objective of the program was to develop and train Apprentice Plate Printers with skills and knowledge in the operation of multi-color intaglio, multi-color intaglio/offset, and Gravure printing presses, as well as electronic inspection systems. This four-year program, certified this year by the Department of Labor, was developed to serve as the foundation for the apprentices to become skilled journeymen Plate Printers. The program combines on-the-job training with classroom instruction.

Critical Success Factors

The critical success factors that may be present for Treasury's accomplishment of GOAL 1 - OUTCOME 2 are:

- Organizational emphasis on employee training and development as a top business priority.
- Training programs built around acquiring competencies that tie to organizational objectives and strategic needs.
- Training strategies that effectively address workforce training and development needs in an innovative and cost-effective manner.
- Clear policy that the organization supports employee self-development and expects them to improve their skills and learn new ones.
- Investment strategies that ensure a mission-appropriate training environment and professional development opportunities.
- Formal assessment programs that determine the impact of training and development activities on individual and mission accomplishment.

GOAL 1 - OUTCOME 3

Human capital policies, programs, and practices demonstrably support mission goals and organizational performance.

Treasury bureaus' varied missions, core values, business initiatives, and circumstances require custom-tailored approaches to managing their workforces. To accomplish this outcome, the human capital functions throughout the Department will emphasize a strategic approach for marshaling, managing, and maintaining the workforce based on current and emerging mission needs and organizational goals.

Strategies

Bureaus can employ the following strategies:

- 1.3.1 Human capital management programs focus on bureaus' unique mission demands and human capital challenges and are continually reevaluated against their success in achieving their organizations' core mission. Work with line managers to make more effective use of human capital policies, programs, and tools that eliminate barriers and provide for more effective human capital management practices.
- 1.3.2 Eliminate human capital barriers and give maximum flexibility to line managers to ensure quality services. Evaluate the effectiveness of human capital management practices to ensure they support high performance of Treasury's mission and provide a performance return on human capital investments.

Current Human Capital Programs



The Financial Management Service (FMS) has developed an FMS *Human Capital Strategic Plan* (HCSP) that aligns with FMS's business and workforce demographic environment. A Human Capital Advisory Council champions collaboration on human capital initiatives and is a key sponsor and contributor to the FMS HCSP. FMS's HCSP addresses the human capital issues and challenges presented by the FMS Strategic Plan.

Primary among those are successive revolutions in information technology, societal expectations, and structural issues related to federal employment, workforce demographics, and security. FMS's human capital plan sets forth six objectives that help focus the skilled and motivated workforce on meeting the business challenges, including: creating and maintaining a positive work environment; maintaining a professional workforce sufficient to meet the challenges of the FMS mission; developing managers who can effectively lead the organization; creating and maintaining a diverse, high performing culture; maintaining a continuous program of training and development; and ensuring that human capital management is recognized, valued, and supported.

Treasury maximized the flexibilities offered by voluntary separation incentive payment (buyout) and voluntary early retirement (early out) authorities in six of nine bureaus.

The Internal Revenue Service (IRS), Bureau of Engraving and Printing (BEP), Departmental Offices (DO), Financial Management Service (FMS), and the United States Mint (Mint) obtained both authorities. The Office of the Comptroller of the Currency (OCC) was granted only early out authority. The IRS obtained bureau-wide buyout and early out authority to help accomplish extensive restructuring and modernization activities. The IRS plans to close several submission processing centers, undertake numerous competitive sourcing projects, finish campus operations and call center reorganizations, carry out major business process re-engineering initiatives, and complete business systems and technology infrastructure modernization. Based on these major initiatives, IRS expects to realign 10,000 positions over the next two years, impacting approximately ten percent of its workforce.



Efforts to restructure the workforce and better align Treasury's human capital initiatives to Treasury's strategic goals resolved issues resulting from business changes across the Department, including: elimination of postage stamp programs at the BEP; skill imbalances as a result of technological innovations; the Homeland Security divestiture; competitive sourcing of functions; expanded roles under the USA Patriot Act; growth of e-filing; and other budgetary and efficiency considerations. Positive separation incentives, such as the early retirement and buyout options, have reduced the negative impact of organizational, programmatic, and technological changes faced by the Department.



Treasury *restructured corporate human resources* to provide better alignment with Treasury and bureau priorities, allow for a more efficient use of resources, and create a synergy to improve service delivery. The change combined three offices: the Office of the Deputy Assistant Secretary for Workforce Management, the Office of the Deputy Assistant Secretary and Chief Human Capital Officer, and the Departmental Offices, HR Operations. This restructuring joins all human resource policy and operational functions under one senior executive and into one organization, the Office of the

Deputy Assistant Secretary for Human Resources and Chief Human Capital Officer (DASHR /CHCO). The DASHR/CHCO organization centralizes the oversight of human resources policies and programs, emphasizes a strategic approach to workforce development, and fosters collaborative working relationships to accomplish Treasury's human capital goals. The DASHR/CHCO organization also manages the human capital component of the *President's Management Agenda (PMA)* for the Department. As a result of this effort, Treasury expects corporate human resources strategies will be aligned and integrated with missions, administration priorities, and departmental and bureau strategic plans.

Critical Success Factors

The critical success factors that may be present for Treasury's accomplishment of GOAL 1 - OUTCOME 3 are:

- Human capital planning documents include short- and long-term goals, objectives, investments, and milestones.
- Human capital programs, strategies, and investments are linked with organizational goals and objectives.
- Performance management systems hold leaders accountable for effective human capital practices.
- Measures assess human capital management contributions to mission accomplishment.
- A *Human Capital System for Accountability* is in place to assess the effectiveness of human capital strategies as they contribute to organizational effectiveness.

HCSP GOAL # 2: RECRUITMENT AND DIVERSITY

GOAL:

Recruit and hire a highly skilled and diverse workforce aligned with business goals.

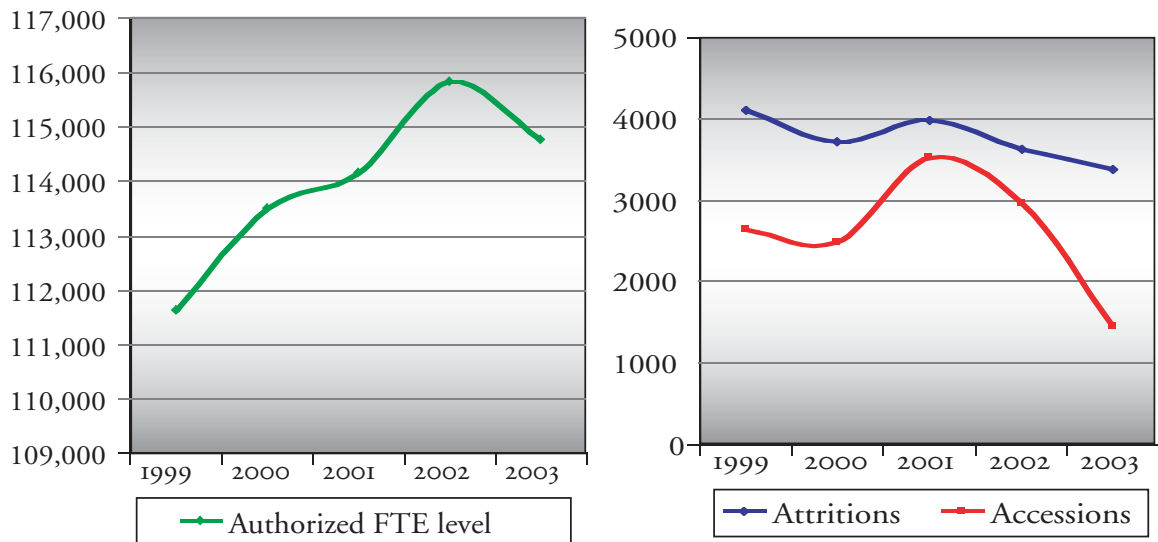
Hiring the right people, for the right job, at the right time, is essential to organizational success. Treasury will actively recruit a high quality and diverse workforce equipped with the skills and competencies to produce the products and services of the future.

STRATEGIC ALIGNMENT

Recruiting and hiring a highly skilled and diverse workforce aligned with the Department's strategic goals is a business imperative. Treasury continues to innovatively address critical emerging issues in human resources to improve its position as a competitive employer. Yet, Treasury acknowledges that rapid technological advances, downsizing of the workforce, and potential losses of knowledge through impending retirements will result in critical skill gaps that must be addressed in the near future. The Financial Management Service

(FMS) has identified the impact of information technology on its current and future workforce in the *FMS Human Capital Strategic Plan (HCSP)*. The United States Mint has similarly recognized that changing information and manufacturing technologies have created skill gaps that must be addressed in order to successfully accomplish its mission. Although skill gaps and recruiting needs vary among bureaus and occupations, all bureaus are working aggressively to enhance their success at attracting and retaining top candidates.

Authorized FTE, Attrition, and Accessions FY 1999 – FY 2003

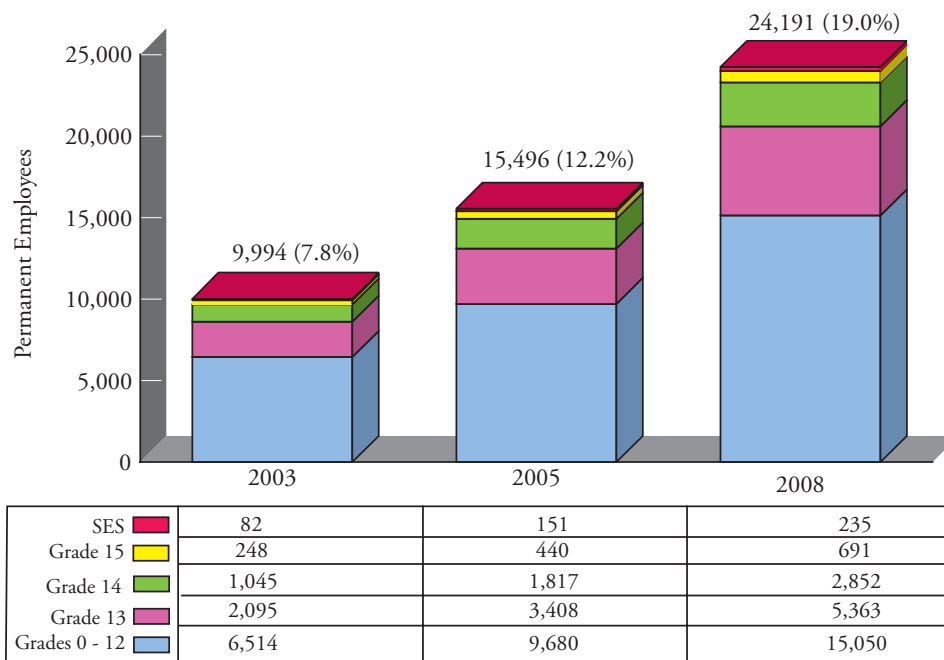


Data reflected in charts does not include the FTEs that were transferred to Homeland Security and the Department of Justice.

Many factors combine to produce a unique and challenging environment for building the workforce of the future. Excluding the number of full-time equivalents (FTEs) impacted by the divestiture to the Departments of Homeland Security and Justice, within Treasury, authorized FTE levels steadily increased from 1999 through 2002 but then decreased somewhat from 2002 to 2003. Attrition exceeded accessions during the entire accessions timeframe, with the largest gap in 2003. As a result, most bureaus have either maintained or slightly reduced their on-board workforce. In such an environment, recruiting must be strategically focused on the business priorities to ensure that every new hire is appropriately placed and contributing directly to the success of the organization. Recruiting will also be influenced by the increased turnover in entry level and new employees. Increased turnover at the entry level poses significant recruiting issues and challenges Treasury's ability to maintain a full workforce complement.

Competition for talent in the external labor market and within the federal government is heightened for some mission-critical occupations. The Internal Revenue Service (IRS) accounting occupation is a prime example. The growing employment opportunities for accountants coupled with fewer accounting graduates are shrinking the pool of available candidates for government employment in general and IRS employment in particular. Sixty percent of all individuals receiving bachelor's degrees in accounting accept positions in the private sector with public accounting firms, or as accountants in business and industry. Others choose private practice or work with state and local governments. In response, IRS has launched an aggressive and innovative marketing and recruiting campaign to improve its competitive edge. Several other bureaus have also responded to their recruiting challenges with similar aggressive solutions.

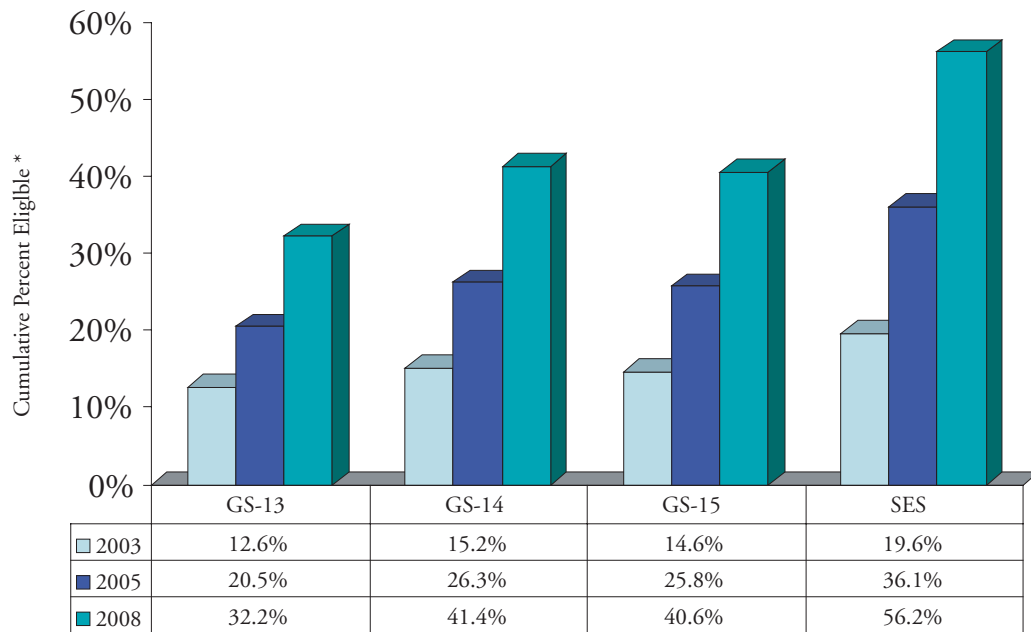
Retirement Eligibility of Permanent Employees as of 9/30/03



Percentages indicate the cumulative percent eligible of total FY 2003 Treasury population.

The impending retirement scenario at Treasury is consistent with other federal agencies. Nineteen percent of Treasury employees will be eligible to retire by 2008. Expert journey-level and leadership positions will see the greatest impact from retirements. By 2008, over thirty-two percent of grade 13 employees and forty-six percent of grade 14 through SES employees will be eligible to retire. Although retirement patterns and loss rates are likely to vary significantly across mission-critical occupational series, the potential drain on key components of Treasury's leadership and the workforce could be significant.

Retirement Eligibility of Experts and Leaders as of 9/30/03

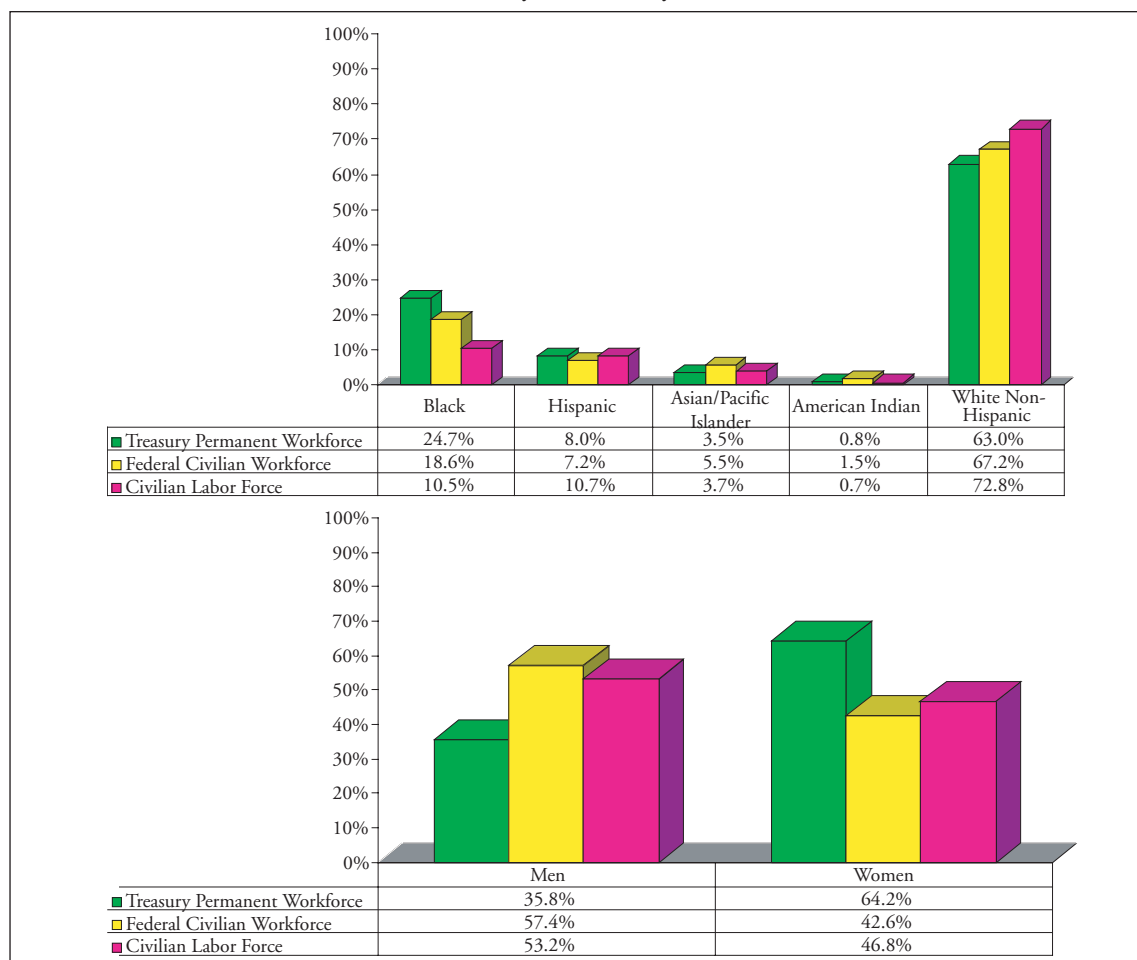


Treasury is proud to be an Equal Opportunity Employer. Treasury's workforce is diverse. The representation rates for women and for African-Americans continue to well exceed those for the civilian labor force and government. Women comprise 64.2 % of the permanent workforce, exceeding the civilian labor force rates by 17.4%. African-Americans are represented at 24.7%, exceeding the civilian labor force rates by 14.2%. Treasury's representation rates, particularly for Hispanic employees, were adversely affected when its law enforcement bureaus were transferred to the Department of Homeland Security and the Department of Justice in 2003. In spite of these changes, the Hispanic representation rate exceeds

the federal civilian workforce rate by .8% and is within 2.7% of the civilian labor force rates.

Treasury's planning must also take into account that the American workforce profile is changing rapidly. By 2050, the U.S. population is expected to increase by fifty percent, with minority groups making up nearly half of the population. One-quarter of all Americans will be of Hispanic origin and almost one in ten Americans will be of Asian or Pacific Islander descent. In addition, the population of older Americans is expected to more than double, and more women and people with disabilities will be on the job. Treasury will need to continue to expand its diversity profile to match the changing workforce supply.

Treasury Diversity as of 9/30/03



Treasury's goal of becoming a world-class organization requires continuing efforts toward enhancing its diversity profile. The Office of the Deputy Assistant Secretary for Human Resources/CHCO has developed and is implementing the *Treasury Diversity Strategy*, which identifies where opportunities remain that can improve the Department's diversity portrait and outlines strategies for doing so. In addition, Treasury negotiated a Memorandum of Understanding in FY 2004 with the Hispanic Association of Colleges and Universities to assist in the hiring of Hispanic interns throughout the Department. Finally, the Treasury Diversity Council has been established to advise the Secretary and Deputy Secretary on high-level initiatives that address the under-representation of minorities, women, and people with disabilities in the workforce; and with the implementation of a diversity management strategy that supports building and maintaining a diverse high-quality workforce.

The retirement drain, evolving business processes, and emerging skill requirements have prompted innovative and proactive new practices at all bureaus. Several of the best practices are featured later in this strategic goal under each outcome.

The Office of the Deputy Assistant Secretary for Human Resources/CHCO has developed the *Workforce and Succession Planning Guide* as a key driver for its human capital initiatives and to complement the activities of the HCSP. This guide is a general blueprint to help the bureaus develop tailored approaches to recruiting, retention, and succession planning in order to meet specific bureau business and workforce profile needs. Although they have applicability across all of the HCSP goals, they are particularly appropriate to Human Capital Strategic Goal #2: Recruitment and Diversity.

WORKFORCE AND SUCCESSION PLANNING GUIDE

One of the tools that the bureaus can use to systematically identify the workforce needed for the future is a workforce plan that is linked to its strategic goals. Approaches to workforce planning can differ within Treasury depending on each bureau's specific needs and mission. However, workforce planning models provide certainty of positive results if some essential elements are present, irrespective of the context of the planning.

The Office of the Deputy Assistant Secretary for Human Resources/CHCO has developed a *Workforce and Succession Planning Guide* and made it available to bureaus. The guide provides an eight-step model for conducting workforce planning and defines key elements for succession planning for leadership positions. The workforce planning model suggests that bureaus define their strategic direction, assess their current and future workforces, and implement action plans for closing the gaps. It calls for assessing the gap between the supply and demand, and then choosing appropriate human capital strategies for bridging it. The model also suggests that, at a minimum, workforce planning should be conducted for each bureau's mission-critical positions.

The succession-planning portion of the guide focuses on achieving Treasury's long-term goal of assuring continuity of leadership in support of its mission. The guide promotes systematic succession planning, identifying sources of leadership talent from both internal and external sources, and providing means for assessing, developing, and managing identified talent. The guide identifies six measures of success for leadership succession planning and explains the standard elements that should be included in every bureau's succession planning effort.

It is anticipated that both workforce planning and succession planning will pay dividends in many ways, such as ensuring a ready supply of talent and helping boost retention and organization performance. It can also provide organizations the opportunity for seamless transition through periods of growth, reduction, shifts in skill needs, and workload imbalances.

OUTCOMES AND STRATEGIES

GOAL 2 - OUTCOME I

Recruitment initiatives incorporate diversity, with emphasis on underrepresented demographics, to attract and acquire high-quality individuals, especially for mission-critical occupations. Recruitment initiatives are fully integrated with business plans and are supported by workforce and succession planning.

This outcome contributes to closing the gap between current and future availability of high-quality talent for mission-critical occupations. It recognizes the importance of diversity in building the successful workforce of the future.

Strategies

Bureaus can employ the following strategies:

- 2.1.1 Identify skills and diversity gaps in mission-critical areas and succession plans to assist in workforce planning.
- 2.1.2 Increase the awareness, understanding and use of available human resources flexibilities.
- 2.1.3 Develop recruitment-focused marketing materials that brand Treasury as an employer of choice through its unique role in the worldwide economy and through incentives such as government-wide benefits, work and life flexibilities, and financial incentives.
- 2.1.4 Continue to maintain an ongoing presence with special emphasis groups, including professional organizations, colleges and universities, veteran's organizations, and minority and community groups.
- 2.1.5 Partner recruitment activities between and among bureaus through the Diversity Council Forum.

Current Human Capital Programs



Treasury's *HACU Internship Program* opens doors to career opportunities for student interns and promotes a more diverse workforce. Through this program, Treasury has established a partnership with the Hispanic Association of Colleges and Universities (HACU) to increase the representation of Hispanics in the workforce. The program provides professional experience to students so that they can make better career choices. It also creates a pool of talented potential future employees who have had a positive and meaningful work experience with Treasury.

The Office of the Comptroller of the Currency (OCC) has developed a *Strategic Plan for Active Recruitment, Retention and Career Development*. This five-year plan outlines strategies for acquiring and retaining talent and diversity. The recruiting methodologies consider OCC's skill requirements as well as current employment and industry trends. To enhance its outreach efforts, OCC created a new position, National Recruitment Coordinator, to integrate and oversee all recruitment activities. The coordinator has developed a long-term recruitment plan that involves continuous evaluation of marketing strategies and recruitment sources to target those that led to the most effective results. The plan calls for an aggressive recruitment program that uses such means as building relationships with minority colleges and universities and professional organizations in the financial services industry as part of a strategy to refocus outreach efforts for bank examiners. The program employs a variety of marketing strategies that include using job search websites, recruiting software, professional journals, and job fairs.



The Financial Management Service (FMS) has linked its *mission-critical competencies to recruitment*. FMS has systematically identified mission-critical occupations and the associated workforce competency requirements, with an ultimate objective of aligning its workforce with business goals. Critical competency information has been incorporated into the automated on-line position description library available to managers for use in developing recruitment and training criteria. Almost fifty percent of the current recruitment actions target attracting new hires into the federal government, and more than half of these actions are for positions at the entry and student levels. Concurrently, FMS is establishing training programs

to diminish gaps in several mission-critical competencies and has developed a preliminary model for an automated Individual Development Plan process based on these competencies.

Critical Success Factors

The critical success factors that may be present for Treasury's accomplishment of GOAL 2 - OUTCOME 1 are:

- Recruitment efforts obtain needed skills as identified through the implementation of the Treasury *Workforce and Succession Planning Guide* or similar bureau-developed instruments.
- Resources are leveraged to close identified skill gaps and improve diversity in accordance with the *Treasury Diversity Strategy*.
- Available recruiting and separation incentives are used to deploy the workforce to meet changing skill needs.

GOAL 2 - OUTCOME 2

Hiring practices are efficient and maximize flexibilities to achieve a diverse and skilled workforce.

This outcome focuses on closing the gap between managers' current and desired satisfaction with Treasury's hiring practices, primarily by improving the use of hiring flexibilities and reducing the timeline to recruit and hire employees.

The competition for talent requires that managers have available the tools and technology needed to recruit and retain their workforce. To address this, the Office of the Deputy Assistant Secretary for Human Resources and Chief Human Capital Officer (DASHR/CHCO) is leading an effort to identify available flexibilities. The *Human Resources Flexibilities Guide* was developed as a means of alerting managers to the tools available to them as part of their recruitment and retention strategy.

HUMAN RESOURCES FLEXIBILITIES GUIDE

The *Human Resources Flexibilities Guide* is envisioned to be an interactive web-based product that human resources practitioners and bureau managers can use to access the most up-to-date information. The guide is a work in progress; it presently allows the human resources office and bureau managers to identify flexibilities that are government-wide pertaining to all bureaus and those that are bureau-specific.

The ability to readily compare bureau-specific flexibilities serves to make managers aware of additional possible options. As the guide is expanded and improved, it will include the following types of information:

- description of and authority for flexibilities,
- required procedures and forms,
- when flexibilities may be used,
- who to contact for more information, and
- frequently asked questions.

The guide will be continually updated as laws and regulations amend current flexibilities or add new flexibilities.

Strategies

Bureaus can employ the following strategies:

- 2.2.1 Educate managers on their roles in the hiring process and the variety of options available to hire a highly skilled and diverse workforce.
- 2.2.2 Implement a continuous improvement model for hiring to ensure the process is as streamlined as possible.
- 2.2.3 Streamline the background investigation process and maximize the use of waivers when appropriate.
- 2.2.4 Encourage collaboration between human resources staff and managers on use of hiring alternatives; share best practices throughout Treasury and beyond as appropriate.
- 2.2.5 Promote the use of hiring flexibilities through publicity of success stories.

Current Human Capital Programs



Treasury has deployed *CareerConnector*, a web-based hiring system that allows recruiting offices to accept applications at anytime in a safe and secure manner. It will increase the Department's ability to compete for talent and improve the hiring process. With *CareerConnector*, bureaus can easily manage thousands of applications submitted for positions and reduce the time to hire. It also supports posting vacancy announcements and collecting applications on-line. Paper applications are no longer necessary. In addition, the qualifications of the applicants can be automatically analyzed, which will reduce the burden on staffing offices and cut down the overall process time from application date to hire date. Managers will be able to view certificates on-line, make selections, and send immediate notification to human resources of the selection results. Because the need to conduct merit promotion panels is eliminated, the hours previously spent by subject matter experts reviewing applications and manually rating and ranking can be used more strategically and appropriately.

The United States Mint (Mint) has been featured in the 2002 GAO report *A Model of Strategic Human Capital Management* for its use of *human capital flexibilities*. The Mint chose the use of flexibilities to respond to the considerable challenges they face in recruiting and retaining a high-quality workforce. A Human Resources Flexibilities team, appointed by the Chief Financial Officer, performed an extensive review of all human capital flexibilities currently available. The team then analyzed the Mint's current use of flexibilities, recommended methods for increasing their effectiveness as recruitment and retention tools, and prioritized them against the Mint's strategic goals. Several new recruiting programs have been initiated as a result of this effort. These include an Information Technology Pilot Study to facilitate and streamline the hiring process, and competency-based job descriptions that allow an employee to sign an occupation training agreement for promotion without the one-year time-in-grade requirement.



The Financial Management Service (FMS) effectively used *separation incentives* to support *workforce redeployment*. The recent voluntary separation incentive authority allowed FMS to release more than ten percent of its workforce through non-adverse methods. Nearly fifty percent of the separations occurred within four of the top five occupations targeted for mission-critical skill recruitment. The accelerated turnover in these positions provided exceptional flexibility to intensify recruitment for mission-critical occupations, essential to achieving strategic business objectives.

Critical Success Factors

The critical success factors that may be present for Treasury's accomplishment of GOAL 2 - OUTCOME 2 are:

- Use automation to streamline the hiring process to the greatest extent possible.
- Hiring decisions maximize use of existing flexibilities.

HCSP GOAL #3: EMPLOYEE RETENTION AND EMPLOYEE SATISFACTION

GOAL:

Retain a high performing workforce and maintain an environment conducive to a high level of employee satisfaction.

This goal focuses on providing meaningful work that engages employees and utilizes their talents, while ensuring a clean and safe work environment, and encouraging open communication in the workplace.

STRATEGIC ALIGNMENT

Employee satisfaction and engagement is key in maintaining and retaining a skilled and high-performing workforce in an era of technological change and modernization. The higher the engagement, the more likely employees will meet or even exceed mission expectations and remain with an organization. By managing job retention and satisfaction effectively, the Department can positively influence employee engagement and, therefore, the achievement of key business drivers. For example, effective customer service requires that employees be committed to the work of the bureau and effectively serve the customer base. Well-trained employees and those who are satisfied with their jobs can be effective ambassadors of the various Treasury organizations. Engaged employees will provide accurate information about programs, anticipate customer needs, and go the extra mile in serving customers under difficult or ambiguous circumstances. In order to adapt effectively to technological change, employees must be experienced, capable, and committed. Employees who are satisfied and engaged are much more likely to adapt to change and adopt different working strategies and circumstances.

Many factors contribute to employee engagement. They include the nature of the work relative to the talents of the employee, the quality of the leadership, the opportunity for learning, the content and frequency of performance discussions, the recognition for work well done, and the availability of productive working conditions. The Employee Retention and Employee Satisfaction strategic goal envisions approaches that address one or more of these contributing factors and reflect the realities of each bureau's unique business drivers, budget, and workforce needs. Although strategies will differ, a consistent methodology should identify the factors that influence job retention at various geographical locations, pay levels, and job categories.

Even though leaders and employees have a stake in creating a committed workforce, studies have shown that employees most often leave their current organization because of poor leadership and/or lack of open communication. For this reason, HCSP Goal #3: Employee Retention and Employee Satisfaction strategic goal begins with the assumption that to build an environment of support for employee retention and satisfaction, the establishment of inspiring and effective leadership must be a priority.

OUTCOMES AND STRATEGIES

GOAL 3 - OUTCOME I

A culture of inspiring, ethical, and effective leadership by supervisors, managers, and executives promotes employee retention and employee satisfaction.

Treasury will work toward strengthening their leaders' competencies in order to maintain a skill mix adequate to meet the demands of mission requirements. This outcome envisions an initial focus on core occupations and leadership positions experiencing mission-adverse skill gaps.

Strategies

Bureaus can employ the following strategies:

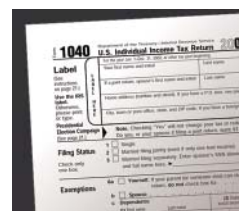
- 3.1.1 Select and reward individuals who specifically demonstrate qualities associated with leading high-performance teams.
- 3.1.2 Build a work environment where managers intentionally and consistently match employees' talents to tasks.
- 3.1.3 Ensure that employees understand what is expected of them and how well they are meeting expectations on a continuous basis.
- 3.1.4 Provide leaders with retention-related insights, metrics, training, and top executive support.

Current Human Capital Programs



The Bureau of Engraving and Printing (BEP) utilized a *Team Approach* when surveying its workforce, and developing initiatives for improving and enhancing employee satisfaction. Survey results indicated that BEP employees desired open and increased communication on all workforce issues. In response, employees are permitted to anonymously raise concerns of interest. Bureau management committed to researching and documenting responses in a flyer called *What's on Your Mind* that is distributed to all BEP employees and posted on BEP's website. An outgrowth of this initiative is the *Internal Communications* flyer in which items of workforce interest are documented and distributed to the BEP employees. In addition, on a recurring basis, the director conducts *Town Hall* meetings to communicate issues of importance to the BEP workforce and respond to employee questions.

The Internal Revenue Service (IRS) has been working on a leadership curriculum for addressing and resolving some of the significant challenges facing today's leaders. The foundation for this effort is the IRS *Leadership Philosophy*, which was created with input from thirty-five senior executives and other leaders throughout IRS. The philosophy captures the values and behaviors required for effective leadership and links to IRS' *Leadership Competency Model*, OPM's *Executive Core Qualifications*, and the IRS performance management system. The *Leadership Competency Model* drives the leadership selection, development, evaluation, and recognition processes in IRS.





The Office of the Assistant Secretary for Management and Chief Financial Officer (ASM/CFO) has created and implemented two successful management programs to assist in leadership identification, development, and succession planning.

The *Management Development Program (MDP)* provides a systematic approach for identifying and nurturing the next generation of leaders by targeting potential grade 13 and 14 employees, and preparing them for more senior management positions.

MDP candidates are exposed to the major strategic issues of the organization and rotated through a variety of challenging, crosscutting assignments as a centerpiece of leadership development. Participants attend seminars and are assigned selected readings to provide a foundation for them to design and implement strategies that maximize employee potential and foster high ethical standards in meeting Treasury's vision, mission, and goals.

The *Leadership Training Program (LTP)* provides an efficient process for identifying and developing the next generation of senior leaders. The one-year *LTP* targets high-potential grade 15 employees and newly selected senior executive service (SES) candidates for two, one-week sessions at the Federal Executive Institute, and other structured sessions throughout the year. Another important component of *LTP* is the cohort structure that encourages participants to network with and learn from *LTP* candidates from other functional areas in Treasury and the ASM/CFO organization.

The United States Mint (Mint) has long recognized that first-line supervisors are the key to overall mission accomplishment. Because of their importance, the Mint is committed to providing these supervisors the tools and support they need to accomplish their duties. Part of this commitment has included implementing the *Supervisory Development Program (SDP)* designed to develop the knowledge, skills and abilities of new and incumbent supervisors. Areas of concentration include Managing a Diverse Workforce, Conflict Management, Team Building, Influencing/Negotiating, and Human Resource Management. The *SDP* is a holistic approach to accelerating the development of Mint supervisors with program components such as training, peer interaction activities, and technology enrichment events.



Critical Success Factors

The critical success factors that may be present for Treasury's accomplishment of GOAL 3 - OUTCOME 1 are:

- Improvement of employee engagement is a priority in leaders' performance agreements and plans.
- Business units and leaders that excel in decreasing turnover and increasing employee satisfaction are recognized.
- Selection processes for supervisory and managerial positions identify individuals that demonstrate leadership characteristics and technical knowledge.
- Bureau executives demonstrate a commitment to improving employee satisfaction, engagement, and performance.

GOAL 3 - OUTCOME 2

A supportive workplace environment is established and maintained.

Treasury will focus on improving the work environment by providing up-to-date and effective office technology, employee training, flexible work schedules and work locations, and a supportive workplace.

Strategies

Bureaus can employ the following strategies:

- 3.2.1 Provide training that will improve employees' performance in their current jobs and prepare them for technological and organizational change.
- 3.2.2 Deploy materials and equipment for peak performance, including technology-related office support tools.
- 3.2.3 Use work scheduling and job location flexibilities to stimulate productivity increases.
- 3.2.4 Make ongoing improvements designed to ensure a clean, accessible, safe, and attractive workplace.
- 3.2.5 Establish employee workplace assessment teams to identify changing needs and recommend improvements.

Current Human Capital Programs



The Alcohol and Tobacco Tax and Trade Bureau (TTB) has implemented *Flexiplace* and *Hotelling* programs to give it maximum flexibility when hiring investigators and excise tax auditors for field operations. The *Flexiplace* program allows newly hired investigators to work from home on a permanent basis. The *Hotelling* program provides traveling excise tax auditors the ability to work in shared workspace in various TTB offices, rather than being assigned to one specific office. This sharing of workspace lets auditors choose their work location based on where they are located at the time. These programs help to keep fixed costs associated with office space, furniture, and equipment to a minimum, while allowing employees maximum latitude to work where it makes sense for maximum results, thus creating a more supportive work environment.

The Office of Thrift Supervision (OTS) has adopted a strategic focus of *developing a professional and motivated workforce that provides exceptional service to customers and supports achievement of OTS business goals*. To ensure its success, OTS makes available to employees several incentives. For example, it offers a thrift savings program with matching funds, a \$1,000 contribution toward the bureau's flexible spending account program, a life insurance program with domestic partner options, and a health benefit premium contribution of \$300 annually above the standard contribution. OTS also provides some specific benefits for headquarters employees, including onsite day care, an annual health fair, and a health facility to promote fitness and encourage employee well being. Other programs include an on-line referral service for employee assistance and wellness needs and reimbursements for the installation and monthly cost of broadband services in specified employees' homes to ensure continuity of operations during emergencies. These employee benefits, that are comparable to benefits provided by other federal banking regulators, have helped OTS remain competitive in the employment marketplace.



Critical Success Factors

The critical success factors that may be present for Treasury's accomplishment of GOAL 3 - OUTCOME 2 are:

- Training programs focused on closing skill gaps.
- Timely and adequate provision for effective and efficient office support technology.
- Use of creativity and a willingness to try new approaches to work schedules and work locations.
- Involvement of employees in identifying and implementing improvements in workspaces and office environments.

GOAL 3 - OUTCOME 3

Fairness and equity in the treatment of employees is achieved in all aspects of organizational culture.

This outcome focuses on supporting a spirit of inclusion in the daily work environment.

Strategies

Bureaus can employ the following strategies:

- 3.3.1 Support EEO goals and programs at all organizational levels in a manner that acknowledges the importance of those goals and the achievement of business outcomes.
- 3.3.2 Demonstrate Treasury's commitment to use alternative dispute prevention programs and conflict resolution techniques whenever appropriate..
- 3.3.3 Provide recognition, modeling, and affirmation of values that reflect fair and equitable treatment of employees, based on merit, throughout Treasury

Current Human Capital Programs



The Bureau of the Public Debt (BPD) set a goal in FY 2004 to realize a seventy percent or better *Employee Job Satisfaction Standard* among its employees. To encourage a maximum response rate, BPD will offer a convenient on-line survey that allows employees to respond anonymously within organizational components, in order to provide BPD an overall picture of employee satisfaction. A key piece of data BPD hopes to collect in the survey is employees' assessment of management's demonstration of organizational values. This data will help frame what needs to be addressed in the near-future and over the long-term.

The United States Mint (Mint) administers the *Pulse-Check Survey* as a way of assessing its employees' attitudes concerning their work environment. The short fourteen-question survey is administered each quarter to twenty-five percent of the Mint's full-time employees. By benchmarking the collective attitudes of the Mint employees against the attitudes of employees in comparable organizations, the Mint can immediately identify opportunities for improvement. Tracking this information over time will provide a historical reference and feedback on the effectiveness of workplace improvements.





Treasury has reviewed the results of *OPM's 2002 Federal Human Capital Survey*, giving particular attention to those questions where Treasury employees rated lower than the government average. The results from this survey and future surveys will serve as one of the tools to measure progress on the *Employee Retention and Employee Satisfaction* strategic goal and help establish a baseline for comparison of future results. The results will also be used to identify those bureaus that rate high on certain questions, which will help Treasury determine the policies and programs that are instrumental in securing a better rating.

Critical Success Factors

The critical success factors that may be present for Treasury's accomplishment of GOAL 3 - OUTCOME 3 are:

- A management approach that integrates EEO goal setting and planning, with business outcomes.
- A management team that is committed to fairness and to equitable treatment for all Treasury employees.

HCSP GOAL #4: TECHNOLOGY SKILLS

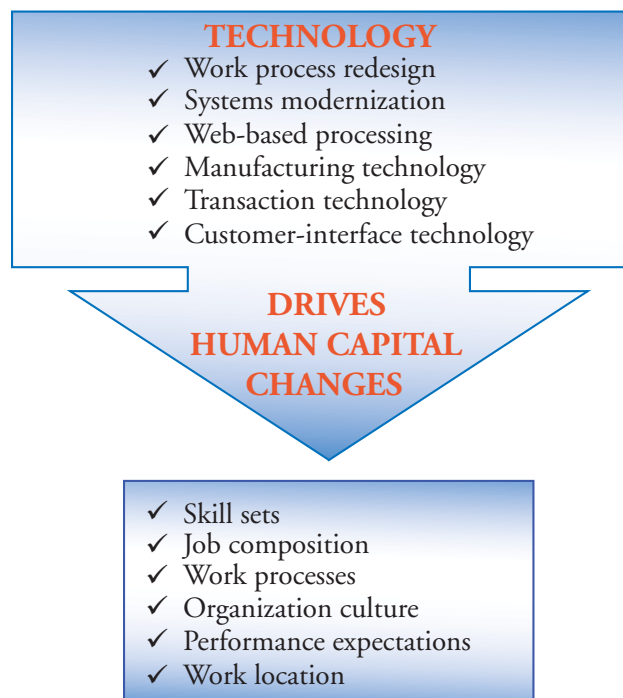
GOAL:

Enhance workforce capabilities to support the use of current, new, and evolving technologies.

This goal focuses on building the technology skill levels of the workforce to improve return on technology investments, implement new technology faster and more effectively, and increase employee satisfaction and job performance. It taps into the full range of human capital strategies, including training, recruiting, retaining, and leveraging critical knowledge.

STRATEGIC ALIGNMENT

The increasing use of technology is inherent in Treasury's business strategies for the future. Virtually every bureau has a major technology initiative in place to modernize the delivery of services to its customers, constituents, and business partners, or to improve its internal work processes. These initiatives include supporting the President's e-Government mandate; consolidating multiple technologies to enterprise-wide systems; expanding electronic databases and records management; converting existing systems to web technology, in order to increase access to economic and financial information and increase the electronic collection, transfer, and management of information and payments; and reengineering design and manufacturing processes to print currency. Treasury is continuously striving to use modern technology while at the same time increasing the amount of technology that it uses. The life cycle of technology has become so accelerated that upgrades and new applications are introduced yearly, which demand that Treasury continuously recruit and train for new technology and new technology skills.



Changes resulting from technology may be the single largest factor influencing the Treasury workforce. Managers will be required to do an increasing amount of their work and interface with their customers using technology applications, yet most managers do not have a technology rich background. They must learn to use new work processes and technologies to effectively deal with customers, manage their organizations, and fully engage technology competent employees. Technology is also changing the way in which employees communicate with one another. Geographically dispersed groups can communicate, share information, engage in dialogues, work on projects, and conduct meetings without being face-to-face by using alternatives, such as *Net Meetings*, telephone seminars and video teleconferencing. Advances in technology also enable employees to perform their work from remote locations, requiring different management approaches.

Throughout the Department, technology skills represent one of the most significant skill gap areas. Because of this, Treasury is committed to ensuring that employees' technology skill levels remain up-to-date. Although bureaus have, to varying degrees, invested in strategies to prepare the workforce to use new and emerging technologies, they will continue to actively address these long-term and continuously changing technology demands. Several of the bureaus' current innovative human capital programs are cited under each outcome.

OUTCOMES AND STRATEGIES

GOAL 4 - OUTCOME I

A formal strategy exists to help employees obtain the competencies needed to maximize the use of current, new, and evolving technologies in support of mission, goals, and objectives.

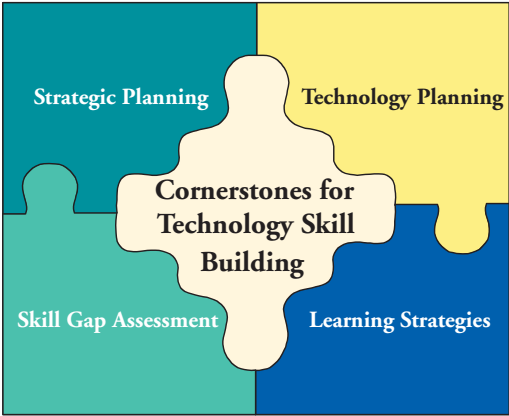
This goal focuses on closing the technology skill gaps and building the competencies that are critical to delivery of the products and services consistent with new business processes and performance expectations.

Strategies

Treasury will strive to enhance the infrastructure to ensure that the workforce remains current with advances in technology. The cornerstones for this goal are strategic planning, technology planning, assessing skill gaps, and developing learning strategies.

Bureaus can employ the following strategies:

- 4.1.1 Include the identification of technology and skills required to support evolving business needs in strategic planning processes.
- 4.1.2 Ensure technology investment review and approval processes require that knowledge, skill, and training needs are addressed in technology proposals and implementation plans.



Cornerstones for Technology Skill Building

- 4.1.3 Human resources offices, business units, and information technology (IT) offices will work together to identify current and planned technology, required skills, and current and anticipated skill gaps; and will use this information to form the platform for long-term plans for closing skill gaps and maintaining business-appropriate skill levels.
- 4.1.4 Implement a comprehensive, multidimensional, and integrated technology learning strategy; develop learning and capacity building strategies to close skill gaps, measure the impact of strategies on closing technology skill gaps, and assess the impact on the implementation of evolving technology; and work in partnership with best practice organizations to identify what can be replicated across Treasury.

Current Human Capital Programs

The United States Mint (Mint) has established a *Trades Certification Program* as a strategic response to the need to prepare its workforce for a new generation of manufacturing technology in the production of coinage. This program increases career development opportunities for current employees, serves as a key recruitment source for skilled trades and crafts positions, and attracts new employees to the Mint. It is based on the first Apprenticeship Program for the technical skill of Machinist, approved by the Department of Labor in 2001, and has grown to many other technical trade skills programs. The principal component of the program is the completion of a nationally recognized apprenticeship program in selected technical trade occupations. The program establishes the curriculum requirements for the successful completion of apprenticeship in accordance with the Mint's agreement with the Bureau of Apprenticeship and Training, U.S. Department of Labor. These requirements include on-the-job training of 8,000 hours and formal classroom instruction of forty-two to sixty-eight trimester credit hours, depending on the technical job skills.



The Office of the Treasury Chief Information Officer (CIO) has developed the *Information Technology Executive Competency Program (IT ECP)* in recognition of the importance of technology to Treasury's success. It is a competency-based leadership development program for high-potential individuals grades 14 and 15. The program ensures that potential hires and the internal succession pool for these positions will have access to the experience, knowledge, abilities, and traits that are associated with effective leadership in the IT arena. The CIO relies on the program to ensure development of a skilled management team while also ensuring the success of mission-critical objectives. Program participants further their technical skills while also honing their leadership skills through participating in Treasury's *Management Development Program (MDP)*. It has also been successful in developing candidates in a variety of mission-critical areas including IT security, enterprise architecture, and IT strategic planning, as well as maintaining and planning for future candidates. Finally, the *IT ECP* program has provided an opportunity for Treasury to develop and maintain a valuable IT workforce while inspiring the employees' commitment to the CIO organization.

Critical Success Factors

The critical success factors that may be present for Treasury's accomplishment of GOAL 4 - OUTCOME 1 are:

- Strategic plans include projection of future and evolving technology needs.
- Senior leadership is committed to investing in the training and development of employees to build mission-critical technology skills as a top business priority.
- Current technology and skills needs are identified, skill gaps are measured, and training required to fill the gaps is available.
- A partnership exists among the CIO, continuing education organizations, and management to ensure that new technology initiatives address training requirements; and training opportunities support strategic technology objectives.

GOAL 4 - OUTCOME 2

Treasury captures and shares knowledge and develops approaches for knowledge transfer to better perform its mission.

The Treasury workforce holds a vast amount of institutional, subject matter, and functional knowledge. Capturing and sharing that knowledge between and among bureaus, new and long-term employees, and geographically dispersed organizations can significantly leverage the talent of Treasury employees and produce real productivity gains.

Strategies

Bureaus can employ the following strategies:

- 4.2.1 Identify current knowledge transfer and repository initiatives in bureaus and external best practices for possible replication throughout Treasury.
- 4.2.2 Establish knowledge management priorities by identifying competencies critical to future core business functions and those potentially at risk because of anticipated employee attrition and an inability to recruit and hire the necessary talent.
- 4.2.3 Develop Treasury-wide knowledge transfer methodologies for at-risk competencies, knowledge, and skills. Apply a broad array of solutions, including the newly developed Treasury *Knowledge Transfer Inventory (KTI)* communities of practice, networks, and alumni experts.
- 4.2.4 Share information on successful knowledge transfer strategies to assist in addressing unique at-risk competencies, knowledge, and skills.
- 4.2.5 Incorporate technology knowledge and skills into recruitment and retention strategies.

Current Human Capital Programs



The Alcohol and Tobacco Tax and Trade Bureau (TTB) touts that establishing a *Knowledge Management (KM)* organization and program is a central component of its success in serving the public, regulated industries, and TTB's employees. The KM organization is responsible for traditional information management services such as documents, forms, records, and a library, as well as web content and e-Government initiatives. The program is expected to demonstrate benefits to both taxpayers and employees. Its initiatives include a website launched in January 2004; a document management system that provides access to all documents on TTB's intranet and all public documents on TTB's internet; a Bureau Library and Information Service emphasizing electronic access and delivery of mission-critical information; and regulations, rulings, and publications that TTB field employees can access via laptop computers for just-in-time input. Projects in the planning queue include an electronic recordkeeping system, a content management system, personalized portal-like capabilities for TTB employees and the public, intranet collaboration site and expertise locator for employees, and an enhanced web search tool.

Treasury's Knowledge Transfer Inventory (KTI) is a valuable on-line tool that helps bureau managers and employees identify specific skills, unique experiences, knowledge, expertise, and value each employee brings to the workplace. It provides a streamlined process for employees to create a summary of their primary job responsibilities, supporting tasks, and key points of contact in just five easy steps. Employees can use their *KTIs* to assess their skill set and competencies, and identify the value that they bring to an organization. Supervisors can use the employees' *KTIs* in new-hire orientation, performance appraisal activities, and confirm that day-to-day tasks are aligned with current organizational priorities. Finally, the *KTI* supports Treasury's commitment to focus on strategic knowledge management by providing a viable tool for knowledge sharing.



Critical Success Factors

The critical success factors that may be present for Treasury's accomplishment of GOAL 4 - OUTCOME 2 are:

- Knowledge management approaches, methodologies, and tools are developed and implemented.
- Critical knowledge to be shared is identified and incorporated into a knowledge management approach.
- At-risk knowledge that may be lost from upcoming retirees is identified and a strategy is put in place to retain access to that knowledge.
- A culture of knowledge sharing exists within the bureaus and across Treasury.

HUMAN CAPITAL SYSTEM FOR ACCOUNTABILITY

The Department of the Treasury is committed to building a world-class human capital program that has a *Human Capital System for Accountability* as one of its cornerstones to provide the framework for measuring the usefulness and soundness of human capital strategic goals and activities.

The Department of the Treasury is committed to building a human capital program that is directly aligned to and accountable for helping to meet business needs within budgetary and legal constraints. The Office of the Deputy Assistant Secretary for Human Resources and Chief Human Capital Officer (DASHR/CHCO) will use measurement methodologies as part of a *Human Capital System for Accountability*.

Much of the authority for developing and implementing human capital programs has been delegated to the individual bureaus. Historically, Treasury has lacked a broad, efficient and systematic approach for gauging the overall effectiveness of the Department's human capital programs, or for making a clear link between the effective management of human capital and the accomplishment of Treasury's mission. The *Human Capital System for Accountability* will fill that void and will institutionalize performance measures and tools that differentiate:

- the extent to which strategic human capital programs are implemented and are effective;
- whether Treasury's executives, managers, supervisors and HR practitioners administer and manage human capital effectively; and
- whether Treasury's human capital programs support merit system principles.

Framework

Treasury's *Human Capital Strategic Plan (HCSP)* has as its foundation the overarching goals for human capital programs in the Department, and is aligned with the overall mission and

strategic objectives, as well OPM's *Human Capital Standards for Success*. The *Human Capital System for Accountability* will help ensure that the Department is making progress toward meeting its strategic human capital objectives, and moving toward full achievement of the *President's Management Agenda (PMA)*.

To accomplish this, the *Human Capital System for Accountability* will establish the principles that will guide human capital accountability and will provide a framework for measuring and evaluating how well the Department is doing as an organization. The *Human Capital System for Accountability* will institute a periodic cycle of assessment for the bureaus, yet allow each bureau the flexibility to tailor human capital commitments and planned actions to meet its bureau-specific mission requirements.

Data-Driven Metrics

The *Human Capital System for Accountability* will anchor the HCSP to a data-driven, results-oriented process. The four strategic goals in the HCSP consist of a number of outcomes that will have measures derived from the strategies identified in the strategic goal areas. These measures will enable managers and human resources professionals to use outcome measures to make human capital decisions, address problem areas, and demonstrate results. In addition, the system will provide a single source for human capital measures, including: reporting requirements, monitoring and evaluating, and a vehicle to provide standardized accountability models and tools to the bureaus.

Shared Solutions

The accountability process will identify best practices and successful solutions to Treasury-wide challenges that can then be shared and replicated among the bureaus.

Human Resources and Management Partnership

There is growing acknowledgement that the effective management of human capital is not solely a function of the human resources professionals. The Department recognizes that a truly effective human capital program must embrace the idea of a partnership among the human resources office, top management, line management, and employees. Human resources professionals must increase their capacity to forecast trends, analyze potential problems, and provide solutions to these challenges. Managers are becoming aware that they should play a more decisive role in human capital management so that program priorities are reflected in the decision-making process. Integrating the *Human Capital System for Accountability* with human capital planning will foster the partnership concept.

Compliance

The Treasury *Human Capital System for Accountability* will enable the Department to determine whether it is successfully achieving human capital strategies, and is efficiently and effectively deploying human capital programs. The system will include assessment and reporting tools to track success and will have mechanisms in place to ensure that human capital programs are in accordance with merit system principles.

Communication

A communication strategy will be implemented to ensure that all levels of Treasury leadership are aware of, and understand, the HCSP and the accompanying *Human Capital System for Accountability*. The communication strategy will include the use of intranet, forums, and other means, ensuring human capital metrics are available to all levels of management.

Success Standards for the Human Capital System for Accountability

In order to be a successful tool, the *Human Capital System for Accountability* will be used to make human capital decisions, reflect continuous improvement, and develop mitigation strategies. The accountability strategy must incorporate mechanisms that educate and hold leaders accountable for achieving human capital goals. Bureau executives will use the output from the *Human Capital System for Accountability* to make human capital decisions and to evaluate the effectiveness of human capital programs.

Timeline

A draft *Human Capital System for Accountability* will be completed by June 30, 2004 and finalized by the end of FY 2004. The *Human Capital System for Accountability* will be implemented in FY 2005.

HUMAN CAPITAL STRATEGIC PLAN

ROLES AND RESPONSIBILITIES

To successfully implement the HCSP, everyone must be committed to the plan and its goals. Treasury senior leadership will need to communicate their commitment to human capital and achieving the human capital goals. In addition, they must provide support by incorporating human capital into their performance plans and ensuring resources are allocated to the efforts. The Deputy Assistant Secretary for Human Resources and Chief Human Capital Officer will take the lead in updating the

HCSP, facilitating collaboration among bureaus, developing and implementing the communication strategy, and managing the accountability system. Bureau leaders and Human Resources offices are responsible for developing and implementing bureau human capital plans and actions and participating in Department-wide planning, communication, and reporting. Through communication efforts, employees will be able to identify their roles in the HCSP and provide feedback.

Secretary and Deputy Secretary	<ul style="list-style-type: none"> ■ Maintain commitment to the HCSP, and communicate that commitment through senior leadership ■ Provide leadership attention to accountability for implementation of the HCSP, and resource prioritization and allocation for human capital efforts
Deputy Assistant Secretary for Human Resources, and Chief Human Capital Officer (DASHR/CHCO)	<ul style="list-style-type: none"> ■ Provide Department-wide human capital policy development and oversight ■ Provide guidance and direction for the human capital planning effort ■ Provide a mechanism for coordination and collaboration with all bureaus; facilitating the gathering of and sharing of innovative practices ■ Manage accountability for the Department's progress ■ Lead the effort to maintain and update the plan ■ Communicate human capital progress to the Secretary, Deputy Secretary, Assistant Secretary for Management/CFO, OMB, and OPM
Bureau Executives and Top Management	<ul style="list-style-type: none"> ■ Integrate HCSP Goals & Strategies into bureau business plans ■ Participate in the development of HCSP, human capital plans/initiatives ■ Identify and make recommendations on human capital issues affecting functional support to Treasury and bureau missions ■ Demonstrate commitment, support, and leadership, and allocate resources
Supervisors	<ul style="list-style-type: none"> ■ Integrate human capital strategies into organizational decisions and strategies
Employees	<ul style="list-style-type: none"> ■ Align with and participate in human capital efforts

NEXT STEPS FOR TREASURY'S HUMAN CAPITAL EFFORT

The Department of the Treasury is looking forward to the next steps for fully realizing the human capital strategic goals and outcomes of Treasury's *Human Capital Strategic Plan (HCSP)*. To achieve success, Treasury will begin efforts to implement the HCSP and its companion, the *Human Capital System for Accountability (HCSFA)* in FY 2005.

While the *Human Capital Strategic Plan* clearly outlines the human capital strategic goals, expected outcomes, strategies and critical success factors, the *Human Capital System for Accountability* describes the process and tools that Treasury will use on an on-going basis to monitor, measure, analyze, and evaluate the effectiveness of the HCSP and full achievement of the *President's Management Agenda (PMA)*. The Department will use the output of the HCSFA to make human capital decisions, including whether to develop, continue, or end human capital programs.

Treasury anticipates that the *Human Capital Strategic Plan* and the *Human Capital System for Accountability* will be implemented in FY 2005, and will be incorporated into bureaus' human capital and business plans and become a part of the way in which the Department approaches business and human capital challenges. The HCSP outcomes and strategies will vary in the dates of their initiation and their duration bureau by bureau. Some human capital initiatives

and activities are already underway and will be enhanced to support and align with the HCSP strategic goals and HCSFA. Still others will be identified and implemented by the Department as part of the on-going evaluation effort.

Institutionalizing the HCSP and the HCSFA will require the commitment of Treasury's senior leaders, management, front-line supervisors, and the human resources community. Treasury will accomplish collaboration and successful partnership through established councils, and management planning processes to ensure that human capital strategic goals and outcomes are realized. Human resources professionals will continue to work collaboratively with senior management officials to carry out the HCSP and explore new approaches to human capital issues, challenges and processes. The implementation of the *Human Capital Strategic Plan* and *Human Capital System for Accountability* will forge new human capital management successes by utilizing the full depth of knowledge and expertise resident throughout Treasury.

Appendix 1:
**Linkage of Human Capital Strategic Plan Goals
(HCSP) to Treasury Strategic Plan (TSP) Goals**

APPENDIX 1: LINKAGE OF HUMAN CAPITAL STRATEGIC PLAN (HCSP) GOALS TO TREASURY STRATEGIC PLAN (TSP) GOALS

Treasury Strategic Plan (TSP) Goals and Objectives	Strategic Business Drivers	Human Capital Strategic Plan (HCSP) Goals				
		Goal #1 Organizational Effectiveness	Goal #2 Recruitment and Diversity	Goal #3 Employee Retention and Em- ployee Satisfaction	Goal #4 Technology Skills	
E1 Promote Prosperous U.S. and World Economies <ul style="list-style-type: none"> Stimulate economic growth and job creation (E1A) Provide a flexible legal and regulatory framework (E1B) Improve and simplify the tax code (E1C) 	Industry/Economic/Demographic Changes	✓	✓	✓	✓	
	Increased Complexity/Globalization	✓				
	Customer Service/Collaboration	✓		✓		
	Modernization/Technology		✓	✓	✓	
	E2 Promote Stable U.S. and World Economies <ul style="list-style-type: none"> Increase citizens' economic security (E2A) Improve the stability of the international financial system (E2B) 	Increased Accountability/Efficiency	✓		✓	✓
		Customer Service/Collaboration	✓	✓		
		Industry/Economic/Demographic Changes	✓		✓	
		Increased Complexity/Globalization			✓	✓
	Increased Accountability/Efficiency				✓	✓

Treasury Strategic Plan (TSP) Goals and Objectives	Strategic Business Drivers	Human Capital Strategic Plan (HCSP) Goals			
		Goal #1 Organizational Effectiveness	Goal #2 Recruitment and Diversity	Goal #3 Employee Retention and Em- ployee Satisfaction	Goal #4 Technology Skills
F3 Preserve the Integrity of Financial Systems <ul style="list-style-type: none"> Disrupt and dismantle financial infrastructure of terrorists, drug traffickers, and other criminals and isolate their support networks (F3A) Execute the Nation's financial sanctions policies (F3B) Increase the reliability of the U.S. financial system (F3C) 	Legislative Initiatives	✓		✓	
	Customer Service/Collaboration	✓		✓	✓
	Industry/Economic/Demographic Changes		✓	✓	
	Modernization/Technology		✓	✓	✓
	Increased Accountability/Efficiency	✓	✓		✓
	Increased Complexity/Globalization		✓	✓	
	Legislative Initiatives	✓	✓		✓
	Industry/Economic/Demographic Changes		✓	✓	
	Modernization/Technology	✓	✓	✓	✓
	Customer Service/Collaboration	✓	✓	✓	✓
F4 Manage the U.S. Government's Finances Effectively <ul style="list-style-type: none"> Collect federal tax revenue when due through a fair and uniform application of the law (F4A) Manage federal debt effectively and efficiently (F4B) Make collections and payments on time and accurately, optimizing use of electronic mechanisms (F4C) Optimize cash management and effectively administer the Government's financial systems (F4D) 	Increased Complexity/Globalization	✓		✓	
	Legislative Initiatives	✓	✓		✓
	Industry/Economic/Demographic Changes		✓	✓	
	Modernization/Technology	✓	✓	✓	✓
	Customer Service/Collaboration	✓	✓	✓	✓
M5 Ensure Professionalism, Excellence, Integrity, and Accountability in the Management and Conduct of the Department of the Treasury <ul style="list-style-type: none"> Protect the integrity of the Department of the Treasury (M5A) Manage Treasury resources effectively to accomplish the mission and provide quality customer service (M5B) 	Increased Complexity/Globalization	✓	✓	✓	✓
	Strategic Alignment Policies, Planning, and Resources	✓	✓	✓	✓
	Modernization/Technology		✓	✓	✓
	Increased Accountability/Efficiency	✓		✓	✓

Appendix 2: Human Capital Strategic Plan Initiatives Match-up Matrix

APPENDIX 2: HUMAN CAPITAL STRATEGIC PLAN INITIATIVES MATCH-UP MATRIX

Initiatives and Framework	HCSP Goal #1 Organizational Effectiveness	HCSP Goal #2 Recruitment and Diversity	HCSP Goal #3 Employee Retention & Employee Satisfaction	HCSP Goal #4 Technology Skills
Budget/Funding	X	X	X	X
Bureau HSCPs	X	X	X	X
• FMS	X	X	X	X
• IRS	X	X	X	X
• United States Mint	X	X	X	X
CIO Plan	X	X	X	X
DASHR/CHCO Human Capital Initiatives	X	X	X	X
• Knowledge Transfer Inventory (KTI) <i>Treasury's Knowledge Management Tool</i>	X		X	X
• SES Performance Management System <i>(Scheduled completion 7/04; effective FY05)</i>	X		X	
• Human Capital System for Accountability <i>(Scheduled completion 9/04; implementation FY05)</i>	X		X	X
• Treasury Diversity Strategy	X	X	X	
• Workforce and Succession Planning Guide	X	X	X	X
OMB "Proud to Be" Goals	X	X	X	X
• Human capital strategies are linked to Treasury mission and goals.	X	X	X	X
• Organization is restructured as appropriate to provide optimal service at lower cost and respond to changing business needs; strategies include redeployment, de-layering, competitive sourcing, and E-gov.	X		X	X

Initiatives and Framework	HCSP Goal #1 Organizational Effectiveness	HCSP Goal #2 Recruitment and Diversity	HCSP Goal #3 Employee Retention & Employee Satisfaction	HCSP Goal #4 Technology Skills
<ul style="list-style-type: none"> Continuity of leadership and knowledge is assured through succession planning and professional development. 	X		X	X
<ul style="list-style-type: none"> Performance appraisals for SES and managers link to agency mission and are cascaded appropriately throughout more than 60% of the agency. Workforce is diverse, including mission-critical occupations and leadership, agency consistency measures and works to sustain diversity. 	X	X	X	
<ul style="list-style-type: none"> Current and future skill gaps in mission critical occupations are identified and reduced. 	X	X	X	X
<ul style="list-style-type: none"> Human capital program is guided by measurable outcomes. 	X	X	X	
OPM Standards for Success	X	X	X	X
#1 - Strategic Alignment	X		X	X
#2 - Workforce Planning and Deployment	X	X	X	X
#3 - Leadership and Knowledge Management	X		X	
#4 - Results-Oriented Performance Culture	X		X	X
#5 - Talent	X		X	X
#6 - Accountability	X	X	X	X
President's Management Agenda	X	X	X	X
#1 – Strategic Management of Human Capital	X	X	X	X
#2 – Improved Financial Performance	X		X	
#3 – Expanded Electronic Government	X		X	X
#4 – Budget and Performance Integration	X			X

Appendix 3: **Summary of Human Capital Strategic Goals**

GOALS	OUTCOMES	STRATEGIES	CRITICAL SUCCESS FACTORS
<p>ORGANIZATIONAL EFFECTIVENESS: Align human capital plans, strategies, and systems to achieve organizational effectiveness and mission accomplishment .</p>	<p>1.1: Compensation strategies and performance systems differentiate performance levels and link with organizational goals and mission accomplishment.</p>	<p>1.1.1: Align top leadership performance expectations with organizational goals and cascade to lower organizational levels to include managers and front-line employees. Results-oriented executive performance agreements will be used for senior executives and senior managers. The agreements can reflect the unique Treasury organizational priorities, goals, and mission. Performance may be appraised on quantitative and qualitative results that are balanced against other performance dimensions, including customer and employee satisfaction. 1.1.2: Use compensation and performance management systems to create strategic alignment between and among the Department's mission, the bureaus' individual missions, and the employees' responsibilities. Focus can be on rewarding mission-related contributions and creating a results-oriented performance culture. 1.1.3: Use incentive and reward systems in an innovative manner to ensure that they recognize and encourage mission-related contributions and create a results-oriented culture.</p>	<ul style="list-style-type: none"> ➤ Performance management systems that establish a direct connection between employee performance expectations and the core mission and strategic goals. ➤ Performance management systems that effectively distinguish between levels of employee performance. ➤ Compensation and performance strategies that provide incentives for high performers based on achieving desired mission results. ➤ Performance management systems that hold employees accountable for desired mission results and effectively serve as a basis for addressing poor performance. ➤ Flexible compensation systems contribute to the retention of mission-critical occupations and achievement of mission and desired business results.
	<p>1.2: The workforce is well trained and capable of achieving the mission.</p>	<p>1.2.1: Identify mission-critical occupations and competencies through a systematic workforce planning process. Design training strategies to build or improve these competencies within the current workforce where gaps exist. 1.2.2: Invest in employee, manager, and leader training and development programs as a strategic imperative. 1.2.3: Use enabling technology to reinvestigate training and development programs when it maximizes value and minimizes performance risks. 1.2.4: Capture and make available the wealth of expertise and experience the current workforce possesses to aid in developing the next generation of managers, leaders, and technicians.</p>	<ul style="list-style-type: none"> ➤ Organizational emphasis on employee training and development as a top business priority. ➤ Training programs built around acquiring competencies that tie to organizational objectives and strategic needs. ➤ Training strategies that effectively address workforce training and development needs in an innovative and cost-effective manner. ➤ Clear policy that the organization supports employee self-development and expects them to improve their skills and learn new ones. ➤ Investment strategies that ensure a mission-appropriate training environment and professional development opportunities. ➤ Formal assessment programs that determine the impact of training and development activities on individual and mission accomplishment.
	<p>1.3: Human capital policies, programs, and practices demonstrably support mission goals and organizational performance.</p>	<p>1.3.1: Human capital management programs focus on bureaus' unique mission demands and human capital challenges and are continually reevaluated against their success in achieving their organizations' core mission. Work with line managers to make more effective use of human capital policies, programs, and tools that eliminate barriers and provide for more effective human capital management practices. 1.3.2: Eliminate human capital barriers and give maximum flexibility to line managers to ensure quality services. Evaluate the effectiveness of human capital management practices to ensure they support high performance of Treasury's mission and provide a performance return on human capital investments.</p>	<ul style="list-style-type: none"> ➤ Human capital planning documents include short- and long-term goals, objectives, investments, and milestones. ➤ Human capital programs, strategies, and investments are linked with organizational goals and objectives. ➤ Performance management systems hold leaders accountable for effective human capital practices. ➤ Measures assess human capital management contributions to mission accomplishment. ➤ A <i>Human Capital System for Accountability</i> is in place to assess the effectiveness of human capital strategies as they contribute to organizational effectiveness.

GOAL #1

GOALS	OUTCOMES	STRATEGIES	CRITICAL SUCCESS FACTORS
<p>RECRUITMENT AND DIVERSITY: Recruit and hire a highly skilled and diverse workforce aligned with business goals.</p>	<p>2.1: Recruitment initiatives incorporate diversity, with emphasis on underrepresented demographics, to attract and acquire high-quality individuals, especially for mission-critical occupations. Recruitment initiatives are fully integrated with business plans and are supported by workforce and succession planning.</p>	<p>2.1.1: Identify skills and diversity gaps particularly in mission-critical areas and succession plans to assist in workforce planning. 2.1.2: Increase the awareness, understanding, and use of available human resources flexibilities. 2.1.3: Develop recruitment-focused marketing materials that brand Treasury as an employer of choice through its unique role in the worldwide economy and through incentives such as government-wide benefits, work and life flexibilities, and financial incentives. 2.1.4: Continue to maintain an ongoing presence with special emphasis groups, including professional organizations, colleges and universities, veteran's organizations, and minority and community groups. 2.1.5: Partner recruitment activities between and among bureaus through the Diversity Council Forum.</p>	<p>➤ Recruitment efforts obtain needed skills as identified through implementation of the <i>Treasury Workforce and Succession Planning Guide</i> or similar bureau -developed instruments. ➤ Resources are leveraged to close identified skill gaps and improve diversity in accordance with the <i>Treasury Diversity Strategy</i> ➤ Available recruiting and separation incentives are used to deploy the workforce to meet changing skill needs.</p>
<p>GOAL #2</p>	<p>2.2: Hiring practices are efficient and maximize flexibilities to achieve a diverse and skilled workforce.</p>	<p>2.2.1: Educate managers on their roles in the hiring process and the variety of options available to hire a highly skilled and diverse workforce. 2.2.2: Implement a continuous improvement model for hiring to ensure the process is as streamlined as possible. 2.2.3: Streamline the background investigation process and maximize the use of waivers when appropriate. 2.2.4: Encourage collaboration between human resources staff and managers on use of hiring alternatives; share best practices throughout Treasury and beyond as appropriate. 2.2.5: Promote the use of hiring flexibilities through publicity of success stories.</p>	<p>➤ Use automation to streamline the hiring process to the greatest extent possible. ➤ Hiring decisions maximize use of existing flexibilities.</p>

GOALS	OUTCOMES	STRATEGIES	CRITICAL SUCCESS FACTORS
<p>EMPLOYEE RETENTION AND EMPLOYEE SATISFACTION: Retain a high performing workforce and maintain an environment conducive to a high level of employee satisfaction.</p>	<p>3.1: A culture of inspiring, ethical, and effective leadership by supervisors, managers, and executives promotes employee retention and employee satisfaction.</p>	<p>3.1.1: Select and reward individuals who specifically demonstrate qualities associated with leading high-performance teams. 3.1.2: Build a work environment where managers intentionally and consistently match employees' talents to tasks. 3.1.3: Ensure employees understand what is expected of them and how well they are meeting expectations on a continuous basis. 3.1.4: Provide leaders with retention-related insights, metrics, training, and top executive support.</p>	<ul style="list-style-type: none"> ➤ Improvement of employee engagement is a priority in leaders' performance agreements and plans. ➤ Business units and leaders that excel in decreasing turnover and increasing employee satisfaction are recognized. ➤ Selection processes for supervisory and managerial positions identify individuals that demonstrate leadership characteristics and technical knowledge. ➤ Bureau executives demonstrate a commitment to improving employee satisfaction, engagement, and performance.
	<p>3.2: A supportive workplace environment is established and maintained.</p>	<p>3.2.1: Provide training that will improve employees' performance in their current jobs and prepare them for technological and organizational change. 3.2.2: Deploy materials and equipment for peak performance, including technology-related office support tools. 3.2.3: Use work scheduling and job location flexibilities to stimulate productivity increases. 3.2.4: Make ongoing improvements designed to ensure a clean, accessible, safe, and attractive workplace. 3.2.5: Establish employee workplace assessment teams to identify changing needs and recommend improvements.</p>	<ul style="list-style-type: none"> ➤ Training programs focused on closing skill gaps. ➤ Timely and adequate provision for effective and efficient office support technology. ➤ Use of creativity and a willingness to try new approaches to work schedules and work locations. ➤ Involvement of employees in identifying and implementing improvements in workspaces and office environments.
	<p>3.3: Fairness and equity in the treatment of employees is achieved in all aspects of organizational culture.</p>	<p>3.3.1: Support EEO goals and programs at all organizational levels in a manner that acknowledges the importance of those goals and the achievement of business outcomes. 3.3.2: Demonstrate Treasury's commitment to use alternative dispute prevention programs and conflict resolution techniques whenever appropriate. 3.3.3: Provide recognition, modeling, and affirmation of values that reflect fair and equitable treatment of employees, based on merit, throughout Treasury.</p>	<ul style="list-style-type: none"> ➤ A management approach that integrates EEO goal setting and planning, with business outcomes. ➤ A management team that is committed to fairness and to equitable treatment for all Treasury employees.

GOAL #3

GOALS	OUTCOMES	STRATEGIES	CRITICAL SUCCESS FACTORS
<p>TECHNOLOGY SKILLS: Enhance workforce capabilities to support the use of current, new, and evolving technologies.</p>	<p>4.1. A formal strategy exists to help employees obtain the competencies needed to maximize the use of current, new, and evolving technologies in support of mission, goals, and objectives.</p>	<p>4.1.1: Include the identification of technology and skills required to support evolving business needs in strategic planning processes. 4.1.2: Ensure technology investment review and approval processes require that knowledge, skill, and training needs are addressed in technology proposals and implementation plans. 4.1.3: Human resources offices, business units, and information technology (IT) offices will work together to identify current and planned technology, required skills, and current and anticipated skill gaps; and will use this information to form the platform for long-term plans for closing skill gaps and maintaining business-appropriate skill levels. 4.1.4: Implement a comprehensive, multidimensional, and integrated technology learning strategy; develop learning and capacity building strategies to close skill gaps, measure the impact of strategies on closing technology skill gaps, and assess the impact on the implementation of evolving technology; and work in partnership with best practice organizations to identify what can be replicated across Treasury.</p>	<ul style="list-style-type: none"> ➤ Strategic plans include projection of future and evolving technology needs. ➤ Senior leadership is committed to investing in the training and development of employees to build mission-critical technology skills as a top business priority. ➤ Current technology and skills needs are identified, skill gaps are measured, and training required to fill the gaps is available. ➤ A partnership exists among the CIO, continuing education organizations, and management to ensure that new technology initiatives address training requirements; and training opportunities support strategic technology objectives.
	<p>4.2. Treasury captures and shares knowledge, and develops approaches for knowledge transfer to better perform its mission.</p>	<p>4.2.1: Identify current knowledge transfer and repository initiatives in bureaus and external best practices for possible replication throughout Treasury. 4.2.2: Establish knowledge management priorities by identifying competencies critical to future core business functions and those potentially at risk because of anticipated employee attrition and an inability to recruit and hire the necessary talent. 4.2.3: Develop Treasury-wide knowledge transfer methodologies for at-risk competencies, knowledge, and skills. Apply a broad array of solutions, including the newly developed <i>Treasury Knowledge Transfer Inventory (KTI)</i> communities of practice, networks, and alumni experts. 4.2.4: Share information on successful knowledge transfer strategies to assist in addressing unique at-risk competencies, knowledge, and skills. 4.2.5: Incorporate technology knowledge and skills into recruitment and retention strategies.</p>	<ul style="list-style-type: none"> ➤ Knowledge management approaches, methodologies, and tools are developed and implemented. ➤ Critical knowledge to be shared is identified and incorporated into a knowledge management approach. ➤ At-risk knowledge that may be lost from upcoming retirees is identified and a strategy is put in place to retain access to that knowledge. ➤ A culture of knowledge sharing exists within the bureaus and across Treasury.

GOAL #4

