

## Human Capital Management Plan

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\* Cover photos of Jerry Schubert and Terri Shaw are provided by *The Greentree Gazette*.



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# Message from the Chief Operating Officer



Education is more important today than at any other time in history. To meet the demands of a global, high-tech marketplace, employers require a diverse pool of highly trained candidates to fill increasingly complex positions. Students are taking note of these trends and enrolling in colleges, universities and technical training programs at record rates. Professional, middle-aged men and women are returning to the classroom in greater numbers to take advantage of the opportunities presented by a continuing education. The result is the most educated and competitive workforce this nation has ever produced.

At the Department of Education's Office of Federal Student Aid (FSA), we help America tap this most fundamental resource by providing the assistance necessary for college-bound students and their families to realize their education dreams. *We Help Put America Through School* by delivering the right aid to the right student at the right time in the right way.

Our nearly 1,100 employees manage a loan portfolio of \$342 billion and annually manage more than \$65 billion in student financial aid to more than nine million students attending over 6,500 schools, colleges and universities. Our regulatory oversight responsibilities extend to the colleges, universities and career schools that participate in our programs and to the lenders, loan servicers, guaranty agencies and state grant agencies that support us in our efforts.

The importance of our mission demands a workforce that is competent, well-trained, committed, diligent and accountable; one that values integrity and diversity. Unfortunately, like many federal agencies today, a significant number of our employees are approaching retirement age and we need to develop a strong and sustainable "bench" of future leaders.

To meet our mission-critical human capital challenges, FSA conducted a comprehensive review of the organization's human capital practices and management priorities. The resulting Human Capital Management Plan incorporates the results of this review. It outlines the components of a successful human capital strategy, identifies gaps in FSA's existing system and recommends four broad strategies to address these gaps:

- ❑ Integrate human capital management into the agency's strategic planning and daily operations;
- ❑ Develop FSA's current and future leaders to sustain our business successes;
- ❑ Strengthen FSA's results-oriented culture by motivating and coaching employees to achieve at their highest levels of performance; and
- ❑ Ensure that the right people are in the right jobs by improving our recruiting and retention activities.

FSA's workforce is our organization's single greatest asset. The enclosed Human Capital Management Plan provides a comprehensive framework to ensure FSA attracts and retains the best and the brightest.

Terri Shaw





## Introduction

*Approximately 60% of all undergraduate students enrolled in postsecondary education utilize some form of financial aid, according to the National Center for Education Statistics' 1999-2000 National Postsecondary Student Aid Study.*

**A**s the need for a college-educated workforce grows and the cost to obtain a postsecondary education increases, the Department of Education's Office of Federal Student Aid (FSA) plays a greater and greater role in the national education agenda. Through the commitment and dedication of FSA's employees and contractors, FSA contributes to ensuring that a postsecondary education is possible for America's students and their families.

## Mission



At FSA, *We Help Put America Through School* by delivering the right aid to the right student at the right time in the right way. Through our public outreach initiatives and strengthened by established relationships with student groups, schools and lending institutions, we help students and their families plan and pay for higher education. Our federal grant and loan programs represent the largest sources of student aid in the United States, annually providing over \$65 billion in aid to approximately nine million students attending over 6,500 schools – many of whom may not otherwise have access to education beyond high school.

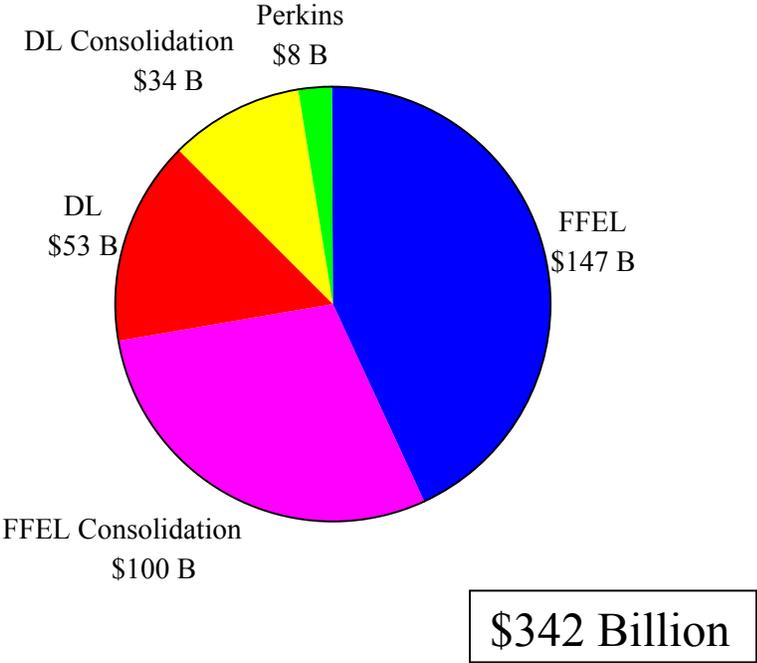
## Background

FSA manages and administers the postsecondary student financial assistance programs, authorized under Title IV of the Higher Education Act of 1965, as amended. These programs include the William D. Ford Federal Direct Loan (DL) Program, the Federal Family Education Loan (FFEL) Program, the Federal Pell Grant Program, the Federal Supplemental Educational Opportunity Grant (FSEOG) Program, the Federal Perkins Loan Program, the Federal Work-Study (FWS) Programs, and the Leveraging Educational



Assistance Partnership (LEAP) Program. In addition to managing these programs, FSA directly manages or oversees approximately \$342 billion in outstanding student and parent loans for more than 24 million borrowers.

**Figure 1. Total Federal Student Loan Portfolio**

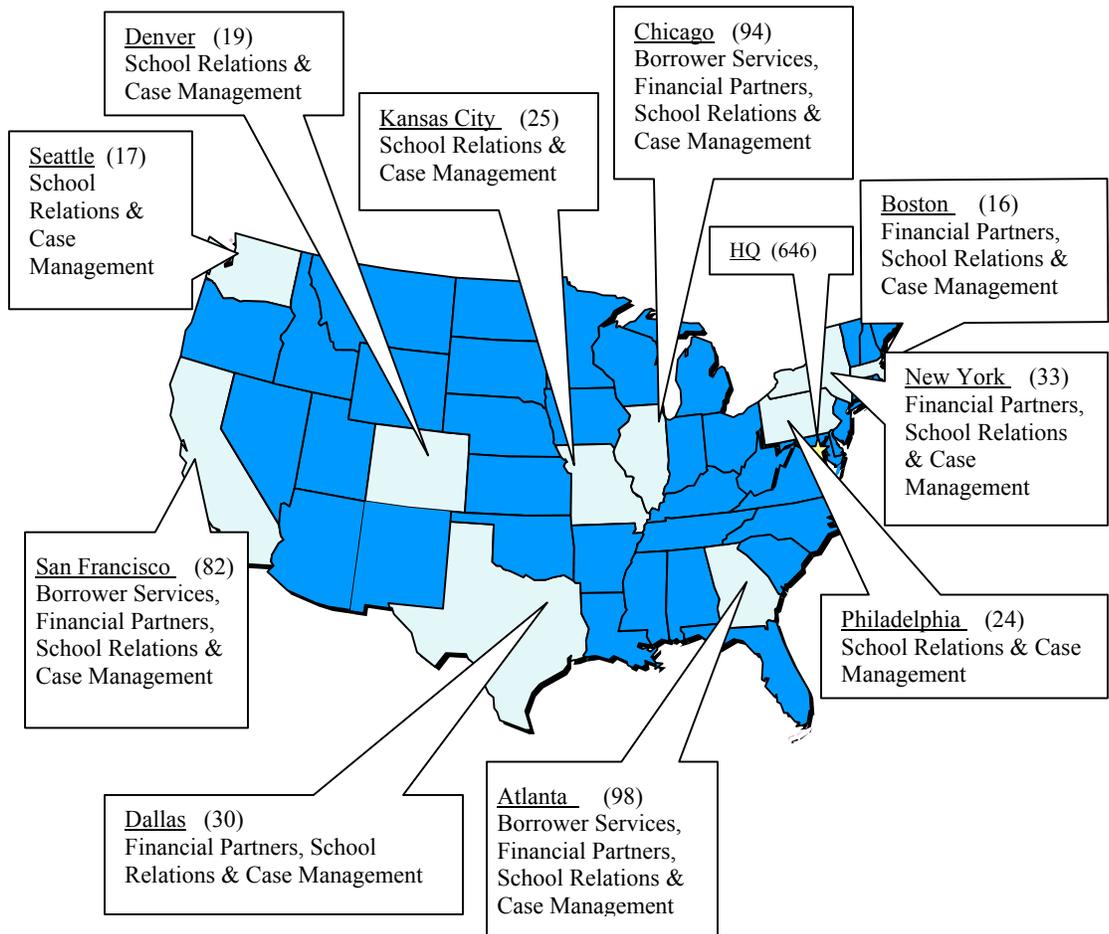


To carry out its responsibilities, FSA has an annual operating budget of over \$600 million. It has a staff of nearly 1,100 augmented by 3,800 contractor staff that provides outsourced business operations. Together, these staff and contractors operate and maintain the many systems and processes used by FSA to manage the federal student aid programs. The FSA employees and contractor staff are located throughout the country, including in the Washington, D.C. Headquarters (HQ) and in 10 Department of Education Regional Offices. The regions in each state are represented by light blue in the map below; the number in parentheses represents the number of FSA employees in each region.



The American Federation of Government Employees (AFGE) union represents approximately 71% of FSA’s employees. Under the Federal Labor/Management Relations statute, FSA bargains with the union on changes to conditions of employment affecting any bargaining unit employee.

**Figure 2. FSA Employee Regional Map**



The Secretary of Education appoints FSA’s senior executive, the Chief Operating Officer (COO), to a five-year term. This appointment is made on the basis of demonstrated management ability and expertise in business process re-engineering, student aid delivery and servicing operations, large-scale technology rollout and integration, system implementations and upgrades, vendor and contract management, budgeting and cost control, and financial

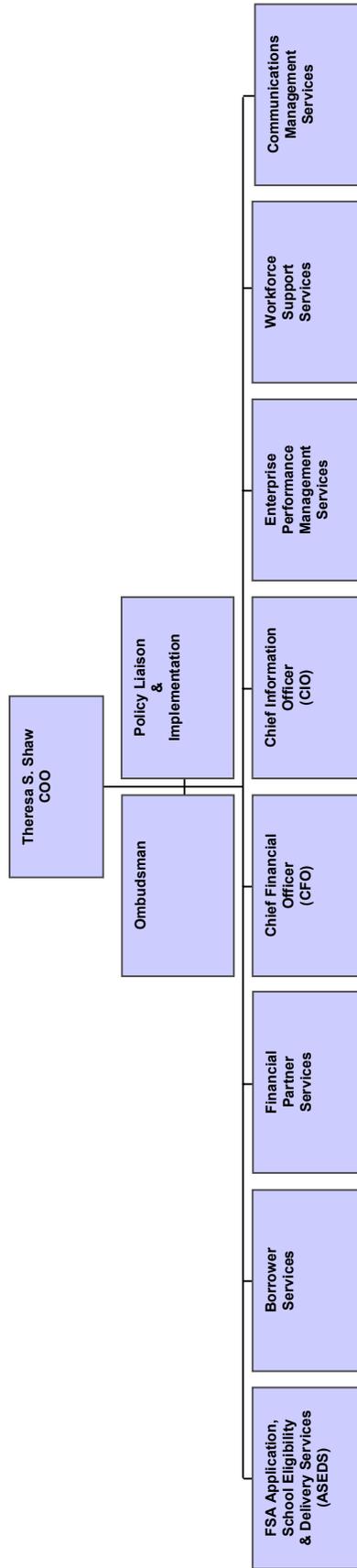


and operational management. The current COO is Ms. Theresa (“Terri”) S. Shaw. In 2003, Terri proposed a new functional organization structure for FSA. The new structure aligns the organization with FSA’s strategic drivers, business objectives and operational goals, and, after approval by the Department of Education (ED), was implemented on July 13, 2003. Figure 3 describes FSA’s organization structure. Terri and her senior leadership team comprise the FSA Management Council.





Figure 3. FSA Organization Structure





## Section 2

## Mission Challenges

**M**anaging the annual receipt of 13 million student aid applications and the disbursement of more than \$65 billion dollars in federal student aid is complex. Working with approximately 3,400 lenders and 36 guaranty agencies delivering aid to over nine million recipients attending over 6,500 schools, all of which require strict controls and oversight, presents additional challenges.

In 1992, the Government Accountability Office (GAO), formerly the General Accounting Office, designated the Title IV student aid programs as “High Risk” due to the inherent nature of the programs coupled with their vulnerability to fraud, waste and abuse. Specifically, GAO determined that FSA needed to address systems integration issues, reduce fraud and error in student aid application and disbursement processes, improve on the collection of student loan defaults and improve its human capital management.

FSA has realized considerable progress in administering the federal student aid programs since it became the federal government’s first Performance-Based Organization (PBO) in 1998. FSA recognizes the importance of a long-term strategic plan to guide its efforts, to improve its oversight and administration of the federal student aid programs and to fulfill its mission as a PBO. The following strategic drivers influence FSA’s long-term goals and objectives:

- ❑ President’s Management Agenda;
- ❑ GAO List of High-Risk issues;
- ❑ PBO legislation;
- ❑ ED’s Strategic Plan; and
- ❑ Customer needs.

To more effectively manage the organization’s programs and provide clear strategic direction to all internal and external constituencies, FSA’s COO and senior leadership team identified six strategic objectives to guide the organization. These include:

- ❑ Integrate FSA systems and provide new technology solutions to deliver federal student aid in an efficient and cost-effective manner;



- ❑ Improve program integrity to ensure access to postsecondary education while reducing vulnerability to fraud, waste and abuse;
- ❑ Reduce program administration costs to improve control over resources and maintain accountability for results;
- ❑ Improve products and services to provide better customer service;
- ❑ Improve human capital management; and
- ❑ Deliver student aid effectively and accurately.

**FSA has established tactical goals for achieving each of its strategic objectives.**

FSA has established tactical goals for each of these strategic objectives. The timelines, milestones and success measures associated with these tactical goals are evaluated on a continual basis to ensure their alignment with current business needs, the allocation of resources, the availability and allocation of capital and operating funds, policy considerations, statutory and regulatory requirements and continuity of leadership and direction. FSA has realized tremendous progress towards achieving its strategic objectives – most notably having received two clean financial audits – largely due to the hard work of the organization’s nearly 1,100 leaders and staff. However, a number of workforce challenges continue to exist.





## FSA's Workforce

The responsibility for ensuring that FSA fulfills its critical role in providing access to higher education for all Americans resides with its 1,100 employees. Their efforts are supported by more than 3,800 contractor staff, approximately 6,500 partner schools, college, and universities, 3,400 lenders, 36 guaranty agencies, 36 secondary markets and 53 “state” grant agencies. Day in and day out, FSA staff:

- ❑ Educate students and families about financial aid, access, awareness and availability;
- ❑ Provide effective and efficient customer access to financial aid resources;
- ❑ Disburse funds to students;
- ❑ Develop information technology systems and tools to effectively manage billions of dollars in aid;
- ❑ Partner with schools and financial institutions to prevent waste, fraud and abuse;
- ❑ Enforce financial aid rules and regulations; and
- ❑ Collect student loan repayments.





## Human Capital Challenges

As the federal government's first PBO, FSA is expected to operate as a results-driven organization with a focus on best-in-business management practices and outstanding customer service. As a PBO, FSA has been granted by the Congress certain, limited managerial flexibilities over its human capital management, budget and procurement activities. FSA is aggressive in utilizing those flexibilities to meet its mission objectives including:

- ❑ Using Excepted Service (ES) positions to quickly hire individuals with mission-critical expertise;
- ❑ Developing a discrete unit (FSA University) to build and enhance employees' core competencies; and
- ❑ Aligning employee rewards with their performance.

However, several human capital challenges persist and require attention if FSA is to ensure continued business success.

### *Leadership Attention to Human Capital Is Not a Consistent Priority*

FSA leadership focus on critical people management issues is inconsistent across the organization. Without ongoing attention to human capital issues, FSA will be ill prepared to address day-to-day management challenges and achieve its mission.

### *FSA Leadership Bench is Too Thin to Sustain Business Success*

The FSA leadership team is instrumental in delivering organizational successes. However, FSA's current and projected attrition rate render the leadership bench at FSA perilously thin. Additionally, processes are not in place to develop future leaders.

### *Managers and Supervisors Must Do a Better Job at Effectively Motivating and Managing Employees*

Generally, employees do not understand the organization's enterprise-wide business processes including their role in achieving strategic goals and objectives. While the current performance management system, EDPAS, is an improvement over the previous pass-fail system, FSA has not fully established appropriate performance standards to align employee performance with strategic goals. FSA's



performance management system lacks any system for monitoring or measuring employee performance; employee evaluations are too often based on general impressions, rather than on appropriate success measures. Moreover, managers must do a better job of evaluating and coaching employees to improve performance and effectively differentiate between employee accomplishments. Additionally, dealing with poor performers continues to be a serious challenge.

Managers should focus on counseling and otherwise dealing with poor performers in a timely fashion. Currently, poor performers are transferred from unit to unit, requiring too much management attention and damaging employee morale. To address FSA's mission goals and challenges, all employees must operate at their highest levels.

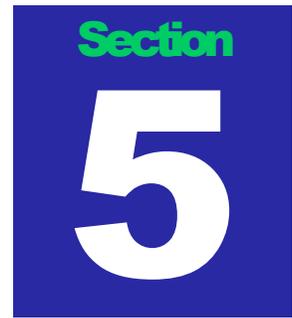
***Employees May Lack Certain Critical Competencies Required to Keep Pace with the Increasing Complexity of FSA Work Processes***

To operate as a high-performing organization – and ensure that students have the opportunity to pursue their education goals – FSA must build and strengthen employee skills. FSA's management recognizes that certain skill gaps exist within the workforce, including business and management analysis skills, financial management and reporting experience, project management, information technology expertise and contractor relationship and performance management.

***Recruiting, Hiring, Developing and Deploying Employees Continue to Take Too Long***

Although FSA's ES appointment authority allows it to recruit and quickly hire for critical leadership positions, recruiting, hiring and redeploying of General Schedule (GS) and Senior Executive Service (SES) employees take too long – constraining FSA's ability to hire the talent needed to more effectively achieve its mission and goals.





## A Framework for Success

If FSA is to improve on its considerable successes, the organization must continue to focus on high performance. Effective human capital strategies and management practices are critical components of that success. While many management initiatives are currently underway, this Human Capital Management Plan and framework aligns current efforts against a comprehensive management framework. Specifically, this Plan will outline key ingredients for success, identify current gaps and implement initiatives needed to close those gaps.

The Office of Personnel Management (OPM), the Office of Management and Budget (OMB) and GAO have jointly outlined the essential building blocks for effectively recruiting, developing, motivating and retaining the mission-critical employees needed to achieve an organization's mission and strategic goals – the Human Capital Standards for Success.<sup>1</sup> The Human Capital Standards include six key elements:

- ❑ **Strategic Alignment**  
Organization's human capital strategy is aligned with mission, goals and organizational objectives and integrated into its strategic plans, performance plans and budgets.
- ❑ **Workforce Planning & Deployment**  
Organization is citizen-centered, delayed and mission-focused and leverages e-government and competitive sourcing.
- ❑ **Leadership & Knowledge Management**  
Organization leaders and managers effectively manage people, ensure continuity of leadership and sustain a learning environment that drives continuous improvement in performance.
- ❑ **Results-Oriented Performance Culture**  
Organization has a diverse, results-oriented, high-performance workforce, and has a performance management system that effectively differentiates between

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<sup>1</sup> See the Human Capital Standards for Success published on OPM's website at: <http://apps.opm.gov/HumanCapital/standards/index.cfm>.



high and low performance and links individuals/team/unit performance to organizational goals and desired results.

- ❑ **Talent**  
Organization has closed most mission-critical skills, knowledge and competency gaps/deficiencies and has made meaningful progress toward closing all.
- ❑ **Accountability**  
Organization human capital decisions are guided by a data-driven, results-oriented planning and accountability system.

The Human Capital Standards for Success serve as a foundation for the ED’s ongoing human capital initiatives and FSA’s human capital action plan.<sup>2</sup> Based on FSA’s specific circumstances and business needs, there are four priority human capital initiatives that FSA intends to pursue as a part of a more comprehensive strategy to not only meet, but exceed the expectations described in the standards for success.

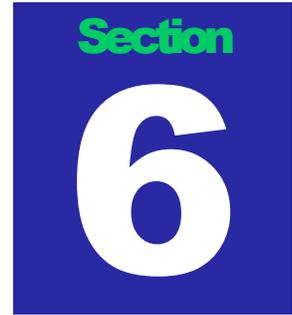
Most immediately, FSA will build on its existing efforts to pursue the following actions:

**Figure 4. FSA’s Human Capital Initiatives**

OPM’s Human Capital Standards for Success		ED’s Human Capital Initiatives		FSA Human Capital Goals
Strategic Alignment Accountability	➔	Strategic Human Capital Planning	➔	Integrate Human Capital into Strategic Planning and Daily Operations
Leadership & Knowledge Management	➔	Leadership	➔	Develop Current and Future Leaders
Results-Oriented Performance Culture	➔	Improving Performance Management	➔	Strengthen Our Results-Oriented Culture
Workforce Planning & Deployment Talent	➔	Strategic Human Capital Planning Competencies & Learning Tracks	➔	Ensure the Right People, Right Jobs, Right Time = Right Aid, Right Students, Right Time, Right Way

<sup>2</sup> The Department of Education’s ongoing human capital initiatives have been outlined in the *Blueprint for Management Excellence* (October 30, 2001) and *One-ED Report* (July 2002). We further aligned our planning with the Department’s broader human capital strategy by integrating the Assistant Secretary for Management and Human Resources Director in our planning initiative. See Appendix B for more information about our methodology.





## FSA's Human Capital Improvement Initiatives

FSA developed a comprehensive, integrated set of human capital improvement initiatives through extensive interviews and meetings with leaders from across the organization and stakeholders within ED. The following is a brief discussion of FSA's improvement initiatives. (A detailed implementation plan, a summary of key improvement initiatives and an implementation schedule are provided in Appendix A and a complete description of the methodology used is provided in Appendix B.)

### Integrate Human Capital Into Strategic Planning and Daily Operations

FSA's current human capital planning efforts align with the organization's broader mission, goals and objectives. The plan is comprehensive in scope and fits naturally within the direction and guidance offered by OPM, OMB, GAO and ED. To effectively execute the plan, FSA's leadership team must ensure human capital management is a priority throughout the organization. The FSA management team believes it can best achieve this goal by creating human capital processes integrated with its other management systems. Only through consistent, sustained and aggressive attention to human capital issues will FSA successfully achieve its mission.

#### *Current Actions:*

- ❑ Added General Manager for Human Capital to FSA's Management Council.
- ❑ Completed/updated Human Capital Management Plan.
  
- ❑ **Develop a Management Calendar** of significant activities to be completed throughout the year, including strategic planning, budgeting and human capital management.
- ❑ **Establish a Human Capital Dashboard** of key measures for regular Management Council review.



***Results:***

As a result of these improvement initiatives, FSA’s leaders will make human capital management a priority on par, and integrated with, performance and financial management. FSA will more effectively manage its people, day in and day out, to deliver short-term results and long-term success.

**Develop Current and Future Leaders**

To meet the day-to-day and broader transformation challenges confronting FSA, the organization must continue to attract experienced and diverse leaders and build “bench strength” to address expected departures due to retirement.

***Current Actions:***

- Completed initial succession planning exercise to identify mission-critical positions, likelihood of departure and succession strategy.

***Planned Actions:***

- **Initiate Comprehensive Succession Planning** to identify future leadership needs, assess the pipeline of future leaders, define required leadership development efforts and provide for an efficient transition of leadership.
  - **Convene a Management Retreat** and complete an exercise with senior leaders to collaboratively identify critical leadership positions, incumbents, bench of available employees and development needs.
  - **Create a Leadership Development Strategy** to focus resources on critical needs.
  - **Implement a Leadership Development Approach** that prepares current and future leaders for supervisory and management responsibilities.
  - **Define Approach and Implement Individual Development Plans (IDPs)** for “bench” employees needed to assume leadership responsibilities.

***Results:***

As a result, FSA will have a diverse and competent corps of leaders today and tomorrow to sustain the organization’s mission success.



## Strengthen Our Results-Oriented Culture – Ensure Managers Effectively Motivate and Manage Employees

To more clearly align employees' roles and work with the mission and goals of the organization, FSA must define employees' expectations, recognize and reward high-performing employees and identify and deal with poor performers.

### *Current Actions:*

- FSA recently transitioned from a pass-fail performance appraisal system to the EDPAS five-tiered performance appraisal system.
- Year-end bonuses are no longer awarded to all employees based on organizational performance as they were in previous years. Currently, awards are based on individual employee performance and contributions to FSA.

### *Planned Actions:*

- **Leaders Initiate a Campaign for High Performance**, committing to effective performance management.
  - **Develop Improved Performance Standards** that reflect and fully support FSA's end-to-end business processes.
  - **Develop and Deliver Leadership and Supervisory Training** to include orientation sessions, building and maintaining a web site with human capital management tools and organizing action-learning teams around other critical development areas.
  - **Update Individual Employee Performance Plans** to agree on personal goals and performance standards.
  - **Measure the Effectiveness of Employee Appraisals, Rewards and Recognition** to ensure employees are rewarded for high performance.
  - **Deal More Effectively with Poor Performers** by collaborating with ED and the union to develop and provide manager briefings/trainings; coaches to assist with the steps needed to first work with employees; assistance organizing the documentation needed to remove poor performers; bolster training programs (Career Zone) and focus IDPs to help poor-performing employees improve performance or find employment elsewhere.

### *Results:*

Through its focus on performance, FSA's employees will share a common understanding of the organization's total, end-to-end business, without regard to role or geographic location. The organization will be more cohesive and employees will take greater pride in their performance.



## Ensure the Right People in the Right Jobs at the Right Time = Deliver the Right Aid to the Right Student at the Right Time in the Right Way

If FSA is to operate in line with current industry best practices and enhance its overall performance, it must fill its most significant talent gaps – particularly in the areas of business and management analysis, financial management and reporting, project management, information technology and managing contractor relationships. Moreover, as its program requirements change, and new mission challenges develop, it needs a recruiting and hiring process that will allow it to effectively compete for the best talent available – whether new college graduates or more experienced employees.

FSA is committed to employing a culturally diverse workforce to serve a culturally and economically diverse customer base. There is no better way to provide world-class customer service to a broad spectrum of backgrounds than to employ a workforce composed of a diverse group of individuals from a variety of cultures, professional experiences and educational backgrounds.

As with many other human capital metrics, FSA currently tracks and will continue to track the diversity of its workforce. Diversity will be an important consideration in the re-engineered hiring process and will likewise play an important role in succession planning efforts. FSA’s goals will include maintaining a diverse workforce that reflects both the diversity and the interests of its customers.

### *Current Actions:*

- ❑ Continues to track the diversity of its workforce.
- ❑ Worked with ED to map, monitor and streamline the hiring process.
- ❑ Used ES authority as well as its internship program to identify and convert high-potential personnel to full-time, permanent employment.
- ❑ Reviewed staffing levels and deployment in ASEDS through a workforce alignment initiative.
- ❑ Defined skills catalogs and learning tracks for mission critical occupations.
- ❑ Expanded the use of IDPs.
- ❑ Offered employees professional development counseling and training.
- ❑ Sought use of Voluntary Early Retirement Authority (VERA) and Voluntary Separation Incentive Payments (VSIP).
  
- ❑ **Improve the Hiring Process** by working with ED to identify those activities slowing down hiring, explore the full functionality of EDHIRES and develop an action plan to overcome those issues using FSA’s statutory authorities as a PBO.



- ❑ **Create a Proactive Recruitment Strategy** with collateral (i.e., including a sales pitch for working in FSA), targeted sources of recruits, and shared responsibility for finding and recruiting a diverse group of new hires, including entry-level employees.
- ❑ **Link the Skills Catalog** to career development.
- ❑ **Expand the Use of Flexibilities**, as appropriate, and monitor/assess the use of student loan repayment flexibilities, as well as recruitment, retention and relocation bonuses.
- ❑ **Perform Additional Workforce Alignment Studies** and restructure other critical organizational units – as necessary – using its work with ASEDS as a model.
- ❑ **Identify and Develop Employees' Critical Competencies** by establishing baseline performance expectations for organization-wide skill requirements; developing training to build employees knowledge and understanding of FSA's end-to-end student financial aid business processes; and establishing teams to develop strategies for developing employees' skills.

***Results:***

When FSA successfully completes its organizational restructuring studies and bolsters employees' skills in mission-critical areas, a diverse, well-trained FSA will more effectively serve its customers. FSA will be prepared to quickly and proactively access the talent resources needed to more effectively achieve its mission and goals.





## Accountability for Results

Ultimately, FSA senior management is responsible for achieving the goals outlined in this human capital plan. Across the federal government, those agencies that have successfully developed and implemented human capital plans have done so as a result of the ongoing commitment of the management team.

To assist FSA senior management, FSA's Workforce Support Services will be responsible for supporting and spearheading many of the specific human capital initiatives FSA anticipates pursuing over the next three years. Their support will be particularly critical – providing timely workforce analyses, developing the detailed plans to implement the vision outlined in this plan and working with managers to equip them with the knowledge and tools needed to improve their strategic and day-to-day management of human capital.

A comprehensive implementation plan was developed detailing the specific steps FSA will take to pursue its human capital goals, the time frames for completing those activities, individuals responsible for the activities and identifying key metrics for assessing the plan's success. In addition to its dashboard of key human capital metrics, Workforce Support Services will monitor, and as the designated lead, implement the various human capital initiatives. See Appendix A for the detailed implementation plan and schedule.





## Detailed Human Capital Implementation Plan July 2004

OPM - Human Capital Standard for Success: Strategic Alignment/Accountability ED – Strategic Human Capital Planning				
FSA Human Capital Goals	Action Steps to Implement Improvement Initiatives	Schedule	Project Lead	Metrics
Integrate Human Capital into Strategic Planning and Daily Operations	<ul style="list-style-type: none"> <li>Define and implement an ongoing management calendar of significant activities to be completed throughout the year, including strategic planning, budgeting and human capital management (e.g., annual update to Human Capital Management Plan, hiring goals and times, EDPAS milestones, individual development planning, annual succession planning exercise)</li> </ul>	Q4 (FY 2004)	Relevant Management Council Leads	<ul style="list-style-type: none"> <li>Annual Human Capital Management Plan updates completed</li> <li>Annual succession planning exercise completed; leadership vacancies filled quickly</li> <li>OPM human capital survey results improve (i.e., depending on the relevance of the survey to FSA)</li> <li>Percentage of employees completing EDPAS, IDPs, etc. increases</li> </ul>
	<ul style="list-style-type: none"> <li>Develop and utilize a dashboard of key measures (e.g., mission-critical retirement eligibility, attrition rates, hiring times, vacancy rates, EDPAS participation and results) for the Management Council to review and discuss at least quarterly</li> </ul>	Q4 (FY2004)	C. Thomas & Management Council	<ul style="list-style-type: none"> <li>Dashboard completed in Q4</li> <li>Quarterly review completed on time</li> </ul>



**OPM - Human Capital Standard for Success: Leadership & Knowledge Management  
ED - Leadership**

<b>FSA Human Capital Goals</b>	<b>Action Steps to Implement Improvement Initiatives</b>	<b>Schedule</b>	<b>Project Lead</b>	<b>Metrics</b>
<b>Develop Current and Future Leaders</b>	<ul style="list-style-type: none"> <li>• Convene a management retreat and complete an exercise with senior leaders to collaboratively identify critical leadership positions, incumbents, bench of available employees and development needs – <i>make it real</i> – shatter the “succession planning” myth</li> </ul>	Q4 (FY 2004)	T. Shaw & Management Council	<ul style="list-style-type: none"> <li>• Formal succession planning exercise is completed, mission-critical leadership positions – and potential gaps – identified</li> </ul>
	<ul style="list-style-type: none"> <li>• Create a leadership development strategy that focuses precious resources on critical needs</li> </ul>	Q4 (FY 2004) – Q1 (FY 2005)	Workforce Support Services	<ul style="list-style-type: none"> <li>• Strategy for preparing high potentials outlined and ready for action</li> </ul>
	<ul style="list-style-type: none"> <li>• Through FSA University, implement a leadership development approach – including on-the-job training, coaching and formal courses, as needed – that prepares current and future leaders for supervisory and management responsibilities (e.g., from certifying time and attendance to managing employee performance)</li> </ul>	Q1 (FY 2005) – Q4 (FY 2006)	C. Thomas & A. Teresa	<ul style="list-style-type: none"> <li>• Organization-wide development and learning plans completed</li> <li>• High potentials completing developmental job assignments, receiving executive coaching and completing courses as needed</li> </ul>
	<ul style="list-style-type: none"> <li>• Define approach and implement IDPs for “bench” employees needed to assume leadership responsibilities in the future</li> </ul>	Q1 (FY 2005) – Q4 (FY 2006)	Workforce Support Services	<ul style="list-style-type: none"> <li>• IDPs for high potentials completed</li> </ul>



**OPM - Human Capital Standard for Success: Results-Oriented Performance Culture  
ED – Improving Performance Management**

<b>FSA Human Capital Goals</b>	<b>Action Steps to Implement Improvement Initiatives</b>	<b>Schedule</b>	<b>Project Lead</b>	<b>Metrics</b>
<b>Strengthen Our Results- Oriented Culture</b>	<ul style="list-style-type: none"> <li>Develop core organizational performance standards within EDPAS that reflect the end-to-end business process of student financial aid</li> </ul>	Q1 – Q4 (FY 2005)	C. Thomas & Workforce Support Services	<ul style="list-style-type: none"> <li>Leaders have developed and agreed on a set of core, cross-cutting performance standards</li> </ul>
	<ul style="list-style-type: none"> <li>Develop and deliver leadership and supervisory training to include orientation sessions, building and maintaining a web site with human capital management tools and organizing action-learning teams around other critical development areas</li> </ul>	Q1 – Q4 (FY 2005)	A. Teresa	<ul style="list-style-type: none"> <li>Managers complete FSA training to prepare for constructive performance management conversations with outstanding and poor performers</li> </ul>
	<ul style="list-style-type: none"> <li>Managers meet with all employees to discuss and agree on personal performance goals and standards and update IDP's</li> </ul>	Q3 (FY 2005) – Q4 (FY 2006)	Management Council	<ul style="list-style-type: none"> <li>All managers and employees have completed meetings and established meaningful performance goals</li> </ul>
	<ul style="list-style-type: none"> <li>Measure the effectiveness of performance appraisals, rewards and recognition to ensure that managers differentiate among employees</li> </ul>	Q3 (FY 2005) – Q4 (FY 2006)	C. Thomas, J. Mondragon	<ul style="list-style-type: none"> <li>The Management Council examines distribution of ratings and rewards and determines generally acceptable levels for the organization</li> </ul>
	<ul style="list-style-type: none"> <li>To ease the burden placed on managers when removing poor performers, FSA will work with the Department of Education to define a system/position focused on identifying and effectively dealing with poor performers in concert with the unions – manager briefings/trainings; coaches to assist with the steps needed to first work with employees to improve performance or as a last resort organize the documentation needed to remove poor performers; bolster the Career Zone and focus on IDPs to help poor performing employees improve performance or find employment elsewhere</li> </ul>	Q4 (FY 2004) – Q4 (FY 2006)	C. Thomas, J. Mondragon, A. Teresa	<ul style="list-style-type: none"> <li>Performance improvement plans are completed for poor performers</li> <li>Managers work with internal consultant/counselor to initiate removal of poor performers</li> <li>Poor performers are removed – clearing the way for new employees – and morale improves among high performers</li> <li>OPM human capital survey results improve (i.e., depending on the relevance of the survey to FSA)</li> </ul>



**OPM - Human Capital Standard for Success: Workforce Planning & Deployment and Talent  
ED – Strategic Human Capital Planning Competencies & Learning Tracks**

Human Capital Goals	Action Steps to Implement Improvement Initiatives	Schedule	Project Lead	Metrics
<p><b>Ensure the Right People, Right Jobs, Right Time = Right Aid, Right Students, Right Time, Right Way</b></p>	<ul style="list-style-type: none"> <li>Improve hiring by mapping the hiring process, identifying those activities slowing down hiring, and developing an action plan to overcome those issues using FSA's statutory authorities</li> </ul>	<p>Q4 (FY 2004) – Q1 (FY 2006)</p>	<p>C. Thomas, J. Mondragon</p>	<ul style="list-style-type: none"> <li>Each step of the hiring process is mapped, problems are identified, and strategies for overcoming implemented</li> <li>Hiring times have decreased</li> </ul>
	<ul style="list-style-type: none"> <li>To fill skills gaps, create a proactive recruitment strategy with literature (i.e., a sales pitch for working at FSA), targeted, diverse sources of recruits and shared responsibility for recruiting new hires</li> </ul>	<p>Q3 (FY 2005) – Q1 (FY 2006)</p>	<p>Workforce Support Services, Comm.</p>	<ul style="list-style-type: none"> <li>FSA recruiting materials have been developed and distributed appropriately</li> </ul>
	<ul style="list-style-type: none"> <li>Link the skills catalog and develop clear career paths for employees</li> </ul>	<p>Q4 (FY 2004) – Q2 (FY 2005)</p>	<p>Workforce Support Services, Comm.</p>	<ul style="list-style-type: none"> <li>Established FSA skills catalog career development and mapping for FSA employees</li> </ul>
	<ul style="list-style-type: none"> <li>Expand the use of flexibilities, as appropriate, and monitor/assess the use of student loan repayment flexibilities, as well as recruitment, retention and relocation bonuses</li> </ul>	<p>Q1 (FY 2005) – Q4 (FY 2005)</p>	<p>Workforce Support Services, ED</p>	<ul style="list-style-type: none"> <li>FSA increases the number of employees receiving student loan repayments, recruitment, retention, or relocation bonuses</li> </ul>
	<ul style="list-style-type: none"> <li>Implement recommendations and activities outlined in ASEDS workforce realignment study</li> </ul>	<p>Q4 (FY 2004) – Q4 (FY 2005)</p>	<p>Kay Jacks, J. Mondragon</p>	<ul style="list-style-type: none"> <li>Staff reassigned and redeployed to provide more direct customer service</li> </ul>
	<ul style="list-style-type: none"> <li><b>Workforce Alignment Studies</b> Following our review of staff alignment in ASEDS, pursue further efforts to identify the employees needed to effectively perform FSA's work, including the right number of federal employees (i.e., number and skills); the right number of contractors; the right deployment in regions – studies to be completed for critical components as needed</li> </ul>	<p>Q1 (FY 2005) – Q4 (FY 2006)</p>	<p>C. Thomas &amp; J. Mondragon</p>	<ul style="list-style-type: none"> <li>Clear plan for the workforce needed – in number and skills – to support FSA's mission completed in identified areas</li> </ul>
	<ul style="list-style-type: none"> <li><b>Identify and Develop Employees' Critical Competencies</b> Develop and implement a transformation initiative to raise both competency expectations and performance in key skill areas – including FSA's end-to-end business processes; establish teams to develop strategies for developing employees' skills; identify baseline performance expectations for key, organization-wide skill requirements; update the agency's training in areas such as FSA's end-to-end business processes</li> </ul>	<p>Q2 (FY 2005) – Q4 (FY 2006)</p>	<p>C. Thomas &amp; A. Teresa</p>	<ul style="list-style-type: none"> <li>Employees enhance competencies and improve performance – for students and taxpayers</li> <li>Key organization-wide expectations are outlined and integrated into employees' performance plans</li> <li>Employees develop key management and technical skills</li> <li>Establishment of teams to develop training strategies, including action-learning teams</li> <li>Action plan for enhancing employees' skills completed</li> </ul>



# Summary of Key Human Capital Improvement Initiatives

OPM's Standards for Success	FSA Human Capital Goals	Problems	Improvement Initiatives	Outcomes/ Results
<p><b>Strategic Alignment</b></p> <p><b>Accountability</b></p>	<p><b>Integrate Human Capital Into Strategic Planning &amp; Daily Operations</b></p> <p>FSA's human capital strategy, resources, plans, and programs are aligned with the agency's mission, strategic goals, and changing circumstances</p>	<p>Leadership attention to Human Capital is not a consistent priority</p>	<p>Develop a Management Calendar</p> <p>Establish a Human Capital Dashboard</p>	<p>FSA's leaders make human capital management a priority, integrated with performance and financial management</p> <p>FSA manages its people in a manner that drives both short-term results and long-term success</p>
<p><b>Leadership &amp; Knowledge Management</b></p>	<p><b>Develop Current &amp; Future Leaders</b></p> <p>FSA has the current and future leaders needed to lead a high-performing organization – engaging employees in continuous improvement</p>	<p>FSA leadership bench is too thin to sustain business success</p>	<p>Convene Leadership Planning Retreat</p> <p>Create a Leadership Development Strategy</p> <p>Implement a Leadership Development Strategy</p> <p>Define Approach and Implement Individual Development Plans (IDP's)</p>	<p>FSA has a strong, diverse and sustainable pipeline of leaders</p>
<p><b>Results-Oriented Performance Culture</b></p>	<p><b>Strengthen Our Results-Oriented Culture</b></p> <p>All of the FSA employees understand FSA's mission and business model; their day-to-day activities are fully aligned with organizational performance objectives; and poor performers are evaluated, coached, and dealt with in a timely manner</p>	<p>Not all employees understand FSA's end-to-end business processes</p> <p>As a result, leaders have not agreed on an appropriate set of performance standards</p> <p>Managers do not always effectively coach employees to achieve high performance</p> <p>Managers do not always effectively counsel and deal with poor performers</p>	<p>Develop Improved Performance Standards</p> <p>Develop and Deliver Leadership and Supervisory Training</p> <p>Update Individual Employee Performance Plans</p> <p>Measure the Effectiveness of Employee Appraisals, Rewards &amp; Recognition</p> <p>Deal More Effectively with Poor Performers</p>	<p>FSA is a cohesive, high-performing organization</p> <p>Employees feel challenged and take pride in how their efforts contribute to the agency's success</p>



OPM's Standards for Success	FSA Human Capital Goals	Problems	Improvement Initiatives	Outcomes/ Results
<p><b>Workforce Planning &amp; Deployment</b></p> <p><b>Talent</b></p>	<p><b>Ensure the Right People, Right Jobs, Right Time = Right Aid, Right Students, Right Time, Right Way</b></p> <p>FSA consistently recruits and develops a workforce with the skills and competencies required to meet mission challenges and emerging business requirement</p>	<p>Some structures, business processes, and technology are not best-in-business</p> <p>Gaps exist in critical competencies required for FSA's high performance</p> <p>Current hiring processes are too slow to respond to critical talent challenges – resulting in the loss of desired candidates</p> <p>Managers lack the authority to effectively use flexibilities (e.g., retention bonuses, student loan repayment)</p>	<p>Improve the Hiring Process</p> <p>Create a Proactive Recruitment Strategy</p> <p>Further Build Skills Catalog and Link to Career Development</p> <p>Expand the Use of Flexibilities</p> <p>Perform Additional Workforce Alignment Studies</p> <p>Identify and Develop Employees' Critical Competencies</p>	<p>FSA serves as a model of performance in both serving its public and demonstrating management excellence</p> <p>FSA can readily hire the employees needed to effectively serve customer and taxpayer interests</p>



# Human Capital Implementation Schedule

FSA Human Capital Goals	Improvement Initiatives	Implementation Calendar											
		FY 2004				FY 2005				FY 2006			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Integrate Human Capital Into Strategic Planning & Daily Operations	Develop a Management Calendar												
	Establish a Human Capital Dashboard												
Develop Current and Future Leaders	Convene Leadership Planning Retreat												
	Create a Leadership Development Strategy												
	Implement a Leadership Development Strategy												
	Define Approach and Implement Individual Development Plans (IDP's)												
Strengthen Our Results-Oriented Culture	Develop Improved Performance Standards												
	Develop and Deliver Leadership and Supervisory Training												
	Update Individual Employee Performance Plans												
	Measure the Effectiveness of Employee Appraisals, Rewards and Recognition												
	Deal More Effectively with Poor Performers												
Ensure the Right People, Right Jobs, Right Time = Right Aid, Right Students, Right Time, Right Way	Improve the Hiring Process												
	Create a Proactive Recruitment Strategy												
	Further Build Skills Catalog and Link to Career Development												
	Expand the Use of Flexibilities												
	Perform Additional Workforce Alignment Studies												
	Identify and Develop Employees' Critical Competencies												



## Methodology

FSA developed its approach to strategic human capital planning following the key steps and principles outlined by the Office of Personnel Management (OPM), the Government Accountability Office (GAO), the Department of Education (ED), and Partnership for Public Service’s Solutions Center Strategic Human Capital Planning case studies.<sup>3</sup>

Based on this guidance, our planning efforts relied extensively on the input of our leadership team and stakeholders, as well as the support and expertise of our Workforce Support Services. Along with FSA’s leaders and ED’s Office of Management, we developed an approach and project plan to identify:

- ❑ Critical mission challenges likely to affect FSA in the short- and long-term;
- ❑ Employee types needed now and in the future to achieve our mission and address critical challenges;
- ❑ Workforce trends likely to affect our ability to recruit, hire, develop, motivate and retain the employees needed; and
- ❑ Ongoing and planned initiatives FSA should pursue to address the range of workforce challenges.

To collect this information and begin to synthesize our plan, we completed an extensive review of our human capital policies, programs and progress in recent years (see Appendix C for our complete project plan). We also used a structured interview guide to conduct interviews with more than 30 leaders in FSA and ED, assessing their views on our most mission-critical human capital challenges and the actions needed to overcome those challenges (see Appendix D for our interview guide). To supplement our leaders’ views, Workforce Support Services performed significant data analysis to assess the workforce trends developing within the organization; that data is included in the body of the Human Capital Management Plan.

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<sup>3</sup> See OPM’s strategic human capital/workforce planning guidance at <http://www.opm.gov/workforceplanning/>. Also, see GAO, *Human Capital: Key Principles for Effective Strategic Workforce Planning*, GAO-04-39 (December 11, 2003) and the Partnership for Public Service’s Solutions Center *Strategic Human Capital Planning* case studies at <http://www.ourpublicservice.org/solutions/>.



Based on this data collection effort, Workforce Support Services outlined our significant challenges and strategies and convened a meeting with FSA and ED leaders to confirm the findings and the direction of the plan. Based on the leaders' input, we revised the outline and drafted the final Human Capital Management Plan.





## Project Plan

<i>Activity (Resources)</i>	<i>Start</i>	<i>Finish</i>
<b>Project Planning and Kick-off</b>		
<ul style="list-style-type: none"> <li>Draft initial project plan (<i>FSA and Partnership</i>)</li> </ul>	February	February
<ul style="list-style-type: none"> <li>Define key project deliverables and metrics (<i>FSA and Partnership</i>)</li> </ul>	February	February
<ul style="list-style-type: none"> <li>Request HR data and other information from FSA, including:               <ul style="list-style-type: none"> <li>One-ED plan</li> <li>Outcome of ED or OPM review of FSA</li> <li>GAO feedback from briefing</li> <li>Inventory current state of significant human capital strategies, programs and results intended to address mission-critical issues</li> </ul> </li> </ul> ( <i>FSA</i> )	February	Early March
<b>Stakeholder Outreach and Input</b>		
<ul style="list-style-type: none"> <li>Interview/meeting with FSA Chief of Staff for review and input (<i>FSA and Partnership</i>)</li> </ul>	Early March	Early March
<ul style="list-style-type: none"> <li>Present project concept and plan to FSA COO for review, input and final approval (<i>FSA and Partnership</i>)</li> </ul>	Early March	Mid-March
<ul style="list-style-type: none"> <li>Identify project stakeholders who should participate in the project, including:               <ul style="list-style-type: none"> <li>GAO</li> <li>OPM/OMB</li> <li>etc.</li> </ul> </li> </ul> ( <i>FSA and Partnership</i> )	Early March	Mid-March
<ul style="list-style-type: none"> <li>Meet with stakeholders to identify critical requirements and expectations for Human Capital Management Plan (<i>FSA and Partnership</i>)</li> </ul>	Mid-March	Late March
<ul style="list-style-type: none"> <li>Meet with management council to discuss approach to strategic human capital planning and solicit feedback, including:               <ul style="list-style-type: none"> <li>Goals</li> <li>Timeline</li> <li>Resources and responsibilities</li> <li>Metrics and outcomes</li> </ul> </li> </ul> ( <i>FSA and Partnership</i> )	Late March	Late March



<b>Activity (Resources)</b>	<b>Start</b>	<b>Finish</b>
<ul style="list-style-type: none"> <li>Finalize project plan, including roles, responsibilities, timelines, deliverables and metrics <i>(Partnership with FSA input and approval)</i></li> </ul>	Late March	Late March
<b>Data Collection</b>		
<ul style="list-style-type: none"> <li>Develop Human Capital Management Plan outline/template and identify data requirements to include anticipated objectives and outcomes. <i>(FSA and Partnership)</i></li> </ul>	Late March	Late March
<ul style="list-style-type: none"> <li>Distribute outline/template to channel leaders and request preparation for interviews <i>(FSA)</i></li> </ul>	Early April	Early April
<ul style="list-style-type: none"> <li>Distribute data requests to appropriate functions <i>(FSA)</i></li> </ul>	Early April	Early April
<ul style="list-style-type: none"> <li>Develop and finalize interview guide <i>(Partnership with FSA input and approval)</i></li> </ul>	Early April	Early April
<ul style="list-style-type: none"> <li>Schedule and complete interviews with HR staff <i>(FSA and Partnership)</i></li> </ul>	Early April	Mid-April
<ul style="list-style-type: none"> <li>Schedule and conduct interviews with channel leaders and other relevant channel staff <i>(FSA will schedule the interviews; Partnership will facilitate the interviews with FSA participation)</i></li> </ul>	Early April	Late April
<ul style="list-style-type: none"> <li>Schedule and conduct outreach to the Department of Education management team <i>(FSA and Partnership)</i></li> </ul>	Early April	Late April
<b>Data Analysis &amp; Strategic Human Capital Plan Writing</b>		
<ul style="list-style-type: none"> <li>Analyze and summarize interview results relative to outline/template               <ul style="list-style-type: none"> <li>Determine additional data requirements <i>(Partnership)</i></li> </ul> </li> </ul>	Late April	Early May
<ul style="list-style-type: none"> <li>Conduct additional data analysis <i>(FSA)</i></li> </ul>	Early May	Mid-May
<ul style="list-style-type: none"> <li>Develop complete outline and review with appropriate internal and external stakeholders <i>(FSA with Partnership assistance)</i></li> </ul>	Early May	Mid-May
<ul style="list-style-type: none"> <li>Draft initial Human Capital Management Plan <i>(FSA)</i></li> </ul>	Early May	Late May
<ul style="list-style-type: none"> <li>Review and recommend edits to Plan <i>(Partnership)</i></li> </ul>	Late May	Late May
<ul style="list-style-type: none"> <li>Revise Plan <i>(FSA)</i></li> </ul>	Late May	Early June
<ul style="list-style-type: none"> <li>Submit Plan to COO and management council for feedback and approval <i>(FSA)</i></li> </ul>	Early June	Mid-June
<ul style="list-style-type: none"> <li>Submit Plan to relevant stakeholders for feedback and approval <i>(FSA)</i></li> </ul>	Early June	Late June
<ul style="list-style-type: none"> <li>Finalize Plan <i>(FSA)</i></li> </ul>	Late June	Early July



Planning Evaluation & Defining Next Steps		
<ul style="list-style-type: none"> <li>Human Capital Management Plan debrief with FSA project team <i>(Partnership)</i></li> </ul>	Mid-July	Mid-July
<ul style="list-style-type: none"> <li>Human Capital Management Plan debrief with management council <i>(FSA and Partnership)</i></li> </ul>	Mid-July	Late July
<ul style="list-style-type: none"> <li>In collaboration with FSA COO and strategic planning staff, define the next steps for making Human Capital Management Plan an ongoing part of the organization's business planning <i>(FSA and Partnership)</i></li> </ul>	Late July	Late July





## Strategic Human Capital Planning Interview Guide March 2004

### Overview

As announced at the Management Council Meeting on March 8, 2004, FSA is working with the Partnership for Public Service – a nonpartisan, nonprofit organization that works with federal agencies to address human capital management issues – to update and revise our Human Capital Management Plan as a part of our efforts to align the organization with the Department’s One-ED initiatives and remove FSA programs from GAO’s High-Risk list. More importantly, however, the Human Capital Management Plan is intended to lay the foundation for more effectively investing in and managing our people to improve performance and mission accomplishment.

To complete a plan that reflects the views of our management team and benefits individual channels as well as the entire organization, we intend to complete a series of interviews with leaders across the organization over the next two months. The interviews – to be facilitated by the Partnership and members of the Workforce Support Services staff – will last approximately one hour. We believe that this approach will effectively streamline the demands on staff time.

FSA will then work with the Partnership to summarize the interview results, conduct any additional data analysis and draft an outline of an organization-wide Human Capital Management Plan. We will solicit your input on the outline prior to drafting the final Plan. The entire process will be completed by July.

### Interview Outline

In advance of our interview, we wanted to provide you with an overview of the project and prepare you for the interviews we will be scheduling. Based on our discussions with the Partnership – and their best-practices research and work with public and private sector organizations – we have identified five critical areas required of any successful strategic



human capital plan. Consistent with those elements, we will seek your thoughts on the following:

### **Mission**

In your own words, briefly describe FSA’s mission and its importance to the American people.

How does your channel support the overall mission of FSA?

### **Channel Challenges**

What critical mission challenges are likely to affect your channel in the short-term (i.e., the next one to three years) and long-term (i.e., the next three to five years)?

Why do you consider these challenges to be most significant?

How will these challenges affect your channel’s contribution to FSA’s mission?

### **Workforce Challenges**

What types of employees does your channel currently need to both achieve its mission and address its critical challenges? What other resources does your channel need? (e.g., contractors)

*Note: Describe in layman’s terms the work employees perform that contributes to the mission of the organization and satisfies the demands of the American people.*

What should your channel’s workforce look like in the future?

(e.g., employees with different skills/competencies, more employees, more contractors)

What do these people need to do differently than your current workforce does to ensure your future mission success?

What trends are likely to affect your channel’s ability to recruit, hire, develop, motivate and retain the employees needed? (e.g., retirements, attrition, competition for limited skills, etc.)

*Note: Please provide us with any available data relevant to your story. Otherwise, please describe the data you believe would highlight your channel’s workforce challenges.*

What is the impact to the mission of the organization if these workforce trends are left unaddressed?

Note: Please describe the impact in compelling terms that would resonate with a policymaker or an average American.

### **Solutions**

Generally describe the ongoing and planned initiatives – in your channel and enterprise-wide – likely to address a broad range of workforce challenges. In other words, what steps does the channel intend to take, or already have underway, to address these challenges?



Who is responsible for these steps?  
When are the steps scheduled to be completed?  
What other solutions may be needed?

### **Resources and Investment**

What general budgetary resources will be required to implement these solutions?  
Are there any expected cost-savings/benefits of these solutions in the short and long terms?



