



Annual Performance Plan 2018

February 2018

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM



Annual Performance Plan 2018

February 2018

This and other Federal Reserve Board reports and publications are available online at
www.federalreserve.gov/publications/default.htm.

To order copies of Federal Reserve Board publications offered in print,
see the Board's Publication Order Form (www.federalreserve.gov/files/orderform.pdf)
or contact:

Printing and Fulfillment
Mail Stop K1-120
Board of Governors of the Federal Reserve System
Washington, DC 20551
(ph) 202-452-3245
(fax) 202-728-5886
(email) Publications-BOG@frb.gov

Contents

Preface	1
Introduction	3
Strategic Pillar 1: Project Development and Resource Allocation	5
Objective 1.1: Establish effective processes and policies to manage priorities and enable resource allocation in support of current, expanded, or emergent mission priorities.	5
Objective 1.2: Develop and apply repeatable processes and project management capabilities.	5
Objective 1.3: Foster coordination of substantive work and communication within and across divisions and the System.	6
Strategic Pillar 2: Workforce	7
Objective 2.1: Foster an inclusive and collaborative work environment that recognizes, appreciates, and effectively utilizes the talent, skills, and perspectives of every employee.	7
Objective 2.2: Attract diverse, highly qualified talent.	7
Objective 2.3: Retain valued employees through human resource best practices.	7
Objective 2.4: Develop the next generation of Board leaders.	8
Strategic Pillar 3: Physical Infrastructure	9
Objective 3.1: Develop and maintain a long-term space strategy that enhances the ability of the Board staff to carry out its mission.	9
Objective 3.2: Enhance the usability of existing space to provide a secure, modern environment that meets the needs of the workforce, promotes efficiency, supports resiliency and continuity efforts, and maximizes productivity.	9
Objective 3.3: Develop and implement best practices for efficiently managing space.	9
Strategic Pillar 4: Technology	11
Objective 4.1: Develop, implement, and maintain a Boardwide technology roadmap driven by business needs that consistently improves the computing environment while strengthening a risk-based information security program.	11
Objective 4.2: Create and maintain a research and development (R&D) culture and environment that allows for technology evaluation and innovation outside of the necessary constraints of the production environment.	11
Objective 4.3: Continuously enhance the mobile environment to meet requirements for information access, ease of use, and information security.	11
Objective 4.4: Provide the ability for Board employees to collaborate effectively with a wide variety of partners, including those within the Board, the System, and broader communities.	12

Objective 4.5: Evaluate the information technology service-provisioning model across the Board and the System to ensure alignment and promote service and cost efficiencies.	12
Strategic Pillar 5: Data	13
Objective 5.1: Strengthen the Board’s governance of its data assets to increase their quality, reliability, and usability.	13
Objective 5.2: Improve the data architecture, processes, and data storage technology to respond with greater agility and efficiency to emerging business needs for data, while facilitating controlled sharing and the movement of data to get the right data to the right people at the right time.	13
Objective 5.3: Create and maintain an R&D culture and a stand-alone R&D environment so that the Board’s ability to evaluate and innovate regarding new data sets, tools, and policies is improved.	14
Objective 5.4: Improve Board staff’s ability to find what data are available and how to access them to be more effective, and to more easily recognize and account for data gaps and overlaps.	14
Strategic Pillar 6: Public Engagement and Accountability	15
Objective 6.1: Provide information on issues spanning the full range of the Board’s mission that enhances public understanding and transparency of the Board and its policy decisions and that allows the Congress and the public to assess the effectiveness and efficiency of the Board in fulfilling its responsibilities.	15
Objective 6.2: Clearly communicate the rationale underlying the Board’s decisions across a range of topics, including monetary policy, regulatory policy, payment system policy, and supervisory actions.	15
Objective 6.3: Expand the extent and effectiveness of engagement and collaborations with external entities, as appropriate.	16
Objective 6.4: Gather information, views, and perspectives on issues related to the Board’s mission from a wide range of constituencies, including consumers, businesses, financial sector participants, community groups, researchers, and elected and other public officials.	16

Preface

The Board of Governors' (Board) *Strategic Plan 2016–19* identifies and frames the critical challenges facing the Board and describes a strategy to meet those challenges.¹ The *Annual Performance Plan 2018* sets forth the planned projects, initiatives, and activities that will contribute to furthering the Board's strategic objectives.

Both of these reports are issued in the spirit of the Government Performance and Results Act (GPRA) of 1993, which requires that federal agencies prepare a strategic plan covering a multiyear period and submit an annual performance plan and annual perfor-

mance report. Although the Board is not covered by the GPRA, the Board voluntarily complies with the spirit of the GPRA and, like other federal agencies, prepares a strategic plan as well as an annual performance plan and an annual performance report. As required by the Federal Reserve Act, the Board also annually submits to the Congress a report describing the operations of the Federal Reserve System (System) for the previous year, as well as a detailed explanation of the plans and resources discussed in the approved budgets of the Board and the 12 Federal Reserve Banks.²

¹ The *Strategic Plan 2016–19* is available on the Board's website at www.federalreserve.gov/publications/gpra.htm.

² The *Annual Report* is available on the Board's website at www.federalreserve.gov/publications/annual-report.

Introduction

The Board's longstanding mission is to foster the stability, integrity, and efficiency of the nation's monetary, financial, and payment systems and to promote optimal economic performance. The Board's mission is rooted in its statutory mandates and on a set of core institutional values:

- **Public interest.** In its actions and policies, the Board seeks to promote the public interest. It is accountable to the general public and the Congress.
- **Integrity.** The Board adheres to the highest standards of integrity in its dealings with the public, the U.S. government, the financial community, and its employees.
- **Excellence.** The conduct of monetary policy, responsibility for bank supervision, and maintenance of the payment system demand high-quality analysis; high performance standards; and a secure, robust infrastructure. The pursuit of excellence drives the Board's policies concerning recruitment, selection, and retention of employees.
- **Efficiency and effectiveness.** In carrying out its functions, the Board recognizes its obligation to manage resources efficiently and effectively on behalf of the U.S. taxpayer.
- **Independence of views.** The Board values the diversity of its employees, input from a variety of sources, and the independent professional judgment that is fostered by the System's regional structure. It relies on strong teamwork and consensus building to mold independent viewpoints into coherent, effective policies.

The Board considers strategic planning a critical factor for ensuring the long-term effectiveness and efficiency of operations. The Board's *Strategic Plan 2016–19* guides key investments and aligns resources over the four-year planning period. The plan is organized into six pillars:

1. **Project development and resource allocation.**
Improve project management capabilities and

align resources to support current and emerging programs central to the Board's mission.

2. **Workforce.** Uphold the Board as a sought-after place to work that attracts highly qualified individuals and embraces the range of similarities and differences each individual brings to the workplace, including thought, experience, and backgrounds.
3. **Physical infrastructure.** Build a productive, collaborative work environment through the tailored use of space, technology, and design.
4. **Technology.** Empower operational excellence, efficiency, and security through innovative technology platforms.
5. **Data.** Research, analyze, and respond to economic and financial developments, challenges, and issues, as well as safety and soundness, consumer protection, and financial stability risks through enhancement of the Board's data management and analytics environment.
6. **Public engagement and accountability.** Increase understanding and appreciation of the Board's mission through public engagement and accountability.

The Board recognizes that there are differences between government and private-sector strategic planning and measurement of those efforts. While private-sector planning often relies on measures of revenue, the Board measures its performance relative to public policy objectives. The *Annual Performance Plan 2018* presents the most significant strategic projects, initiatives, and investments that support the Board's long-term goals and objectives. However, given the large scope of work performed by the Board, many ongoing operational activities are not identified within this document.

This planning process allows the Board to continuously develop and evaluate how to best prioritize investments, initiatives, and resources in support of

long-term objectives, particularly as they relate to the pillars above. Board staff prepares quarterly internal reports for Board members and senior leadership on the progress toward achieving the strategic objectives. As necessary, the Board's senior leadership will reassess priorities throughout the strategic plan's

execution period and will adjust the specific activities undertaken in any given year to achieve strategic objectives. The Board will release a report to the public on its performance toward achieving its 2018 objectives as outlined in this document.

Strategic Pillar 1: Project Development and Resource Allocation

Goal: Improve project management capabilities and align resources to support current and emerging programs central to the Board's mission.

Objective 1.1: Establish effective processes and policies to manage priorities and enable resource allocation in support of current, expanded, or emergent mission priorities.

The Board will develop and enhance processes and policies for prioritizing and allocating resources that allow the organization to respond quickly and effectively to new challenges as well as changes to existing requirements.

Projects and Initiatives

- Improve the budget development process by educating users on development tools and reporting, improving multiyear forecast quality while reducing cycle time, aligning with the Board's strategic plan, and enhancing performance monitoring through the functional costing approach.
- Continue to develop a Boardwide Enterprise Risk Management program to enhance the organizations risk management processes.
- Inform and advance Federal Reserve policymaking and research on consumer financial and economic conditions, supervisory matters, and community economic development opportunities and challenges, as well as inform public understanding of these economic inclusion topics.
- Implement enhancements to the Reserve Bank oversight processes to improve effectiveness and to ensure an appropriate risk focus, including
 - oversight of the information technology (IT) business model of the System Information Technology Strategic Plan, and

—oversight of the System's efforts to define, procure, and implement new Enterprise Resource Planning applications.

- Advance broad efforts across the System to fulfill institutional commitments to ensure leadership over time becomes more representative of American society and therefore better able to provide the diversity of perspective that is critical for discharging, as effectively as possible, the range of responsibilities set forth in the Federal Reserve Act.

Objective 1.2: Develop and apply repeatable processes and project management capabilities.

The Board must be able to execute new and ongoing projects successfully using project management capabilities and implementing best practices.

Projects and Initiatives

- Enhance the security, resilience, and educational elements of the U.S. currency program by working with the U.S. Department of the Treasury and the Bureau of Engraving and Printing to design a new, highly secure family of banknotes that can be efficiently produced.
- Continue to refine the investment review process to strengthen the ongoing oversight, measurement, and governance of large and significant strategic projects, including those identified as part of the budget process, to ensure senior leadership has relevant and timely information to make informed decisions.
- Develop processes to standardize the program and project management for the facilities, human resources, and operational areas, implementing consistent methodologies and technologies, including enhancing the performance measurement and reporting related to the effectiveness and efficiency of the areas.

Objective 1.3: Foster coordination of substantive work and communication within and across divisions and the System.

The Board will continue to collaborate across divisions and the System and enhance communication by using shared tools and implementation of best practices.

Projects and Initiatives

- Continue to implement Systemwide initiatives to encourage robust information exchange and analysis on risks in consumer financial services markets and on new consumer and small business markets and developments as well as inform stakeholders on significant events affecting consumers and communities.
- Enhance and optimize the tailoring of supervisory and regulatory programs, including
 - tailor capital, liquidity, stress testing, and reporting requirements in a manner appropriate to the size and complexity of the regulated institution;
 - plan the implementation of the Financial Accounting Standards Board Current and Expected Credit Loss model on capital and other policies and develop tailored supervisory expectations; and
 - develop and implement resolution and recovery programs, including coordinating with other relevant authorities.
- Enhance coordination between community development and consumer compliance supervision to identify community reinvestment opportunities that support Community Reinvestment Act supervision.

Strategic Pillar 2: Workforce

Goal: Uphold the Board as a sought-after place to work that attracts highly qualified individuals and embraces the range of similarities and differences each individual brings to the workplace, including thought, experience, and backgrounds.

Objective 2.1: Foster an inclusive and collaborative work environment that recognizes, appreciates, and effectively utilizes the talent, skills, and perspectives of every employee.

The Board will continue to promote a diverse workforce and climate that is respectful of all views at all levels of the organization.

Projects and Initiatives

- Implement the 2018 Boardwide Engagement Survey as a means to periodically assess the Board's culture and level of engagement in an effort to develop strategies that foster an inclusive and collaborative work environment that recognizes, appreciates, and effectively uses the talent, skills, and perspectives of every employee.
- Continue to implement the objectives identified in the Board's Diversity and Inclusion Strategic Plan.
- Continue to enhance System reporting through the inclusion of aggregated consolidated reporting of workforce and supplier diversity data for the Board and all 12 Reserve Banks in the Board's annual *Report to the Congress on the Office of Minority and Woman Inclusion* and to be responsive to requests from members of Congress.

Objective 2.2: Attract diverse, highly qualified talent.

The Board will work to attract a diverse and qualified workforce, which is critical to executing the Board's mission.

Projects and Initiatives

- Develop and implement diversity-focused recruitment strategies, partnering with new educational institutions in an effort to continue to build a culture of inclusion and to implement strategies to develop the next generation of diverse Board leaders.
- Enhance the Board's Internship Program in an effort to attract a diverse and highly qualified workforce.

Objective 2.3: Retain valued employees through human resource best practices.

The Board will continue to enhance its human resource practices and offer competitive compensation and benefits to retain top talent.

Projects and Initiatives

- Implement enhancements to the New Employee Orientation process in an effort to improve the employee experience and to attract and retain diverse, highly qualified talent.
- Continue to develop workforce-planning capability and conduct pilot programs with key stakeholders.

- Create a strategy to educate employees on the Board's compensation and benefit programs in order to maximize understanding and engagement of Board benefits.

Objective 2.4: Develop the next generation of Board leaders.

The Board will preserve and build upon existing leadership development programs to ensure success going forward.

Projects and Initiatives

- Pilot a skills development course that focuses on enhancing the Board's culture of inclusion and fostering a climate that is respectful of all views, experiences, and backgrounds in an effort to attract, retain, and develop diverse, highly qualified talent and to develop the next generation of Board leaders.

Strategic Pillar 3: Physical Infrastructure

Goal: Build a productive, collaborative work environment through the tailored use of physical space, technology, and design.

Objective 3.1: Develop and maintain a long-term space strategy that enhances the ability of the Board staff to carry out its mission.

The Board recognizes the need for a long-term strategy for managing physical space, including aligning space requirements to projected workforce growth.

Projects and Initiatives

- Continue to develop and refine the Board's mid- and long-term physical space strategy to promote a productive, collaborative work environment.

Objective 3.2: Enhance the usability of existing space to provide a secure, modern environment that meets the needs of the workforce, promotes efficiency, supports resiliency and continuity efforts, and maximizes productivity.

The Board's renovation of the Martin Building and upgrades to the Eccles and New York Avenue buildings represent critical steps toward creating a modern, safe, and efficient workplace. Projects will enhance occupant safety and security within the Board's facilities.

Projects and Initiatives

- Continue to manage the multiyear Martin Building renovation project effectively with respect to established project specifications.

- Upgrade select physical security components to continue to meet federal security standards focused on high-security areas.
- Enhance the New York Avenue Building to provide a modern environment that meets the needs of the workforce and promotes energy efficiency.
- Evaluate the Eccles Building for improvements to comply with current building codes and efficient space use.
- Implement technology upgrades and enhance meeting space throughout the Board's facilities to maximize efficiency and productivity.

Objective 3.3: Develop and implement best practices for efficiently managing space.

The Board seeks to emphasize the efficient use of space, including consolidating the workforce into as few locations as possible while meeting contingency needs and considering the environmental impact. Ongoing facility assessments will ensure that existing Board facilities are operating efficiently.

Projects and Initiatives

- Implement industry best practices through new approaches to the management and tracking of building operations to assist in evaluating the operational efficiency of the facilities.

Strategic Pillar 4: Technology

Goal: Empower operational excellence, efficiency, and security through innovative technology platforms.

Objective 4.1: Develop, implement, and maintain a Boardwide technology roadmap driven by business needs that consistently improves the computing environment while strengthening a risk-based information security program.

The Board will focus on evolving its computing infrastructure to support expanding business demands and keep pace with evolving technology. Board staff rely extensively on technology and information services to enable them to be productive; to focus on their core businesses; and to connect, collaborate, and communicate easily with the confidence that their computing environment and information are secure and of high quality. Organizational business drivers will inform an enterprise-level approach to technology and infrastructure investments.

Projects and Initiatives

- Execute the technology investment and implementation plan based on business priorities.
- Implement enhancements to information labeling and continuous monitoring programs to further strengthen the organization's information security posture.
- Expand the high-performance computing environment to support growth in data and usage.
- Finalize the multiyear plan to migrate remaining information assets off of the mainframe computing platform.

Objective 4.2: Create and maintain a research and development (R&D) culture and environment that allows for technology evaluation and innovation outside of the necessary constraints of the production environment.

The Board will need to keep pace with rapid technological change without compromising the security of critical information assets. The development of innovative business approaches will provide an environment that enables controlled risk taking.

Projects and Initiatives

- Exercise established governance and procurement protocols, support active usage, and enhance the architecture of the innovation lab by evaluating cloud-based services offerings.

Objective 4.3: Continuously enhance the mobile environment to meet requirements for information access, ease of use, and information security.

The Board will continue to improve access to its information assets from an increasingly mobile workforce.

Projects and Initiatives

- Enable offline access to selected data and programs to support the mobility needs of workers who are disconnected from the network.

- Create secure electronic access to materials according to the Board's information handling and classification guide.

Objective 4.4: Provide the ability for Board employees to collaborate effectively with a wide variety of partners, including those within the Board, the System, and broader communities.

The Board will focus on enhancing electronic collaboration capabilities within and outside the System. As the need to share information with varying degrees of sensitivity grows, the Board must be equipped to provide secure and efficient communication mechanisms.

Projects and Initiatives

- Continue to implement technology solutions that address defined business needs and evaluate metrics for improving user experience regarding connectivity, collaboration, and data and information processing.

Objective 4.5: Evaluate the information technology service-provisioning model across the Board and the System to ensure alignment and promote service and cost efficiencies.

The Board will consider best-practice service delivery models across the System to provision IT services. The Board will focus on automation enhancements that improve business processes and look for ways to fund investments through associated savings.

Projects and Initiatives

- Expand the enterprise architecture to all organizational domains and establish an associated review process to support informed IT decisionmaking.
- Continue to coordinate activities and employ joint project teams with technology service partners across the System in accordance with defined governance structures.

Strategic Pillar 5: Data

Goal: Research, analyze, and respond to economic and financial developments, challenges, and issues, as well as safety and soundness, consumer protection, and financial stability risks through enhancement of the Board's data management and analytics environment.

Objective 5.1: Strengthen the Board's governance of its data assets to increase their quality, reliability, and usability.

The Board will work to strengthen and improve data governance policies, processes, and standards for assessing potential new data acquisitions and providing appropriate access to data across the organization.

Projects and Initiatives

- Establish an enterprise taxonomy governance to ensure consistent standards, governance, quality, and reliability of Board data assets.
- Continue implementing the System data governance structure to coordinate and prioritize data for use in supervising institutions.

Objective 5.2: Improve the data architecture, processes, and data storage technology to respond with greater agility and efficiency to emerging business needs for data, while facilitating controlled sharing and the movement of data to get the right data to the right people at the right time.

The Board will institute effective data policies and procedures backed by sufficient, secure, and scalable storage capacity to ensure that employees get timely access to data.

Projects and Initiatives

- Improve the data architecture and storage technology beginning with the Financial Data Repository to become more effective in meeting stakeholders' business needs.
- Implement a metadata stewardship framework in support of an enterprise data inventory program,

known as DataNexus, to increase awareness of data availability and usage.

- Extend the scope of DataNexus by adding information about data access, links to data, and routing to access request systems wherever possible to meet diverse stakeholder needs.
- Continue business process improvements for automation initiatives to gain better efficiencies with data management, including building the Board Data Platform and developing the associated metadata to support stronger data management.

Objective 5.3: Create and maintain an R&D culture and a stand-alone R&D environment so that the Board’s ability to evaluate and innovate regarding new data sets, tools, and policies is improved.

The Board will require investments in modernized technology, processing systems, and business analytics as data needs and data availability continue to grow.

Projects and Initiatives

- Pilot the use of the innovation lab noted in Objective 4.2 and provide feedback regarding future enhancements, usability, and functionality.

Objective 5.4: Improve Board staff’s ability to find what data are available and how to access them to be more effective, and to more easily recognize and account for data gaps and overlaps.

The Board will continue to build employee awareness and understanding of the availability of data across the organization.

Projects and Initiatives

- Continue to invest in and improve access to consumer and community data and information throughout the Board and the System.
- Develop and enhance data collections on reference rates that will allow for monitoring of selected money market activities and create rate and volume statistics data for the public.
- Expand content and functionality of DataNexus to enhance search, discoverability, and data accessibility for internal users by conducting data summits to increase user data awareness and soliciting feedback to inform future improvements and enhancements of the inventory tool.

Strategic Pillar 6: Public Engagement and Accountability

Goal: Increase understanding and appreciation of the Board's mission through public engagement and accountability.

Objective 6.1: Provide information on issues spanning the full range of the Board's mission that enhances public understanding and transparency of the Board and its policy decisions and that allows the Congress and the public to assess the effectiveness and efficiency of the Board in fulfilling its responsibilities.

The Board will continue to build awareness and understanding of its mission, policies, and operations among the Congress and the public and through a variety of communication vehicles.

Projects and Initiatives

- Promote better understanding and transparency of the Federal Reserve by providing more information through the Board's website and other external communication platforms.
- Sustain relationships and facilitate regular communications with news media and congressional offices to ensure dissemination of information on the Federal Reserve's analysis and policies to the Congress and the public in a timely and accurate manner.
- Increase the depth of understanding on issues related to household financial stability and effective consumer protection through engaged and informed stakeholder collaboration and research.
- Continue to develop policies and research that foster safety and efficiency in the payment system and

implement identified payment improvement strategies to increase end-to-end speed and safety.

- Continue to increase transparency around supervisory stress testing by releasing greater information on stress test models as well as model development, implementation, use, and validation.

Objective 6.2: Clearly communicate the rationale underlying the Board's decisions across a range of topics, including monetary policy, regulatory policy, payment system policy, and supervisory actions.

The Board will continue to communicate and publish reports regarding its policy decisions through a variety of communication vehicles.

Projects and Initiatives

- Continue to support the Board and the Federal Open Market Committee in the formulation, implementation, and communication of monetary policy.
- Conduct research and produce surveys, reports, and data on topics such as: banking conditions; community and human capital development; consumer and household finances; consumer risk; economic activities; financial markets; financial stability; the global economy and its interactions with the U.S. economy; monetary policy; retail payments trends; the Reserve Bank balance sheets; and safety and efficiency of payment, clearing, and settlement arrangements, activities, and instruments. As appropriate, make information available to the Congress and the public through publications, working papers, academic journal articles, the public website, or conference presentations.

Objective 6.3: Expand the extent and effectiveness of engagement and collaborations with external entities, as appropriate.

The Board will continue to collaborate with external entities as appropriate to inform the Board's policy decisions by providing a more complete understanding of the economy and the financial system. Staff will continue to contribute to activities that enhance the resiliency of the financial sector and coordinate with other federal supervisory agencies. Staff will continue to research a wide array of policies, propose guidance on supervisory programs, and address any legislative mandates or changes in the economic conditions.

Projects and Initiatives

- Enhance working relationships and improve engagement with stakeholders, as appropriate, including representatives from academia, the Congress, other government agencies, and international groups to gain broader understanding of the economy and the financial system.
- Collaborate with other regulators and industry participants to develop a practical framework and potential approaches for conducting supervisory stress testing for central counterparties in order to identify and address key risks to the financial system.
- Foster collaboration to help refine and consult on consumer protection regulations for which the Federal Reserve has authority, working with other agencies and bureaus, as appropriate.
- Promote strong risk management at systemically important financial market infrastructures, while

capitalizing on expertise in the payments, clearance, and settlement areas to support the Federal Reserve's broader financial stability mission.

Objective 6.4: Gather information, views, and perspectives on issues related to the Board's mission from a wide range of constituencies, including consumers, businesses, financial sector participants, community groups, researchers, and elected and other public officials.

The Board will engage with the public on a wide range of issues relevant to the organization's mission. Staff will work on a broad research agenda that focuses on the macroeconomy and financial markets and will work to assess potential financial stresses that could threaten economic and financial stability.

Projects and Initiatives

- Continue to contribute to domestic and international efforts to improve the quality of financial data that can better inform policymaking.
- Continue to engage payment system stakeholders in payment system improvement efforts to help improve the speed, safety, and efficiency of the U.S. payment system.
- Continue to engage diverse stakeholders to solicit and inform their views on Board supervisory, monetary, payments, and regulatory policies toward effective consumer protection, strengthened communities, and household financial stability.

www.federalreserve.gov

0218

