

FDIC Office of Inspector General

# FDIC Succession Management and Employee Retention Efforts

Office of Audits

June 2025 | MEMO-25-02



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## NOTICE

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**Date:** June 24, 2025

**Memorandum To:** E. Marshall Gentry  
Deputy to the Chairman, Acting Chief Operating Officer, and  
Chief Financial Officer  
  
/S/

**From:** Jason M. Yovich  
Acting Assistant Inspector General for Audits

**Subject:** FDIC Succession Management and Employee Retention Efforts |  
MEMO-25-02

We are issuing this memorandum to suspend our work on the Succession Management and Employee Retention Efforts project.<sup>1</sup> In this memorandum, we provide an overview of the challenges facing the Federal Deposit Insurance Corporation (FDIC)'s succession management and employee retention programs, describe the agency's current status, and highlight key areas that require continued attention.

In light of the evolving workforce landscape facing the Federal Government and the FDIC, as well as the FDIC's ongoing work to address a recent Office of Inspector General (OIG) recommendation, we believe it is prudent to delay further work at this time. The FDIC OIG plans to revisit and report on the FDIC's efforts in these areas once the FDIC has had the opportunity to more fully implement its Workforce Optimization Initiative.

On February 10, 2025, the OIG received a letter from several United States Senators regarding a decision by the FDIC to rescind jobs offered to bank examiners. Our February 19, 2025, response indicated that we would be adjusting our work to analyze the challenges currently unfolding at the FDIC and to ensure that stakeholders, including those in Congress receive the most current and relevant information on these matters.

## Background

According to the FDIC, its workforce is the most critical factor in achieving its mission of maintaining stability and public confidence in the nation's financial system. In addition, the

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<sup>1</sup> We announced this project initially on October 10, 2024. Our preliminary objective was to determine to what extent the FDIC has taken and sustained actions to address the risks related to succession management for key positions and roles and employee retention.



Government Accountability Office (GAO) has recognized strategic human capital management<sup>2</sup> as a high-risk area<sup>3</sup> across the Federal Government since 2001. According to GAO, human capital management is a high-risk area because the government faces long-standing challenges in strategically managing its workforce.

In its 2022-2026 Strategic Plan, the FDIC identified Workforce Management and Development as one of its major strategic challenges, as a significant portion of its workforce would be eligible to retire in the next decade. Since 2018, the OIG has identified human capital management as a Top Management and Performance Challenge (TMPC). In 2025, the FDIC OIG's most recent TMPCs report<sup>4</sup> emphasized the importance of aligning workforce planning with the FDIC's long-term mission. A central concern is the significant percentage of the FDIC workforce eligible for retirement, which raises the risk of losing critical institutional knowledge and expertise. As described in the TMPCs report:

*Significant changes are underway to reduce the overall size of the Federal Government while maintaining important services to the American people. Federal employees, including FDIC staff, were offered the Deferred Resignation Program (DRP). Further, presidential directives have been issued for agencies to freeze hiring, ensure government functions are aligned with statutory requirements, prepare for large-scale staff reductions, and plan for future hiring at a ratio of one new employee for every four departing employees. On February 26, 2025, the Office of Management and Budget and the Office of Personnel Management sent a memorandum to the heads of Executive Departments and Agencies to prepare to initiate a two-phase program for large-scale Reductions-in-Force and reorganization. Under Phase 1, by March 13, 2025, agencies were to submit a plan that focuses on staffing cuts for functions that are not aligned with activities mandated by statute or regulation. In Phase 2, by April 14, 2025, agencies [were required to] propose the future state of their organization, which will be implemented by September 30, 2025.<sup>5</sup>*

On April 21, 2025, the FDIC announced its “Agency Reduction-in-Force (RIF) and Reorganization Plan.” This announcement provided the FDIC’s Workforce Optimization initiative and identified the goal of creating a streamlined organizational structure that allows the agency to more efficiently accomplish its mission without sacrificing core functions. The Workforce Optimization effort seeks to reduce staffing by approximately 1,250 positions across most Divisions and Offices. To achieve this future organizational structure, the FDIC initiated targeted voluntary separation incentives including the Voluntary Early Retirement Authority (VERA), Voluntary Separation Incentive Program (VSIP), and Deferred Resignation Program (DRP) to certain employees.<sup>6</sup> These voluntary separation incentives were available to employees from

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<sup>2</sup> Human capital management includes aspects of succession management and employee retention management.

<sup>3</sup> Since the early 1990s, GAO’s high-risk program has focused attention on government operations with significant vulnerabilities to fraud, waste, abuse, and mismanagement or that need transformation to address economy, efficiency, or effectiveness challenges.

<sup>4</sup> FDIC OIG, [Top Management and Performance Challenges Facing the Federal Deposit Insurance Corporation](#), (March 2025).

<sup>5</sup> Ibid.

<sup>6</sup> The FDIC communicated that it would offer VERA and VSIP to employees who occupy positions targeted for reduction. The FDIC would also offer DRP to the entire agency more broadly; however, not all employees that apply would be approved for separation incentives.

April 28, 2025 through May 5, 2025. Employees who opted for the VSIP or VERA (without the DRP) would generally depart the FDIC by June 30, 2025.

## Prior OIG Work on the FDIC's Talent Management

In 2021, the FDIC OIG issued a memorandum that identified concerns with the FDIC's employee talent management,<sup>7</sup> which included three recommendations to improve the FDIC's management of employee talent and for the FDIC to measure the effectiveness of its retention efforts and activities. Specifically, we reported that the FDIC's retention management strategy, as part of its talent management strategy, should have clearly defined goals, a process for collecting and analyzing data, and a process for measuring the effectiveness of its activities. In June 2023, the OIG confirmed that the FDIC had taken actions to resolve and close the recommendations. In 2024, the FDIC's Division of Administration (DOA) assessed the related actions and concluded the actions were sustained through an internal informal report.

## FDIC Focus Areas for Succession Management and Employee Retention

Over the last several years, the FDIC has taken steps to develop and implement a coordinated, organization-wide approach to succession management and employee retention management (See Appendix). These efforts also face a number of challenges. We spoke with FDIC officials and reviewed documentation related to these challenges and summarized them into four main areas. The table below shows four areas the OIG categorized as the most significant challenges the FDIC has faced in implementing a succession management and employee retention program.

**Table: The FDIC's Succession Management and Employee Retention Challenges**

Area	Challenges
<b>Program Governance</b>	The FDIC has not provided executive sponsorship, developed appropriate governance, obtained sufficient resources, or developed roles and responsibilities to enable a centrally managed program for succession and retention to exist and succeed.
<b>Data Governance &amp; Management</b>	The FDIC does not have centralized, clearly defined data for managing succession and retention and may not be using its data efficiently for succession management purposes or to inform and assess the effectiveness of retention strategies.
<b>Coordinated Contracting Efforts</b>	The FDIC does not have a coordinated approach amongst Divisions and Offices for requesting and obtaining contracts related to workforce management.

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<sup>7</sup> FDIC OIG, [The FDIC's Management of Employee Talent](#), (AEC Memorandum No. 21-002) (September 2021). The term talent management refers to a process to address competency gaps, by implementing and maintaining programs to attract, develop, promote, and retain talent, particularly in mission-critical positions and occupations.

<b>Information Technology Infrastructure</b>	The FDIC does not have the information technology infrastructure to support an organization-wide effort in succession and retention management.
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**Source:** OIG analysis of information obtained by interviewing FDIC officials and reviewing documentation.

## Adapting to Change: Evolving Conditions

The Administration's executive orders and directives aim to reshape and restructure federal agencies and the federal workforce. As a result, the FDIC workforce is evolving, and as the FDIC implements organizational changes, it must ensure that it can effectively and efficiently accomplish its mission with a smaller workforce. As stated in the OIG's most recent T MPCs report, "the full, long-term effect of the restructuring and reshaping of the FDIC [workforce] is unknown, as these activities are ongoing." This uncertainty reinforces the importance of maintaining a sustained focus on workforce planning.

In our report *FDIC Readiness to Resolve Large Regional Banks* (December 2024),<sup>8</sup> we found that the FDIC had not ensured that it fully met human and technology resource needs or that it sufficiently coordinated those resources among its Divisions and Offices. We recommended that the FDIC leadership, including the Chief Operating Officer and Chief Financial Officer, establish and implement an agency-wide resource committee to monitor and report on corporate resource needs, including existing recruiting strategies, staffing levels, and information technology resources in order to strengthen resource planning and response capabilities for large regional bank resolutions. The FDIC agreed to implementing an agency-wide committee to monitor, report, and support its resource efforts. According to the FDIC, in response to the executive orders, it is developing plans to strengthen resource planning and response capabilities in line with the FDIC's statutory authorities.

To ensure the continued, successful accomplishment of the FDIC's mission of maintaining stability and public confidence in the nation's financial system, the FDIC needs to sustain attention to agency-wide resource planning, as well as the above-mentioned succession management and employee retention challenges. We believe that the FDIC has an opportunity to leverage our previous recommendation and fully integrate its anticipated agency-wide resource committee into its workforce optimization efforts. Such integration would align the prioritization of existing resources across the FDIC, facilitate succession management discussions and activities, and enhance workforce optimization strategies throughout the FDIC.

The OIG plans to reexamine the FDIC's efforts in these areas once the FDIC has had the opportunity to more fully implement its Workforce Optimization Initiative.

cc: Sian M. Fisher, Chief Human Capital Officer  
Jill A. Lennox, Chief Risk Officer

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<sup>8</sup> FDIC OIG, [FDIC Readiness to Resolve Large Regional Banks](#), (EVAL-25-02) (December 2024).

## APPENDIX: FDIC Efforts to Develop Succession Management and Employee Retention Programs

The FDIC has taken the following key actions to develop its succession management and employee retention programs:

Date	Completed and Ongoing Efforts
February 2021	The FDIC issued its Succession Management Project Plan, which established goals and actions including establishing a governance structure for leader involvement and developing assessments to accurately capture employees' capabilities.
Early 2022	The FDIC established the Human Capital Strategic Planning and Analysis (HCSPA) unit responsible for organization-wide strategic human capital and workforce planning, which includes developing strategies for recruitment, retention, employee development, and succession management.
January 2023	The FDIC completed a study to update its leadership competency model. The study identified the competencies that employees must possess prior to assuming leadership roles (i.e., prerequisites), as well as competencies that are important to successful performance at the Corporate Manager and Executive Manager levels.
March 2023	The FDIC developed the <i>FDIC Retention Management: Baseline Organizational Assessment</i> report, which synthesized retention-related data, collected and analyzed by the working group, to inform decisions about whether and how to address areas of concern.
November 2023	The FDIC established policy and responsibilities for the effective development, implementation, and management of competencies across FDIC Divisions and Offices.
2024	The FDIC updated the Succession Management Project Plan. The HCSPA unit plans to conduct monthly reviews and track progress against the Project Plan, providing monthly succession management updates to Executive Leadership and once appointed, the Executive Sponsor(s) for succession management.
June 2024	The FDIC's DOA conducted an internal review and reported that the FDIC's succession management development effort was progressing slowly. The DOA internal review made three recommendations, including establishing a governance structure and leadership support to promote and support succession management initiatives across the FDIC. To date, the FDIC has taken actions to resolve one of the internal review's recommendations.

Date	Completed and Ongoing Efforts
August/September 2024	The FDIC conducted an organizational readiness/maturity assessment to determine a viable governance structure and scope of succession management activities.
September 2024	The HCSPA unit initiated the Chicago Region's Career and Talent Planning Program Pilot, <sup>9</sup> a voluntary succession planning program with both the Division of Risk Management Supervision and Division of Consumer Protection. The program was developed to evaluate initial tools and methods in order to build credibility and refine the FDIC's approach for succession management. The Pilot was intended to run from January to February 2025, with plans to expand it across the entire DCP Division by November 2025.
Ongoing	The HCSPA unit is developing an exit survey dashboard to help the FDIC understand why employees are leaving to better inform retention strategies.
Ongoing	The HCSPA unit identified several best practices and continues to conduct research and benchmark with other agencies to further develop its succession management and employee retention efforts.

**Source:** OIG analysis of information obtained by interviewing FDIC officials and reviewing documentation.

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<sup>9</sup> The Pilot Program is voluntary for employees and designed to empower employees to take control of their career progression. The program provides access to the piloted tools and resources, which includes access to information about key positions and a profile-builder tool for employees to explore their competencies and experiences in relation to those positions.





## Federal Deposit Insurance Corporation

### Office of Inspector General

3501 Fairfax Drive  
Room VS-E-9068  
Arlington, VA 22226  
(703) 562-2035



The OIG's mission is to prevent, deter, and detect waste, fraud, abuse, and misconduct in FDIC programs and operations; and to promote economy, efficiency, and effectiveness at the agency.

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