

**HOLDING FINANCIAL REGULATORS
ACCOUNTABLE FOR DIVERSITY
AND INCLUSION: PERSPECTIVES
FROM THE OFFICES OF MINORITY
AND WOMEN INCLUSION**

VIRTUAL HEARING
BEFORE THE
SUBCOMMITTEE ON DIVERSITY
AND INCLUSION
OF THE
COMMITTEE ON FINANCIAL SERVICES
U.S. HOUSE OF REPRESENTATIVES
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**HOLDING FINANCIAL REGULATORS
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Tuesday, September 8, 2020

U.S. HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON DIVERSITY
AND INCLUSION,
COMMITTEE ON FINANCIAL SERVICES,
Washington, D.C.

The subcommittee met, pursuant to notice, at 12:14 p.m., via Webex, Hon. Joyce Beatty [chairwoman of the subcommittee] presiding.

Members present: Representatives Beatty, Clay, Green, Lawson, Adams, Dean, Garcia of Texas, Phillips; Wagner, Lucas, Kustoff, Gonzalez of Ohio, and Steil.

Ex officio present: Representative Waters.

Also present: Representative Maloney.

Chairwoman BEATTY. The Subcommittee on Diversity and Inclusion will come to order.

Without objection, the Chair is authorized to declare a recess of the subcommittee at any time. Also, without objection, members of the full Financial Services Committee who are not members of this subcommittee are authorized to participate in today's hearing.

Members are reminded to keep their video function on at all times, even when they are not being recognized by the Chair. Members are also reminded that they are responsible for muting and unmuting themselves, and to mute themselves after they finish speaking.

Consistent with the regulations accompanying House Resolution 965, staff will only mute Members and witnesses as appropriate, when not being recognized by the Chair, to avoid inadvertent background noise. Members are reminded that all House rules relating to order and decorum apply to this remote hearing.

Today's hearing is entitled, "Holding Financial Regulators Accountable for Diversity and Inclusion: Perspectives From the Offices of Minority and Women Inclusion."

I now recognize myself for 4 minutes to give an opening statement.

Today's hearing focus is on holding financial regulators accountable for diversity and inclusion perspectives from the Offices of Minority and Women Inclusion (OMWIs). Our country is facing three

pandemics: the COVID-19 pandemic; the economic pandemic; and the fight for social justice pandemic. These challenges have reshaped our work and our personal relationships in unprecedented ways.

Today's hearing is totally virtual, and I appreciate all of our witnesses and Members participating by Webex. I am hopeful we will be able to strike a balance between OMWI's historical context, and the demand for greater industry inclusiveness and transparency, as well as to highlight the accomplishments of OMWI's performance.

This year, 2020, marks the 10th anniversary of the enactment of the Dodd-Frank Wall Street Reform and Consumer Protection Act. Through the leadership of Chairwoman Maxine Waters, members of the Democratic Caucus, and countless diversity and inclusion stakeholders, Section 342 of Dodd-Frank was devised to serve as a catalyst to enhance diversity and inclusion performance at the financial regulatory agencies and the entities they regulate.

Prior to the enactment of Dodd-Frank, policymakers and financial services stakeholders lacked access to performance data to transparently review diversity practices and policies of regulated entities. And the financial crisis of 2008 disproportionately impacted low-income Americans and communities of color.

Congress, recognizing the important role diverse communities play in the U.S. economy, took action to diversify the financial services sector to help prevent the abusive and discriminatory practices that helped caused the crisis from happening again.

Throughout the 116th Congress, I, along with my colleagues, was reminded that all diversity and inclusion is a business imperative, it improves the bottom line, and is essential, and essential too, for closing the racial wealth gap.

Our diversity and inclusion work has breathed new life into how financial institutions and the regulatory agencies evaluate, access, and expand inclusiveness. Dr. Chris Brummer's recent analysis highlights a persistent lack of racial diversity in senior roles at the regulatory agencies. Our work has pointed to systemic racism and the need for us to be intentional in our inclusiveness, contrary to President Trump's comments.

Systemic racism is a national crisis that impedes the full inclusion of diverse communities in our economy. In June, Federal Reserve Chairman Jerome Powell acknowledged that structural discrimination exists in the United States economy today, and impedes the economic success of communities of color. Chair Powell also highlighted the Fed's requirement that asset managers and broker-dealers who contract with the Fed in the pandemic relief effort must meet diversity and inclusion performance requirements.

Just as we have charged the banks and other financial institutions to discuss and share data regarding how they have improved the workplace and supplier diversity policies and practices, we are eager to hear from you regarding your agency's performance, because transparency and accountability are critical to achieving effective and sustainable performance.

We recognize your limited authority, and have informed each of the agency directors that it is them that this committee will be holding first in line for accountabilities on diversity and inclusion performance.

In closing, we are resolute and determined to see your agencies and regulated entities achieve both the letter and the spirit of Dodd-Frank. The success of our economy depends on the full inclusion of all communities.

The Chair now recognizes the ranking member of the subcommittee, the gentlewoman from Missouri, and my friend, Congresswoman Wagner, for 5 minutes.

Mrs. WAGNER. Thank you, Madam Chairwoman. It is good to see you and most of our committee here today. I appreciate your holding this hearing, and I would like to thank all of the witnesses for testifying today. We look forward to hearing from each of you on the work that the Offices of Minority and Women Inclusion have been doing to successfully diversify the workforces of our financial regulators.

Over the past year, this subcommittee has held multiple hearings on the benefits of a diverse workforce. Studies show that companies with diverse workforces perform better compared to their less-diverse competitors. Diverse firms prove to be more innovative than companies with less diversity. It is in a company's best interest to hire and develop a diverse workforce and create an inclusive work environment.

Federal agencies, like the private sector, will realize many benefits from a diverse workforce. Diversity and inclusion, while related, are separate issues that must be addressed. Although a company or a Federal agency may be able to increase recruitment, it is equally as important to focus efforts on making sure the environment is inclusive for retention to fully realize the benefits of a diverse workforce.

Studies continue to show that minorities and women tend to leave financial services firms at a higher rate than their White male counterparts. To improve the rate of retention, companies and Federal agencies must adjust their culture and promote the development of diverse talent. This requires a pronounced commitment from leadership and a specific action plan to increase inclusion.

In order to be most effective, company policy changes should be implemented from the top down and have buy-in at all levels of management. When I speak of top-down policy changes being implemented, a prime example is mentioned in Ms. Cofield's testimony. She meets regularly with Acting Comptroller Brooks and the agency's executive committee and the senior management to ensure that the OCC fulfills its commitment to diversity and inclusion.

It is buy-ins like this, at the senior level, that make a big difference. Whether it is an OMWI Director meeting regularly with an agency head and senior staff, or a chief diversity officer having constant communication with the CEO, that relationship fosters a strong commitment to successfully recruit, retain, and promote minorities and women.

The benefits of a diverse workforce are well-established, and the private sector has developed a set of best practices to recruit and retain a diverse workforce and prioritize inclusion. Federal agencies would also benefit from implementing these strategies.

Some of the best practices we have learned about in hearings this Congress, that increase retention rates and improve the inclusivity of a workplace, include providing financial literacy

training, transparency regarding salaries, promotion opportunities, mentoring and sponsorship programs, employee resource groups, unconscious bias training, and flexible work hours for working mothers.

Our goal today should be to identify the successful strategies for recruiting and retaining minorities and women, and explore how government agencies can better implement those strategies within their own structures.

I look forward, Madam Chairwoman, to learning about the work that all of the OMWIs have been doing today, and I am proud of this committee for examining these important issues.

Thank you, and I yield back, Madam Chairwoman.

Chairwoman BEATTY. Thank you very much, Ranking Member Wagner. The Chair now recognizes the Chair of the full Financial Services Committee, the gentlewoman from California, the author of Dodd-Frank Section 342, Chairwoman Waters.

You are recognized for 5 minutes.

Chairwoman WATERS. Thank you very much, Chairwoman Beatty. Just as we held banks accountable at a February hearing, today we have assembled the Directors of the Offices of Minority and Women Inclusion, known as OMWIs, from the financial regulatory agencies to discuss their progress and challenges in fulfilling their diversity and inclusion oversight missions.

Ten years ago, I authored the language in the Dodd-Frank Wall Street Reform and Consumer Protection Act that created the OMWIs to be champions and watchdogs in our financial services agencies for diversity and inclusion. On the 10th anniversary of Dodd-Frank, and with growing protests across the country calling for an end to systemic racism, this hearing is long overdue. I want to thank you and Mrs. Wagner for the work that you have been doing in giving oversight to the OMWIs.

Chairwoman Beatty, ever since you were elected to office, you have been taking on this responsibility, and I am so appreciative to you for it.

The financial services regulators play an important role in removing systemic racial and gender barriers and biases to ensure that the American economy is inclusive and accessible to all.

I yield back the balance of my time.

Chairwoman BEATTY. Thank you so much, Chairwoman Waters.

Today, we welcome the testimony of nine witnesses divided into two panels. Our first panel of OMWI Directors will focus on the banking regulators.

Joyce Cofield is the Executive Director of the Office of Minority and Women Inclusion of the Office of the Comptroller of the Currency.

Sheila Clark is the Director of the Office of Minority and Women Inclusion of the Board of Governors of the Federal Reserve System.

Lacey Dingman is the Director of the Office of Minority and Women Inclusion of the Federal Reserve Bank of New York.

Nikita Pearson is the Acting Director of the Office of Minority and Women Inclusion of the Federal Deposit Insurance Corporation.

And Monica Davy is the Director of the Office of Minority and Women Inclusion of the National Credit Union Administration.

Witnesses are reminded that their oral testimony will be limited to 5 minutes. A chime will go off at the end of your time, and I would ask that you respect the Members' and other witnesses' time by wrapping up your oral testimony. And without objection, your written statements will be made a part of the record.

Ms. Cofield, you are now recognized for 5 minutes to give an oral presentation of your testimony.

STATEMENT OF JOYCE COFIELD, EXECUTIVE DIRECTOR, OFFICE OF MINORITY AND WOMEN INCLUSION (OMWI), OFFICE OF THE COMPTROLLER OF THE CURRENCY (OCC)

Ms. COFIELD. Chairwoman Beatty, Ranking Member Wagner, and members of the subcommittee, I am Joyce Cofield, and I serve as the Executive Director of the Office of Minority and Women Inclusion at the Office of the Comptroller of the Currency (OCC). I am pleased to discuss OCC's commitment to diversity and inclusion within our workplace, our suppliers, and the Federal banking system.

The OCC's OMWI was established in 2010 pursuant to Section 342 of the Dodd-Frank Act. I have served as the Executive Director since its inception. Acting Comptroller Brooks, our executive committee, and I share a commitment for promoting diversity and inclusion. I meet regularly with the Acting Comptroller, as I have with previous Comptrollers.

The OCC is dedicated to maintaining a diverse workforce through a strategy that focuses on leadership commitment, recruitment strategies that provide a diverse workplace, building employee competency pipelines with retention strategies sensitive to employee differences, and a culture that respects, values, and seeks diversity.

As the subcommittee has explored in previous hearings, successful diversity and inclusion begins with the tone at the top. Acting Comptroller Brooks has vigorously championed his commitment towards improving the impact of OCC's diversity programs and has engaged the executive committee on how to improve the diversity of candidates placed for hiring and promotion decisions.

Additionally, we are excited about a recently-launched initiative, Project REACH, that convenes leaders from banking, civil rights, technology, and business organizations to execute projects that will reduce barriers to full and fair economic participation and expand access to credit and capital to minorities and underserved communities.

To ensure that OCC hires and retains diverse management and staff, OMWI provides each business unit with detailed analyses of workforce trends twice a year to facilitate the integration of diversity and inclusion into business unit plans. These analyses include recruitment and hiring, promotions and separations, and employee development and retention information.

To expand the diversity of our applicant pools, the OCC recruits at more than 200 colleges and universities, including Hispanic-Serving Institutions (HSIs), Historically Black Colleges and Universities (HBCUs), and institutions with large female student populations. We also participate in minority professional organizations and actively support interns.

This summer, we hosted more than 100 minority students from local high schools for a 6-week paid, virtual leadership internship. Despite limitations from the coronavirus, the OCC provided the interns with many positive, enriching experiences.

The OCC provides a variety of education and developmental opportunities. OMWI supports these efforts by providing focused diversity and inclusion training, including unconscious bias courses for both managers and employees, and of course, on women in leadership.

The agency recently added the Leadership Exploration and Development (LEAD) Program to build leadership competencies for aspiring leaders and managers. In the first cadre, completing this fall, there were 53 percent females, 18 percent Blacks, and 12 percent Hispanics.

The OCC is also committed to the inclusion of minority- and women-owned businesses at all levels of our business activity. I am proud that over the last 10 years, greater than 30 percent of all OCC procurement contracts have gone to minority- and women-owned businesses. Working closely with our procurement colleagues, OMWI staff provide technical assistance, greater awareness, and facilitate matchmaking with potential contractors, and finally, OMWI's efforts including collecting data from the diversity policies and practices of the banks we supervise.

In 2015, we joined in the publication of a policy for joint standards. This policy statement provides a framework for banks to complete self-assessments, and encourages disclosure to the OCC and to the public to increase awareness of the bank's commitment to diversity.

To encourage banks to submit self-assessments, we have collaborated with the other agencies to sponsor outreach activity. This year, the banks will have until October to return their 2020 self-assessments.

I thank you for the opportunity to appear before you today, and I look forward to your questions.

[The prepared statement of Executive Director Cofield can be found on page 58 of the appendix]

Chairwoman BEATTY. Thank you.

Ms. Clark, you are now recognized for 5 minutes to give an oral presentation on your testimony.

STATEMENT OF SHEILA CLARK, DIRECTOR, OFFICE OF MINORITY AND WOMEN INCLUSION (OMWI), BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM (FED)

Ms. CLARK. Thank you. Chairwoman Beatty, Ranking Member Wagner, members of the subcommittee, thank you for the opportunity to testify today on the important role of the Office of Minority and Women Inclusion at the Federal Reserve Board. The Board is deeply committed to an inclusive workplace and a diverse workforce, as well as to fostering diversity in our own procurement practices and those at the institutions we regulate. Diverse perspectives inspire the best ideas, lead to the best decisions, and advance the Federal Reserve's mission and service to the public.

The board established its Office of Diversity and Inclusion (ODI) in January 2011 to promote diversity and inclusion throughout the

Board, the System, and in the financial services industry. I work closely throughout the Board and the System with the other OMWI Directors at the 12 Reserve Banks, recognizing that the commitment of the Board on these important issues is shared by the banks and their leadership.

ODI administers and directs the Board's equal employment opportunity compliance policies and programs, which include the Office of Minority and Women Inclusion (OMWI). The Board's OMWI, created pursuant to Section 342 of the Dodd-Frank Act, develops standards, procedures, and initiatives to ensure fair inclusion of minorities, women, and minority-owned and women-owned businesses in all activities of the Board, as well as developing standards for assessing the diversity policies and practices of regulated entities.

The Board's OMWI submits an annual report to the Congress outlining its activities, successes, and challenges. I will highlight key areas of this report.

The Board has made progress in increasing the level of diversity in senior leadership. In 2019, there were 19 appointments of official staff, of whom five were minority and six were women. Currently, there are six female Division Directors, one of whom is African American. Eight Division Directors are male, one of whom is Hispanic.

In addition, there are three African Americans, one Hispanic, and three females who serve as Deputy Directors in their prospective divisions. ODI staff engages with division leaders to measure progress against the Board's diversity and inclusion standards, objectives, and actions.

We will continue to address challenges with recruiting diverse candidates for major job functions such as financial analysts and economists, and strengthening the pipeline to senior staff levels. The Federal Reserve System continues to focus on increasing racial, ethnic, gender, and sectorial diversity among Reserve Bank and Branch Directors.

These boards function more effectively when they are constituted in a manner that encourages a variety of diverse perspectives. In 2020, approximately 75 percent of Class C Directors, those who are appointed by the Board to represent the public, and 70 percent of Class B Directors, those elected by member banks who represent the public, are diverse in terms of race and ethnicity or gender.

The Board has made significant progress in the inclusion of minority-owned and women-owned businesses in the Board's acquisition process. For example, 2019 contracts awarded to minority- and women-owned businesses increased 9 percent over 2018. This was due in part to outreach engagements that focused on forging partnerships with minority- and women-owned businesses and also creating a database of diverse suppliers and ensuring their capabilities to offer goods and services that meet the Board's needs.

In addition, with respect to the Board's capital projects, we align minority- and women-owned businesses with prime contractors for subcontracting opportunities.

The Board has engaged in a wide range of community outreach events to increase financial literacy and help students explore the field of economics. For example, we facilitate financial literacy ac-

tivities aimed at minorities and women through the Board's Federal Reserve Education Outreach Program.

Board staff economists will also participate in the American Economic Association Summer Program, which will be hosted by Howard University from 2021 to 2025. Additional details on the Board's outreach is discussed in our annual report.

We continue to strongly encourage the institutions we regulate to provide information on their diversity policy practices and self-assessments. In the last 2 years, regulated entities slightly increased their submissions. However, we are not satisfied with the level of responsiveness from these entities. We continue to explore ways to facilitate greater participation, including through engagements with our agency colleagues and the regulated entities.

We appreciate the subcommittee's interest in our work, and we look forward to working with you to continue to advance our shared objectives.

I will be glad to answer any questions.

[The prepared statement of Director Clark can be found on page 52 of the appendix.]

Chairwoman BEATTY. Thank you.

Ms. Dingman, you are now recognized for 5 minutes to give an oral presentation on your testimony. Thank you.

STATEMENT OF LACEY DINGMAN, DIRECTOR, OFFICE OF MINORITY AND WOMEN INCLUSION (OMWI), FEDERAL RESERVE BANK OF NEW YORK (FRBNY)

Ms. DINGMAN. Chairwoman Beatty and Ranking Member Wagner, I am Lacey Dingman, Chief Human Resources Officer and OMWI Director at the New York Fed. My pronouns are she, her, and hers. Thank you for holding this hearing that marks a crucial anniversary of the OMWI provisions in the Dodd-Frank Act, and thank you for including the Federal Reserve Bank of New York.

Systemic racism exists, persists, and continues to hinder economic advancement for too many Americans. At the New York Fed, we believe that economic equality is a critical component for social justice and an inclusive and strong economy. I am proud and empowered to be an OMWI Director at an institution that is dedicated to understanding and finding solutions to the inequality and inequity in our Federal Reserve district and in the economy at large.

OMWI represents more than a corner of our organizational chart. It is instead a commitment to advancing women and minority communities by all employees that is infused throughout the culture of inclusion at the New York Fed.

Where do we start? We start with our people, the more than 3,000 exemplary employees of the New York Fed. As of 2019, our recruitment efforts provided us the opportunity to add 41 percent of new hires who were women, and 50 percent of whom were minorities. We also recruited a diverse intern class, 58 percent of whom were minorities as well.

We strive for diversity in our board of directors, which, as of 2019, consisted of 45 percent minorities and 33 percent females. And our leadership team of executive vice presidents currently includes 36 percent minorities and 45 percent females.

We know that the needs of women and minorities are better served when decision-making includes them at the table, and we will continue our efforts to exemplify a leadership team that is representative of the population we serve.

Beyond our talented employee base, we work to increase the number of women- and minority-owned firms that conduct business with the New York Fed. We have recently operationalized several of the facilities established by the Federal Reserve Board to support the U.S. economy in the wake of the COVID-19 pandemic.

Aided by trade groups like the National Association of Securities Professionals, we are working to diversify our business and vendor relationships under these facilities and also in open-market operations that are unique to the New York Fed.

I am excited to tell you that later this week, we will be announcing new counterparty and agent relationships that will include minority-, women-, and veteran-owned firms.

Finally, we deploy considerable resources at the New York Fed when it comes to identifying economic inequities suffered by women and communities of color, and just as important, identifying opportunities to bridge these gaps.

I am so proud of the work that my research and community outreach colleagues have brought to bear on the disparate impact of COVID on minority communities. This work has only increased in dedication and fervor since the pandemic struck.

We have helped identify and support the Federal Reserve System's responses to workforce development needs and challenges during this crisis. And we have convened community development practitioners across a variety of issues to support efforts to identify solutions for the most vulnerable communities.

Reflecting and advancing our commitment to diversity and inclusion, later this month the Congressional Black Caucus Foundation will air a segment on equitable, economic recovery, featuring our New York Fed President, John Williams, Atlanta Fed President, Raphael Bostic, and your colleagues, Representatives Alma Adams, Emanuel Cleaver, Gregory Meeks, and David Scott.

What I have highlighted constitutes just a fraction of the progress the New York Fed, because of and inspired by the OMWI provisions in Dodd-Frank, has made in the area of women and minority inclusion over the past 10 years.

While we can acknowledge our progress, we are not where we need to be. There is a long way to go. We are steadfast in our commitment to work for a more equitable economy and society for all, and we will redouble our efforts in pursuit of this essential mission.

I am confident and determined that we have been provided with the impetus and tools to make a difference for those we serve in the community and to enhance the experience for all those who work at the New York Fed.

Thank you for the opportunity to meet with you today. I welcome your questions.

[The prepared statement of Director Dingman can be found on page 79 of the appendix.]

Chairwoman BEATTY. Thank you very much.

Ms. Pearson, you are now recognized for 5 minutes to give an oral presentation on your testimony.

STATEMENT OF NIKITA PEARSON, ACTING DIRECTOR, OFFICE OF MINORITY AND WOMEN INCLUSION (OMWI), FEDERAL DEPOSIT INSURANCE CORPORATION (FDIC)

Ms. PEARSON. Chairwoman Beatty, Ranking Member Wagner, and members of the subcommittee, thank you for the opportunity to testify. My name is Nikita Pearson, and 2 weeks ago, I became Acting Director of the Office of Minority and Women Inclusion at the FDIC. Before I discuss the important work of this office, I would like to explain why this is not just another job for me.

As a young Black girl growing up in rural Georgia, I often went with my great aunt and uncle to their night job—cleaning banks. When I was older, I vividly remember going with my mother to one of those same banks and watching tears roll down her face as the loan officer disrespectfully denied her loan application.

Even as a child, I knew what I was witnessing was wrong. The same bank that trusted my family with the keys to their bank would not lend to my mother, or at least deny the loan with dignity. This is just one experience that came to mind when FDIC recruiters came to Savannah State University, a Historically Black University, and spoke to my accounting class about the mission of the FDIC.

As an FDIC examiner, I would have the opportunity to influence policies that will help people like my mom. Now, as a 22-year veteran of the agency, with 17 years in the examination workforce, I understand the progress the FDIC has made on diversity and inclusion as well as the challenges we still face.

Upon Chairman McWilliams' arrival in 2018, she made her values and expectations clear. We will not tolerate discrimination. We will ensure the banking system we supervise is safe and inclusive. And we will recruit, retain and advance a diverse workforce that is a reflection of the communities we serve.

With these goals in mind, we have implemented several initiatives to advance diversity and inclusion in our workforce, our business activities, and the banks we regulate. While my written statement provides greater detail, there are several initiatives that we have recently taken that I would like to highlight.

We have placed special emphasis on our largest group of employees—commission bank examiners—who make up about 50 percent of our workforce and occupy a significant number of leadership positions across the agency. To promote diversity at the FDIC, we must focus on our examiners. Our ability to attract and retain a diverse examiner workforce is affected by a number of factors: the amount of travel; our field office structure; and the impact of low turnover on prospects for career advancement. I have seen all of these challenges firsthand.

The FDIC has taken steps to address all of these issues by reforming our examiner hiring and creating an executive-level task force to improve diversity and inclusion.

Mandatory examiner training is now more efficient and incorporates virtual learning. We have targeted recruiting outreach to Minority-Serving Institutions (MSIs), like HBCUs, to build a more diverse pipeline. We are using technology to cut the amount of time examiners are on the road and away from their families. We are expanding mentoring and career development opportunities. We

have improved workplace benefits by adding paid parental leave and a pilot student loan repayment program.

These initiatives have proven successful. During the chairman's tenure, approximately 33 percent of our examiner hires have been minorities, reversing a decades' long trend and exceeding our current representation rate.

The agency has also increased diversity across management-level positions, and Chairman McWilliams' senior leadership team is diverse.

Beyond the workforce, we have also diversified our supply chain, to provide opportunities for minority- and women-owned businesses and law firms. In 2019, the FDIC awarded 31 percent of all new awards to minority- and women-owned businesses, and we paid nearly \$11 million to minority- and women-owned law firms.

We have also promoted diversity and inclusion across the financial services industry. We are encouraging FDIC's supervised banks to report on their diversity, and we have taken numerous steps to make it easier for banks to file their annual diversity reports. We are sharing our findings from the self-assessment on our website, and we have promoted best practices related to diversity and inclusion.

The FDIC has made good progress in fostering diversity and inclusion in these and other areas, including support for Minority Depository Institutions (MDIs) and efforts to promote financial inclusion. We also know that our work is far from complete.

Chair McWilliams is deeply committed to these efforts, and I am honored to serve the FDIC as her OMWI Director at this critical time in history.

Thank you again for the opportunity to testify. I look forward to your questions.

[The prepared statement of Acting Director Pearson can be found on page 102 of the appendix.]

Chairwoman BEATTY. Thank you very much.

Ms. Davy, you are now recognized for 5 minutes to give an oral presentation on your testimony.

STATEMENT OF MONICA DAVY, DIRECTOR, OFFICE OF MINORITY AND WOMEN INCLUSION (OMWI), NATIONAL CREDIT UNION ADMINISTRATION (NCUA)

Ms. DAVY. Good afternoon, Chairwoman Beatty, Ranking Member Wagner, Chairwoman Waters, Ranking Member McHenry, and members of the subcommittee. Thank you so much for this opportunity. I am looking forward to sharing with you our efforts to ensure that NCUA remains an agency where diversity, equity, and inclusion, often referred to as DEI, are part of who we are and how we do business.

The Federal Credit Union Act designates the NCUA Chairman as the spokesperson for the NCUA board and as the agency's representative in all official relations with other branches of government. I am here today in my official capacity as the NCUA's OMWI Director to testify on the agency's policy.

Section 342 of the Dodd-Frank Act has been a catalyst for growth and change in the diversity, equity, and inclusion space at the NCUA. We are proud of the progress we have made over the last

decade. However, this work takes long-term dedication and commitment. The NCUA is fortunate to have a succession of leaders who are passionate about DEI. Our current Chairman and board members are not just individually committed to this work but are collectively strong and unwavering in their support for these principles.

Each of you have a copy of the 2019 OMWI report to Congress. Today, I would like to highlight just three key messages. First, the NCUA is committed to promoting diversity, equity, and inclusion within the credit union system.

Second, the NCUA is taking concrete steps to improve key indicators of DEI within the credit union system.

Third, the NCUA believes a diverse workforce and inclusive work environment and a diverse supply chain make good business sense, and we are equally committed to all three.

Now, on that first point about our commitment to promoting DEI within the credit union system, let me highlight just a few of the things that we have done. Last year, the NCUA hosted its first annual DEI summit. It was the first event of its kind for the industry and attracted more than 150 attendees.

The summit's goals were to promote the value of DEI in credit unions, provide an opportunity for credit unions to share best practices, and to offer attendees a forum to discuss solutions to challenges.

Interest in DEI has significantly grown following the summit. In fact, afterwards, industry leaders came together with the NCUA to form the credit union DEI collective. This collective now serves as a resource to the industry on all things related to DEI.

On my second point, let me highlight some of the concrete steps we are taking to improve DEI metrics. Following that 2019 summit, we saw a significant increase in voluntary self-assessments submitted. Although we want those numbers to improve, we have shown steady increases every year, which is promising.

To help ensure even greater participation, our Board voted unanimously in July of this year to explore ways to incentivize participation. For example, the NCUA is considering the viability of reducing the operating fees charged to credit unions that submit their diversity self-assessments. We are serving credit unions now on that idea, and we hope that Congress will support the agency in this effort.

My final point is on diversity and inclusion within the NCUA. Importantly, we are seeing improvements in diversity within our leadership pipeline. For example, over the past 5 years, racial and ethnic diversity in our management-level staff, those in Grades 13 through 15, has increased by more than 5 percentage points. During the same period, racial and ethnic diversity among our senior staff positions has increased by almost 12 percentage points. At the end of 2019, 20 percent of NCUA's workforce belonged to one of our six employee resource groups, which support our diverse employees and create a strong sense of belonging within the agency.

It is also worth noting that we are committed to continuous improvement with respect to supplier diversity. The agency awarded more than 40 percent of our total contract dollars to minority- or women-owned businesses for the past 2 years. I will also note that

our awards to minority-owned businesses have improved by 15.9 percentage points over the last 5 years.

In closing, the NCUA is committed to advancing diversity, equity, and inclusion within the agency, the credit union system, and the broader financial services sector.

I look forward to answering any questions you may have for me. Thank you.

[The prepared statement of Director Davy can be found on page 75 of the appendix.]

Chairwoman BEATTY. Thank you, and thank you to all of our witnesses. I now recognize myself for 5 minutes for questions.

The first questions will go to Ms. Clark and Ms. Pearson, and then, Ms. Davy and Ms. Cofield. Ms. Clark and Ms. Pearson, why do you believe your regulated entities have failed to submit self-assessments?

Ms. CLARK. As we have been really providing an opportunity for the institutions to do just that, we find that in several instances at first, institutions were not sure of what information they needed to submit. But through the years, we have been able to clarify and work with them on those types of information that would be very helpful and productive in addressing issues within the financial services industry.

It has been slow, but we have seen, even this year, that out of the major financial institutions, more than 50 percent of them have submitted assessments this year, which have been significant in addressing some of the areas that we have been focusing on, like workforce, and the supplier diversity procurement processes.

Chairwoman BEATTY. Okay, thank you. I am going to go to Ms. Pearson. I have several questions, so I hate to cut people off, but I really enjoyed your answer.

Ms. Pearson, and then Ms. Davy, and Ms. Cofield, you have had the highest level of responses to the self-assessment requests but fell short of the goal. Should these assessment processes be mandatory for regulated entities?

Ms. Davy, Ms. Cofield, do you want to take that last, and then we will come back to you, Ms. Pearson? We are on a timer. Are you with me, Ms. Davy, Ms. Cofield?

Ms. DAVY. Hi, thank you so much for the question. The NCUA would be willing to consider and provide administrative assistance to Congress if they, in fact, make the self-assessments mandatory. Right now, our agency has taken the position, our general counsel's office, that they are not mandatory.

Chairwoman BEATTY. Okay. Does anyone else want to comment on that?

Okay. Let me go to the next question. Business diversity is a top priority for me. Ms. Dingman, can you briefly provide an update on your business diversity efforts?

Ms. DINGMAN. Yes. Thank you for that question, Chairwoman Beatty. We have been working extensively to build more relationships with the minority-, women-, and veteran-owned businesses community, especially within the Second District.

As I mentioned in my oral statement, one of the things that we are most proud of is the recent work that we have done with the National Association of Securities Professionals, and later this

week, we will be announcing additional counterparty relationships, as well as vendor relationships with minority-, women-, and veteran-owned businesses. This is an ongoing effort and one that we have to continue to go after because we realize how important it is as a business imperative.

Chairwoman BEATTY. Thank you.

To all of the witnesses, are you familiar with the letter that came from the OMB Director, Russell Vought, where he made reference to this letter? And I don't know if you can see it, but I would like to enter it into the record.

And without objection, it is so ordered.

Do you believe in any way, through any of your training for diversity and inclusion that you have stated, or believe, that all White people contribute to racism or benefit from racism as he has said in this letter, where they are asking for us to stop all training? That can be a yes or a no, and we will just go right down the panel.

Ms. Clark, Ms. Pearson, Ms. Davy, you know who you are. It is yes or no, please.

Ms. COFIELD. This is Joyce Cofield. We absolutely do not have training that in any way contributes to divisive language like that.

Chairwoman BEATTY. Thank you, Ms. Cofield. Ms. Pearson, Ms. Davy, Ms. Cofield—we heard from Joyce Cofield. I assume you do it.

Ms. CLARK. This is Ms. Clark. I would say at the Federal Reserve, we in no way have any training that precludes that all White people are—

Chairwoman BEATTY. Thank you.

Ms. Dingman?

Ms. DINGMAN. At the Federal Reserve Board, no, we do not have divisive language in our training.

Chairwoman BEATTY. Okay. Anyone else, yes or no?

Ms. PEARSON. This is Nikita Pearson with the FDIC. Our training does not include that. Our purpose in our training is to educate, and not to alienate anyone.

Chairwoman BEATTY. Thank you so much. My time is up, and I yield back. I will now go to our ranking member, Congresswoman Wagner, for 5 minutes of questions.

Mrs. WAGNER. Thank you, Madam Chairwoman.

Ms. Cofield, you have served as Executive Director of the OCC's OMWI since the office was established in 2010. I would love to hear from you what have been the most significant challenges that you and your office have faced with respect to recruiting and retaining women and minorities?

Ms. COFIELD. Thank you. Similar to the FDIC statements earlier, examiners are our largest population at OCC, and maintaining a firm pipeline of diverse candidates and diverse employees within our examiner ranks is our biggest challenge.

From the standpoint of examination, it really is a very long training time period, and, I think, distracting to new people as they think about a career. So, we spend a lot of time in terms of marketing the examiner role at the OCC and the kinds of work that gets involved in it. But it becomes difficult, I think, based on travel and based on the amount of time that needs to be invested into doing their job, that others can see themselves in that role.

In addition, the training time period is very long. It takes 5 years at the OCC to get to commissionship. So, you have to really build an incentive around what is possible in this career, and that has been our most challenging—

Mrs. WAGNER. And let me just ask you—wow, 5 years—how do you address those challenges, and are there any new challenges that you are facing right now?

Ms. COFIELD. We have been trying to pay attention to this a lot over the years. One of the areas that helps us a lot is our employee network group that offers up opportunities for their constituents to not only get support relative to being knowledgeable of where opportunities exist in both promotions and new job opportunities, but basic developmental opportunities within the organization as well.

But the active support structures relative to mentoring and coaching each other and keeping each other informed in terms of activities in the agency that would be important to them in their careers. They do mock interviews, for example, with each other, to support each other.

Mrs. WAGNER. Let me ask you this. Ms. Cofield, I know that in July, Acting Comptroller Brooks announced Project REACH with the goal of expanding financial access by reducing the number of people excluded from the mainstream banking system due to their credit score. Access to America's Main Street banking system is very, very important to me, with millions of Americans still unbanked and underbanked. How will Project REACH specifically help them?

Ms. COFIELD. We are focusing on convening players here relative to the banking world, leadership relative to civil rights, and our community activist groups, technology organizations, businesses sort of generally, in terms of looking at and trying to identify the barriers that get in play, relative to fair, full participation in our economy. And again, the major piece here is focusing around resolution. It is looking at 3 months' to 6 months' of activity that can be organized to make a difference relative to that process. So again, the main issue is, it is not philanthropic; it is really resolution-oriented.

Mrs. WAGNER. Thank you.

And Ms. Dingman, in your testimony you mentioned the New York Fed's ten resource networks. Are these similar to an employee resource group, and could you explain the differences in these ten resource networks and how they are proving to be effective at increasing the rate of retention for women and minorities within the New York Fed, please?

Ms. DINGMAN. Thank you so much for that question, Representative Wagner. The employee research networks are, yes, very much the same as what you would expect in the Federal space. We have ten of them, as you highlight. They have been active so much so that we have 1,500 employees who participate. That is over half of our organization.

They help bring about a variety of programs, and last year alone, we had over 50 programs that helped with building inclusion within the organization and also spotlighted a series of issues that were affecting those particular communities. So, we see them as integral to our business.

Mrs. WAGNER. That is terrific. I have to tell you that I think these ten resource networks are something that we are seeing both in the private and certainly in our Federal financial regulator system, and it is something that is very positive.

I have run out of time, and I thank you all again for your interest and testimony today.

Madam Chairwoman, I yield back.

Chairwoman BEATTY. Thank you, Madam Ranking Member. The Chair now recognizes the distinguished Chair of the full Financial Services Committee, the gentlewoman from California, Chairwoman Maxine Waters.

Chairwoman WATERS. Thank you very much, Chairwoman Beatty.

I would like to direct my first question to Ms. Pearson, with the FDIC. When you give us the stats on your improvement, for example in the hiring of minorities and women, I would like to know, can you break that down to tell us how many African Americans, how many Asians, how many Latinx? Do you break that down, and could you tell us that if we sought that information from you?

Ms. PEARSON. The short answer is, yes, we do break that down, and we can get that information. I do not have all of the details here with me as far as the new hiring. I do have that 33 percent have been minorities. And if you look at our total workforce today, 30 percent of our workforce are minorities, and that is about a—we have increased that representation rate—

Chairwoman WATERS. Excuse me. I am interested in knowing exactly how many African Americans, how many Asians, all of those in the protected classes. I would like a breakdown. Do you have that information?

Ms. PEARSON. I have some of that here with me, and I would be happy to get the rest to you. Our workforce is 17 percent Black, 4 percent Latinx, and 45 percent women, and some of the other groups—I would be happy to make sure that we get that information to you, Chairwoman.

Chairwoman WATERS. Thank you. And when you speak about women, do you have a breakdown of the protected classes among that group—women?

Ms. PEARSON. I do not have that with me, but I will be happy to make sure we get that to you.

Chairwoman WATERS. Thank you very much.

I want to ask you about another aspect of OMWIs. I am very appreciative for the information on hiring, but I haven't heard a lot of information about contracting. Perhaps, I will go to the Fed.

Ms. Clark, can you give me an example of the kind of contracts that have gone to minorities and women?

Ms. CLARK. Thank you, Chairwoman Waters.

Various contracts have gone to minority- and women-owned businesses. Right now, the majority of our contracts are in capital projects, and so we have done a robust outreach to encourage minority-owned businesses particularly to have meetings and connect with prime contractors around the capital projects that we currently have.

We have major contracts on the professional side of services that we are acquiring, and in that regard, most of the contractors are minority- and women-owned businesses—

Chairwoman WATERS. I would like to get a breakdown and identification of the kinds of contracts that you have been able to assist at the Fed. I just have no idea whether, again, you are referring to your capital possibilities or contracts there, but I would like to know all of the areas in which you have minorities who are getting contracts. And you can get that information to us later on.

Ms. CLARK. I would be happy to provide that.

Chairwoman WATERS. Has my time expired? No? Okay.

Chairwoman BEATTY. You are good, Madam Chairwoman.

Chairwoman WATERS. Okay, thank you.

Back to the FDIC, I have always been concerned about what happens with small banks in particular. It seems to me that there have been increasingly, over the years, a number of small banks that have failed, and they have been taken over by the FDIC. Have any of those banks been acquired by minorities at the FDIC? Ms. Pearson?

Ms. PEARSON. I do not have the breakdown of the specific acquisition information, but what I can tell you is that if there is a small institution, particularly if it is a Minority Depository Institution, that we first, based on our policy statement, seek to find bidders who are also Minority Depository Institutions before we open it up to the bigger process.

Chairwoman WATERS. Have you been successful in any acquisitions by minorities of failed banks, when you are putting them back on the market?

Ms. PEARSON. Yes, we have been successful, and I will be happy to get you the details if you would like them.

Chairwoman WATERS. Thank you very much. I would appreciate that.

And if I still have time, to Ms. Cofield, at the Comptroller of the Currency, can you give me some information about contracting? What kind of contracts have you been able to assist minorities with?

Ms. COFIELD. Across-the-board generally, but very high relative to IT, relative—60 percent of our contracting business is in the IT arena, and we have been very successful with minority contractors in the NACE code.

Chairwoman WATERS. Thank you very much, and I would like to get that information from you to help understand exactly what businesses have been successful, and what we can do to do outreach to other businesses who perhaps would be eligible for other kinds of contracts, who may not be responding to requests for proposal in any way.

With that, I yield back the balance of my time, Madam Chairwoman. Thank you very much.

Chairwoman BEATTY. Thank you very much.

The Chair now recognizes the distinguished gentleman from Oklahoma, Congressman Lucas, for 5 minutes.

Mr. LUCAS. Thank you, Madam Chairwoman, for holding this hearing today on how we can achieve a more diverse workforce in the banking and financial services sector.

One of the big challenges, if not the most major challenge, in the financial services industry is finding diverse, qualified applicants. So, I would like to put this question to the entire panel: What financial literacy and education initiatives are your respective organizations involved in to illustrate to students the potential careers in the financial sector so that they can prepare themselves for the opportunities that exist?

Ms. COFIELD. This is Joyce Cofield at the OCC.

It became very clear that preparing students even at the college level was difficult in terms of starting to advance financial literacy information. So, 2 years ago, we began an internship program in our local high schools here in the City of Washington. That program is in the second year. This year, we had 100 students who participated in that, and part of that experience is specifically oriented around financial literacy.

Mr. LUCAS. Anyone else?

Ms. CLARK. This is Sheila Clark from the Federal Reserve Board.

We have several programs that are devoted to encouraging and educating and providing information on the kind of jobs that we have had. We work very closely with a lot of the HBCUs and the HSIs. We also participate in an initiative that was started in Chicago, which is called the Pipeline Initiative, which is done with major banking and financial services companies, to basically establish relationships through mentoring and coaching for college students who are interested in finance and bringing them into the organizations to do rotation assignments, and to also do some internships. And we monitor that very closely and we stay engaged with those students.

We participate in the American Economics Association summer program, which I mentioned previously, in order to not only encourage students to stay in the economic field, but also to provide them support in advancing their education.

Ms. DAVY. This is Monica Davy with the National Credit Union Administration.

Like the other agencies have mentioned, we have three different types of intern programs. One is the high school program that we participated in with OCC this year. We also have a Pathways Intern Program, as well as a Contract Intern Program that focuses on bringing minorities into the agency. With all of those interns who come in, we make sure that we provide financial inclusion as part of their education.

We also have on our website, My Credit Union. It provides a ton of financial inclusion education geared specifically to children.

Also, we participate with the African American Credit Union Coalition at their conference every year, where they actually have a financial inclusion fair where students are brought through, given jobs, given a budget, and they actually learn how to spend money on different things like paying bills.

Thank you.

Ms. DINGMAN. Representative Lucas, this is Lacey Dingman from the Federal Reserve Bank of New York.

In addition to the internship programs that many of my colleagues have mentioned, we also have a robust financial literacy program that our communications and outreach team does. And

last year, we reached thousands of students, as well as educators, through our economic pedagogy program, as well as through our comic book series. And we find financial literacy is very important to the Second District here in New York.

Ms. PEARSON. Congressman Lucas, I want to thank you very much for tying those two together, recruitment and financial literacy. I remember when I started at Savannah State University, walking down the commons area, and the first thing I saw was a bunch of different credit card companies trying to reel me in. So, when our recruiters go to the different universities, the one thing we do in a purposeful and intentional effort is we don't just tell them about the jobs we have, we talk about our services. We have resume writing. We talk about financial literacy. And we really make sure that we prepare—we do mock interviews—we prepare the students so they can be successful when they compete.

Mr. LUCAS. The reason I bring that up is, of course, as we create opportunities for people to live up to their potential, they have to know that those opportunities exist, and that is why these programs are so critical.

And with that, Madam Chairwoman, my time has expired, and I yield back.

Chairwoman BEATTY. Thank you very much.

Now, it is my honor to go to the distinguished gentleman from Missouri, Congressman Clay.

Mr. CLAY. Thank you so much, Madam Chairwoman. Let me also thank you and my friend and neighbor, Ranking Member Wagner, for conducting this hearing today. I think it is so important that we examine this subject.

Dr. Chris Brummer's recent report entitled, "What do the data reveal about (the absence of Black) financial regulators," found a critical lack of Black people among appointees and senior policy staff at the financial regulatory agencies. According to the analysis, only 10 of 375—79 appointees have been Black. Only 5 of 120 total senior policy staff positions are currently held by African Americans at the agency.

The report concluded that when Black people are excluded from these higher posts in the financial regulatory agency, our Black voices are muted and do not have a say in the outcomes that affect their ability to be fully included in the economy.

These two questions are to all of the panelists. With a lack of diversity in these senior levels, what else do OMWIs do to ensure that minority communities are not overlooked when their agencies consider new rules and regulations? And what measures do your offices take to review diversity within promoting and hiring senior staff?

So, two questions. What else do you all do, and then, how do you all impact hiring and the promoting of senior staff?

We can start with Ms. Davy, and go down the line.

Ms. DAVY. Sure. Thank you so much for that question. Let me first say that we are proud at the NCUA to have Chairman Hood, who is the first African-American head of a banking regulatory agency. And he is extremely committed to making sure that we examine our processes, our policies, and our systems to remove any

barriers that exist for African Americans to proceed through the career pipeline.

We are extremely committed to making sure that we have mentoring. Any employee at NCUA who asks for a mentor, no matter what their grade is, we make sure that employee has a mentor.

We are looking at our examiner series, because, again, 67 percent of our workforce are examiners. So if African Americans or any other minority group or women are not proceeding through that career pipeline, then we are not going to achieve the diversity results that we want.

Within the past 2 years, we have worked with the Office of Personnel Management (OPM) to really look at our examiner series and look at how employees are able to process through. We have looked at the exam that examiners have to take to go from grade 11 to grade 12, to make sure that if there are any barriers there that are not completely visible to us, that we remove them and address them. And I am proud of that work that we have done. We are also just making sure—

Mr. CLAY. Okay. Ms. Davy, let thank you now, so I can get to the rest of the panelists.

Ms. DAVY. Thank you.

Mr. CLAY. Thank you.

Ms. Pearson, how do we overcome the challenges of hiring and promoting?

Ms. PEARSON. At the FDIC, we first engaged a hiring manager, and we have frank conversations about what the needs are, and then OMWI, along with our HR office—we also partner with how we advertise. When we go out for recruiting events, we don't just talk about marketing entry level positions; we also now talk about our higher-level positions that will be available.

In addition to that, we are in the process of editing our merit promotion process, and so with that policy, OMWI is involved in looking in that—with that policy to make sure we don't put any unintended barriers into place.

We also have some new corporate-wide succession planning that we are working on. We have a new leadership development program where we identify our higher-performing people to pull them into that program. We also have a special assistant program where individuals who may not have had an opportunity to work with chairman office level folks, that they have that exposure and that awareness.

And then, we are also taking the time to look at our processes, evaluate them, and identify and eliminate any barriers that we have, and that way we can make sure that our senior leadership team is diverse and inclusive and represents the communities that we serve.

Mr. CLAY. Thank you, Ms. Pearson.

Ms. Dingman, can you weigh in on the question?

Ms. DINGMAN. Like my colleagues, we also have very similar processes in place. We also utilize seven different search firms through our diversity outreach efforts, and many of them are minority-, and women-, and veteran-owned businesses.

In addition, we also ensure that, through our recruitment efforts, we make sure that throughout each part of the process we remove

as much unconscious bias as possible through a rigorous set of processes and programs that we have. And, overall, I feel like we are very much doing our part to try and raise the awareness so that hiring managers are thinking about diverse candidates throughout the entire process.

Mr. CLAY. Thank you for your response.

Chairwoman BEATTY. Thank you. The gentleman's time is up.

Mr. CLAY. My time is up. Thank you, Madam Chairwoman.

Chairwoman BEATTY. Thank you.

The Chair now recognizes the distinguished gentleman from Ohio, Congressman Gonzalez, for 5 minutes.

Mr. GONZALEZ OF OHIO. Thank you, Chairwoman Beatty. It's good to see you, as always. And thank you everybody for being here today for this important hearing.

Ms. Pearson, I want to start with you for a couple of questions. I was struck by your personal stories.

A little bit of background on me, before I did this job, I was a professional football player in a prior life, and you sort of described growing up poor in the South, as a Black woman, and how difficult that journey can be. But you talk about how your work experience has really helped you sort of, not just professionally, but in terms of sort of overcoming many of these barriers.

When you described that, it resonates with me, because you sort of describe a lot of my teammates. Now, they were men, but similar, growing up poor, Black, and in the South.

My question is—and maybe this is beyond the scope of this committee even, but how do we get more people to travel the distance that you did, the professional distance to go from very difficult circumstances to where we can overcome barriers and really just power through some of these incredibly difficult obstacles that we have in our society today? I would love to just hear your perspective on that.

Ms. PEARSON. Thank you. The first thing is to be purposeful and intentional. There are more Nikitas out there in the world, probably a lot better than I am, so, be purposeful and intentioned. Go to Historically Black Colleges. Go to other Minority-Serving Institutions and recruit them and let them be prepared to be successful.

Once you get these individuals on board, like myself, make us feel included. And, when I say make us feel included, that we have opportunities, that we have opportunities to engage, as far as like with employee resource groups, no matter where you are particularly located.

At the FDIC, I have been in our mentoring program. I was in our Executive Potential Program. The FDIC paid for graduate school for banking. I went to Harvard for the senior managers of governors. So really, having that career development, I had both formal and informal mentors at the FDIC.

And then there were a number of different career paths for where I wanted to go. So not only was there recruitment where—my recruiters who recruited me from Savannah State didn't just stop once I came on board. They called me regularly. They checked in on me to see how I was doing. When I got on the job, I had a coach assigned to me who helped me with my commissioning proc-

ess. I had career development opportunities. And then, they gave me the opportunity to do the work that I am doing now.

I go back to Savannah State University when I can do recruiting and to identify others and share my different perspective that may be valuable in saying, this may look like that to you, but that is a rising star right there, and I can see it because I was that person.

Mr. GONZALEZ OF OHIO. That is really powerful. Thank you for sharing that.

One of the issues we encountered throughout the pandemic, and continue to encounter is getting capital into the hands of small businesses, in particular, minority-owned small businesses.

Can you just share your perspective on how minority-owned businesses were able to access capital from financial institutions, and, also, what we could have done better? I am just trying to understand. We made some progress, but what did the stars do, and how can we sort of pass those learnings on to the rest of the financial community?

Ms. PEARSON. Congressman, I just want to make sure that I understand your question. Your question is focused on getting capital into the hands of small businesses, minority-owned businesses?

Mr. GONZALEZ OF OHIO. Yes. Minority-owned small businesses, yes, ma'am.

Ms. PEARSON. Yes. Okay. One of the first things is developing a relationship, going in, getting to know your bank—at the FDIC, we not only have a Community Bank Advisory Committee, we established a Minority Depository Institution Subcommittee.

And the reason that I bring that up is because Minority Depository Institutions serve their communities, not just with the big loans, but they are probably the biggest lender, or one of the big lenders for small business loans and minority-owned communities. They know their communities.

And so, our support has been: How can we work more closely with institutions like Minority Depository Institutions to help serve their communities?

Mr. GONZALEZ OF OHIO. Great. And I see I only have 20 seconds left, so I will yield back. But thank you, Madam Chairwoman, and thank you, Ms. Pearson, for your responses.

Chairwoman BEATTY. Thank you very much.

The Chair now recognizes the distinguished gentleman from Texas, Congressman Green, who is also the Chair of our Oversight and Investigations Subcommittee.

Mr. GREEN. Chairwoman Beatty, thank you for hosting the hearing today, and I thank the ranking member as well. And I especially want to thank Chairwoman Waters of the Full Committee. And I do this because, without question, reservation, hesitation, I have to say this hearing is long overdue, but it is timely.

It is timely in the sense that on September 5th, I have intelligence indicating that President Trump has banned diversity training, and he seems to be calling it anti-American. He seems to be saying that such training only fosters resentment in the workplace.

This is pretty strong language, given that we know the role of the OMWIs is to create forums where employees can have honest,

candid, courageous, and safe conversations about the impacts of invidious discrimination in their personal and their work experiences.

This causes me a good deal of concern, so let me just ask you, Ms. Pearson, to quickly tell me, do you provide such training at your agency? And can you just give me some indication as to what the benefits of this training are as it relates to your staff?

Ms. PEARSON. We do provide training on diversity and inclusion, and like I said earlier, our purpose in our training is to educate and not to alienate. We have to meet people where they are. People bring different views and perspectives, and when we meet together where we are, then we move forward, and we move forward together. That means that sometimes the conversations are a little uncomfortable, but we learn and we grow and we move forward.

And the feedback that we have received from employees is that they appreciate the training that we have. They appreciate the opportunity to share their stories. Other folks appreciate the opportunity to hear different perspectives, and we all feel that this is a good thing for us.

Mr. GREEN. Now, let me just quickly talk to all of the members of the panel, because, ordinarily, I would simply have you raise your hands, but given the environment we are in, let me ask you, Ms. Cofield, quickly, do you believe that this is the American thing to do, that this kind of training is appropriate for your workplace? And can you give me a simple yes or no?

Ms. COFIELD. I think it is quite appropriate, yes.

Mr. GREEN. Okay. Ms. Clark?

Ms. CLARK. Yes. I also feel that it is quite appropriate.

Mr. GREEN. Ms. Dingman?

Ms. DINGMAN. Yes. I agree as well.

Mr. GREEN. Ms. Davy?

Ms. DAVY. Yes. I agree as well.

Mr. GREEN. Okay. I also would want to call this to the attention of my colleagues.

This is evidence of why we need H.R. 8160, the bill that is styled, "Promoting Diversity and Inclusion in Banking." This is important because we have evidence now that a President will do what he can to thwart the efforts of the OMWIs, something that has been the law for many years now. Dodd-Frank brought it into being under the leadership of the Honorable Maxine Waters.

This kind of effort to thwart what we are trying to do, which is Constitutional, which is American, should not be allowed, and this bill would actually require the regulators to examine financial diversity and inclusion.

I am actually saddened by what the President has done, but it is evidence of what must be done. So, I am going to beg my colleagues to please examine this bill, H.R. 8160, because, clearly, if we don't have this enacted into law, this notion that we can at least do what the Constitution says we should do by virtue of many sections of it—I won't go into them right now—but that is to try to become an America where everybody is treated equally—equality under the law. I am very much disturbed by what the President has done.

Now, let me ask one additional question. I have, in the past, talked about how some 70 percent of the executive level senior positions at certain banks are held by men, some 70 percent, which means that obviously, about 30 percent of the positions are held by women. In a country where more than 50 percent of the people are women, it just seems to me that this is further evidence of the need for the OMWIs.

Let me just ask each of you again to tell me quickly, with the few seconds that I have left, about your belief in terms of what women bring to the workplace. Do women bring value to the workplace such that we ought to have them give us their opinions by way of being a part of the workforce?

Ms. Cofield?

Ms. COFIELD. Yes.

Mr. GREEN. Ms. Clark?

Ms. CLARK. Most definitely.

Mr. GREEN. Ms. Dingman?

Ms. DINGMAN. Definitely.

Mr. GREEN. Ms. Pearson?

Ms. PEARSON. Absolutely.

Mr. GREEN. Ms. Davy?

Ms. DAVY. Yes.

Mr. GREEN. Thank you. I yield back.

Chairwoman BEATTY. Thank you, Congressman Green.

The Chair now recognizes the distinguished gentleman from Wisconsin, Congressman Steil.

Mr. STEIL. Thank you very much, Madam Chairwoman. I appreciate you holding today's hearing, and I appreciate all of our panelists for being on to discuss what is a really important topic, how do we create a more perfect union and get the inclusion and make sure that everyone has a seat at the table.

I had the opportunity to read some of the written testimony, and I wanted to ask you, Ms. Pearson, in particular, we hear a lot about the difficulty on the recruiting side of getting underrepresented minorities at the table, and I wanted to just dive in with you on some of the things that your organization is doing, in particular as it relates to the mentorship side of this.

We talk a lot about the need to make sure underrepresented minorities, women, have that network that they can rely on to able to get that seat at the table, and what have you been doing in particular as it relates to the internal process of the mentorship program of some of these groups?

Ms. PEARSON. Yes. Thank you for that question. At the FDIC, we have a variety of different ways, both formal and informal, for those mentoring opportunities, so I will first start with the informal.

I talked about how my recruiter who recruited me out of college still served as an informal mentor, calling me, checking in on me, and making sure I was progressing.

On the formal side, the FDIC also has a variety of different ways. If you are a staff level employee, you can be involved in our mentoring program, where you are assigned to a more senior leader, and you develop a leadership plan.

In addition to that, we also have a specific plan for leaders. We have our leadership mentoring plan where our managers can be partnered with more senior managers for their development. If you have an interest in becoming a leader, we also have a program for emerging leaders, where you can receive coaching.

In addition to that, we are now focused on some of our more senior leadership opportunities, where we can take individuals that we identify who are high-performing and partner them with specific assignments and higher levels that they may not normally get an opportunity to be exposed to, because that awareness, having representation, all of those things help contribute to the success factors, and it did for me.

Mr. STEIL. Thank you very much, Ms. Pearson.

In the limited time I have here, I am going to ask Ms. Cofield and Ms. Clark, in that order, we have heard a lot about some of the, what I will call a little bit, 50,000 feet, discussing some of the strategies. I would love for each of you, if you can, just to take a moment to talk about a specific story where this has been impactful.

I think sometimes when we personalize this and we talk about this as an individual, it helps some of us on the committee and those watching better understand the work that is being done. So if you have a story on that, Ms. Cofield, I would love to hear how that has played out in a practical way for an individual who has benefited by some of the strategies that you have employed at the OCC.

Ms. COFIELD. Okay. I can think of many cases, but we particularly, in the last year-and-a-half actually dived down into our Hispanic barrier analysis, because what we were seeing was a low participation rate of Hispanics in our organization.

Even though we were hiring at the civilian labor force, what we noticed was that they did not stay on board. They did not stay with us from a retention standpoint, and so we have done what we called an Hispanic barrier analysis. And out of that, we had an opportunity to gain information through focus group activities.

And what we learned is, there is so much involved in terms of what the employee experience is like. So not only were we able to get the numbers and get looking at the movement from one job to another, promotion opportunities, but we actually got to hear the stories from Hispanics themselves in terms of how life at the OCC and the kinds of things that were supportive to them and the kinds of things that actually ended up being barriers to them.

Mr. STEIL. Thank you very much.

Ms. COFIELD. So, that is what we decided to do.

Mr. STEIL. Thank you very much. With my limited time, I am going to try to jump to Ms. Clark. If you have a story where you can kind of personify this, that would be terrific, I think, for all of us.

Ms. CLARK. Thank you very much.

I will use myself. I have been working since I was 16-years-old, so, there are a couple of decades in there that I have been playing business. I came to the Federal Reserve Board from the private sector, and I immediately received a mentor, who basically helped guide me through the culture of the organization, which I think is

critical, and also enabled me to have an opportunity to understand what it was I needed to do as an individual to be successful within the organization.

And having had that experience, I am more than willing to support anyone who has an interest, and also provide them with resources to achieve their goal. And the Board continues to do that today.

Mr. STEIL. Thank you. Thank you very much, Ms. Clark.

Looking at the time, I will yield back. Thank you very much.

Chairwoman BEATTY. Thank you.

The Chair now recognizes the distinguished gentleman from Florida, Congressman Lawson, for 5 minutes.

Mr. LAWSON. Thank you, Chairwoman Beatty and Ranking Member Wagner, for hosting this hearing today.

We are now on the 10th anniversary of Dodd-Frank, and one of the things that was found across the financial regulatory agencies was that African-American employees generally received lower performance management review scores than White employees. And this is to all of the panelists. Since this has been very prevalent and we are very well aware of it, what policies and practices—and I heard you all talk about mentors and so forth that have been implemented to relieve some of the barriers and problems in your performance review process that may have caused those performance rating disparities. To what extent has your agency corrected those rating disparities since the committee review in 2015?

I can just go down the line, and maybe you all can let me know exactly, one after the other. I'll start with you, Ms. Clark.

Ms. CLARK. Thank you, Congressman Lawson. One of the things that the Federal Reserve Board has done is, on an annual basis, we review all of our performance ratings. I am involved in that process. We look to see if there are any outliers in the way in which people are being evaluated based on the criteria that we have established around the competencies and the performance that is needed.

Once we review those performance ratings, we have discussions about where there are issues. We have discussions with the divisions at which those issues persisted, and we work to find out exactly what is being done to make sure that everyone is treated on an equal plane and that the evaluations are done fairly and equitably, and we do this annually. We identify barriers to success. And then, we also are engaged in making sure that people understand what the level of expectations are and that discrimination or any allegation that is prohibitive to one advancing themselves within the organization is removed.

Mr. LAWSON. Okay. Next?

Ms. DAVY. This is Monica Davy from NCUA. Thank you so much.

One of the things we do, besides reviewing our performance evaluations to make sure that there is consistency, is we also make sure that, in our mentoring program—we call it mentoring across differences. We try to make sure that when people get mentors, they get someone outside of their group, to make sure that people have exposure to other people. That is one of the really good ways that you can break down unconscious biases. We make sure that our employee resource groups—that their executive sponsors are

people who are not part of those groups. We do very focused training on unconscious bias, because we know that unconscious bias can come into play when doing performance evaluations.

So, those are three things that I would say we do that would help deal with that issue.

Ms. COFIELD. This is Joyce Cofield from the OCC.

Not dissimilar at all to what my colleagues have already offered up, we also, at our unconscious bias trainings, specifically with managers, dive down into the consequences of bias within our processes, and our performance process is one of those that we highlight. So, we are consciously not only making sure that they are trained in this, but actually show them how they use this in their everyday process in and of itself.

In addition, we provide past performance ratings to our managers prior to an upcoming performance rating so that they can see what their trends and performances looked at in the past, and then they can do their own self-reflections in terms of whether or not there are things that they need to consider differently.

Mr. LAWSON. Ms. Pearson?

Ms. PEARSON. Yes. At the FDIC, like my colleagues, we also provide training to our rating managers, and we have a robust review process.

The part that I would like to add that I don't think I have heard yet is that we also train our employees and our managers on their rating process, and we provide opportunities for our employees to know how to put their best foot forward.

So, when they are providing information and feedback to their managers, how can they explain information in a way to make sure that their best foot is forward? In addition to the training that we do, and in addition to the robust process, we also make sure that our employees are prepared, and all of those things work together to make sure we reach our goal of fair and equitable process.

Mr. LAWSON. Okay. And I think we have one—

Ms. DINGMAN. This is Lacey Dingman from the New York Fed.

And like my colleagues, we do a very similar process. I know that we are out of time, but I would say that, like Nikita, we also focus extensively on training, as well as, how do we ensure that the process has carried itself through in evaluating those ratings every year to make sure that there is no unconscious bias or we mitigate unconscious bias in the process?

Thank you.

Mr. LAWSON. Okay. Thank you, Madam Chairwoman. I know I have run out of time, and, with that, I yield back.

Chairwoman BEATTY. Thank you.

The Chair now recognizes the distinguished gentlelady from Texas, Congresswoman Garcia, for 5 minutes.

Ms. GARCIA OF TEXAS. Okay. I am doing it from a cell phone. Can you all hear me?

Chairwoman BEATTY. We can hear you and see you.

Ms. GARCIA OF TEXAS. Okay. Great.

Thank you so much, Madam Chairwoman, for choosing this topic, as it is so important.

I want to start with Ms. Dingman from New York. You mentioned a lot of the outreach and a lot of the programs that New

York is doing. What is, in your judgment, the best tool that you all have that others should use as the best practice to ensure that there is full participation from all the protected classes?

I know I heard someone mention that they had an issue with retention of Latinos. Since you are from New York, which has a very robust Latino population, what is it that you may be doing, that you might be able to share, that would help recruit and retain Latinos in your organization?

Ms. DINGMAN. Thank you, Representative Garcia, for that question. In regards to the Second District, you are very correct, we have a strong Hispanic population, and we work very hard to try and recruit Hispanics. Unfortunately, we have not had the level of success that we would like to see, but we continue to work to have in our recruitment processes diverse slates, trying to make sure that there is a variety of different thoughts and beliefs that are coming to the table for each position that we consider.

And so, I would say that is the key, to continue to go after that, as well as building robust relationships with outside organizations that can help build that pipeline with us. And I think, like many of my colleagues, we have a robust relationship management that we do with a variety of different Hispanic and African-American associations that help us build our pipeline.

Ms. GARCIA OF TEXAS. Okay. Ms. Davy, for you, are there any particular challenges in your organization with not only outreach programs for all of the protected groups, but also perhaps for any of the language barriers or different cultures, for example, for our seniors to make sure that they feel that they are included, and that when they use one of your institutions, there are not only people who look like them, but also speak like them?

Ms. DAVY. Sure. Let me just do it in two parts.

First, internally, we make sure that we are recruiting from Hispanic-serving organizations and schools. I think one of the biggest impacts that has had in our organization is the creation of our Hispanic resource group, CULTURA. That group is involved with us in recruiting, coming out with recruiting strategies. They also involve themselves in translation needs that we may have as an agency.

Within the credit union system, it is extremely important that our credit unions are inclusive, that they can look at their products and services to make sure that they are offering products and services in different languages. And I think that has had a huge impact on our Minority Depository Institutions in the credit union space, and making sure that they have representation so that their teller lines, their boards, and their management teams reflect the communities that they serve.

Ms. GARCIA OF TEXAS. Great.

And, Ms. Clark, I wanted to ask you—you talked about a lot of your numbers, your mentoring, and all of the programs that you might have. The biggest issue that I see with all these programs—and I have been telling them for a long time, I used to be the city comptroller in Houston and dealt with all kinds of financial services groups, particularly investment banking firms. The biggest, toughest thing is compliance.

We can write all these rules. You can make it mandatory. You can decide to do it as voluntary. It can be self-assessment or it can be imposed. But the real, real question of the matter is: How do we make your industries comply? What would be your recommendation to Congress on what we could do for better compliance?

Ms. CLARK. Congresswoman Garcia, are you addressing compliance for the entities that we regulate? Are you speaking compliance in that regard?

Ms. GARCIA OF TEXAS. Yes, ma'am.

Ms. CLARK. I think that it will be up to the Members of Congress to put forth what they feel is necessary in order to have the institutions be compliant.

Ms. GARCIA OF TEXAS. What I am asking you is, what do you recommend that would make it easier for you to help with compliance? Again, we can switch from voluntary to mandatory, but we still have to make people do it.

Ms. CLARK. I think what would be helpful is, I think the more information that we are able to receive and know what the practices are of the institutions that we regulate, the better we are able to serve the intention of the legislation that was issued. I believe that continued dialogue and meeting and conversing with each other and being intentional on the things that we do would make it much more successful.

Ms. GARCIA OF TEXAS. Thank you.

Thank you, Chairwoman Beatty. I believe I have run out of time. Chairwoman BEATTY. Thank you very much.

The Chair now recognizes the distinguished gentlewoman from Pennsylvania, Congresswoman Dean, for 5 minutes.

Ms. DEAN. Thank you, Chairwoman Beatty. Thank you for holding this hearing. I am delighted to be here with you.

I wanted to first quickly ask a follow-up to the question that Representative Green asked about the news reporting of September 5th, that the Trump Administration had instructed Federal agencies to end racial sensitivity trainings, and that was followed by an OMB mailing to Federal agencies. So, I wanted to ask just a yes-or-no question. We will go right down the line.

Prior to the OMB notice, or after, has the Trump Administration asked your agencies to stop diversity and sensitivity training? If I could start with Ms. Cofield?

Ms. COFIELD. I am not aware of that, no.

Ms. DEAN. Okay. Thank you.

Ms. Clark?

Ms. CLARK. I am not aware also that they have.

Ms. DEAN. Thank you.

Ms. Dingman?

Ms. DINGMAN. No. Not that I am aware of.

Ms. DEAN. Okay. And Ms. Pearson?

Ms. PEARSON. Not that I am aware of.

Ms. DEAN. And Ms. Davy?

Ms. DAVY. No. Not that I am aware of.

Ms. DEAN. Thank you very much. I appreciate that.

So much of the information that you are talking about and the good work that you are doing revolves around who we hire. And

one of the things that we know, that we have learned of the importance of diverse hiring panels, to ensure that a large range of perspectives are offered when evaluating potential employees. We know that hiring committees and panels with little to no diversity can bring bias, even unintended bias. If everybody looks the same, everybody has a similar background and experience, there will be necessarily some built-in bias in the review of applicants.

To that end—and I will go through each of you again—in terms of diverse hiring panels, what is your agency doing to ensure that? Ms. Cofield, please?

Ms. COFIELD. We have a general rule that our panels are diverse, and, in fact, in our executive committee, we actually check in with each other on a regular basis as decisions are made relative to selections as to what the diversity of the panel is, and give each other feedback as to whether or not the intent of that diversity is, in fact, real. So, the diversity of the panels is a very important critical issue relative to the selection process at OCC.

Ms. DEAN. That is great. And it must be intentional. You are absolutely right.

Ms. Clark?

Ms. CLARK. At the Federal Reserve Board, we also have a process by which the recruitment process enables people to attend training on bias in the recruiting process.

We have diverse panels for all of our positions, particularly on official staffs. I am involved in that process, and I am in the process so that I can determine whether or not we are being inclusive, not only from those who are being—the interviewers, but also the candidate groups who are put forth. And that is a regular part of our process overall. Diversity is key.

Ms. DEAN. Thank you very much.

And, Ms. Dingman, for the Fed of New York?

Ms. DINGMAN. We also have a diverse paneling process very similar to my colleagues. We ensure that we have several panels that participate in each of our hiring selections, and then we review those metrics after the process is concluded to make sure that we have maintained that process in its entirety. And we feel like that has helped us in mitigating unconscious bias.

Ms. DEAN. And is that a newer practice?

Ms. DINGMAN. That has been a practice since my time here at the bank, but, admittedly, that has only been in the last year, but I would say that it has been long before my time.

Ms. DEAN. Terrific.

And Ms. Pearson?

Ms. PEARSON. At the FDIC, we do recommend the best practice of having diverse panels. In addition to that, we provide unconscious bias training to our hiring managers. And the third thing that we do is there is a selecting official, but there is also a review process where there is an approving official who reviews that particular selection for our job opportunities.

Ms. DEAN. Thank you very much.

Ms. Davy?

Ms. DAVY. Yes. At the NCUA, we have a policy that, whenever possible, there be the inclusion of minority or women representation on all interviewing panels.

Ms. DEAN. That is fantastic. I am glad to hear all of that.

We do know that in order to be successful at recognizing and prizing and hiring in diverse ways, we have to be intentional. We have to critically examine who are our applicants, who is in the pipeline, but also who is reviewing them. So, I thank you all for your leadership there.

And I yield back the remainder of my time, Madam Chairwoman.

Chairwoman BEATTY. Thank you very much.

I would like to thank all of our witnesses for their testimony today.

The subcommittee will now stand in recess for no longer than 5 minutes as we transition to our second panel of witnesses.

Thank you.

[brief recess]

Chairwoman BEATTY. The subcommittee will return to order.

We now welcome the testimony of our second panel of witnesses: Lorraine Cole, the Director of the Office of Minority and Women Inclusion of the United States Department of the Treasury; Pamela Gibbs, the Director of the Office of Minority and Women Inclusion of the Securities & Exchange Commission; Sharron Levine, the Director of the Office of Minority and Women Inclusion of the Federal Housing Finance Agency; and Lora McCray, the Director of the Office of Minority and Women Inclusion of the Consumer Financial Protection Bureau.

Witnesses are reminded that your oral testimony will be limited to 5 minutes. A chime will go off at the end of your time, and I would ask that you respect the Members' and other witnesses' time by wrapping up your oral testimony. And without objection, your written statements will be made a part of the record.

Ms. Cole, you are now recognized for 5 minutes to give an oral presentation of your testimony.

STATEMENT OF LORRAINE COLE, DIRECTOR, OFFICE OF MINORITY AND WOMEN INCLUSION (OMWI), U.S. DEPARTMENT OF THE TREASURY (TREASURY)

Ms. COLE. Chairwoman Beatty, Ranking Member Wagner, and distinguished members of the subcommittee, thank you for this opportunity to testify and share the diversity and inclusion efforts of Treasury's headquarters.

Diversity and inclusion emerged as a discipline over the past 50 years or so, but I prefer to trace these values to the words of the Great Seal of the United States, "E Pluribus Unum, out of many, one."

Of course, hundreds of thousands of people were enslaved when that motto came to be in 1776, so our nation's practices did not exactly align with its founding principles. But we can celebrate that this has been our long-standing ideal and our continuing quest to this day.

I am pleased to have this opportunity to share Treasury's ongoing work toward this end, including topics from our most recent annual report, and activities undertaken in response to the coronavirus pandemic.

Treasury has continued to increase utilization of minority-owned and women-owned businesses. For example, in Fiscal Year 2019,

more than one-third of the contracts for Treasury Departmental offices, amounting to \$112 million, were awarded to minority- and women-owned businesses. These were among the highest levels since OMWI began tracking such contracting.

Treasury has also worked to strengthen and sustain small and minority-owned banks. Two years ago, Treasury launched a program to engage large commercial banks with small and minority-owned banks in mentor-protégé relationships. Last year, Secretary Mnuchin personally championed the expansion of this program by writing to the CEOs of 26 of the largest banks to invite their participation.

Treasury supported participation of Minority Depository Institutions (MDIs) as lenders in the Paycheck Protection Program (PPP). On March 3rd of this year, when Treasury commemorated the 155th anniversary of Freedman's Bank, we never could have envisioned that MDIs would be called upon weeks later to address the economic fallout of the COVID-19 pandemic.

When the Paycheck Protection Program closed, 175 MDIs had approved over 123,000 PPP loans, providing more than \$10 billion to small businesses. In addition, 27 percent of all PPP funds were distributed to low- and moderate-income communities, which is proportionate to their percentage as a population.

Treasury strives to increase workforce diversity at all levels of the agency. Thirty-six percent of employees across all grade levels in Treasury's headquarters are racial or ethnic minorities, and 44 percent of all employees are women.

We strive to promote a workplace culture where diversity and inclusion is accepted as the responsibility of every employee. For instance, all senior executives have a diversity and inclusion element written into their performance plan. And when the eight OMWI Directors jointly hosted a discussion on race and racism following the George Floyd killing, one-third of the 9,000 people who voluntarily participated were Treasury employees.

Treasury works to inspire tomorrow's leaders. We conduct the Treasury Scholars Program, hosting talented minority students as interns from leading colleges and universities, including HBCUs and HSIs. These experiences provide them with marketable skills, inspire them to consider public service careers, and even position them for future employment at Treasury.

So in the spirit of *E Pluribus Unum*, we take seriously our obligation to ensure that those who do the work of Treasury as employees, contractors, or financial agents are representative of the beneficiaries of our work: the American people.

I look forward to answering any questions you may have for me.

[The prepared statement of Director Cole can be found on page 68 of the appendix.]

Chairwoman BEATTY. Thank you very much.

Ms. Levine, you are now recognized for 5 minutes.

STATEMENT OF SHARRON LEVINE, DIRECTOR, OFFICE OF MINORITY AND WOMEN INCLUSION (OMWI), FEDERAL HOUSING FINANCE AGENCY (FHFA)

Ms. LEVINE. Good afternoon, Chairwoman Beatty, Ranking Member Wagner, and the distinguished members of the subcommittee. Thank you for the invitation to appear at today's hearing.

Since October 2014, I have had the honor of serving as Director of the Office of Minority and Women Inclusion of the Federal Housing Finance Agency (FHFA). As this is my first opportunity to testify before you, let me express FHFA's appreciation for the work of the Subcommittee on Diversity and Inclusion.

Central to FHFA's success is our commitment to diversity and inclusion in both the Agency and our regulated entities. This has been true for as long as I have worked at FHFA, and as I will discuss in a moment, it has been a top priority of Director Calabria's since he joined the Agency 17 months ago.

Our daily efforts to build and sustain a work environment where everyone feels safe, respected, and valued for our differences are always important and the prerequisite for FHFA to be a world-class regulator as Congress intended. But today, this work has taken on added significance and urgency.

The tragic loss of life and civil unrest that have roiled our nation in recent months, as well as inequities that have plagued too many communities for far too long, have left many of our colleagues feeling vulnerable and distressed. These events have also strengthened our resolve to ensure that racism and hate are never tolerated at FHFA.

I am proud of FHFA's OMWI for stepping up this year with Director Calabria's strong encouragement to support our colleagues and help our entire Agency grow during this time. As the Director has said many times in recent months, we must do better. And I am grateful for his steadfast support of OMWI as we have endeavored to answer that call within our Agency.

FHFA's commitment to diversity and inclusion extends far beyond our recent efforts to respond to external events, because it is both the core value and a statutory responsibility. The Housing and Economic Recovery Act of 2008 (HERA) requires the FHFA to take affirmative steps to seek diversity in its workforce at all levels of the Agency, consistent with the demographic diversity of the United States. To lead that effort, FHFA established its OMWI in January 2011, pursuant to Section 342 of the Dodd-Frank Act. And unlike other federally-regulated financial institutions, our regulated entities are required by law to establish an OMWI, or its functioning equivalent, to promote diversity and ensure inclusion in all business activities.

Today, I will provide an overview of our work to fulfill those statutory responsibilities. This work is described in more detail in my written testimony, as well as in our 2019 OMWI Annual Report to Congress, which FHFA released in March 2020, and which is attached to my written testimony.

FHFA has a strong track record of promoting diversity at every level of the Agency's workforce, including management and executives. In fact, I am proud to say that FHFA has one of the most-

diverse workforces amongst Federal financial regulatory agencies. But that does not mean that our work is complete.

Indeed, from his very first day in office, Director Calabria has taken steps to raise the profile and strengthen the impact of FHFA's OMWI. On his arrival to the Agency, the Director ensured that the OMWI Director's position on FHFA's executive committee was strengthened.

The Director has provided leadership necessary for the Agency to take concrete steps and undertake pioneering new initiatives to uphold fairness, diversity, and inclusion as foundation values of all that we do.

These steps include elevating the new Office of Equal Opportunity and Fairness into its own division level office under the Director; conducting FHFA's second diversity and inclusion climate assessment; instituting a mandatory unconscious bias training for all employees; commissioning and conducting barrier analyses to ensure fair and equitable wages, merit promotion procedures, and opportunities across the Agency; launching the Agency's first diversity advisory council that would help elevate and support Agency diversity and inclusion initiatives; utilizing the Agency's internship program to foster a diverse employee pipeline; and prioritizing OMWI's special emphasis program events, the second-most recent of which hosted historian Richard Rothstein to discuss his book, "The Color of Law: A Forgotten History of How Our Government Segregated America."

In the interest of time, I will conclude by noting that my written testimony contains more details about these initiatives and FHFA's work to direct and supervise the diversity and inclusion programs at the regulated entities.

Thank you again for the opportunity to testify today. I look forward to answering your questions.

[The prepared statement of Director Levine can be found on page 95 of the appendix.]

Chairwoman BEATTY. Thank you very much.

Ms. Gibbs, you are now recognized for 5 minutes to give an oral presentation of your testimony.

STATEMENT OF PAMELA GIBBS, DIRECTOR, OFFICE OF MINORITY AND WOMEN INCLUSION (OMWI), U.S. SECURITIES AND EXCHANGE COMMISSION (SEC)

Ms. GIBBS. Thank you.

Chairwoman Beatty, Ranking Member Wagner, and members of the subcommittee, thank you for the opportunity to testify today to highlight the SEC's efforts to enhance diversity, inclusion, and opportunity.

I commend this committee for its role in passing Section 342, and for your vision and commitment to equality and access to opportunity. Section 342 has had a significant impact on the Federal financial regulatory agencies and the entities that we regulate. It is largely responsible for the advances made by women and minorities over the years.

Since its inception, the SEC's OMWI has focused its critical mandate under Section 342 of the Dodd-Frank with the goal of developing and implementing programs that would lead to enhanced di-

iversity, inclusion, and opportunity for women and minorities at the SEC, the industry we regulate, and underrepresented communities.

The outcomes achieved over the years with regards to hiring, promotions, business supplier diversity, training, outreach efforts, and interaction with our regulating entities demonstrates that the SEC's OMWI has been effective at promoting change.

During my tenure, the diversity and inclusion efforts have moved from a place of theoretical discussions about programmatic activities to the implementation of significant strategies and actions that have resulted in tangible outcomes with regards to workforce, supplier diversity, and assessment of our regulating agencies, particularly under the leadership of Chairman Jay Clayton.

At the SEC, the 4,500 talented men and women are our most important assets. Their expertise is essential to the effective oversight and regulation of our vast, complex, and ever-changing capital markets. Promoting diversity and inclusion in our workforce is not only a shared agency commitment; it is also value-enhancing.

At the SEC, I believe that our efforts have provided tangible proof of this value proposition. Increased diversity and inclusion has enhanced the SEC's performance and, as a result, benefited investors, issuers, and other market participants.

In addition to the efforts at SEC, OMWI also provides leadership and guidance on diversity and inclusion on matters that affect market participants and the entities that we regulate.

First, OMWI has engaged with each of the SEC's external advisory committees and has provided direct input to these committees to ensure that all have embraced the need for hearing diverse perspectives of members critical to the success of the committees. Recent candidate selections and public meetings evidence this understanding.

We are also looking to the industry we regulate to be leaders in promoting opportunities for historically underrepresented populations within their workforces. We have conducted significant outreach in this regard.

Earlier this year, the SEC again issued its Diversity Assessment Report to our regulated entities, and we have continued to look for creative ways to incentivize participation in this initiative. We continue to remain encouraged with the progress of our regulated entities, and OMWI will continue to take steps to encourage engagement and collaboration for our entities.

Finally, OMWI has implemented an outreach and technical assistance strategy that has increased minority- and women-owned businesses' awareness of the SEC's requirements and participation in agency contracting, resulting in sustained improvements over the 8 years during my tenure as OMWI Director.

Thank you again for the opportunity to testify with my fellow OMWI Directors today on this important topic. While I believe that the SEC has come a long way in its efforts to promote diversity and inclusion, there is still much work that needs to be done. We will continue to emphasize its commitment to respect diversity, inclusion, and opportunity for all, and I look forward to your questions.

Thank you.

[The prepared statement of Director Gibbs can be found on page 93 of the appendix.]

Chairwoman BEATTY. Thank you very much, and now, Ms. McCray, you will be recognized for 5 minutes.

STATEMENT OF LORA MCCRAY, DIRECTOR, OFFICE OF MINORITY AND WOMEN INCLUSION (OMWI), CONSUMER FINANCIAL PROTECTION BUREAU (CFPB)

Ms. MCCRAY. Thank you. Good afternoon, Chairwoman Beatty, Ranking Member Wagner, and members of the subcommittee. Thank you for the opportunity to update you on our initiatives at the Consumer Financial Protection Bureau. I am Lora McCray, the Bureau's OMWI Director. I am pleased to share with you some of the Bureau's proactive efforts to integrate diversity and inclusion (D&I) across the Bureau and in our businesses.

As noted in the most recent Office of Minority and Women Inclusion report, in Fiscal Year 2019, with the support of Bureau leadership, we saw increases in gender and ethnic and racial diversity in our workforce. We expanded our recruitment and outreach efforts to attract diverse staff. We conducted extensive outreach to entities we regulate to understand their D&I practices and developed an online system to collect and analyze that information.

We continued cultural programming to foster a more-inclusive workplace. And finally, we expanded our strategies to include minority- and women-owned businesses in Bureau contracting opportunities.

I actively work to fulfill the statutory mandate in Section 342 of the Dodd-Frank Act to ensure that regulations, policies, and financial solutions developed by the Bureau are relevant for all consumers, and definitely integrate D&I into our organization.

Given the challenges our country is facing as we struggle to deal with the continued incidents of racial violence and inequity, advancing D&I is more important than ever. Under the leadership of Director Kraninger, I implemented a forward-leaning action plan shortly after the tragic death of George Floyd on May 25th, to assist staff and management with tools and resources in dealing with these events.

I collaborated with my peers to deliver a Federal, multi-financial agency OMWI webcast on race on June 24th. And in addition, OMWI created racial equity learning resources for all Bureau employees that address specific racial issues such as anti-racism, bias, and White privilege, as well as management-focused guidelines for addressing racial bias—racial issues in the workplace.

My team is continuing to work with and support staff as they deal with these ongoing issues. The Bureau's mission is best accomplished with a qualified, diverse, and inclusive workforce that reflects the nation's diversity. The Bureau has developed robust outreach and recruiting efforts at colleges and universities, trade associations, and professional organizations, including minority- and women-focused organizations.

And as a result of that, we have built a diverse, competitive workforce. As of July 2020, women make up 50 percent of the Bureau's workforce, and minority employees make up 41 percent of the workforce. And with respect to leadership, 49 percent are women, compared to 34 percent government-wide, and 36 percent are minorities, compared to 21 percent government-wide.

In January 2020, the Bureau launched an online data collection tool called Inclusivity, to collect and manage submitted diversity self-assessment data from our regulated entities. We reached out to over a thousand institutions to encourage them to submit their D&I assessments.

Although the response rate has been impacted by the pandemic, we continue to conduct direct outreach to the entities and to work with trade organizations to educate financial institutions on the benefits of D&I and to encourage them to adopt best practices.

The Bureau also engages in an array of initiatives to promote an inclusive work environment, and foster equity, collaboration, and greater productivity. Each month, I issue a message to all employees, sharing information, resources, and perspectives on D&I topics.

In January, the Bureau launched the Mentoring for Success Program to enhance professional development. It includes 35 matched mentor-protege pairs that meet regularly, a leadership speakers series, and group discussions on career development.

And the Bureau continues to prioritize business opportunities for minority- and women-owned businesses (MWOBs). We conduct targeted outreach to encourage MWOBs to seek business opportunities with the Bureau, and provide technical assistance, including our quarterly, "How to Do Business With the Bureau," series.

Our efforts have resulted in positive trends, going from 9.2 percent spend with MWOBs in Fiscal Year 2017, to 28.9 percent in Fiscal Year 2019. And in the current fiscal year, we are on track to see further increases in this area.

In conclusion, while we made significant progress on our D&I strategies in 2020, there is more that the Bureau can accomplish. In our commitment to serve the interests of all consumers, it is critical that we reflect the ways that consumers from different backgrounds, cultures, and perspectives interact in the financial marketplace.

I look forward to working with the subcommittee to achieve the goals of Section 342, and I am happy to answer any questions that you may have.

Thank you.

[The prepared statement of Director McCray can be found on page 100 of the appendix.

Chairwoman BEATTY. Thank you very much. I now recognize myself for 5 minutes for questions.

Ms. Gibbs, in 2018, the SEC invited nearly 1,400 regulated entities to submit self-assessments, yet only about 38 responded. I certainly appreciate your enthusiasm and hope. Can you tell me, is there anything we can do, or why do you think that you had so few submit their assessments?

Ms. GIBBS. Thank you for that question.

Thinking back to 2018, one of the biggest reasons why I think we have had such low response rates is primarily because of lack of understanding. I think at that particular time, the entities that we regulate did not quite understand what we were doing. I am pleased to say that the SEC has gone out with a second round of diversity assessment reports, and the numbers are much more pleasing, and have drastically improved, I would say, and that is

because we have done a lot more outreach. We have engaged our regulated entities, we have talked about the diversity assessment report, Chairman Clayton talks about diversity—

Chairwoman BEATTY. I don't want to cut you off, but I have to ask these questions. So, you are hopeful that the numbers will go up?

Ms. GIBBS. Yes. The more our entities understand it.

Chairwoman BEATTY. Thank you. Ms. McCray, can you tell us why the Consumer Financial Protection Bureau only began collecting data this year?

Ms. MCCRAY. Certainly. I joined the Bureau in January of 2019, so I am speaking based on information that I learned as I came into the Bureau. My understanding was that under the previous leadership, they had been looking to do outreach and engagement with the entities to get a more robust understanding of what barriers might exist and understand where the different institutions were in terms of diversity and inclusion in the marketplace.

Chairwoman BEATTY. Okay. Thank you very much.

Ms. Levine, as you know, FHFA is subject to Section 1116 of the Housing and Economic Recovery Act (HERA). Can you share how you have leveraged your authority to collect data from regulated entities?

Ms. LEVINE. Yes. We developed and implemented an examination program in 2017, so we have almost completed 4 years of examining our regulated entities. And we have collected very detailed data that conforms to our minority and women inclusion rules. We collect quarterly data, and that leads to annual data. That way, we are able to analyze that data and determine the performance of the regulated entities, as well as trends.

Chairwoman BEATTY. Okay, thank you. As systemic racism continues to impede full economic inclusion of diverse communities, OMWIs were created in part, as you all know, to prevent abusive practices. This is a yes-or-no question for everyone. Do you believe systemic racism exists? Ms. Cole, yes or no?

Ms. COLE. Yes, absolutely.

Chairwoman BEATTY. Ms. Gibbs?

Ms. GIBBS. Yes.

Chairwoman BEATTY. Ms. Levine?

Ms. LEVINE. Yes, I do.

Chairwoman BEATTY. Ms. McCray?

Ms. MCCRAY. Yes.

Chairwoman BEATTY. Thank you very much.

Without objection, I would like to enter into the record a letter that came from the Executive Office of the President of the Office of Management and Budget, that makes a statement. I won't read it, but I will enter it in the record, so without objection, it is so ordered.

I don't know if you are familiar with this letter, but basically it made a statement that we should cease and desist training for diversity and inclusion. Do you think any of your trainers or training perpetuates a view that all White people contribute to racism or benefit from it? This is from their letter. And that is a yes or a no, and we will go Ms. Cole, Ms. Gibbs, Ms. Levine, and Ms. McCray.

Ms. COLE. No, that does not characterize any of our training.

Chairwoman BEATTY. Thank you.

Ms. Gibbs?

Ms. GIBBS. No, it does not characterize any of the training at the SEC.

Chairwoman BEATTY. Ms. Levine and Ms. McCray?

Ms. LEVINE. Not at all at the FHFA.

Chairwoman BEATTY. Would you also say that your training and the work that you do with OMWI has been value-enhancing, yes or no?

Ms. COLE. Yes, it has.

Chairwoman BEATTY. Thank you.

Ms. LEVINE. Yes.

Ms. GIBBS. Yes.

Chairwoman BEATTY. Okay. Thank you. I yield back. My time is up.

Now, I recognize the distinguished gentleman from Ohio, Congressman Gonzalez, for 5 minutes.

Mr. GONZALEZ OF OHIO. Thank you, Chairwoman Beatty, and thank you to the second panel for being a part of today's hearing. I have a series of questions I am just trying to run through quickly because I know our time is short.

I am going to start with Ms. Cole. As there are so many challenges each day throughout the past 6 months, how has the Treasury Department maintained a focus on promoting diversity and inclusion throughout the pandemic?

Ms. COLE. Initially, certainly after the killing of George Floyd, we knew that there was a lot of trauma within the nation and among our employees. We know that individuals don't leave that pain, that confusion, and that anger at the door when they come to work. So, we knew that it was important for us to address these issues, not only as a compassionate activity, but also as an important business decision, because we know that this can affect productivity.

So, one of the things we did as a group, as an OMWI group, was to put on a program to address the feelings, the issues, and some of the solutions and actions that could be taken by employees relative to the upheaval that was precipitated by the George Floyd incident.

Mr. GONZALEZ OF OHIO. Thank you. And was that just amongst the OMWI staff, or did the OMWI staff sort of spearhead the initiative and all of Treasury participated?

Ms. COLE. It was the OMWI staff, and actually it was an inter-agency activity with all of the OMWI, the eight OMWIs, and it was open to all Treasury employees.

Mr. GONZALEZ OF OHIO. Very good. Thank you.

My next question will be for Ms. Gibbs. One thing that we have talked about a lot in this subcommittee, and I hear it often, is, there are not enough opportunities for minority businesses to manage assets for pensions, the opportunity to participate as asset managers, which is, of course, an incredibly lucrative field and a wonderful opportunity for those fortunate to be in that field.

My question is, in your role, I would just be curious to hear your perspective on the steps that need to be taken to make sure that

we have more diverse fund managers and more opportunities for those in the asset management field?

Ms. GIBBS. Thank you, Congressman, for that question. It is a very important question to the SEC. The SEC has four advisory committees, and one of our advisory committees is the Asset Management Advisory Committee. And in my partnership relationships over the years, I have had an outstanding relationship with the National Association of Securities Professionals.

This issue has come up a number of times over the years, and what I would say is, I am pleased to say that the SEC has started to look at this issue around diverse asset managers and what the SEC's rules can do, if we can do anything additional, to help minorities [inaudible] We held a wonderful panel in July that explored and outlined the issue—what is the issue that diverse asset managers face?

We are having a second panel on September 16th that will continue to explore this issue and hopefully help develop solutions that can address the underlying cause of lack of utilization of diverse asset managers.

Mr. GONZALEZ OF OHIO. Thank you. And I would like to urge you to continue on with that initiative.

My final question is for Ms. McCray. In your view, how have minority communities, in particular, been impacted by fraud during the pandemic? I know that has been a major issue. I would love to just hear how they have been targeted, and any steps, anything that we should be aware of in our position.

Ms. MCCRAY. Thank you. I will start off by saying I am probably not the best person at the Bureau to give information on that. We have a whole team of people who focus very specifically on it.

What I will say is, in terms of my understanding of minority communities and how they are affected by things that are going on, we have seen historically—and this time is no different—that when you have these kinds of situations coming down, minority communities tend to be more impacted and more negatively impacted. They tend to have more of a lack of information. They tend to have less access to resources. So, they will feel the brunt of something that is going on, more so than the majority community will.

One of the things the Bureau has been doing over the course of the pandemic is really issuing a lot of information so that we can help inform minority communities, to make them aware of their rights, to make them aware of what to be on the lookout for, to make them aware to be on the lookout for scams and how to deal with those. We have an excellent complaint system at the Bureau where people can file a complaint if they fall victim to something like that, or believe they have been—

Mr. GONZALEZ OF OHIO. I think my time is up.

Ms. MCCRAY. Oh, I'm sorry.

Mr. GONZALEZ OF OHIO. Thank you. I yield back.

Ms. MCCRAY. You are welcome.

Chairwoman BEATTY. Thank you. It is my honor now to go to the distinguished gentleman from Missouri, Congressman Clay, who is also the Chair of our Housing and Insurance Subcommittee, for 5 minutes.

Mr. CLAY. Thank you so much, Madam Chairwoman, and I find this hearing to be quite productive, and I appreciate you holding it.

And this is for the entire panel. In 2015, a House Financial Services Committee staff report on the fifth anniversary of Dodd-Frank found that across the financial regulatory agencies, African-American employees generally received lower performance management review scores than White employees.

And to all the panelists, what policies and practices have your offices implemented to help eliminate bias and other problems in your performance review process that may have caused those performance ratings disparity, and to what extent have your agencies corrected those ratings disparities since the committee's 2015 review? Whomever wants to start can jump in, please proceed.

Ms. MCCRAY. Okay. This is Ms. McCray. I will start. What I will say is at the CFPB, we did an assessment and really looked at the performance rating system. We ended up changing our system into a two-party—a two-level rating system.

We also did a review of all of our personnel standards to really make sure that they were accurate. And we have added to our performance management process training for everyone, training for the managers who are going to be doing the review process, as well as training for the people who are filling out self-assessments and are being reviewed.

In addition, in our process, we have included more of a feedback loop. There is an opportunity for people to do a self-assessment and provide that to their manager who is going to be doing their rating. So, they are having the opportunity to bring things to the manager's attention.

We also have included check-in meetings and coaching as well, again, to try to make sure that employees are able to communicate what they are doing and that managers are giving an accurate assessment. And as I said, with the standards, making sure the standards that are being used to do the measurement are accurate.

Mr. CLAY. Just follow up, Ms. McCray, you are confident in the metrics being used to hold management accountable for these evaluations?

Ms. MCCRAY. Yes, I am. And actually, the one thing I would add is that—and this actually goes to the earlier question about training, we include in our training for supervisors, training on unconscious bias to make sure that people are aware not to bring their biases into the performance management process. And it is a mandatory training that everyone who becomes a supervisor at the Bureau has to take.

Mr. CLAY. Thank you.

Ms. Levine, how do you hold management accountable for these evaluations?

Ms. LEVINE. FHFA has done several things. To begin with, the Director recently established an Office of Equal Opportunity and Fairness, which he did in January when he restructured the agency's divisions, and that would be one of the topics that—and issues that the [inaudible] particular division.

In addition to that, FHFA has elevated diversity and inclusion as a competency, and that is included in the Job Performance Plan (JPP) of every manager and supervisor.

Moreover, we have an annual managers conference where the managers and supervisors are actually trained in a number of areas, including spotting and recognizing unconscious bias in all aspects of the employment lifecycle—so recruiting, hiring, interviewing, any number of those areas.

Mr. CLAY. Thank you.

And Ms. Gibbs, can you share with us what happens at your agency?

Ms. GIBBS. Since 2015, I would say that we put in a number of increased protocols, training and guidance around performance management. Also, our performance management system has changed a little bit over the years, meaning that we are going through a five-tier process to a three-tier process, some of the many things that Director McCray from the CFPB has highlighted.

Also, on phone calls, calibration processes are put in place to make sure that, how you calibrate the system, and are there any biases that are part of the system. We have an EEO office at the SEC that is separate from the OMWI office, and that office looks at, and continues to look at on a continuing basis, not just when asked, whether or not there are particular parts of our system that have bias or barriers in them that impedes full utilization of our workforce.

So, the bottom line is that we have come a long way since 2015, and we have added protocols in place to avoid any bias in our system.

Mr. CLAY. Thank you, Ms. Gibbs.

Madam Chairwoman, was that a buzzer for me?

Chairwoman BEATTY. Yes. The gentleman's time is up.

Mr. CLAY. Okay.

Chairwoman BEATTY. Thank you very much.

Mr. CLAY. Thank you so much. I yield back.

Chairwoman BEATTY. Thank you. The Chair now recognizes the gentleman from Texas, Congressman Green, who is also the Chair of our Oversight and Investigations Subcommittee, for 5 minutes.

Mr. GREEN. Thank you, Madam Chairwoman. It is an honor to have the opportunity to speak again. I want to go back to H.R. 8160, the bill that would require the regulators to examine whether or not diversity and inclusion is being met in the various agencies that they regulate. And I am going back to it because as I understand it, there are some people who would say that this is not enough, and to those persons, I would simply want to contend that this may not be enough, but it is my belief that even when you can't do enough, you should at least do all that you can, and I think that this is something that can be done.

This bill does not in any way encroach upon anything other than the invidious discrimination that takes place, the inability of minorities to achieve status among the upper management in these corporations. And to those who would say, well, this bill will force people to do what they can do voluntarily, the retort to this is, of course, if this could be done voluntarily, it would have been done

already. We have had 10 years of Dodd-Frank, and it has not been done.

I would believe that over the 10-year period, if we could have accomplished this without legislation, we would have. So, H.R. 8160 is a means by which we can have regulators examine whether or not this diversity and inclusion is actually taking place.

Are we really eliminating the systemic racism that exists in the country? There is something called a CAMELS Rating System, and this rating system is a means by which international organizations are rated, and I see no reason why we can't have the same rating system that is accepted internationally, be used for what we are doing currently.

The CAMELS Rating System tests the capital adequacy, the assets, the management capability, the earnings, the liquidity, and the sensitivity of various corporations. We are just asking that diversity and inclusion be examined as well, and to require that there be diversity officers within these organizations, and that meetings take place, contrary to, of course, what the President would have. In the President's America, it is anti-American to have diversity and inclusion as an agenda item.

Unfortunately, he has an America that is shrinking. Most people, I believe, in this country, want to see everybody treated fairly and equally, and to do this, we can simply wait for it to happen, or we can have legislation comparable to what we are presenting to this body. So, I am asking my colleagues to please take a look at this legislation and give me your thoughts on it.

It is anti-American to do what the President is doing, which is to ban diversity training and call it anti-American. The President is doing the country a disservice with this kind of behavior, and my hope is that we will have legislation in place such that future Presidents will honor the will of the country and the Constitution.

Now, let me just ask quickly Ms. Cole, do you find diversity and inclusion to be something that is beneficial not only for the people who are the centerpiece of the diversity and inclusion, but also for people in general within the corporate structure? Could you give me a yes or a no, please, ma'am?

Ms. COLE. Oh, that is a definite yes.

Mr. GREEN. Okay. And Ms. Gibbs, similar question to you. Diversity and inclusion, does it benefit the entirety of the corporation as opposed to just the people who are the focus of the diversity and the inclusion, meaning the women and the minorities? Is that a yes or a no?

Ms. GIBBS. Yes, to both.

Mr. GREEN. Okay. And Ms. Levine?

Ms. LEVINE. Yes. And that has been validated by the responses from our workforce.

Mr. GREEN. Ms. McCray?

Ms. MCCRAY. Yes, it benefits everyone.

Mr. GREEN. Finally, just a closing comment, I think that Madam Chairwoman is truly to be commended for this hearing. This hearing really brings into focus this need for the diversity and inclusion training as well as for legislation that will require this kind of training in various entities that are regulated by the Federal Gov-

ernment. So, I thank you again for what you are doing, and I yield back.

Chairwoman BEATTY. Thank you very much, Congressman Green.

I now have the distinguished honor to recognize the gentleman from Florida, Congressman Lawson, for 5 minutes.

Mr. LAWSON. Thank you very much, Madam Chairwoman. And this question can start off with Ms. Cole, and then we can go down the line. During the global pandemic, Community Development Financial Institutions (CDFIs) have stepped up to provide mortgage forbearance, loan deferments, and modification to help address our needs.

Ms. Cole, with respect to the ongoing pandemic, to what extent has your OMWI been eager, and engaged in proposals to enhance the work of the Minority Depository Institutions (MDIs)—I am tired of all these acronyms, but anyway—MDIs during the pandemic response? For example, ensuring that MDIs and minority CDFIs are able to fully participate in the PPP Main Street lending programs.

Ms. COLE. First of all, the Treasury put a lot of energy into ensuring that MDIs participated in the PPP program as lenders. During the second round, guidance was issued to the lenders to redouble their efforts to support small businesses.

A set-aside was established, so that loan funds would be designated for MDIs, for small business lending.

The Deputy Secretary and the SBA Administrator held a roundtable with MDI lenders to gain insight for policy improvements to the lending program. And there was close monitoring throughout the PPP program to ensure that we understood the lending patterns throughout and that there was transparency to identify gaps in funding.

You had mentioned the CDFI Fund. In Fiscal Year 2019, the CDFI Fund awarded nearly \$16 million to MDI banks and credit unions that support predominantly minority communities.

And earlier this year, when we were commemorating the 155th anniversary of the Freedman's Bank, we convened about 200 professionals to discuss MDI programs within the Federal Government, and to highlight the things that they are doing and to get feedback on things that we could do better.

Mr. LAWSON. Okay. According to what you just said, that means that you implemented policies to ensure that agency contracts are making a good-faith effort to promote workplace diversity?

Ms. COLE. I beg your pardon. In terms of workforce diversity, we do—first of all, Treasury is not a regulator. We are the only OMWI agency that is not a regulatory agency, so we don't have regulated entities that fall under the mandate to ensure workforce diversity of regulated entities.

However, we do an analysis of contractors to ensure contractor workforce diversity as part of the good-faith effort mandate that is part of Section 342. And we do that annually. We do a good-faith effort analysis of a random sampling of Treasury contractors, Treasury Departmental office contractors.

Mr. LAWSON. Okay. I have less than a minute. Is this true with the rest of the panel in terms of contractors, making a good-faith effort? Does everyone look at that the same way?

Ms. LEVINE. Yes. FHFA, on an annual basis, does a review with our contractors to ensure they are making a good-faith effort to provide—

Mr. LAWSON. Okay. I have about 20 seconds left.

Ms. MCCRAY. CFPB includes in our contract, a clause about the GSE requirement to make contractors aware, and we do an analysis and also request them to submit information to us so we can verify that they are making that good-faith effort.

Mr. LAWSON. Okay. Thank you. Is that the bell for me to continue or to yield back?

I yield back.

Chairwoman BEATTY. Thank you, Congressman Lawson.

The Chair now recognizes the distinguished gentlewoman from Pennsylvania, Congresswoman Dean.

Ms. DEAN. Thank you, Madam Chairwoman, and I thank you and all of our panelists for coming together today to discuss this important topic. I am delighted to be on this subcommittee to examine diversity and inclusion as closely as we can in order to move us forward.

We know that diversity is our strength. I would like to ask each of the panelists, rather quickly, in a follow-up to what Representative Green talked about, which is the reporting of September the 5th, that the Trump Administration had instructed Federal agencies to end racial sensitivity trainings.

I want to ask each of the Directors from these very important agencies, what direction, either before or after the OMB letter, had you received? What directions or suggestions had you received from the Administration in terms of diversity training and possibly suspending or ending some of it? I will start first with Treasury Director Cole.

Ms. COLE. Yes. To date, we have not received any instructions in terms of our diversity training. That came out, I guess late Friday, and as of this point, we don't have any definitive instructions about how to move forward.

Ms. DEAN. Thank you.

Director Gibbs, for the SEC?

Ms. GIBBS. Prior to September 5th, we had received no guidance as it relates to diversity training.

Ms. DEAN. And beyond that? Since that time?

Ms. GIBBS. We are still waiting for guidance. I believe the OMB memorandum said that further guidance would be offered to the agencies.

Ms. DEAN. And Director Levine, for the FHFA?

Ms. LEVINE. To my knowledge, we have received nothing.

Ms. DEAN. Thank you.

Director McCray, for the CFPB?

Ms. MCCRAY. We haven't received any direction on that either before or after.

Ms. DEAN. Thank you very much. I also wanted to talk about hiring panels. We know that in order to break down the barriers for a more diverse population in our hiring, we need to make sure that

the hiring panels are diverse themselves, because when evaluating potential employees, we know that panels that have very little diversity can bring bias, even if it is unintended, just a bias of a common background.

For reviewing applicants, what are your agencies, under your OMWI direction, doing regarding hiring diverse—or using diverse hiring panels? And I will just go in the same order. Director Cole, for Treasury?

Ms. COLE. Yes. It is a policy within Treasury that the executive review boards that are formed, particularly to evaluate and to recommend executive-level candidates for positions, it is a requirement that those panels are diverse.

Ms. DEAN. Thank you.

And Director Gibbs, SEC?

Ms. GIBBS. The SEC has a very robust hiring process that incorporates objective questions and also diverse hiring panels at all levels.

Ms. DEAN. So, you always use diverse hiring panels?

Ms. GIBBS. Yes, to the extent that we can.

Ms. DEAN. Okay.

Director Levine?

Ms. LEVINE. FHFA's practice is to use diverse hiring panels as we go up. And so at the executive level and the supervisory levels, we do have diverse panels.

Ms. DEAN. How about at the entry level?

Ms. LEVINE. Not as much. It is not a policy, but we are trying to make that a broader practice across the agency.

Ms. DEAN. Yes, of course, because those who come in first, we hope will become upper-level members of your agency.

And Director McCray, for the CFPB, what is your practice in terms of diverse hiring panels?

Ms. MCCRAY. We recommend the use of diverse hiring panels for selections. Also, for some positions that require subject matter expertise, we have subject matter expert panels, and for those, the applicant is really blinded to them, so they know nothing personally about the person other than the information related to their skill set.

And in addition to that, we include, as I mentioned earlier, unconscious bias training, and we use structured interviews as well.

Ms. DEAN. Of course, it is one thing to recommend it, and it is another to be very intentional. And I am talking about the panelists, not the applicant, being blinded, but that the panelists should be diverse. So, I would hope that CFPB would be very intentional with that.

And with that, Madam Chairwoman, I thank you for the time, and I yield back.

Chairwoman BEATTY. Thank you very much.

The Chair now recognizes the distinguished gentlewoman from Texas, Congresswoman Garcia, for 5 minutes.

Ms. GARCIA OF TEXAS. Thank you, Madam Chairwoman, and again, thank you so much for bringing attention to this very important matter. And it may be that it is because I have only been here for a year-and-a-half, almost at the end of my first term, and maybe I didn't hear where we were, to figure out what progress we

have made up to today. But unlike some of my colleagues, I am not sensing that we are making a lot of progress here, and to hear, not just in this panel, but even from panel one, excuses like, well, they don't understand what they are supposed to be doing, or, well, they are confused, or this, it is like, it has been 10 years, and this is not a new ball game in town. This is just about doing the right thing.

Ms. Gibbs, I wanted to start with you. You mentioned the number of advisory committees that you all have put together at the SEC. Just know that the Asset Management Advisory Committee has a dear friend of mine—I am from Houston—Gilbert Garcia is on one of those. And while I am very happy for Gilbert, I am not happy that when you look at all of the other committees and the number of members on the committee, and I think that Chairwoman Waters and Chairwoman Beatty sent a letter back in January that said that of the 79 advisory committee members, only three of them were Black, zero were Latina, and only one was a Black woman. Surely, in 2020, we can do better than that.

So did your office have a role in that, in giving names to the chairman and developing the committees and developing its membership?

Ms. GIBBS. Thank you for that question. My office is actively involved in most of—maybe, I can say that we are actively involved in all of the committees. So, we do thank you for the letter that came in—

Ms. GARCIA OF TEXAS. Were you involved in the formation of the committees and naming the people to serve on the committees?

Ms. GIBBS. I am involved in making recommendations to some of the committees, but not in how they are formulated.

Ms. GARCIA OF TEXAS. Right. So, don't you think that we can do better?

Ms. GIBBS. Yes, we can do better with the representation, and OMWI is actively involved with the committees in terms of developing a slate. So just like we work with workforce diversity, it is developing a pipeline, who would want to serve on these committees, who are they, and what is their expertise, and that is what OMWI is actively involved in.

We also made a decision to bring on board a good colleague, Robert Marchman, who is now the Chair of the Investor Advisory Committee. So, we have taken a number of steps this year in particular, to make sure that OMWI is embedded into, actively, the selection and the topics of these advisory committees.

Ms. GARCIA OF TEXAS. Are you committed to making sure that those committee assignments are more reflective of the population in our country?

Ms. GIBBS. Absolutely.

Ms. GARCIA OF TEXAS. So, when can we expect to see some new faces at the table?

Ms. GIBBS. I believe when vacancies occur, usually there is a set number, and so when a vacancy occurs, we are hopeful. That is what I would say, is that we are hopeful. I believe selections have been made positively in terms of African Americans for two of the subcommittees already, and that is the Small Business Advocate Advisory Committee and the Investor Advisory Committee.

At the time, I am not sure that we are currently—I am not sure about vacancies on the Asset Management Advisory Committee (AMAC), but we are working with them if vacancies do come up, and we have a slate of African Americans, in particular, who may be interested in serving on the committee.

Ms. GARCIA OF TEXAS. As a Latina, I would also encourage you to recruit and name a Latina. Obviously, women at the table also makes a difference, and they need to be women of color, in addition to other women. So, I would appreciate that.

Quickly, I want to go to Ms. McCray. I know my colleague, Mr. Gonzalez, asked about fraud, and I particularly wanted to ask about what you all are doing in terms of outreach for fraud perpetrated against people with language barriers or with seniors.

Ms. MCCRAY. Thank you for that question. We actually have been recently focused, particularly during the time of the pandemic, on reaching out to people who have limited English proficiency.

And I am going through my notes because I actually have some notes here, that I wanted to make sure I got that information correct. But I know that we did a symposium—not a symposium, but a shareholder meeting to really engage with people to find out, we are working to make sure that people are getting access to the information and also what additional information is needed in what kinds of languages. Let's see. And I am just looking at my notes for a second.

Ms. GARCIA OF TEXAS. If you could send that to the committee in writing, I think that would be appropriate, and also, what outreach you are doing with regard to seniors.

I know that I got initially, even after that first stimulus check, a lot of calls from people in my district who were being told that they had to go through consultants to get their stimulus, and we all knew that was bull corn, but—

Chairwoman BEATTY. Thank you so much.

Ms. GARCIA OF TEXAS. —kind of fraud— so if I can have the answer to both of those questions, I would appreciate it.

Ms. MCCRAY. Yes, I would be happy to provide that.

Chairwoman BEATTY. Thank you. The gentlelady's time is up.

Ms. GARCIA OF TEXAS. Yes, ma'am. Thank you.

Chairwoman BEATTY. Thank you.

The Chair now recognizes the distinguished gentlelady from New York, Congresswoman Maloney.

Mrs. MALONEY. Chairwoman Beatty, thank you for allowing me to participate, and for holding this very important hearing.

This is an issue that is deeply personal to me. Back in 2015, I asked the GAO to look at the gender makeup of corporate boards, and despite the fact that women make up 47 percent of the workforce, at that time, they held only 16 percent of the board seats at the S&P 500. Today it is 21 percent; it is still very, very low.

The most startling finding in this report was how long they projected it would take to achieve gender parity on corporate boards. And GAO found that even if we assume that equal proportions of women and men started joining boards, starting right now, it would take more than 40 years for there to be an equal number of women and men on corporate boards.

And we are here today to make sure that all of you as Directors of the Offices of Minority and Women Inclusion are holding your mission to ensuring diversity and inclusion.

If we ever hope to see real change in private sector firms, we must make sure that our financial regulators are taking this seriously and doing everything possible to ensure they don't find themselves digging out of the same hole.

The GAO report that was released today—and I want to ask this of Ms. Levine from the Office of Minority and Women Inclusion at the FHFA—the GAO report that was released today showed that Fannie Mae and Freddie Mac have failed to increase the number of women and minorities in their workforce. In 2018, women employees represented 45 percent at Fannie, and 46 percent at Freddie, compared to 58 percent across firms in the private sector.

And to make matters worse, the report showed that the share of female employees at both Government-Sponsored Enterprises (GSEs) declined from 2011 to 2018. So my question is, how are you holding managers accountable for implementation of your diversity and inclusion policies to promote the hiring of more women and minorities in your workforce? For example, does your agency utilize performance metrics pay incentives or other metrics to increase accountability for your management teams?

Ms. Levine?

Ms. LEVINE. Thank you.

Our regulated entities, Fannie Mae and Freddie Mac, are subject to the Housing and Economic Recovery Act, which means they have an affirmative statutory obligation to promote diversity and ensure inclusion. That also gives FHFA very specific authority to examine those regulated entities for diversity and inclusion.

And so in 2016, FHFA developed a diversity and inclusion examination program, which we implemented in 2017, and we are just about finishing up the 4th year of that examination.

In addition to that, we amended our minority and women inclusion regulation to require that each regulated entity develop a strategic plan for diversity and inclusion.

And we do examine them to ensure that they are, in fact, reaching the goals and objectives that they have set forth in their 3-year strategic plan, and that is on an annual basis.

Mrs. MALONEY. Clearly, they haven't been effective, and more work needs to be done. It is key for the GSEs to recruit more women and minorities in those lower-level positions as they are then better-positioned—just get them through the door—to be promoted and considered for future senior management positions, like board membership.

I want to know, do you reach out and get private entities to try to find diverse people? Do you get people to reach out and encourage people to apply? Do you take that proactive step with hiring firms to help or reaching out strategically to make sure you have more minorities and women in the workplace?

Ms. LEVINE. Are you speaking about FHFA itself, or are you referring to our regulated entities? I am not quite sure.

Mrs. MALONEY. I am talking about getting people to apply in the first place. It is hard to hire women and minorities if they are not applying for the job. So, do you have outreach to make sure that

more women and minorities are hired in the first place, so that they are in the queue, so when an opening comes up, they can be promoted?

Ms. LEVINE. Absolutely. Our diverse workforce is 43.9 percent. So, I am not quite sure what you are referring to in terms of not being very diverse.

Mrs. MALONEY. We would like to get it to 50 percent at least, but anyway, moving along, as a result of that GAO report, I introduced the Diversity in Corporate Leadership Act, and my bill will require public companies to report the gender, racial, and ethnic composition of their boards in their annual proxy statements. And I would like to ask this to Ms. Gibbs from the SEC—

Chairwoman BEATTY. Your time is up. Can we get a short answer?

Mrs. MALONEY. I will submit it in writing, Madam Chairwoman. Thank you for this very important hearing, and we need to work together to get those numbers up.

Thank you.

Chairwoman BEATTY. No, thank you very much.

Let me now say thank you to all of our witnesses for your testimony.

The Chair notes that some Members may have additional questions for today's panels, which they may wish to submit in writing. Without objection, the hearing record will remain open for 5 legislative days for Members to submit written questions to these witnesses and to place their responses in the record. Also, without objection, Members will have 5 legislative days to submit extraneous materials to the Chair for inclusion in the record.

The hearing is now adjourned.

[Whereupon, at 3:16 p.m., the hearing was adjourned.]

A P P E N D I X

September 8, 2020

For release on delivery
12:00 p.m. EDT
September 8, 2020

Statement by

Sheila Clark

Program Director, Office of Diversity and Inclusion

Board of Governors of the Federal Reserve System

before the

Committee on Financial Services
Subcommittee on Diversity and Inclusion

U.S. House of Representatives

September 8, 2020

Chair Beatty, Ranking Member Wagner, and members of the subcommittee, thank you for the opportunity to testify today on the important role of the Office of Minority and Women Inclusion (OMWI) at the Federal Reserve Board. The Board of Governors of the Federal Reserve System (Board) is deeply committed to an inclusive workplace and a diverse workforce, as well as to fostering diversity in our own procurement practices and those at the institutions we regulate. Diverse perspectives inspire the best ideas, lead to the best decisions, and advance the Federal Reserve's mission in service to the public. We continue to work toward increasing diversity and inclusion at all levels of the Board; promoting fair inclusion and utilization of minority- and women-owned businesses in the Board's procurement process; and supporting transparency and awareness of diversity policies and practices at regulated institutions.

The Board established its Office of Diversity and Inclusion (ODI) in January 2011 to promote diversity and inclusion throughout the Board, the Federal Reserve System, and in the financial services industry. ODI works closely with OMWI directors at the 12 Reserve Banks, recognizing that the commitment of the Board on these important issues is shared by the Banks and their leaderships. ODI administers and directs the Board's Equal Employment Opportunity compliance policies and programs and includes the Office of Minority and Women Inclusion. ODI also works to assess the Board's diversity policies, programs, and performance to determine progress and increase transparency. ODI's ongoing efforts to foster an informed dialogue on diversity best practices include participation in Equal Employment Opportunity Commission technical workshops, attendance at conferences and events held by professional organizations, and participation in financial industry groups addressing diversity issues.

The Board's OMWI, created pursuant to section 342 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act),¹ develops standards, procedures, and initiatives to ensure fair inclusion of minorities, women, and minority-owned and women-owned businesses in all activities of the Board. This includes ensuring diversity in the Board's workforce and procurement selection process along with developing standards for assessing the diversity policies and practices of regulated entities.

As required by the Dodd-Frank Act, the Board's OMWI submits an annual report to the Congress outlining its activities, successes, and challenges. I included the Board's most recent report published in March as an attachment to my testimony. I am highlighting several key areas of this report in my testimony as well as some significant accomplishments of the Federal Reserve.

- The Board is committed to equal employment opportunity and fostering diversity and inclusion in our workplace. As part of this commitment, the Board has made progress in increasing the level of diversity in senior leadership. In 2019, there were 19 appointments to the official staff, of which five were minorities (26 percent) and six were women (32 percent). Currently, there are six female division directors, of which one is African American. Eight division directors are male, of which one is Hispanic. In addition, there are three African Americans, one Hispanic, and three females who serve as deputy directors of their respective divisions. ODI staff regularly engage with division leaders to measure progress and results against the Board's diversity and inclusion standards, objectives, and actions. The Board is committed to continuing to address challenges with recruiting diverse candidates for major job functions, such as financial

¹ See <https://www.gpo.gov/fdsys/pkg/PLAW-111publ203/pdf/PLAW-111publ203.pdf>.

analysts and economists, and strengthening the pipeline to executive and senior level positions.

- The Federal Reserve System focuses considerable time and attention on increasing racial and ethnic, gender, and sectoral diversity among Reserve Bank and Branch directors. This focus on diversity stems from our belief that these boards function more effectively when they are constituted in a manner that encourages a variety of perspectives and viewpoints. The Board works in close partnership with each Reserve Bank's senior leaders to ensure the composition of Reserve Bank and Branch boards reflect the communities in which they serve. Information on racial and ethnic, gender, and sectoral characteristics of the boards of directors are updated annually and posted on our website.² In 2020, approximately 75 percent of Class C directors—those directors appointed by the Board to represent the public—and 70 percent of Class B directors—those elected by member banks to represent the public—are diverse in terms of race and ethnicity or gender.
- Identification of minority- and women-owned businesses for the Board's capital projects is critical, and we align minority- and women-owned businesses with prime contractors for subcontracting opportunities, when possible. The Board has made significant progress in the inclusion of minority-owned and women-owned businesses in the Board's acquisition process. For example, 2019 contracts awarded to minority- and women-owned businesses increased 9 percent over 2018. This was due, in part, to outreach engagements that focused on forging partnerships with minority- and women-owned businesses, creating a database of diverse suppliers, and ensuring their capabilities to

² See <https://www.federalreserve.gov/aboutthefed/directors/about.htm>.

offer goods and services are aligned with the Board's needs. In 2019, the Board paid over 14 percent (over \$40 million) of all goods and services contracts to minority- and women-owned businesses. To continue to make progress in this area, we hold technical assistance events to enable minority- and women-owned businesses to interface with prime contractors on capital projects.

- The Board has engaged in a wide range of community outreach events to increase financial literacy and help students explore the field of economics. For example, we facilitate financial literacy activities aimed at minorities and women through the Board's Federal Reserve Outreach Program (FedEd). This program is conducted by research assistants who work with local District of Columbia, Maryland, and Virginia schools with predominantly minority and female populations. As part of the Fed Challenge Program we are increasing outreach to historically Black colleges and universities (HBCUs) and Hispanic Serving Institutions, and strengthening our support of the American Economic Association (AEA) Summer Mentoring Pipeline Conference. Board staff economists will be faculty co-sponsors for the AEA Summer Program, which will be hosted by Howard University from 2021 to 2025.
- We continue to strongly encourage the institutions we regulate to provide information on their diversity policies, practices, and self-assessments. In the last two years, regulated entities slightly increased their submissions of assessments of their diversity policies and practices. However, we are not satisfied with the level of responsiveness from these entities. We continue to explore ways to facilitate greater participation. In October 2019, we worked collaboratively with the other financial regulatory agencies to host the second Diversity and Inclusion Summit. The program included various topics on the Joint

Standards for Assessing the Diversity Policies and Practices of Entities Regulated by the Agencies as well as a panel that included major financial services company representatives who shared how their practices and policies are aligned with the standards. In November 2019, we collaborated with the Federal Deposit Insurance Corporation, the Office of the Comptroller of the Currency, and the American Bankers Association to host a webinar on the Diversity Self-Assessments.

The Board is committed to fostering an inclusive work environment in which diversity is encouraged, respected, and leveraged to better serve the agency's mission. We appreciate the subcommittee's interest in the work of the Board's OMWI, and we look forward to working with you to continue to advance our shared objectives. Thank you, again, for the opportunity to testify on this important topic. I would be glad to answer any questions.

For Release Upon Delivery
12:00 pm., September 8, 2020

TESTIMONY OF
JOYCE BYRD COFIELD
EXECUTIVE DIRECTOR
OFFICE OF MINORITY AND WOMEN INCLUSION
OFFICE OF THE COMPTROLLER OF THE CURRENCY
before the
SUBCOMMITTEE ON DIVERSITY AND INCLUSION
COMMITTEE ON FINANCIAL SERVICES
UNITED STATES HOUSE OF REPRESENTATIVES

September 8, 2020

Statement Required by 12 U.S.C. § 250:
The views expressed herein are those of the Office of the Comptroller of the Currency and do not necessarily represent the views of the President.

I. Introduction

Chairwoman Beatty, Ranking Member Wagner, and members of the Subcommittee on Diversity and Inclusion, I am Joyce Cofield, Executive Director of the Office of Minority and Women Inclusion (OMWI or Office) at the Office of the Comptroller of the Currency (OCC or agency). I appreciate the opportunity to discuss the OCC's commitment to diversity and inclusion with respect to the agency's workforce, the suppliers with which it contracts, and the approximately 1,200 national banks, federal savings associations, and federal branches and agencies (banks) the agency supervises.

Acting Comptroller of the Currency Brian Brooks, the members of the agency's Executive Committee, and I share a commitment for promoting diversity and inclusion within the OCC and the federal banking system. That commitment translates into agency actions that contribute to greater financial access and economic empowerment. We have been moved by the calls for social justice and greater economic equality and commit to doing our part to contribute to the greater good.

The OCC's OMWI was established in 2010 pursuant to section 342 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) and is responsible for agency matters relating to diversity in management, employment, and business activities. I have served as the OMWI's Executive Director since the Office's inception. I meet regularly with Acting Comptroller Brooks, as I have with previous Comptrollers, and work closely with the agency's Executive Committee and senior management to ensure that the OCC fulfills its commitment to diversity and inclusion. I also oversee the OMWI Diversity and Inclusion Team, and my testimony today will focus primarily on the team's work to (1) ensure that the OCC is a

diverse and inclusive workplace; (2) monitor and encourage diversity of the agency's suppliers; and (3) collect and analyze banks' self-assessments of their diversity policies and practices.

II. Discussion

Tone at the Top

Successful diversity and inclusion in any organization begins with the tone at the top. Acting Comptroller Brooks has vigorously and effectively championed this commitment. He has helped lead senior-level discussions about how to improve the diversity of candidate slates for hire and promotion decisions. He has also recognized the OCC's unique ability to convene significant leaders from the financial sector, civil rights organizations, the technology industry, and other business organizations with the means to identify and remove barriers to the full and fair participation of all Americans in our nation's economic and financial systems. This is evidenced by Project REACH, the OCC's Roundtable for Economic Access and Change. Project REACH was created to expand financial access by reducing the number of people excluded from the mainstream financial system because they lack a usable credit score. In addition, the project promotes sustainable affordable housing and the revitalization of minority-depository institutions, which play a critical role in their communities. The Acting Comptroller announced Project REACH in July, and its participants meet regularly to work on these issues.

OCC Workforce Diversity and Inclusion

The statutory mission of the OCC is to ensure that banks operate in a safe and sound manner, provide fair access to financial services, treat customers fairly, and comply with applicable laws and regulations. The agency relies on a committed workforce of more than 3,500 individuals to fulfill this mission, and the strength of this workforce depends on how

effectively the agency recruits and retains management and staff who have a wide range of diverse perspectives, experiences, and backgrounds.

To help ensure that the OCC can hire and retain diverse management and staff, OMWI develops detailed analyses on a variety of workforce trends, including recruitment and hiring, promotions and separations, and employee development and retention strategies. This information is crucial to agency decision-making about where to focus its diversity and inclusion efforts and how to maintain an inclusive culture and workplace environment. OMWI also assists the agency in making and implementing data-driven leadership decisions regarding diversity and inclusion.

Over the past ten years, the OCC's total minority population has increased from 30 percent to 36 percent. The agency's female population decreased from 48 percent to 44 percent during this same period, however, due primarily to a decrease in the number of female bank examiners. Manager positions held by both the minority and female populations have increased, from 21 percent to 28 percent and 37 percent to 39 percent, respectively. In addition, Senior-Level Manager positions held by minority and female employees increased during this period, from 20 percent to 25 percent and 27 percent to 30 percent, respectively. Today, the composition of the OCC Executive Committee is 22 percent minority and 44 percent female, compared to 13 percent and 25 percent, respectively, in 2010.

Recruitment and Hiring. OMWI plays a critical role in the formulation of the agency's recruitment strategy and its efforts to expand the diversity of its applicant pools. As part of this work, the OCC recruits at more than 200 colleges and universities across the country, including Hispanic Serving Institutions, Historically Black Colleges and Universities, and institutions with large female populations. It participates in minority professional organizations and specialty

conferences and hires interns through the National Diversity Internship Program and the Pathways Internship Program.

Employee Retention. OMWI's data and analyses also shape the agency's efforts to retain diverse employees. For example, in 2019, OMWI prepared an Hispanic Barrier Analysis that demonstrated the agency was not effectively retaining Hispanic employees. The analysis showed that Hispanics do not participate in the agency's workforce at their national availability rate, despite being hired at or above these rates, and identified key issues that affect Hispanic retention. With that information, the agency's Hispanic Organization for Leadership and Advancement (HOLA) developed a focused mentoring program to support newly-hired bank examiners during the first years of their careers. In addition, agency management is increasing training for those who lead these new hires to include "soft skills" courses, such as emotional intelligence, cultural awareness, and unconscious bias training. The agency expects that these efforts will improve Hispanic employee retention and build a more robust pipeline of Hispanic employees in the OCC workforce. OMWI will play an important role in assessing the effectiveness of these efforts.

Career Development. The OCC believes that leadership skills are crucial for career development and provides a variety of opportunities for employees to develop these skills. OMWI engages in a wide range of formal and informal activities to support these efforts. The Office sponsored unconscious bias courses and a course on women in leadership, and it supports training on a variety of issues, such as inclusive listening. OMWI also plays an important role in the OCC's Leadership Institute, which provides a framework, curriculum, and programs for developing the OCC's leadership pipeline, fostering a leadership culture, and supporting the career development goals of agency employees. In 2018, the agency added an enterprise-wide

Leadership Exploration and Development Program (LEAD) designed to build leadership competencies for aspiring leaders and managers. The first LEAD cadre was approximately 53 percent female, 18 percent Black, and 12 percent Hispanic.

Employee Network Groups. OMWI coordinates the OCC's eight employee network groups, each of which is sponsored by and frequently communicates with a member of the agency's Executive Committee.¹ These network groups serve as a collective voice in communicating workplace concerns and providing input to management around diversity and inclusion programs and activities within the OCC. They have proven to be a valuable means to attract and retain employees from diverse backgrounds and to create an inclusive work environment for all employees. Each year, OMWI sponsors a forum for the groups' leaders to align the individual network group's objectives with the agency's strategic recruitment, career development, and retention priorities.

Fostering an Inclusive Workplace. On June 24, 2020, the federal financial regulatory agencies' OMWIs jointly sponsored a webcast entitled "*Beyond Words: Race, Work and Allyship – Amid the George Floyd Tragedy.*" More than 8,000 employees from across the agencies attended. I was heartened by the number of OCC employee groups and business unit discussions that followed this event and by the depth of empathy they revealed. By supporting conversations around social justice, the agency is actively working to foster better understanding across cultural groups.

High School Scholars Internship Program. In 2019, as one of then-Comptroller Joseph Otting's priority initiatives, the OCC established the High School Scholars Internship Program

¹ These groups are the Coalition of African-American Regulatory Employees (CARE); Generational Crossroads; HOLA; Network of Asian Pacific Americans (NAPA); PRIDE; The Women's Network (TWN); Veterans Employee Network (VEN); and the Differently Abled Workforce Network (DAWN).

(HSSIP), a six-week paid internship for students from public and charter high schools in the District of Columbia. I serve as one of the executive sponsors for the program, and OMWI plays a key coordinating role. The HSSIP provides an opportunity for participants to explore a variety of career paths at the OCC, gain an understanding of the financial services industry, and engage in enrichment activities on financial literacy and leadership fundamentals. The HSSIP inaugural class consisted of 81 students from six participating schools. In 2020, the OCC led an expanded program, collaborating with the National Credit Union Administration and Consumer Financial Protection Bureau, to provide paid internships to 115 students, including 30 students returning from the inaugural program. While many agencies and private businesses cancelled their summer internship programs because of COVID, Acting Comptroller Brooks and the Executive Committee converted the program to a virtual experience so the agency could continue to provide the interns with positive, enriching experiences.

OCC Supplier Diversity

Supplier diversity is another important area where the OCC focuses its diversity and inclusion efforts. The OCC is committed to the inclusion of minority-and-women-owned businesses (MWOBs) at all levels of the agency's business activities. OMWI staff members provide technical assistance, enhance awareness, and facilitate matchmaking with potential contractors concerning OCC procurement opportunities. Through a robust outreach program that includes hosting and presenting at educational events and conferences, OMWI maintains a database of more than 744 potential contractors. The Office also uses industry and demographic data to identify diverse suppliers and increase their awareness of contracting opportunities at the agency. In addition, OCC staff who have received specialized supplier diversity training assist

businesses, including MWOBs, on the process and procedures that must be followed to contract with the agency.²

Over the past ten years, the OCC's payments to MWOBs as a percentage of all OCC payments to contractors has remained consistently high, ranging from 37 percent in 2011 to a high of 43.2 percent in 2018, and currently is 37.4 percent in 2020 (year to date). During this same period, OCC payments to women-owned businesses have steadily increased, from 6.2 percent to 17.8 percent.

Bank Diversity Policies and Practices

In 2015, as directed by the Dodd–Frank Act, the OCC's OMWI joined in the publication of Joint Standards for Assessing the Diversity Policies and Practices of Entities Regulated by the Agencies (Joint Standards).³ The Joint Standards provide a framework for banks to create and strengthen their diversity policies and practices, including their workforce and employment practices, organizational commitment to diversity, procurement and business practices, and practices to promote transparency of organizational diversity and inclusion. They also provide a framework for banks to undertake self-assessments of their diversity policies and practices and encourage (1) voluntary disclosure of these self-assessment to the OCC and (2) publication of banks' diversity efforts in order to increase the public's awareness and understanding.

Each year since publication of the Joint Standards, the OCC has communicated with the chief executive officers of banks with 100 or more employees to encourage them to submit their diversity self-assessments. To reduce banks' burden, the OCC coordinates with the other federal

² The OCC has staff who maintain certification as a Certified Professional in Supplier Diversity with the Institute for Supply Management and a Certified Supplier Diversity Professional with the Alliance of Supplier Diversity Professionals. See Annual Report at 9.

³ Final Interagency Policy Statement Establishing Joint Standards for Assessing the Diversity Policies and Practices of Entities Regulated by the Agencies, 80 Fed. Reg. 33016 (June 10, 2015).

banking agencies to eliminate potential reporting overlap. Banks with holding companies (which include the largest banks the OCC regulates and an important part of the federal banking system) report their data to the Board of Governors of the Federal Reserve System, rather than to the OCC. As a result, the OCC's data is from the remaining responding banks and reflects the specific and unique circumstances of those institutions. Nevertheless, OMWI's analysis of the data the OCC received between 2016-2018 provides useful insights. Specifically, it reveals that the trend of women in bank management has been stable, and women fill just over 30 percent of management positions. Both minorities and women, however, are reflected in management positions at levels lower than their workforce participation rates. Furthermore, the data indicates that women comprise less than 20 percent of the banks' Boards of Directors (Boards), and a declining number of minorities serve on these Boards.

The majority of banks that provided data to the OCC demonstrated an organizational commitment to diversity, for example, by including diversity and inclusion in their strategic plans; taking steps to consider diverse candidates for Board and senior leadership positions; and designating diversity officers. However, OMWI's analysis noted declines in areas such as developing diversity policies and providing relevant training and educational opportunities. While the majority of respondents (1) have implemented diversity and inclusion policies and practices (including metrics); (2) have taken steps to ensure equal employment opportunities for all employees and applicants; and (3) held management accountable for their diversity and inclusion efforts, only three-quarters of these banks have implemented policies and practices designed to create diverse applicant pools.

The OMWI review of the banks' self-assessment submissions disclosed a continued need to focus on supplier diversity. Less than one-half of responding banks have a supplier diversity

policy that ensures fair opportunities for MWOBs to compete for procurement of business goods and services. Just more than one-third of reporting banks indicated that they have metrics to monitor and evaluate supplier diversity, and just over one-quarter have practices designed to promote a diverse supplier pool.

Transparency is also a challenge, as the majority of banks publicize their commitment to diversity and inclusion, but fewer actually publicize their diversity and inclusion strategic plans. Furthermore, while the majority of reporting banks stated that they annually conduct self-assessments, there is a declining trend with respect to those banks that actually publish information pertaining to their diversity assessments.

The OCC's OMWI has collaborated with the OMWI directors of other federal financial regulatory agencies to sponsor outreach events with bankers to address diversity and inclusion. In both 2018 and 2019, Financial Regulatory Agencies' Diversity and Inclusion Summits were well attended. In November 2019, the OCC OMWI participated in a webinar hosted by the American Bankers Association on "*What Bankers Need to Know About the Diversity Self-Assessment*," in which an estimated 200 institutions participated. These events assist banks with their diversity and inclusion efforts and enable banks to hear directly from their regulators' OMWI Directors regarding leading practices and regulatory expectations.

III. Conclusion

Thank you for the opportunity to appear before you today. I look forward to working with the members of this Subcommittee and other members of Congress to address diversity and inclusion as it relates to the OCC, its suppliers, and the banks it supervises.

Written Testimony
Lorraine Cole, Director, Office of Minority and Women Inclusion
Departmental Offices, U.S. Department of the Treasury
Before the
House Financial Services Committee Subcommittee on Diversity and Inclusion
Holding Financial Regulators Accountable for Diversity and Inclusion: Perspectives from
the Offices of Minority and Women Inclusion
Tuesday, September 8, 2020

Chair Beatty, Ranking Member Wagner, and distinguished Members of the Subcommittee, thank you for the opportunity to share my perspectives on how Section 342 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) has been the catalyst for driving diversity and inclusion efforts at Treasury’s Departmental Offices (Treasury).

“Diversity and Inclusion” has emerged as a discipline over the past fifty or so years. But I prefer to trace the origin of these values in this country to the words inscribed on the Great Seal of the United States, “E Pluribus Unum,” out of many, one. Of course, hundreds of thousands of people were enslaved¹ when we included that motto in the first design of the Great Seal in 1776.² So, our nation’s practices did not reflect our founding principles when that motto came to be. But it can be celebrated that this has been our nation’s longstanding ideal and our continuing quest to this day. So, I’m pleased to have this opportunity to share the ongoing work toward this end throughout Treasury’s headquarters.

I have had the privilege of serving as the OMWI Director since the office was first established in 2011. I have a firsthand perspective of Treasury’s accomplishments and challenges in diversity and inclusion for nearly a decade. I will briefly touch on a few of the highlights that are detailed in the ninth *Office of Minority and Women Inclusion Annual Report to Congress*,³ as well as some noteworthy occurrences amid the current pandemic.

¹ According to the first U.S. Census, conducted in 1790, 14 years after American Independence, 694,280 people were enslaved.

https://www2.census.gov/library/publications/decennial/1790/number_of_persons/1790a-02.pdf

² <http://www.greatseal.com/committees/firstcomm/index.html>

³ <https://home.treasury.gov/system/files/2016/OMWI-FY19-Annual-Report-FINAL-SUBMISSION.pdf>

Treasury has continued to increase its use of minority-owned and women-owned businesses. In FY 2019, more than one-third (34 percent) of the contract obligations for Treasury Departmental Offices, amounting to \$112 million, were awarded to minority-owned and women-owned businesses (accounting for overlapping categories). Contracts to women-owned businesses alone accounted for 23 percent, in the amount of \$75.9 million; and those to minority-owned businesses alone accounted for 25 percent, in the amount of \$82.1 million. These were among the highest levels since OMWI began tracking minority-owned and women-owned business contracting in FY 2011. Utilization of minority-owned and women-owned businesses is not limited to minor purchases, but occurs across five of the seven industry categories in which Treasury Departmental Offices spends the majority (approximately 77 percent) of contract award dollars.

Since March of this year, Treasury also has been tracking contracts made specifically for COVID-19 related purchases. This includes purchases for such goods and services as information technology design, wired telecommunications services, medical and cleaning supplies, and legal services. Nearly \$14 million (10 percent) for such purchases has been from minority-owned businesses and nearly \$15 million (11 percent) has been from women-owned small businesses.⁴

Treasury conducts targeted efforts to reach diverse businesses with information about doing business with Treasury and new contracting opportunities. In FY 2019, Treasury hosted a series of vendor outreach sessions reaching over 3,400 small, minority-owned, and women-owned businesses as prospective contractors. Special outreach to Historically Black Colleges and Universities has been conducted to better position them to compete for federal contracts.

Treasury supports small and minority-owned financial institutions. Of all the federal financial agencies represented at today's hearing, Treasury is the only one that is not a regulatory agency. Therefore, the provision of Dodd-Frank Act Section 342 pertaining to the diversity policies and practices of regulated entities⁵ does not apply to Treasury. In 2018, Treasury

⁴ Data extracted from FPDS-NG on August 27, 2020 including cumulative contract actions from March 13 through August 24, 2020

⁵ Section 342 (b)(2)(C) of the Dodd-Frank Wall Street Reform and Consumer Protection Act

launched a program to engage large commercial banks in mentor relationships with small and minority-owned banks as protégés. The aim of the Treasury Bank Mentor-Protégé Program has been to increase the capacity of protégé banks. The program is serving to strengthen and sustain small and minority-owned banks to better serve low- to moderate-income communities and potentially serve as financial agents to Treasury. Currently, there are fourteen banks participating in the program and among them eight established mentor-protégé relationships. There are five large mentor banks and nine small and minority-owned protégé banks. Several other banks are in various stages of the relationship development process.

Secretary Mnuchin has been a strong advocate and partner in expanding the Bank Mentor Protégé Program and bringing minority business leaders together to advance such initiatives. In addition to hosting roundtables and smaller gatherings, this year Treasury hosted the Freedman's Bank Forum, convening over 200 professionals to engage in a dialogue that both informs and highlights the Federal government's programs and policies related to Minority Depository Institutions (MDI) and promotes opportunities that support economic development for all American communities.

Treasury supported MDI participation as lenders in the Paycheck Protection Program (PPP). The unprecedented PPP was established by the Coronavirus Aid, Relief and Economic Security Act (CARES Act) in response to the economic fallout of the COVID-19 pandemic. The PPP provided small businesses with critical funds to support payroll costs and certain other business expenses.

Throughout the PPP process, the SBA and Treasury worked tirelessly to expand the reach of the program to ensure that traditionally underserved communities have the resources they need, so that the broadest possible segment of small businesses would have the opportunity to access the PPP. Guidance was issued calling on lenders to redouble their efforts to assist eligible borrowers in underserved communities. On July 30, 2020, Treasury and SBA participated in a roundtable discussion with executives from MDIs; the discussion focused on the MDIs' experiences as lenders in the PPP, including their work to serve small businesses in low- and moderate-income communities.

As of August 8, 2020, when the PPP closed to new loan applications, 175 MDIs had approved over 123,000 PPP loans that provided more than \$10 billion to small businesses.⁶ In addition, 27 percent of all PPP funds have been distributed to low- and moderate-income communities, which is in proportion to their percentage of the population.

Treasury strives to increase workforce diversity at all levels of the agency. The representation of Black and Asian employees in the overall workforce in Treasury's headquarters is at or above nearly all of the relevant benchmarks. But there is a need for continued efforts to increase Hispanic representation in the overall workforce. We have placed particular emphasis on increasing race and gender diversity in senior management and executive positions, as well as in major mission-critical occupations. Our continuing challenge is to identify and mitigate any and all barriers to the employment, retention, and advancement of women and minority groups in specific areas of the workforce.

Treasury strives to promote a workplace culture that is inclusive, including increasing awareness of unconscious bias and promotion of management practices that ensure fairness. Toward that end, we provide a broad array of training to promote management competencies in inclusive diversity. This year, following the George Floyd tragedy, the eight OMWI agencies collaborated to conduct a joint training that brought together 9,000 of our employees for a frank conversation about race and racism.

Treasury works to inspire tomorrow's leaders. We conduct the Treasury Scholars Program, which hosts talented minority student interns at Treasury's headquarters. Students come from leading colleges and universities, including Historically Black Colleges and Universities and Hispanic-Serving Institutions. These students gain marketable skills working with managers in critical areas, such as national and international economic policy.

⁶ <https://home.treasury.gov/system/files/136/SBA-Paycheck-Protection-Program-Loan-Report-Round2.pdf>

Treasury is in the process of establishing an agreement with the Economics Department at a Historically Black University to engage students in experiential learning experiences with economists at Treasury. This is part of a program sponsored by the American Economics Association to prepare talented undergraduate students with skills for successful doctoral studies in economics. We also hope that these experiences will inspire students to consider public service careers, as well as position them for future employment at Treasury.

Treasury advances financial literacy. The Secretary of the Treasury serves as Chair of the Financial Literacy and Education Commission (FLEC), comprising 23 federal government entities, created in 2003 to improve “the financial literacy and education of persons in the United States.” Treasury provides expertise and support to the FLEC, and works to empower more Americans to create financially secure futures for themselves and for their families.

In FY 2019, Treasury and FLEC issued reports on financial literacy reform and best practices for financial literacy and education in higher education. The first report, issued by Treasury and entitled *Federal Financial Literacy Reform: Coordinating and Improving Financial Literacy Efforts*,⁷ includes a number of recommendations to enhance coordination of federal financial education activities and to prioritize key areas of basic financial capability (including access to financial services, saving, and credit), retirement savings and investor education, housing counseling, postsecondary education, and military and their families.

The second report, issued by FLEC and entitled *Best Practices for Financial Literacy and Education at Institutions of Higher Education*,⁸ provides recommendations for higher education institutions to deliver effective financial literacy education to help students make informed decisions and avoid pitfalls associated with financing education. Best practices for evidence-based, effective financial education covered in the report include:

- Providing clear, timely, and customized information to inform student borrowing
- Effectively engaging students in financial literacy and education

⁷ <https://home.treasury.gov/system/files/136/FFLRCoordinatingImprovingFinancialLiteracyEfforts.pdf>

⁸ <https://home.treasury.gov/system/files/136/Best-Practices-for-Financial-Literacy-and-Education-at-Institutions-of-Higher-Education2019.pdf>

- Targeting different student populations by use of national, institutional, and individual data
- Communicating importance of graduation and major on repayment of student loans
- Preparing students to meet financial obligations upon graduation.

This report was highlighted at a November 2019 event attended by a wide array of higher education institutions. The report was shared widely by the Education Department's Federal Student Aid and has been widely cited by higher education organizations.

Throughout 2020, Treasury's coordination of the FLEC has proven useful in response to the financial challenges stemming from the COVID-19 national emergency. Federal agencies have worked together to meet these challenges and provide resources and tools to a wide range of diverse populations. For example, IRS has worked with the FDIC to help unbanked people find and open bank accounts in order to quickly and safely receive their Economic Impact Payments (EIP); HHS's www.youth.gov website has disseminated information on access to EIP to youth-serving organizations, such as those serving foster youth; and the Federal Trade Commission has worked with Treasury to inform Americans about possible EIP scams.

Treasury invests in underserved communities. In FY 2019, Treasury continued to invest millions of dollars to support underserved communities through the Community Development Financial Institutions Fund (CDFI Fund) and the Small Business Lending Fund (SBLF). CDFIs are mission-driven financial institutions (banks, credit unions, loan funds, and venture capital funds) certified by the Department of the Treasury's CDFI Fund. They share a common goal of expanding economic opportunity in the most distressed and underserved communities. CDFIs provide a wide range of lending, including consumer, small business, affordable housing, commercial real estate, charter schools, health care centers, community services, non-profits.

Over the past decade, CDFI Fund program recipients have reported that nearly 40% of their lending activity, totaling \$19.2 billion, has been in predominantly minority communities (census tracts where 50% or more of the population is part of a minority community).

Since its inception more than twenty-five years ago, the CDFI Fund has provided \$2.6 billion through its flagship assistance program, the CDFI Program. In FY 2019 alone, the CDFI Fund granted more than \$197 million in CDFI Program awards to support affordable lending, small business lending, and homeownership loans nationwide, as well as technical assistance activities. \$18.2 million of those funds was specifically targeted for Persistent Poverty Counties—those counties where 20% or more of the population has lived in poverty over the past 30 years.

The Small Business Lending Fund (SBLF) was established by the Small Business Jobs Act of 2010. The fund specifically is dedicated to providing capital to qualified community banks and CDFI Fund certified community development loan funds to stimulate small business lending in communities across the United States. The purpose of the SBLF is to encourage community banks, loan funds, and small businesses to work together, help create jobs, and promote economic growth in these communities.

Treasury invested over \$4.0 billion that has been leveraged by lending institutions participating in SBLF to increase their lending to small businesses that support local economies across the nation. From this \$4 billion investment in 2011, there has been \$19.1 billion in cumulative lending through the end of June 2019 (the third quarter of FY 2019).

In conclusion, Treasury has made much progress, but we acknowledge that much work remains. We can achieve more and we will. Through the efforts of the OMWI team to methodically quantify and qualify our progress against benchmarks and aspirations, we know where gaps exist, barriers reside, and challenges remain. We also know that leadership commitment, accountability measures, and strategic action are the formula for advancing positive changes toward inclusive diversity.

As Americans, we live in one of the most multi-ethnic, multi-racial, and culturally diverse nations in the world. In the spirit of “E Pluribus Unum,” we take seriously our obligation to ensure that those who do the work of Treasury, as employees, contractors, or financial agents, are representative of the beneficiaries of our work—the American people.



National Credit Union Administration

September 4, 2020

SENT BY EMAIL

The Honorable Joyce Beatty
Chair, Subcommittee on Diversity and Inclusion
U.S. House Committee on Financial Services
2303 Rayburn House Office Building
Washington, DC 20515

Dear Chair Beatty:

Thank you for your invitation to testify at the U.S. House Committee on Financial Services' Subcommittee on Diversity and Inclusion's hearing on "Holding Financial Regulators Accountable for Diversity and Inclusion: Perspectives from the Offices of Minority and Women Inclusion" on September 8.

Enclosed is the National Credit Union Administration's [2019 Office of Minority and Women Inclusion Annual Report](#), which details the NCUA's comprehensive efforts to foster diversity, equity, and inclusion within the agency and the credit union system.

The Federal Credit Union Act designates the NCUA Chairman as the spokesperson for the NCUA Board and as the agency's representative in all official relations with other branches of government. I will appear before this subcommittee in my capacity as the director of the NCUA's Office of Minority and Women Inclusion to discuss the agency's policies.

When it comes to the NCUA's ability to carry out its mission to regulate and supervise the nation's federally insured credit union system effectively, a commitment to the values of diversity, equity, and inclusion, or DEI, is vital. This is why the NCUA is focused on incorporating these values throughout the agency's strategic priorities and workforce.

Additionally, the NCUA is committed to promoting the principles of diversity, equity, and inclusion within the credit union system. For example, in 2019, the NCUA hosted its first annual DEI Summit. It was the first event of its kind for the credit union industry, and it attracted more than 150 attendees.

The summit's goals were to:

- Promote the value of DEI for credit unions;
- Provide an opportunity for credit unions to share best practices; and
- Offer attendees a forum to discuss solutions to challenges.

The NCUA is also committed to supporting minority depository institutions, or MDIs. Enclosed is the NCUA's [2019 Annual Report to Congress on Preserving Minority Depository Institutions](#), which was released this year on the Juneteenth holiday. The MDI report includes metrics indicating the financial strength of MDIs insured or supervised by the NCUA in the prior year.

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MDIs are often the only federally insured financial institution available in rural and urban communities that have been historically unserved by traditional financial institutions. These institutions play a vital role in providing safe and affordable financial services in our nation's underserved communities.

At the end of 2019, the NCUA regulated or supervised 514 federally insured credit unions with the MDI designation in 36 states, the District of Columbia, Puerto Rico, and the U.S. Virgin Islands. These MDI credit unions served more than 3.9 million members and have assets of \$40.5 billion. Approximately 10 percent of all federally insured credit unions were MDIs at the end of 2019. These institutions were generally small, with 57 percent having less than \$10 million in assets.

One area the NCUA is focusing on is encouraging more credit unions to complete the voluntary "Credit Union Diversity Self-Assessment." When the agency began collecting these assessments in 2016, only 35 were submitted. In 2019, that number increased to 118 submissions. However, the NCUA is not satisfied with the credit union industry's response rate. We continue to promote the Self-Assessment among federally insured credit unions, and the NCUA Board is considering ways to incentivize credit union participation in the assessment.

Within the NCUA, racial diversity is improving. For example, in 2015, minorities accounted for 26.9 percent of the workforce. In 2019, minorities accounted for 29.9 percent. It is also worth noting that when comparing individual racial and ethnic groups to the Civilian Labor Force (CLF), the NCUA's workforce, as of December 31, 2019, is greater than the CLF in three of the five minority categories — African American, Asian American, and Multiracial employees.

In terms of the NCUA's leadership pipeline, the agency has improved the racial diversity of its senior staff positions, from 13.2 percent in 2015 to 25.0 percent in 2019. Racial diversity in our manager-level staff (Grades 13 to 15) increased from 22.1 percent in 2015 to 27.5 percent in 2019.

Examiners make up 67.6 percent of the agency's workforce and, therefore, comprise a significant portion of the leadership pipeline. Without greater diversity in the examiner series, the potential for greater diversity in the agency's leadership applicant pool is limited.

To address this issue, the NCUA collaborated with the U.S. Office of Personnel Management to analyze potential barriers to groups advancing through the testing process to become Principal Examiners. In 2019, OPM developed and administered a survey to examiners who recently took the Principal Examiner test. The agency will use these results to improve employee preparation for the exam and to ensure consistency in the level of on-the-job training each examiner receives.

The NCUA is also increasing its efforts to recruit diverse talent. The majority of these recruitment efforts target groups with less-than-expected participation in the agency's workforce and individuals with disabilities. The NCUA has expanded its recruitment efforts at historically black colleges and universities, Hispanic-serving institutions, and other minority-serving institutions, as well as at targeted recruitment events sponsored by:

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- Accounting and Financial Woman's Alliance;
- Careers & the Disabled Magazine;
- Career Expo for People with Disabilities & Wounded Warriors;
- Congressional Black Caucus;
- National Association of the Deaf;
- National Black MBA Association; and
- Prospanica, an advocacy organization for Hispanic professionals.

The agency is also utilizing internships to help more underrepresented groups consider careers at the agency. In addition to the Pathways program for college students and recent graduates, the NCUA participated in the Office of the Comptroller of the Currency's High School Scholars Internship Program, a six-week paid summer internship program for students entering their senior year of high school. This program provided students from Wards 7 and 8, two of the most underserved communities in Washington, D.C., with an opportunity to explore potential careers in the financial and government sectors while also gaining an understanding of the NCUA's mission and the important work the agency does for the credit union industry.

While noteworthy progress has been made, much work remains to be done. Going forward, we will focus on building and cultivating an inclusive culture, so as the agency's diversity increases that diverse talent can be retained. To that end, the NCUA established a successful Employee Resource Group program, with 22 percent of the agency's workforce participating.

Increasing diversity is also crucial to the NCUA's procurement activities. A diverse supplier network helps the agency obtain the best value and the most innovative solutions. The NCUA continues to be a leader in supplier diversity, awarding 43 percent of its 2019 contracts to minority and women-owned businesses.

Thank you again for your invitation to testify on September 8. I look forward to answering your questions about the NCUA's initiatives to support diversity, equity, and inclusion in the credit union system and within the agency. Should you have any further questions or would like more information, please contact Gisele Roget, Deputy Chief of Staff and Director of the Office of External Affairs and Communications, at 703-518-6330 or GROget@NCUA.gov.

Sincerely,

Monica Davy
Director, Office of Minority and Women Inclusion

APPENDIX V: 2018 Policy Statement on Equal Employment Opportunity

Annual Equal Employment Opportunity Policy Statement

September 4, 2019

The National Credit Union Administration supports and promotes the principles of Equal Employment Opportunity (EEO) in the workforce, where each employee is treated fairly and with dignity and respect. The agency prohibits discrimination on the basis of race, color, religion, national origin, sex (including sexual harassment, sexual orientation, pregnancy, and gender identity), age (40 years and over), mental and physical disability, genetic information, and retaliation for prior involvement in protected EEO activity. The NCUA also prohibits discrimination based on political affiliation, parental and marital status, military service, or any other non-merit based factor.

These protections apply to all employees, applicants for employment and former employees; and extend to all agency employment programs, management practices and decisions, including recruitment, hiring practices, appraisals, promotions, training, and career development programs.

As a federal agency, the NCUA is responsible for promoting and practicing workplace fairness and maintaining a workplace free of retaliation and harassment. The NCUA prohibits and has a zero tolerance for both sexual and non-sexual harassment. Managers and supervisors must continue to monitor the work environment and ensure it is free of unlawful employment practices. Managers and supervisors are required to take swift action when unlawful practices are identified. In addition to federal laws, the NCUA complies with applicable state and local laws governing nondiscrimination in employment in every location in which we operate.

The NCUA protects the rights and freedom of individuals who exercise their rights under EEO antidiscrimination statutes. Employees who are subjected to unlawful practices must be able to use any of the agency's dispute resolution processes and seek redress in an atmosphere free of retaliation.

All NCUA employees are responsible for implementing the agency's EEO policies and instructions in their daily conduct and activities, and for abiding by the letter, intent, and spirit of the equal opportunity laws and policies.

This statement reaffirms the principles of equal employment opportunity, which enhance the agency's ability to accomplish its mission. I am committed to making the NCUA a workplace of choice where employees are valued, respected, and included.

Rodney E. Hood
Chairman

**Testimony of
Lacey Dingman
Chief Human Resources Officer and OMWI Director
Federal Reserve Bank of New York**

Subcommittee on Diversity and Inclusion
Committee on Financial Services
U.S. House of Representatives

Hearing:
“Holding Financial Regulators Accountable for Diversity and Inclusion:
Perspectives from the Offices of Minority and Women Inclusion”

Tuesday, September 8, 2020

Chairwoman Beatty, Ranking Member Wagner, and Members of the Subcommittee, thank you for inviting me to discuss the role of the Federal Reserve Bank of New York (“New York Fed”)’s Office of Minority and Women Inclusion (“OMWI”) in diversity and inclusion at the New York Fed. I am Lacey Dingman, Chief Human Resources Officer and OMWI Director at the New York Fed. My pronouns are she, her, and hers.

In April of this year, we released our 2019 Annual Report to Congress (“Report”).¹ I am pleased to report that the New York Fed continues to strengthen its diversity and inclusion programs and make progress toward building a more inclusive culture. As New York Fed President and CEO John C. Williams notes in the Report: “[D]iversity and inclusion are key to effectively fulfilling our public service mission. Incorporating varied perspectives in our work yields more creative solutions and better results. Making a difference for those we serve in the community and enhancing the experience for those who work here is a key priority.”

We have continued to make progress on the three main areas of our diversity and inclusion strategy: our people, our procurement, and our community. As of 2019, 41% of our new hires were women and 50% were minorities. We also recently recruited a diverse intern class, 58% of whom were minorities. Further, we continue to strive for diversity in our Board of Directors – which, as of 2019, included one Hispanic male, one Hispanic female, one Black male, one Black female, four white males, and one white female – and in our team of executive vice presidents – which now includes one Black male, one Black female, one Hispanic male, an Asian American male, three white males, and four white females. This year, against the

¹ This report is available at <https://www.newyorkfed.org/medialibrary/media/aboutthefed/pdf/2019-omwi-annual-report-congress.pdf>.

backdrop of a global pandemic, we have continued to prioritize and even expand our efforts across the three areas of our diversity and inclusion strategy.

Our People

At the core of our diversity and inclusion strategy is the New York Fed's most important asset: our people. The New York Fed is one of 12 regional Reserve Banks in the Federal Reserve System and serves the Federal Reserve's Second District. The New York Fed has approximately 3,100 employees and is the largest Reserve Bank in terms of assets and volume of activity. Through all of our efforts, we are looking to foster a culture of inclusion that gives our employees the ability to do their best work. We must recruit, retain, and support a workforce that brings different perspectives, backgrounds, and experiences to bear on our work. Importantly, while we can recognize the progress made on our goals, we must continue to actively push for diversity and inclusion across our workforce and our workplace.

Our diversity recruiting efforts include working with business leaders across the New York Fed to ensure that diverse slates of candidates are considered for open positions and that diverse slates of interviewers are engaged in the recruitment and hiring process. We have contracts with seven search firms, all of which have strong diversity practices and/or are minority-owned. In addition, the use of metrics around diversity hiring and retention allows us to better track progress and continue to strive for our goals across the organization and at the business-area level. We continue to leverage diversity partner organizations ("DPOs") and universities to develop a diverse pipeline and build awareness of the New York Fed as an employer of choice. This year, we partnered with four new DPOs, including Disability:IN, Edge4Vets, Women in Cybersecurity, and Working Mother. We conduct an annual evaluation of how we can broaden our hiring pools, with the goal of cultivating a diverse pipeline that

reflects the skills we need at all levels of experience. We participate in several national diversity recruiting conferences and host several pipeline programs to recruit diverse candidates.

Our talent development programs build an effective talent pipeline focused on inclusion. All staff have completed a course that introduces the business case for diversity and helps participants recognize inclusive behaviors. We have delivered unconscious bias awareness sessions to several business groups. Through our 10 Resource Networks, we continue to advance the dialogue on inclusion by providing forums where our people can build relationships with one another, host programs throughout the year to discuss timely topics, and work to bring forward key issues to the leadership of the New York Fed. Our Resource Networks are an integral component of how we work to further inclusion. We are fortunate in Human Resources to have the support of over 1500 employees in our Resource Networks helping to lead these efforts.

One challenge with respect to recruitment is the strong competition for diverse talent with specialized skills and/or advanced study within the financial services industry in New York City. We recognize this challenge and we continue to work to find ways to ensure that we remain an attractive employer for diverse talent. While we are gratified with the progress we have made in hiring diverse candidates, we have much more work to do to ensure that our workforce reflects the diversity of our communities in the Second District, especially with respect to Black and Hispanic populations. In addition, recruiting and developing diverse candidates for senior management and senior leadership positions is a high priority. Our goal beyond hiring diverse talent at all levels is to ensure that we retain diverse talent and that all our employees have opportunities to grow, be challenged, and develop meaningful careers.

Our Procurement

Now I will turn to the New York Fed's efforts to enhance business and supplier diversity. We seek to promote an environment that provides access and opportunity for minority- and women-owned business enterprises seeking to do business with the New York Fed. We continue to engage with diversity business organizations and industry groups, integrate supplier diversity practices into our core procurement processes, and conduct outreach to further develop our database of diverse firms. We are an active member of nine organizations that support diverse supplier classifications, and we have assigned dedicated staff to each of these organizations in an effort to maximize a strong relationship management model. We utilize several diverse supplier search databases to identify suppliers to include in our procurement activities.

In 2019, we provided technical assistance, guidance, and support to small and diverse businesses within the Second District through on-site programs we sponsored. These events provided a view into our acquisition process and existing procurement opportunities, and offered insights to enable diverse suppliers to improve their respective operating models and business development strategies. We participated in external outreach events where we engaged with new diverse vendors, and in Federal Reserve System-wide initiatives to achieve greater public awareness of supplier diversity. We developed a tool to align reporting of supplier diversity across the Federal Reserve System.

More recently, we have worked to bring our strategy of diversifying business and vendor relationships to the emergency lending facilities established by the Federal Reserve Board under section 13(3) of the Federal Reserve Act ("Facilities") and to our open market operations. The New York Fed is committed to encouraging diversity and inclusion in our implementation of the Facilities. As we announced on July 23, we are striving to expand the pool of counterparties and

agents for the Commercial Paper Funding Facility (“CPFF”), the Secondary Market Corporate Credit Facility (“SMCCF”), and the Term Asset-Backed Securities Loan Facility (“TALF”). We engaged in outreach to minority-, women-, and veteran-owned business enterprises (“MWVBES”) and encouraged them to apply for these roles. We expect all applicants to provide information about their equal opportunity and diversity processes, including efforts to promote the fair inclusion of women, minorities, and veterans in their workforces. We will announce the first wave of expanded counterparties and agents, which will include MWVBES, in the coming days. In addition, as noted on our website, we strongly encourage eligible issuers for the Primary Market Corporate Credit Facility (“PMCCF”) to utilize MWVBE underwriters in the PMCCF process where possible. As we announced last Friday, we also seek to expand the pool of counterparties for our Trading Desk’s agency commercial mortgage-backed securities (“Agency CMBS”) purchases, and we encourage MWVBES to apply for these roles. Last, we are commencing a competitive bidding process for vendor roles for the Facilities and our open market operations, and re-scoping existing roles to make them more accessible to MWVBES.

While we are encouraged by our progress in diversifying our business and vendor relationships, we have much more work to do to increase our partnerships with diverse businesses. Ensuring that MWVBES have the opportunity to do business with the New York Fed is a high priority. We will continue to develop our strategic partnerships with diversity business organizations and look for opportunities to sponsor programs that can help small and diverse businesses access capital and build their capacity.

Our Community

Now I will share our progress in our community development, economic education, and outreach programs. Our outreach mission furthers the New York Fed’s commitment to the

Second District by listening to the communities we serve and developing programs, analysis, and sponsored conferences and clinics to help meet their needs. Our education programs serve diverse populations, and we continue to focus those efforts on educators and students in low- and moderate-income communities, serving over 100 Title I high school groups.² We continue to deliver survey data on small businesses, including through special reports on Black- and women-owned firms. We collaborate on a national survey partnership of the 12 Reserve Banks called the Small Business Credit Survey. In 2019, we joined the other Reserve Banks to deploy the National Community Development Financial Institutions (“CDFI”) Survey. We also launched the Community Development Finance (“CoDeFi”) Progression Model in Puerto Rico, as well as Investment Connection, which connects financing institutions with organizations that have CRA-eligible community and economic development proposals.

The New York Fed has also been active in highlighting the impacts of COVID-19 on minority communities. Since March 2020, our Research Group has devoted its economic research blog, *Liberty Street Economics*, almost exclusively to COVID-19-related topics, including the disproportionate impacts of the pandemic on minority communities. We also published a study on the effects of COVID-19 on Black-owned businesses. For a full list of recent articles that we have published relating to economic conditions in minority communities, please see Appendix A. This year, we launched a policy series called *Economic Inequality*, in which policy influencers and practitioners discuss economic inequality and equitable growth. The next installment will look at the impacts of COVID-19 on communities of color.

² Our education programs include the School Outreach Initiative, the Teacher Professional Development Program, the Educational Comic Book Series, the Maiden Lane division of the Fed Challenge competitions, the Ph.D. Excellence Initiative, and a partnership with Black Girls Code.

We also supported the System's responses to workforce development needs during the COVID-19 crisis, and convened specialists across the Federal Reserve System to identify workforce development challenges. This month, the Congressional Black Caucus Foundation will air a segment on equitable economic recovery, featuring our President, John Williams; the Federal Reserve Bank of Atlanta's President, Raphael Bostic; and your colleagues, Representatives Alma Adams (D-N.C.), Emanuel Cleaver (D-Mo.), Gregory Meeks (D-N.Y.), and David Scott (D-Ga.).

In the midst of the COVID-19 pandemic, the New York Fed has openly embraced its role in promoting a more equitable and inclusive economy by working on these and other diversity and inclusion initiatives. As we have emphasized to our employees and to the communities we serve, the New York Fed stands with all those who oppose racism, hate, and violence, and joins them in a shared desire to root out the intolerable inequities and injustice grounded in systemic racism that persist in our society. We are dedicated to understanding and finding solutions to the numerous forms of inequality that communities of color experience and to working with communities in our District to address deep-seated inequities. We are committed to working for a more equitable economy and society for all.

Conclusion

Diversity and inclusion have been and will continue to be core considerations in the New York Fed's recruitment, procurement practices, outreach, and partnerships across the Second District. While we have made progress on our goals, we continue to expand our diversity and inclusion objectives, and we strive for continuous improvement.

Thank you for the opportunity to testify today about the role of the OMWI in diversity and inclusion at the New York Fed. I am happy to answer any questions that you may have.

APPENDIX A
**Recent Articles Published by the New York Fed on Economic Conditions in
Minority Communities**

Date	Title	Author's Names	Link	Summary
19-Aug-20	Debt Relief and the CARES Act: Which Borrowers Face the Most Financial Strain?	Rajashri Chakrabarti, Andrew Haighuout, Donghoon Lee, William Naber, Joelle Scally, and Wilbert van der Klaauw	https://libertystreeteconomics.nyu.edu/wp/wp2020/08/14/debt-relief-and-the-care-act-which-borrowers-face-the-most-financial-strain.html	After examining the expected debt relief from the CARES Act on mortgagors and student loan borrowers, the authors look at the 63 percent of borrowers who do not have a mortgage or student loan. The borrowers will not directly benefit from the loan forbearance provisions of the CARES Act, although they may be able to receive some types of leniency that many lenders have voluntarily provided.
18-Aug-20	Debt Relief and the CARES Act: Which Borrowers Benefit the Most?	Rajashri Chakrabarti, Andrew Haighuout, Donghoon Lee, William Naber, Joelle Scally, and Wilbert van der Klaauw	https://libertystreeteconomics.nyu.edu/wp/wp2020/08/14/debt-relief-and-the-care-act-which-borrowers-benefit-the-most.html	Covid-19 and associated social distancing measures have had major labor market ramifications, with massive job losses. The CARES Act provided \$2.2 trillion to combat the economic impact of Covid-19. Among other measures, it included mortgage and student debt relief to alleviate the cash flow problems of borrowers. The authors examine who could benefit most (and by how much) from the various debt relief provisions of the CARES Act.
17-Aug-20	Are Financially Distressed Areas More Affected by COVID-19?	Rajashri Chakrabarti, William Naber, and Maxim Pinkovskiy	https://libertystreeteconomics.nyu.edu/wp/wp2020/08/14/financially-distressed-areas-more-affected-by-covid-19.html	The authors explore differences in COVID-19 incidence by areas of financial vulnerability. Are areas that are more financially distressed affected by COVID-19 to a greater extent than other areas?
13-Aug-20	The Disproportionate Effects of COVID-19 on Households with Children	Olivier Armanter, Gizem Koser, Rachel Pomerantz, and Wilbert van der Klaauw	https://libertystreeteconomics.nyu.edu/wp/wp2020/08/14/the-disproportionate-effects-of-covid-19-on-households-with-children.html	A growing body of evidence points to large negative economic and health impacts of the COVID-19 pandemic on low-income, Black, and Hispanic Americans (see this LSE post and reports by Pew Research and Harvard). Beyond the consequences of school cancellations and lost social interactions, there exists considerable concern about the long-lasting effects of economic hardship on children. In this post, the authors assess the extent of the underlying economic and financial strain faced by households with children living at home, using newly collected data from the monthly Survey of Consumer Expectations (SCE).
4-Aug-20	Double Jeopardy: COVID-19's Concentrated Health and Wealth Effects in Black Communities	Chaire Kramer, Mills and Jessica Barisito	https://www.nyu.edu/library/medialibrary/submitting/papers/DoubleJeopardyCOVID19andBlackCommunities.pdf	Countries with the highest density of COVID-19 cases are also areas with the highest concentration of Black businesses and networks. Our analysis shows stark PPP coverage gaps in these hardest hit communities.
8-Jul-20	Inequality in U.S. Homeownership Rates by Race and Ethnicity	Andrew Haighuout, Donghoon Lee, Joelle Scally, and Wilbert van der Klaauw	https://libertystreeteconomics.nyu.edu/wp/wp2020/07/11/homeownership-rates-by-race-and-ethnicity.html	This post investigate racial gaps in homeownership rates and, importantly, explore the reasons behind these differences.
8-Jul-20	Who Has Been Evicted and Why?	Andrew Haighuout, Haoyang Liu, and Xiaohan Zhang	https://libertystreeteconomics.nyu.edu/wp/wp2020/07/11/who-has-been-evicted-and-why.html	The authors explore the reasons behind evictions, who is more likely to be evicted, and the possibility of owning a home and gaining access to credit following evictions.

- 8-Jul-20 Measuring Racial Disparities in Higher Education and Student Debt Outcomes
Rajashri Chakrabarti, William Nober, and Wilbert van der Klaauw
<https://libertystreeteconomics.nyu.edu/wp/wp-content/uploads/2020/07/18-measuring-racial-disparities-in-higher-education-and-student-debt-outcomes.html>
 This post investigates whether (and how) differences in college attendance rates and types of college attended may lead to student debt borrowing and default. Specifically, using nationwide data, they analyze heterogeneities in college-going and heterogeneities in student debt and default experiences by college type across individuals living in majority Black, majority Hispanic, and majority white zip codes.
- 8-Jul-20 Do College Tuition Subsidies Boost Spending and Reduce Debt? Impacts by Income and Race
Rajashri Chakrabarti, William Nober, and Wilbert van der Klaauw
<https://libertystreeteconomics.nyu.edu/wp/wp-content/uploads/2020/07/18-college-tuition-subsidies-boost-spending-and-reduce-debt-impacts-by-income-and-race.html>
 The authors investigate the effect of tuition subsidies, specifically merit-based aid, on other debt and consumption outcomes. They find that there are marked differences in these consumption and debt patterns across income and race groups.
- 8-Jul-20 Medicare and Financial Health across the United States
Paul Goldsmith-Pinkham, Maxm Pinkowsky, and Jacob Wallace
<https://libertystreeteconomics.nyu.edu/wp/wp-content/uploads/2020/07/18-reduce-and-financial-health-across-the-united-states.html>
 The authors investigate the effect of access to health insurance programs, as captured by Medicare eligibility, on financial health of individuals. They find the improvements in financial health are most evident in areas with a high share of Black, low-income, and disabled residents and in areas with for-profit hospitals.
- 15-Jun-20 Distribution of COVID-19 Incidence by Geography, Race, and Income
Rajashri Chakrabarti and William Nober
<https://libertystreeteconomics.nyu.edu/wp/wp-content/uploads/2020/06/15-distribution-of-covid-19-incidence-by-geography-race-and-income.html>
 In this post, the authors study whether (and how) the spread of COVID-19 across the United States has varied by geography, race, income, and population density. Have urban areas been more affected by COVID-19 than rural areas? Has population density mattered in the spread? Has the coronavirus's impact varied by race and income? Their analysis uncovers stark demographic and geographic differences in the effects of the pandemic thus far.
- 16-Apr-20 How Widespread Is the Impact of the COVID-19 Outbreak on Consumer Expectations?
Olivier Armanier, Gizen Kasar, Rachel Pomerantz, Daphne Skandalis, Kyle Smith, Giorgio Topa, and Wilbert van der Klaauw
<https://libertystreeteconomics.nyu.edu/wp/wp-content/uploads/2020/04/16-how-widespread-is-the-impact-of-the-covid-19-outbreak-on-consumer-expectations.html>
 In this post, the authors document how much of the deterioration in consumers' expectations can be directly attributed to the coronavirus outbreak. They then explore how the effect of the outbreak has varied over time and across demographic groups.
- 7-Apr-20 Can Small Firms Weather the Economic Effects of COVID-19?
Claire Kramer Mills and Jessica Battisto
<https://www.fedsmallbusiness.org/fedsmallbusiness/files/2020/07/01-brief>
 The authors examine how firms are likely to weather the impacts of COVID-19 by unpacking small firms' financial resiliency. Most firms would need to take significant cost-cutting measures or borrow if faced with sustained revenue loss.
- 4-Mar-20 Women Have Been Hit Hard by the Loss of Routine Jobs, Too
Lajon R. Abel and Richard Deitz
<https://libertystreeteconomics.nyu.edu/wp/wp-content/uploads/2020/03/04-women-have-been-hit-hard-by-the-loss-of-routine-jobs-too.html>
 Technological change and globalization have eliminated many "routine jobs"—positions that center on physically intensive activities such as assembly line work, or on certain cognitively intensive tasks, such as number-crunching. The authors investigate whether the repercussions have differed for male and female workers.

4-Mar-20	Is the Tide Lifting All Boats? A Closer Look at the Earnings Growth Experiences of U.S. Workers	<i>René Chiolon, Faith Korahan, Brendan Moore, and Giorgio Topa</i>	https://libertystreeteconomics.newyorkfed.org/2020/02/is-the-tide-lifting-all-boats-a-closer-look-at-the-earnings-growth-experiences-of-us-workers.html	This post looks at the pace of earnings growth across the wage distribution. Among other things they find that earnings of more educated workers have grown faster than those for less educated ones. Earnings of Hispanic and African American workers have moved closer to those of white Americans, particularly in the past few years.
4-Mar-20	Searching for Higher Job Satisfaction	<i>Gizem Kosar, Leo Goldman, and Kyle Smith</i>	https://libertystreeteconomics.newyorkfed.org/2020/03/job-searching-for-higher-job-satisfaction.html	The authors explore the role of job satisfaction in job search and job-to-job mobility, examining differences by gender and other characteristics. They find that regardless of race, age, or income level, lower job satisfaction is associated with a higher likelihood of searching for a job.
4-Mar-20	How Does Credit Access Affect Job-Search Outcomes and Sorting?	<i>Kyle Herkenhoff and Gordon Phillips</i>	https://libertystreeteconomics.newyorkfed.org/2020/03/how-does-credit-access-affect-job-search-outcomes-and-sorting.html	This post investigates the effects of credit access on job searches by displaced workers.
16-Dec-20	Click, Submit 2.0: An Update on Online Lender Applicants from the Small Business Credit Survey	<i>Scott Lieberman, Barbara Lippman, and Ann Marie Wiersch</i>	https://www.fedsmallbusiness.org/news/2020/12/16/click-submit	The report findings shed light on the types of small firms using online lenders, their application experiences, and credit outcomes. Firms that are more likely to be smaller, have lower credit scores, report more financial challenges, and be less profitable than firms that apply at only traditional lenders. In addition, Black-owned and Hispanic-owned firms are more likely than white-owned and Asian-owned firms to report they applied at an online lender.
13-Nov-19	Just Released: Racial Disparities in Student Loan Outcomes	<i>Andrew F. Haughwout, Donghoon Lee, Joelle Scally, and Wilbert van der Klaauw</i>	https://libertystreeteconomics.newyorkfed.org/2019/11/just-released-racial-disparities-in-student-loan-outcomes.html	Total household debt balances increased by \$92 billion in the third quarter of 2019, according to the latest Quarterly Report on Household Debt and Credit from the New York Fed's Center for Microeconomic Data. The balance increase reflected nearly across the board gains in various types of debt, with the largest gains of \$31 billion in mortgage balances (0.3 percent) and \$20 billion in student loan balances (1.4 percent). The Quarterly Report, and the post provides breakdowns by race, age, and by state, demonstrating that patterns of borrowing and repayment are heterogeneous by those factors.
16-Oct-19	Optimists and Pessimists in the Housing Market	<i>Hanyang Liu and Christopher Palmer</i>	https://libertystreeteconomics.newyorkfed.org/2019/10/optimists-and-pessimists-in-the-housing-market.html	The authors focus on individuals' heterogeneous beliefs about home price trends. While individuals use past home price appreciation to extrapolate future home price appreciation, there is considerable heterogeneity in this extrapolation. Understanding this heterogeneity is important since a fall in prices of optimistic home buyers can potentially cause a large boom-bust cycle.

10-Oct-19	Is Free College the Solution to Student Debt Woes? Studying the Heterogeneous Impacts of Merit Aid Programs	<i>Rajashri Chakrabarti, William Naber, and Wilbert van der Klauuw</i>	https://libertystreeteconomics.nyu.edu/wp/wp20191015/free-college-the-solution-to-student-debt-woes.html	This post casts light on the “free college” debate and the efficacy of various tuition-subsidy programs. Exploiting state merit scholarship programs over almost the past twenty-five years, the post starts by investigating the effect of merit scholarship eligibility on educational enrollment on the one hand and student debt and default on the other. The authors look beyond the average effects to understand whether outcomes are different for individuals from low-income zip codes or zip codes in which a high share of the population is black or Hispanic.
9-Oct-19	Who Borrows for College—and Who Repays?	<i>Andrew F. Haughwout, Donghoon Lee, Joelle Scally, and Wilbert van der Klauuw</i>	https://libertystreeteconomics.nyu.edu/wp/wp20191015/who-borrows-for-college-and-who-repays.html	Analyzing student debt trends from the past fifteen years—massive growth in the scale and prevalence of loan balances, as well as slow repayment rates—Andrew Haughwout, Donghoon Lee, Joelle Scally, and Wilbert van der Klauuw investigate heterogeneities in borrowing and repayment behaviors with respect to neighborhood income.
8-Oct-19	Job Ladders and Careers	<i>Faith Karahan, Brendan Moore, and Serdar Ozkan</i>	https://libertystreeteconomics.nyu.edu/wp/wp20191015/job-ladders-and-careers.html	The authors find large inequalities in lifetime earnings growth: workers in the top 1 percent of the lifetime earnings growth distribution enjoy a 27-fold increase in their earnings between ages 25-35, while those in the bottom quartile actually face a decline.
7-Oct-19	Some Places Are Much More Unequal than Others	<i>Jaison R. Abel and Richard Deitz</i>	https://libertystreeteconomics.nyu.edu/wp/wp20191015/some-places-are-much-more-unequal-than-others.html	The authors look at the extent and causes of regional wage inequality. The post includes a map that reveals considerable regional wage inequalities and shows that large urban areas are among the most unequal areas in the country. The authors identify technological change, increased globalization, and agglomeration economies as important underlying causes.
10-Jul-19	Did the Value of a College Degree Decline during the Great Recession?	<i>Rajashri Chakrabarti, Michelle Jiang, and William Naber</i>	https://libertystreeteconomics.nyu.edu/wp/wp20190714/did-the-value-of-a-college-degree-decline-during-the-great-recession.html	In this post the authors investigate whether the effect of educational attainment on labor market outcomes and earnings inequality are preserved across the last business cycle.
5-Sep-18	Education’s Role in Earnings, Employment, and Economic Mobility	<i>Rajashri Chakrabarti and Michelle Jiang</i>	https://libertystreeteconomics.nyu.edu/wp/wp20180914/education-role-in-earnings-employment-and-economic-mobility.html	In this post, the authors specifically explore the impact of such school and major choices on employment, earnings, and upward economic mobility. Insight into determinants of economic disparity is key for understanding long-term consumption and inequality patterns. In addition, this gives a window into factors that could be used to ameliorate income inequality and promote economic mobility.

27-Jun-18

Why New York City Subway Delays Don't Affect All Riders Equally

Nicole Gordon and Maxim L. Pitkowsky

<https://libertystreeteconomic.com/newyorkcitysubwaydelaysdontaffectallriders-equally.html>

The state of the New York City subway system has worsened considerably over the past few years. As a consequence of rising ridership and decaying infrastructure, the network is plagued by delays and frequently fails to deliver New Yorkers to their destinations on time. While these delays are a headache for anyone who depends on the subway to get around, they do not affect all riders in the same way. In this post, we explain why subway delays disproportionately affect low-income New Yorkers.



OFFICE OF MINORITY
AND WOMEN
INCLUSION

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

September 8, 2020

The Honorable Joyce Beatty
Chair
Subcommittee on Diversity and Inclusion
Committee on Financial Services
U.S. House of Representatives
2129 Rayburn House Office Building
Washington, DC 20515

The Honorable Ann Wagner
Ranking Member
Subcommittee on Diversity and Inclusion
Committee on Financial Services
U.S. House of Representatives
4340 O'Neill House Office Building
Washington, DC 20515

Chair Beatty, Ranking Member Wagner, and Members of the Subcommittee:

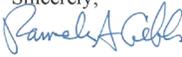
Thank you for the opportunity to testify about the work of the Office of Minority and Women Inclusion (OMWI) at the U.S. Securities and Exchange Commission (SEC). Under OMWI's leadership and guidance, the SEC pursues strategies and initiatives that are focused on enhancing diversity, inclusion, and opportunity in the agency's senior management and professional occupations. The SEC also strives to foster an inclusive work environment where all employees are treated fairly, valued, and respected. Beyond our workforce, we are committed to promoting diversity and inclusion in the SEC's supplier network and in the industry participants the agency oversees. At the SEC, diversity and inclusion is embraced as an essential strategy for effective mission performance as well as a matter of legal compliance.

I am honored to present OMWI's most recent Annual Report to Congress, which highlights the actions we have taken to promote diversity and inclusion in the SEC's workforce, increase opportunities for minority-owned and women-owned businesses to contract with the agency, and implement other requirements of Section 342 of the Dodd Frank Act. In addition, I am pleased to present the SEC Diversity and Inclusion Strategic Plan for Fiscal Years 2020-2022 (the Strategic Plan). The Strategic Plan provides a framework for the SEC to make continued progress and includes measurable actions that are designed to further integrate diversity, inclusion, and opportunity in the strategic decision-making of the agency, enhance organizational effectiveness, and meet future challenges. Importantly, the Strategic Plan recognizes that diversity, inclusion, and opportunity should be reflected in the outward-facing aspects of the SEC's work, including through ensuring that our investor education and outreach efforts sufficiently encompass underserved communities.

Lastly, I want to share a recent message from SEC Chairman Jay Clayton on Strengthening the Fabric of the SEC through Diversity, Inclusion and Opportunity, which was sent at the conclusion of OMWI-led discussion sessions on racism and racial justice with our divisions and offices. The Chairman's message to SEC employees highlights some of the tangible ways in which our agency has worked to establish a foundation for enhancing diversity, inclusion, and opportunity as well as near-term initiatives being considered to improve our culture, enhance internal and external opportunity, and promote accountability. These initiatives,

which include specific hiring committee and advisory committee selection process, incorporate recommendations submitted by our Employee Affinity Groups and individual colleagues to address these important issues.

My oral statement will highlight the contents of the Annual Report as well as some of the initiatives the agency has been pursuing since it was submitted in March. I look forward to working with you to increase diversity, inclusion, and opportunity at the SEC and in the entities we regulate.

Sincerely,

Pamela Gibbs
Director

Enclosures

CONTROLLED – 1

Written Testimony: As Prepared for Delivery
Sharron Levine, OMWI Director
Federal Housing Finance Agency

**HOUSE COMMITTEE ON FINANCIAL SERVICES
SUBCOMMITTEE ON DIVERSITY AND INCLUSION
HEARING: OMWI DIRECTORS**

TUESDAY, SEPTEMBER 8, 2020
12:00 PM
VIRTUAL VIA WEBEX – WASHINGTON, DC

Chair Beatty, Ranking Member Wagner, and distinguished members of the Subcommittee, thank you for the invitation to appear at today's hearing. Since October 2014, I have had the honor of serving as Director of the Office of Minority and Women Inclusion at the Federal Housing Finance Agency. As this is my first opportunity to testify before you, let me express FHFA's appreciation for the work of the Subcommittee on Diversity and Inclusion.

Central to FHFA's success is our commitment to diversity and inclusion (D&I) at both the Agency and our regulated entities. This has been true for as long as I've worked at FHFA and, as I will discuss in this testimony, it has been a top priority of Director Calabria since he joined the Agency 17 months ago.

Our daily efforts to build and sustain a work environment where everyone feels safe, respected, and valued for our differences is always important and a prerequisite for FHFA to be a world-class regulator, as Congress intended. But today this work has taken on added significance and urgency. The tragic loss of life and civil unrest that have roiled our nation in recent months, as well as inequities that have plagued too many communities for far too long, have left many of our colleagues feeling vulnerable and distressed. But these events have also strengthened our resolve to continue to ensure that racism and hate are never tolerated at FHFA.

I am proud of FHFA's OMWI for stepping up this year, with Director Calabria's strong encouragement, to support our colleagues and help our entire Agency grow during this time. As the Director has said many times in recent months, "We must do better." And I am grateful for his steadfast support of OMWI as we have endeavored to answer that call within our Agency.

FHFA's commitment to diversity and inclusion extends far beyond our recent efforts to respond to external events, because it is both a core value and a statutory responsibility. The Housing and Economic Recovery Act of 2008 requires FHFA to "take affirmative steps to seek diversity in its workforce at all levels of the Agency consistent with the demographic diversity of the United States." To lead this effort, FHFA established its OMWI in January 2011, pursuant to Section 342 of the Dodd-Frank Act. And unlike other federally regulated financial institutions, our regulated entities are required by law to establish an OMWI, or its functional equivalent, to promote diversity and ensure inclusion in all business activities.

CONTROLLED – 2

Today I will provide an overview of our work to fulfill those statutory responsibilities. This work is described in more detail in my written testimony as well as our 2019 OMWI Annual Report to Congress, which FHFA released in March 2020 and which is attached to my written testimony.

On his arrival to the Agency, the Director ensured that the OMWI Director's position on FHFA's Executive Committee was strengthened. In addition, the Director has provided the leadership necessary for the Agency to take concrete steps and undertake pioneering new initiatives to uphold fairness, diversity, and inclusion as foundational values of all that we do.

These actions include:

- Elevating the new Office of Equal Opportunity and Fairness (OEOF) into its own division-level office under the Director to create a specialized employee service center for FHFA's equal employment opportunity, anti-harassment, and alternative dispute resolution functions,
- Conducting FHFA's second Diversity and Inclusion Climate assessment,
- Instituting mandatory unconscious bias training for all employees,
- Commissioning and conducting barrier analyses to ensure fair and equitable wages, merit promotion procedures, and opportunities across FHFA's workforce,
- Launching the Agency's first Diversity Advisory Council that will help elevate and support diversity and inclusion initiatives across FHFA,
- Utilizing the Agency's internship program to foster a diverse employee pipeline, and
- Prioritizing OMWI's Special Emphasis Program events, the second most recent of which hosted historian Richard Rothstein to discuss his book *The Color of Law*.

These actions build on FHFA's strong track record of promoting diversity at every level of the Agency's workforce, including management and executives. In fact, I am proud to say that FHFA has one of the most diverse workforces amongst federal financial regulatory agencies. In 2019, minorities represented 43.9 percent of FHFA's workforce: FHFA's minority workforce in 2019 was made up of African American (22.1 percent), Hispanic (2.0 percent), Asian (14.0 percent), Native American (0.2 percent), and two or more races (5.7 percent). This represents an increase from 42.9 percent in 2018 and 41.0 percent in 2015. FHFA evaluates the composition of its workforce against the federal workforce and the Civilian Labor Force (CLF). FHFA's proportion of minorities in the workforce as of 2019 (43.9 percent) exceeded that of the federal workforce (37.1 percent as of March 2019) and the CLF (27.6 percent as of 2010).

Between 2015 and 2019, the number of male employees increased at a faster rate than the number of female employees at FHFA. However, an increase in the proportion of women and minority new hires and promotions helped to diversify FHFA's workforce and management in 2019. Of the 45 employees hired in 2019, minorities and women represented 51.1 percent and 44.4 percent, respectively. FHFA's 2019 minority hiring rate (51.1 percent) was higher than those of the CLF (27.6 percent) and the federal workforce (36.9 percent); FHFA's 2019 female hiring rate (44.4 percent) was higher than that of the federal workforce (43.8 percent) and lower than that of the CLF (48.1 percent). Of the 39 employees promoted in 2019, minorities and women represented 53.9 percent and 61.5 percent, respectively.

Between 2015 and 2019, FHFA saw a decrease in the proportion of women supervisors (43.9 percent to 41.9 percent), women executives (32.7 percent to 27.7 percent), and minority women executives (18.4 percent to 12.8 percent). However, over that same time period, the proportion of minority women supervisors increased from 15.2 percent to 17.7 percent, and the proportion of minority supervisors increased from 31.8 percent to 40.3 percent.

To foster a diverse workforce of the future, FHFA's Office of Human Resources Management (OHRM) and OMWI conduct outreach for the Agency's recruitment and internship activities to numerous colleges and universities, including Historically Black Colleges and Universities and Hispanic-Serving Institutions. FHFA's OMWI is registered to participate in the 2020 Atlanta University Center Consortium (AUCC) Virtual Career Fair on September 18, 2020, which will take place via Handshake, a virtual platform that allows employers to connect online with undergraduate and graduate students. The oldest and largest association of Historically Black Colleges and Universities in the world, AUCC is made up of four member institutions, Clark Atlanta University, Morehouse College, Morehouse School of Medicine, and Spelman College. During the career fair representatives from FHFA will discuss with students from AUCC institutions the Agency's unique and important mission, the variety of work done across the Agency, and future employment opportunities.

To ensure that FHFA is continuing to make progress toward our goals and fulfilling our statutory responsibilities to recruit a diverse workforce, the Agency collects and analyzes data that is volunteered by applicants. The Agency currently has USAJobs applicant flow data from 2017 through 2019 and is incorporating additional data from other Agency hiring activities. To present this data in a user-friendly format for hiring managers, OMWI developed a dashboard that visually calculates and displays the applicant pool and selection rates by demographic group at the divisional and office levels. The available data show that FHFA has a diverse applicant pool.

FHFA's summer internship program is another key element of the Agency's strategy to cultivate and maintain a diverse applicant pool. In 2019, FHFA continued to sponsor its annual Pathways Summer Internship Program for college and graduate students, as well as recent college graduates. The program provides meaningful training and professional development opportunities for individuals interested in a career in financial services or the federal government, especially those pursuing degrees in economics, financial or business management, statistics, mathematics, accounting, and information technology. These internships are paid positions that offer students work experiences related to their field of study. Of FHFA's 22 summer interns in 2019, 59.1 percent were minorities and 54.5 percent were women.

OMWI's D&I branch leads the Agency's efforts to fulfill this statutory responsibility by implementing D&I strategic goals and objectives that promote workforce and supplier diversity through the Agency's Minority and Women Outreach Program.

Central to the Agency's work to promote supplier diversity is FHFA's Minority and Women Outreach Program and its contractor outreach component. In June 2019, OMWI developed, finalized, and posted the FHFA's first ever Contractor Outreach Program Standards to advance diversity in procurement and contracting. FHFA continues to face challenges in

expanding its Minority and Women-owned Business (MWOB) contract awards due to the Agency's size and the specificity of its requirements. FHFA's acquisition needs include highly specialized requirements that tend to make contracting with MWOBs more challenging. Despite these challenges, FHFA will continue devoting the resources necessary to maintain and, where possible, increase contract dollars obligated to MWOBs.

In addition to FHFA's success in promoting diversity within the Agency and among our suppliers, the Agency is a leader in developing and supervising the D&I programs at its regulated entities – Fannie Mae and Freddie Mac (the Enterprises) and the nation's 11 Federal Home Loan Banks (FHLBanks) – as well as the FHLBank Office of Finance.

The regulated entities are required by law to promote diversity and ensure inclusion in all business activities, including employment, management, and contracting, in accordance with FHFA standards and requirements. FHFA's Minority and Women Inclusion regulation (MWI regulation) implementing the statute requires the regulated entities to “develop, implement, and maintain policies and procedures to ensure, to the maximum extent possible in balance with financially safe and sound business practices, the inclusion and utilization of minorities, women, individuals with disabilities, and minority-, women-, and disabled-owned businesses in all business and activities and at all levels” of the organization. FHFA's MWI Regulation also requires each regulated entity to develop a D&I strategic plan with performance-based goals and report annually to FHFA a variety of related data.

OMWI's D&I examination team is in its fourth year of examining the D&I programs at the regulated entities and the FHLBank Office of Finance. In 2019, OMWI completed 14 examinations, surpassing its FY2020 Performance Measure target of 10 examinations. Summary results of the examinations are included in FHFA's 2019 Annual Report to Congress, which we released in June. Leveraging the results from the 2017 and 2018 examinations, OMWI provided further guidance to the regulated entities in the areas of workforce, contracting, and finance. Also, OMWI enhanced its standards and systems that support standardized data reporting under the MWI Regulation. These enhancements facilitate OMWI's continued development and assessment of D&I standards and regulatory compliance across the regulated entities.

D&I examinations of the Enterprises are led and carried out by an OMWI Senior Examination Specialist stationed on-site and supported by subject-matter experts at FHFA's headquarters. In 2019, both Enterprises continued to implement a formalized process to assess and integrate D&I across programs and initiatives, in alignment with the requirements of FHFA regulation and the guidance in the 2019 Scorecard for Fannie Mae, Freddie Mac, and Common Securitization Solutions (CSS). They also identified performance-based D&I goals aligned with the objectives in the 2019 Scorecard. OMWI also provided guidance to the management of (CSS) to support its creation and implementation of a D&I strategic plan, then executed its 2019 examination plan to perform a comprehensive review of the CSS program. Components reviewed during D&I examinations included board oversight, strategic planning, organizational framework, contracting, workforce, finance, reporting, compliance, and internal auditing.

FHFA's OMWI supervises and performs annual on-site examinations of the D&I programs at the FHLBanks and the Office of Finance. An OMWI Senior Examination Specialist

leads and carries out D&I examination activities, as well as continuous monitoring and ongoing supervision throughout the year. Consistent with the requirements of FHFA regulation the FHLBank System maintained strategies to ensure the consideration and integration of D&I in all their businesses and activities. Each of the 11 FHLBanks and the Office of Finance established D&I goals and performance-based targets. Throughout 2019 and 2020, FHFA's OMWI worked with the chairs and vice chairs of the FHLBank System's boards of directors to identify D&I competencies that FHFA believed would ensure more effective oversight. That work was completed with FHFA's issuance of an advisory bulletin (AB) on July 9, 2020. The AB provides guidance to the FHLBank System's boards of directors on the competencies (e.g., Strategic Leadership, Change Management, Equal Opportunity Principles) that directors should acquire to make them more effective in overseeing their regulated entities' D&I programs.

Thank you again for the opportunity to testify today. I look forward to answering your questions.

Bureau of Consumer Financial Protection
1700 G Street NW
Washington, D.C. 20552



September 4, 2020

The Honorable Maxine Waters
Chairwoman
Committee on Financial Services
U.S. House of Representatives
2129 Rayburn House Office Building
Washington, D.C. 20515

The Honorable Joyce Beatty
Chair
Subcommittee on Diversity and Inclusion
Committee on Financial Services
U.S. House of Representatives
2303 Rayburn House Office Building
Washington, D.C. 20515

Dear Chairwoman Waters and Chair Beatty:

Enclosed please find the Consumer Financial Protection Bureau's Fiscal Year 2019 Office of Minority and Women Inclusion Annual Report to Congress pursuant to Section 342(e) of the Dodd-Frank Wall Street Reform and Consumer Protection Act. As discussed with Committee staff, please accept this report as my written statement for the Subcommittee's September 8, 2020 hearing entitled, "Holding Financial Regulators Accountable for Diversity and Inclusion: Perspectives from the Offices of Minority and Women Inclusion."

Should you have any questions about this report, please do not hesitate to contact me, or have your staff contact Kate Fink in the Bureau's Office of Legislative Affairs. Ms. Fink can be reached at (202) 435-7532.

Sincerely,

Lora McCray
Director, Office of Minority and Women Inclusion

Enclosure

Cc: The Honorable Patrick McHenry, Ranking Member, House Committee on Financial
Services
The Honorable Ann Wagner, Ranking Member, Subcommittee on Diversity and Inclusion

STATEMENT OF

**NIKITA PEARSON
ACTING DIRECTOR, OFFICE OF MINORITY AND WOMEN INCLUSION
FEDERAL DEPOSIT INSURANCE CORPORATION**

on

**HOLDING FINANCIAL REGULATORS ACCOUNTABLE FOR DIVERSITY AND
INCLUSION: PERSPECTIVES FROM THE OFFICES OF MINORITY AND WOMEN
INCLUSION**

before the

SUBCOMMITTEE ON DIVERSITY AND INCLUSION

of the

**COMMITTEE ON FINANCIAL SERVICES
U.S. HOUSE OF REPRESENTATIVES**

September 8, 2020

Chairwoman Beatty, Ranking Member Wagner, and members of the Subcommittee, thank you for the opportunity to testify today. My name is Nikita Pearson, and I serve as Acting Director of the Office of Minority and Women Inclusion (OMWI) at the Federal Deposit Insurance Corporation (FDIC).

As the nation's deposit insurer and primary supervisor of community banks, including Minority Depository Institutions (MDIs), the FDIC plays an important role in maintaining public confidence in the U.S. financial system. Part of that role includes ensuring that financial institutions treat consumers and depositors fairly, comply with anti-discrimination laws, and serve all parts of their communities.

Less than two weeks ago, I began serving in this critical position. OMWI is key to the FDIC's success. OMWI promotes and influences diversity, equal opportunity employment, and economic inclusion. We work to ensure the fair inclusion and use of minority- and women-owned businesses in all FDIC business activities. Before I discuss the FDIC's ongoing work in these areas, let me first offer a few words about why working at the FDIC and leading OMWI is not just another job for me.

As a Black woman, I have first-hand experience with discrimination and racism in its various pernicious forms. I grew up poor in Thomson, Georgia, where for a good portion of my life I lived with my great aunt and uncle who could not read or write. My great aunt cleaned homes, and my great uncle worked at the rock quarry. In the evenings, they would take my sister and me along with them to their second job, cleaning the banks in town.

A few years later, I distinctly remember accompanying my mother to one of those banks during normal business hours. My mother had applied for a loan, and I remember sitting there looking at the tears rolling down her face as the loan officer so disrespectfully denied her application. As I helplessly watched the exchange, my mother lowered her head in grief and despair. Even as a child, I knew what I was witnessing was wrong. The same bank that trusted my family enough to provide keys to clean it did not trust my mother enough to lend her money or at least deny the loan with dignity and respect.

This is just one experience that came to mind when FDIC recruiters came to Savannah State University, a historically black university, and spoke to my accounting class about the mission of the FDIC. While I had more financially lucrative job opportunities to consider, none of them compared to the important mission of the FDIC. As a public servant at the FDIC, I have the opportunity to influence policies and procedures that ultimately help to make sure that no person ever feels like my mother felt.

The reality is that before I ever became an FDIC employee, I had 22 years of experience as a Black woman. I know first-hand the impact of the decisions that financial institutions make, particularly in low-income communities. I have brought that lived experience with me to work every single day of my career. I spent 17 years in the examination workforce, and those experiences and perspectives made me a better examiner. After that, I moved to Washington, D.C., and spent the past five years overseeing human capital and financial management, among

other areas. Those life experiences provided a unique perspective and unwavering commitment to ensuring that the FDIC's workforce is diverse and inclusive, reflecting the communities we serve, and respecting the value and contributions of all employees.

I am an example of how the FDIC advances our mission and serves minorities, both professionally and personally. Because of the growth opportunities the FDIC provided to me, I sit before you today as an executive who was previously on public assistance and became a mother at 19 years old. My career at the FDIC not only taught me about building a fair and inclusive financial system, my examiner training equipped me with the knowledge to buy my first home. I have shared the FDIC's financial literacy resources with family and friends, many of whom still live in low- and moderate-income communities. As a part of the FDIC's recruiting initiatives, I have been able to give back to my university and other historically black colleges and universities (HBCUs) and hire highly qualified candidates for both internships and permanent positions.

Most of these experiences I have kept to myself in a professional setting until Jelena McWilliams became Chairman of the FDIC. She made herself vulnerable by sharing how she was shaped by her personal experiences and how that perspective guided her commitment to increasing financial inclusion in underserved communities.

I. Diversity and Inclusion at the FDIC

Since the day she arrived, Chairman McWilliams has affirmed her commitment to diversity and inclusion by elevating the role of OMWI and cultivating a culture of excellence to further implement meaningful change. The FDIC is deeply committed to fostering a diverse workforce and inclusive work environment, both at the agency and across the financial services industry. Under Chairman McWilliams' leadership, we have taken meaningful steps in both areas, and I appreciate the opportunity to discuss our progress with you.

A. Recruitment, Retention, Workforce Development, and Culture

The racial, ethnic, and gender diversity of the FDIC workforce continues to steadily increase. At the end of 2019, minorities represented over 30 percent of the permanent workforce and women accounted for approximately 45 percent.¹ Representation has increased in both quantity and quality. The FDIC has also increased diversity across our leadership: minorities hold 22 percent of the management-level positions at the FDIC, and women hold 39 percent (up from almost 16 percent and 30 percent, respectively, ten years ago).² Likewise, the Chairman's senior leadership team comprises a diverse set of individuals (38 percent women and 29 percent minorities).³ Notwithstanding this progress to close longstanding gaps, we know more needs to be done, and we are fully committed to doing it. We are not yet satisfied with our progress or the pace of change.

¹ See FDIC Office of Minority and Women Inclusion, *Section 342 Dodd-Frank Wall Street Reform and Consumer Protection Act Report to Congress* (2019), available at <https://www.fdic.gov/about/diversity/pdf/rtc32620.pdf>.

² As of August 11, 2020.

³ As of August 11, 2020.

A key challenge for the FDIC in promoting diversity at all levels of our workforce continues to be the ability to attract, retain, and advance minorities and women in our bank examiner workforce. The commissioned examiner occupation is the largest occupational group at the FDIC, accounting for almost half of the FDIC total workforce. Individuals who began their careers as entry-level examiners, like me, tend to occupy a significant percentage of executive and managerial leadership positions in the agency, as well as other non-examiner positions. Thus, representation rates within the examiner workforce are key to achieving satisfactory representation across the broader FDIC workforce.

Our ability to attract and retain examiners is affected by a number of factors, including the amount of travel, field office structure (87 office locations in smaller cities with frequent travel to institutions in rural areas), and low turnover. Prior to the pandemic, the average examiner spent 89 nights away from home. While I was an examiner, I missed my oldest daughter's first day of school and the moment my youngest daughter took her first steps because I was on assignment. As a new examiner, I lived in Savannah, Georgia, and traveled more than 60 miles one way to the field office because I was not comfortable living in the rural town where the office was located at the time.

Even with 22 years of experience under my belt at the FDIC, I am still considered somewhat "new." The average tenure at the FDIC is 25 years. Not surprisingly, this usually means more experienced employees are selected for promotional opportunities, and once selected, employees tend to stay in their positions for an extended period. This workforce dynamic provides the FDIC with incredible experience and industry knowledge, but it also means that the ability to compete and be selected for leadership opportunities were not as frequent as I would have liked.

Because of these dynamics, there were a number of times I thought about leaving my promising career at the FDIC. Many employees that started their careers in my examiner class, including a number of minorities and women, did leave. The FDIC could have looked at these challenges and accepted the status quo, but we did not. We decided to make progress instead of making excuses.

Upon Chairman McWilliams' arrival, she established a team to improve the way we recruit, hire, and onboard examiners. She also established an executive level taskforce to promote a diverse and inclusive examination workforce.

The FDIC's overall recruitment strategy was also strengthened with more targeted efforts. Successful corporate recruiters were identified to pilot new strategies to build a diverse talent pipeline while increasing the number of minority applications.

As part of both of these efforts, we increased outreach to HBCUs, Hispanic-serving institutions, Asian-serving institutions, and other schools with high numbers of minority graduates in our key majors. We also expanded regional intern hiring that focuses on potential applicants who are already located in areas where we have difficulties hiring and retaining employees, and we hired 16 students in 2019 through the Diversity Outreach Student Intern Program. Our efforts have helped to increase the pace of change.

During the Chairman's tenure, minorities have been hired at a rate several points above the civilian labor force for the examiner occupational series. Approximately 33 percent of examiners hired during this period are minorities, reversing a decades-long trend. In addition to focused recruitment of minorities at majority institutions, the FDIC continues to recruit at HBCUs and Hispanic-serving institutions. In 2018 and 2019, 24 percent (20 out of 82) of minorities hired as entry-level examiners were from an HBCU or Hispanic-serving institution.

Chairman McWilliams also required a thorough study of examiner training. As a result, the projected time to commission an examiner was reduced by six to twelve months. Commissioned examiners have greater opportunities to express interest and develop in other areas. The amount of time it takes to earn a commission and the inability to train and develop in other areas have been points of frustration for new employees. We believe this effort will help to improve retention of all employees, including minorities and women.

As the FDIC has worked to increase representation in the workforce, we have also expanded workplace benefits and services to improve retention. The FDIC was one of the first agencies to announce six weeks of paid parental leave,⁴ and FDIC employees have been eligible to take 12 weeks of paid parental leave since July 2020 (*i.e.*, prior to the effective date of the Federal Employee Paid Leave Act). In addition, we launched a Pilot Student Loan Repayment Program to provide meaningful financial assistance to commissioned examiner employees over a three-year period. Over the next three years, up to 100 employees each year will be eligible to have their student loans paid directly, up to \$500 per month for a total of up to \$18,000 per employee. We suspect that the pool of eligible applicants will include a number of individuals from low- and moderate-income communities who may have taken on more debt to finance their education. If successful, the FDIC will consider expansion of the program to other categories of positions with recruitment or retention challenges.

We also bolstered awareness of our Worklife Program. We are particularly mindful that minority communities have suffered disproportionately from the COVID-19 pandemic, from both a health and economic perspective. The Worklife Program provides resources and services to support our employees' unique work and personal needs: financial, legal, dependent care, health coaching, onsite clinical counselors, and other support services.

The FDIC has also identified changes to daily operations that may support retention. As a part of our supervision modernization efforts, we plan to implement technology solutions to reduce the amount of time examiners need to be onsite at financial institutions. We are also reviewing opportunities to expand long-term telework flexibilities. We hope these efforts will reduce examiner travel and improve retention.

These efforts to improve retention, particularly of minority employees, are incredibly important, as our research indicates retention rates are high among examiners who have been with the FDIC for at least eight years.

⁴ See FDIC Announces New Paid Parental Leave Benefit for Employees (Oct. 9, 2019), available at <https://www.fdic.gov/news/news/press/2019/pr19089.html>.

As the FDIC has worked to improve retention, we have also placed increased emphasis on enriching career development in support of our goal to foster a diverse workforce at all levels of the organization. We have added a new performance standard for supervisors and managers that focuses on career development and cultivation of an inclusive, constructive, harassment free work environment built upon transparent communication, mutual trust, and respect. We also increased our focus on mentorship programs and expanded professional development through greater access to the graduate school of banking and development of a subject matter expert credentialing program.

More recently, Chairman McWilliams announced further efforts that will provide career advancement opportunities for employees, including new opportunities for leadership positions and training through a rotational Special Assistant Program, increased flexibility to pursue career-enhancing positions through detail opportunities, and the creation of a Leadership Development Program for high-performing employees.

As part of our career development program, the FDIC also increased diversity and inclusion training for all employees, including those engaged in the recruiting and hiring process; expanded voluntary educational opportunities; increased remote training and learning opportunities to expand access and minimize travel; and increased engagement by senior leadership with all nine of our Employee Resource Groups (ERGs).⁵

To enhance our diversity and inclusion efforts, the FDIC has also engaged an independent consultant to identify any remaining barriers that may exist for career advancement by women or minorities to the most senior levels of the agency and for persons with disabilities to effectively participate in the hiring and contract awards processes.

With the potential for increased retirements⁶ and hiring activity over the next few years, the FDIC is well positioned to continue the diversity transformation of our workforce. Our recruiting and retention efforts have already produced results, and new initiatives in these areas will further strengthen diversity. As positions are vacated by retirements, our minority employees will be better prepared to assume leadership roles because of our new career development programs.

⁵ ERGs are networks of employees with similar interests, shared characteristics, or life experiences, whose goals and objectives facilitate the creation and maintenance of a work environment that recognizes, appreciates, and encourages the utilization of the talents, skills, and perspectives of all employees in the achievement of the FDIC's mission.

⁶ As of June 1, 2020, 43 percent of the FDIC's permanent workforce is eligible to retire within five years. This challenge is not unique to the FDIC; in 2017, the Government Accountability Office (GAO) noted that nearly 32 percent of the permanent federal workforce would be eligible to retire within five years. See *NextGen Feds: Recruiting the Next Generation of Public Servants Before the Subcomm. on Gov't Operations of the H. Comm. on Oversight and Reform*, 116th Cong. 10 (2019) (statement of Robert Goldenkoff, Director, Strategic Issues, Government Accountability Office), available at <https://www.govinfo.gov/content/pkg/CHRG-116hhrg37997/pdf/CHRG-116hhrg37997.pdf>.

As a career FDIC employee who has witnessed many of these challenges firsthand, I am excited by the prospects these new initiatives hold for diversity and inclusion, and I am proud to lead OMWI at this critical time in our history.

B. Contracting

Just as the FDIC has committed to increase the diversity of our workforce, we have also continued our efforts to promote the participation of minority- and women-owned businesses (MWOBs) in contracting actions.⁷ In 2019, the FDIC awarded 152 contracts, or 29 percent of all contracts, to MWOBs with a total value of approximately \$174 million, or 31 percent of all new awards.

For any contract over \$100,000, OMWI review is required to identify competitive MWOBs to include in contract solicitations. As part of this process, OMWI uses the FDIC's Contractor Resource List, which includes registered MWOBs. OMWI also identified qualified MWOBs through outreach, the System for Award Management, and the Minority Business Development Agency. This process helps ensure that a diverse pool of contractors is solicited and considered for each major contract.

The FDIC has taken a number of actions in 2020 to improve the ability of MWOBs to compete for contracts. First, OMWI continues to provide one-on-one technical assistance to MWOBs on doing business with the FDIC using virtual collaboration tools during the pandemic. Second, OMWI continues to sponsor technical assistance and other events to maintain a pipeline of vendors for future contracting opportunities. For instance, OMWI and the FDIC's Acquisition Services Branch will jointly sponsor a virtual Technical Assistance Event on December 10, the first in a three-part series designed to promote MWOB contracting. In addition, OMWI will host a pilot "Pitch Day" in late 2020 to provide prospective MWOBs an opportunity to present their capabilities and market their goods and services to FDIC personnel. Third, OMWI is developing a MWOB Relationship Management (MRM) Tool, which will enable OMWI to capture and manage MWOB contacts and information as a result of outreach and technical assistance events, market research, and vendor communications. The MRM Tool will support OMWI-targeted acquisition planning activities by identifying viable MWOBs for contracting opportunities and tracking their participation rate on solicitations and successful awards.

The Legal Division's contracting program endeavors to maximize the participation of both minority- and women-owned law firms (MWOLF) and minority and women partners and associates employed at majority-owned firms (Diverse Attorneys) in legal contracting. In 2019, the FDIC paid nearly \$11 million to MWOLF and Diverse Attorneys combined, out of a total of approximately \$32 million (34 percent) paid to outside counsel. The FDIC made 62 referrals to outside counsel in 2019, of which 20 (32 percent) were to MWOLF.

⁷ Section 342(c)(2) of the Dodd-Frank Act provides that "[t]he procedures established by each agency for review and evaluation of contract proposals and for hiring service providers shall include, to the extent consistent with applicable law, a component that gives consideration to the diversity of the applicant. Such procedure shall include a written statement, in a form and with such content as the Director shall prescribe, that a contractor shall ensure, to the maximum extent possible, the fair inclusion of women and minorities in the workforce of the contractor and, as applicable, subcontractors."

The cornerstone of the Legal Division's contractor diversity and inclusion efforts is the FDIC's partnerships with minority bar associations and specialized stakeholder organizations. In 2019, the Legal Division participated in seven minority bar association conferences and three stakeholder events in support of maximizing the participation of MWOLFs and Diverse Attorneys in FDIC legal contracting. In addition, the Legal Division evaluated and approved three new MWOLF applications in 2019. Firms from various geographic areas were added to the FDIC List of Counsel Available in order to be eligible to receive legal contracting work.

II. Diversity and Inclusion in the Financial Services Industry

Pursuant to Section 342 of the Dodd-Frank Act, the FDIC reports on the diversity data received from regulated institutions annually to Congress. The FDIC analyzes the self-assessment information and highlights exemplary diversity and inclusion practices for purposes of assisting financial institutions' benchmarking and strengthening diversity programs.

In March 2020, the FDIC deployed a new online application for financial institutions to input Diversity Self-Assessment data. Despite the severity of the current environment, the FDIC saw a steady response rate from regulated institutions. For the 2019 reporting year, the FDIC invited 787 of our regulated institutions with 100 or more employees to participate in conducting their annual diversity self-assessment, of which 134 (17 percent) responded with their voluntary submissions. While a consistent response rate is notable in these unprecedented times, the FDIC would like to see more institutions participate. To support examiners, who regularly interact with our financial institutions, OMWI prepared talking points concerning the Act and the self-assessment. The FDIC is exploring additional ways to increase outreach efforts to further encourage and guide regulated institutions to implement diversity policies and best practices, and to share their completed self-assessments to further raise awareness aimed at improving diversity and inclusion throughout the industry.

A. MDIs

One of Chairman McWilliams' priorities has been expanding our engagement and collaboration in support of MDIs. An MDI is often the financial lifeblood of the community it serves, enabling individuals and minority-owned small businesses to securely build savings and obtain credit. Although the number of MDIs is comparatively small relative to the total number of FDIC-insured institutions, these banks have a substantial impact on their communities, including through mortgage and small business lending.

The FDIC has embraced our statutory responsibility to promote and preserve the health of MDIs by seeking new and innovative ways to engage with these institutions and better understand their needs.⁸ In addition to frequently engaging with MDIs throughout the nation

⁸ Section 308 of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA) sets forth several statutory goals for the FDIC and other financial regulators, including the following: (1) preserve the number of MDIs; (2) preserve the minority character in cases involving merger or acquisition of an MDI; (3) provide

with technical assistance, banker roundtables, and networking events to connect MDIs and non-MDIs for potential business partnerships, we have taken the following steps:

- Tripled MDI representation on our Community Bank Advisory Committee (CBAC);⁹
- Established a new MDI subcommittee on the CBAC to highlight the work of MDIs in their communities and to provide a platform for MDIs to exchange best practices;¹⁰
- Enabled MDIs to review potential purchases of a failing MDI before non-MDI institutions are given this opportunity;
- Clarified that non-MDIs can receive Community Reinvestment Act credit for their collaboration with MDIs; and
- Facilitated commitments to support MDIs, including most notably a \$100 million commitment by Microsoft.¹¹

In addition, last month Chairman McWilliams announced that we are exploring a framework that would match MDIs and Community Development Financial Institutions (CDFIs) with investors interested in the particular challenges and opportunities facing those institutions and their communities.¹² Although we are still developing the details, the idea would include a vehicle through which investors' funds would be channeled to make investments in or with MDIs and CDFIs, including direct equity, structured transactions, funding commitments to loan participations, or potential loss-share arrangements. The initiative seeks to accomplish several objectives, including maximizing the benefits to MDIs and the communities they serve by providing capital preservation and growth, as well as providing a minimal return to investors. We expect to release more information in the near future, and we will continue to work with stakeholders on how best to proceed.

B. Financial Inclusion and Financial Innovation

As we work to create a more inclusive banking and financial system, the FDIC recognizes the potential benefits that financial innovation can deliver to consumers. New technologies have the potential to bring more people into the banking system, provide access to new products and services, and lower the cost of credit.

The FDIC seeks to foster the development of new technologies that improve the way banks operate. For many community banks, including MDIs, the cost to innovate is often prohibitively high. To help these institutions overcome these challenges, we established an

technical assistance to prevent insolvency of institutions not now insolvent; (4) promote and encourage creation of new MDIs; and (5) provide for training, technical assistance, and educational programs.

⁹ See FDIC Advisory Committee on Community Banking, available at <https://www.fdic.gov/communitybanking>.

¹⁰ See MDI Subcommittee to FDIC's Advisory Committee on Community Banking, available at <https://www.fdic.gov/regulations/resources/minority/subcommittee/index.html>.

¹¹ See Microsoft, "Addressing racial injustice" (June 23, 2020), available at <https://blogs.microsoft.com/blog/2020/06/23/addressing-racial-injustice/>.

¹² See FDIC Chairman Jelena McWilliams, "Creating a Financial System of Inclusion and Belonging," speech before The University of Chicago Law School and American Financial Exchange Webinar on "The Role of Minority Depository Institutions and Innovation in the Age of COVID-19" (Aug. 26, 2020), available at <https://www.fdic.gov/news/speeches/spaug2620.html>.

office of innovation—FDiTech—in 2019, and we began working on several initiatives to promote innovation and support financial inclusion.¹³

III. Conclusion

The FDIC has made progress fostering diversity and inclusion, but we know our efforts are far from complete. We remain committed to establishing a diverse workforce and inclusive work environment, both at the agency and across the financial services industry. We will continue our efforts to recruit, retain, and develop the most talented and diverse workforce to sustain our statutory mission and serve the public at the highest level.

Thank you again for the opportunity to testify today, and I look forward to answering your questions.

¹³ See FDiTech, available at <https://www.fdic.gov/fditech/>.

What do the Data Reveal about (the Absence of Black) Financial Regulators?¹*

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Abstract:

This study provides empirical evidence on African Americans in positions of authority at financial regulatory agencies. It shows that African Americans have been largely excluded from senior leadership opportunities since the New Deal. It also shows that this absence is the product of a bipartisan failure to nominate African Americans to positions of authority, and provides evidence indicating that when African Americans accede to regulatory positions it is overwhelmingly the product of ‘sponsorship,’ or prompting, by the Executive branch, not the Senate. The paper also reveals a near total exclusion of African Americans from roles as senior policy staffers in current financial regulatory agencies, regardless of the political affiliation of the political appointees making hiring and staffing decisions.

Perhaps one of the biggest open secrets in Washington, D.C. is the virtual absence of African American financial regulators in the United States government. Across the federal government, they are missing, and *have been missing for generations*, with at best short appearances by single political appointees two to three years at a time. There are no Black Commissioners at the Securities and Exchange Commission (SEC) or at the Commodity Futures Trading Commission (CFTC). There has never been a Black Chairman of the Federal Deposit Insurance Corporation (FDIC), SEC, or CFTC. And today, the staffs of political appointees—whether Democrat or Republican—are, with few exceptions, almost devoid of African Americans.

To put this into perspective, in a country where African Americans make up 13.4% of the population, there have been 141 Black members of Congress² since 1900, 98 of whom have been elected within the last two decades.³ At least 140 African American judges are currently on the judiciary today between all levels of U.S. federal courts.⁴ Even across Fortune 500 companies, despite a slight decrease from last year and slow turnover offering less opportunity

* The author acknowledges Georgetown’s Institute of International Economic Law and the Penn Program on Regulation for their support, and thanks Howell Jackson, Meha Jain, Jon Frost, Aaron Klein, and Yesha Yadav for their critical feedback. The author also acknowledges Robert Secrist for the careful data gathering and analysis.

² 128 Representatives and 6 Delegates elected to the House of Representatives, and 7 Senators. See LIBRARY OF CONGRESS, MEMBERS OF THE U.S. CONGRESS (May 2020), <https://www.congress.gov/members>.

³ U.S. HOUSE OF REPRESENTATIVES OFFICE OF THE HISTORIAN, MEMBER PROFILES (last visited July 12, 2020), <https://history.house.gov/People/Search>.

⁴ FEDERAL JUDICIAL CENTER, AFRICAN AMERICAN JUDGES ON THE FEDERAL COURTS (last visited July 12, 2020), <https://www.fjc.gov/history/judges/search/african-american>.

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for new representation, 11% of new directors on boards of S&P 500 companies have been Black.⁵

The absence of African American financial regulators poses enormous challenges from the standpoint of participatory democracy, and economic inclusion. Financial regulatory agencies are ultimately tasked with creating the rules of the road for America's capitalist system. As such, they are responsible for framing policies that determine how *trillions of dollars* in U.S. assets are regulated, how capital is allocated in society, and at what cost. They determine the extent to which corporations should serve priorities other than shareholders, and disclose information about their hiring practices and demographics. They determine how investors are protected, and the kind of language and warnings that must be shared and disseminated to people of diverse backgrounds, communities and levels of vulnerability. Plus, financial regulators are routinely involved in making critical determinations as to who is afforded taxpayer backed financial assistance in times of economic distress, and are charged with implementing critical legislation like the Fair Housing Act, Community Reinvestment Act, and Equal Credit Opportunity Act. In doing so, the actions of financial regulators have repercussions for how and whether the racial wealth and income inequality gaps are addressed. And the absence of African Americans deprives the community from having members present in decisions that not only impact them directly, but are often made in their name.

Yet despite the direct consequences financial regulation holds for African Americans, and a widespread awareness of the paucity of African Americans crafting policy, the degree to which Blacks are missing from policy leadership remains entirely undocumented. This is in part because no such data of record is kept of political appointees or their staffers, and no rules require that they do so.⁶ Additionally, the absence of Black regulators has received scant attention from financial journalists, nonprofits, special interest groups, and academics. As a result, the decision making process, from agency nominations to subsequent staffing decisions by newly confirmed regulators, remains shrouded in secrecy and lacks the transparency necessary for a fact-driven dialogue on one of the most critical issues of economic inclusion and justice in the federal government.

⁵ Seema Mody & Rikita Shah, *Fewer Black Executives Were Added to S&P 500 Boards Over the Past Year*, CNBC (June 25, 2020), <https://www.cnbc.com/2020/06/25/fewer-Black-executives-were-added-to-sp-500-boards-over-the-past-year.html>.

⁶ One of the Dodd-Frank Act's goals was to increase racial and gender representation at regulatory agencies, an aspiration operationalized by a requirement that federal agencies create an Office of Minority and Women Inclusion (OMWI). OMWI is responsible for overseeing all agency matters relating to diversity in management, employment, and business activities. As Daniel Moore and Stephanie Wilson explain, "[e]ach agency must appoint a director for its OMWI, which is a senior executive service position charged with developing standards for (1) agency diversity in regard to race and gender, (2) increased participation of minority- and women-owned businesses, and (3) assessing the policies and practices of the agency-regulated entities." Daniel J. Moore and Stephanie Wilson, *Dodd-Frank Wall Street Reform Act Requires Federal Financial Agencies to Address Diversity and Fair Inclusion of Minorities and Women*, Employment Law Watch (October 20, 2010). However, Dodd Frank does not explicitly call for quotas or actions, and OMWI can not levy penalties. Moreover, the OMWI has neither the authority nor the responsibility of enforcing civil rights laws. *Id.*

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This study provides the first empirical evidence providing cross-agency insight on the full scope of the challenge of diversity among regulatory agencies.⁷ Part I provides a historical overview of African American financial regulators since the New Deal. It provides not only information on who was nominated and when, but also important political conditions that existed at the time of their nomination. One important insight, among others, is that the data suggest that where Senate leaders have enjoyed the prerogative to suggest or sponsor names for appointments to the President (e.g., when a Commissioner must be nominated who is not a member of the Party of the presiding President), the Senate has acted only once to do so for an African American. Indeed, the data provide strong evidence that African Americans have for two generations been entirely dependent on the Executive branch for mobilizing nominations resulting in political appointments. The historical record suggests that neither party in the Senate, Democrat or Republican, has sponsored an African American appointment in the absence of Executive political action since the first term of the Reagan administration.

Part II provides an overview of data gathered concerning the current state of the Black regulator, and surveys the positions of African Americans in political appointee and senior staff positions across the federal financial agencies. The study also provides data suggesting that political ideology has little impact on hiring—and that White political appointees of both parties are failing, in some instances across agencies entirely, to hire African Americans for senior policy staff positions. The study also explains how the absence of staffing senior policy roles with African Americans will likely impact the future shape and leadership of financial regulatory agencies long after political appointees leave their posts.

Finally, Part III examines what the data indicate about potential causes for such longstanding distortions in political appointments and staffing at federal agencies. The study provides data indicating that although experience as a staffer in the Senate is a common element of the backgrounds of many political appointees, and that few Senate staffers are Black, this does not by itself explain the absence of African American regulators. The study consequently introduces other theories, and raises the need for more qualitative research and interviews with appointees and former nominees, as well as with relevant Senate decisionmakers and their aides.

Methodology: What is a “financial regulator”?

In order to conduct a study of financial regulators, one must define precisely what is a financial regulator. The Cambridge Dictionary offers a useful guide, describing a financial regulator as “a person or organization that has been given the official job of making sure that banks, financial businesses, etc. act in a responsible way and do not break the law.”

⁷ Critical light has, however, been shed on the challenges facing individual agencies, especially the Federal Reserve. See, e.g., Aaron Klein, *The Fed's striking lack of diversity and why it matters*, at <https://www.brookings.edu/opinions/the-feds-striking-lack-of-diversity-and-why-it-matters>; see also *The Urgent Need for a More Publicly Representative Fed: 2019 Diversity Analysis of Federal Reserve Bank Directors*, at https://populardemocracy.org/sites/default/files/FedUp-Diversity-Data-Brief_2019_web.pdf.

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With this helpful conceptual starting point, we focus primarily on entities that we find to be most central to the task of banking and financial market regulation. Specifically, we focus on the following independent agencies: the Commodity Futures Trading Commission, Securities and Exchange Commission, Federal Reserve Board of Governors, National Credit Union Administration, and Federal Deposit Insurance Corporation. We also take into account appointments and hiring practices at the Office of the Comptroller of the Currency (OCC) given its federal chartering authority of national banks, and at the Consumer Financial Protection Bureau insofar as it assumed financial regulatory oversight from the Fed, FDIC and Federal Trade Commission with the passage of the Dodd Frank Act.⁸

Not all employees of these agencies are tabulated in our study. This study concerns itself with the policy leadership at financial regulatory agencies. Thus in Part I, we use as our study target those individuals who require nomination by the President of the United States and confirmation by the U.S. Senate.⁹ They are referred to throughout this paper as “political appointees.”

The data for Part I were first compiled by identifying every appointee to have served at each financial regulatory agency. Because the agencies publish their annual (and sometimes semiannual) reports to Congress on their respective websites, they retain an archive of historic reports.¹⁰ These documents list key officials and will generally provide photographs and short biographies of their leadership.¹¹ Some agencies do not have complete records of these reports (for example, the CFTC only offers documents from through 1996). In these cases, names were recorded from historic lists of appointees maintained by the agency¹² and background information was obtained from individuals’ profiles on other employer websites or LinkedIn. Appointees’ political affiliations were not always readily accessible from their agency biographies; thus, data were collected from a variety of resources, including: obituaries, curriculum vitae, and archives of political contributions.

⁸ Notably, we do not generally include in our study the demographic information of agencies that are no longer in existence, including the Office of Thrift Supervision, the Home Loan Bank Board, Office of Federal Housing Enterprise Oversight or the U.S. Department of Agriculture’s Commodity Exchange Authority. However, we do include information relating to the OTS in Part I, where appropriate, because its directors have at varying points served on the board of the FDIC, which is still fully operational today.

⁹ As such, this approach excludes individuals working in the government, like the Presidents of the regional federal reserve banks, as well as the heads of top self regulatory agencies like Financial Industry Regulatory Authority, who are not political appointees, but are instead selected through other processes, at times involving private market participants.

¹⁰ See, e.g., *Annual Reports*, FEDERAL DEPOSIT INSURANCE CORPORATION, <https://www.fdic.gov/about/financial-reports/report/> (last updated June 8, 2020); see also SECURITIES AND EXCHANGE COMMISSION, *Annual Reports* <https://www.sec.gov/about/annrep.shtml> (last updated Dec. 16, 2019).

¹¹ See, e.g., OFFICE OF THE COMPTROLLER OF CURRENCY, *Leadership 24* (Nov. 7, 2019), <https://www.occ.gov/publications-and-resources/publications/annual-report/files/2019-annual-report.pdf>.

¹² See, e.g., *Terms of Office*, COMMODITY FUTURES TRADING COMMISSION, <https://www.cftc.gov/About/Commissioners/TermsOfOffice/index.htm> (last visited July 18, 2020).

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In Part II, given the wider availability of information available online concerning senior staff on agency websites and LinkedIn, we extend our analysis to senior staffers.¹³ The structures of regulatory agencies are not the same, so we attempt to keep our analysis as simple and consistent as possible by only tabulating individuals directly chosen and approved by political appointees to serve either as their most senior advisors or as their senior most deputies in the formulation of policy or supervision. The study purposely excludes executive positions involving IT, Administration, Minority Affairs, Ombudsmen, Communications and Legislative Affairs as well as General Counsels and Inspector Generals, unless they held other formal policymaking titles or responsibilities.¹⁴

In limiting the search parameters this way, we are able to produce an overview of historical trends with regard to political appointees, as well as create a snapshot of the existing participation of African Americans in the very top tiers of federal policymaking as of July 4, 2020. These choices do, however, by definition impact our results. By focusing on policymaking, and limiting our study to the top two layers of decision making (e.g., the political appointee and deputies), this approach reduces dramatically the total number of jobs surveyed. Our conservative approach means that our data will present in many cases a significantly rosier picture of the overall diversity in the policy leadership of the financial regulatory ecosystem than is actually the case.¹⁵

Because of the extreme lack of African Americans over time and at present, the sample size for our results are small, which limits the inferences that we can make. Instead, the study takes steps to recount the data that have been culled, and draws comparisons and contrasts from the data. Theories deserving future inspection and research are identified at the end of the study.

I. The Absence of Black Financial Regulators: The Historical Data

Historical Analysis

- Total Number of African Americans Who Have Been Appointed to Financial Regulatory Posts as of July 4, 2020
- Total Number of People Who Have Held Financial Regulatory Posts as of July 4, 2020
- Political conditions under which African Americans were appointed

¹³ Identifying all actors is not straightforward since not all positions are public, however. As a result, we supplemented online searches with individuals with knowledge of the operation of the agencies to try to come up with as accurate picture as possible.

¹⁴ Notably, this approach is by definition imperfect insofar as many roles, especially General Counsel roles, can impact in very direct ways policymaking at agencies. However, this is not universally the case, and certainly not part of the official responsibilities associated with these positions. A further examination into the issue would nevertheless be fully supported by the author of this study.

¹⁵ In focusing on very specific roles, we are reducing the denominator in many instances relating to the number of positions and jobs surveyed in positions in which no African Americans at all were hired. We illustrate this data challenge in our analysis relating to the Federal Reserve in Part II and Table 2.2.

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The federal government has conducted some form of oversight over financial and monetary activities since the founding of the first central bank in 1791. It then took a more dramatic step forward with the establishment of the OCC during the American Civil War and later the creation of the Federal Reserve in 1913. That said, most historians understand the birth of the modern regulatory apparatus to lie in the New Deal, with the creation of federal regulators of U.S. securities markets, and the prohibitions aimed at curtailing the power of large financial conglomerates.

However, our analysis shows that even with the churn of varying political cycles since the 1930s, not to mention the coming of age of the Civil Rights movement in the 1960s, the participation of African Americans in leadership positions in financial regulatory agencies has been intermittent, at best.

The historical data indicate that there have been a total of 327 individuals who have been appointed to financial regulatory agencies. Of the total, 10 have been Black:

Table 1.1
Black Political Appointees to Financial Regulatory Agencies
(Historical Tally)

Name	Agency	Position and Years Served	Appointed By (President or Senator)	Political Party
Andrew Brimmer	Federal Reserve Board of Governors	Member, 1966–1974	President Lyndon Johnson (D)	Democrat
Harold A. Black	National Credit Union Administration	Member, 1979–1981	President Jimmy Carter (D)	Republican
Emmett John Rice	Federal Reserve Board of Governors	Member, 1979–1986	President Jimmy Carter (D)	Democrat
Aulana Peters	Securities and Exchange Commission	Commissioner, 1984–1988	President Ronald Reagan (R)	Democrat
Isaac Hunt	Securities and Exchange Commission	Commissioner, 1996–2001	President Bill Clinton (D)	Democrat
Yolanda T. Wheat	National Credit Union Administration	Commissioner, 1996–2001	President Bill Clinton (D)	Democrat
Roger Ferguson	Federal Reserve Board of Governors	Member, 1997–2006; Vice Chairman, 1999–2006	President Bill Clinton (D)	Democrat

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Sharon Bowen	Commodity Futures Trading Commission	Commissioner, 2014–2017	President Barack Obama (D)	Democrat
Mel Watt	Federal Housing Finance Agency	Director, 2014–2019	President Barack Obama (D)	Democrat
Rodney Hood	National Credit Union Administration	Member, 2005–2009; Chairman, 2019–current	President George W. Bush (R) President Donald Trump (R)	Republican

Thus overall, we find that only 3% of all financial regulators have been Black. No federal financial regulatory agency has had more than three African Americans participate as members over the course of its existence. Indeed, if an agency has had two African Americans in the course of its entire history, it is faring better than others. (See Table 1.2.)

Averaged out over the last 90 years, this translates to approximately one African American being appointed to a federal financial regulatory agency every 10 years. This in effect means that African Americans have been for the most part shut out in any given year from representation on any given financial regulatory body, whether or not it be in matters relating to banking, capital formation and allocation, interest rate policy setting, consumer protection and more.

Looking closer at the data, it is clear that Democrats have fared far better over time than Republicans when it comes to making Black political appointments to financial regulatory agencies, and are responsible for eight of the 10 Black regulators (and arguably nine of the 10).¹⁶ However, with the appointment of an African American Chairman of NCUA—the first time an African American has ever been placed in charge of a banking regulator—and the failure of Democrats to nominate any Black financial regulator over the last half decade, the current Republican record is, if dismal, superior to that of Democrats.

Are there any commonalities in these appointments? They are, for the most part, men, with only three of the 10 Black appointees being women.¹⁷ Furthermore, regulatory appointments have only twice involved vesting African Americans with leadership at a federal financial regulator (Mel Watts and Rodney Hood). And when they do, the regulator bodies are far less prominent than their regulatory counterparts at the Fed, FDIC, SEC and CFTC. Nevertheless, Black regulators have been on virtually every object measure well qualified. A brief tally of their background reflects not just terminal degrees at the most prestigious universities in the country, but also stints at top law firms, government and academia before assuming office.

¹⁶ Though Harold A. Black was a Republican, his nomination was, as we discuss later, the product of an interest during the Carter administration to have more African Americans at Federal regulatory agencies.

¹⁷ Historically, only 12.84% of all appointees have been female.

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Notably, only two Black regulators have ever worked as a Senate staffer, a common qualification for many White nominees. (For more, see Part III.)

Where are African American regulators appointed?

The data in Table 1.1 indicate a gradual decline and growing infrequency in Black regulatory appointments at the larger regulatory agencies (e.g., SEC, Fed, CFTC), and continued absence at the FDIC and OCC. This reflects less frequent Democratic appointments to major financial regulatory agencies, and the absence of Republican Black nominees altogether from 1981 until 2005. By contrast, the high point of Black appointments to the large agencies appears to have taken place in the 1990s under the Presidency of Bill Clinton. The 2010s, even with the presence of an African American president, compare relatively poorly. Notably, however, the Obama administration had made record numbers of nominations of African Americans overall to financial regulatory agencies, and had they been confirmed, the overall trend line would look very different, with three and perhaps four Black appointments.¹⁸

Table 1.2
Black Political Appointees per Financial Regulatory Agency
(Historical Tally)

Regulatory Agency	Total Black Financial Regulators (Political Appointees)	Total Financial Regulators (Political Appointees)	Percentage of Black Financial Regulators
CFPB	0	2	0.00%
CFTC	1	43	2.33%
FDIC	0	31	0.00%
FHFA	1	3	33.33%
Fed	3	95	3.16%
NCUA	3	21	14.29%
OCC	0	31	0.00%
OTS	0	6	0.00%
SEC	2	99	2.02%
Total	10	327¹⁹	3.06%

As seen above in Table 1.2, 60% of all Black political appointments cluster around the Federal Reserve and NCUA, with 20% of all Black political appointments at the SEC.²⁰ Interpreting these

¹⁸ President Obama had made three nominations of African Americans to financial regulatory agencies during his presidency: former Latham & Watkins partner Sharon Bowen, George Washington University law professor Lisa Fairfax, and the author of this report, Georgetown University law professor Chris Brummer. Only Ms. Bowen was confirmed. Keir Gumbs, a partner at Covington & Burling, was also a leading candidate to the SEC though was not formally nominated.

¹⁹ To avoid double counting, this figure excludes regulators that have been appointed to positions in more than one agency.

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results requires care. Some agencies might have more vacant slots available than others, given their comparatively larger governance structure (e.g., Commissions).²¹ Also, the age of an agency might play an important role. And even then, the data must be read against the historical record.²²

II. The Absence of Black Financial Regulators: A Snapshot from July 4, 2020

Contemporary Analysis

- Number of African Americans Who Currently Hold Financial Regulatory Posts
- Number of African American Directors and Senior Staff
- Correlation, if any, between race and Black appointments, and political party affiliation and Black appointments

In this section, we move beyond appointees nominated by the President to identify individuals whom current political appointees employ as their senior most personal advisors or as deputies in the formulation of policy or supervision. To do so, the study relies on the organizational charts of the financial regulatory agencies available online in July 2020, as well as information gathered from interviews with current and former officials at financial regulatory agencies. Extensive LinkedIn searches were then conducted to identify other relevant individuals and provide reasonable inferences about the racial identity of the director based on photographs and any available disclosed demographic data.

Adding an extra layer of analysis is useful for several reasons. First, it provides a fuller picture of the representation of African Americans in the formation of financial regulatory policy. Additionally, it begins the work of providing evidence as to the potential impact political ideology might (or might not) play in terms of race and hiring decisions. Finally, it allows for an analysis of potential repercussions that decisions around political appointments might have on the civil service and professional leadership at federal agencies.

What the Numbers Reveal

As indicated in Table 1.1, there is currently only one identifiable Black political appointee among all U.S. financial regulatory agencies (the NCUA's Chairman). There is no African American Commissioner or Chairman at the SEC, FDIC, CFTC, or the Federal Reserve, and the neither the OCC nor the CFPB is led by an African American.

²⁰ We do not include in our tabulation former or current Acting Directors of agencies.

²¹ From this perspective, the NCUA statistically "outperforms" its peers.

²² The SEC and CFTC have, for example, roughly identical degrees of participation by African Americans—two percent (2%)—which would seem to reflect the fact that although the SEC has had twice the appointments, the agency is also 42 years older than the CFTC. This explanation is not validated, by the historic record, however, insofar as both appointments made at the SEC occurred when the CFTC was in existence.

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Going an additional level deeper, the data indicate that the broad absence of Black financial regulators continues to the senior staff level:

Table 2.1
Senior Policy Staff at Financial Regulatory Agencies on July 4, 2020
(counting only policy "Directors" from Fed Official Staff)

Agency	Total Senior Policy Staff (not including Political Appointees)	Total Black Senior Policy Staff	Percentage of Black Staff
CFPB	5	0	0.00%
CFTC	27	0	0.00%
FDIC	11	0	0.00%
FHFA	8	0	0.00%
Fed	14	0	0.00%
NCUA	10	2	20.00%
OCC	9	2	22.22%
SEC	36	1	2.78%
Total	120	5	4.17%

With the exception of the OCC, the absence of African Americans at senior staff levels mirrors the absence of diversity among political appointees. The NCUA, again, appears as a relatively successful agency, with one out of every five policy staff being African American. On the other hand, just as African Americans have made up 0% of all total CFTC Commissioners, they make up only 0% of senior policy staff. Similarly, just as no African American has been Chairman of the FDIC, none comprise the senior staff of the agency. Notably, these latter failures arise despite the fact that in many agencies, senior policy staffers and advisors are often (though not exclusively) chosen from federal civil servants, where highly qualified African Americans historically have been well represented.

However dismal these numbers might appear, it is worth observing that in many instances, these data are *rosier* than the overall structure of the senior policymaking apparatus. In order to achieve as much consistency as possible, we have restricted our data parameters considerably, and taken a conservative approach to tabulation, limiting the denominator of total jobs searched. Consequently, minor adjustments targeting a broader field of policy positions would prove less flattering. For example, in the case of the Federal Reserve Board, we have restricted our tabulation of the Board's official staff to individuals with "Director" titles in policy divisions. However, technically the entire official staff of the Board is directly approved by the Board, an unusual feature of the agency. This means if we were to fully include the total number of senior policy staff ultimately hired through the approval of political appointees, our data for the Fed Board would look as follows, and impact our total numbers considerably:

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Table 2.2
Senior Policy Staff at the Federal Reserve on July 4, 2020
(counting all policy members from Fed Official Staff)

Agency	Total Senior Policy Staff (not including Political Appointees)	Total Black Senior Policy Staff	Percentage of Black Staff
Fed	190	3	1.58%
Adjusted Total²³	296	8	2.70%

Similarly, although we exclude Minority Affairs offices from our analysis, which provide greater numbers (though not always) of African American representation, our focus on policymaking per se also excludes the executives from Ombudsmen, Inspector General and General Counsel offices where African Americans are overwhelmingly absent.

Political Ideology

By definition, this study's snapshot reflects decisions made under only one administration (the Trump administration). This in turn raises the question as to whether political ideology might somehow be responsible for the skewed result.

Comparing the raw numbers of current Black senior policy staff offers little insight, given that Republicans, as the holders of the White House, have more opportunities to name African Americans to posts.

Still, there are ways to shed light on the hypothesis. Because financial regulatory agencies that take the shape of Commissions are by law required to have a minimum of two parties represented in their membership, we can compare choices made by Democratic and Republican Commissioners at the SEC and CFTC in terms of their hiring of staff as per the July 2020 data. In order to provide more nuance, the data can further be disaggregated to account for hiring by Chairmen (who are allocated more staff positions within their offices) and Commissioners in theirs.²⁴

²³ Our adjusted total consists of Table 2.1 staff across all federal agencies, not including the Directors of the Board's official staff (120-14=106) plus all of the Board's official staff in policy divisions (190).

²⁴ These numbers do not include hirings by Chairs across the agency, but are limited to their personal Counsel. Also, as of July 4, 2020, there was only one Democrat at the SEC, not two. However, the results appear highly representative insofar as there were no African American staffers hired by the Democratic Commissioner who recently left the agency, either.

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The results of the data can be categorized as follows:

Table 2.3
Senior Policy Staff at the SEC and CFTC on July 4, 2020

Agency	Black Senior Policy Staffers appointed by Democratic Commissioners	Black Senior Policy Staffers appointed by Republican Commissioners	Black Senior Policy Staffers appointed by Chairman	Political affiliation of Chairman
CFTC	0	0	0	Republican
SEC	0	0	1	Independent

From this limited vantage point, there is little variance observed between Republican and Democratic appointments of Black senior staffers among Commissioners. In short, White Republican Commissioners have no African Americans on their staffs, and neither do White Democratic Commissioners. To the limited extent to which hiring is occurring within the offices of political appointees, it is happening in the office of an agency Chairman.²⁵

With this in mind, it is worth highlighting that the absence of appointments by Commissioners of either party has important future repercussions and offers insight as to the future demographic makeup of senior civil service employees. Tours on the staffs of political appointees are generally critical elements of professional staffers' progression at a regulatory agency, and senior policy staffers routinely receive promotions after their service that position them in the top ranks of agencies, as well as opportunities in the offices of agency Chairmen. In the case of one current nominee to the SEC, it can also offer a route to consideration as a political appointee as a Commissioner,²⁶ and Commissioner posts have served as stepping stones for elevation to Chairman later.²⁷ However, in the absence of such tours, routes to professional advancement for African American employees will be significantly curtailed.

Black leadership and senior African American staffers

Meanwhile, with only one data point available, the NCUA's Chairmanship, the significance of Black leadership on African American staff hires remains unclear.

²⁵ This outcome was sufficiently interesting that we back-tested this outcome, and found identical outcomes at the Federal Trade Commission, where Commissioners, Democrat and Republican, also failed to hire Black policy advisors.

²⁶ Trump Nominates Caroline Crenshaw to Democratic SEC Seat, available at <https://www.wsj.com/articles/trump-to-nominate-caroline-crenshaw-to-democratic-sec-seat-11592504357>.

²⁷ SEC Biography: Chairman Mary L. Schapiro, available at <https://www.sec.gov/about/commissioner/schapiro.htm>.

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Table 2.4
Agency Head/Chair Race, Political Affiliation and Staff Hires

Agency	Race of Agency Head/Chair	Political Party of Agency Head/Chair	Total Senior Policy Staff	Total Senior Black Staff	
CFPB	White	Republican	5	0	0.00%
CFTC	White	Republican	27	0	0.00%
FDIC	White	Republican	11	0	0.00%
FHFA	White	Republican	8	0	0.00%
Fed	White	Republican	19	0	0.00%
NCUA	Black	Republican	10	2	20.00%
OCC ²⁸	White	Republican	9	2	22.22%
SEC	White	Independent	36	1	2.78%
Total			125	5	4.00%

When taking into account the total number of senior policy staff, the most significant presence of Black senior civil servants can be found at the NCUA, led by a Black political appointee—and at the OCC, which until recently was headed by a White political appointee. Conversely, the Federal Reserve, which has the largest number of staff chosen by political appointees, has the fewest. These results could suggest a higher demonstrable interest in promoting Black hiring decisions at the NCUA or the OCC, and/or either the OCC or NCUA being statistical outliers. Or yet still, other factors may be available to explain the outcomes, including the varying demographic makeup of the civil servants across regulatory agencies and the sector of the financial system a regulator oversees.²⁹ Nevertheless, a correlation of African American hires and African American bosses has been observed elsewhere in government, with African American senators far more likely to hire Black staffers than their White counterparts.³⁰

III. Causes: An overview of theories

²⁸ There is at present an Acting Comptroller of the Currency, though the senior executive decisions reflect those of his predecessor, and this row reflects those choices.

²⁹ The Fed has a particularly homogenous workforce, reflecting in part the homogeneity of the economics profession and the relative paucity of African American PhDs every year. This lay in contrast to the many African Americans who receive law degrees at some of the nation's top law schools and constitute the primary target of employers at other market and banking regulatory agencies. Still, even these numbers do not explain the absence of African Americans in supervisory posts at the Federal Reserve, which largely require JDs.

³⁰ Hill Diversity, at <https://jointcenter.org/digging-deeper-2020-senate-democratic-caucus-diversity-numbers>.

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The results of our survey are stark, and raise the natural question as to why Black appointments are so rare. In this final part, we provide an overview of how the available data may shed (limited) light on popular explanations.

The Staffer Pipeline Theory

Appointment to federal regulatory agencies is both harder and easier than it may appear. Technically, the President is formally responsible for nominating members of regulatory commissions and agencies, and the Senate is charged with providing its advice and consent in voting to push the nominee forward for confirmation. In practice, however, the appointment process can vary considerably. In instances like Federal Reserve nominations, the President (and White House staff) is indeed largely independently responsible for nominations. White House staff can devise a list, identify individuals on whom to perform background checks, and then circulate names with colleagues in the Senate for their input and review.

In other circumstances, the Senate itself can take the lead in generating names for nominations. By statute, the SEC and CFTC are required to limit the number of people of the same political party to three persons. This means in effect that generally the President is responsible for nominating (often in consultations with the ranking Republican member of the Senate) individuals to agencies. Meanwhile, the remaining two individuals are traditionally sponsored by the highest-ranking member of the opposing party in the Senate (e.g., the Senate Majority or Minority Leader) who likewise consults with the highest-ranking Democrat on the agency for which a nomination is sought.³¹

Complicating things in either case is that most federal regulatory nominations must pass through Congress by unanimous consent. Otherwise, time must be taken on the floor of the Senate for a recorded vote by members. Taking votes to the Senate floor costs time, however, which is a precious commodity for policymakers who have multiple legislative priorities that themselves require floor time to debate. As a result, usually only the most high-profile nominations enjoy enough importance that Senators are willing to eat up floor time and a debate to push the nomination forward.

The way in which the process for many nominations has traditionally been lubricated is by Senators appointing members of their own staff to regulatory positions. By in effect taking turns nominating individuals, members can impact and influence Commissions beyond their appropriations and oversight responsibilities.

³¹ Thus if there is a Republican president, at least two of the five seats on the Securities and Exchange Commission will be reserved for Democrats; similarly, if there is a Democratic president, two of the five seats of the Commodity Futures Trading Commission will be reserved for Republicans.

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The reliance on Senate staffers for appointments to technocratic, independent agencies is highly debated. Whatever the merits, the importance of having been an aide in the Senate is especially evident in the current constellation of political appointees at financial regulatory agencies. According to the data, over half of all political appointments involve individuals who have served as Senate staffers earlier in their careers.

Table 2.5
Political Appointees with Senate Staffer Experience on July 4, 2020

	Total Number of Financial Regulators (Political appointees)	Number of Financial Regulators (Political appointees) with Senate staffer experience	Percent with Senate staffer Exper.	Total Black Regulators (Political Appointees)	Number of Black Financial Regulators (Political appointees) with Senate staffer experience	Percent with Senate staffer Exper.
CFPB	1	1	100.00%	0	0	0.00%
CFTC	5	5	100.00%	0	0	0.00%
FDIC	2	2	100.00%	0	0	0.00%
FHFA	1	1	100.00%	0	0	0.00%
Fed	5	0	0.00%	0	0	0.00%
NCU A	3	2	66.67%	1	0	0.00%
OCC ³²	N/A	N/A	N/A	0	0	0.00%
SEC	4	2	50.00%	0	0	0.00%
Total	21	13	61.90%	1	0	0.00%

The historical record, by contrast, looks quite different. As seen below in Table 2.6, historically, fewer political appointees have served as congressional staffers—by our count, only 15.90%.

Table 2.6
Political Appointees with Senate Staffer Experience
(Historical Tally)

	Total Number of Financial Regulators (Political Appointees)	Total Number of Financial Regulators (Political Appointees) with backgrounds as Senate staffers	Percentage with Senate Backgrounds
CFPB	2	1	50.00%

³² We do not include the OCC for the purposes of this table since the agency is currently headed by the Acting Comptroller of the Currency, who was not put up for Congressional approval.

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CFTC	43	16	37.21%
FDIC	31	11	35.48%
FHFA	3	2	66.66%
Fed	95	3	3.16%
NCUA	21	5	23.81%
OCC	31	2	6.45%
OTS	6	1	16.67%
SEC	99	12	12.12%
Total	327	52³³	15.90%

Disaggregating the data further, the numbers suggest that Black political appointees may be beneficiaries of systems based on Senate experience: 15.77% of non-Black political appointees have had experience as Senate aides, whereas 20% of Black appointees have had experience as Senate aides.

Table 2.7
Black Political Appointees with Senate Staffer Experience
(Historical Tally)

	Total Non-Black Regulators (Political Appointees)	Total Non-Black Financial Regulators (Political Appointees) with Senate Staffer Experience	Percent with Senate Staffer Exper.	Total Black Regulators (Political Appointees)	Number of Black Financial Regulators (Political Appointees) with backgrounds as Senate staffers	Percent with Senate staffer Exper.
CFPB	2	1	50.00%	0	0	0.00%
CFTC	42	16	38.10%	1	0	0.00%
FDIC	31	11	35.48%	0	0	0.00%
FHFA	2	1	50.00%	1	1	100.00%
Fed	92	3	3.26%	3	0	0.00%
NCUA	18	4	22.22%	3	1	33.33%
OCC	31	2	6.45%	0	0	0.00%
OTS	6	1	16.67%	0	0	0.00%
SEC	97	12	12.37%	2	0	0.00%
Total	317	50	15.77%	10	2	20.00%

³³ To avoid double-counting, this figure excludes individuals with Senate staffing experience who served multiple agencies.

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Yet these data are deceptive. For one, the sample size is small, with only two African Americans ever having served with Senate backgrounds. Moreover, when one looks behind the data, and pulls out, once again, the smaller, and less powerful agencies where African Americans have historically been clustered—namely FHFA and NCUA—the number of African American political appointees that have had backgrounds as Senate staffers over the course of U.S. regulatory history drops to zero. Meanwhile, as seen in Table 2.8, the percentage of non-Black financial regulators drops only slightly to 15.15%.

Table 2.8
Black Political Appointees with Senate Staffer Experience
(Historical Tally not including NCUA and FHFA)

	Total Non-Black Regulators (Political Appointees)	Total Non-Black Financial Regulators (Political Appointees) with Senate Staffer Experience	Percent with Senate Staffer Exper.	Total Black Regulators (Political Appointees)	Number of Black Financial Regulators (Political Appointees) with backgrounds as Senate Staffer Experience	Percent with Senate Staffer Exper.
CFPB	2	1	50.00%	0	0	0.00%
CFTC	42	16	38.10%	1	0	0.00%
FDIC	31	11	35.48%	0	0	0.00%
Fed	92	3	3.26%	3	0	0.00%
OCC	31	2	6.45%	0	0	0.00%
OTS	6	1	16.67%	0	0	0.00%
SEC	97	12	12.37%	2	0	0.00%
Total	297	45	15.15%	6	0	0.00%

These numbers may help explain, though only partially, one of the most salient observations of our data: that in the last 35 years, no African American has been nominated to a financial regulatory agency where Senate leaders have been positioned to suggest or sponsor names for appointments to the President (e.g., when a Commissioner must be nominated who is not a member of the Party of the presiding President). Aulana Peters, who was nominated to be an SEC Commissioner in 1984 while Robert C. Byrd was the Senate minority leader, was the last. (See Table 1.) This record departs sharply from that of non-Black nominees, of whom 28% have been chosen when the President was of a different party than themselves. Of these, 12% had been at one point or another Senate staffers.³⁴

³⁴ As a methodological matter, however, we must caution that we have only been able to confirm as of the release of our white paper 274 of 327 political nominations.

WORKING PAPER: COMMENTS WELCOME*Cognitive (and Racial) Bias*

The data above provide strong evidence that African Americans have for two generations been almost invariably dependent on the Executive branch for mobilizing nominations resulting in political appointments. Neither party in the Senate, Democrat or Republican, has produced an African American appointment in the absence of being in control of the White House since the first term of the Reagan administration.

The staffing theory does not fully explain the data, however. As demonstrated above, a majority of non-Black political appointees have not been Senate staffers, including recent agency nominees.³⁵ Meanwhile, other Black nominees or would-be nominees have not been Senate aides, and not been confirmed. This suggests that other factors or theories may play a helpful role in explaining the absence of Black regulators since policymakers are capable of reaching out beyond the Senate staffing pool, and in the case of non-Black nominees, often will.

Qualifications arguments are implausible. There are currently over 46,000 African American lawyers³⁶ in the United States today, and over 500 African American attorneys³⁷ working in the top ten³⁸ most esteemed law firms. As a group, they have prestigious credentials. Harvard Law alone has produced nearly 3,000 Black law school graduates. It is a near impossibility that no African American lawyers meet the academic and professional qualifications necessary for political appointments, or staff positions, especially when measured against the qualifications of past White regulators with far less selective credentials.³⁹

Disqualification arguments are comparatively more plausible. For example, where individuals have been employed in politically less desirable sectors—like technology and finance—their job histories could effectively be used to disqualify African American candidates from consideration. Notably, disqualification based on such metrics, while helping to prevent industry capture, would have a much larger disparate impact on Blacks than Whites, who due to lower wealth and income have fewer options or choices in their careers but to consider

³⁵ Trump to nominate lawyer Crenshaw to fill SEC Democratic commissioner slot, <https://www.reuters.com/article/us-usa-sec-nominations/trump-to-nominate-lawyer-crenshaw-to-fill-sec-democratic-commissioner-slot-idUSKBN23P30A>.

³⁶ *Household Data Annual Averages: 2008*, BUREAU OF LABOR, <https://www.americanbar.org/content/dam/aba/migrated/marketresearch/PublicDocuments/cpsaat11.pdf>.

³⁷ Estimated according to percentages available from the American Lawyer's *Diversity Scorecard* (2019), available at <https://www.law.com/americanlawyer/2019/05/28/the-2019-diversity-scorecard>.

³⁸ See VAULT, *Law 100* (2020), <https://www.vault.com/best-companies-to-work-for/law/top-100-law-firms-rankings>.

³⁹ In fact, our data indicate that since 1985, Black appointees have earned 12% more doctorate degrees and 23% more law degrees than White appointees. Further, 18% of White appointees only possess a single degree, as opposed to 11% of Black appointees. Meanwhile Black appointees outnumber White appointees with three degrees by 17%. For a similar observation, see Narayana Kocherlakota, *How Structural Racism Has Shaped the Fed's Leadership* <https://www.bloomberg.com/opinion/articles/2020-06-23/how-structural-racism-has-shaped-the-fed-s-leadership>.

WORKING PAPER: COMMENTS WELCOME

employment in lucrative sectors of the economy to repay student loans, build savings, and support less fortunate family members.⁴⁰

Other more expansive theories are offered in the literature of cognitive bias, which details varying ways in which patterns of judgment can systematically deviate from logic or reality.⁴¹ Although beyond the scope of our empirical analysis, and worthy of future study, these theories traverse a spectrum of flawed, and ultimately racially biased decision making.⁴²

According to the theory of *endowment effect*, people tend to ascribe more value to objects or resources that they control (like Senate staff), or with which they have experience.⁴³ Consequently, Senators may be more likely to place people with whom they are familiar in agency positions. Thus like employers who are most prone to promoting from within, they may draw from those staffers and other close associates to fill positions.⁴⁴

In highly politicized contexts, decisions may be tainted by *outsider bias*—the idea that if you are not already part of a known circle of allies and advisors, your values must be foreign to them.⁴⁵ Thus, where Senators consider candidates who are not part of their social circle, or are unknown to them, as is the case with most African American candidates, they and their staffs may have less interest in supporting or promoting their nominations.

A third theory holds that Senators may over-rely on prior beliefs or first impressions (e.g., race) when making decisions, in a cognitive act called *anchoring*.⁴⁶ According to this line of thought, a Senator begins with preconceived notions about what an “authentic” Conservative or

⁴⁰ Paul Thornell, *Diverse Business Leaders Wanted for a Biden White House*, at <https://www.barrons.com/articles/diverse-business-leaders-wanted-for-a-biden-white-house-51597088402>.

⁴¹ See generally, Leaf van Boven et al., *Judgment and Decision Making*, in *THE OXFORD HANDBOOK OF SOCIAL COGNITION*, 375-401 (D.E. Carlston ed., Oxford University Press, 2013) (proposing several classic and contemporary explanations for the discrepancy between decisions individuals should make and the decisions that are actually made).

⁴² See Joyce Ehrlinger, W. O. Readinger, & Bora Kim (*In Press*) *Decision Making and Cognitive Biases*. In H.S. Friedman (Ed.), *Encyclopedia of Mental Health*, 2E. Philadelphia, PA: Elsevier.

⁴³ See Daniel Kahneman, Jack L. Knetsch, & Richard H. Thaler, *Anomalies: The Endowment Effect, Loss Aversion, and Status Quo Bias*, 5(1) *J. OF ECON. PERSP.*, 193, 197-98 (1991) (“One implication of loss aversion is that individuals have a strong tendency to remain at the status quo, because the disadvantages of leaving it loom larger than advantages.”).

⁴⁴ See Amy Huber, *Exploring Hiring Practitioner Preferences for and Assessment Practices of Prospective Candidates*, 43(4) *J. Interior Design* 21, 25 (2018) (discussing how hiring decisions have life-altering consequences and scholars have long debated whether the use of heuristics—vulnerable to various biases—are good or bad, rational or irrational).

⁴⁵ See Samuelson, William, and Richard Zeckhauser, *Status Quo Bias in Decision Making*, 1, *J. OF RISK AND UNCERTAINTY* 7–59 (1988); see also Amy Kristof-Brown, Murray R. Barrick, & Melinda Franke, *Applicant Impression Management: Dispositional Influences and Consequences For Recruiter Perceptions of Fit and Similarity*, 28(1), *J. MGMT.* 33-40, (2002) (offering evidence that when making hiring decisions, interviewers will unconsciously favor candidates whom they see as similar to themselves).

⁴⁶ See, e.g., Amos Tversky & Daniel Kahneman, *Judgment Under Uncertainty: Heuristics and Biases*, 185 *SCIENCE* 1124, 1128 (1974).

WORKING PAPER: COMMENTS WELCOME

Progressive should look like. Or they may believe stereotypes about the intelligence or competence of Blacks. These anchors may serve as a guiding point of reference, even subconsciously, in evaluative judgments, leading Senators to more heavily scrutinize any deviations Black candidates take from party positions, or fail to revise their beliefs when confronted with new information.⁴⁷

Finally, in instances where a Senator has acted before to confirm a Black financial regulator, or—more likely given the paucity of confirmed Black financial regulators—the Senator has confirmed an African American for another position, that act could act as a “moral credential” allowing them to guiltlessly engage in ignoring well-qualified individuals in the future.⁴⁸ In this way, “a decision that favors one minority member (even if it is totally deserved) is sufficient to liberate people to act on a[] [prejudicial] attitude” in subsequent interactions.⁴⁹

These theories overlap with not only one another, but also the staffer pipeline theory described in the preceding section. The logic behind hiring staffers, for example, can be explained by the psychological pitfalls of endowment and outsider bias. Similarly, the racial bias arising in anchoring could deter both the hiring of Black Senatorial staff and political nominees. As a result, empirical data are insufficient to provide any definitive insights beyond revealing widespread structural exclusion of African Americans from positions of financial regulatory influence. Instead, qualitative evidence—including interviews with Senators, staffers, past staffers, appointees and former nominees—is the best way to conclusively assess the applicability of any one or more theories and their explanatory force behind the data.

Conclusions

This study provides empirical evidence showing a systemic absence of African Americans in positions of leadership at financial regulatory agencies. It also shows that this absence is both a contemporary challenge, and a historic roadblock keeping African Americans from senior positions involving policy origination, development and supervision. The consequence is that African Americans have had little, and usually no direct say in the very shape and operation of finance, the lifeblood of capitalism and the U.S. economy.

The data demonstrate unambiguously that the contemporary deficit of African American regulatory representation is a bipartisan failure. Both parties, Republican and Democrat, have systematically failed to nominate African Americans to positions of power. And where African Americans do accede to positions of authority, an occurrence which averages once every

⁴⁷ Gregory Parks, *Race, Cognitive Biases, and the Power of Law Student Teaching Evaluations*, UC DAVIS L. REV. pg. 1055. See Ward Edwards, *Conservatism in Human Information Processing*, in *JUDGMENT UNDER UNCERTAINTY: HEURISTICS AND BIASES* 359, 359 (Daniel Kahneman et al. eds., 1982) (finding that it takes “two to five observations to do one observation’s worth of work” to induce a person to change her opinion).

⁴⁸ See Anna C. Merritt et al., *Moral Self-Licensing: When Being Good Frees Us to Be Bad*, 4 SOC. & PERSONALITY PSYCHOL. COMPASS 344, 344 (2010).

⁴⁹ Gregory Parks, *Race, Cognitive Biases, and the Power of Law Student Teaching Evaluations*, UC DAVIS L. REV. pg. 1069.

WORKING PAPER: COMMENTS WELCOME

decade, only narrow paths have made such opportunity possible. The data suggest that Senate committee chairs and top Senate officials of both parties have consistently failed to sponsor African Americans for financial regulatory roles, making appointments overwhelmingly dependent on White House action.

As a final note, the author believes that the data in this study deserve further attention, and more resource-intensive investigation beyond that of this Working Paper. At a minimum, the government should perform a thoughtful data-gathering exercise and analysis canvassing with particularity the overall racial and gender makeup, both currently and historically, of U.S. financial regulatory agencies in order to ascertain the degree of overall diversity and representativeness embedded in the policymaking process. Other minority groups are almost certainly underrepresented given their size in the U.S. population, and their (lack of) participation deserves attention and scrutiny. Additionally, further research is warranted to examine adjoining areas of economic influence, including the the White House Council of Economic Advisors and Treasury Department's historical leadership and policy ranks. Only with such data gathering, can policymakers be well positioned to curtail democratic deficits inhabiting economic rulemaking and ensure that communities affected by regulation are "in the room where it happens" when policy decisions are made on their behalf—and in their name.⁵⁰

⁵⁰ See Hamilton, *The Room Where it Happens*, at <https://www.youtube.com/watch?v=295zT92knI4>.

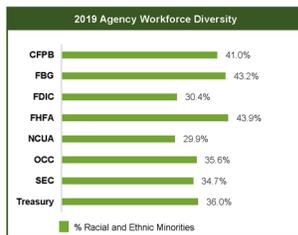


OFFICES OF MINORITY AND WOMEN INCLUSION: 2019 SNAPSHOT OF FINANCIAL REGULATORS' DIVERSITY AND INCLUSION

Key to Abbreviations	
CFPB	Consumer Financial Protection Bureau
FBG	Federal Reserve Board of Governors
FDIC	Federal Deposit Insurance Corporation
FHFA	Federal Housing Finance Agency
NCUA	National Credit Union Administration
OCC	Office of the Comptroller of the
SEC	US Securities and Exchange Commission
Treasury	US Department of the Treasury Departmental Offices

The financial crisis of 2008 disproportionately impacted low-income Americans and communities of color. Congress — recognizing the importance of regulatory agencies that better reflect, understand, and effectively utilize these communities — took action to diversify the financial sector to help prevent this from happening again.

In 2010, Section 342 of the Dodd-Frank Act established Offices of Minority and Women Inclusion (OMWIs) in eight financial agencies: CFPB, FDIC, FHFA*, NCUA, OCC, SEC, the Treasury, FBG, and the 12 regional Federal Reserve Banks. Section 342 stipulates that OMWIs must create standards for workforce and supplier diversity (procurement with diverse vendors) for their respective agencies and the more than 70,000 companies they regulate.

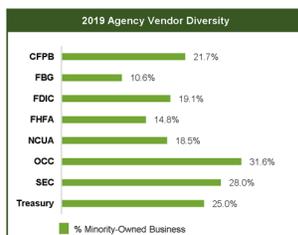


OMWI Annual Reports are Critical to Success

Each year the OMWIs submit public progress reports to Congress. These annual reports are the only public resource that benchmark how financial agencies proactively integrate diversity and inclusion into their workforce and supply chains. They also provide a critical snapshot of overall agency and OMWI performance, and whether the OMWIs collaborate with other internal divisions to reach their goals. If used strategically, these reports can be used to share innovative models and promote accountability both inside and outside the agencies.

Workforce Diversity Outpaces Vendor Diversity

Section 342 positioned the OMWIs to lead diversity initiatives within their agencies, making it critical that they collect and report comprehensive data to inform strategic program decisions. More importantly, this reporting provides a baseline to gauge progress.



As the latest data shows, staff diversity is significantly better than diversity in vendor contracting. Going forward, these agencies should explore new outreach and contracting strategies to ensure an equal amount of success in both categories. There is also a wide range of vendor diversity between the agencies, which should be explored. It is critical that agencies share best practices with one another to ensure that where there is relative success, other agencies can incorporate those ideas and practices into their own work.

*Section 1116 of the Housing and Economic Recovery Act of 2008 created an Office of Minority and Women Inclusion at the FHFA and its regulated entities.

Rethink What's Possible

As Greenlining enters its tenth year of analyzing the OMWIs and their reports, we continue to see a relationship between metrics and performance across the agencies: What gets measured gets done. Increasing the reporting requirements within these annual reports can promote accountability and ultimately, results.

As the OMWIs enter into their second decade, Greenlining recommends that a thorough evaluation be conducted of the OMWI structure. This evaluation should highlight: 1.) the successes and progress enabled by OMWI reporting; 2.) areas where progress is consistently lacking across agencies; and 3.) changes that could be made to ensure that agencies more effectively reach their stated diversity goals.

Agency Workforce Diversity*	Percent Change in Minority Staff 2014 - 2019	Report Staff Hierarchy by Race/Ethnicity	Report Hiring, Separations or Promotions by Race/Ethnicity	Report Professional Development by Race/Ethnicity	Staff Diversity Training	Diversity Council, Includes Leadership Participation	Staff Feedback on Diversity Issues
CFPB	6.1%	X	X	X	X	X	
FBG	0.2%	X		X	X	X	X
FDIC	2.3%	X	X			X	
FHFA	5.9%	X	X	X	X	X	X
NCUA	4.0%	X	X	X	X	X	X
OCC	3.2%	X	X	X	X		X
SEC	2.0%	X	X	X	X	X	
Treasury	2.0%		X		X	X	

Agency Workforce Diversity*	Percent Change in Minority Vendors 2014 - 2019	Report Spend by Commodity	Report Overall Spend by Race/Ethnicity	Report by Contract Dollar Size	Report Outreach Outcome	Contracts Include Good Faith Efforts**
CFPB	7.7%	X	X	X	X	X
FBG	3.1%	X	X	X	X	X
FDIC	-1.8%	X	X	X	X	X
FHFA	1.5%	X	X	X	X	X
NCUA	15.9%		X	X	X	X
OCC	-0.3%	X	X	X	X	X
SEC	-0.3%		X	X	X	X
Treasury	7.0%	X		X		X

* The tables above show how the OMWIs track some of the most fundamental metrics in workforce and supplier diversity. The above categories do not reflect all categories reported in OMWI reports. We recommend consulting individual reports for complete details.

**In the GFE clause, contractors affirm their commitment, as well as the commitment of their subcontractors, to make good faith efforts to include minorities and women in their workforces.

Sources of 2019 data:

- Bureau of Consumer Financial Protection, "Office of Minority and Women Inclusion Annual Report to Congress (2020)."
- Board of Governors of the Federal Reserve System, "Report to the Congress on the Office of Minority and Women Inclusion (2020)."
- Federal Deposit Insurance Corporation, "Section 342 Dodd-Frank Wall Street Reform and Consumer Protection Act 2019 Report to Congress."
- Federal Housing Finance Agency, "2019 OMWI Annual Report to Congress."
- National Credit Union Administration, "Office of Minority and Women Inclusion 2019 Annual Report to Congress."
- Office of the Comptroller of the Currency, "2019 Annual Report Office of Minority and Women Inclusion."
- U.S. Securities and Exchange Commission, "Office of Minority and Women Inclusion 2019 Annual Report to Congress (2020)."
- Department of the Treasury, "FY19 Annual Report to Congress."

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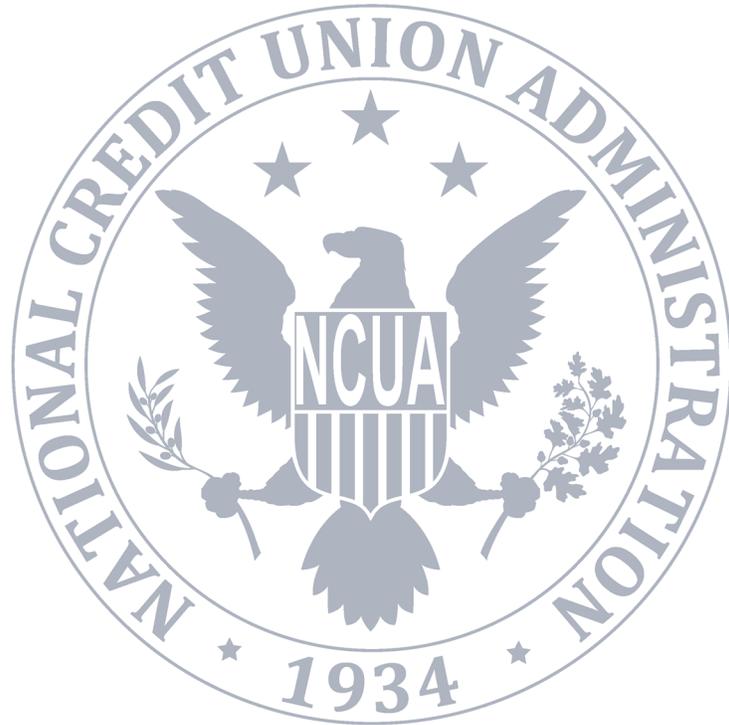
NCUA
National Credit Union Administration



Diversity and Inclusion Strategic Plan

2018–2022







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Message from the Board

In accordance with the concept of “come now, let us reason together,” people with diverse experiences and backgrounds come together with their ideas and collaborate to reach the best possible solution. Promoting a diversity of backgrounds and experiences among our staff will help us better achieve our agency’s mission.

Since the first credit union in the U.S. opened in 1909, our country’s credit union system has been grounded on the principle of people helping people, on cooperative effort to build more secure financial futures for their members.

This idea of drawing strength from a broad range of talents and perspectives applies, as well, to the NCUA’s efforts to create a diverse and inclusive environment where every member of our staff can make the most of her or his own opportunities and, in turn, build a stronger agency.

A more diverse and inclusive workforce helps drive innovation by bringing a variety of perspectives to bear on how we meet the challenges we face. It’s a well-proven business model our agency is committed to incorporating into our activities. We encourage credit unions to assess their own structures and processes to find opportunities to grow and to serve their members and communities by promoting these values.





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Introduction from the Office of Minority and Women Inclusion

I am pleased to present this diversity and inclusion strategic plan. This plan is the collaborative product of several NCUA stakeholders, including the staff of the Office of the Minority and Women Inclusion and the Office of Human Resources, the Diversity Advisory Council, the entire NCUA senior leadership team, and the Talent Management Council. The NCUA, as an agency, owns this plan and the commitment to make diversity and inclusion strategic business imperatives for this organization. I am thrilled to be a part of an agency that is willing to work together to make this happen.



The NCUA has long been committed to having a more diverse workforce and leadership team. At the core of this strategic plan are four focus areas for the next five years: a broader definition of diversity, the business case, intentional inclusion, and the mitigation of unconscious bias. I believe if we make advancements in these four areas, the NCUA will be positioned for significant, long-term, sustainable progress.

In the diversity and inclusion space, we are often asked what success looks like or how it can be quantifiably measured. Five years from now, my hope is the NCUA and the credit union industry will not only look different with respect to visible diversity, but will embrace and leverage the value of invisible differences. I also hope to see a greater understanding of the undeniable benefits diversity and inclusion bring to our organization and industry. Success is being committed to diversity and inclusion not because it is the right thing to do, but because we genuinely believe it is the smart thing to do.

OMWI's Vision

To promote diversity within NCUA and the credit union system and ensure equal opportunity in NCUA's employment and business activities.

OMWI's Mission

An inclusive culture where differences are leveraged to ensure a safe and sound credit union system.

OMWI's Values

- Intentionally include
- Respect differences
- Embrace change
- Drive innovation
- Realize the power of people



2012-2016 Strategic Plan Accomplishments

The 2012-2016 Diversity and Inclusion Strategic Plan consisted of three goals: Workforce Diversity, Workplace Inclusion, and Sustainability. With a variety of diversity and inclusion initiatives led throughout the agency, the NCUA made considerable progress in each of these areas. Examples of these accomplishments are listed below.

Goal 1: Workforce Diversity	<ul style="list-style-type: none"> ✓ Instituted policy to require diverse interview panels ✓ Expanded special emphasis programs to include LGBT and veterans and broadcasted all events virtually ✓ Established diversity advisory council with executive membership
Goal 2: Workplace Inclusion	<ul style="list-style-type: none"> ✓ Established agency-wide mentor program ✓ Established employee resource group program ✓ Included inclusion specific language in employee survey ✓ Established an exit interview process with independent vendor ✓ Provided unconscious bias training to the entire workforce
Goal 3: Sustainability	<ul style="list-style-type: none"> ✓ Diversity and inclusion with measurable strategies included as a goal in the agency's strategic plan ✓ Included diversity and inclusion performance measures in all manager and executive performance plans ✓ Updated procurement process to include invitations to minority- and women-owned businesses ✓ Increased minority- and women-owned business contracts from 11 to 32.4 percent

The Definitions: What are Diversity and Inclusion?

Diversity

Everything that makes you who you are and what makes you different from someone else, to include race, gender, religion, ability, age, sexual orientation, background, education, experiences, talents, skills, and much more

Inclusion

The practice of leveraging diverse perspectives, backgrounds, skills, and talents to allow each employee to feel valued and able to contribute to his or her full potential in achieving the mission of the agency

Diversity and Inclusion

Together, diversity and inclusion are strategic business imperatives that are part of who we are as an organization and how we do business, allowing us to leverage the diversity of our staff to achieve the agency's mission



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Why Diversity and Inclusion?



In the Workforce

- **Talent** – a diverse workforce reflects our society and gives us a broader range of potential candidates
- **Innovation** – diversity of thought drives innovation
- **Results** – diverse perspectives, skills, and talent lead to better business results and solutions to business challenges



In Credit Unions

- **Growth** – diversity creates opportunities for growth in untapped markets
- **Innovation** – diversity gives credit unions the ability to create more innovative solutions and services that meet members' needs
- **Talent** – diversity allows credit unions to attract employees and volunteers from a broader pool of talent



In Business Activities

- **Competitive pricing** – supplier diversity creates competition among vendors
- **Innovation** – a diverse supply chain provides new and innovative business solutions
- **Community** – supplier diversity economically empowers the diverse communities in which the NCUA and the credit unions operate



The Business Case

Over the past few decades, the concepts of diversity and inclusion have evolved in significant ways. What began with the Civil Rights Movement has become a critical strategic imperative for business success. Initially, diversity was almost exclusively related to equal opportunity, which was primarily focused on race and gender. Today, racial and gender diversity remain critical and the NCUA is committed to improving the racial and gender make-up of our workforce and leadership team. However, we define diversity in its broadest sense. It is everything that makes us who we are, and all the ways we are different from everyone else.

When we view diversity as more than race and gender, to include diversity of thought, ideas, background, and experiences, it sparks creative insights, better solutions, and ultimately, greater efficiencies. But making an organization or a credit union more diverse is not enough. Diversity without inclusion will not yield the true benefits of diversity. Therefore, it is critical that we focus equally, or even more so, on inclusion. Inclusion is creating an environment where all differences can be leveraged to help us achieve our mission. Inclusion is using our differences to make a difference. Creating a workplace environment that taps into the unique talents and strengths of different employees leads to greater employee satisfaction and higher productivity while allowing us to understand the diversity of our workforce and regulated entities better. As such, diversity and inclusion are not just about who we are, but the way we carry out our mission. This includes the way we work together; the way we think about and solve problems; the way we engage our employees and tap into the unique strengths each of us brings to the workplace; and the way we ensure a safe and sound credit union system.

The kind of change necessary to create a truly diverse and inclusive workplace involves shifting the way employees, especially leaders, think and act. Achieving the lofty goals of diversity and inclusion requires a great deal of collaboration. Senior leaders, managers, and employees at every level must see diversity and inclusion as essential, everyday responsibilities. When viewed in this light, every office, region, and employee can apply this “business case” for diversity and inclusion to their everyday responsibilities.





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Aligning Strategies: The NCUA and OPM’s Strategic Plans

The NCUA’s Strategic Plan: The 2018-2022 Diversity and Inclusion Strategic Plan was not established independently. Each goal in this plan directly ties to one of the three goals outlined in the NCUA’s Strategic Plan for 2018-2022. The strategies identified to achieve our diversity and inclusion goals also contribute to achieving the NCUA’s overall objectives, and ultimately its mission. Performance for each objective will be measured against targets and indicators. The following pages contain detailed summaries of the diversity and inclusion goals and strategic objectives for 2018-2022, in support of the following NCUA strategic goals and objectives:

Goal 1: Ensure a safe and sound credit union system	<ul style="list-style-type: none"> 1.1 Maintain a strong Share Insurance Fund. 1.2 Provide high-quality and efficient supervision.
Goal 2: Provide a regulatory framework that is transparent, efficient, and improves consumer access	<ul style="list-style-type: none"> 2.1 Deliver an effective and transparent regulatory framework. 2.2 Enforce federal consumer financial protection laws and regulations in federal credit unions. 2.3 Facilitate access to federally-insured credit union financial services.
Goal 3: Maximize organizational performance to enable mission success	<ul style="list-style-type: none"> 3.1 Attract, engage, and retain a highly-skilled, diverse workforce and cultivate an inclusive environment. 3.2 Deliver an efficient organizational design supported by improved business processes and innovation. 3.3 Ensure sound corporate governance.

OPM’s Strategic Plan: The NCUA’s goals for diversity and inclusion also reflect those established by the Office of Personnel Management in the Government-wide Inclusive Diversity Strategic Plan for 2016:

Goal 1: Diversify the federal workforce through active engagement of leadership	<ul style="list-style-type: none"> 1.1 Emphasize the importance of inclusive diversity efforts by utilizing a wide range of communication strategies and tools that demonstrate their support for these initiatives. 1.2 Review the wide range of policies, programs, systems, and techniques currently in use and determine specific initiatives that should be enhanced and improved. 1.3 Develop and implement broad outreach strategies to attract leaders from diverse sources to the organization through strategic partnerships.
Goal 2: Include and engage everyone in the workplace	<ul style="list-style-type: none"> 2.1 Foster a culture of inclusion and engagement by employing culture change strategies. Provide training and education on cultural competency, implicit bias awareness, and inclusion learning for all employees. 2.2 Assess, redesign, and reengineer organizational structures and business processes to promote teamwork, collaboration, cross-functional operations, and transparency; and to deconstruct organizational siloes that lead to exclusive cultures and to flawed decision-making.
Goal 3: Optimize inclusive diversity efforts using data-driven approaches	<ul style="list-style-type: none"> 3.1 Create a diverse, high-performing workforce, using data-driven approaches to recruitment, including analyzing applicant flow data. 3.2 Foster a diverse, high-performing workforce by using data-driven approaches to promotion opportunities and career development. 3.3 Collect relevant performance data to establish a business case for diversity and inclusion for the agency.



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2018-2022 Strategic Goals for Diversity and Inclusion

GOAL 1: WORKFORCE DIVERSITY (NCUA Goal 3.1)	
Sustain a skilled, highly engaged, and diverse workforce at all levels, including leadership	
1a. Leadership commitment	Engage and train leadership in understanding and implementing sustainable diversity and inclusion strategies
1b. Inclusive recruitment	Conduct inclusive recruitment and selection practices
1c. Access to opportunities	Provide all employees with equal access to developmental and advancement opportunities
1d. Retention	Identify and address barriers that could lead to lower retention of under-represented groups
1e. Leadership diversity	Build and sustain a diverse leadership team
GOAL 2: INCLUSION (NCUA Goal 3.1)	
Cultivate an inclusive workplace where employees' unique talents, skills, and perspectives are valued and leveraged	
2a. Inclusive initiatives	Develop inclusive workplace initiatives
2b. Inclusive behaviors	Develop inclusive behaviors in leaders
2c. Mitigate bias	Redesign systems to remove opportunities for adverse bias in workplace practices
2d. Disability inclusion	Improve workplace inclusion of employees with disabilities and provide necessary resources for success in their jobs
GOAL 3: EQUAL OPPORTUNITY (NCUA Goals 3.1)	
Ensure equal opportunity with proactive workplace resolutions	
3a. Non-discriminatory workplace	Maintain a workplace free of discrimination
3b. Conflict resolution	Implement processes to mitigate and resolve workplace conflict
3c. Workplace accommodations	Provide effective and reasonable workplace accommodations for employees with disabilities
GOAL 4: SUPPLIER DIVERSITY (NCUA Goal 3.2)	
Build a robust and integrated supplier diversity program within the NCUA	
4a. Embed procedures	Implement effective procurement procedures that support supplier diversity
4b. Increased competition	Increase opportunities for diverse suppliers to participate in competition
4c. Supplier development	Advance the development of diverse suppliers
4d. Awareness	Improve internal supplier diversity awareness
GOAL 5: CREDIT UNION DIVERSITY (NCUA Goals 1.2 and 2.3)	
Promote diversity and inclusion as valued business imperatives in the credit union system	
5a. Business case	Build awareness of the value of diversity and inclusion in credit unions
5b. Policies and practices	Assess and promote diversity policies and practices in credit unions



NCUA
National Credit Union Administration

GOAL 1: WORKFORCE DIVERSITY (NCUA Goal 3.1)

Sustain a skilled, highly engaged, and diverse workforce at all levels, including leadership

Building a high-performing workforce drawn from all segments of American society requires strategic outreach, broad recruitment, and intentional, proactive efforts to ensure opportunities for success are available to all employees.

1a. Leadership commitment: Engage and train leadership in understanding and implementing sustainable diversity and inclusion strategies
1) Develop and promote an agency business case for workforce diversity and inclusion
2) Communicate to the workforce the organizational commitment to diversity and inclusion
3) Improve diversity and inclusion analytics and reporting
4) Hold leadership accountable for implementing diversity and inclusion initiatives through performance evaluations
5) Develop diversity and inclusion competencies in leadership
1b. Inclusive recruitment: Conduct inclusive recruitment and selection practices
1) Develop recruitment processes, tools, and technology that reach and attract diverse and highly qualified talent
2) Ensure, to the extent possible, diverse interview and ranking panels for all vacancies
3) Ensure interviews are conducted using consistent, structured, and objective criteria and processes
4) Provide resources to help staff recognize and mitigate unconscious bias in all hiring processes
5) Involve managers and supervisors in targeted outreach and other recruitment activities
6) Develop a proactive and robust Schedule A disability hiring program (Executive Order 13548)
7) Ensure recruitment outreach is extended to all areas of consideration, locally and nationally, to expand the ability to create a diverse workforce
1c. Access to opportunities: Provide all employees with equal access to developmental and advancement opportunities
1) Identify and address any barriers that inhibit inclusion in development opportunities
2) Maintain inclusive mentoring program with diverse participants
3) Ensure fair access to training and development
4) Implement individual development plans for every employee
5) Develop transparent detail program and increase awareness of opportunities
1d. Retention: Identify and address barriers that could lead to lower retention of under-represented groups
1) Assess factors leading to employees' decision to leave or stay at the NCUA
2) Identify and address barriers that lead to higher than average attrition rates of under-represented groups
1e. Leadership diversity: Build and sustain a diverse leadership team
1) Build and maintain a sustainable and diverse leadership pipeline
2) Identify and implement best practices for succession planning of agency-critical positions
3) Use succession planning to identify and broaden career development opportunities



GOAL 2: INCLUSION (NCUA Goal 3.1)

Cultivate an inclusive workplace where employees’ unique talents, skills, and perspectives are valued and leveraged

Cultivating an inclusive workplace allows differences to make a difference. Encouraging employees to achieve their fullest potential through flexibility, collaboration, and empowerment leads to higher levels of individual engagement and better organizational outcomes.

2a. Inclusive initiatives: Develop inclusive workplace initiatives
1) Build agency-wide inclusion competencies, skills, and awareness
2) Further develop the NCUA's Special Emphasis Program using federal agencies' best practices
3) Convene and support the NCUA's Diversity Advisory Council
4) Develop a Schedule A (disability) support program
5) Develop and support business-aligned employee resource groups
2b. Inclusive behaviors: Develop inclusive behaviors in leaders
1) Develop a leadership toolkit based on building inclusion competencies
2) Incorporate diversity and inclusion curriculum into leadership development programs
3) Hold executives, managers, and supervisors accountable for inclusive behaviors through performance evaluations
2c. Mitigate bias: Redesign systems to remove opportunities for adverse bias in workplace practices
1) Implement strategies to identify and address bias in agency programs, policies, and practices
2) Provide progressive levels of bias-related curriculum and training for all staff
2d. Disability inclusion: Improve workplace inclusion of employees with disabilities and provide necessary resources for success in their jobs
1) Ensure needs of employees with disabilities are incorporated into business practices, policies, and processes
2) Create a culture where universal access is a top priority
3) Identify and address challenges faced by employees with disabilities



NCUA
National Credit Union Administration

GOAL 3: EQUAL OPPORTUNITY (NCUA Goal 3.1)

Ensure equal opportunity with proactive workplace resolutions

Providing equal employment opportunities for employees and applicants for employment ensures fair treatment and affords talented men and women every opportunity to fully participate in the NCUA's workforce and to contribute to the accomplishment of the agency's mission. Equitable practices also bolster the NCUA's reputation as an employer of choice and a strong, effective, high-performing public service organization.

3a. Non-discriminatory workplace: Maintain a workplace free of discrimination
1) Provide a model EEO program
2) Provide engaging and relevant non-discrimination education and training to all employees
3) Improve employee knowledge of and access to EEO programs and resources
4) Hold managers and employees accountable for maintaining a non-discriminatory workplace through performance evaluations
3b. Conflict resolution: Implement processes to mitigate and resolve workplace conflict
1) Develop conflict resolution and mitigation competency in leaders
2) Identify and train staff members (cross-regional) to serve as "Collateral Workplace Resolution Advisors"
3) Build cultural awareness and skills to mitigate conflict over differences
3c. Workplace accommodations: Provide effective and reasonable workplace accommodations for employees with disabilities
1) Benchmark and implement best practices for providing reasonable accommodations
2) Provide employees with reasonable accommodations needed to perform essential job functions



GOAL 4: SUPPLIER DIVERSITY (NCUA Goal 3.2)

Build a robust and integrated supplier diversity program within the NCUA

Ensuring diversity in business activities drives competition to improve service and pricing, promotes better and more innovative solutions for the agency, and creates economic development that adds value to the communities the NCUA serves.

4a. Embed procedures: Implement effective procurement procedures that support supplier diversity
1) Identify components of current procurement process that inhibit supplier diversity
2) Incorporate best supplier diversity practices into procurement procedures
3) Conduct near- and long-term procurement forecasting to support supplier diversity
4) Ensure supplier diversity is incorporated early in the procurement planning process
5) Provide supplier diversity training to all new employees in the procurement area
6) Keep office and regional directors informed of current supplier diversity standing through quarterly reporting
4b. Increased competition: Increase opportunities for diverse suppliers to participate in competition
1) Foster outreach to minority- and women-owned businesses
2) Identify and encourage opportunities for minority- and women-owned business participation in the bidding process
3) Analyze procurement activity for minority- and women-owned businesses invited, responding to, and awarded contracts
4) Ensure compliance with one-third inclusion outreach guideline
4c. Supplier development: Advance the development of diverse suppliers
1) Coordinate and promote technical assistance for minority- and women-owned businesses to help improve success in the NCUA's bidding process
2) Facilitate better relationships between prime contract vendors and minority- and women-owned businesses to encourage sub-contracting partnerships
3) Coordinate and leverage technical assistance offered by federally funded programs, including mentor-protégé programs
4) Promote capability briefings between minority- and women-owned businesses and program offices prior to contracting posture
5) Create and maintain a nationwide database of minority- and women-owned businesses for the agency's top-purchased products and services
4d. Awareness: Improve internal supplier diversity awareness
1) Conduct analysis and provide feedback to program offices regarding supplier diversity results
2) Conduct proactive and consistent minority- and women-owned business market research within the NCUA programs
3) Educate office and regional directors and contracting officials about supplier diversity program and requirements
4) Develop and promote the business case for supplier diversity



NCUA
National Credit Union Administration

GOAL 5: CREDIT UNION DIVERSITY (NCUA Goals 1.2 and 2.3)

Promote diversity and inclusion as valued business imperatives in the credit union system

Building diversity within the credit unions will lead to better service, greater innovation, improved solutions, and increased membership. These things make credit unions strong and sustainable, which ultimately leads to greater strength for the entire credit union system.

5a. Business case: Build awareness of the value of diversity and inclusion in credit unions

- 1) Create distinct and separate business cases for large and small credit unions and promote them to the industry and the NCUA examiner staff
- 2) Partner with credit unions with effective programs to support the NCUA in promoting diversity
- 3) Partner with trades and associations to promote diversity and inclusion
- 4) Build and maintain a diversity and inclusion toolkit for credit unions
- 5) Implement a #CUs for Diversity campaign as a marketing tool

5b. Policies and practices: Assess and promote diversity policies and practices in credit unions

- 1) Promote the use of the NCUA's Voluntary Credit Union Diversity Self-Assessment Checklist
- 2) Educate credit union staff on the proper completion and submission for reporting EEO-1 data to the EEOC
- 3) Share strategies to increase representation of under-represented and under-served groups
- 4) Identify and highlight best and leading diversity and inclusion practices within trades and credit unions



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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

THE DIRECTOR

September 4, 2020

M-20-34

MEMORANDUM FOR THE HEADS OF EXECUTIVE DEPARTMENTS AND AGENCIES

FROM: Russell Vought
Director

SUBJECT: Training in the Federal Government

It has come to the President's attention that Executive Branch agencies have spent millions of taxpayer dollars to date "training" government workers to believe divisive, anti-American propaganda.

For example, according to press reports, employees across the Executive Branch have been required to attend trainings where they are told that "virtually all White people contribute to racism" or where they are required to say that they "benefit from racism." According to press reports, in some cases these training have further claimed that there is racism embedded in the belief that America is the land of opportunity or the belief that the most qualified person should receive a job.

These types of "trainings" not only run counter to the fundamental beliefs for which our Nation has stood since its inception, but they also engender division and resentment within the Federal workforce. We can be proud that as an employer, the Federal government has employees of all races, ethnicities, and religions. We can be proud that Americans from all over the country seek to join our workforce and dedicate themselves to public service. We can be proud of our continued efforts to welcome all individuals who seek to serve their fellow Americans as Federal employees. However, we cannot accept our employees receiving training that seeks to undercut our core values as Americans and drive division within our workforce.

The President has directed me to ensure that Federal agencies cease and desist from using taxpayer dollars to fund these divisive, un-American propaganda training sessions. Accordingly, to that end, the Office of Management and Budget will shortly issue more detailed guidance on implementing the President's directive. In the meantime, all agencies are directed to begin to identify all contracts or other agency spending related to any training on "critical race theory," "white privilege," or any other training or propaganda effort that teaches or suggests either (1) that the United States is an inherently racist or evil country or (2) that any race or ethnicity is inherently racist or evil. In addition, all agencies should begin to identify all available avenues within the law to cancel any such contracts and/or to divert Federal dollars away from these un-American propaganda training sessions.

The President, and his Administration, are fully committed to the fair and equal treatment of all individuals in the United States. The President has a proven track record of standing for those whose voice has long been ignored and who have failed to benefit from all our country has to offer, and he intends to continue to support all Americans, regardless of race, religion, or creed. The divisive, false, and demeaning propaganda of the critical race theory movement is contrary to all we stand for as Americans and should have no place in the Federal government.

Chairwoman Waters Questions for the Record
Subcommittee on Diversity and Inclusion Hearing: “Holding Financial Regulators
Accountable for Diversity and Inclusion: Perspectives from the Offices of Minority Women
and Inclusion”

Tuesday, September 8, 2020

Appointing, Hiring, and Promoting Diverse Talent

1. The Rooney Rule is a policy that originates from the National Football League, where at least one minority and/or woman must be considered for each open leadership position. This Committee recently [passed legislation](#) that requires the consideration of at least one person reflective of both gender and racial or ethnic diversity when filling Federal Reserve Bank president vacancies. This hearing is also considering legislation that would require consideration of at least one gender and one racially diverse candidate for federal boards of directors and advisory committees.
 - a. **To all agencies**, how could a Rooney Rule-like requirement to mandate the consideration of diverse candidates for senior staff roles improve diversity results in these decision-making bodies?

Response: A mandated Rooney Rule-like requirement could improve the diversity of candidates considered by decision-making bodies and demonstrate a strong commitment to more diversity and inclusion in candidate slates. Diverse candidates bring with them a broader perspective of thoughts and experiences and help to create a culture of inclusion.

- b. **To all agencies**, to what extent have your agencies implemented a Rooney-Rule approach to create diverse candidate pools? How has utilization of these policies increased diversity in promotions and hiring at your agencies? If you haven't, why haven't you implemented such an approach?

Response: The OCC creates a diverse candidate pool by expanding its sourcing and recruitment efforts to include more diverse applicant populations, working with professional organizations, and partnering with employee network groups who help the agency identify diverse candidates and unique sourcing organizations. Since FY 2010, manager positions held by minority and female populations have increased from 21 percent to 28 percent and 37 percent to 39 percent, respectively. Also, senior-level manager positions held by minority and female employees increased during this same period, from 20 percent to 25 percent and 27 percent to 30 percent, respectively.

2. [Claudia Sahn's blog](#) as well as Dr. Chris Brummer's [analysis](#) highlight a direct correlation between racial diversity and inclusion performance in senior levels of an Agency's workforce and regulatory policy outcomes. According to the CDC the

COVID-19 pandemic has caused a unique and disparate impact on diverse communities. The Federal Reserve Banks and the Department of the Treasury have played a key role in assessing the economic impacts of the pandemic and administering relief programs.

- a. **Federal Reserve and Federal Reserve Bank of New York**, to what extent have your respective agencies prioritized diversity and inclusion in their response to the COVID-19 pandemic and how has your office specifically been engaged in those efforts?
- b. **To all agencies**, how have all of you been involved within your agency to mitigate the disparate impact that the COVID-19 pandemic may have caused among your minority workforce as well as the minority-owned businesses and communities of color that your agencies serve?

Response: The OCC is working closely with other regulators and federal agencies to ensure the federal banking system continues to operate in a safe, sound, and fair manner throughout the national emergency related to the COVID-19 pandemic. Actions by the regulators also are intended to provide banks greater flexibility to serve all of the consumers and businesses that depend on them.

Employee safety and well-being are a top priority. The OCC has taken a number of actions to safeguard employees and mitigate the impact of the pandemic while maintaining operational capacity. These actions include expanded telework flexibilities, support from employee assistance programs, virtual town hall meetings for all employees, the establishment of an Employee Disaster and Emergency News Center webpage, as well as health and wellness sessions offered by employee network groups.

Despite the fact that most external conferences focusing on diversity in contracting have been canceled and others have been held on-line with varying degrees of success, OMWI has continued to communicate with vendors in our database as procurement opportunities have arisen during the pandemic. We also have resumed the good faith effort reviews that were temporarily suspended.

The OCC and other bank regulatory agencies have sought to mitigate the impact of the COVID-19 pandemic on small business, including minority-owned businesses, as well as America's low- and moderate-income communities, including communities of color, through the issuance of guidance encouraging financial institutions to meet the financial services needs of their customers affected by COVID-19. The guidance clarifies that banks will receive favorable Community Reinvestment Act (CRA) consideration by offering payment accommodations, such as allowing borrowers to defer or skip payments or extending the payment due date, as well as by expanding the availability of short-term, unsecured credit products to their customers. The guidance further clarifies that prudent efforts to modify the terms on new or existing loans for affected low- and moderate-income customers, small businesses, and small farms will receive CRA consideration and not be subject to examiner criticism. The guidance also states that financial institutions may also

receive CRA consideration for easing terms for new loans to affected low- and moderate-income customers, small businesses, and small farms, consistent with prudent banking practices.

3. Several OMWI Directors mentioned internship programs to build diverse pipelines for the agency. Internship programs are a great way to ensure agencies have potential campus hires who come from a wide range of backgrounds. However, students from low-income backgrounds are often unable to afford unpaid internships as well as the living, housing, and transportation costs that come with it.
 - a. **To all agencies**, please describe all the benefits you offer to your interns and the extent to which all your interns are paid?

Response: The OCC offers paid internships through the Pathways Programs, Financial Intern Program, Workforce Recruitment Program, National Diversity Internship Program, and High School Scholars Internship Program (HSSIP). Interns in the first three (Pathways Programs, Financial Intern Program, and Workforce Recruitment Program) are considered OCC employees. These interns may be appointed for more than 365 days and receive benefits in addition to their salaries. Interns in the National Diversity Internship Program and HSSIP are employed by a third party, with which the OCC contracts to pay their salaries. HSSIP interns also receive stipends for meals and clothing, paid for by the OCC. This year, the OCC also provided each HSSIP intern with a Chromebook Computer to enable their virtual participation. Finally, the OCC has a Law Department Internship Program, which is unpaid and does not offer benefits.

Supplier Diversity

4. According to recent analysis by the Greenlining Institute of the OMWIs annual congressional reports from 2014-2019, many of your agencies have incrementally increased the number of Minority- and Women-Owned Business Enterprises (MWBEs) who are hired as contractors and subcontractors. These businesses often face systemic biases against their firms and limited access to capital, which might limit their competitiveness when completing the request of proposal (RFP) process for contract opportunities. MWBEs may also require additional assistance to the request for proposals (RFP) process which can be fraught with onerous criterion that may disproportionately exclude MWBEs compared to other applicants.
 - a. **To all agencies**, what efforts have your agencies made to more intentionally consider and select MWBEs for contracting opportunities?

Response: OCC has made concerted efforts to consider and select MWBEs for a wide variety of contracting opportunities. The OMWI works in concert with the OCC Acquisitions Office and Lines of Business to assess requirements, provide market research, conduct market analyses, and provide recommendations on qualified MWBEs to fulfill mission needs.

Annually, we participate in numerous symposiums, conferences, and vendor outreach sessions to continue to fortify our database with certified MWBEs. As part of the acquisition process, we conduct market research to identify firms capable of meeting the specific requirements need. When conducting market research, we identify opportunities for potential set-asides (small business concerns which include some minority (disadvantaged) and women-owned small firms). Using the results of market research, we determine if a set-aside is appropriate for the specific acquisition. Some contracts also include a clause requiring that the contractor submit a small business subcontracting plan including subcontracting with MWBEs.

- b. **To all agencies**, to what extent have your agencies addressed any barriers or complexities in your respective RFP process that might disproportionately impact MWBEs, such as assets under management?

Response: As stated previously, OMWI works very closely with our Acquisitions Office and Lines of Business on fulfilling contract needs. OMWI reviews solicitations for language that may limit the ability of small and large certified and qualified MWBEs to submit proposals. Solicitations are reviewed individually and discussed by OMWI, the Acquisitions Office and Line of Business so that opportunities for MWBEs are considered prior to issuance of a solicitation.

Mitigating Biases in the Financial Regulatory Agencies and the Economy

5. A 2015 House Financial Services Committee on the fifth anniversary of Dodd-Frank Act found that that across the financial regulatory agencies, African-American employees generally received lower performance management review scores than White employees.
 - a. **To all agencies**, how are your agencies holding managers accountable for the implementation of your respective diversity and inclusion policies? Please explain if your agencies have performance metrics, pay incentives or other diversity and inclusion accountability metrics for your management teams.

Response: The OCC holds all managers accountable for implementing the agency's diversity and inclusion policies through their EEO and diversity and inclusion performance standards.

6. In a [report](#) by the Federal Reserve Bank of New York, communities of color are disproportionately impacted physically and economically by the COVID-19 pandemic. According to the report, Black businesses experienced the most acute decline, with a 41 percent drop. Latinx business owners fell by 32 percent and Asian business owners dropped by 26 percent. In contrast, the number of white business owners fell by 17 percent.
 - a. **To all agencies**, how have you worked within the agency to mitigate the impact of the pandemic for your minority workforce?

Response: Employee safety and well-being are a top priority. The OCC has taken a number of actions to safeguard employees and mitigate the impact of the pandemic while maintaining operational capacity. These actions include expanded telework flexibilities, support from employee assistance programs, virtual town hall meetings for all employees, and the establishment of an Employee Disaster and Emergency News Center webpage, as well as health and wellness sessions offered by employee network groups.

Lack of Mandatory Diversity Data Disclosure by Regulated Entities

7. In response to your requirements under Section 342(2)(C) the Offices of Minority and Women Inclusion, financial agreed to the Joint Standards Assessing the Diversity Policies and Practices of Regulated Entities by the Agencies.” Unfortunately, agencies also agreed that compliance with these standards would be voluntary. This has led to limited participation by regulated entities in your respective agencies’ diversity self-assessments.
- a. **To OCC, Federal Reserve, FDIC, NCUA and SEC**, several of this year’s FY 2019 OMWI reports failed to clearly highlight the percentage of regulated entities that are responding to the diversity self-assessments that your office sends out. So that there is transparency as to how self-assessment response rates are affected by the voluntary nature of the request, can you provide more specificity about the percentage of your regulated entities that responded?

Response: As reported in our 2019 OMWI Annual Report, the OCC sent communications to 211 CEOs who represent those institutions with 100 and more employees to request diversity self-assessments for FY 2018. Approximately 41 institutions, or 19.4%, responded with diversity self-assessment submissions. As noted in the next response, of the 365 OCC institutions covered by the Joint Standards, 152 have FRB-supervised holding companies and received assessment requests from FRB.

- b. **To OCC, Federal Reserve, FDIC, and NCUA**, your agencies have previously mentioned to congressional staff that some of your regulated entities may have failed to respond to diversity-self assessments because of the redundancy of receiving requests from multiple regulatory agencies. To what extent, if any, have your agencies provided guidance to your regulated entities on this concern, and have you initiated any inter-agency efforts to address this issue, such as a memorandum of understanding between regulators to agree on coordinated diversity submissions for regulated entities that are accountable to multiple regulators?

Response: For OCC-supervised banks and federal savings associations that have a Federal Reserve Board-supervised holding company and both the holding company and the bank or federal savings association are within the scope of entities covered by the Joint Standards,

the OCC and the Federal Reserve Board have agreed that the Federal Reserve Board would request self-assessment data from the consolidated entity and share any data received with the OCC. This interagency agreement ensures that these entities do not receive requests from both agencies. For FY 2018, as reported in our FY 2019 OMWI Annual Report, of the 365 OCC-supervised institutions covered by the Joint Standards, 152 received diversity self-assessment requests from the Federal Reserve Board pursuant to this agreement. A similar agreement is under consideration with SEC.

- c. **To OCC, Federal Reserve, FDIC, NCUA, SEC, and CFPB**, to what extent would requiring mandatory reporting of diversity data by your regulated entities help your agencies oversee the diversity and inclusion gaps and successes in the financial services industry?

Response: Mandatory reporting would likely increase the number of submissions of diversity self-assessments by OCC-supervised institutions. This higher number would conceivably provide a greater volume of diversity data from which to identify trends within our institutions, as well as successful practices and diversity and inclusion challenges.

OMWI Engagement with MDI Advisory Committees & Examiner Diversity

8. Each of your respective agencies have established a minority advisory board or committee, to consider challenges of MDIs. However, each is different, with different structures, levels of engagement, and mission statements. As a result, tangible outcomes vary widely across regulators.
- a. **To OCC, Federal Reserve, Federal Reserve Bank of New York, FDIC, NCUA**, is your OMWI engaged in the recruitment and diversity of its bank examiner corps to ensure the diversity of the banks and communities that banks serve is appropriately reflected? What special training, if any, do you provide to examiners to adequately prepare them to understand the unique circumstances of MDIs and minority communities in which they operate?

Response: The OCC values a diverse workforce and supports programs to help attract, develop, and retain the best talent representing a cross-section of national populations. OMWI partners with Human Capital to ensure broad diversity of the OCC's bank examiner staff.

Examiners specifically are provided diversity training during orientation and offered several workshops addressing diversity and inclusion throughout their careers, including diversity dialogues, crucial conversations, unconscious bias courses and workshops to build manager and leadership competencies.

OCC sponsors eight Employee Network Groups (ENGs), four of which are focused on minority employees. These four are: Coalition of African American Employees (CARE),

Hispanic Organization for Leadership and Advancement (HOLA), Network of Asian Pacific Americans (NAPA), and The Women's Network (TWN). These network groups engage in activities that focus on awareness, mentoring, and career development for their membership. All OCC employees are eligible to join the ENGs. Many employees and managers join multiple ENGs to gain better understanding of issues faced by their co-workers.

- a. **To OCC, Federal Reserve, FDIC, NCUA**, each of your organizations has taken a different approach to forming advisory groups and working with minority banks. Can you speak to the work of your respective MDI advisory committees, and how your OMWI played a role in stakeholder engagement and final outcomes?

Response: The OCC's supervisory work with minority banks program is managed through our supervision departments. The OMWI Director participates in OCC's Minority Deposit Advisory Committee meetings to interact with members and to provide perspective in discussions as warranted.

Fair Lending, Equal Opportunity, Protection from Consumer Fraud

9. On July 15, 2020, the Consumer Bureau announced an Equal Credit and Opportunity Act (ECOA) [violation lawsuit](#) against a nonbank mortgage lender. In its 2020 Spring Semi-Annual Report, the Consumer Bureau reported only one fair lending public enforcement action filed during the reporting period. The [Spring 2020 Semi-Annual Report](#) also listed four cases involving redlining, discrimination based upon public income, and auto lending discrimination in which the Consumer Bureau made referrals to the Department of Justice (DOJ). Since November 2017, the Consumer Bureau has settled one fair lending [enforcement action](#), which involved a violation of HMDA and Regulation C.
 - a. **CFPB**, as the Bureau aims to finalize its rules and implementation concerning Section 1071 of the Dodd-Frank Act, could you please describe your involvement, if any, in the Bureau's fair lending enforcement priorities?
 - b. **CFPB**, was your office consulted in the Bureau's roll back of the Home Mortgage Disclosure Act (HMDA) rules?

10. The COVID-19 pandemic has caused a surge in consumer fraud across the country, and particularly for minority communities, seniors, and individuals with limited-English proficiency.
 - a. **CFPB**, has the agency increased targeted efforts towards protecting these communities from fraud? What has the agency done to reach out to these communities to inform them of resources available to them?

Diversity Strategic Planning

11. A focused commitment to diversity and inclusion requires incorporating diversity into the agency's strategic planning and breaking down diversity goals into measurable objectives.
 - a. To what extent are diversity and inclusion goals incorporated to the agency's overall strategic plan? If the agency has a separate diversity and inclusion strategic plan, please enclose the most recent draft.

Response: The OCC has incorporated diversity and inclusion goals and principles into its FY 2019-FY 2023 Strategic Plan. A primary objective of the plan is to foster a professional and inclusive workplace that promotes diversity and is free from harassment and discrimination. One goal of the plan is that OCC employees are engaged, prepared, and empowered to meet the mission. The agency also has a separate Diversity and Inclusion Strategic Plan, which is enclosed.

Diversity Data Request

12. Please complete the attached template of agency diversity data for the years between 2015-2019. (See Appendix I: OMWI Diversity Questionnaire 2015-2019)

Response: Please see attached.

Chair Joyce Beatty Questions for the Record

1. Under Section 342(b)(3) of Dodd-Frank, “[e]ach Director shall advise the agency administrator on the impact of the policies and regulations of the agency on minority-owned and women-owned businesses.” Please describe how your agency interprets this provision, including whether formal and informal agency rulemakings fall within the scope of this provision.

Response: The OCC’s OWMI Director reports to and meets weekly with the Comptroller of the Currency to discuss a wide variety of issues relevant to the work of the OWMI, including, when relevant, the impact of the agency’s policies and regulations on minority- owned and women-owned businesses and any prospective agency rulemakings.

2. How often do you meet with your Agency Administrator as defined by Section 342(g)(2) of the Dodd-Frank?

Response: The OMWI Executive Director meets weekly with the Comptroller.

3. Who do you directly report to in your agency? If it is not the Agency Administrator, please provide a legal justification for compliance with Section 342(b)(1) of Dodd-Frank.

Response: Since the inception of the OWMI, the OMWI Executive Director has reported directly to the Comptroller of the Currency.

4. Please list the number of full-time and part-time staff within your agency’s OWMI, including job titles and job descriptions.

Response: The OMWI has 11 full-time staff members that include the following employees:

- Executive Director for OMWI – Responsible for all matters of the agency relating to diversity in management, employment, and business activities;

and the development of standards to assess the diversity policies and practices of regulated entities.

- EEO Officer – Supervises the team responsible for processing informal complaints of discrimination and managing the alternative dispute resolution program.
- D&I Program Manager – Oversees employee network groups, special observances, and the regulated entities program.
- Minority & Women Program Manager (Business Activities) – Oversees the supplier diversity program.
- Senior Analytics Program Manager – Responsible for analyzing workforce diversity demographics.
- Business Procurement Analyst – Responsible for managing the agency’s business activities and contracts, in partnership with the Acquisition Unit.
- Two EEO Specialists – Responsible for processing informal complaints of discrimination and managing EEO alternative dispute resolution.
- Two Program Analysts – Responsible for analyzing workforce diversity demographics, and compiling information to meet regulatory reporting requirements.
- Technical Assistant – Responsible for coordinating and assisting with the unit’s technology and administrative needs.

5. Under Section 342 (c)(3)(A) the OMWI Director “shall include a procedure for the Director to make a determination whether an agency contractor, and, as applicable, a subcontractor has failed to make a good faith effort to include minorities and women in their workforce.” Please provide details regarding efforts to fully ensure the Agency’s contractors are making a “good faith” effort re workforce diversity, whether an adverse determination regarding the performance of a contractor has been made by your office, and what, if any steps have been taken by the Agency as a result of said adverse determination.

Response: Beginning on March 1, 2012, the OCC inserted “Standards and Procedures for OCC Contractor’s Good Faith Efforts to Include Minorities and Women in the Contractor’s Workforce” into all new contracts of more than \$150,000. The OMWI reviews contractors’ good faith efforts, determines whether any contractors have failed to make good faith efforts, and takes appropriate action as authorized by section 342. From the date on which the OCC began requiring the Good Faith Efforts clause through May 2020, the OMWI has reviewed 165 contractor submissions of good faith efforts. To date, there have been no instances when a recommendation by the OMWI for further action has been necessary.



 National Credit Union Administration

United States House Committee on Financial Services
Subcommittee on Diversity and Inclusion
Questions for the Record Responses from Monica Davy, Director, Office of
Minority and Women Inclusion
Hearing entitled “Holding Financial Regulators Accountable for Diversity
and Inclusion: Perspectives from the Offices of Minority Women and
Inclusion”
Tuesday, September 8, 2020

Questions for the Record from Representative Maxine Waters, Chairwoman,
Committee on Financial Services:

Appointing, Hiring, and Promoting Diverse Talent

1) *The Rooney Rule is a policy that originates from the National Football League (NFL), where at least one minority and/or woman must be considered for each open leadership position. This Committee recently [passed legislation](#) that requires the consideration of at least one person reflective of both gender and racial or ethnic diversity when filling Federal Reserve Bank president vacancies. This hearing is also considering legislation that would require consideration of at least one gender and one racially diverse candidate for federal boards of directors and advisory committees.*

a. *To all agencies, how could a Rooney Rule-like requirement to mandate the consideration of diverse candidates for senior staff roles improve diversity results in these decision-making bodies?*

Response:

Without implementing such a rule, the NCUA cannot assess such a rule’s impact on diversity results. Current laws and regulations prohibit the NCUA from mandating this requirement, as NCUA senior staff positions are in the competitive service and are thus, subject to merit system principles (5 USC § 2301), veterans’ preference, and competitive employment practices, as defined by 5 CFR 300 – Subpart A – Employment Practices. Competitive service selection procedures must also meet the standards established by the Uniform Guidelines for Employee Selection Procedures. Of further note, granting any preference or advantage not authorized by law would be a prohibited personnel practice (5 USC § 2302(b)) and would be considered an unlawful employment practice as defined by 42 USC § 2000e-2.

b. *To all agencies, to what extent have your agencies implemented a Rooney-Rule approach to create diverse candidate pools? How has utilization of these policies increased diversity in promotions and hiring at your agencies? If you haven’t, why haven’t you implemented such an approach?*

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Response:

Currently, the NCUA uses recruitment outreach and advertisements in publications targeting diverse populations to build awareness about the agency, its mission, and career opportunities, and to attract the best diverse talent to meet the agency's mandate. The agency also engages in diversity awareness training and education, within the parameters of the above limitations, to develop inclusion competencies in its leaders. Furthermore, in the competitive application process, it is optional for an applicant to indicate their race or gender; therefore, we often do not have these data points. Even without additional mandatory requirements, the NCUA is heavily invested in promoting diversity and inclusion and continues to execute its 2018 – 2022 Strategic Diversity and Inclusion Plan.

The NCUA has not implemented a Rooney-Rule approach. Current laws and regulations prohibit the agency from mandating this requirement as NCUA senior staff positions are in the competitive service and are thus, subject to merit system principles (5 USC § 2301), veterans' preference, and competitive employment practices, as defined by 5 CFR 300 – Subpart A – Employment Practices. Competitive service selection procedures must also meet the standards established by the Uniform Guidelines for Employee Selection Procedures. Of further note, granting any preference or advantage not authorized by law would be a prohibited personnel practice under 5 USC § 2302(b)¹ and would be considered an unlawful employment practice as defined by 42 USC 2000e-2².

Specifically, Merit System Principles 1 and 2, at 42 U.S.C. 2301(b), indicate that:

¹ 5 USC § 2302(b) includes the following to prohibited practices, among others:

(1) discriminate for or against any employee or applicant for employment—

(A) on the basis of race, color, religion, sex, or national origin, as prohibited under section 717 of the Civil Rights Act of 1964 (42 U.S.C. 2000e-16);

(B) on the basis of age, as prohibited under sections 12 and 15 of the Age Discrimination in Employment Act of 1967 (29 U.S.C. 631, 633a);

(C) on the basis of sex, as prohibited under section 6(d) of the Fair Labor Standards Act of 1938 (29 U.S.C. 206(d));

(D) on the basis of handicapping condition, as prohibited under section 501 of the Rehabilitation Act of 1973 (29 U.S.C. 791); or

(E) on the basis of marital status or political affiliation, as prohibited under any law, rule, or regulation;

(6) grant any preference or advantage not authorized by law, rule, or regulation to any employee or applicant for employment (including defining the scope or manner of competition or the requirements for any position) for the purpose of improving or injuring the prospects of any particular person for employment.

² (a) Employer practices. It shall be an unlawful employment practice for an employer:

(1) to fail or refuse to hire or to discharge any individual, or otherwise to discriminate against any individual with respect to his compensation, terms, conditions, or privileges of employment, because of such individual's race, color, religion, sex, or national origin; or

(2) to limit, segregate, or classify his employees or applicants for employment in any way which would deprive or tend to deprive any individual of employment opportunities or otherwise adversely affect his status as an employee, because of such individual's race, color, religion, sex, or national origin.

(b) Employment agency practices. It shall be an unlawful employment practice for an employment agency to fail or refuse to refer for employment, or otherwise to discriminate against, any individual because of his race, color, religion, sex, or national origin, or to classify or refer for employment any individual on the basis of his race, color, religion, sex, or national origin

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1. Qualified individuals should be recruited from appropriate sources to achieve a work force that represents all segments of society. Selection and advancement should be determined on the basis of relative ability, knowledge, and skills, after fair and open competition which assures that all receive equal opportunity.
2. All employees and applicants for employment should receive fair and equitable treatment in all aspects of personnel management without regard to political affiliation, race, color, religion, national origin, sex, marital status, age, or handicapping condition, and with proper regard for their privacy and constitutional rights.

As defined by 5 CFR 300, Employment Practices are those that affect the recruitment, measurement, ranking, and selection of individuals for initial appointment and competitive promotion in the competitive service. Competitive employment practices must:

- a) Be practical in character and to the extent possible relate to matters that fairly test the relative capacity and fitness of candidates for the jobs to be filled;
- b) Result in selection from among the best qualified candidates;
- c) Be developed and used without discrimination on the basis of race, color, religion, sex (including pregnancy and gender identity), national origin, age (as defined by the Age Discrimination in Employment Act of 1967, as amended), disability, genetic information (including family medical history), marital status, political affiliation, sexual orientation, labor organization affiliation or non-affiliation, status as a parent, or any other non-merit-based factor, or retaliation for exercising rights with respect to the categories enumerated above, where retaliation rights are available; and
- d) Ensure the candidate has the opportunity for appeal or administrative review, as appropriate.

Additionally, as noted in 5 CFR § 300.103(c) "Employee selection procedures shall meet the standards established by the 'Uniform Guidelines on Employee Selection Procedures,' where applicable." These guidelines apply only to selection procedures that are used as a basis for making employment decisions. The use of any selection procedure which has an adverse impact on the hiring, promotion, or other employment or membership opportunities of members of any race, sex, or ethnic group will be considered to be discriminatory and inconsistent with these guidelines.

2) [*Claudia Salm's blog*](#) as well as Dr. Chris Brummer's [*analysis*](#) highlight a direct correlation between racial diversity and inclusion performance in senior levels of an Agency's workforce and regulatory policy outcomes. According to the CDC, the COVID-19 pandemic has caused a unique and disparate impact on diverse communities. The Federal Reserve Banks and the Department of the Treasury have played a key role in assessing the economic impacts of the pandemic and administering relief programs.

b. **To all agencies**, how have all of you been involved within your agency to mitigate the disparate impact that the COVID-19 pandemic may have caused among your minority workforce as well as the minority-owned businesses and communities of color that your agencies serve?

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Response:

Ensuring the health and safety of NCUA staff and contractors has been, and continues to be, the top priority for the NCUA Board. To that end, the NCUA entered a fully remote work stance on March 16, 2020 and it plans to maintain that stance for as long as conditions warrant.

The NCUA has expanded resources and support for the NCUA workforce due to the impact of the COVID-19 pandemic. Besides soliciting and obtaining feedback from employees, the agency has provided the following additional resources and support to manage the impact of COVID-19. These efforts include, but are not limited to:

- Publishing newsletters – The NCUA Office of Minority and Women Inclusion (OMWI) publishes weekly and bimonthly newsletters highlighting articles and other resources to help employees overcome COVID-19-related challenges. These newsletters focused on maintaining an inclusive workplace while social distancing and include resources on topics such as staying engaged at work, creating work-life balance, managing child and elder care responsibilities while working from home, communicating effectively using virtual channels, and maintaining relationships with coworkers while working from home.
- Supporting Employee Resource Groups (ERGs) – The NCUA OMWI started a series of bi-weekly COVID-19-related newsletters specifically designed to support its seven ERGs with impactful and meaningful ways to further reach and connect its members. Three of the NCUA's ERGs were formed specifically to support racial or ethnic minority populations within the agency. The newsletters provide additional resources and access to a variety of tools to promote member wellness and further support the advancement of ERG goals.
- Establishing a COVID-19 Pandemic Response Team – This team is dedicated to analyzing the pandemic's impact on the agency and implementing the communication strategy for resources available to the workforce.
- Assessing needs – The NCUA administered a survey to all its employees to assess COVID-19's impact on staff, as well as their desires and needs as a result of work and life changes instigated by the pandemic. This survey data was used by the agency to make key decisions about the agency's response to the pandemic and operating status impacting employees.
- Offering additional mental and emotional wellness resources – From June through September, the NCUA Office of Human Resources hosted a one-each-month series of Employee Assistance Program (EAP) webinars, which were available to all employees. The webinars covered general services available, the Road to Resilience, the Value of Mindfulness, and Resilience and Stress.
- Publishing the NCUA COVID-19 Information Portal. This is a SharePoint site that is available to all employees and contains information on new announcements, NCUA COVID-19 Policies, FAQs, and Credit Union examination materials.

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- Offering Weather/Safety Leave – Weather and safety leave is a category of administrative leave. Since March 16, 2020 the NCUA has provided employees with weather and safety leave options to enable them to provide care for themselves or their families for situations arising from the COVID-19 pandemic.
- Providing communication and information about Families First Coronavirus Response Act (FFCRA) Emergency Sick Leave – In compliance with the FFCRA, the NCUA has provided all employees up to 80 hours (or a part-time employee's two-week equivalent) of additional paid sick leave.
- Offering expanded telework options – All telework-eligible employees with agreements have been working from home since March 16, 2020.
- Offering expanded use of flexible work schedules – Supervisors are allowing as much flexibility as possible in both work schedules and core hours.
- Offering a supply and personal protective equipment budget – The NCUA has provided reimbursement, up to set amounts, to employees for:
 - Internet service;
 - Office supplies;
 - Office chair;
 - Desk;
 - Web camera; and
 - Personal protective equipment.
- Offering a simplified leave restoration process – On July 17, 2020 the NCUA implemented a simplified leave restoration program for 2020 based on the Office of Personnel Management's guidance. This ensures that employees retain their leave availability and remain available for work continuity when the COVID-19 restrictions are lifted, and on-site credit union examinations resume.
- Offering expanded virtual training – To meet the needs of all its employees, the NCUA converted instructor-led training sessions to a virtual Adobe Connect platform. The virtual training option ensures a safe learning environment that mitigates potential pandemic exposure associated with traveling and social gatherings. The agency also provided e-learning resources to all staff to help mitigate the impact of the pandemic, covering topics such as managing remotely, taking care of yourself, stress management, resilience, change management, avoiding burnout and thriving in uncertainty, etc.
- Hosting webinars with the Chairman – The NCUA Chairman and members of the senior executive team have hosted several webinars throughout the pandemic to keep employees informed of the NCUA's efforts to keep employees safe and healthy. These webinars have allowed employees to ask questions about returning to work, safety measures, and the policies (referenced above) that have been implemented to assist employees during the work-at-home stance.

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The NCUA's eight ERGs continue to serve as a resource to all employees with a special focus on specific populations within the workforce. During the pandemic, the ERGs have hosted webinars and meetings featuring guest speakers who have shared recommendations and insights to manage various aspects of COVID-19. These include meetings about emergency response procedures, resilience, employee assistance programs, volunteering during the pandemic, and more.

Concerning the impact of the COVID-19 pandemic on the NCUA's procurement contracts program, the percentage of total combined eligible contract actions awarded to minority- and woman-owned businesses (MWOBs) in 2018 and 2019 was 45 percent and 43 percent, respectively. To date in 2020, the percentage of MWOB contract actions is 31 percent, and forecasted to increase during the year. The COVID-19 pandemic, therefore, has not caused a disparate impact to minority-owned businesses at the NCUA. The NCUA is committed to continue meeting its Prompt Payment Act requirements to pay proper invoices within 30 calendar days. To the maximum extent practicable, payment terms for MWOBs are established at Prompt Net 15 days.

The NCUA recognizes the value and importance of minority depository institutions (MDIs) and supports their mission to serve the financial needs of racial minorities and underserved communities. The agency awarded COVID-19 Emergency Fund grants to 48 MDIs, totaling \$459,900. Another 15 MDIs received Urgent Need grants for COVID-19-related projects, totaling \$100,580. Finally, the NCUA recently awarded \$75,000 in grants to three low-income, MDI credit unions to support mentoring programs with larger credit unions. NCUA staff actively seeks and evaluates ideas to promote and preserve these institutions.

3) *Several OMWI Directors mentioned internship programs to build diverse pipelines for the agency. Internship programs are a great way to ensure agencies have potential campus hires who come from a wide range of backgrounds. However, students from low-income backgrounds are often unable to afford unpaid internships as well as the living, housing, and transportation costs that come with it.*

a. To all agencies, please describe all the benefits you offer to your interns and the extent to which all your interns are paid?

Response:

The NCUA is particularly proud of the successful implementation of its 2020 Student Summer Intern Programs. The agency started planning the summer program as executed last year, but the COVID-19 pandemic created unique challenges and uncertainty that required the agency to recalibrate. As many federal government agencies made the difficult decision to cancel their summer intern programs, the NCUA's commitment to this program continued unabated. Thanks to the teamwork of flexible hiring managers, and investment of time and energy from agency staff in offices and regions, the NCUA adapted the program using virtual technology to deliver a meaningful internship experience for the interns.

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NCUA High School Scholar Internship Program – The NCUA hosted high school interns from the most economically disadvantaged areas of Washington, D.C. through the Marion S. Barry Summer Youth Employment Program. The agency provided high school students with a salary of \$20 per hour, special compensation benefits for lunch (\$20 per day), and a \$650 professional attire clothing allowance. High school interns were also provided a laptop they were able to keep at the end of the internship.

NCUA Pathways Summer Intern Program – Summer college interns received salary at an hourly rate ranging from \$18.80 to \$20.68 per hour, depending on the grade level at which they were hired. The interns earned annual and sick leave at a rate of four hours per pay period. College interns were reimbursed for internet service charges at a rate of \$50 per month.

NCUA's Contract Intern Program – The NCUA has six individual multi-year contracts with minority-serving organizations to provide summer internship access and opportunities to college students from undergraduate, graduate, doctorate, and juris doctorate programs. Internships under this program have varying lengths, from 8, 10, 12, or 15 weeks. Under these contracts, the minority-serving organizations receive weekly compensation per student ranging from \$1,157 to \$2,021 from the NCUA. The organizations, in turn, are responsible for all pay and benefits the interns receive during their participation in the program. Under their programs, minority-serving organizations provide a variety of support and services to their interns. The benefits provided directly from the NCUA to the interns include opportunities to experience working for a government institution, exposure to the financial regulatory environment, and transferable skills and knowledge that can be used in their future careers.

In 2020, the NCUA OMWI hosted two college interns contracted through the Hispanic Association of Colleges and Universities and two additional interns through The Washington Center for Internships and Academics.

Supplier Diversity

4) *According to recent analysis by the Greenlining Institute of the OMWIs annual congressional reports from 2014-2019, many of your agencies have incrementally increased the number of Minority- and Women-Owned Business Enterprises (MWBEs) who are hired as contractors and subcontractors. These businesses often face systemic biases against their firms and limited access to capital, which might limit their competitiveness when completing the request of proposal (RFP) process for contract opportunities. MWBEs may also require additional assistance to the request for proposals (RFP) process which can be fraught with onerous criterion that may disproportionately exclude MWBEs compared to other applicants.*

a. *To all agencies, what efforts have your agencies made to more intentionally consider and select MWBEs for contracting opportunities?*

Response:

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The NCUA's acquisition policy encourages the use of MWOBs in acquiring goods and services. The NCUA includes the OMWI in its acquisition planning process and contracting opportunities whenever practical and at all levels of procurement over \$10,000, by following a "1/3 Inclusion Outreach" guideline. The guideline states that, to the maximum extent possible, at least 1/3 of all vendors invited to a contracting solicitation should be from the ranks of MWOBs. There is no specific limit on the number of vendors that can be invited to contract solicitations. In particular, the NCUA has gained access to several competitive and responsive MWOBs by leveraging Government-wide Acquisitions Contracts, such as NASA Solutions for Enterprise-Wide Procurement, for its information technology purchases. Even during the COVID-19 pandemic, the NCUA secured more than half of its COVID-related personal protective equipment and related supply purchases from MWOBs.

b. To all agencies, to what extent have your agencies addressed any barriers or complexities in your respective RFP process that might disproportionately impact MWBEs, such as assets under management?

Response:

To mitigate procurement processes that might disproportionately impact minority- and woman-owned businesses, the NCUA:

- Promotes the acquisition of commercial items;
- Promotes full and open competition;
- Challenges requirements that are not stated in terms of functions to be performed, performance required or essential physical characteristics; and
- Challenges unnecessarily restrictive statements of work and bundling of requirements, as well as unnecessarily detailed specifications.

Further, the NCUA OMWI assists program offices in identifying MWOBs that have the capacity to provide required goods or services. Generally, market research is mandatory for all new procurements greater than \$10,000. Thus, MWOBs are vetted appropriately for the NCUA's contracting opportunities, thereby increasing their participation and competitiveness in the NCUA's procurement process. As a result, in 2019, six of the NCUA's top ten contractors by dollar obligations were MWOBs, and this same proportion should continue in 2020.

Mitigating Biases in the Financial Regulatory Agencies and the Economy

5) *A 2015 House Financial Services Committee on the fifth anniversary of Dodd-Frank Act found that that across the financial regulatory agencies, African-American employees generally received lower performance management review scores than White employees.*

a. To all agencies, how are your agencies holding managers accountable for the implementation of your respective diversity and inclusion policies? Please explain if

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your agencies have performance metrics, pay incentives or other diversity and inclusion accountability metrics for your management teams.

Response:

The NCUA Strategic Plan for 2018-2022 includes Strategic Goal #3 of maximizing organizational performance to enable mission success. Within strategic goal #3, performance goal 3.1 includes the objective to promote inclusive leadership that values diverse perspectives and maximizes employee contributions.

Besides the five-year NCUA Strategic Plan, the NCUA creates an Annual Performance Plan, which also includes several diversity-related indicators. This promotes accountability for all agency employees to contribute to, and participate in, improving the NCUA's diversity and inclusion programs. The NCUA has published these indicators for multiple years in its Annual Performance Plans, which are made available to the public on the NCUA website at <https://www.ncua.gov/about-ncua/budget-strategic-planning/strategic-plans-annual-performance-plans>. The NCUA also reports on whether it achieves its goals within its Annual Report, which is also made available to the public on the NCUA website at <https://www.ncua.gov/news/annual-reports>.

The NCUA Strategic Plan for 2018-2022 includes the following strategic objective and performance goal:

Strategic Objective 3.1: Attract, Engage and Retain a Highly Skilled, Diverse Workforce and Cultivate an Inclusive Environment.

- *Performance Goal 3.1.2: Promote inclusive leadership that values diverse perspectives and maximizes employees' contributions*
 - **Indicator #1** – Improve the NCUA's score on the Partnership for Public Service's Support for Diversity Indicator (Federal Employment Viewpoint Survey Questions #34, 45, and 55) by one percentage point. These questions measure the extent to which employees believe that actions and policies of leadership and management promote and respect diversity. Result: The NCUA increased this indicator by 4.5 percentage points, from 65 percent in 2018 to 69.5 percent in 2019.
 - **Indicator #2** – Improve the NCUA's score for the U.S. Office of Personnel Management's Federal Employment Viewpoint Survey (FEVS) Inclusion Quotient by one percentage point. The Inclusion Quotient identifies behaviors that help create an inclusive environment. Result: The NCUA increased this indicator by two percentage points from 63 percent in 2018 to 65 percent in 2019.
 - Besides monitoring the progress made as measured by the FEVS, the NCUA requires each office and region to have its own engagement plan and goals. Progress on these goals is monitored every six months and accomplishments are submitted annually.

The agency further reinforces accountability regarding diversity and inclusion policies through its performance standards and evaluation process. Each executive's and manager's performance

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plan incorporates a diversity and inclusion performance standard. Performance standards for executives and managers include the following requirements:

Executives

- Builds and reinforces an organizational culture committed to recruiting a high quality, diverse workforce while maintaining a high level of employee satisfaction.

Executives and Supervisors

- Takes proactive steps to diversify the workforce (including underrepresented groups, employees with disabilities, etc.) and to create an inclusive work environment that allows employees to contribute to their fullest potential.
- Adheres to Federal laws, rules and regulations prohibiting discrimination, harassment, and retaliation.
- Supports the Agency's diversity and EEO initiatives and attends and encourages staff participation in EEO programs and functions.

6) *In a [report](#) by the Federal Reserve Bank of New York, communities of color are disproportionately impacted physically and economically by the COVID-19 pandemic. According to the report, Black businesses experienced the most acute decline, with a 41 percent drop. Latinx business owners fell by 32 percent and Asian business owners dropped by 26 percent. In contrast, the number of white business owners fell by 17 percent.*

a. *To all agencies, how have you worked within the agency to mitigate the impact of the pandemic for your minority workforce?*

Response:

Note: This appears to be a repeat of question of 2) b above. Please see response in 2) b.

Lack of Mandatory Diversity Data Disclosure by Regulated Entities

7) *In response to your requirements under Section 342(2)(C) the Offices of Minority and Women Inclusion, financial agreed to the Joint Standards Assessing the Diversity Policies and Practices of Regulated Entities by the Agencies." Unfortunately, agencies also agreed that compliance with these standards would be voluntary. This has led to limited participation by regulated entities in your respective agencies' diversity self-assessments.*

a. *To OCC, Federal Reserve, FDIC, NCUA and SEC, several of this year's FY 2019 OMWI reports failed to clearly highlight the percentage of regulated entities that are responding to the diversity self-assessments that your office sends out. So that there is transparency as to how self-assessment response rates are affected by the voluntary nature of the request, can you provide more specificity about the percentage of your regulated entities that responded?*

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Response:

In 2019, 118 credit unions (76 federal and 42 state chartered federally insured) submitted self-assessments. This represents only 2.3 percent of all 5,236 credit unions as of December 31, 2019. Of the 5,236 credit unions, 4,082 credit unions have less than 50 employees. It is important to note that 8.2 percent of credit unions with between 101 and 500 employees, and 10.4 percent of credit unions with 501 or more employees, submitted a self-assessment. The submitter profile below shows the size, number, and percentage of credit unions submitting self-assessments.

Number of Employees	Number of Credit Unions	Number of Self-Assessments Received	Percentage of Credit Unions Submitting Self-Assessments
0 – 50 employees	4,082	45	1.1 percent
51 -100 employees	571	14	2.5 percent
101 – 500 employees	583	48	8.2 percent
More than 501 employees	106	11	10.4 percent
All credit unions	5,236	118	2.3 percent

Source: NCUA

While the NCUA encourages all credit unions to use the Credit Union Diversity Self-Assessment as a tool to evaluate their existing diversity and inclusion results, create a new diversity program, or enhance an existing one, it is reasonable to expect a limited diversity profile from small credit unions with few or no employees.

The 118 credit unions that submitted a self-assessment in 2019 represent a 46 percent increase over the 81 self-assessments submitted in 2018. Since 2016, approximately 200 unique credit unions have submitted self-assessments, with seven credit unions having submitted assessments for each of the four reporting years.

b. To OCC, Federal Reserve, FDIC, and NCUA, your agencies have previously mentioned to congressional staff that some of your regulated entities may have failed to respond to diversity-self assessments because of the redundancy of receiving requests from multiple regulatory agencies. To what extent, if any, have your agencies provided guidance to your regulated entities on this concern, and have you initiated any inter-agency efforts to address this issue, such as a memorandum of understanding between regulators to agree on coordinated diversity submissions for regulated entities that are accountable to multiple regulators?

Response:

This issue does not affect the NCUA's regulated entities. Credit unions are only federally regulated and insured by the NCUA and thus, have not received redundant requests for self-assessment submissions.

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c. To OCC, Federal Reserve, FDIC, NCUA, SEC, and CFPB, to what extent would requiring mandatory reporting of diversity data by your regulated entities help your agencies oversee the diversity and inclusion gaps and successes in the financial services industry?

Response:

The NCUA has no position on mandatory reporting; however, the agency is currently considering what incentives it could offer to increase participation.

OMWI Engagement with MDI Advisory Committees & Examiner Diversity

8) *Each of your respective agencies have established a minority advisory board or committee, to consider challenges of MDIs. However, each is different, with different structures, levels of engagement, and mission statements. As a result, tangible outcomes vary widely across regulators.*

a. To OCC, Federal Reserve, Federal Reserve Bank of New York, FDIC, NCUA, is your OMWI engaged in the recruitment and diversity of its bank examiner corps to ensure the diversity of the banks and communities that banks serve is appropriately reflected? What special training, if any, do you provide to examiners to adequately prepare them to understand the unique circumstances of MDIs and minority communities in which they operate?

Response:

Strategic Diversity Recruitment Training

In 2019, the NCUA OMWI developed and delivered strategic diversity recruitment training to management staff in the NCUA's Southern Region. The NCUA OMWI conducted a workshop with the Southern Region's recruitment outreach team covering strategies for recruiting and hiring diverse candidates. The discussion addressed the benefits of diversity and inclusion in the NCUA workforce, the impact and cost of turnover, and the importance of workforce retention to the agency's mission. Strategies discussed included using data to target colleges and universities with high participation of diverse students, building relationships with career centers at these institutions, building students' awareness of NCUA career opportunities, connecting applicants to technical assistance in the job application process, and mitigating bias in the hiring process.

Recruitment

The NCUA continues to conduct recruitment and outreach to increase awareness of potential employment opportunities among diverse pools of talent. Most of these outreach and recruitment efforts target groups with less-than-expected participation in the workforce (per

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Section 342 of the Dodd-Frank Wall Street Reform and Consumer Protection Act) and individuals with disabilities (per Executive Order 13548).

To increase recruitment within populations that have less-than-expected participation rates in the agency, the NCUA OMWI conducts outreach annually at major targeted recruitment events sponsored by:

- Accounting and Financial Women’s Alliance;
- Careers & the Disabled magazine;
- Career Expo for People with Disabilities & Wounded Warriors;
- Congressional Black Caucus;
- National Association of the Deaf;
- National Black MBA Association; and
- Prospanica, an advocacy organization for Hispanic professionals.

The NCUA’s job vacancies are directly emailed to diverse groups, including more than 570 veterans’ groups, disability organizations, college and university disability groups, and others.

Additionally, the agency continues its already established recruitment efforts using the following:

- USAJOBS Resume Mining database;
- Pathways Current College Student and Recent College Graduate Program;
- LinkedIn;
- College Student “Handshake” Recruiting Tool; and
- Multi-year contracts for recruitment advertising in Professional Woman’s Magazine, Hispanic Network Magazine, Black EOE Journal, U.S. Veterans Magazine, and DIVERSEability Magazine.

Special Training

The NCUA consistently provides exposure to the Minority Depository Institutions Program (MDIP) within its new examiner training curriculum.

In 2019, the NCUA provided training to all new examiners that outlined MDIP eligibility, preservation of MDI credit unions, benefits of credit union MDI designation, and overarching grants and training for MDIs. In 2019, 56 new examiners attended the MDI applicable training.

Through its Minority Depository Institution Preservation Program, the NCUA established an internal MDI Roundtable Conference Call. Besides the MDI Program Manager, two representatives from each of the NCUA’s regional offices and supervisory examiners from each region with the highest concentration of MDI credit unions in their portfolio participate on the calls. The MDI Roundtable was established in 2019 and meets semi-annually. It is expected that the group will evolve into an internal advisory group. The purpose of the discussions is to:

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- Educate staff who work most closely with MDIs about services and support available to MDIs through the NCUA and other federal agencies;
- Discuss issues or challenges in working with MDIs; and
- Share examples of the support some examining staff provide to MDIs to encourage others to consider how they may better assist the MDIs they supervise.

b. To OCC, Federal Reserve, FDIC, NCUA, each of your organizations has taken a different approach to forming advisory groups and working with minority banks. Can you speak to the work of your respective MDI advisory committees, and how your OMWI played a role in stakeholder engagement and final outcomes?

Response:

Through its MDI Preservation Program, the NCUA established the external MDI Roundtable Conference Call. Chief executive officers from all self-designated MDI credit unions as of a specified date are invited to attend. Established in 2019, the Roundtable meets semi-annually, and may also evolve into an advisory group. The purpose of the discussions is to:

- Update the MDI CEOs on the work of the NCUA and services and support available to them through the NCUA and other federal agencies;
- Present topics of interest such as training; and
- Share examples of the successes MDIs are having in operations or products/services to encourage others to consider how their credit union might employ similar strategies.

For the first time in 2020, the NCUA hosted a multiple day, in-person meeting of MDIs. The event was held in conjunction with the NCUA's participation in the March 3, 2020 interagency Freedman's Bank Forum at which NCUA Chairman Rodney E. Hood moderated a conversation with financial regulators on MDIs. On March 4, 2020 Chairman Hood kicked off the NCUA's Minority Depository Institution Forum, a two-day forum for credit unions focusing on the NCUA's 2020 supervisory priorities, strategies for growth, and the NCUA's initiatives to support minority credit unions. During this MDI Forum, the NCUA OMWI provided a breakout session on diversity and inclusion.

Diversity Strategic Planning

11) *A focused commitment to diversity and inclusion requires incorporating diversity into the agency's strategic planning and breaking down diversity goals into measurable objectives.*

a. To what extent are diversity and inclusion goals incorporated to the agency's overall strategic plan? If the agency has a separate diversity and inclusion strategic plan, please enclose the most recent draft.

Response:

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The NCUA Strategic Plan for 2018-2022 includes Strategic Goal #3 of maximizing organizational performance to enable mission success. This goal emphasizes organizational excellence through effective, efficient, and inclusive recruiting, hiring, training, and career development processes that support and promote diversity within the workplace.

Within strategic goal #3, the NCUA established Strategic Objective 3.1, to attract, engage and retain a highly skilled, diverse workforce and cultivate an inclusive environment. The NCUA aims to foster a work environment that is innovative, high performing, highly engaged, and inclusive. The Strategic Plan is supported by an Annual Performance Plan. For 2020, strategies and initiatives to accomplish Strategic Objective 3.1 include:

- Enhancing the agency's human capital data analytics while maintaining current staffing operations;
- Addressing and eliminating barriers to equal employment opportunity where low participation exists;
- Cultivating talent by providing training, mentoring, detail assignments, and other leadership development opportunities;
- Providing diversity training to all NCUA employees to build agency-wide inclusion competencies, skills, and awareness;
- Continuing to invest in programs that promote inclusion and employee retention, such as the: NCUA Mentorship Program, Employee Resource Groups, the Culture, Diversity and Inclusion Council, the Summer Intern Program, OMWI Talks (OMWI Talks are facilitated open discussions hosted regularly by the NCUA OMWI to create a safe space for employees to discuss sensitive diversity- and workplace inclusion-related topics), Special Emphasis Programs, and the VIBE Campaign (VIBE is an ongoing campaign to improve the agency's culture by encouraging all employees to make a conscious, deliberate effort to adopt inclusive behaviors and habits; VIBE is an acronym for Value differences, Intentionally include, Break bias, and Embrace change);
- Publishing advertisements that target diverse communities; and
- Evaluating the results of the Federal Employee Viewpoint Survey (FEVS) and implementing changes as necessary to address lower scoring areas.

Further emphasizing its commitment to diversity and inclusion, the NCUA Strategic Plan includes Performance Goal 3.1.2, to promote inclusive leadership that values diverse perspectives and maximizes employees' contributions. Indicators related to this goal are included in question 5) above.

The NCUA has outlined its commitment to employee diversity and workplace inclusion in its 2018-2022 Diversity and Inclusion Strategic Plan, which is attached as requested.

12) *Please complete the attached template of agency diversity data for the years between 2015- 2019. (See Appendix I: OMWI Diversity Questionnaire 2015-2019)*

Response:

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Please see the attachment for the response.

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**Questions for the Record from Representative Joyce Beatty, Chairwoman,
Subcommittee on Diversity and Inclusion:**

1) *Under Section 342(b)(3) of Dodd-Frank, “[e]ach Director shall advise the agency administrator on the impact of the policies and regulations of the agency on minority-owned and women-owned businesses.” Please describe how your agency interprets this provision, including whether formal and informal agency rulemakings fall within the scope of this provision.*

Response:

The NCUA OMWI thoroughly reviews the acquisition policies, procedures, and practices of the agency to identify both deficiencies and opportunities regarding the inclusion of minority- and woman-owned businesses (MWOBs) in its contracting systems. Following the advice of NCUA OMWI, the agency has incorporated a series of procedures and practices as part of its formal acquisition policy manual to positively impact more inclusion of diverse firms, such as:

- a) Requiring the market research process to include a slate of responsive and responsible MWOBs as part of the vendor group invited to respond to agency proposal requests;
- b) Requiring the NCUA OMWI’s supplier diversity program manager’s sign off on all agency acquisition plans; and
- c) Internally publishing quarterly supplier diversity results by program office to identify trends that might indicate adverse impact in the implementation of agency procurement policies and procedures.

To the extent the agency contemplates changes to its acquisition policies, processes and procedures, the NCUA OMWI is consulted for review and impact determination on potential changes. In this capacity, the NCUA OMWI advocates for changes that are either neutral or beneficial to MWOB participation in the agency’s contracting opportunities.

2) *How often do you meet with your Agency Administrator as defined by Section 342(g)(2) of the Dodd-Frank?*

Response:

The NCUA OMWI Director meets with the Chairman as needed, usually on a monthly basis. Depending on initiatives and needs, the meetings are more frequent at times. In addition, the OMWI Director meets frequently with the NCUA’s Chief of Staff, Deputy Chief of Staff, and the Office of the Executive Director. The OMWI Director also meets regularly with the other two NCUA Board Offices.

3) *Who do you directly report to in your agency? If it is not the Agency Administrator, please provide a legal justification for compliance with Section 342(b)(1) of Dodd-Frank.*

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Response:

The Director of the Office of Minority and Women Inclusion reports directly to the NCUA Chairman.

4) *Please list the number of full-time and part-time staff within your agency's OMWI, including job titles and job descriptions.*

Response:

The NCUA OMWI has ten full-time employees and no part-time employees. Job titles are listed below. Please see the attached file for job descriptions.

- 1) Director (SS-301-2)
- 2) Deputy Director (CU-301-15)
- 3) Senior Equal Employment Opportunity Specialist (CU-0260-14)
- 4) Diversity Management Analyst (Credit Unions) (CU-0343-14)
- 5) Diversity Outreach Program Analyst (CU-0301-14)
- 6) Supplier Diversity Program Analyst (CU-0301-14)
- 7) Diversity Communications Specialist (CU-301-14)
- 8) Diversity Management Analyst (Data) (CU-343-13)
- 9) Equal Employment Opportunity Specialist (CU-260-11)
- 10) Administrative Assistant (CU-303-9)

5) *Under Section 342 (c)(3)(A) the OMWI Director "shall include a procedure for the Director to make a determination whether an agency contractor, and, as applicable, a subcontractor has failed to make a good faith effort to include minorities and women in their workforce." Please provide details regarding efforts to fully ensure the Agency's contractors are making a "good faith" effort re workforce diversity, whether an adverse determination regarding the performance of a contractor has been made by your office, and what, if any steps have been taken by the Agency as a result of said adverse determination.*

Response:

The NCUA has developed specific language to comply with Section 342 (c)(3)(A) of the Dodd-Frank Act in the form of the NCUA contract clause, "Good Faith Effort – Annual Certification Requirement." The clause is included in all NCUA solicitations and contracts exceeding \$100,000 in total estimated value (except orders placed against NCUA IDIQs or BPAs). Contractors must insert the substance of the clause as a contractual condition in all subcontracts under their contract with the agency that have dollar values exceeding \$100,000.

The documentation requested by the NCUA to demonstrate "good faith effort" may include, but is not limited to, the following:

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- 1) The total number of contractor's employees broken down by race, ethnicity, and gender (e.g., an EEO-1);
- 2) A list of subcontracts awarded under the contract that includes dollar amount, date of award, and subcontractor's minority and/or gender ownership status; and
- 3) With respect to subcontracts exceeding \$100,000, the total number of subcontractor's employees broken down by race, ethnicity, and gender (e.g., EEO-1) and actions taken and plans made, by the subcontractor to ensure that minorities and women have appropriate opportunities to enter and advance within its workforce, including outreach efforts.

The NCUA OMWI reviews the submitted Contractor Good Faith Effort (GFE) documentation to ensure compliance with the NCUA GFE clause. If the NCUA OMWI determines that a contractor has met the GFE requirements, the office will notify the contractor. Pursuant to Section 342(c) (3) of the Dodd-Frank Act, the Director of the NCUA OMWI determines whether a contractor has failed to make a good faith effort to include minorities and women in their workforce. A failure to demonstrate to the OMWI Director such good faith efforts results in a series of actions on the NCUA's part to secure compliance with or demonstration of good faith efforts. These actions include direct contact with the vendor's senior leadership and the convening of an NCUA advisory group to address the vendor's failure to demonstrate good faith efforts. Ultimately, the OMWI Director may recommend various actions, including termination of the contract, referral to the Office of Federal Contract Compliance Programs (OFCCP), or other appropriate action.

To reduce the administrative burden on small businesses and to remain consistent with OFCCP requirements, the NCUA elected to solicit GFE information from contractors that are already required to have an affirmative action plan in place for their business. Contractors with fewer than 50 employees are exempt from the NCUA's GFE review requirement. However, they must respond to the NCUA's initial request for documentation to certify their workforce is comprised of fewer than 50 employees and, therefore, claim the exemption. Those companies with 50 or more employees must submit the requested GFE documentation. The NCUA also developed a "Contractor Diversity Profile" form (OMB Control No. 3133-0196) the contractor can complete and submit in lieu of an EEO-1 report and affirmative action plan.

To date, the NCUA OMWI has not made any adverse determinations regarding the performance of a contractor under the GFE requirements.

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FEDERAL RESERVE BANK *of* NEW YORK

33 LIBERTY STREET, NEW YORK, NY 10045-0001

November 12, 2020

The Honorable Maxine Waters
United States House of Representatives
Washington, D.C. 20515

VIA EMAIL TO STAFF

Dear Chairwoman Waters:

Enclosed are my responses to the questions you submitted following the September 8, 2020,¹ hearing before the Committee on Financial Services Subcommittee on Diversity and Inclusion. A copy has also been forwarded to the Committee for inclusion in the hearing record.

Please let me know if I may be of further assistance.

Sincerely,

Lacey Dingman

Enclosure

¹ Questions for the record related to this hearing were received on September 21, 2020.

Questions for Lacey Dingman, Chief People Officer and OMWI Director, Federal Reserve Bank of New York, from Chairwoman Waters:

Question 1a: To all agencies, how could a Rooney Rule-like requirement to mandate the consideration of diverse candidates for senior staff roles improve diversity results in these decision-making bodies?

As explained in its [2019 OMWI Report](#), the New York Fed already uses a “diverse slate” approach for hiring. This means we work to ensure that a diverse slate of candidates are considered for open positions. For senior roles, our efforts to produce a diverse slate involve a commitment of significant resources. For example, in the [search for a new President and CEO](#), the New York Fed engaged two executive search firms, one of which—Bridge Partners—specializes in identifying diverse candidates for executive positions. The New York Fed has also engaged Bridge Partners in its [search for a new First Vice President and COO](#).

Question 1b: To all agencies, to what extent have your agencies implemented a Rooney-Rule approach to create diverse candidate pools? How has utilization of these policies increased diversity in promotions and hiring at your agencies? If you haven't, why haven't you implemented such an approach?

As explained in response to Question 1a, the New York Fed already uses a “diverse slate” approach for hiring, including senior staff roles. Since the adoption of this policy in 2011, the diversity of our staff has improved. According to its [2019 OMWI Report](#), more than half (53%) of employees in the professional salary band were minorities, and almost half (46%) were women. About a third (32%) of first- and mid-level managers were minorities, and about half (44%) were women. Regarding senior leadership roles, women held 42% of those positions as of 2019. That percentage increased from 32% in 2015, and 37% in 2011. Minorities held roughly 10% of senior leadership roles in 2011. Today, that percentage has increased to 16%.

Of course, there is still much more work to be done. My colleagues and I will continue to work to attract diverse applicants to the New York Fed by investing in programs that support an interest in central banking among students, and by working with existing staff to recognize and remediate unconscious bias, especially in hiring.

Question 2a: To the Federal Reserve and the Federal Reserve Bank of New York, to what extent have your respective agencies prioritized diversity and inclusion in their response to the COVID-19 pandemic and how has your office specifically been engaged in those efforts?

The New York Fed’s response to the COVID-19 pandemic has incorporated diversity, equity, and inclusion in a number of ways. Diversity, equity and inclusion are woven into the New York Fed’s overall Mission, Vision and Values, as well as embedded within our strategic objectives, such as the “People Strategy.” In addition, since March 2020, our Research Group has devoted its economic research blog, *Liberty Street Economics*, almost exclusively to COVID-19-related topics, including the disproportionate impacts of the pandemic on minority communities. Some examples include:

[Debt Relief and the CARES Act: Which Borrowers Face the Most Financial Strain?](#) (Aug. 19, 2020)

[Debt Relief and the CARES Act: Which Borrowers Benefit the Most?](#) (Aug. 18, 2020)

[Are Financially Distressed Areas More Affected by COVID-19?](#) (Aug. 17, 2020)

[Distribution of COVID-19 Incidence by Geography, Race, and Income](#) (June 15, 2020)

[Which Workers Bear the Burden of Social Distancing Policies?](#) (May 29, 2020)

More work relating to the impacts of the pandemic on minority communities will be released in the near future.

The New York Fed has also published a widely lauded study on the effects of COVID-19 on Black-owned businesses, [Double Jeopardy: COVID-19’s Concentrated Health and Wealth Effects in Black Communities](#) (Aug. 4, 2020). This study has been cited by several private-sector companies in their efforts to support affected communities.²

² For further information, see the following press releases: *American Express Launches the “Coalition to Back Black Businesses” Grant Program with a \$10 Million Commitment*, <https://about.americanexpress.com/all-news/news-details/2020/American-Express-Launches-the-Coalition-to-Back-Black-Businesses-Grant-Program-with-a-10-Million-Commitment/default.aspx>, and *Voya Launches New Program to Boost Retirement Savings for Minority-Owned Businesses*, <https://corporate.voya.com/newsroom/news-releases/voya-launches-new-program-boost-retirement-savings-minority-owned-businesses>.

Also this year, the New York Fed launched a policy series called Economic Inequality, in which policy influencers and practitioners discuss economic inequality and equitable growth. On September 24, the New York Fed hosted a web conference entitled “[Economic Inequality Policy Series: The Impacts of COVID-19 on Communities of Color and Policy Insights for an Equitable Economic Recovery](#).” An earlier event in the series—on June 25—focused on COVID-19’s [impact on housing](#).

In addition, the New York Fed is committed to encouraging diversity and inclusion in our implementation of emergency lending facilities established by the Federal Reserve Board under section 13(3) of the Federal Reserve Act (“Facilities”) and in our open market operations. On [September 9](#) and [October 19](#), the New York Fed announced additional counterparties for the Commercial Paper Funding Facility (“CPFF”), the Secondary Market Corporate Credit Facility (“SMCCF”), and the New York Fed’s agency commercial mortgage-backed securities (“ACMBS”) purchases. These counterparties represent a diverse range of market participants in terms of firm-size, business models, and ownership, including Minority, Women, and Veteran Business Enterprises (“MWVBES”). On [October 5](#), the New York Fed announced the initiation of a multiphase competitive procurement process for key vendor roles across several of the Facilities and our ACMBS operations. The first vendor role that we will procure through this process is a cash investment manager for the SMCCF and the Primary Market Corporate Credit Facility (“PMCCF”). In order to maximize awareness of the competitive procurement, the process starts with a prequalification process. As explained in the [press release](#):

The New York Fed is using the launch of the prequalification process to facilitate broad awareness of this opportunity and encourage a wide range of firms to review the eligibility criteria and consider expressing their interest. Through these efforts, the New York Fed seeks to further its mandate to support equal opportunity and diversity in the implementation of these facilities.

The New York Fed’s leadership team is responsible for setting a high bar for inclusive behavior at the New York Fed, which is reflected in the significant resources, including the OMWI team, devoted to the above activities and actions.

Question 2b: To all agencies, how have all of you been involved within your agency to mitigate the disparate impact that the COVID-19 pandemic may have caused among your minority workforce as well as the minority-owned businesses and communities of color that your agencies serve?

The New York Fed has made continuing efforts to address the impact of the COVID-19 pandemic on its minority workforce. The New York Fed has not laid off any employees due to the onset of the pandemic, nor have we diminished salaries or employment benefits (including health insurance) during the pandemic. Rather the New York Fed has enhanced its benefits offerings to meet the various needs of employees during this challenging time, including by launching additional resources to support employees in the areas of physical wellness and mental health and enhanced medical benefits for both employees and their dependents.

In addition, the New York Fed has ensured that resources continue to flow to our numerous employee networks – hosting dialogues with external speakers on OMWI-related themes and fostering remote dialogues among employees of color (for example, “Celebrating our Hispanic Heritage,” which is running on our intranet site this month). As previously discussed, we have devoted significant resources to identifying the significant and disparate impact of COVID on Black-owned businesses in our Federal Reserve District. Furthermore, we have continued to retain minority-owned businesses that serve the New York Fed. All of the activities identified throughout this response are intended to meet the goal of serving the needs of both our internal and external New York Fed community.

Question 3: To all agencies, please describe all the benefits you offer to your interns and the extent to which all your interns are paid?

The New York Fed runs multiple [programs for undergraduate and graduate students](#). We offer internship programs every summer. All of our interns are paid, and they enjoy some, but not all, employee benefits, including opportunities to participate in our 10 Resource Networks.

Question 4a: *To all agencies, what efforts have your agencies made to more intentionally consider and select MWBEs for contracting opportunities?*

The New York Fed has made multiple efforts to foster diversity in its business and contracting activities. As explained in its [2019 OMWI Report](#), the New York Fed “has maintained its commitment to sponsoring programs for small and diverse businesses to educate vendors on the acquisition process, promote vendor visibility to key decision makers, and provide opportunities to diverse suppliers for further development.” We are a member of multiple advocacy organizations that support diverse suppliers, run on-site programs and participate in external conferences and programs for diverse and small businesses, and promote internal awareness about supplier diversity—for example, by utilizing diverse supplier databases.

In addition, the New York Fed has conducted concerted outreach to help ensure MWBEs have an opportunity to serve as counterparties or vendors in the Facilities and in our open market operations, as described in the responses to Questions 2a and 4b.

Question 4b: *To all agencies, to what extent have your agencies addressed any barriers or complexities in your respective RFP process that might disproportionately impact MWBEs, such as assets under management?*

The New York Fed is committed to ensuring that diverse suppliers have the maximum practicable opportunity to participate in our procurement opportunities. The New York Fed is an active member of nine diversity business organizations, including: the U.S. Pan Asian American Chamber of Commerce, the Financial Services Roundtable for Supplier Diversity, the Institute of Supply Management, the New York & New Jersey Minority Supplier Development Council, the Women Presidents’ Educational Organization, the National LGBT Chamber of Commerce, the National Veteran-Owned Business Association, the National Hispanic Business Group, and the National Center for American Indian Enterprise Development. Our membership in these organizations enables us to expand our outreach to diverse suppliers and to encourage diverse suppliers to participate in upcoming procurement opportunities.

Throughout the pandemic, the New York Fed has participated in several virtual educational and networking events in an effort to stay connected to other members of these organizations and further develop our database of diverse firms. We are also partnering with IFundWomen to host a virtual event on leveraging online fundraising. In previous years, we have offered technical assistance programs that enable small and diverse suppliers to improve

their respective operating models and business development strategies and that provide insight into the Bank's acquisition process and procurement opportunities.

The New York Fed utilizes six diverse supplier search databases to identify and promote the inclusion of diverse suppliers in our upcoming procurement opportunities. We endeavor to include diverse suppliers in every one of our procurement opportunities. Our staff is required to document and explain any instances in which diverse suppliers were *not* included in our procurement processes.

Beyond our ongoing efforts regarding general contracting, as previously mentioned, in 2020, the New York Fed is striving to expand the pool of counterparties and agents for the Facilities and our ACMBs operations and to fill certain vendor roles for those programs. To facilitate broad awareness of these opportunities among MWVBes, the New York Fed has conducted outreach to numerous MWVBE-focused trade associations, including: the National Association of Security Professionals, the National Association of Investment Companies, the New York & New Jersey Minority Supplier Development Council, the National Center for American Indian Enterprise Development, the National Veteran-Owned Business Association, the National Hispanic Business Group, and the Women Presidents' Educational Organization.

The New York Fed has made efforts to ensure that these opportunities are accessible to smaller firms and MWVBes by carefully calibrating key eligibility criteria (such as lowering minimum capital requirements for counterparty participation) and re-scoping existing vendor roles to better align the scopes of work with their capacities and service offerings. These efforts were informed by input received during the outreach sessions with the MWVBE-focused trade associations mentioned above. In addition, all firms applying or bidding for these roles will be evaluated on the basis of their efforts to support equal opportunity and diversity, including the fair inclusion of women, minorities and veterans in their workforces.

The New York Fed's efforts to help support equal opportunity and diversity have already borne some fruit. For example, we have announced eight MWVBes as counterparties or agents for the Facilities and our ACMBs operations to date, with some firms acting in multiple roles. We are also encouraged by the number of prequalification forms we received for the first vendor role that we announced. While we are encouraged by our progress in diversifying our business and vendor relationships, we have much more work to do to help ensure that diverse firms have equal opportunities to assist us in fulfilling our mission.

Question 5: *To all agencies, how are your agencies holding managers accountable for the implementation of your respective diversity and inclusion policies? Please explain if your agencies have performance metrics, pay incentives or other diversity and inclusion accountability metrics for your management teams.*

In addition, all employees—including managers—are evaluated in part based on their efforts to promote diversity and inclusion, which is one of five competencies in the annual performance assessment. The scores for these competencies determine an employee's overall annual performance and eligibility for compensation. Additionally, the New York Fed uses metrics around diversity hiring and retention to better track progress on our diversity and inclusion workforce goals across the organization and at the business-area level.

Question 6: *In a report by the Federal Reserve Bank of New York, communities of color are disproportionately impacted physically and economically by the COVID-19 pandemic. According to the report, Black businesses experienced the most acute decline, with a 41 percent drop. Latinx business owners fell by 32 percent and Asian business owners dropped by 26 percent. In contrast, the number of white business owners fell by 17 percent. To all agencies, how have you worked within the agency to mitigate the impact of the pandemic for your minority workforce?*

We are grateful for the Subcommittee's reviewing and drawing attention to the New York Fed's research on the impact of the COVID-19 pandemic on communities of color. The New York Fed is planning to publish additional research detailing the effects of COVID-19 on minority communities. Our efforts to mitigate the impact of the pandemic on our minority workforce is described above in response to Question 2b.

Question 8a: *To OCC, Federal Reserve, Federal Reserve Bank of New York, FDIC, NCUA, is your OMWI engaged in the recruitment and diversity of its bank examiner corps to ensure the diversity of the banks and communities that banks serve is appropriately reflected? What special training, if any, do you provide to examiners to adequately prepare them to understand the unique circumstances of MDIs and minority communities in which they operate?*

The recruitment of a diverse bank examiner corps is part of the New York Fed's overall commitment to a diverse workforce. Our recruitment efforts for all roles focus on identifying talent from the widest pools available. We do that through partnership with various diversity organizations, engaging our Resource Networks, and targeting diversity career fairs and job sites. Subject-matter training for examiners is coordinated on a System-wide basis by the Board of Governors. Courses offered to our examiners include "Promoting Inclusive Best Practices," "Cognitive Diversity & Champions Network," and "Divergent Views Training."

Question 8c: To the Federal Reserve of New York, although the NY Fed does not have a committee established solely for MDIs, the NY Fed does have a Community Depository Institutions Advisory Council. How many MDIs currently sit on this council, and how does the Advisory Council go about ensuring the perspectives of MDIs are fully represented?

Membership on the [Community Depository Institutions Advisory Council](#) ("CDIAC") changes from time to time to provide a diversity of views from regional community financial institutions. Currently, none of the members of the CDIAC represent MDIs. In previous years, the CDIAC included a representative from Oriental Bank and Trust. The institutions represented on the CDIAC, however, are similar in asset size to fourteen of the seventeen MDIs within the Federal Reserve's Second District. (The three largest MDIs in the Second District—Banco Popular de Puerto Rico, First Bank Puerto Rico, and Popular Bank—have assets in excess of \$10 billion, and so would not be considered community institutions.)

The views of communities served by MDIs are represented on the New York Fed's [Community Advisory Group](#), whose members include representatives from the Boys & Girls Clubs of Puerto Rico, The Financial Clinic (Brooklyn, NY), Native American Community Services of Erie and Niagara Counties, and the City University of New York. These communities are also represented on the New York Fed's [Board of Directors](#), whose members include senior leaders from two community organizations. Our Chair, [Denise Scott](#), is an Executive Vice President at Local Initiatives Support Corporation. Our Deputy Chair, [Rosa M. Gil](#), is Founder President & Chief Executive of Comunilife, Inc. Another Director, [Vincent Alvarez](#), is President of the New York City Central Labor Council, AFL-CIO.

Question 11: *To what extent are diversity and inclusion goals incorporated to the agency's overall strategic plan? If the agency has a separate diversity and inclusion strategic plan, please enclose the most recent draft.*

One of the New York Fed's three organizational objectives is to create an environment that enables our people to do their best work. Our "People Strategy" is our plan to carry out this objective. One of the three goals of the People Strategy is to create a "culture of inclusion," which seeks to embed diversity, equity, and inclusion into the way we work and the community we create. The People Strategy also includes, as one of its four governing principles, a commitment to become more diverse and inclusive—more specifically, to advance a more diverse and inclusive organization absent of bias, which empowers each employee to engage from where they are.

Since diversity and inclusion is woven into the New York Fed's overall Mission, Vision and Values, as well as embedded within the People Strategy, the New York Fed does not have a separate diversity and inclusion strategic plan.

Question 12: *Please complete the attached template of agency diversity data for the years between 2015-2019.*

A completed template is attached as Appendix A.

APPENDIX A

INSTRUCTIONS

Questions for the Record

House Committee on Financial Services, Subcommittee on Diversity and Inclusion Hearing: "Holding Financial Regulators Accountable for Diversity and Inclusion: Perspectives from the Offices of Minority Women and Inclusion"
Tuesday, September 8, 2020

Please complete this template of agency diversity data for the years 2015-2019. Each tab corresponds to an individual reporting year. Please note that demographic data is bifurcated into binary gender categories. To the extent that your agency has non-binary gender demographic information, insert additional fields in each template.

To add any additional information about the agency's diversity policies and practices not included in the previous sections, include in an appendix to this template in the submission to the Committee's QFR.

YEAR REPORTING: Calendar Year 2015															
AGENCY DIVERSITY DATA															
Workforce Profile															
	White #	White %	Black or African American #	Black or African American %	Hispanic or Latino #	Hispanic or Latino %	Native Hawaiian or Other Pacific Islander #	Native Hawaiian or Other Pacific Islander %	Asian #	Asian %	American Indian or Alaska Native #	American Indian or Alaska Native %	Two or more races #	Two or more races %	
What are the numbers and percentages of women and minorities in the agency's total workforce for the year listed above?	Females	659	39%	274	60%	157	47%	1	33%	298	47%	0	0%	13	46%
	Males	1030	61%	186	40%	174	53%	2	67%	341	53%	2	100%	15	54%
	TOTAL	1689	100%	460	100%	331	100%	3	100%	639	100%	2	100%	28	100%
What are the numbers and percentages of women and minorities in the agency's Executive/Senior Level Officials and Managers job category for the year listed above?	Females	White #	White %	Black or African American #	Black or African American %	Hispanic or Latino #	Hispanic or Latino %	Native Hawaiian or Other Pacific Islander #	Native Hawaiian or Other Pacific Islander %	Asian #	Asian %	American Indian or Alaska Native #	American Indian or Alaska Native %	Two or more races #	Two or more races %
	Males	12	36%	0	0%	0	0%	0	0%	1	50%	0	0%	0	0%
	TOTAL	21	64%	3	100%	1	100%	0	0%	1	50%	0	0%	0	0%
What are the numbers and percentages of women and minorities in the agency's First/Mid-Level Officials and Managers job category for the year listed above?	Females	White #	White %	Black or African American #	Black or African American %	Hispanic or Latino #	Hispanic or Latino %	Native Hawaiian or Other Pacific Islander #	Native Hawaiian or Other Pacific Islander %	Asian #	Asian %	American Indian or Alaska Native #	American Indian or Alaska Native %	Two or more races #	Two or more races %
	Males	200	36%	34	60%	24	44%	0	0%	59	53%	0	0%	2	40%
	TOTAL	350	64%	23	40%	30	56%	0	0%	53	47%	0	0%	3	60%
		550	100%	57	100%	54	100%	0	0%	112	100%	0	0%	5	100%

YEAR REPORTING: Calendar Year 2015															
AGENCY DIVERSITY DATA															
	White #	White %	Black or African American #	Black or African American %	Hispanic or Latino #	Hispanic or Latino %	Native Hawaiian or Other Pacific Islander #	Native Hawaiian or Other Pacific Islander %	Asian #	Asian %	American Indian or Alaska Native #	American Indian or Alaska Native %	Two or more races #	Two or more races %	
What are the numbers and percentages of women and minorities in the agency's Professionals job category for the year listed above?	Females	356	41%	145	59%	84	45%	1	33%	212	46%	0	0%	9	43%
	Males	518	59%	101	41%	101	55%	2	67%	247	54%	0	0%	12	57%
	TOTAL	874	100%	246	100%	185	100%	3	100%	459	100%	0	0%	21	100%
What are the numbers and percentages of women and minorities in the agency's Technicians job category for the year listed above?	Females	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%
	Males	1	100%	0	0%	3	100%	0	0%	1	100%	0	0%	0	0%
	TOTAL	1	100%	0	0%	3	100%	0	0%	1	100%	0	0%	0	0%
What are the numbers and percentages of women and minorities in the agency's Administrative Support Workers job category for the year listed above?	Females	76	71%	71	82%	37	88%	0	0%	17	61%	0	0%	1	100%
	Males	31	29%	15	18%	5	12%	0	0%	11	39%	0	0%	0	0%
	TOTAL	107	100%	87	100%	42	100%	0	0%	28	100%	0	0%	1	100%

YEAR REPORTING: Calendar Year 2015						
AGENCY DIVERSITY DATA						
Asset Management Diversity						
Total Subcontracted \$	Women-Owned \$	Women-Owned %	Minority-Owned \$	Minority-Owned %	Minority Women-Owned \$	Minority Women-Owned %
<p>What is the agency's total amount and percentage of assets subcontracted to women-owned, minority-owned, or minority women-owned asset management firms for the year listed above? *FRBNY is currently in the initial stages of a multi-phase competitive bidding process for multiple vendor roles for the COVID-related facilities and our expanded monetary policy operations. This process is designed to encourage a wide range of firms, including minority- and women-owned firms, to express their interest in competing for these roles. Three minority- or women-owned firms were invited to participate in the RFP process for the first vendor role that we are procuring under this strategy. We will report back separately to the Subcommittee on these efforts.</p>						
Underwriting Diversity						
Total Fees \$	Women-Owned \$	Women-Owned %	Minority-Owned \$	Minority-Owned Spend %	Minority Women-Owned \$	Minority Women-Owned %
<p>What is the agency's total amount and percentage of fees paid out to women-owned, minority-owned, or minority women-owned firms for underwriting activities in the year listed above? *FRBNY did not pay out any fees to any vendors for underwriting activities in the year listed above.</p>						

YEAR REPORTING: Calendar Year 2015		
AGENCY DIVERSITY DATA		
Regulated Entities		
Total Assessments Sent Out	Total Responses Received	% Response Rate
Please provide the diversity self-assessment response rate for your agency: *The Board of Governors will be supplying this data.		

Workforce Data obtained from PeopleSoft EEO-1 report as of 12/31/15

YEAR REPORTING: Calendar Year 2016														
AGENCY DIVERSITY DATA														
Workforce Profile														
	White #	White %	Black or African American #	Black or African American %	Hispanic or Latino #	Hispanic or Latino %	Native Hawaiian or Other Pacific Islander #	Native Hawaiian or Other Pacific Islander %	Asian #	Asian %	American Indian or Alaska Native #	American Indian or Alaska Native %	Two or more races #	Two or more races %
What are the numbers and percentages of women and minorities in the agency's total workforce for the year listed above?	Females	654	39%	270	59%	154	48%	0	0%	47%	0	0%	11	46%
	Males	1026	61%	187	41%	169	52%	3	100%	53%	2	100%	13	54%
	TOTAL	1680	100%	457	100%	323	100%	3	100%	100%	2	100%	24	100%
What are the numbers and percentages of women and minorities in the agency's Executive/Senior Level Officials and Managers job category for the year listed above?	Females	10	36%	0	0%	0	0%	0	0%	0%	0	0%	0	0%
	Males	18	64%	3	100%	1	100%	0	0%	100%	0	0%	0	0%
	TOTAL	28	100%	3	100%	1	100%	0	0%	100%	0	0%	0	0%
What are the numbers and percentages of women and minorities in the agency's First/Mid-Level Officials and Managers job category for the year listed above?	Females	207	38%	37	61%	25	49%	0	0%	56%	0	0%	3	43%
	Males	340	62%	24	39%	26	51%	0	0%	44%	0	0%	4	57%
	TOTAL	547	100%	61	100%	51	100%	0	0%	100%	0	0%	7	100%

YEAR REPORTING: Calendar Year 2016															
AGENCY DIVERSITY DATA															
	White #	White %	Black or African American #	Black or African American %	Hispanic or Latino #	Hispanic or Latino %	Native Hawaiian or Other Pacific Islander #	Native Hawaiian or Other Pacific Islander %	Asian #	Asian %	American Indian or Alaska Native #	American Indian or Alaska Native %	Two or more races #	Two or more races %	
What are the numbers and percentages of women and minorities in the agency's Professionals job category for the year listed above?	Females	360	41%	142	58%	84	46%	0	0%	217	45%	0	0%	7	44%
	Males	526	59%	103	42%	100	54%	2	100%	263	55%	0	0%	9	56%
	TOTAL	886	100%	245	100%	184	100%	2	100%	480	100%	0	0%	16	100%
What are the numbers and percentages of women and minorities in the agency's Technicians job category for the year listed above?	Females	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%
	Males	1	100%	0	0%	3	100%	0	0%	1	100%	0	0%	0	0%
	TOTAL	1	100%	0	0%	3	100%	0	0%	1	100%	0	0%	0	0%
What are the numbers and percentages of women and minorities in the agency's Administrative Support Workers job category for the year listed above?	Females	63	64%	65	81%	34	85%	0	0%	20	57%	0	0%	1	100%
	Males	36	36%	15	19%	6	15%	0	0%	15	43%	0	0%	0	0%
	TOTAL	99	100%	80	100%	40	100%	0	0%	35	100%	0	0%	1	100%

YEAR REPORTING: Calendar Year 2016						
AGENCY DIVERSITY DATA						
Asset Management Diversity						
Total Subcontracted \$	Women-Owned \$	Women-Owned %	Minority-Owned \$	Minority-Owned %	Minority Women-Owned \$	Minority Women-Owned %
<p>What is the agency's total amount and percentage of assets subcontracted to women-owned, minority-owned, or minority women-owned asset management firms for the year listed above? <i>*FRBNY is currently in the initial stages of a multi-phase competitive bidding process for multiple vendor roles for the COVID-related facilities and our expanded monetary policy operations. This process is designed to encourage a wide range of firms, including minority- and women-owned firms, to express their interest in competing for these roles. Three minority- or women-owned firms were invited to participate in the RFP process for the first vendor role that we are procuring under this strategy. We will report back separately to the Subcommittee on these efforts.</i></p>						
Underwriting Diversity						
Total Fees \$	Women-Owned \$	Women-Owned %	Minority-Owned \$	Minority-Owned Spend %	Minority Women-Owned \$	Minority Women-Owned %
<p>What is the agency's total amount and percentage of fees paid out to women-owned, minority-owned, or minority women-owned firms for underwriting activities in the year listed above? <i>*FRBNY did not pay out any fees to any vendors for underwriting activities in the year listed above.</i></p>						

YEAR REPORTING: Calendar Year 2016		
AGENCY DIVERSITY DATA		
Regulated Entities		
Total Assessments Sent Out	Total Responses Received	% Response Rate
Please provide the diversity self-assessment response rate for your agency. *The Board of Governors will be supplying this data.		

Workforce Data obtained from PeopleSoft EEO-1 report as of 12/31/16

YEAR REPORTING: Calendar Year 2017															
AGENCY DIVERSITY DATA															
Workforce Profile															
	White #	White %	Black or African American #	Black or African American %	Hispanic or Latino #	Hispanic or Latino %	Native Hawaiian or Other Pacific Islander #	Native Hawaiian or Other Pacific Islander %	Asian #	Asian %	American Indian or Alaska Native #	American Indian or Alaska Native %	Two or more races #	Two or more races %	
What are the numbers and percentages of women and minorities in the agency's total workforce for the year listed above?	Females	645	39%	259	59%	154	48%	0	0%	299	44%	0	0%	10	48%
	Males	1018	61%	183	41%	165	52%	2	100%	374	56%	2	100%	11	52%
	TOTAL	1663	100%	442	100%	319	100%	2	100%	673	100%	2	100%	21	100%
What are the numbers and percentages of women and minorities in the agency's Executive/Senior Level Officials and Managers job category for the year listed above?	Females	19	45%	0	0%	0	0%	0	0%	1	50%	0	0%	0	0%
	Males	23	55%	3	100%	1	100%	0	0%	1	50%	0	0%	0	0%
	TOTAL	42	100%	3	100%	1	100%	0	0%	2	100%	0	0%	0	0%
What are the numbers and percentages of women and minorities in the agency's First/Mid-Level Officials and Managers job category for the year listed above?	Females	195	37%	39	64%	22	49%	0	0%	61	53%	0	0%	2	33%
	Males	328	63%	22	36%	23	51%	0	0%	54	47%	0	0%	4	67%
	TOTAL	523	100%	61	100%	45	100%	0	0%	115	100%	0	0%	6	100%

YEAR REPORTING: Calendar Year 2017															
AGENCY DIVERSITY DATA															
	White #	White %	Black or African American #	Black or African American %	Hispanic or Latino #	Hispanic or Latino %	Native Hawaiian or Other Pacific Islander #	Native Hawaiian or Other Pacific Islander %	Asian #	Asian %	American Indian or Alaska Native #	American Indian or Alaska Native %	Two or more races #	Two or more races %	
What are the numbers and percentages of women and minorities in the agency's Professionals job category for the year listed above?	Females	362	40%	139	58%	89	47%	0	0%	212	43%	0	0%	7	50%
	Males	538	60%	99	42%	99	53%	2	100%	281	57%	0	0%	7	50%
	TOTAL	900	100%	238	100%	188	100%	2	100%	493	100%	0	0%	14	100%
What are the numbers and percentages of women and minorities in the agency's Technicians job category for the year listed above?	Females	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%
	Males	1	100%	0	0%	3	100%	0	0%	1	100%	0	0%	0	0%
	TOTAL	1	100%	0	0%	3	100%	0	0%	1	100%	0	0%	0	0%
What are the numbers and percentages of women and minorities in the agency's Administrative Support Workers job category for the year listed above?	Females	53	71%	55	77%	30	83%	0	0%	14	54%	0	0%	1	100%
	Males	22	29%	15	23%	6	17%	0	0%	12	46%	0	0%	0	0%
	TOTAL	75	100%	71	100%	36	100%	0	0%	26	100%	0	0%	1	100%

YEAR REPORTING: Calendar Year 2017						
AGENCY DIVERSITY DATA						
Asset Management Diversity						
Total Subcontracted \$	Women-Owned \$	Women-Owned %	Minority-Owned \$	Minority-Owned %	Minority Women-Owned \$	Minority Women-Owned %
<p>What is the agency's total amount and percentage of assets subcontracted to women-owned, minority-owned, or minority women-owned asset management firms for the year listed above? *FBANY is currently in the initial stages of a multi-phase competitive bidding process for multiple vendor roles for the COVID-related facilities and our expanded monetary policy operations. This process is designed to encourage a wide range of firms, including minority- and women-owned firms, to express their interest in competing for these roles. Three minority- or women-owned firms were invited to participate in the RFP process for the first vendor role that we are procuring under this strategy. We will report back separately to the Subcommittee on these efforts.</p>						
Total Fees \$	Women-Owned \$	Women-Owned %	Minority-Owned \$	Minority-Owned %	Minority Women-Owned \$	Minority Women-Owned %
<p>What is the agency's total amount and percentage of fees paid out to women-owned, minority-owned, or minority women-owned firms for underwriting activities in the year listed above? *FBANY did not pay out any fees to any vendors for underwriting activities in the year listed above.</p>						

YEAR REPORTING: Calendar Year 2017		
AGENCY DIVERSITY DATA		
Regulated Entities		
Total Assessments Sent Out	Total Responses Received	% Response Rate
Please provide the diversity self-assessment response rate for your agency: *The Board of Governors will be supplying this data.		

Workforce Data obtained from PeopleSoft EEO-1 report as of 12/31/17

YEAR REPORTING: Calendar Year 2018															
AGENCY DIVERSITY DATA															
Workforce Profile															
	White #	White %	Black or African American #	Black or African American %	Hispanic or Latino #	Hispanic or Latino %	Native Hawaiian or Other Pacific Islander #	Native Hawaiian or Other Pacific Islander %	Asian #	Asian %	American Indian or Alaska Native #	American Indian or Alaska Native %	Two or more races #	Two or more races %	
What are the numbers and percentages of women and minorities in the agency's total workforce for the year listed above?	Females	660	40%	258	59%	158	48%	0	0%	312	46%	0	0%	9	45%
	Males	978	60%	178	41%	168	52%	2	100%	371	54%	2	100%	11	55%
	TOTAL	1638	100%	436	100%	326	100%	2	100%	683	100%	2	100%	20	100%
What are the numbers and percentages of women and minorities in the agency's Executive/Senior Level Officials and Managers job category for the year listed above?	Females	19	38%	1	33%	2	67%	0	0%	3	75%	0	0%	0	0%
	Males	31	62%	2	67%	1	33%	0	0%	1	25%	0	0%	0	0%
	TOTAL	50	100%	3	100%	3	100%	0	0%	4	100%	0	0%	0	0%
What are the numbers and percentages of women and minorities in the agency's First/Mid-Level Officials and Managers job category for the year listed above?	Females	200	40%	37	63%	23	51%	0	0%	62	51%	0	0%	2	33%
	Males	303	60%	22	37%	22	49%	0	0%	59	49%	0	0%	4	67%
	TOTAL	503	100%	59	100%	45	100%	0	0%	121	100%	0	0%	6	100%

YEAR REPORTING: Calendar Year 2018															
AGENCY DIVERSITY DATA															
	White #	White %	Black or African American #	Black or African American %	Hispanic or Latino #	Hispanic or Latino %	Native Hawaiian or Other Pacific Islander #	Native Hawaiian or Other Pacific Islander %	Asian #	Asian %	American Indian or Alaska Native #	American Indian or Alaska Native %	Two or more races #	Two or more races %	
What are the numbers and percentages of women and minorities in the agency's Professionals job category for the year listed above?	Females	368	41%	148	61%	90	48%	0	0%	225	45%	0	0%	6	46%
	Males	522	59%	96	39%	98	52%	2	100%	278	55%	0	0%	7	54%
	TOTAL	890	100%	244	100%	188	100%	2	100%	503	100%	0	0%	13	100%
What are the numbers and percentages of women and minorities in the agency's Technicians job category for the year listed above?	Females	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%
	Males	1	100%	0	0%	3	100%	0	0%	1	100%	0	0%	0	0%
	TOTAL	1	100%	0	0%	3	100%	0	0%	1	100%	0	0%	0	0%
What are the numbers and percentages of women and minorities in the agency's Administrative Support Workers job category for the year listed above?	Females	55	71%	50	78%	31	82%	0	0%	12	55%	0	0%	1	100%
	Males	22	29%	14	22%	7	18%	0	0%	10	45%	0	0%	0	0%
	TOTAL	77	100%	64	100%	38	100%	0	0%	22	100%	0	0%	1	100%

YEAR REPORTING: Calendar Year 2018						
AGENCY DIVERSITY DATA						
Asset Management Diversity						
Total Subcontracted \$	Women-Owned \$	Women-Owned %	Minority-Owned \$	Minority-Owned %	Minority Women-Owned \$	Minority Women-Owned %
<p>What is the agency's total amount and percentage of assets subcontracted to women-owned, minority-owned, or minority women-owned asset management firms for the year listed above? *FBANY is currently in the initial stages of a multi-phase competitive bidding process for multiple vendor roles for the COVID-related facilities and our expanded monetary policy operations. This process is designed to encourage a wide range of firms, including minority- and women-owned firms, to express their interest in competing for these roles. Three minority- or women-owned firms were invited to participate in the RFP process for the first vendor role that we are procuring under this strategy. We will report back separately to the Subcommittee on these efforts.</p>						
Total Fees \$	Women-Owned \$	Women-Owned %	Minority-Owned \$	Minority-Owned %	Minority Women-Owned \$	Minority Women-Owned %
<p>What is the agency's total amount and percentage of fees paid out to women-owned, minority-owned, or minority women-owned firms for underwriting activities in the year listed above? *FBANY did not pay out any fees to any vendors for underwriting activities in the year listed above.</p>						

YEAR REPORTING: Calendar Year 2018		
AGENCY DIVERSITY DATA		
Regulated Entities		
Total Assessments Sent Out	Total Responses Received	% Response Rate
Please provide the diversity self-assessment response rate for your agency: *The Board of Governors will be supplying this data.		

Workforce Data obtained from PeopleSoft EEO-1 report as of 12/31/18

YEAR REPORTING: Calendar Year 2019															
AGENCY DIVERSITY DATA															
Workforce Profile															
	White #	White %	Black or African American #	Black or African American %	Hispanic or Latino #	Hispanic or Latino %	Native Hawaiian or Other Pacific Islander #	Native Hawaiian or Other Pacific Islander %	Asian #	Asian %	American Indian or Alaska Native #	American Indian or Alaska Native %	Two or more races #	Two or more races %	
What are the numbers and percentages of women and minorities in the agency's total workforce for the year listed above?	Females	653	40%	254	58%	162	49%	1	33%	329	47%	0	0%	12	44%
	Males	973	60%	181	42%	168	51%	2	67%	377	53%	2	100%	15	56%
	TOTAL	1626	100%	435	100%	330	100%	3	100%	706	100%	2	100%	27	100%
What are the numbers and percentages of women and minorities in the agency's Executive/Senior Level Officials and Managers job category for the year listed above?	Females	18	39%	1	33%	1	50%	0	0%	3	75%	0	0%	0	0%
	Males	28	61%	2	67%	1	50%	0	0%	1	25%	0	0%	0	0%
	TOTAL	46	100%	3	100%	2	100%	0	0%	4	100%	0	0%	0	0%
What are the numbers and percentages of women and minorities in the agency's First/Mid-Level Officials and Managers job category for the year listed above?	Females	189	38%	37	65%	25	54%	0	0%	63	52%	0	0%	4	40%
	Males	304	62%	20	35%	21	46%	0	0%	59	48%	0	0%	6	60%
	TOTAL	493	100%	57	100%	46	100%	0	0%	122	100%	0	0%	10	100%

YEAR REPORTING: Calendar Year 2019															
AGENCY DIVERSITY DATA															
	White #	White %	Black or African American #	Black or African American %	Hispanic or Latino #	Hispanic or Latino %	Native Hawaiian or Other Pacific Islander #	Native Hawaiian or Other Pacific Islander %	Asian #	Asian %	American Indian or Alaska Native #	American Indian or Alaska Native %	Two or more races #	Two or more races %	
What are the numbers and percentages of women and minorities in the agency's Professionals job category for the year listed above?	Females	381	42%	148	59%	94	47%	1	33%	241	46%	0	0%	6	40%
	Males	518	58%	103	41%	106	53%	2	67%	288	54%	0	0%	9	60%
	TOTAL	899	100%	251	100%	200	100%	3	100%	529	100%	0	0%	15	100%
What are the numbers and percentages of women and minorities in the agency's Technicians job category for the year listed above?	Females	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%
	Males	1	100%	0	0%	3	100%	0	0%	1	100%	0	0%	0	0%
	TOTAL	1	100%	0	0%	3	100%	0	0%	1	100%	0	0%	0	0%
What are the numbers and percentages of women and minorities in the agency's Administrative Support Workers job category for the year listed above?	Females	52	69%	50	78%	30	86%	0	0%	13	54%	0	0%	2	100%
	Males	23	31%	14	22%	5	14%	0	0%	11	46%	0	0%	0	0%
	TOTAL	75	100%	64	100%	35	100%	0	0%	24	100%	0	0%	2	100%

YEAR REPORTING: Calendar Year 2019														
AGENCY DIVERSITY DATA														
	White #	White %	Black or African American #	Black or African American %	Hispanic or Latino #	Hispanic or Latino %	Native Hawaiian or Other Pacific Islander #	Native Hawaiian or Other Pacific Islander %	Asian #	Asian %	American Indian or Alaska Native #	American Indian or Alaska Native %	Two or more races #	Two or more races %
What are the numbers and percentages of women and minorities in all other job categories at the agency for the year listed above?	13	12%	18	30%	12	27%	0	0%	9	35%	0	0%	0	0%
	99	88%	42	70%	32	73%	0	0%	17	65%	2	100%	0	0%
	112	100%	60	100%	44	100%	0	0%	26	100%	2	100%	0	0%
What are the total numbers and percentages of women and minorities in each of the agency's advisory boards for the year listed above? (please complete individually for each advisory board)	White #	White %	Black or African American #	Black or African American %	Hispanic or Latino #	Hispanic or Latino %	Native Hawaiian or Other Pacific Islander #	Native Hawaiian or Other Pacific Islander %	Asian #	Asian %	American Indian or Alaska Native #	American Indian or Alaska Native %	Two or more races #	Two or more races %
	1	11.11%	1.00	11.11%	1.00	11.11%	0.00	0.00%	0	0.00%	0.00	0.00%	0.00	0.00%
	4	44.44%	1.00	11.11%	1.00	11.11%	0.00	0.00%	0	0.00%	0.00	0.00%	0.00	0.00%
	5	55.56%	2.00	22.22%	2.00	22.22%	0.00	0.00%	0	0.00%	0.00	0.00%	0.00	0.00%
*Please note that we are supplying data on the board of directors of FRBNY.														
Supplier Diversity														
	Total Spend \$	Women-Owned \$	Women-Owned %	Minority-Owned \$	Minority-Owned %	Minority-Owned \$	Minority-Owned %	Minority Women-Owned \$	Minority Women-Owned %	Minority Women-Owned \$	Minority Women-Owned %	Minority Women-Owned \$	Minority Women-Owned %	Minority Women-Owned %
NAICS Industry	190.30	29.60	15.60	41.10	21.60	27.60	14.50							
NAICS Industry														
NAICS Industry														
NAICS Industry														

Please provide the agency's total annual procurement spend for the year listed above with women-owned, minority-owned, or minority women-owned businesses compared to the total procurement spend with all vendors and suppliers by each NAICS industry utilized by the agency. (Please insert more rows as necessary)

YEAR REPORTING: Calendar Year 2019						
AGENCY DIVERSITY DATA						
Asset Management Diversity						
Total Subcontracted \$	Women-Owned \$	Women-Owned %	Minority-Owned \$	Minority-Owned %	Minority Women-Owned \$	Minority Women-Owned %
<p>What is the agency's total amount and percentage of assets subcontracted to women-owned, minority-owned, or minority women-owned asset management firms for the year listed above? *FBNY is currently in the initial stages of a multi-phase competitive bidding process for multiple vendor roles for the COVID-related facilities and our expanded monetary policy operations. This process is designed to encourage a wide range of firms, including minority- and women-owned firms, to express their interest in competing for these roles. Three minority- or women-owned firms were invited to participate in the RFP process for the first vendor role that we are procuring under this strategy. We will report back separately to the Subcommittee on these efforts.</p>						
Underwriting Diversity						
Total Fees \$	Women-Owned \$	Women-Owned %	Minority-Owned \$	Minority-Owned Spend %	Minority Women-Owned \$	Minority Women-Owned %
<p>What is the agency's total amount and percentage of fees paid out to women-owned, minority-owned, or minority women-owned firms for underwriting activities in the year listed above? *FBNY did not pay out any fees to any vendors for underwriting activities in the year listed above.</p>						

YEAR REPORTING: Calendar Year 2019		
AGENCY DIVERSITY DATA		
Regulated Entities		
Total Assessments Sent Out	Total Responses Received	% Response Rate
Please provide the diversity self-assessment response rate for your agency: *The Board of Governors will be supplying this data.		

Workforce Data obtained from PeopleSoft EEO-1 report as of 12/31/19

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FEDERAL RESERVE BANK *of* NEW YORK

33 LIBERTY STREET, NEW YORK, NY 10045-0001

November 12, 2020

The Honorable Joyce Beatty
United States House of Representatives
Washington, D.C. 20515

VIA EMAIL TO STAFF

Dear Chairwoman Beatty:

Enclosed are my responses to the questions you submitted following the September 8, 2020,¹ hearing before the Committee on Financial Services Subcommittee on Diversity and Inclusion. A copy has also been forwarded to the Committee for inclusion in the hearing record.

Please let me know if I may be of further assistance.

Sincerely,

Lacey Dingman

Enclosure

¹ Questions for the record related to this hearing were received on September 21, 2020.

Questions for Lacey Dingman, Chief People Officer and OMWI Director, Federal Reserve Bank of New York, from Chairwoman Beatty

Question 1: *Under Section 342(b)(3) of Dodd-Frank, “[e]ach Director shall advise the agency administrator on the impact of the policies and regulations of the agency on minority-owned and women-owned businesses.” Please describe how your agency interprets this provision, including whether formal and informal agency rulemakings fall within the scope of this provision.*

The New York Fed is a corporate instrumentality of the United States, not an agency, and so does not have any formal or informal rulemaking authority. Nonetheless, as OMWI Director, I advise our President and CEO broadly, and with frequency, on how New York Fed policies can and should be changed to further the effectiveness of our diversity, equity and inclusion efforts, which includes more effective engagement with minority-owned and women-owned businesses.

Question 2: *How often do you meet with your Agency Administrator as defined by Section 342(g)(2) of the Dodd-Frank?*

I meet with our President and CEO several times a week, if not daily.

Question 3: *Who do you directly report to in your agency? If it is not the Agency Administrator, please provide a legal justification for compliance with Section 342(b)(1) of Dodd-Frank.*

In my capacity as OMWI Director and as Chief People Officer—the head of the People & Engagement Group, formerly known as the Human Resources Group—I report to the New York Fed’s President and CEO.

Question 4: *Please list the number of full-time and part-time staff within your agency’s OMWI, including job titles and job descriptions.*

At the New York Fed, OMWI represents more than a corner of our organizational chart. It is instead a commitment to advancing women and minority employees and communities that is infused throughout the culture of inclusion at the New York Fed.

Our Chief Diversity, Equity and Inclusion Officer works closely with four subject matter experts in diversity, equity, and inclusion (“DEI”), entitled Inclusion Strategists, on

DEI matters within the People & Engagement Group of the New York Fed. Our Inclusion Strategists are tasked with providing guidance on DEI best practices to our leaders, managers, and staff, ensuring that our programs and offerings are inclusive of all employees, managing our relationships with diversity partner organizations, and developing outreach strategies to identify and develop a pipeline of diverse talent. More broadly, all 89 full-time and part-time employees who work in the New York Fed's People & Engagement Group are responsible for broadening and furthering the reach of our OMWI. Even more broadly, all of our employees are responsible for advancing diversity and inclusion at the New York Fed. This is reflected in our requirement that every employee be evaluated annually for their efforts to promote diversity and inclusion.

Question 5: Under Section 342 (c)(3)(A) the OMWI Director "shall include a procedure for the Director to make a determination whether an agency contractor, and, as applicable, a subcontractor has failed to make a good faith effort to include minorities and women in their workforce." Please provide details regarding efforts to fully ensure the Agency's contractors are making a "good faith" effort re workforce diversity, whether an adverse determination regarding the performance of a contractor has been made by your office, and what, if any steps have been taken by the Agency as a result of said adverse determination.

As part of the evaluation process for each of the New York Fed's vendor relationships, a review is performed of the vendor's response to our mandatory questionnaire on their diversity and inclusion efforts to determine if they have made good faith efforts to promote the fair inclusion of women, minorities and veterans in their workplace. Good faith efforts consist of actions by the firm intended to identify and, if present, remove barriers to women, minorities and veterans within its workforce and expand employment opportunities for women, minorities and veterans within its workforce.

The evaluation reviews and assesses efforts the firm has made and will continue to make during the course of the relationship with regard to: (1) organizational commitment to diversity and inclusion; (2) recruitment practices; (3) retention strategies; and (4) training and development.

To date an adverse determination has not been made regarding the performance of a contractor under this process.

**Responses from Pamela Gibbs, Director
Office of Minority and Women Inclusion, Securities and Exchange Commission**

**House Committee on Financial Services Subcommittee on Diversity and Inclusion
Hearing: Holding Financial Regulators Accountable for Diversity and Inclusion:
Perspectives from the Offices of Minority and Women Inclusion
September 8, 2020**

Chairwoman Waters Questions for the Record

Appointing, Hiring, and Promoting Diverse Talent

- 1. The Rooney Rule is a policy that originates from the National Football League, where at least one minority and/or woman must be considered for each open leadership position. This Committee recently passed legislation that requires the consideration of at least one person reflective of both gender and racial or ethnic diversity when filling Federal Reserve Bank president vacancies. This hearing is also considering legislation that would require consideration of at least one gender and one racially diverse candidate for federal boards of directors and advisory committees.**
 - a. To all agencies, how could a Rooney Rule-like requirement to mandate the consideration of diverse candidates for senior staff roles improve diversity results in these decision-making bodies?**

Response:

While the intention in promoting diversity at all levels is important, the SEC does not view a legal mandate to consider candidates for senior roles as a cure-all. It may result in more diverse candidates being interviewed but would not necessarily mean more diverse candidates would be selected for senior staff positions. Engaging in outreach and recruitment to attract diverse candidates for vacancies in senior management positions is essential to achieving improved diversity in these positions, but other actions are needed as well. Foremost among these is providing candidates with a fair and unbiased selection process.

The SEC recently announced a new set of initiatives for improving diversity among SEC Senior Officers, including measures that are intended to further promote fairness and objectivity in evaluating candidates. For example, the SEC will take steps to enhance diversity on hiring committees and interview panels and will develop new protocols to ensure the agency recruits, interviews, and assesses candidates for Senior Officer positions in ways that can help us achieve a more diverse leadership cadre. In addition to enhancements to the selection process, the SEC expects that improving succession planning by providing more leadership development opportunities will help to develop the internal talent pipeline for senior roles.

The SEC has also taken steps to promote fairness in the appointment process for members of its independent advisory committees. Formal nominating committees are being

established, with the first one chaired by Robert Marchman, Senior Policy Advisor for Diversity and Inclusion.

- b. To all agencies, to what extent have your agencies implemented a Rooney-Rule approach to create diverse candidate pools? How has utilization of these policies increased diversity in promotions and hiring at your agencies? If you haven't, why haven't you implemented such an approach?**

Response:

The SEC has not adopted a Rooney-Rule approach to create diverse candidate pools. The agency has relied on strategic outreach and broad recruitment, utilizing a variety of sources including diverse professional organizations, to attract a diverse pool of applicants. Although the SEC has made progress toward its goal of improving diversity among its senior leaders, opportunities for further improvements exist. This year, the SEC implemented its first ever Diversity and Inclusion Strategic Plan for Fiscal Years 2020-2022 (D&I Strategic Plan) and a number of initiatives to help further this goal. A copy of the D&I Strategic Plan is attached. The Office of Minority and Women Inclusion (OMWI) and Office of Human Resources (OHR) are each establishing new roles focused on diversity outreach and recruitment to increase engagement and awareness of SEC careers generally and specific opportunities as they arise.

Women represented 43.6 percent of Senior Officers as of the end of FY 2020, compared to 38.1 percent in FY 2015. The representation of women among Senior Officers was higher than the representation of women among Senior Executives in the federal workforce. According to OPM's FedScope, women made up 34.4 percent of Senior Executives in the federal workforce in FY 2020. Approximately 50 percent of the direct reports to the Chairman of the SEC are women.

Minorities held 16 percent of Senior Officer positions as of the end of FY 2020, compared to 12.9 percent in FY 2015. In contrast, minorities held 21.3 percent of Senior Executive positions in the federal workforce in FY 2020.

- 2. Claudia Sahn's blog as well as Dr. Chris Brummer's analysis highlight a direct correlation between racial diversity and inclusion performance in senior levels of an Agency's workforce and regulatory policy outcomes. According to the CDC the COVID-19 pandemic has caused a unique and disparate impact on diverse communities. The Federal Reserve Banks and the Department of the Treasury have played a key role in assessing the economic impacts of the pandemic and administering relief programs.**
- a. To all agencies, how have all of you been involved within your agency to mitigate the disparate impact that the COVID-19 pandemic may have caused among your minority workforce as well as the minority-owned businesses and communities of color that your agencies serve?**

Response:

Throughout this period of collective, national challenge, the SEC has remained fully operational and committed to our tripartite mission to protect investors; maintain fair, orderly, and efficient markets; and facilitate capital formation. The agency is actively monitoring our markets for frauds, illicit schemes, and other misconduct affecting U.S. investors relating to COVID-19—and as circumstances warrant, will issue trading suspensions and use enforcement tools as appropriate.

The Division of Enforcement has dedicated significant resources to quickly responding to COVID-related matters. Over the last few months, the SEC has suspended trading in the securities of dozens of issuers. The Commission has also brought a number of enforcement actions against issuers and individuals alleging fraud based on COVID-19 related claims.

Staff across divisions and offices have also expanded their ongoing outreach efforts with clearing agencies, exchanges, issuers, broker-dealers, investment companies, public accounting firms, investor representatives, credit rating agencies, fund sponsors, investment advisers, and other market participants, as well as other domestic and foreign authorities. Activities conducted by the staff focusing on American investors and entrepreneurs, including minority communities, include the following:

- On April 2, 2020, the Investment Advisory Committee held a special meeting to focus on market and investment-related issues facing our retail investors.
- Asset Management Advisory Committee: OMWI supported the committee's work to highlight disparities in the asset management industry and hear from professional organizations focused on minority-owned and women-owned asset management firms during two meetings on July 16, 2020, and September 16, 2020.
- In June, the Office of the Advocate for Small Business Capital Formation hosted a virtual Small Business Forum on June 18, 2020, that featured sessions with thought leaders from across the capital formation marketplace, including:
 - Empowering Women Entrepreneurs – Insights from investors who support women-founded companies
 - Rural and Thriving – Overcoming the unique challenges of building companies in rural communities
 - Stories from Founders of Color – Building minority-owned companies and raising capital
- The Office of Investor Education and Advocacy issued an investor alert on the types of frauds Main Street investors should be especially wary of during this time.
- In light of the challenges that minority communities face accessing capital, as well as recent events highlighting racial injustice and the challenges from COVID-19, the Small Business Capital Formation Advisory Committee held a meeting on August 4, 2020, focused on how capital markets are serving underrepresented founders, including

minorities and women. During the meeting the Office of the Advocate for Small Business Capital Formation shared statistics and trends in capital raising across demographic groups, and the Committee heard from founders and investors as they share their perspectives on capital formation.

- Engaging in outreach with the small business community to address capital needs in light of business closures, workforce challenges, and declining revenue resulting from the effects of COVID-19
 - The Investor Advisory Committee convened a meeting on September 24, 2020, which focused in part on challenges confronting minority investors including the existence of a racial wealth gap and addressing historical barriers to market access for the minority community.
- 3. Several OMWI Directors mentioned internship programs to build diverse pipelines for the agency. Internship programs are a great way to ensure agencies have potential campus hires who come from a wide range of backgrounds. However, students from low-income backgrounds are often unable to afford unpaid internships as well as the living, housing, and transportation costs that come with it.**
- a. To all agencies, please describe all the benefits you offer to your interns and the extent to which all your interns are paid.**

Response:

The SEC offers paid positions through the Pathways Intern Program and unpaid positions through the Student Honors Program. Students who are currently enrolled at least half-time in an accredited educational institution can apply for the SEC Pathways Internship Program as Student Trainees. Student Trainees work with senior professionals and receive on-the-job training that will create a career pathway for success including professional development through career training, shadowing experiences, webinars, and much more. The SEC Pathways Internship Program includes the Resident Intern Program and the Career Intern Program. Each provides paid experiences to students enrolled in a wide variety of educational institutions from high school to graduate school and professional school levels. The SEC hires Student Trainees year-round, and employs on average five per year.

The SEC Student Honors Program, a ten-week internship program, provides opportunities for undergraduate, graduate, and law students to learn about securities regulations and the work of the SEC. The internship program is offered at headquarters and in the SEC's 11 regional offices. Students work with SEC staff on projects covering a broad range of the Commission's mission, such as conducting investigations of industry and issuer practices, assisting in the litigation of enforcement actions, and drafting proposed statutes and rules. SEC staff serve as professional mentors, assisting with research and writing projects, as well as providing advice and guidance on career development.

The Student Honors Program accepts students for internships three times a year: summer, fall, and spring. Although internships under this program are unpaid, many students with fall and spring internships earn academic credit. Some students also receive stipends from their schools or outside organizations during their internships with the SEC. From Fall 2018 to Summer 2019, 666 students participated in the Student Honors Program; 44 (6.6 percent) were from HBCUs and HSIs—educational institutions specified in Section 342(f)(1) of the Dodd-Frank Act as outreach and recruitment sources.

For FY 2021, as part of near-term initiatives to promote diversity, inclusion and opportunity approved by Chairman Clayton, the SEC is planning to establish an additional paid internship program by partnering with organizations, including those that assist organizations in matching diverse student candidates with intern opportunities.

Supplier Diversity

4. According to recent analysis by the Greenlining Institute of the OMWIs annual congressional reports from 2014-2019, many of your agencies have incrementally increased the number of Minority- and Women-Owned Business Enterprises (MWBEs) who are hired as contractors and subcontractors. These businesses often face systemic biases against their firms and limited access to capital, which might limit their competitiveness when completing the request of proposal (RFP) process for contract opportunities. MWBEs may also require additional assistance to the request for proposals (RFP) process which can be fraught with onerous criterion that may disproportionately exclude MWBEs compared to other applicants.

a. To all agencies, what efforts have your agencies made to more intentionally consider and select MWBEs for contracting opportunities?

Response:

The SEC actively embraces its obligations under Section 342 of the Dodd-Frank Act to promote the increased utilization of minority-owned and women-owned businesses (MWOBs) in the agency's business activities. Establishing and maintaining a diverse supplier base maximizes the SEC's ability to procure the best goods and services to meet its contracting needs. To implement the agency's strategy for promoting supplier diversity, OMWI works closely with the Office of Acquisitions (OA), which is responsible for contracting activities at the agency. In FY 2020, the SEC continued to pursue supplier diversity initiatives for ensuring the utilization of MWOBs in the agency's business activities. Contract awards to MWOBs increased to \$185.1 million (33.8 percent) of SEC total contract awards in FY 2020 from \$141.3 million (29.2 percent) in FY 2019.

OMWI and OA jointly host a monthly "Vendor Outreach Day" at SEC headquarters. This event provides MWOBs and other small businesses with an individualized opportunity to learn about the SEC's contracting needs and present their business capabilities to OMWI's Supplier Diversity Officer, the SEC's Small Business Specialist, and other key SEC personnel. In FY 2020, over 50 businesses participated in Vendor Outreach Days. These vendor outreach

efforts are even more vital during this time, and have continued during the COVID-19 pandemic through a virtual format. In addition, OMWI participates in external business networking events and procurement matchmaking sessions to increase the interaction between MWOBs and the SEC.

OMWI maintains an electronic Supplier Diversity Business Management System (SDBMS) to collect up-to-date business information and capabilities statements from diverse suppliers interested in doing business with the agency. SDBMS is used to assist OA and SEC program offices with identifying MWOB suppliers for market research purposes, and to keep firms updated on relevant SEC initiatives and events.

Another useful tool for MWOBs is the “Potential Competitive Contracting Opportunities Forecast” (Forecast) published by OA on the SEC.gov website. The Forecast lists competitive contracting opportunities that may occur during the fiscal year, including project descriptions and projected date of the procurement. The Forecast also indicates the SEC division with the potential contracting need and the anticipated acquisition strategy.

- b. To all agencies, to what extent have your agencies addressed any barriers or complexities in your respective RFP process that might disproportionately impact MWBEs, such as assets under management?**

Response:

All of the SEC’s supplier diversity outreach activities are designed to make MWOBs more aware of SEC requirements and participation in agency contracting. The SEC also provides potential contractors technical assistance on how to conduct business within the SEC procurement space.

Mitigating Biases in the Financial Regulatory Agencies and the Economy

- 5. A 2015 House Financial Services Committee on the fifth anniversary of Dodd-Frank Act found that that across the financial regulatory agencies, African-American employees generally received lower performance management review scores than White employees.**

- a. To all agencies, how are your agencies holding managers accountable for the implementation of your respective diversity and inclusion policies? Please explain if your agencies have performance metrics, pay incentives or other diversity and inclusion accountability metrics for your management teams.**

Response:

All SEC Senior Officers, supervisors, and managers share responsibility for the success of the agency’s initiatives to promote workforce diversity and workplace inclusion. Leveraging diversity is a key executive core qualification for senior leadership. Senior Officers are expected to foster an inclusive workplace where diversity and individual differences are valued and

leveraged to achieve the vision and mission of the agency. For supervisors and managers at SK-15 and SK-17 pay levels, diversity and inclusion competency is included under the critical element related to managing human resources in the performance work plans.

The SEC has been taking measures to increase the support and accountability of leaders and managers for diversity and inclusion. In April, the SEC issued its D&I Strategic Plan to help guide the agency's continued efforts to enhance diversity, inclusion, and opportunity within its workforce. The D&I Strategic Plan, which was developed with input from staff at all levels of the SEC, envisions that managers and supervisors in all divisions and offices will assume direct responsibility for its implementation. Involving leaders and managers in the development and implementation of the D&I Strategic Plan is but one action the SEC has taken to improve accountability for diversity and inclusion.

To foster a connected culture, enhance internal and external opportunity, and further promote accountability among managers for diversity and inclusion efforts, the SEC is pursuing a set of initiatives, which include:

- Clarifying—through outreach by OMWI, OHR, and the Office of Equal Employment Opportunity (OEEO)—existing diversity and inclusion expectations for Senior Officers, managers, and supervisors, including how diversity and inclusion performance impacts evaluation results;
 - Exploring the feasibility of division and office level diversity and inclusion performance metrics to promote accountability and best practices;
 - Requiring annual D&I training for managers and supervisors on the theory that a baseline understanding of requirements and opportunities can improve accountability; and
 - Requiring annual division and office reporting on D&I engagement, as many divisions offices engage in mission-related outreach and engagement and reporting on how they have integrated diversity, inclusion, and opportunity in those efforts can help further mission objectives.
- 6. In a report by the Federal Reserve Bank of New York, communities of color are disproportionately impacted physically and economically by the COVID-19 pandemic. According to the report, Black businesses experienced the most acute decline, with a 41 percent drop. Latinx business owners fell by 32 percent and Asian business owners dropped by 26 percent. In contrast, the number of white business owners fell by 17 percent.**
- a. To all agencies, how have you worked within the agency to mitigate the impact of the pandemic for your minority workforce?**

Response:

The SEC has taken steps to ensure the entire workforce has been provided the opportunity to continue employment through the pandemic as well as additional resources and support as necessary.

From an operational perspective, the SEC's efforts have centered, first and foremost, on the health and safety of our employees, the employees and customers of our registrants, and our communities generally. Our health-and-safety-first approach framed our decision to begin shifting to mandatory telework in our Washington, DC headquarters and across our 11 regional offices in early March, and to date, the agency remains in a full telework posture with limited, mission-critical exceptions. SEC staff are also eligible to access special administrative leave and other workplace flexibilities to better address the challenges posed by COVID-19. Chairman Clayton has kept in regular agency-wide contact with the SEC staff through regular "all-hands" messages, including updates on our telework posture and workplace flexibilities, so as to provide as much certainty as possible during this extraordinary time. Thus, through this period of collective, national challenges, the Commission has remained fully operational and committed both to our colleagues and our tripartite mission.

Lack of Mandatory Diversity Data Disclosure by Regulated Entities

7. **In response to your requirements under Section 342 (2) (C) the Offices of Minority and Women Inclusion, agreed to the Joint Standards Assessing the Diversity Policies and Practices of Regulated Entities by the Agencies.” Unfortunately, agencies also agreed that compliance with these standards would be voluntary. This has led to limited participation by regulated entities in your respective agencies’ diversity self-assessments.**
- a. **To OCC, Federal Reserve, FDIC, NCUA and SEC, several of this year’s FY 2019 OMWI reports failed to clearly highlight the percentage of regulated entities that are responding to the diversity self-assessments that your office sends out. So that there is transparency as to how self-assessment response rates are affected by the voluntary nature of the request, can you provide more specificity about the percentage of your regulated entities that responded?**

Response:

The SEC asked regulated entities to submit diversity self-assessments for the first time in 2018, using the form called the “Diversity Assessment Report for Entities Regulated by the SEC” (Diversity Assessment Report). In 2018, the SEC received responses from just 38 firms, or 5 percent of potential respondents. This is a disappointingly low response rate on a firm-by-firm basis. However, large entities, which were highly represented in the responses, employ nearly 47 percent of employees in securities and other financial investments. Chairman Clayton and I have had numerous conversations about the low response rate in 2018, and I have worked closely with him and his office on improving these results in 2020.

The SEC collects self-assessments from its regulated entities every two years. The SEC did not collect Diversity Assessment Reports in 2019. The OMWI FY 2019 Annual Report described the steps the SEC has taken to get more entities to share information about their efforts to promote diversity and inclusion in their organizations. These steps include:

- At educational events and conferences hosted by industry trade associations and professional organizations, the SEC will continue to encourage regulated entities to conduct self-assessments of their diversity policies and practices and share their self-assessments with OMWI. For example, the SIFMA Compliance and Legal Conference and Practicing Law Institute SEC Speaks Conference held in 2019 provided opportunities for the SEC to engage regulated entities in discussions about the benefits of diversity and inclusion.
- Offices of Minority and Women Inclusion have held two Financial Regulatory Agencies' Diversity and Inclusion Summit—Federal Reserve Bank of New York, September 2018 and Federal Reserve Bank of Chicago, October 2019—to provide a forum for business leaders and diversity professionals from financial services institutions to discuss best practices for advancing diversity and inclusion.
- In response to these comments, in December 2019, OMWI sent emails to chief compliance officers of SEC-regulated entities requesting that they provide the appropriate point of contact in their organizations to receive future communications about the Diversity Assessment Report.
- In March 2020, the SEC hosted a webinar for regulated entities to encourage them to conduct diversity self-assessments and address their questions about the Diversity Assessment Report.
- In April and August 2020, OMWI had virtual meetings with the SIFMA Diversity Committee and discussed, among other topics, how SIFMA could assist the SEC efforts to improve the number for self-assessment reporting by members firms. Suggestions for improving reporting included convening additional webinars to address member organization questions and re-emphasizing the value-add to firms for providing self-assessment information.

Our 2020 collection of Diversity Assessment Reports is now underway. The list of potential respondents includes approximately 1,250 regulated entities (investment advisers, broker-dealers, municipal advisors, and self-regulatory organizations). In January, we asked the largest regulated entities (those with 1,000+ employees) to submit Diversity Assessment Reports, and in August, we sent requests to entities with 100+ employees remaining on the list. The requests were sent to the chief compliance officers or points of contact listed in the registration statement.

The responses received so far are encouraging. In several instances, multiple entities of the same parent company received a request, and a single response covers all the parent company's regulated entities on our list. To illustrate, in January, we contacted 189 entities, but

to 143 unique parent companies. We received 41 responses from this group, which is an 86 percent increase in the number of responses received from this group of regulated entities in 2018 (22). The 41 responses received from this group cover 105 entities (8.4 percent) on the entire list of potential respondents.¹ By comparison, the 38 responses received during the entire 2018 collection covered about 5 percent of the entities on the list of potential respondents that year.

- c. To OCC, Federal Reserve, FDIC, NCUA, SEC, and CFPB, to what extent would requiring mandatory reporting of diversity data by your regulated entities help your agencies oversee the diversity and inclusion gaps and successes in the financial services industry?**

Response:

Collecting diversity self-assessments promotes transparency and accountability, which in turn, helps advance diversity and inclusion. Undoubtedly, the voluntary nature of diversity self-assessments and reporting to regulators contributed to the low number of responses. In fact, when informed of the SEC's plans to create a self-assessment instrument to accompany the Joint Standards, some registrants indicated they would not submit diversity self-assessment information to the SEC unless required to do so.

As long as submitting diversity self-assessments are voluntary, the SEC will continue to encourage entities to share their self-assessments of diversity policies and practices and will evaluate whether improvements can be made to increase voluntary submissions. We emphasize that reporting diversity self-assessment information to the SEC provides intrinsic benefits. It allows firms committed to diversity and inclusion principles to inventory and assess the effectiveness of its initiatives and programs in order to determine whether changes are needed. In addition, being transparent about the firm's diversity and inclusion efforts and progress, which includes sharing diversity self-assessments with the SEC, engenders accountability deemed essential for advancing diversity and inclusion objectives.

Diversity Strategic Planning

11. A focused commitment to diversity and inclusion requires incorporating diversity into the agency's strategic planning and breaking down diversity goals into measurable objectives.

- a. To what extent are diversity and inclusion goals incorporated to the agency's overall strategic plan? If the agency has a separate diversity and inclusion strategic plan, please enclose the most recent draft.**

¹ Several financial institutions with entities regulated by the SEC submitted their diversity self-assessments to the Office of the Comptroller of the Currency (OCC) or the Federal Reserve Board (FRB). The 41 responses include 13 diversity self-assessments provided to the SEC by the OCC and the FRB

Response:

In the SEC Strategic Plan for Fiscal Years 2018-2022 (SEC Strategic Plan), diversity and inclusion goals are reflected in the initiatives for advancing the third Strategic Goal—“Elevate the SEC’s performance by enhancing our analytical capabilities and human capital development.” The SEC Strategic Plan states that the agency will “[f]ocus on the SEC’s workforce to increase our capabilities, leverage our shared commitment to investors, and promote diversity, inclusion, and equality of opportunity among the agency’s staff.”

In April 2020, the SEC issued its D&I Strategic Plan to help guide how the agency will continue to promote diversity, inclusion and opportunity within our workforce, as well as with respect to supplier relationships and the entities we regulate. The D&I Strategic Plan sets forth five overarching goals in support of diversity and inclusion:

- GOAL 1: Demonstrate leadership commitment and accountability
- GOAL 2: Foster a connected culture
- GOAL 3: Build a diverse talent pipeline Pursue a comprehensive strategy to build and maintain a high-performing workforce drawn from all segments of American society.
- GOAL 4: Leverage diversity and inclusion for mission effectiveness
- GOAL 5: Promote business diversity with SEC stakeholders

These five goals are designed to support the major goals described in the overall SEC Strategic Plan.

Diversity Data Request**12. Please complete the attached template of agency diversity data for the years between 2015-2019.****Response:**

Please see completed OMWI Diversity Questionnaire attached. The OMWI Diversity Questionnaire requested information for the calendar year. We note that the workforce and supplier diversity statistics presented in the Questionnaire differ from that presented in the OMWI Annual Reports, which are based on the fiscal year.

Chair Joyce Beatty Questions for the Record

- 1. Under Section 342(b)(3) of Dodd-Frank, “[e]ach Director shall advise the agency administrator on the impact of the policies and regulations of the agency on minority-owned and women-owned businesses.” Please describe how your agency interprets this provision, including whether formal and informal rulemakings fall within the scope of the provision.**

Response:

OMWI has been involved in a number of policy initiative. For example, OMWI has been involved in outreach to communities of color with regard to policy matters such as the Regulation Best Interest rulemaking and outreach to educate small businesses and entrepreneurs about the JOBS Act and Crowdfunding. More recently, OMWI has been involved in discussions with regard to issues involving diverse asset managers and outreach efforts to minority communities by the Office of the Advocate for Small Business Capital Formation to discuss policy matters. OMWI also is integrated into the SEC’s advisory committee selection process to ensure broad, diverse representation. As part of this process, the Senior Policy Advisor for Diversity and Inclusion serves as the chair of the nomination committee for the Investor Advisory Committee.

- 2. How often do you meet with your Agency Administrator as defined by Section 342(g)(2) of the Dodd-Frank?**

Response:

I have standing quarterly one-on-one meetings with Chairman Jay Clayton, and *ad hoc* discussions as appropriate. The Chairman is heavily engaged with diversity and inclusion at the SEC, so I also engage with him regularly through his role as Chairman of the Diversity Counsel and sponsor of several Employee Affinity Groups. I also attend the Chairman’s Senior Staff meetings for division and office directors, which are generally held weekly.

- 3. Who do you directly report to in your agency? If it is not the Agency Administrator, please provide a legal justification for compliance with Section 342(b)(1) of Dodd-Frank.**

Response:

The OMWI Director is a Senior Officer and office director reporting directly to the SEC Chairman.

4. Please list the number of full-time and part-time staff within your agency's OMWI, including job titles and job descriptions.

Response:

OMWI has the resources needed to carry out its mission with a total of 10 federal employees. In addition to the Director, OMWI's permanent staff is comprised of a deputy director, a senior policy advisor, two attorney advisers, a data analyst, and four management and program analysts dedicated to the office's major functional areas—workforce diversity and inclusion and supplier diversity. For FY 2021, two additional positions will be filled—Strategic Engagement Officer and Diversity and Inclusion Specialist. The office is also supported by two contractors.

5. Under Section 342 (c)(3)(A) the OMWI Director “shall include a procedure for the Director to make a determination whether an agency contractor, and, as applicable, a subcontractor has failed to make a good faith effort to include minorities and women in their workforce.” Please provide details regarding efforts to fully ensure the Agency's contractors are making a “good faith” effort re workforce diversity, whether an adverse determination regarding the performance of a contractor has been made by your office, and what, if any steps have been taken by the Agency as a result of said adverse determination.

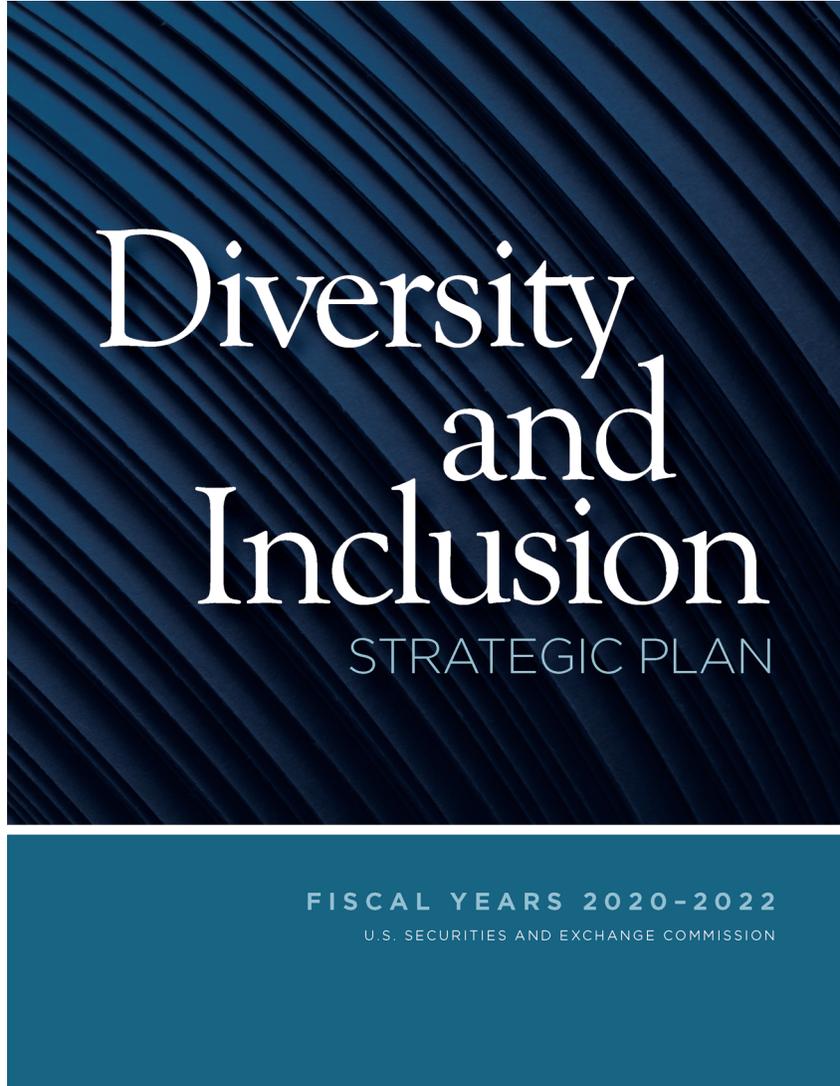
Response:

To implement the requirements of Section 342 of the Dodd-Frank Act related to the workforce diversity of agency contractors, the SEC includes its Contract Standard for Contractor Workforce Inclusion (Contract Standard) in all solicitations and contracts for services with a dollar value of \$100,000 or more. The Contract Standard is also to be included in subcontracts for services with a dollar value of \$100,000 or more awarded under the contract.

The Contract Standard requires the service contractor, upon entering into a contract with the SEC, to confirm it will ensure, to the maximum extent possible and consistent with applicable law, the fair inclusion of minorities and women in its workforce. The Contract Standard further requires a contractor to provide documentation, upon the request of the OMWI Director, demonstrating it has made good faith efforts to ensure the fair inclusion of minorities and women in its workforce and, as applicable, demonstrating its covered subcontractor(s) has made such good faith efforts.

OMWI conducts post-award reviews, referred to as “Good Faith Effort Reviews,” to determine whether contractors have complied with the requirements of the Contract Standard to make good faith efforts to ensure workforce inclusion of minorities and women. In FY 2020, OMWI reviewed a total of 52 contractors (46 prime and 6 subcontractors). In each review, OMWI determined that the information and representations in the contractor's submission appeared to indicate the contractor had taken actions demonstrating good faith efforts to comply with the requirements of the Contract Standard.

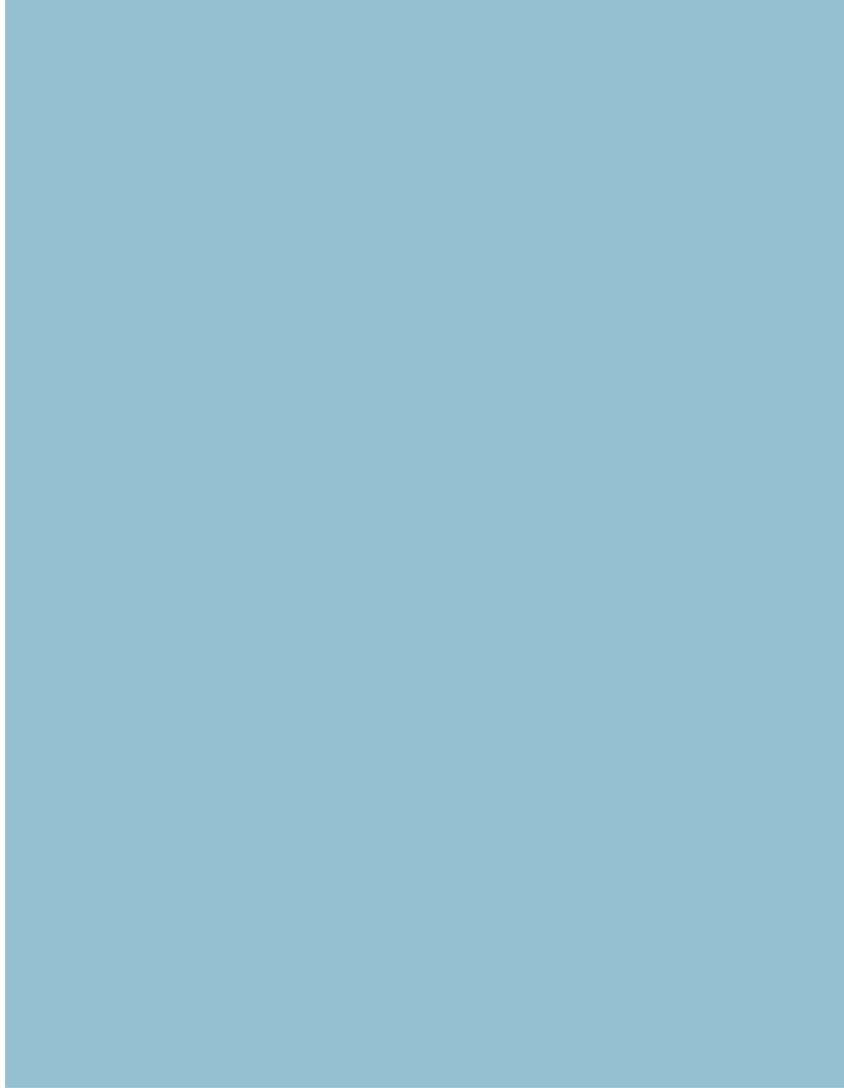
During the review, OMWI also compared the diversity in the contractor's workforce by EEO-1 job categories to the diversity in the same EEO-1 job categories in the relevant labor market, using the 2006-2010 Census EEO Tabulation as the benchmark. Where OMWI's analysis of a contractor's workforce data revealed that the representation of women or minorities in an EEO-1 job category (e.g., Officials and Managers and Professionals) was lower than would be expected, OMWI advised the contractor that the particular job categories should be areas of focus for its ongoing diversity efforts. In the case of 22 contractors (12 prime and two subcontractors) or 42.3 percent of the reviews conducted in FY 2020, OMWI identified job categories that should be the focus of diversity efforts.



Diversity and Inclusion

STRATEGIC PLAN

FISCAL YEARS 2020-2022
U.S. SECURITIES AND EXCHANGE COMMISSION



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Our continued commitment to promoting diversity, inclusion, and equal opportunity is critical to allowing the Commission to attract and retain talent with the mix of skills and expertise needed to maximize our effectiveness.



MESSAGE FROM THE CHAIRMAN



The U.S. Securities and Exchange Commission depends on an effective, highly skilled workforce to carry out its mission—protecting investors; maintaining fair, orderly, and efficient securities markets; and facilitating capital formation. Our continued commitment to promoting diversity, inclusion, and equal opportunity is critical to allowing the Commission to attract and retain talent with the mix of skills and expertise needed to maximize our effectiveness. In addition, leveraging diversity and inclusion throughout the agency helps ensure the Commission's regulatory programs and guidance reflect the diversity of the investors and businesses who depend on our work.

Put simply, in order to perform at the highest level, we need to ensure that our work and our workforce reflect a diversity of thoughts, backgrounds, and experiences.

I am pleased to present the SEC's first Diversity and Inclusion Strategic Plan. This Plan, which was developed with input from staff throughout the Commission, outlines our goals and strategies for continuing to build a workforce that will deliver on our mission and fulfill our obligations to the investing public. The Plan also recognizes that diversity, inclusion, and opportunity should be reflected in the outward-facing aspects of the Commission's work, including through ensuring that our education and outreach efforts adequately encompass underserved communities. Importantly, the Plan sets measurable goals for Fiscal Years 2020–2022 upon which we can evaluate our progress.

I have said on many occasions that the Commission's greatest asset is its workforce. Implementing the Diversity and Inclusion Strategic Plan will help further our broader goals of increasing our capabilities; leveraging our shared commitment to investors; and promoting diversity, inclusion, and equality of opportunity among the Commission's staff. Each of us is responsible for ensuring the success of this Plan, and I look forward to working with my colleagues at the Commission to achieve these important objectives.

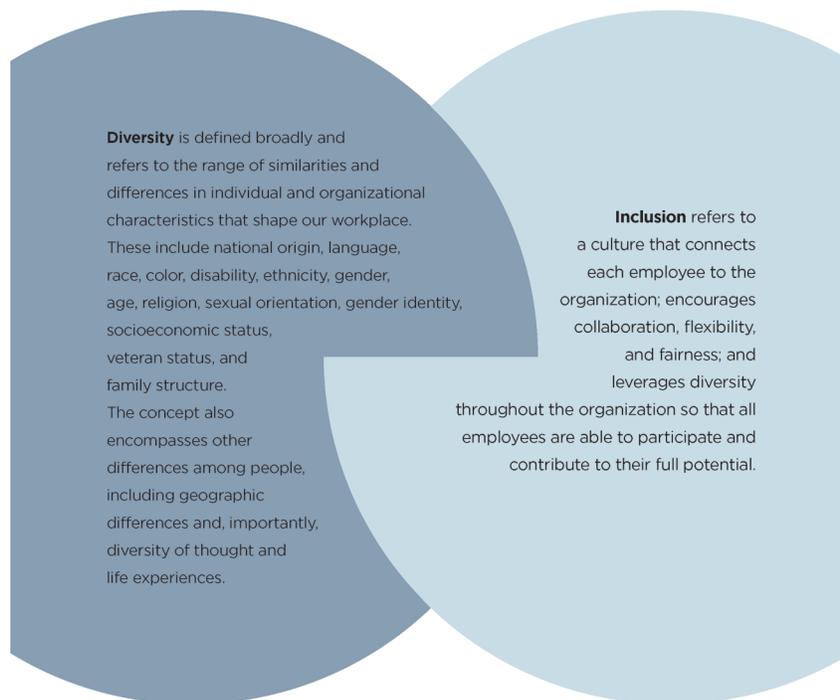
INTRODUCTION

At the U.S. Securities and Exchange Commission (SEC), we recognize that our people are our most important asset. We also recognize that diversity, inclusion, and opportunity are essential to the agency's ability to effectively carry out its mission. These fundamental and value-enhancing tenets of our mission-oriented culture dictate that we continuously work to attract, hire, develop, and retain high-quality, diverse talent. Doing so allows us to build and maintain a workforce that reflects a diversity of backgrounds and experiences, as well as the diversity of investors and market participants we serve. We also must strive to cultivate an inclusive work environment in which all employees are meaningfully engaged and have the opportunity to develop and succeed. Similarly, beyond our workforce, we are committed to promoting diversity and inclusion in the SEC's supplier network and in the industry participants the agency oversees.

The SEC developed this Diversity and Inclusion Strategic Plan (Plan) for Fiscal Years 2020–2022 to provide a blueprint to build upon. We aim to continue making progress toward promoting workforce diversity, inclusion, and opportunity, as well as supplier diversity, in light of the dynamic and ever-changing nature of the markets we oversee. These dynamics include shifting demographics and emerging technologies that affect the way we work and interact.

This Plan includes measurable actions that are designed to help fully integrate diversity, inclusion, and opportunity in the strategic decision-making of the agency, enhance organizational effectiveness, and meet future challenges. This Plan envisions that SEC leadership, managers, and supervisors in all divisions and offices will assume direct responsibility for its implementation, recognizing that promoting diversity and inclusion and ensuring opportunity are both an individual and a collective responsibility and should be a prominent part of the fabric and culture of the agency.

DEFINING DIVERSITY AND INCLUSION



THE MISSION CASE FOR DIVERSITY AND INCLUSION

There is strong support for the conclusion that diversity in both leadership and the workforce is essential for maximizing mission effectiveness and impact. Research demonstrates that organizations with a diverse workforce, especially within the senior management ranks, outperform their peers over time.¹ Diverse organizations have proven to be more capable than their counterparts in attracting top talent, developing stronger relationships with customers and stakeholders, improving decision-making and innovation, and increasing employee engagement and satisfaction. Incorporating a diversity of thought and perspectives into an organization's approach to solving problems and furthering its mission helps that organization achieve better outcomes.

In addition to these diversity-driven advantages in performance, federal law directs all federal agencies to seek to achieve a workforce drawn from all segments of society, to ensure equal employment opportunity, and to integrate diversity and inclusion as a key component of their human resources strategies.² Federal law specifically requires federal financial regulatory agencies, including the SEC, to develop standards for workforce diversity, and to take specific affirmative steps to seek diversity at all levels of the agency's workforce in a manner consistent with applicable law.³

Diversity alone, however, is not sufficient to achieve these performance advantages. The power of diversity is greatly amplified in organizations that value differences and cultivate and empower diversity of thought within the organization. A culture of inclusion is not only essential to equitable and fair practices, but, when coupled with diversity, inclusion enhances mission effectiveness and innovation. A substantial body of research, and our own organizational history, strongly supports the notion that a tangible, continuous commitment to diversity and inclusion, and human capital development more generally, creates organizations that are more resilient and effective at achieving their missions than organizations that do not invest in, and address, their people and culture.

For these reasons, the SEC has embraced diversity and inclusion as both a matter of legal compliance and as a mission imperative. Continuing, deepening, and expanding our commitment to diversity and inclusion will assist the agency in maintaining the highest standards of excellence in pursuit of its mission on behalf of investors and market participants.

GOALS OF THIS DIVERSITY AND INCLUSION STRATEGIC PLAN

This Plan sets forth five overarching goals in support of diversity and inclusion:



GOAL 1: Demonstrate leadership commitment and accountability
Demonstrate leadership commitment and accountability through agency policy, messaging, and behavior that advances diversity and inclusion goals and objectives. (SEC 2018–2022 Strategic Plan Goal 3.1)



GOAL 2: Foster a connected culture
Cultivate a supportive, welcoming, inclusive, and fair work environment that allows employees to feel connected to the agency's mission and contribute to their full potential. (SEC 2018–2022 Strategic Plan Goals 3.1, 3.5)



GOAL 3: Build a diverse talent pipeline
Pursue a comprehensive strategy to build and maintain a high-performing workforce drawn from all segments of American society. (SEC 2018–2022 Strategic Plan Goal 3.1)



GOAL 4: Leverage diversity and inclusion for mission effectiveness
Use SEC resources and services in a manner that reflects diversity of investors and businesses. (SEC 2018–2022 Strategic Plan Goals 1.1, 1.2, 1.3, 1.4, 2.2)



GOAL 5: Promote business diversity with SEC stakeholders
Advance diversity and inclusion in the SEC supplier base and with entities regulated by the SEC. (SEC 2018–2022 Strategic Plan Goals 1.4, 2.4, 3.2, 3.4)

These five goals are designed to support the three major goals described in the overall SEC Strategic Plan for Fiscal Years 2018–2022:

SEC Goal 1: Focus on the long-term interests of our Main Street investors.

SEC Goal 2: Recognize significant developments and trends in our evolving capital markets and adjust our efforts to ensure we are effectively allocating our resources.

SEC Goal 3: Elevate the SEC's performance by enhancing our analytical capabilities and human capital development.



SEC DIVERSITY AND INCLUSION GOALS

GOAL 1: Demonstrate leadership commitment and accountability

Demonstrate leadership commitment and accountability through agency policy, messaging, and behavior that advances diversity and inclusion goals and objectives. (SEC 2018–2022 Strategic Plan Goal 3.1)

1a. Strategic Planning	Maintain a strategic plan that aligns diversity and inclusion efforts with SEC strategic goals and objectives.
1b. Communication Strategy	<p>Create and implement a communications strategy that further elevates diversity and inclusion as a key strategic priority and reinforces leadership commitment.</p> <p>Develop additional investor outreach content and engagement initiatives specifically for diverse audiences, including traditionally underserved communities.</p>
1c. Accountability	<p>Clarify—through outreach by Office of Minority and Women Inclusion (OMWI), Office of Human Resources (OHR), and Office of Equal Employment Opportunity (OEEO)—existing diversity and inclusion expectations for Senior Officers, managers, and supervisors, including how diversity and inclusion performance impacts evaluation results.</p> <p>Explore the feasibility of division- and office-level diversity and inclusion performance metrics to promote accountability and best practices.</p>
1d. Transparency	Raise awareness by including information about diversity and inclusion on the SEC’s external website, and maintaining a Diversity Dashboard and other tools to provide updated diversity data to Senior Officers and SEC employees.



GOAL 2: Foster a connected culture

Cultivate a supportive, welcoming, inclusive, and fair work environment that allows employees to feel connected to the agency’s mission and contribute to their full potential. (SEC 2018 – 2022 Strategic Plan Goals 3.1, 3.5)

<p>2a. Equal Employment Opportunity</p>	<p>Use quantitative and qualitative data to evaluate programs and processes and identify barriers that may deter inclusivity and opportunity for all.</p> <p>Continue to develop and implement initiatives designed to prevent discrimination, harassment, and other actions that undermine our commitment to diversity, inclusion, and equal opportunity.</p> <p>Process, resolve, and adjudicate claims of discrimination, including retaliation.</p>
<p>2b. Fair and Unbiased Selection Processes</p>	<p>Administer a fair and systematic approach for recruiting, evaluating, and selecting individuals for competitive service, excepted service, senior management, and professional development programs, including when assembling selection panels.</p>
<p>2c. Employee Engagement and Satisfaction</p>	<p>Use employee feedback, including Federal Employee Viewpoint Survey data, to create, update, and implement action plans to improve organizational culture; encourage leadership approaches that support employee engagement and belonging; and address specific employee concerns.</p>
<p>2d. Career Development and Mentorship</p>	<p>Continue to sponsor employees for external leadership development programs (e.g., Excellence in Government Fellows Program, the Women in Leadership Program, and Career Advancement Program).</p> <p>Maintain and further develop the SEC Mentoring Program to enhance opportunities for career development, and encourage collaboration among divisions and offices.</p>

<p>2e. Disability Inclusion</p>	<p>Ensure the SEC work environment is welcoming, accessible, and inclusive of individuals with disabilities; encourage support for programs and activities of the Disability Interests Advisory Committee; and support hiring and promotion of individuals with disabilities, including the use of special hiring authorities.</p> <p>Ensure SEC's programs and activities are accessible to diverse segments of the public.</p>
<p>2f. Employee Affinity Groups and Diversity Committees</p>	<p>Support participation in Employee Affinity Groups (EAGs) and Regional Office Diversity Committees, and programs and activities sponsored by EAGs and Diversity Committees; encourage attendance at programs commemorating Special Observances and heritage months; and promote engagement by and with the entire SEC community.</p>
<p>2g. Diversity and Inclusion Training</p>	<p>Provide training and education in collaboration with SECU on diversity and inclusion matters.</p> <p>Offer opportunities for agency-wide and targeted discussions (e.g., Town Hall meetings, roundtables, and small group discussions) on issues related to diversity and inclusion, such as generational diversity, unconscious bias, disability inclusion, and other critical topics.</p>



GOAL 3: Build a diverse talent pipeline

Pursue a comprehensive strategy to build and maintain a high-performing workforce drawn from all segments of American society. (SEC 2018 – 2022 Strategic Plan Goal 3.1)

<p>3a. Outreach and Recruitment</p>	<p>Engage in strategic outreach and broad recruitment, utilizing a variety of sources including diverse professional organizations, to maximize the agency's ability to attract a diverse pool of applicants for employment and internship opportunities.</p> <p>Engage with colleges and universities, including women's colleges, Historically Black Colleges and Universities, Hispanic Serving Institutions, Tribal Colleges and Universities, and other minority-serving institutions, through career fairs, networking and recruiting events.</p> <p>Conduct outreach and recruitment at job fairs and other events hosted by various organizations supportive of diverse communities, including disability advocacy groups and veterans.</p> <p>Support Regional Offices in their local outreach and recruitment activities.</p> <p>Support and leverage the SEC's intern program as a recruiting pipeline, and follow up with students over time to gauge interest in applying to the SEC for permanent employment opportunities.</p>
<p>3b. Diversity Partnerships</p>	<p>Establish and maintain partnerships with minority, women, and other diverse professional associations to help develop and maintain a pipeline of diverse candidates for employment in professional occupations, such as attorney, accountant, examiner, economist, and information technology professional.</p>
<p>3c. Data-Driven Strategies</p>	<p>Collect and analyze applicant flow data to track and monitor employment trends and inform division and office outreach and recruitment strategies.</p> <p>Use data sources to inform outreach and recruitment strategies.</p>

3d. Senior Officers and Managers	Establish a goal for enhancing diversity among Senior Officers using diversity metrics from other federal agencies and the private sector as benchmarks to measure progress.
3e. Mid-Career Professionals	<p>Explore establishing development opportunities for mid-career professionals, such as a rotation program.</p> <p>Consider ways to promote diversity in SEC fellows programs in Accounting and Economics.</p>
3f. Student Intern Diversity	<p>Engage organizations that seek to place minority students in internships when feasible, as part of a strategy for recruiting diverse interns and encouraging their interest in careers at the SEC and in the financial services industry.</p> <p>Explore the possibility of paid internships, including, to the extent permitted by applicable law, partnering with nonprofit organizations that can provide resources, or facilitating the ability for student interns to "split" their summers with paying internships elsewhere.</p>



GOAL 4: Leverage diversity and inclusion for mission effectiveness

Use SEC resources and services in a manner that reflects diversity of investors and businesses. (SEC 2018–2022 Strategic Plan Goals 1.1, 1.2, 1.3, 1.4, 2.2)

<p>4a. Diverse Perspectives</p>	<p>Promote diverse participation and perspectives in all facets of the SEC’s mission and in the SEC’s Advisory Committees.</p> <p>Promote rules and market practices that are effective in meeting the needs of a diverse public and that promote participation in the capital markets for all Americans.</p>
<p>4b. Connecting with Underserved Communities</p>	<p>Ensure outreach, education, and consultation efforts extend to investors and potential investors and businesses in diverse and underserved communities.</p>
<p>4c. Public-Facing Diversity and Inclusion</p>	<p>Identify opportunities to embed diversity and inclusion priorities into public-facing aspects of the SEC’s work. Ensure that diverse voices are represented in programming, such as agency-wide events, mission-focused training, advisory committee composition, and participation in roundtables and similar events.</p>
<p>4d. Investment Frauds Targeting Diverse Populations</p>	<p>Leverage the SEC’s diverse workforce, Employee Affinity Groups, and regional presence to expand outreach and enforcement efforts focused on halting “affinity fraud” schemes that target minority communities, ethnic and religious communities, language minorities, and the elderly.</p>



GOAL 5: Promote business diversity with SEC stakeholders
 Advance diversity and inclusion in the SEC supplier base and with entities regulated by the SEC. (SEC 2018–2022 Strategic Plan Goals 1.4, 2.4, 3.2, 3.4)

<p>5a. Supplier Diversity</p>	<p>Enhance the SEC website and OMWI supplier database to communicate contracting opportunities and connect with diverse suppliers.</p> <p>Promote utilization of minority-owned, women-owned, and veteran-owned businesses through sustained efforts by the Office of Acquisitions, OMWI, and program offices.</p> <p>Engage in outreach and technical assistance to promote the utilization of minority-owned, women-owned, and veteran-owned businesses in agency business activities.</p> <p>Leverage technology to support supplier Good Faith Effort reviews.</p>
<p>5b. Regulated Entities</p>	<p>Promote diversity and inclusion with entities regulated by the SEC by encouraging SEC-regulated entities to conduct self-assessments of their diversity policies and practices and share their self-assessments with the SEC.</p>

SEC EMPLOYEE AFFINITY GROUPS

Group
African American Council
American Indian Heritage Committee
Asian American Pacific Islander Committee
Caribbean American Heritage Committee
Disability Interests Advisory Committee
Hispanic and Latino Opportunity, Leadership, and Advocacy Committee
Lesbian, Gay, Bisexual, and Transgender Committee
Veterans Committee
Women's Committee

HOW THIS PLAN WAS DEVELOPED

Maintaining a culture that promotes diversity and inclusion requires recognizing the value of each member of our community. In developing this Diversity and Inclusion Strategic Plan, OMWI engaged with the Chairman and other Commissioners, division and office leadership, and stakeholder groups inside and outside the Commission. Importantly, OMWI held listening sessions to understand what concerns, achievements, and opportunities are most important to SEC staff throughout the Commission. OMWI held structured or informal discussions with dozens of employees from every division and office, Regional Office, Employee Affinity Group, and the Diversity Council. OMWI also held publicized open “office hours” for any SEC employee to share their views.

OMWI received input from all levels of the SEC, including non-supervisors, supervisors, more recent employees, and those with decades at the SEC. OMWI incorporated perspectives received over time from stakeholders, such as entrepreneurs and investors with whom OMWI has been in contact at public events, and suggestions and concerns offered to the SEC by minority-owned and women-owned businesses. A draft version of this Plan was made available to all SEC staff for comment prior to formulating the final Plan.

ENDNOTES

1. See e.g., Vivian Hunt, Sara Prince, Sundiatu Dixon-Fyle, and Lareina Yee, "Delivering through Diversity," McKinsey & Company, January 2018; Sarah Greesonbach, Diversity & Inclusion Research Roundup: Top Studies You Need to Know, Glassdoor.com, February 22, 2019; Michelle Kim, Compilation of Diversity & Inclusion "Business Case" Research Data, Medium.com, March 26, 2018.
2. See Civil Service Reform Act, 5 U.S.C. 2301(b)(1) and 2302(b); Executive Order 11478 of August 8, 1969, as amended, Equal Employment Opportunity in the Federal Government; and Executive Order 13583 of August 18, 2011, Establishing a Coordinated Government-wide Initiative to Promote Diversity and Inclusion in the Federal Workforce.
3. Section 342 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, 12 U.S.C. 5452 (b)(2)(A) and (f), requires the SEC, through the Office of Minority and Women Inclusion, to develop standards for equal employment opportunity and the racial, ethnic, and gender diversity of the workforce and senior management of the agency, and to take specific affirmative steps to seek diversity in the workforce of the agency at all levels in a manner consistent with applicable law.



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Chairwoman Waters Questions for the Record
Subcommittee on Diversity and Inclusion Hearing: “Holding Financial Regulators
Accountable for Diversity and Inclusion: Perspectives from the Offices of Minority Women
and Inclusion”

Tuesday, September 8, 2020

Appointing, Hiring, and Promoting Diverse Talent

1. The Rooney Rule is a policy that originates from the National Football League, where at least one minority and/or woman must be considered for each open leadership position. This Committee recently passed legislation that requires the consideration of at least one person reflective of both gender and racial or ethnic diversity when filling Federal Reserve Bank president vacancies. This hearing is also considering legislation that would require consideration of at least one gender and one racially diverse candidate for federal boards of directors and advisory committees.
 - a. **To all agencies, how could a Rooney Rule-like requirement to mandate the consideration of diverse candidates for senior staff roles improve diversity results in these decision-making bodies?**

Response to 1.a. A Rooney Rule-like requirement may perhaps force some agencies or organizations to be more intentional about their efforts to increase the number of diverse candidates in their selection pools for considerations. However, it is vital that Agencies be fully aware of the requirements of the federal equal employment opportunity rules that govern our system of employment and can clearly articulate their compliance with these requirements, if ultimately challenged.

- b. **To all agencies, to what extent have your agencies implemented a Rooney-Rule approach to create diverse candidate pools? How has utilization of these policies increased diversity in promotions and hiring at your agencies? If you haven't, why haven't you implemented such an approach?**

Response to 1.b. The Rooney Rule is inconsistent with current laws, regulations, and rules governing recruitment and hiring in the Federal Service.

The Federal Housing Finance Agency (FHFA) holds employees, supervisors, and executives accountable for adherence to Merit System Principles, veterans' preference requirements, equal employment opportunity rules, and other applicable laws, rules, and regulations. FHFA administers employment and placement programs, in compliance with applicable statutes, regulations, and this policy.

The Merit System Principles (5 U.S.C. § 2301(b)), statutory standards that guide federal human resources management policies and practices, in

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conjunction with the Prohibited Personnel Practices (5 U.S.C. § 2302(b)), provide the framework for managing federal employment and set the standards for leadership, management, and conduct within the federal government.

Specifically, the Merit System Principles (5 U.S.C. § 2301(6)) provide that:

- 1. Recruitment should be of qualified individuals from appropriate sources in an endeavor to achieve a workforce from all segments of society, and selection and advancement should be determined solely on the basis of relative ability, knowledge, and skills after fair and open competition which assures that all receive equal opportunity; and*
- 2. All employees and applicants for employment should receive fair and equitable treatment in all aspects of personnel management without regard to political affiliation, race, color, religion, national origin, sex, marital status, age, disability, or genetic information, and with proper regard for their privacy and constitutional rights.*

Additionally, the Prohibited Personnel Practices provide that a federal employee who has authority over personnel decisions shall not, among other prohibitions:

- 1. Discriminate against employees or applicants based on race, color, religion, sex, national origin, age, handicapping conditions, marital status, or political affiliation.*
- 2. Request or consider employment recommendations based on factors other than personal knowledge or job-related abilities or characteristics.*

Logistically, the ability of an Agency to identify the demographic background of an applicant is limited. Federal staffing offices and functions are not privy to the racial, ethnic, or other demographic profiles of its applicants. This data is gathered in the aggregate and is not generally available to human resources staff. Access to this data is tightly controlled by the US Office of Personnel Management (OPM). Typically, Equal Employment Opportunity staff are provided with access to this data for reporting purposes to the Equal Employment Opportunity Commission.

In 2019, FHFA analyzed its applicant pools for its mission-critical occupations to determine if any barriers existed to establishing applicant pools of diverse candidates. Findings indicated that minorities are not underrepresented among applicants for Examiner, Economist, or Management and Program Analyst positions. Asian, Black, and Hispanic groups all appear in these applicant pools at rates higher than benchmarks by occupation. The same analysis found that women are underrepresented among applicants for Examiner (but not for Economist or Management and Program Analyst) positions.

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Moreover, as part of FHFA's diversity outreach efforts, the Agency partners with many minority-serving institutions and diverse professional organizations to encourage those who wish to be considered for employment opportunities to submit applications. Although FHFA has been successful at ensuring that our applicant pools are diverse, unfortunately that alone does not always result in a diverse candidate being selected for the position. In early 2020, the Agency instituted mandatory unconscious bias training to mitigate any possible selection biases that may be present in the selection process.

2. Claudia Sahn's blog as well as Dr. Chris Brummer's analysis highlight a direct correlation between racial diversity and inclusion performance in senior levels of an Agency's workforce and regulatory policy outcomes. According to the CDC the COVID-19 pandemic has caused a unique and disparate impact on diverse communities. The Federal Reserve Banks and the Department of the Treasury have played a key role in assessing the economic impacts of the pandemic and administering relief programs.
 - a. **Federal Reserve and Federal Reserve Bank of New York, to what extent have your respective agencies prioritized diversity and inclusion in their response to the COVID-19 pandemic and how has your office specifically been engaged in those efforts?**
 - b. **To all agencies, how have all of you been involved within your agency to mitigate the disparate impact that the COVID-19 pandemic may have caused among your minority workforce as well as the minority-owned businesses and communities of color that your agencies serve?**

Response to 2.b. Supervisors have been encouraged to allow for the maximum possible flexibility with respect to telework and work schedules for those employees with dependent-care responsibilities. Some examples include adjusting starting and stopping times/core hours, allowing employees to work intermittently, and allowing them to take leave for child/dependent care purposes during the day. Employees and supervisors should consider the situation and work together to remain in touch should an employee need to take time away from work to care for a dependent. Employees are also encouraged to take advantage of the Employee Assistance Program if they are experiencing feelings of isolation and depression due to Covid-19 and/or the social justice unrest that they may be witnessing throughout the country.

- *FHFA has also developed relief measures that are helping mortgage borrowers and renters through this pandemic. In March 2020, FHFA announced that Fannie Mae and Freddie Mac (Enterprises) would provide payment forbearance to borrowers impacted by the coronavirus. Forbearance allows for a mortgage payment to be suspended for up to 12 months due to hardship caused by COVID-19. Director Mark Calabria has reminded borrowers affected by the coronavirus who are having difficulty paying their mortgage to reach out to their mortgage servicers as the earliest possible time. The Enterprises are working with mortgage servicers to ensure that borrowers facing hardship because of the coronavirus can get assistance.*

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- On May 4, 2020, at FHFA's direction, the Enterprises published an online multifamily property lookup tool so that tenants can determine if the multifamily property in which they reside has an Enterprise-backed mortgage and fell under the CARES Act 120-day eviction moratorium.
 - In addition, to help borrowers at risk of losing their home due to the pandemic, FHFA announced that the Enterprises would extend the moratoriums on single-family foreclosures and real estate owned (REO) evictions until at least December 31, 2020. The foreclosure moratorium applies to Enterprise-backed, single-family mortgages only and allows homeowners with an Enterprise-backed mortgage to stay in their homes during this national emergency. The REO eviction moratorium applies to properties that have been acquired by an Enterprise through foreclosure or deed-in-lieu of foreclosure transactions. The current moratoriums were set to expire on August 31, 2020, originally.
 - FHFA also announced that the Enterprises would extend several loan origination flexibilities until November 30, 2020 to ensure continued support for borrowers during the national emergency. The flexibilities were set to expire on October 31, 2020. Extended flexibilities include:
 1. Alternative appraisals on purchase and rate term refinance loans;
 2. Alternative methods for documenting income and verifying employment before loan closing; and
 3. Expanding the use of power of attorney to assist with loan closings.
3. Several OMWI Directors mentioned internship programs as a way to build diverse pipelines for the agency. Internship programs are a great way to ensure agencies have potential campus hires who come from a wide range of backgrounds. However, students from low-income backgrounds are often unable to afford unpaid internships as well as the living, housing, and transportation costs that come with it.
- a. **To all agencies, please describe all the benefits you offer to your interns and the extent to which all your interns are paid?**
- Response to 3.a. At FHFA, depending on their level of education, interns are paid rates that range from \$17.73 to \$20.60 per hour. Interns are also eligible for transit subsidy benefits immediately. Other benefits such as accrued leave begin after 90 days of employment. Interns are not eligible for full federal benefits unless they are offered a career position.*

Supplier Diversity

4. According to recent analysis by the Greenlining Institute of the OMWIs annual congressional reports from 2014-2019, many of your agencies have incrementally increased the number of Minority- and Women-Owned Business Enterprises (MWBEs) who are hired as contractors and subcontractors. These businesses often face systemic biases against their firms and limited access to capital, which might limit their

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competitiveness when completing the request of proposal (RFP) process for contract opportunities. MWBEs may also require additional assistance to the request for proposals (RFP) process which can be fraught with onerous criterion that may disproportionately exclude MWBEs compared to other applicants.

- a. **To all agencies, what efforts have your agencies made to more intentionally consider and select MWBEs for contracting opportunities?**

Response to 4.a. As part of FHFA's efforts to be more intentional about its commitment to support MWBEs, the Agency ensures that the goals and objectives of its supplier diversity program are well-understood throughout all levels of the organization. This means consistently communicating the Agency's annual goals and merits of bringing in MWBEs and the benefits to the Agency's organizational culture. Such communication includes a quarterly meeting led by the Agency's supplier diversity specialist with all budget managers to communicate the program merits, as well as articulate milestones and successes through written and graphical representation. Efforts are made to show the correlation between the supplier diversity program's objectives and the Agency's internal diversity and inclusion mission and goals.

Tracking and Measuring Supplier Diversity

Approximately three years ago, FHFA developed a diversity-spend tracking and measuring system that allows for real-time monitoring of the Agency's targets/goals for its supplier diversity program. This system helps the Agency determine how supplier diversity spend is achieved and distributed throughout the Agency, and it also allows for tracking the flow of contracting dollars to Tier I and Tier II suppliers. The system classifies the various suppliers via industry, spend categories, and demographics. FHFA regularly updates the profiles of its MWBE base to help each program office keep abreast of the capabilities of such vendors when considering contracting opportunities for the Agency.

Reaching Diverse Vendors

FHFA's supplier diversity team attends outreach events each year to identify diverse suppliers for potential business opportunities. From networking and matchmaking events to business forums and "how to do business with FHFA" workshops, the Agency strives to meet and explore potential business partnerships with MWBEs. FHFA also partners with many of the other federal regulatory agencies to share best practices to better serve the MWBE community.

- b. **To all agencies, to what extent have your agencies addressed any barriers or complexities in your respective RFP process that might disproportionately impact MWBEs, such as assets under management?**

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Response to 4.b. FHFA has not identified barriers or complexities in its RFP process that might disproportionately impact MWBEs. Moreover, the Agency has begun to streamline its acquisition process (e.g., using advisory down-selects and oral presentations) to minimize the information requested from vendors. In addition, the process has been streamlined so that it does not impose an undue burden on small or minority and women-owned businesses.

Mitigating Biases in the Financial Regulatory Agencies and the Economy

5. A 2015 House Financial Services Committee on the fifth anniversary of Dodd-Frank Act found that that across the financial regulatory agencies, African American employees generally received lower performance management review scores than White employees.
- a. **To all agencies, how are your agencies holding managers accountable for the implementation of your respective diversity and inclusion policies? Please explain if your agencies have performance metrics, pay incentives or other diversity and inclusion accountability metrics for your management teams.**

Response to 5.a. Consistent with FHFA's commitment to diversity and inclusion, in 2017 the Agency established a mandatory competency as part of its performance metrics for all executives, managers, and supervisors, which are marked by the following key opportunities to demonstrate:

1. Supports equal employment principles, policies, and programs;
2. Recruits, retains, and develops the talent needed to achieve a high-quality, diverse workforce that reflects the nation, with the skills needed to accomplish organizational performance objectives, while supporting workforce diversity and inclusion; and
3. Provides and models values of an inclusive workplace that foster the development of others to their full potential; allow for full participation by all employees; facilitates collaboration, cooperation, and teamwork, and supports constructive resolution of conflicts.

To demonstrate the importance placed on equal opportunities for minorities and women, as required by section 342 of the Dodd-Frank Act, as well as Management Directive 715 guidance from the Equal Employment Opportunity Commission, FHFA contracted with OPM and a private contractor to analyze data and conduct a trend analysis of the Agency's performance evaluations, compensation, and awards. The purpose of these analyses was to determine the extent to which statistically significant differences, if any, existed in performance ratings and compensation among employees in majority and minority groups. The results of these analyses were shared with FHFA's leadership to assist the Agency in identifying potential barriers and making process improvements to foster greater equity.

6. In a report by the Federal Reserve Bank of New York, communities of color are disproportionately impacted physically and economically by the COVID-19 pandemic. According to the report, Black businesses experienced the most acute decline, with a 41

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percent drop. Latinx business owners fell by 32 percent and Asian business owners dropped by 26 percent. In contrast, the number of white business owners fell by 17 percent.^{pa}

- a. **To all agencies, how have you worked within the agency to mitigate the impact of the pandemic for your minority workforce?**

Response to 6.a. Supervisors have been encouraged to allow for the maximum possible flexibility with respect to telework and work schedules for those employees with dependent-care responsibilities. Some examples include adjusting starting and stopping times/core hours, allowing employees to work intermittently, and allowing them to take leave for child- or other dependent-care purposes during the day. Employees and supervisors should consider the situation and work together to remain in touch should an employee need to take time away from work to care for a dependent. Employees are also encouraged to take advantage of the Employee Assistance Program if they are experiencing feelings of isolation and depression due to COVID-19 and/or the social justice unrest that they may be witnessing throughout the country.

Lack of Mandatory Diversity Data Disclosure by Regulated Entities

7. In response to your requirements under Section 342(2)(C) the Offices of Minority and Women Inclusion, financial agreed to the Joint Standards Assessing the Diversity Policies and Practices of Regulated Entities by the Agencies.” Unfortunately, agencies also agreed that compliance with these standards would be voluntary. This has led to limited participation by regulated entities in your respective agencies’ diversity self-assessments.
- a. **To OCC, Federal Reserve, FDIC, NCUA and SEC, several of this year’s FY 2019 OMWI reports failed to clearly highlight the percentage of regulated entities that are responding to the diversity self-assessments that your office sends out. So that there is transparency as to how self-assessment response rates are affected by the voluntary nature of the request, can you provide more specificity about the percentage of your regulated entities that responded?**
- b. **To OCC, Federal Reserve, FDIC, and NCUA, your agencies have previously mentioned to congressional staff that some of your regulated entities may have failed to respond to diversity-self assessments because of the redundancy of receiving requests from multiple regulatory agencies. To what extent, if any, have your agencies provided guidance to your regulated entities on this concern, and have you initiated any inter-agency efforts to address this issue, such as a memorandum of understanding between regulators to agree on coordinated diversity submissions for regulated entities that are accountable to multiple regulators?**
- c. **To OCC, Federal Reserve, FDIC, NCUA, SEC, and CFPB, to what extent**

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would requiring mandatory reporting of diversity data by your regulated entities help your agencies oversee the diversity and inclusion gaps and successes in the financial services industry?

OMWI Engagement with MDI Advisory Committees & Examiner Diversity

8. Each of your respective agencies have established a minority advisory board or committee, to consider challenges of MDIs. However, each is different, with different structures, levels of engagement, and mission statements. As a result, tangible outcomes vary widely across regulators.
 - a. **To OCC, Federal Reserve, Federal Reserve Bank of New York, FDIC, NCUA, is your OMWI engaged in the recruitment and diversity of its bank examiner corps to ensure the diversity of the banks and communities that banks serve is appropriately reflected? What special training, if any, do you provide to examiners to adequately prepare them to understand the unique circumstances of MDIs and minority communities in which they operate?**
 - b. **To OCC, Federal Reserve, FDIC, NCUA, each of your organizations has taken a different approach to forming advisory groups and working with minority banks. Can you speak to the work of your respective MDI advisory committees, and how your OMWI played a role in stakeholder engagement and final outcomes?**
 - c. **Federal Reserve of New York, although the NY Fed does not have a committee established solely for MDIs, the NY Fed does have a Community Depository Institutions Advisory Council. How many MDIs currently sit on this council, and how does the Advisory Council go about ensuring the perspectives of MDIs are fully represented?**

CONTROLLED

Fair Lending, Equal Opportunity, Protection from Consumer Fraud

9. On July 15, 2020, the Consumer Bureau announced an Equal Credit and Opportunity Act (ECOA) violation lawsuit against a nonbank mortgage lender. In its 2020 Spring Semi-Annual Report, the Consumer Bureau reported only one fair lending public enforcement action filed during the reporting period. The Spring 2020 Semi-Annual Report also listed four cases involving redlining, discrimination based upon public income, and auto lending discrimination in which the Consumer Bureau made referrals to the Department of Justice (DOJ). Since November 2017, the Consumer Bureau has settled one fair lending enforcement action, which involved a violation of HMDA and Regulation C.
 - a. **CFPB, as the Bureau aims to finalize its rules and implementation concerning Section 1071 of the Dodd-Frank Act, could you please describe your involvement, if any, in the Bureau's fair lending enforcement priorities?**
 - b. **CFPB, was your office consulted in the Bureau's roll back of the Home Mortgage Disclosure Act (HMDA) rules?**
10. The COVID-19 pandemic has caused a surge in consumer fraud across the country, and particularly for minority communities, seniors, and individuals with limited-English proficiency.
 - a. **CFPB, has the agency increased targeted efforts towards protecting these communities from fraud? What has the agency done to reach out to these communities to inform them of resources available to them?**

Diversity Data

11. Please complete the enclosed template of agency diversity data for the years between 2015-2019.

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Questions for Ms. Lora McCray, Director, Office of Minority and Women Inclusion,
Consumer Financial Protection Bureau, from Chairwoman Maxine Waters:

Appointing, Hiring, and Promoting Diverse Talent

Question 1

The Rooney Rule is a policy that originates from the National Football League, where at least one minority and/or woman must be considered for each open leadership position. This Committee recently [passed legislation](#) that requires the consideration of at least one person reflective of both gender and racial or ethnic diversity when filling Federal Reserve Bank president vacancies. This hearing is also considering legislation that would require consideration of at least one gender and one racially diverse candidate for federal boards of directors and advisory committees.

- a. **To all agencies**, how could a Rooney Rule-like requirement to mandate the consideration of diverse candidates for senior staff roles improve diversity results in these decision-making bodies?

Response (a)

The Consumer Financial Protection Bureau (Bureau) values diversity and inclusion and drives innovation by leveraging the talents and perspectives of the Bureau's diverse workforce and stakeholders. The Bureau actively recruits and retains a pool of diverse candidates, including for senior staff roles. Currently, 32% of the Bureau's workforce in senior leadership roles are made up of racial/ethnic minority groups. The consideration of diverse candidates for senior roles is consistent with the Bureau's diversity and inclusion practices.

- b. **To all agencies**, to what extent have your agencies implemented a Rooney-Rule approach to create diverse candidate pools? How has utilization of these policies increased diversity in promotions and hiring at your agencies? If you haven't, why haven't you implemented such an approach?

Response (b)

The Bureau has practices in place to ensure that candidate pools are diverse. These practices include extensive outreach programs that establish relationships with minority serving academic institutions and professional organizations, the use of staff ambassadors in outreach, and collaboration with Bureau employee resource groups. These practices serve to broaden the pool of candidates and allow for greater diversity in the pool, which results in increased diversity in hiring. As part of the Bureau's goal of having a diverse staff at all levels, the Bureau regularly reviews data on its workforce including staffing planning (promotions and new hires), as well as

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demographic information. Division and Senior leadership are briefed on these topics, providing a measure of transparency for Bureau leadership in their workforce planning. As we continue to recruit a diverse workforce, we have implemented a digitally-focused recruitment strategy using the eQuest tool to access diverse websites and job boards. Access to these venues allows the Bureau to post positions specifically to diverse and inclusive networks to broaden talent pipelines.

Question 2

[Claudia Sahn’s blog](#) as well as Dr. Chris Brummer’s [analysis](#) highlight a direct correlation between racial diversity and inclusion performance in senior levels of an Agency’s workforce and regulatory policy outcomes. According to the CDC, the COVID-19 pandemic has caused a unique and disparate impact on diverse communities. The Federal Reserve Banks and the Department of the Treasury have played a key role in assessing the economic impacts of the pandemic and administering relief programs.

- a. **Federal Reserve and Federal Reserve Bank of New York**, to what extent have your respective agencies prioritized diversity and inclusion in their response to the COVID-19 pandemic and how has your office specifically been engaged in those efforts?

Response (a)

This question is not directed to the Bureau.

- b. **To all agencies**, how have all of you been involved within your agency to mitigate the disparate impact that the COVID-19 pandemic may have caused among your minority workforce as well as the minority-owned businesses and communities of color that your agencies serve?

Response (b)

Throughout the pandemic, the Office of Minority and Women Inclusion (OMWI) continues to work closely with Bureau leadership to provide advice and counsel to the workforce on various pandemic related matters to include staff engagement and management guidance.

Internally, the Bureau continues to be mindful and proactive in mitigating the effects of the COVID-19 pandemic on our workforce and the businesses and communities of color we serve. For our workforce, the Bureau emphasizes a “Safety First, Mission Always” posture to ensure the safety and health of our workforce. The Bureau has instituted: (1) authorized workplace flexibilities including up to two weeks emergency paid sick leave in accordance with the CARES

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Act; (2) maximized telework; (3) allowed employees to carry more than 24 credit hours into their next pay period; and (4) implemented administrative leave flexibility for reasons related to COVID-19. The Bureau continues to provide enhanced work life benefits such as emergency day care, eldercare, and employee support services to all staff. Additionally, the Bureau continues to utilize several ways to hear from our employees through National Treasury Employees Union (NTEU) engagements, a COVID-19 Bureau advisory group, a Pandemic Inquiries Inbox, leadership involvement, and our Employee Resources Groups.

The Bureau has enhanced its cleaning services and instituted social distancing protocols for all facilities. From the onset of the pandemic, the Bureau has implemented workplace flexibilities for federal staff to telework and has moreover, allowed the majority of its contractor support, including women and minority owned businesses, to work remotely or offsite to protect their health and safety. The Bureau has procured additional sanitary supplies and personal protective equipment for the entire workforce.

For the minority-owned businesses and communities of color we serve, the Bureau continues to meet with consumer advocates, civil rights organizations, financial institutions, fellow regulators, law enforcement partners (i.e., state attorneys general), and community groups to discuss consumer finance issues affecting people of color. The following sentences provide a few examples. On April 16, 2020, Director Kraninger held a call with a dozen civil rights groups to discuss how the pandemic affected minority and immigrant communities. On July 17, 2020, as part of Consumer Financial Protection Week, Director Kraninger provided Bureau resources about mortgage and housing assistance at a National Diversity Coalition and National Asian American Coalition event, which was attended by over 200 housing counselors, financial educators, faith leaders, nonprofit leaders, small businesses owners, and representatives of local African American, Asian, and Hispanic chambers of commerce. On July 29, 2020, Director Kraninger hosted a joint consumer and industry roundtable to discuss enhancing financial products and services to Limited-English Proficient (LEP) consumers. The Bureau has also translated educational materials into other languages to increase accessibility to non- or limited-English speakers and supported multi-language communities during the COVID-19 pandemic, including posting content in Spanish, simplified Chinese, traditional Chinese, Korean, Vietnamese, and Tagalog. The Bureau works directly with external stakeholders to widely distribute these materials to help consumers manage their finances during an uncertain time.

Question 3

Several OMWI Directors mentioned internship programs to build diverse pipelines for the agency. Internship programs are a great way to ensure agencies have potential campus hires who come from a wide range of backgrounds. However, students from low-income backgrounds are

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often unable to afford unpaid internships as well as the living, housing, and transportation costs that come with it.

- a. **To all agencies**, please describe all the benefits you offer to your interns and the extent to which all your interns are paid?

Response

The Bureau compensates interns who are part of the governmentwide Pathways Intern program. We also have student outreach programs under which the Bureau is not the employer of the intern and we do not pay them directly, but we coordinate the internships through a third party.

Our Pathways Interns receive the additional following benefits:

- *Transit subsidy*
- *Sick leave*
- *Alternate week schedule flexibilities*
- *Telework*
- *Annual leave if the internship extends past 90 days*

The Bureau sets a flat salary rate for interns to ensure equity. The rates and criteria, including the DC locality rate, are below. Interns located in regional offices have their pay adjusted according to the Bureau’s locality pay guidelines.

Pay Band	Annualized Base	Hourly Base	Hourly DC (18%)	Used for:
CN-20	\$28,141	\$13.54	\$15.97	Undergraduate students who are in their first two years of undergraduate education.
CN-20	\$30,876	\$14.85	\$17.53	Undergraduate students who are above years of undergraduate education.
CN-30	\$38,627	\$18.58	\$21.92	Graduate students (including law students).

In addition, the Bureau recently partnered with the Office of the Comptroller of the Currency (OCC), the District of Columbia Department of Employment Services (DOES), and the Marion S. Barry Summer Youth Employment Program (SYEP) to host 10 interns from Eastern and Roosevelt Senior High Schools between June 22nd and July 31st. The Bureau, through an agreement with OCC, provided intern salary, stipends for meals, Bureau furnished laptops, and

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mobile Wi-Fi hotspots to ensure the interns had full connectivity for the program. The internship provided the interns with a valuable exposure to the work environment. The program introduced the interns to careers in public service and the financial sector.

These interns worked in the following Bureau areas:

- *Supervision, Enforcement and Fair Lending – researching gamification best practices and developing recommendations to enhance travel expense processes;*
- *Research, Markets and Regulation – conducting research to understand college access and outcomes, focusing on Historically Black Colleges and Universities;*
- *Office of Financial Education - learning the principles of user-centered design to improve product offerings for high school/college-aged students about paying for college; and*
- *Office of Equal Opportunity and Fairness – collaborating across the Bureau to update key information about Employee Resource groups and other diversity and inclusion resources available to Bureau staff.*

Supplier Diversity

Question 4

According to recent analysis by the Greenlining Institute of the OMWIs annual congressional reports from 2014-2019, many of your agencies have incrementally increased the number of Minority- and Women-Owned Business Enterprises (MWBEs) who are hired as contractors and subcontractors. These businesses often face systemic biases against their firms and limited access to capital, which might limit their competitiveness when completing the request of proposal (RFP) process for contract opportunities. MWBEs may also require additional assistance to the request for proposals (RFP) process which can be fraught with onerous criterion that may disproportionately exclude MWBEs compared to other applicants.

- a. **To all agencies**, what efforts have your agencies made to more intentionally consider and select MWBEs for contracting opportunities?

Response (a)

The Bureau maintains a goal to award 5% of total obligations each fiscal year to women-owned small businesses as well as minority-owned small businesses. The Bureau often exceeds these goals and fiscal year 2020 has been no exception. Thus far, 17% of dollars obligated have been awarded to women-owned small businesses, and 20.3% have been awarded to minority-owned small businesses. Further, the Bureau has been working to:

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- *Increase contract award opportunities for women and minority owned businesses regardless of their size status. To date, 27.6% of all dollars obligated in fiscal year 2020 have gone toward women and minority owned businesses.*
- *Conduct vendor outreach sessions geared toward the women and minority owned business community. These sessions provide vendors with a forecast of future needs and educational materials on what's needed to compete for Bureau contracts. Two outreach sessions have been conducted in fiscal year 2020.*

The Bureau includes a good faith effort contract clause in all of its solicitations and awards to ensure vendors' workforces are diverse. In addition, the Bureau has recently instituted the incorporation of a new clause for all new solicitations and contract awards, which requires vendors to make a good faith effort to promote and ensure inclusion of Historically Black Colleges and Universities and Minority Institutions for subcontracts.

Also, supplier diversity is included in each Bureau division's diversity and inclusion strategic planning meetings to ensure they understand the value of utilizing diverse suppliers and the options available.

- b. **To all agencies**, to what extent have your agencies addressed any barriers or complexities in your respective RFP process that might disproportionately impact MWBEs, such as assets under management?

Response (b)

To date, the Bureau has not observed complexities or barriers to women- and minority-owned institutions in the Bureau's solicitation process. As mentioned above, we have been proactive in setting goals for women- and minority-owned business participation as well as conducting vendor outreach sessions. In addition, the Bureau annually offers minority- and women-owned vendors two technical assistance events on “How to Do Business with the CFPB.” These events include expert advice from Bureau procurement and program office professionals on how to navigate the Bureau's specific procurement processes.

Mitigating Biases in the Financial Regulatory Agencies and the Economy

Question 5

A 2015 House Financial Services Committee on the fifth anniversary of Dodd-Frank Act found that that across the financial regulatory agencies, African-American employees generally received lower performance management review scores than White employees.

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- a. **To all agencies**, how are your agencies holding managers accountable for the implementation of your respective diversity and inclusion policies? Please explain if your agencies have performance metrics, pay incentives or other diversity and inclusion accountability metrics for your management teams.

Response

The Bureau uses performance standards to hold managers accountable for implementing diversity and inclusion policies. Hundreds of Bureau team members and managers participated in focus groups, validation sessions, and diversity and inclusion reviews over a two-year period leading to the creation of the Leader performance standards, which went into effect in Fiscal Year (FY) 2017 and define the behaviors and skills required to lead at the Bureau. Leader standards are tailored for three different leader levels: First Line Supervisor, Manager of Managers, and Senior Leader. Performance standard elements include Managing and Inspiring High Performance, Modeling Inclusive Communication and Relationships, and Management Accountability. All of these elements establish diversity and inclusion expectations for our management teams. The element entitled Management Accountability reinforces these expectations for diversity and inclusion.

Question 6

In a [report](#) by the Federal Reserve Bank of New York, communities of color are disproportionately impacted physically and economically by the COVID-19 pandemic. According to the report, Black businesses experienced the most acute decline, with a 41 percent drop. Latinx business owners fell by 32 percent and Asian business owners dropped by 26 percent. In contrast, the number of white business owners fell by 17 percent.

- a. **To all agencies**, how have you worked within the agency to mitigate the impact of the pandemic for your minority workforce?

Response

As noted in the response to question 2b, the Bureau instituted the “Safety First, Mission Always” initiative to ensure the safety and health of its workforce. The Bureau has: (1) authorized workplace flexibilities including up to two weeks emergency paid sick leave in accordance with the CARES Act; (2) maximized telework; (3) allowed employees to carry more than 24 credit hours into their next pay period; and (4) implemented administrative leave flexibility for reasons related to COVID-19. The Bureau continues to provide enhanced work life benefits such as emergency day care, eldercare and employee support services to all staff. Additionally, the Bureau continues to utilize several ways to hear from our employees through NTEU

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engagements, a COVID-19 Bureau advisory group, a Pandemic Inquiries Inbox, leadership involvement, and our Employee Resources Groups.

Lack of Mandatory Diversity Data Disclosure by Regulated Entities

Question 7

In response to your requirements under Section 342(2)(C) the Offices of Minority and Women Inclusion, financial agreed to the Joint Standards Assessing the Diversity Policies and Practices of Regulated Entities by the Agencies.” Unfortunately, agencies also agreed that compliance with these standards would be voluntary. This has led to limited participation by regulated entities in your respective agencies’ diversity self-assessments.

- a. **To OCC, Federal Reserve, FDIC, NCUA and SEC**, several of this year’s FY 2019 OMWI reports failed to clearly highlight the percentage of regulated entities that are responding to the diversity self-assessments that your office sends out. So that there is transparency as to how self-assessment response rates are affected by the voluntary nature of the request, can you provide more specificity about the percentage of your regulated entities that responded?
- b. **To OCC, Federal Reserve, FDIC, and NCUA**, your agencies have previously mentioned to congressional staff that some of your regulated entities may have failed to respond to diversity-self assessments because of the redundancy of receiving requests from multiple regulatory agencies. To what extent, if any, have your agencies provided guidance to your regulated entities on this concern, and have you initiated any inter-agency efforts to address this issue, such as a memorandum of understanding between regulators to agree on coordinated diversity submissions for regulated entities that are accountable to multiple regulators?

Response (a and b)

These questions are not directed to the Bureau.

- c. **To OCC, Federal Reserve, FDIC, NCUA, SEC, and CFPB**, to what extent would requiring mandatory reporting of diversity data by your regulated entities help your agencies oversee the diversity and inclusion gaps and successes in the financial services industry?

Response

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Currently, the Bureau does not have plans to mandate and does not have enough information to assess the impact of mandatory reporting of diversity data by regulated entities. As highlighted in Director Kraninger’s spring testimony before the full Committee, the Bureau has developed a process to assess the diversity policies and practices of the entities the Bureau regulates. In January 2020, the Bureau launched an online data collection tool, Inclusivity, to collect and manage submitted diversity self-assessment data from entities regulated by the Bureau. We reached out to over 1,000 institutions to encourage them to submit their self-assessments. Although the response rate has been impacted by the onset of the pandemic, we continue to conduct direct outreach to entities and work with trade organizations to educate financial institutions on the benefits of diversity and inclusion to their businesses and to encourage them to adopt best practices.

OMWI Engagement with MDI Advisory Committees & Examiner Diversity

Question 8

Each of your respective agencies have established a minority advisory board or committee, to consider challenges of MDIs. However, each is different, with different structures, levels of engagement, and mission statements. As a result, tangible outcomes vary widely across regulators.

- a. **To OCC, Federal Reserve, Federal Reserve Bank of New York, FDIC, NCUA**, is your OMWI engaged in the recruitment and diversity of its bank examiner corps to ensure the diversity of the banks and communities that banks serve is appropriately reflected? What special training, if any, do you provide to examiners to adequately prepare them to understand the unique circumstances of MDIs and minority communities in which they operate?
- b. **To OCC, Federal Reserve, FDIC, NCUA**, each of your organizations has taken a different approach to forming advisory groups and working with minority banks. Can you speak to the work of your respective MDI advisory committees, and how your OMWI played a role in stakeholder engagement and final outcomes?
- c. **Federal Reserve of New York**, although the NY Fed does not have a committee established solely for MDIs, the NY Fed does have a Community Depository Institutions Advisory Council. How many MDIs currently sit on this council, and how does the Advisory Council go about ensuring the perspectives of MDIs are fully represented?

Response (a - c)

These questions are not directed to the Bureau.

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Fair Lending, Equal Opportunity, Protection from Consumer Fraud

Question 9

On July 15, 2020, the Consumer Bureau announced an Equal Credit and Opportunity Act (ECOA) [violation lawsuit](#) against a nonbank mortgage lender. In its 2020 Spring Semi-Annual Report, the Consumer Bureau reported only one fair lending public enforcement action filed during the reporting period. The [Spring 2020 Semi-Annual Report](#) also listed four cases involving redlining, discrimination based upon public income, and auto lending discrimination in which the Consumer Bureau made referrals to the Department of Justice (DOJ). Since November 2017, the Consumer Bureau has settled one fair lending [enforcement action](#), which involved a violation of HMDA and Regulation C.

- a. **CFPB**, as the Bureau aims to finalize its rules and implementation concerning Section 1071 of the Dodd-Frank Act, could you please describe your involvement, if any, in the Bureau’s fair lending enforcement priorities?

Response (a)

Through the Bureau’s coordinated review process, OMWI is included in reviews for rulemaking. Further, if the OMWI becomes aware, through its work, of potential discrimination against minority- or women-owned businesses, OMWI would refer the matter to the appropriate Bureau office for review and appropriate action.

The Bureau uses a risk-based approach to prioritize fair lending enforcement activity. This approach helps ensure that the Bureau focuses on areas that present substantial risk of credit discrimination for consumers. The prioritization process incorporates a number of factors, including: emerging developments and trends, tips and leads from industry whistleblowers, advocacy groups, and government agencies; supervisory and enforcement history; consumer complaints; and results from analysis of Home Mortgage Disclosure Act and other publicly available data.

- b. **CFPB**, was your office consulted in the Bureau’s roll back of the Home Mortgage Disclosure Act (HMDA) rules?

Response (b)

The OMWI, like other Bureau offices, provides input on rulemaking activity during the Bureau’s coordinated review process.

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Question 10

The COVID-19 pandemic has caused a surge in consumer fraud across the country, and particularly for minority communities, seniors, and individuals with limited-English proficiency.

- a. **CFPB**, has the agency increased targeted efforts towards protecting these communities from fraud? What has the agency done to reach out to these communities to inform them of resources available to them?

Response

Over the past few months, the Bureau has taken numerous steps to reach consumers with information and resources to help them protect their finances during the coronavirus pandemic. The Bureau has a centralized webpage with information on how consumers can make informed financial decisions during the pandemic, including spotting and avoiding scams, descriptions of scams that have emerged during the pandemic, and resources if consumers fall victim to a scam.¹ The webpage also provides extensive information about consumers' protections under the CARES Act and how they can seek assistance if they are struggling with mortgage, rent, student loans or other payments, or are dealing with debt. We have translated resources on avoiding coronavirus scams into multiple languages including Spanish, Tagalog, Vietnamese, and Chinese. We have also issued videos in English and Spanish on avoiding scams during the pandemic.

Through our various distribution channels, the Bureau works to reach as many consumers as possible, including those with limited English proficiency (LEP). The Bureau has held numerous webinars specifically focused on our scam prevention resources for organizations who directly serve vulnerable consumers, including low-income consumers, seniors, communities of color, and LEP consumers. The Bureau has held additional webinars highlighting our broader resources on protecting and managing finances during the coronavirus pandemic. For example, the Bureau's Financial Education Exchange (CFPB FinEx) program conducts monthly webinars targeted to financial education providers serving diverse audiences across the country, and on May 19, the Bureau conducted a webinar showcasing the Bureau's resources for limited English proficient communities. During the webinar the Bureau demonstrated how to find these multilingual resources, and how they can be used by consumers, practitioners, and industry. The Bureau also highlighted its materials pertaining to the COVID-19 pandemic and disaster preparedness and recovery.

Diversity Strategic Planning

¹ See <https://www.consumerfinance.gov/coronavirus/>.

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Question 11

A focused commitment to diversity and inclusion requires incorporating diversity into the agency’s strategic planning and breaking down diversity goals into measurable objectives.

- a. To what extent are diversity and inclusion goals incorporated to the agency’s overall strategic plan? If the agency has a separate diversity and inclusion strategic plan, please enclose the most recent draft.

Response

Diversity and inclusion are fundamental principles incorporated in the work of the Bureau. Diversity and Inclusion goals are incorporated into the Bureau’s Strategic Plan FY 2018-2022,² under Goal 3: Foster operational excellence through efficient and effective processes, governance, and security of resources and information; and Objective 3.2: Maintain a talented, diverse, inclusive, and engaged workforce. In addition, the Bureau has a separate Diversity and Inclusion Strategic Plan Update FY2019-2022.³

Diversity Data Request

Question 12

Please complete the attached template of agency diversity data for the years between 2015-2019. (See Appendix I: OMWI Diversity Questionnaire 2015-2019)

Response

Please see Appendix I.

² See https://files.consumerfinance.gov/f/documents/cfpb_strategic-plan_fy2018-fy2022.pdf.

³ See https://files.consumerfinance.gov/f/documents/cfpb_diversity-inclusion-strategic-plan-update-FY19-20_report.pdf.

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**Questions for Ms. Lora McCray, Director, Office of Minority and Women Inclusion,
Consumer Financial Protection Bureau, from Chair Joyce Beatty:**

Question 1

Under Section 342(b)(3) of Dodd-Frank, “[e]ach Director shall advise the agency administrator on the impact of the policies and regulations of the agency on minority-owned and women-owned businesses.” Please describe how your agency interprets this provision, including whether formal and informal agency rulemakings fall within the scope of this provision.

Response

As the Consumer Financial Protection Bureau’s (Bureau) Office of Minority and Women Inclusion (OMWI) Director, I provide advice and guidance on, among other things, agency rulemakings that impact minority-owned and women-owned businesses. This includes, for example, the rulemaking to implement Section 1071 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act), which amended the Equal Credit Opportunity Act (ECOA) to mandate that lenders compile, maintain, and submit to the Bureau (in accordance with regulations of the Bureau) certain data with respect to credit applications made by small businesses, minority-owned, or women-owned businesses. The purposes of Section 1071 are to (1) facilitate enforcement of fair lending laws and (2) enable communities, governmental entities, and creditors to identify business and community development needs and opportunities of women-owned, minority-owned, and small businesses.

The Bureau is pursuing the Section 1071 rulemaking in a thoughtful and deliberate way. Throughout the agency rulemaking process, I provide advice and counsel, specifically on matters that impact minority-owned and women-owned businesses. Given the complexity of the small business lending market, the Bureau has taken care to solicit input from stakeholders, including my office, and carefully considers their feedback.

An additional example is the impact of the COVID-19 pandemic on minority-owned and women-owned businesses. These businesses are the cornerstone of the American economy and have been hit particularly hard during the COVID-19 pandemic. I continue to provide advice and counsel to advance access to credit for minority-, women-owned, and small businesses as the Bureau worked with the Small Business Administration (SBA), which provides loans and debt relief options to small businesses. The Bureau also published a blog post, which I co-authored, to highlight the provisions of the CARES Act for small businesses.⁴

⁴ See <https://www.consumerfinance.gov/about-us/blog/fair-equitable-access-credit-minority-women-owned-businesses/>.

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Question 2

How often do you meet with your Agency Administrator as defined by Section 342(g)(2) of the Dodd-Frank?

Response

I regularly meet with Director Kraninger. I have a standing meeting with her scheduled once per month and I meet with her on an ad hoc basis. In addition, the Director and I meet and discuss diversity and inclusion matters frequently, depending on current OMWI and Bureau priorities. The Bureau Director provides open access and support to my office.

Question 3

Who do you directly report to in your agency? If it is not the Agency Administrator, please provide a legal justification for compliance with Section 342(b)(1) of Dodd-Frank.

Response

At the Bureau, I report to both the Bureau Director and the Office of Equal Opportunity and Fairness (OEOF) Associate Director, consistent with Section 342(b)(1) of the Dodd-Frank Act.

Question 4

Please list the number of full-time and part-time staff within your agency’s OMWI, including job titles and job descriptions.

Response

The Bureau’s OMWI sits within the OEOF. I lead the office and am supported by seven full-time staff members. In addition, the OMWI includes one full time temporary Director’s Financial Analyst (DFA) for a period of one year. Below are the job titles and duties of staff within the Bureau’s OMWI.

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Title	Duties
Director, OMWI	Advises the Director of the Bureau and provides strategic guidance and expertise on matters pertaining to the management of the OMWI and the development and execution of high-priority OMWI programs and initiatives, including legal advice on matters relating to the OMWI mandate.
Deputy Director, OMWI	Provides strategic guidance and expertise to the OMWI Director and other leaders on matters pertaining to the management of the OMWI and the development and execution of high-priority OMWI programs and initiatives.
Senior Diversity & Inclusion Program Analyst	Provides consultation and advice to Bureau leaders on efforts to enhance diversity and inclusion in the recruitment, hiring and retention of talented individuals to the Bureau’s workforce, including leading the divisional strategic planning efforts.
Senior Advisor	Provides expert consultation to OMWI leadership and Bureau leadership on ways to increase the impact of the OMWI and leads and coordinates outreach initiatives to regulated entities.
Diversity & Inclusion Program Analyst	Provides consultation to Bureau leadership on ways to increase diversity and inclusion across all demographic segments of the Bureau’s workforce and leads internal and external communication efforts.
Diversity & Inclusion Program Analyst	Provides consultation to Bureau leadership on ways to increase diversity and inclusion across all demographic segments of the Bureau’s workforce and leads OMWI outreach initiatives.
Diversity & Inclusion Program Analyst	Develops policies, processes, procedures, goals and objectives for a supplier diversity program within the Bureau, while ensuring compliance with Federal and other applicable regulations, policies and procedures governing minority-owned businesses and women-owned businesses within the Federal procurement processes.
Training Coordinator	Coordinates training programs, travel, and outreach events for all OMWI-related programs and activities.

Question 5

Under Section 342 (c)(3)(A) the OMWI Director “shall include a procedure for the Director to make a determination whether an agency contractor, and, as applicable, a subcontractor has failed to make a good faith effort to include minorities and women in their workforce.” Please provide details regarding efforts to fully ensure the Agency’s contractors are making a “good faith” effort re workforce diversity, whether an adverse determination regarding the performance

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of a contractor has been made by your office, and what, if any steps have been taken by the Agency as a result of said adverse determination.

Response

The Bureau has worked to incorporate a Good Faith Effort (GFE) clause in all solicitations and contract awards supporting the Bureau. The clause requires contractors to certify and provide suitable documentation to demonstrate a commitment to equal opportunity employment and a good faith effort to ensure fair inclusion of minorities and women in their respective workforce. The GFE contract clause ensures contractors and subcontractors are aware of their statutory obligation to make a good faith effort to include women and minorities in their workforce. With each award, Bureau contractors agree to the terms of the GFE certification contract clause that is included in every contract above the Simplified Acquisition Threshold (SAT) awarded by the Bureau. With this clause, the contractor is certifying that: (1) it is committed to equal opportunity in employment and contracting; and (2) it has made and will continue to make, or will make during the course of this contract, a Good Faith Effort to ensure, to the maximum extent possible, the fair inclusion of minorities and women in its workforce and in the workforces of its applicable subcontractors.

Further, the Bureau is collecting and evaluating contractor and subcontractor data to ensure they made a good faith effort to include minorities and women in their workforces. This process helps the Bureau assess contractor workforce diversity efforts. To date, the Bureau has not made an adverse determination on the performance of a contractor. Finally, the Bureau participates in the Supplier Diversity Interagency Working Group, with the Federal Reserve Board, the Department of the Treasury, Federal Deposit Insurance Corporation, the Securities and Exchange Commission, National Credit Union Administration, and Federal Housing Finance Agency, to share best practices and information.



Office of Legislative Affairs

November 06, 2020

Honorable Maxine Waters
Chairwoman
Committee on Financial Services
House of Representatives
Washington, D.C. 20515

Dear Chairwoman Waters:

Thank you for the opportunity to respond to questions subsequent to the Federal Deposit Insurance Corporation's testimony before the House Financial Services Subcommittee on Diversity and Inclusion on September 8, 2020.

Enclosed are the agency's responses for the hearing record. If you have further questions or comments, you may contact me at (202) 898-6761.

Sincerely,

M. Andy Jiminez
Director
Office of Legislative Affairs

Enclosure

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Appointing, Hiring, and Promoting Diverse Talent

1. The Rooney Rule is a policy that originates from the National Football League, where at least one minority and/or woman must be considered for each open leadership position. This Committee recently passed legislation that requires the consideration of at least one person reflective of both gender and racial or ethnic diversity when filling Federal Reserve Bank president vacancies. This hearing is also considering legislation that would require consideration of at least one gender and one racially diverse candidate for federal boards of directors and advisory committees.
 - a. **To all agencies**, how could a Rooney Rule-like requirement to mandate the consideration of diverse candidates for senior staff roles improve diversity results in these decision-making bodies?

FDIC Response: In general, having a more diverse applicant pool is likely to increase workforce diversity. The FDIC actively considers diverse candidates for senior staff roles. Since Chairman McWilliams began her tenure, the FDIC has made it a priority to increase its outreach to a diverse pool of candidates for senior positions. For example, the FDIC posts executive vacancies to all sources when appropriate, enabling senior leadership to consider candidates from within the FDIC, other Federal agencies, Veterans, any citizen of the United States, Individuals with Disabilities, Military Spouses, or current/former Peace Corps employees. In addition, the FDIC publishes all vacancies on a weekly basis to multiple National Affinity Groups, Veterans Organizations, Federal Executive Boards, State Departments of Vocational Rehabilitation, colleges and universities, and the FDIC-recognized Employee Resource Groups. The outreach to this expansive group of organizations, which began in April 2019, continues to increase based on the input of FDIC managers, employees and Employee Resource Groups (ERGs). The organizations include but are not limited to the list below:

- American GI Forum
- Asian American Government Executives Network
- Career Opportunities Network for Students with Disabilities
- Disabled Person.com
- Diversity Careers in Engineering and Information Technology
- Federal Asian Pacific American Council
- Bender Consulting for People with Disabilities
- LGBT Bar Association
- National Association for the Advancement of Colored People (NAACP)
- National Association of Black Accountants
- National Association of Hispanic Federal Executives

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- National Association of Professional Asian American Women
- National Black MBA Association
- National Federation of the Blind
- National Hispanic Professional Organization
- National Native American Bar Association
- National Urban League
- Native American Finance Officers Association
- Operation Warfighter
- Pride in Federal Service
- Peace Corps
- Vetjobs
- All 28 Federal Executive Boards in the United States
- State Departments of Vocational Rehabilitation
- FDIC-recognized Employee Resource Groups:
 - Association of African American Professionals
 - Corporate Advocacy Network for Disability Opportunities
 - Hispanic Organization for Leadership and Advancement
 - Innovation Meetup
 - Networking Inclusion and Advancement for African American-Women: African American Women with a Purpose
 - Partnership of Women in the Workplace
 - PRIDE
 - Veterans Employee Resource Group
 - Heritage of Asian American Pacific Islanders

The FDIC also shares the announcements with its 300 FDIC Corporate Recruiters, who in turn are able to share them with the career services offices at approximately 600 colleges and universities.

The FDIC has also worked to further integrate Diversity and Inclusion benchmarks within the executive hiring process to include the assessment process, interview questions, interview panel demographics, interview format, and final selection process. The FDIC recently entered into a contract with an external consulting firm to assist the FDIC to create a new assessment and selection process for our executive positions, which will build on our previous efforts to increase diversity in our most senior positions.

- b. **To all agencies**, to what extent have your agencies implemented a Rooney-Rule approach to create diverse candidate pools? How has utilization of these policies increased diversity in promotions and hiring at your agencies? If you haven't, why haven't you implemented such an approach?

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FDIC Response: The FDIC has not implemented a Rooney-Rule approach to create diverse candidate pools. Rather, we are expanding the pipeline to our leadership positions by:

- 1) Reviewing our plan for a corporate-wide succession management program;
- 2) Establishing a new leadership development program that identifies and prepares high potential/high-performing employees for advancement to leadership positions;
- 3) Developing a Special Assistant Program that will provide developmental opportunities for rising leaders in the organization; and
- 4) Conducting a barrier analysis to identify and eliminate barriers to advancement and help ensure that recruitment and selection processes are fair, open, and inclusive.

The goal of the barrier analysis is to identify and eliminate, if found, any root causes or disparities in equal employment opportunities at the senior grade level. The barrier analysis process is a multi-year, multi-step process. The four steps are:

- 1) Identifying triggers;
 - 2) Investigating to pinpoint potential barriers;
 - 3) Developing action plans to eliminate any barriers identified; and
 - 4) Assessing the effectiveness of actions plans.
2. Claudia Sahn’s blog as well as Dr. Chris Brummer’s analysis highlight a direct correlation between racial diversity and inclusion performance in senior levels of an Agency’s workforce and regulatory policy outcomes. According to the CDC the COVID-19 pandemic has caused a unique and disparate impact on diverse communities. The Federal Reserve Banks and the Department of the Treasury have played a key role in assessing the economic impacts of the pandemic and administering relief programs.
- a. **Federal Reserve and Federal Reserve Bank of New York**, to what extent have your respective agencies prioritized diversity and inclusion in their response to the COVID-19 pandemic and how has your office specifically been engaged in those efforts?
 - b. **To all agencies**, how have all of you been involved within your agency to mitigate the disparate impact that the COVID-19 pandemic may have caused among your minority workforce as well as the minority-owned businesses and communities of color that your agencies serve?

FDIC Response: The FDIC has adopted a number of strategies that help all employees in our workforce, especially minorities, those who are caregivers, and those who are parents of pre-school or school aged children, to mitigate the impact of COVID-19. Since mid-March, all employees have been under mandatory telework rules that minimize exposure to others and the chance of contracting the virus. In addition, the FDIC has relaxed its scheduling practices to allow employees to work at times that best fit their needs - including weekends -

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to meet the 80-hour bi-weekly requirement, taking into consideration child and elder care responsibilities, helping with virtual schoolwork, caring for family members with COVID-19 or its symptoms, etc. We also have implemented the Families First Coronavirus Relief Act’s (FFCRA) Emergency Sick Leave to allow employees to take up to 80 hours of time to care for family members with COVID-19 or its symptoms and to care for children whose schools were closed. Mandatory telework will continue until at least December 31, 2020.

Even when mandatory telework ends, most employees will continue to telework, and even those whose positions are designated to return to the office will be allowed to telework if access to a facility is not required to meet FDIC needs.

In addition, the FDIC Career Management and WorkLife Programs have conducted weekly webinars to help employees cope with distance working, distance learning, caring for children and elders, scheduling to maintain their work and family responsibilities, coping emotionally, and financial wellness. In an effort to ensure FDIC employees are taking care of themselves during this time, we hosted a two half-day Self-Care Conference. The conference focused on the needs of the employee and maintaining overall wellness. Since employees are teleworking and spending more time in front of electronic displays, the conference featured a session on healthy eye care and setting up your home office to reduce injuries.

With respect to minority-owned businesses and communities of color, the FDIC had planned to host a series of on-site Technical Assistance events aimed at minority and women-owned businesses (MWOBs); however, because of the COVID-19 pandemic, the FDIC will host the events virtually. The first in the series is “Getting to Success: Marketing Your Business,” which will be held on December 10, 2020.

In addition, the FDIC added a new event called MWOB “Pitch Day” which will allow MWOBs an opportunity to meet with the FDIC’s representatives and to market their products and services. This event will also give MWOBs another occasion to start and build relationships with the FDIC, as well as extend another chance to those MWOBs with existing relationships with the FDIC to reconnect and update their business capability statements. The event will be held on November 18, 2020.

The FDIC also changed its advertising approach to digital platforms and targeted advertisements to MWOBs to attract more MWOBs and to further raise awareness of the FDIC’s procurement process and current initiatives. The FDIC continues to engage with and support MWOBs through a variety of forums, including informational webinars presented to trade organizations and virtual one-on-one technical assistance sessions. These planned events also serve as additional opportunities for MWOBs to receive more information from the FDIC about its outreach programs, future opportunities, and available resources.

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3. Several OMWI Directors mentioned internship programs to build diverse pipelines for the agency. Internship programs are a great way to ensure agencies have potential campus hires who come from a wide range of backgrounds. However, students from low-income backgrounds are often unable to afford unpaid internships as well as the living, housing, and transportation costs that come with it.
 - a. To all agencies, please describe all the benefits you offer to your interns and the extent to which all your interns are paid?

FDIC Response: There are no unpaid internships. All FDIC interns are paid a biweekly salary that corresponds to the FDIC grade level at which they are hired. In addition, depending on the type and length of appointment, interns may receive the same benefits as other FDIC employees such as paid sick leave, paid annual leave, and participation in health, vision, and dental plans. They may also be eligible for a transit subsidy and flexible spending accounts for dependent care, health care, and parking.

The FDIC has also allowed interns to participate in mandatory telework as part of the agency’s broader response to the COVID-19 pandemic, including those who have returned to school, as long as they are maintaining at least a part-time work schedule. They also may use the maximum scheduling flexibilities that other employees may use and participate in the same webinars that are available to all employees.¹

The FDIC’s Career Management and WorkLife Programs conduct webinars on relevant topics, host networking opportunities with senior leadership and interns across the country, and sponsor a half-day Symposium and end of program Salute. In addition, FDIC interns are enrolled in a micro-mentoring program at the start of their employment with the FDIC. This program pairs interns with experienced mentors for an 8-week period.

Supplier Diversity

4. According to recent analysis by the Greenlining Institute of the OMWIs annual congressional reports from 2014-2019, many of your agencies have incrementally increased the number of Minority- and Women-Owned Business Enterprises (MWBEs) who are hired as contractors and subcontractors. These businesses often face systemic biases against their firms and limited access to capital, which might limit their competitiveness when completing the request of proposal (RFP) process for contract opportunities. MWBEs may also require additional assistance to the request for proposals (RFP) process which can be fraught with onerous criterion that may disproportionately exclude MWBEs compared to other applicants.

¹ See response to Waters Question 2b above.

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- a. **To all agencies**, what efforts have your agencies made to more intentionally consider and select MWBEs for contracting opportunities?

FDIC Response: For any contract over \$100,000, an OMWI review is required to identify competitive minority- and women-owned businesses (MWOBs) to include in contract solicitations. As part of this process, OMWI uses the FDIC’s Contractor Resource List (CRL) that includes registered MWOBs. The CRL is the principal database for vendors interested in doing business with the FDIC. OMWI also identifies qualified MWOBs through outreach, the System for Award Management, the National Minority Supplier Development Council, and the Minority Business Development Agency. This process helps ensure that a diverse pool of vendors is solicited and considered for each major contract.

The FDIC’s website provides extensive information, announcements, and technical assistance for minority- and women-owned businesses, law firms, and investors seeking to do business with the FDIC.² The FDIC also has a business resource page that contains quick links for MWOBs to navigate and better understand the FDIC’s procurement process.

- b. **To all agencies**, to what extent have your agencies addressed any barriers or complexities in your respective RFP process that might disproportionately impact MWBEs, such as assets under management?

FDIC Response: The FDIC often issues solicitations that do not require contractors to bid on the entire contract, but instead are structured in a manner that allows contractors to bid on one or more distinct service areas within the contract. Under this process, contractors only need to demonstrate their experience and approach for a particular service area. Separate proposal evaluations are then conducted for each service area under the contract and contract awards are made by service area. This allows firms to bid on their areas of expertise, rather than to have to demonstrate they can perform all functions under a contract. On other occasions, the FDIC has reduced the scope of a large contract into multiple smaller contracts and put multiple contracts out for bid, rather than just one contract. Again, this approach allows contractors to bid on their areas of expertise, rather than having to demonstrate they can perform a contract with a much larger scope. The FDIC is also issuing more multiple award type contracts instead of single contracts where one firm receives all of the work under a contract. The FDIC is currently exploring insurance requirements under some contracts to determine if the cost of insurance is acting as a barrier to the ability of smaller firms to bid on contracts.

These efforts have been successfully applied to increase the FDIC’s supplier diversity. An example is the FDIC’s 10 year \$564 million Information Technology Applications Services (ITAS) contract, which has been the FDIC’s main source of services to build, operate, and

² <https://www.fdic.gov/about/diversity/mwop/mwob.html>

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maintain its information technology systems. First awarded in 2013, the FDIC allowed offerors to bid and be qualified under different service areas, not the entire scope of the contract. Multiple contract awards were made. Since the inception of the contract, 77 of 144 task orders (54%) awarded have been awarded to MWOB firms. With regard to the task order ceilings, \$288 million out of \$516 million (56%) have been awarded to MWOBs. With regard to actual payments, \$206 million out of \$349 million (59%) have been paid to MWOBs.

With regard to contracts for work related to bank closings, since the beginning of 2017 through July 2020, 29% of all contracts (181 out of 630) and 27% of all contract dollars (\$95.4 million out of \$360 million) have been awarded to MWOBs.

Mitigating Biases in the Financial Regulatory Agencies and the Economy

5. A 2015 House Financial Services Committee on the fifth anniversary of Dodd-Frank Act found that that across the financial regulatory agencies, African-American employees generally received lower performance management review scores than White employees.
 - a. **To all agencies**, how are your agencies holding managers accountable for the implementation of your respective diversity and inclusion policies? Please explain if your agencies have performance metrics, pay incentives or other diversity and inclusion accountability metrics for your management teams.

FDIC Response: Managers are held accountable for valuing a culture of diversity and inclusion in a variety of ways. For the 2020 management performance year ending December 31, 2020, the FDIC implemented an updated performance management program that holds managers accountable for diversity and inclusion policies and management practices. One of the job standards to which managers are held accountable is “promoting a culture of inclusion and excellence,” which is described as follows:

- Cultivates an inclusive, constructive, harassment-free work environment built upon transparent communication, mutual trust and respect for all to succeed.
- Adheres to equal opportunity and merit system principles in decisions impacting employee working conditions and fosters the objectives set forth in the FDIC's Diversity and Inclusion Strategic Plan.
- Upholds and applies EEO policies and principles and participates in the FDIC's EEO program.
- Promotes the protection of employees in making protected disclosures by fostering an environment in which agency employees feel comfortable making such disclosures, responding constructively when employees make protected disclosures, and taking responsible actions to resolve these disclosures.

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Under the 2020 performance management plan for managers, managers are eligible for performance bonuses based on four separate criteria. One of those criteria allows for managers to receive bonuses specifically for creating a Culture of Inclusion and Excellence by, among other things, demonstrating superior skills in fostering a constructive and inclusive work environment, valuing diversity.

The following “consideration factors” are used to determine whether a manager may be awarded a bonus based on this criterion:

- Engaged employees in a shared vision of their work and its relationship to FDIC's mission that resulted in significant outcomes.
- Valued and aligned each employee's unique skills and knowledge to contribute to positive outcomes.
- Inspired the highest performance from all staff; created opportunities for success.
- Championed the creation of a fair and inclusive work environment. Connected with employees to understand how work climate could be improved and engaged team in advancing toward desired culture.
- Empowered employees to impact outcomes; ensured opportunities were provided for coaching and mentoring of staff toward specific achievements

On September 23, 2020, the FDIC provided training to managers and supervisors on how to apply the FDIC’s new performance management system for nonsupervisory employees, which includes a performance bonus. The training focused on how to apply the bonus criteria fairly and consistently.

6. In a report by the Federal Reserve Bank of New York, communities of color are disproportionately impacted physically and economically by the COVID-19 pandemic. According to the report, Black businesses experienced the most acute decline, with a 41 percent drop. Latinx business owners fell by 32 percent and Asian business owners dropped by 26 percent. In contrast, the number of white business owners fell by 17 percent.
 - a. **To all agencies**, how have you worked within the agency to mitigate the impact of the pandemic for your minority workforce?

FDIC Response: The FDIC has provided substantial flexibilities to all of its employees during the pandemic, as noted in the response to question 2 above. All FDIC employees are currently in a mandatory telework posture, with limited exceptions for essential functions. While in this posture, the FDIC allows for maximum scheduling flexibility, which enables employees to manage their own schedules while still balancing the needs of work and family. The FDIC’s WorkLife Program provide free counseling on how to cope with stress. Through this program, employees have access to contract clinical counselors, who are available on a weekly basis for

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telephonic sessions with FDIC staff, and employees can receive a referral to external clinical counseling for up to six free sessions. We also have implemented the FFCRA Emergency Sick Leave provisions, at full pay, which provide employees with an additional 80 hours of paid leave to help with family and other responsibilities related to the pandemic.

Lack of Mandatory Diversity Data Disclosure by Regulated Entities

7. In response to your requirements under Section 342(2)(C) the Offices of Minority and Women Inclusion, financial agreed to the “Joint Standards Assessing the Diversity Policies and Practices of Regulated Entities by the Agencies.” Unfortunately, agencies also agreed that compliance with these standards would be voluntary. This has led to limited participation by regulated entities in your respective agencies’ diversity self-assessments.
 - a. **To OCC, Federal Reserve, FDIC, NCUA and SEC**, several of this year’s FY 2019 OMWI reports failed to clearly highlight the percentage of regulated entities that are responding to the diversity self-assessments that your office sends out. So that there is transparency as to how self-assessment response rates are affected by the voluntary nature of the request, can you provide more specificity about the percentage of your regulated entities that responded?

FDIC Response: Pursuant to Section 342 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (Dodd-Frank Act), the FDIC reports on the diversity self-assessment data received from regulated institutions annually to Congress. OMWI agencies have independently collected key data to report on diversity progress and trends to raise awareness of diversity policies and practices in an effort to benefit the financial services industry as a whole.

For transparency, completed analyses for all reporting years are posted on the FDIC’s dedicated web page for Financial Institution Diversity program at:
<https://www.fdic.gov/about/diversity/analysisdsa.html>.

The table below reflects the percentage of financial institutions that are regulated by the FDIC that voluntarily submitted diversity self-assessments for each reporting period (2016 through 2019) since Section 342 of the Dodd-Frank act was implemented.

Reporting Period	#Financial Institutions (invited)	# Self-Assessments Received	% Self-Assessments Received	# of Acknowledged Non-Respondents	# of Minority Depository Institutions
2016	805	96	11.8%	2	10
2017	820	137	16.7%	3	8
2018	784	133	17.0%	3	7
2019	787	150	19.1%	17	6

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Data reported for the current, 2019 reporting period is tentative as analysis is still in progress.

- b. **To OCC, Federal Reserve, FDIC, and NCUA**, your agencies have previously mentioned to congressional staff that some of your regulated entities may have failed to respond to diversity-self assessments because of the redundancy of receiving requests from multiple regulatory agencies. To what extent, if any, have your agencies provided guidance to your regulated entities on this concern, and have you initiated any inter-agency efforts to address this issue, such as a memorandum of understanding between regulators to agree on coordinated diversity submissions for regulated entities that are accountable to multiple regulators?

FDIC Response: The FDIC’s Financial Institution Diversity program is responsible for assessing the diversity policies and practices of the FDIC’s regulated financial institutions in response to Section 342 of the Dodd-Frank Act. Since 2016, the FDIC has encouraged FDIC-regulated financial institutions that employ 100 or more employees to conduct annual self-assessments of their diversity policies and practices in accordance with the Interagency Policy Statement Establishing Joint Standards for Assessing the Diversity Policies and Practices of Entities Regulated by the Agencies (Policy Statement).

Every reporting year, the OMWI agencies coordinate with each other by cross checking their received submissions against BankFind to determine the institutions’ primary federal regulator. Any submissions from an entity that is regulated by another agency are referred directly to the appropriate agency OMWI. These cases represent a very small fraction of the number of submissions received every year.

- c. **To OCC, Federal Reserve, FDIC, NCUA, SEC, and CFPB**, to what extent would requiring mandatory reporting of diversity data by your regulated entities help your agencies oversee the diversity and inclusion gaps and successes in the financial services industry?

FDIC Response: The FDIC is evaluating how amending Section 342(b) of the Dodd-Frank Act would impact the agency’s ability to oversee the diversity and inclusion gaps and successes in the financial services industry.

OMWI Engagement with MDI Advisory Committees & Examiner Diversity

8. Each of your respective agencies have established a minority advisory board or committee, to consider challenges of MDIs. However, each is different, with different structures, levels of

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engagement, and mission statements. As a result, tangible outcomes vary widely across regulators.

- a. **To OCC, Federal Reserve, Federal Reserve Bank of New York, FDIC, NCUA**, is your OMWI engaged in the recruitment and diversity of its bank examiner corps to ensure the diversity of the banks and communities that banks serve is appropriately reflected? What special training, if any, do you provide to examiners to adequately prepare them to understand the unique circumstances of MDIs and minority communities in which they operate?

FDIC Response: The FDIC’s OMWI is highly involved in the agency’s examiner recruitment efforts. The OMWI Director is a member of the Entry Level Examiner Hiring Executive Steering Committee and the Executive Taskforce for Diversity and Inclusion of the Examination Workforce. There is an OMWI representative at all entry-level examiner hiring operational meetings, and an OMWI representative and subject matter expert are involved with the Minority Recruitment Task Force. In addition, we have:

- **Strengthened Recruitment Strategy Through More Targeted Efforts.** The FDIC identified successful corporate recruiters to pilot new strategies to build a diverse talent pipeline while also increasing the number of minority applications. As part of this effort, we increased outreach to historically black colleges and universities (HBCUs), Hispanic-serving institutions, Asian-serving institutions, and other schools with high numbers of minority graduates in key fields of study. We also expanded regional intern hiring that focuses on potential applicants in fields of study where the agency has difficulties hiring and retaining employees, and we hired 16 students in 2019 through the Diversity Outreach Student Intern Program.
- **Expanded Workplace Benefits and Services to Improve Retention.** We have taken several initiatives to improve employee retention by expanding key workplace benefits. For example, last year we announced that the FDIC would provide all employees six weeks of paid parental leave and FDIC employees have been eligible to take 12 weeks of paid parental leave since July 2020 (i.e., prior to the effective date of the Federal Employee Paid Leave Act). In addition, we launched a Pilot Student Loan Repayment Program to provide meaningful financial assistance to commissioned examiner employees over a three-year period. During these three years, up to 100 employees each year will be eligible to have their student loans paid directly, up to \$500 per month for a total of up to \$18,000 per employee. If successful, the FDIC will consider expanding this program to employees in other job categories where the agency experiences recruitment or retention challenges.
- **Conducting Barrier Analysis.** To improve our ability to recruit, retain, and develop employees, including examiners, the FDIC has engaged an independent consultant to help us identify root causes and strategies to address identified retention and promotion disparities among minorities and non-minorities.

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With respect to preparing examiners to understand the unique circumstances of MDIs and minority communities, the FDIC has a Statement of Policy Regarding Minority Depository Institutions that outlines the FDIC’s program for supporting the five statutory goals to preserve and promote minority depository institutions (MDIs). The FDIC Board of Directors recently approved an update to the policy that adds a description of how the FDIC applies rating systems at examinations of MDIs. Specifically, the proposed Statement of Policy describes how the Uniform Financial Rating System (UFIRS) and the Uniform Interagency and Consumer Compliance Rating System (UICCR) are designed to reflect an assessment of the individual institution, including its size and sophistication, the nature and complexity of its business activities, and its risk profile rather than a comparison to peer institutions.

While all insured institutions must operate in a safe and sound manner and all examinations must be conducted within the parameters of outstanding regulations and guidance, the FDIC’s examiners are instructed to recognize the distinctive characteristics and differences in core objectives of all financial institutions and consider those unique factors when evaluating an institution’s financial condition and risk management practices. The instructions also recognize some of the unique factors related to MDIs. For example, many MDIs were established to serve an otherwise under-served market. High profitability may not be as essential to the organizers and shareholders of the institution. Instead, community development, improving consumer services, and promoting banking services to unbanked segments of its community may drive many of the organization’s decisions. The FDIC recently updated the examiner instructions related to MDIs, and will provide updated training of examiners following its publication.

- b. **To OCC, Federal Reserve, FDIC, NCUA**, each of your organizations has taken a different approach to forming advisory groups and working with minority banks. Can you speak to the work of your respective MDI advisory committees, and how your OMWI played a role in stakeholder engagement and final outcomes?

FDIC Response: The FDIC has a longstanding commitment to balance representation on its advisory committees to bring forward the voices of minority bankers. Minority bankers have been represented on both the FDIC Advisory Committee on Community Banking (CBAC) and the FDIC Advisory Committee on Economic Inclusion (Come-IN) since they were established in 2009 and 2006 respectively. Three out of eighteen members currently on the CBAC are minority bankers, and the sole community bank representative on the Come-IN is the CEO of an African American MDI.

In 2019, Chairman McWilliams formed a new Minority Depository Institution (MDI) Subcommittee of the CBAC to:

Questions for the Record
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“Holding Financial Regulators Accountable for Diversity and Inclusion: Perspectives from
the Offices of Minority Women and Inclusion”
Tuesday, September 8, 2020

FDIC Responses to Chairwoman Waters Questions for the Record

- Serve as a source of feedback on FDIC strategies to fulfill its stated goals to preserve and promote MDIs;
- Provide a platform for MDIs to promote collaboration, partnerships, and best practices; and
- Identify ways to highlight the work of MDIs in their communities.

The Subcommittee is currently comprised of nine MDI executives who represent African American, Native American, Asian, and Hispanic MDIs across the country. The nine members of the Subcommittee constitute approximately 10 percent of the 96 MDIs supervised by the FDIC. The MDI Subcommittee held its inaugural meeting in December 2019. The Subcommittee meets approximately three times annually. At its meeting on July 27, 2020, the Subcommittee provided feedback to the FDIC through the CBAC regarding an update of the FDIC’s Policy Statement Regarding Minority Depository Institutions and provided feedback on other MDI program initiatives.

The FDIC’s MDI program is led by a National Director who reports to the divisions of Risk Management Supervision and Depositor and Consumer Protection, but works across all divisions and offices, including with the Office of Minority and Women Inclusion, to provide overall direction and guidance and ensure that appropriate resources across the agency are available for program initiatives. The FDIC’s OMWI has a seat on the FDIC’s interdivisional MDI task force, and the OMWI Director is invited to participate in all MDI Subcommittee meetings. The National Director periodically meets with the OMWI Director to discuss program initiatives.

- c. **Federal Reserve of New York**, although the NY Fed does not have a committee established solely for MDIs, the NY Fed does have a Community Depository Institutions Advisory Council. How many MDIs currently sit on this council, and how does the Advisory Council go about ensuring the perspectives of MDIs are fully represented?

Fair Lending, Equal Opportunity, Protection from Consumer Fraud

9. On July 15, 2020, the Consumer Bureau announced an Equal Credit and Opportunity Act (ECOA) violation lawsuit against a nonbank mortgage lender. In its 2020 Spring Semi-Annual Report, the Consumer Bureau reported only one fair lending public enforcement action filed during the reporting period. The Spring 2020 Semi-Annual Report also listed four cases involving redlining, discrimination based upon public income, and auto lending discrimination in which the Consumer Bureau made referrals to the Department of Justice (DOJ). Since November 2017, the Consumer Bureau has settled one fair lending enforcement action, which involved a violation of HMDA and Regulation C.

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- a. **CFPB**, as the Bureau aims to finalize its rules and implementation concerning Section 1071 of the Dodd-Frank Act, could you please describe your involvement, if any, in the Bureau’s fair lending enforcement priorities?
 - b. **CFPB**, was your office consulted in the Bureau’s roll back of the Home Mortgage Disclosure Act (HMDA) rules?
10. The COVID-19 pandemic has caused a surge in consumer fraud across the country, and particularly for minority communities, seniors, and individuals with limited-English proficiency.
- a. **CFPB**, has the agency increased targeted efforts towards protecting these communities from fraud? What has the agency done to reach out to these communities to inform them of resources available to them?

Diversity Strategic Planning

11. A focused commitment to diversity and inclusion requires incorporating diversity into the agency’s strategic planning and breaking down diversity goals into measurable objectives.
- a. To what extent are diversity and inclusion goals incorporated to the agency’s overall strategic plan? If the agency has a separate diversity and inclusion strategic plan, please enclose the most recent draft.

FDIC Response: The [FDIC Strategic Plan 2018-2022](#) includes a provision on Workforce Management and Development, which states:

The FDIC depends upon the talents and skills of its employees to accomplish its mission. Much of the FDIC’s current workforce will transition into retirement over the next decade, even as the need for employees with advanced technical skills continues to increase. To address these challenges, the FDIC will develop and implement strategies over the next several years to recruit, train, develop, and maintain a highly skilled and engaged workforce drawn from all segments of U.S. society that embodies at all levels the principles of diversity, inclusion, and workplace excellence.

The plan also notes that the FDIC has issued (and updates annually, as needed) a Diversity and Inclusion Strategic Plan that guides its efforts in this area. The latest version of the Diversity and Inclusion Strategic Plan is available on the FDIC’s website.³ OMWI is currently working on an update to the Strategic Plan.

³ See <https://www.fdic.gov/about/diversity/pdf/2018plan.pdf>.

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Diversity Data Request

12. Please complete the attached template of agency diversity data for the years between 2015-2019. (See Appendix I: OMWI Diversity Questionnaire 2015-2019)

FDIC Response: The completed questionnaire is enclosed, as requested.

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1. Under Section 342(b)(3) of Dodd-Frank, “[e]ach Director shall advise the agency administrator on the impact of the policies and regulations of the agency on minority-owned and women-owned businesses.” Please describe how your agency interprets this provision, including whether formal and informal agency rulemakings fall within the scope of this provision.

FDIC Response: In my brief tenure as Acting Director of OMWI at the FDIC, I have had ready access to Chairman McWilliams and we have met regularly. I have the duty to advise her on the effects of FDIC regulations and policies, and I feel comfortable weighing in on any policy decisions as appropriate. In addition, our work to ensure that every FDIC employee is a champion for diversity and inclusion helps make these issues a part of the staff-level conversations as policies are developed.

As OMWI Director at the FDIC, my mandate includes ensuring diversity and inclusion in hiring and on policies to support supplier diversity, as well as understanding and advising on the effect of FDIC regulations and policies on minority-owned and women-owned businesses (MWOBs). Some of these efforts include:

- Promoting diversity and inclusion in the FDIC’s workforce, including providing training on detecting and combatting any bias in hiring and promotion;
- Engaging in outreach and technical assistance to MWOBs and working with trade organizations to facilitate MWOB participation in contracting with the FDIC;
- Serving on the technical evaluation panel as a voting member to advocate for fair process in evaluating responses to RFPs;
- Serving on the Minority Depository Institution subcommittee of the Community Bank Advisory Committee, ensuring the Director is in continuous dialog with the industry and with the FDIC’s National Director for MDI and Community Development Banking, Operations and Special Projects on the effects of FDIC policies and practices on minority owned banks; and
- Sharing, through annual reports on Diversity Self Assessments, practices institutions have successfully implemented to address diversity and inclusion issues in their institutions.
 - The FDIC’s National Director for MDI and Community Development Banking drafts a section for inclusion in each year’s report.

In addition to the OMWI, the FDIC has staff dedicated specifically to analyzing the effects of FDIC policies and regulation on minority owned financial institutions and promoting the success of MDIs:

- The FDIC’s program was created following FIRREA’s enactment;

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- The program is run by the National Director for MDI and Community Development Banking, Operations and Special Projects, who reports to divisions of Risk Management Supervision and Depositor and Consumer Protection but works across all divisions and offices, including with the Office of Minority and Women Inclusion. The Director and Washington Office staff maintain communication with MDI trade associations and MDIs and manage MDI Subcommittee and other national initiatives;
 - In 2019, the Chairman created a MDI Subcommittee of the FDIC’s Advisory Committee on Community Banking:
 - The Subcommittee serves as source of feedback on FDIC strategies to fulfill statutory goals to preserve and promote minority depository institutions. It makes recommendations or offers ideas to the CBAC for consideration and presentation to the FDIC, provides a platform for MDIs to promote collaboration, partnerships, and best practices, and works to identify ways to highlight the work of MDIs in their communities.
 - The FDIC’s OMWI has a seat on the FDIC’s interdivisional MDI task force, and the Director of OMWI is a participant in all MDI Subcommittee meetings. The National Director periodically meets with the OMWI director to discuss program initiatives.
2. How often do you meet with your Agency Administrator as defined by Section 342(g)(2) of the Dodd-Frank?

FDIC Response: Although I have served as Acting OMWI Director for less than three months, I have already had at least three conversations with Chairman McWilliams about diversity and inclusion matters. I know that I can pick up the phone at any time and talk to her about diversity and inclusion, as I have a strong personal relationship with the Chairman.

3. Who do you directly report to in your agency? If it is not the Agency Administrator, please provide a legal justification for compliance with Section 342(b)(1) of Dodd-Frank.

FDIC Response: I report to the Office of the Chairman and regularly engage with the Chairman and the senior leadership team.

4. Please list the number of full-time and part-time staff within your agency’s OMWI, including job titles and job descriptions.

FDIC Office of Minority and Women Inclusion – Staffing (28)
Office of the Director (3)
Director (1); EM; 0301
Special Assistant to the Director (1); CG-14; 0301

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Secretary to the Director (1); CG-8; 0318
Affirmative Employment, Diversity and Inclusion Branch (9)
Chief (1); CM-1; 0301
Disability Program Manager (1); CG-13, 0260
Equal Employment Specialist (2); CG-11/12/13; 0260
Information Technology Specialist (1); CG-12; 2210
Program Analyst (1); CG-14; 0343
Program Support Assistant (1); CG-8; 0303
Sr. Information Management Analyst (1); CG-14; 0301
Sign Language Interpreter (1); CG-9; 1040
Equal Opportunity Compliance and Training Branch (8)
Chief (1); CM-1; 0301
Equal Employment Opportunity Assistant (1); CG-8; 0361
Equal Employment Opportunity Specialist (1); CG-12; 0260
Equal Employment Opportunity Specialist (4); CG-13; 0260
Senior EEO Specialist (1); CG-14; 0260
Diversity and Business Inclusion Branch (8)
Chief (1); CM-1; 0301
Minority and Women Outreach Specialist (2); CG-13; 0301
Program Analyst (1); CG-12; 0343
Program Analyst (2); CG-13; 0343
Program Analyst (1); CG-14; 0301
Program Assistant (1); CG-8; 0303

- Under Section 342 (c)(3)(A) the OMWI Director “shall include a procedure for the Director to make a determination whether an agency contractor, and, as applicable, a subcontractor has failed to make a good faith effort to include minorities and women in their workforce.” Please provide details regarding efforts to fully ensure the Agency’s contractors are making a “good faith” effort re workforce diversity, whether an adverse determination regarding the performance of a contractor has been made by your office, and what, if any steps have been taken by the Agency as a result of said adverse determination.

FDIC Response: Since 2016, the FDIC’s OMWI has reviewed contractors’ good faith efforts to ensure the fair inclusion of minorities and women in the workforce pursuant to Dodd-Frank 342(c). All contract solicitations and awards valued over \$100,000 are subject to the FDIC’s Fair Inclusion clause requirements as of September 1, 2011. The contractors must certify their commitments to equal employment opportunity and to make good faith efforts to include women

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and minorities within its workforce. In addition, upon written request, contractors must provide supporting documentation to the FDIC that demonstrate their efforts to identify and remove barriers and expand employment opportunities for minorities and women in its workforce

For each review, the FDIC OMWI reviews the current population of active contractors with awards valued over \$100,000, including factors such as the period of performance, total dollar value of existing awards, and prior review history. OMWI selects contractors for review from the current list of the FDIC’s active contractors. OMWI, through the FDIC’s Acquisition Services Branch, sends written requests to contractors with active contracts to request supporting information that demonstrates the contractors’ good faith efforts to maintain a diverse and inclusive workforce. The contractors are instructed to provide the requested information directly to OMWI. The contractors’ supporting information includes: plans to maintain a diverse workforce (e.g., Affirmative Action Plans); diversity strategies; diversity policies and practices; recruitment and/or outreach activities; inclusion initiatives; and workforce demographics. In addition, OMWI meets with contractors to discuss their good faith efforts and ongoing commitments to diversity as part of the review procedures. To date, OMWI has not made any adverse determination against any contractor for failure to make good faith efforts and equal employment opportunities.

The Legal Division requires in its *Outside Counsel Deskbook* that law firms doing business with the FDIC commit to diversity and providing equal employment opportunities. Section 1.4 of the *Outside Counsel Deskbook* states:

The FDIC has a strong commitment to equal opportunity under the law. As part of the FDIC’s Minority and Women Outreach Program, the Legal Division actively seeks to consider for engagement firms owned by minorities and/or women. Moreover, the FDIC expects its contractors and subcontractors to make a good faith effort to ensure that all individuals have an equal opportunity for employment, without regard to race, color, religion, sex, national origin, disability or status as a qualified covered veteran as defined by 38 U.S.C. § 4212(a)(3).

“Minority-owned firms” are those that are at least 51% owned and controlled (through day- to-day management) by one or more persons who are members of one or more of the following groups:

- African American;
- Hispanic American;
- Native American;
- Asian Pacific American;
- Sub-Continent Asian American; and

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- Other groups, recognized from time to time by the U.S. Small Business Administration.

“Women-owned firms” are those that are at least 51% owned and controlled (through day-to-day management) by non-minority women. Firms claiming minority- or women-owned status must certify their status as such to the FDIC, and the FDIC may require additional information to verify the status.

Compliance with the Dodd-Frank Act

Pursuant to Section 342 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act, Public Law 111-203), Outside Counsel must confirm its commitment to equal opportunity in its own employment and in any subcontracting for FDIC legal matters. To implement this commitment, the Outside Counsel shall make a good faith effort to ensure, to the maximum extent possible consistent with applicable law, the fair inclusion of minorities and women in FDIC legal matters. Outside Counsel shall insert the language of this paragraph in all subcontracts in FDIC legal matters where the subcontractor dollar value is expected to exceed \$100,000. A good faith effort should include actions by Outside Counsel intended to identify and, if present, remove barriers to minority and women employment or expansion of employment opportunities for minorities and women within its workforce. Efforts to remove such barriers may include, but are not limited to, recruiting minorities and women, providing job-related training, implementing diversity and inclusion policies, or other activity.

Consistent with Section 342(c)(3) of the Dodd-Frank Wall Street Reform and Consumer Protection Act, Pub. L. 111-203 (Dodd-Frank Act), a failure to demonstrate to the Legal Division good faith efforts to include minorities and women in the firm’s workforce may result in termination of the firm’s Legal Services Agreement.

The *Outside Counsel Deskbook* is available at <https://www.fdic.gov/buying/legal/outsidecounsel/index.html>.

The Legal Division also requires each law firm to complete and submit a Minority and Women Outreach Program Information Form, according to which each contracting firm provides information regarding minority and women ownership, including the percentages of firm ownership of each of the identified groups and whether there are any minority and women partners.

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Even before retaining outside counsel, the Legal Division’s *Information for Prospective Outside Counsel* explains the Division’s approach to promoting diversity among its contractors:

Equal Employment Opportunity and Diversity

The FDIC has a strong commitment to equal opportunity under the law. As part of the FDIC’s Minority and Women Outreach Program, the Legal Division actively seeks to consider for engagement firms owned by minorities or women. These Minority and Women owned Law Firms or “MWOLFs” are those that are at least 51% owned and controlled (through day-to-day management) by one or more persons who are members of one or more of the following groups: Black American, Native American Indian, Hispanic American, or Asian American. “Women-owned firms” are those that are at least 51% owned and controlled (through day-to-day management) by non-minority women.

The Legal Division also seeks to consider MWOLFs for engagement to provide legal services in association with other majority firms’ “co-counsel” arrangements.

The Legal Division supports MWOLFs and the FDIC’s equal opportunity efforts by providing an MWOLF Coordinator to assist firms in the application process as well as attendance at minority and diversity bar association conferences and events nationwide.

Similarly, the FDIC supports all efforts on the part of our outside counsel to employ and engage companies, firms and individuals and veterans with disabilities, as well as individuals that qualify for veterans’ preference.

Information for Prospective Outside Counsel is available at <https://www.fdic.gov/buying/legal/ocbrochure/#equal>

In order to obtain a Legal Services Agreement with the FDIC, each law firm must prepare a Rate Schedule and Continuation Sheet requires that the firm report the ethnicity of each timekeeper. Since 2017, the Legal Division has used this information to determine the level of utilization and the billing levels of minority and women timekeeper, and these are reported to management in the Legal Division and OMWI on a monthly basis.

The law firms that perform the greatest volume of work for the FDIC are required to complete an annual Diversity Scorecard that asks firms to identify the number of equity partners, non-equity partners, counsel, associates, and any other lawyers by ethnicity, gender, disability, and LGBT status. The Diversity Scorecard also requires law firm to identify lead lawyers on FDIC matters,

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the demographic profile for all U.S. offices, the leadership roles within the law firm, and the profiles of the most highly compensated partners by ethnicity, gender, disability, and LGBT status. The FDIC discusses the response to this scorecard during audits of the law firms to evaluate the good faith of each firm’s diversity and inclusion efforts.

The *Legal Support Services Deskbook* that applies to the Legal Division’s contracts with legal service providers other than law firms contains a similar Section 1.4. That *Legal Support Services Deskbook* is available at <https://www.fdic.gov/buying/legal/supportdeskbook/index.html>. Rate Schedules for Legal Support Services providers also require reporting of minority and gender information for each listed legal professional whose work may be billed to the agency.

As a result of all of these efforts, the Legal Division has not been required to make an adverse determination of any firm’s or provider’s good faith efforts to include minorities and women in their workforce.

