

GAO Highlights

Highlights of [GAO-20-637](#), a report to congressional requesters

Why GAO Did This Study

Fannie Mae and Freddie Mac are government-sponsored enterprises regulated by FHFA that buy and pool mortgages into mortgage-backed securities. The Housing and Economic Recovery Act of 2008 requires the enterprises to promote diversity and inclusion in employment and related activities.

GAO was asked to review the enterprises' diversity and inclusion efforts. This report examines, among other things, (1) trends in the diversity of the enterprises' boards and senior management; (2) the extent to which the enterprises used diverse broker-dealers and implemented practices to promote more diversity; and (3) FHFA oversight of the enterprises' diversity and inclusion efforts.

To conduct this work, GAO analyzed enterprise and Equal Employment Opportunity Commission data on the enterprises' workforces, boards, and broker-dealers; and reviewed FHFA and enterprise policies and regulations and previous GAO reports on these issues. GAO also interviewed FHFA and enterprise staff and a nongeneralizable sample of external stakeholders knowledgeable about broker-dealer diversity.

View [GAO-20-637](#). For more information, contact Michael E. Clements at (202) 512-8678 or ClementsM@gao.gov.

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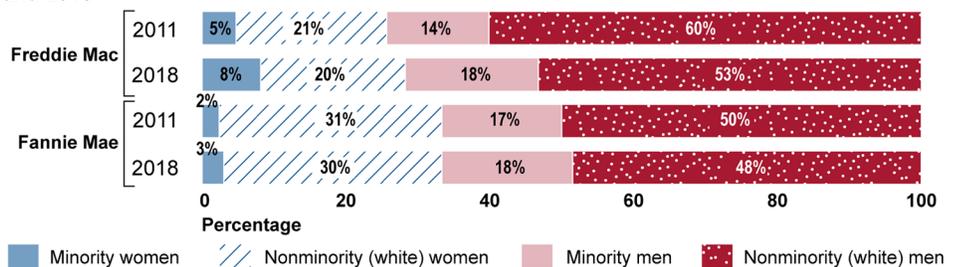
FANNIE MAE AND FREDDIE MAC

Efforts to Promote Diversity and Inclusion

What GAO Found

In 2019, the number of women on the boards of directors at Fannie Mae and Freddie Mac—two government-sponsored enterprises (enterprises)—were five and three, respectively, slightly higher than in 2011. Female directors held leadership positions on the enterprises' boards for the first time in 2019, serving as vice chair at Fannie Mae and chair at Freddie Mac. The percentage of women in senior management positions remained relatively consistent for 2011 and 2018, while minority representation was higher in 2018 than in 2011 (see figure). The enterprises have implemented leading practices to support workforce diversity, such as career and networking events to recruit diverse populations and employee mentorship programs.

Share of Women and Minorities in Senior Management at Fannie Mae and Freddie Mac, 2011 and 2018



Source: GAO analysis of Equal Employment Opportunity Commission data. | GAO-20-637

Note: Percentages may not add to 100 due to rounding.

Fannie Mae and Freddie Mac used diverse broker-dealers (such as minority- and women-owned) for financial transactions to a limited extent. In 2019, Fannie Mae and Freddie Mac both paid about 6 percent of their financial transaction fees to diverse broker-dealers. The enterprises have taken steps to work with diverse broker-dealers more often, such as by lowering some capital requirements to allow participation by typically smaller, less-capitalized diverse broker-dealers. Broker-dealer representatives GAO interviewed said that enterprises had taken steps to increase their participation. However, some representatives noted that additional performance feedback and data on how they compare to larger firms would help them understand what business areas they could improve to meet standards for handling additional, more complex products. The enterprises said that some of the information on other firms is proprietary.

In 2017, the Federal Housing Finance Agency (FHFA) began reviewing the diversity and inclusion efforts of Fannie Mae and Freddie Mac as part of its annual examinations of the enterprises. In 2017, FHFA found the enterprises generally took steps to promote diversity and inclusion but made recommendations to improve both enterprises' programs. In response, the enterprises have directed more attention and resources to diversity efforts. FHFA officials told GAO the agency planned to review the diversity and inclusion of the enterprises' financial transactions in late 2020 and would update its examination manual to include a focus on activities in this area.