

GAO

Report to the Ranking Member,  
Committee on Financial Services, U.S.  
House of Representatives

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April 2013

# DIVERSITY MANAGEMENT

## Trends and Practices in the Financial Services Industry and Agencies after the Recent Financial Crisis



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Highlights of [GAO-13-238](#), a report to the Ranking Member, Committee on Financial Services, U.S. House of Representatives

## Why GAO Did This Study

As the U.S. workforce has become increasingly diverse, many private- and public-sector entities recognize the importance of recruiting and retaining minorities and women for management-level positions to improve their business. The 2007-2009 financial crisis has renewed questions about commitment within the financial services industry (e.g., banking and securities) to workforce diversity. The Dodd-Frank Act required that eight federal financial agencies and the Federal Reserve Banks implement provisions to support workforce and contractor diversity. GAO was asked to review trends and practices since the beginning of the financial crisis. This report examines (1) workforce diversity in the financial services industry, the federal financial agencies, and Reserve Banks, from 2007 through 2011 and (2) efforts of the agencies and Reserve Banks to implement workforce diversity practices under the Dodd-Frank Act, including contracting. GAO analyzed federal datasets and documents and interviewed industry representatives and officials from the federal financial agencies and Reserve Banks.

## What GAO Recommends

Each agency and Reserve Bank should include in its annual OMWI report to Congress efforts to measure the progress of its diversity practices. The agencies and Reserve Banks agreed to include this information in the annual OMWI reports. Additionally, some agencies and the Reserve Banks described steps they have taken or plan to take to address the recommendation.

View [GAO-13-238](#). For more information, contact Daniel Garcia-Diaz at (202) 512-8678 or [GarciaDiazD@gao.gov](mailto:GarciaDiazD@gao.gov).

April 2013

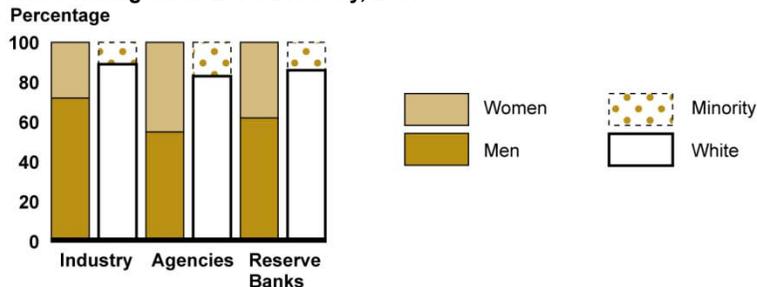
# DIVERSITY MANAGEMENT

## Trends and Practices in the Financial Services Industry and Agencies after the Recent Financial Crisis

### What GAO Found

Management-level representation of minorities and women in the financial services industry and among federal financial agencies and Federal Reserve Banks (Reserve Banks) has not changed substantially from 2007 through 2011. Industry representation of minorities in 2011 was higher in lower-level management positions—about 20 percent—compared to about 11 percent of senior-level manager positions. Industry representation of women at the overall management level remained at about 45 percent. Agency representation of minorities at the senior management level in 2011 ranged from 6 percent to 17 percent and from 0 percent to 44 percent at the Reserve Banks. Women's representation ranged from 31 to 47 percent at the agencies and from 15 to 58 percent at the Reserve Banks. Officials said the main challenge to improving diversity was identifying candidates, noting that minorities and women are often underrepresented in both internal and external candidate pools.

Senior Management-Level Diversity, 2011



Source: GAO analysis of financial services industry EEOC data and agency and Reserve Bank reports.

In response to the requirements in the Dodd-Frank Wall Street and Consumer Protection Act (Dodd-Frank Act), in 2011 federal financial agencies and Reserve Banks began to report annually on the recruitment and retention of minorities and women and other diversity practices. They all have established Offices of Minority and Women Inclusion (OMWI) as required. Many agencies and Reserve Banks indicated they had recruited from minority-serving institutions and partnered with organizations focused on developing opportunities for minorities and women, and most described plans to expand these activities. Some used employee surveys or recruiting metrics to measure the progress of their initiatives, as suggested by leading diversity practices, but OMWIs are not required to include this type of information in the annual reports to Congress. Better reporting of measurement efforts will provide Congress, agency officials, and other stakeholders additional insights on the effectiveness of diversity practices and demonstrate how agencies and Reserve Banks are following a leading diversity practice. Most federal financial agencies and Reserve Banks are in the early stages of implementing the contracting requirements required under the act. For example, most now include a provision in contracts for services requiring contractors to make efforts to ensure the fair inclusion of women and minorities in their workforce and subcontracted workforce and have established ways to evaluate compliance. The proportion of an agency's dollars awarded or a Reserve Bank's dollars paid to minority- or woman-owned businesses reported in 2011 OMWI reports ranged between 3 percent and 38 percent.

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## Abbreviations

AACSB	Association to Advance Collegiate Schools of Business
CFPB	Bureau of Consumer Financial Protection, known as the Consumer Financial Protection Bureau
CPS	Current Population Survey
Dodd-Frank Act	Dodd–Frank Wall Street Reform and Consumer Protection Act
EEO	equal employment opportunity
EEO-1	Employer Information Report
EEOC	Equal Employment Opportunity Commission
FAR	Federal Acquisition Regulation
FDIC	Federal Deposit Insurance Corporation
Federal Reserve Board	Board of Governors of the Federal Reserve System
FHFA	Federal Housing Finance Agency
FSOC	Financial Stability Oversight Council
HERA	Housing and Economic Recovery Act of 2008
MWOB	minority- and women-owned business
MBA	Master of Business Administration
MD-715	EEOC Management Directive 715
NAICS	North American Industry Classification System
NCUA	National Credit Union Administration
NPO	National Procurement Office
OCC	Office of the Comptroller of the Currency
OMWI	Office of Minority and Women Inclusion
Reserve Banks	Federal Reserve Banks
SBA	Small Business Administration
SBS	security-based swap
SEC	Securities and Exchange Commission
Treasury	Departmental Offices of the Department of the Treasury

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United States Government Accountability Office  
Washington, DC 20548

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April 16, 2013

The Honorable Maxine Waters  
Ranking Member  
Committee on Financial Services  
House of Representatives

Dear Ms. Waters:

As the U.S. workforce has become increasingly diverse, many private and public-sector organizations have recognized the importance of recruiting and retaining minorities and women for key positions to improve their business or organizational performance. Studies have associated a diversity of perspectives in organizations with innovation. However, congressional hearings have raised questions about diversity in the workforce of the financial services industry, which provides services that are essential to the continued growth and economic recovery of the country. During hearings on the financial services industry between 2004 and 2010, congressional members and witnesses expressed concern about the level of inclusion of women and minorities in the industry, particularly in key management-level positions.<sup>1</sup> The 2007-2009 financial crisis has renewed concerns about commitment within the financial services industry to workforce diversity and the number of federal contracting opportunities available to minority- and women-owned businesses. The Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) included provisions requiring selected federal financial agencies and Federal Reserve Banks (Reserve Banks)

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<sup>1</sup>GAO has conducted prior work on the challenges faced in the financial sector for promoting and retaining a diverse workforce. See GAO, *Financial Services Industry: Overall Trends in Management-Level Diversity and Diversity Initiatives, 1993-2004*, [GAO-06-617](#) (Washington, D.C.: June 1, 2006) and *Financial Services Industry: Overall Trends in Management-Level Diversity and Diversity Initiatives, 1993-2008*, [GAO-10-736T](#) (Washington, D.C.: May 12, 2010).

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each to establish an Office of Minority and Women Inclusion (OMWI).<sup>2</sup> The act required that these agencies and Reserve Banks establish the new diversity and inclusion offices to replace existing diversity programs by January 2011 and to begin addressing a number of other requirements in the act.<sup>3</sup>

This report updates our previous work by discussing changes in management-level diversity or diversity practices used in this industry since the beginning of the financial crisis in 2007. It also reviews the implementation of requirements in section 342 of the Dodd-Frank Act on workforce diversity. Specifically, our objectives were to discuss (1) what available data show about how the diversity of the financial services industry workforce and how diversity practices by the industry have changed from 2007 through 2011; (2) what available data show about how diversity in the workforces of the federal financial agencies and the Reserve Banks has changed from 2007 through 2011; (3) how these federal financial agencies and Reserve Banks are implementing workforce diversity practices under section 342 of the Dodd-Frank Act, including the extent to which their workforce diversity practices have changed since the financial crisis; and (4) the status of federal financial agencies' and Reserve Banks' implementation of the contracting provisions of the Dodd-Frank Act related to the inclusion of women and minorities.

To describe how diversity in the financial services industry and how the diversity practices it uses have changed from 2007 through 2011, we analyzed 2007-2011 workforce data from the Equal Employment Opportunity Commission's (EEOC) Employer Information Report (EEO-1) and from the Current Population Survey (CPS) produced by the Bureau of

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<sup>2</sup>Pub. L. No. 111-203 § 342, 124 Stat. 1376, 1441-1443 (2010). The federal agencies required to meet the workforce diversity provisions in section 342 of the Dodd-Frank Act include the Departmental Offices of the Department of the Treasury (Treasury), the Federal Deposit Insurance Corporation (FDIC), the Federal Housing Finance Agency (FHFA), the Board of Governors of the Federal Reserve System (Federal Reserve Board), the National Credit Union Administration (NCUA), the Office of the Comptroller of the Currency (OCC), the Securities and Exchange Commission (SEC), and the Bureau of Consumer Financial Protection, commonly known as the Consumer Financial Protection Bureau (CFPB). Throughout the report we refer to these as either federal financial agencies or agencies.

<sup>3</sup>CFPB had until January 21, 2012, to establish its OMWI and begin addressing the other requirements of the act.

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the Census and the Bureau of Labor Statistics. Through a review of documentation, electronic testing, and interviews with knowledgeable officials, we found these data sufficiently reliable for our use. We conducted a literature review to identify academic and industry studies on financial services workforce diversity, and we interviewed 10 industry representatives on these issues.

To review changes to the representation of women and minorities in the workforces of the agencies and Reserve Banks, we analyzed data the agencies submitted to EEOC from 2007 through 2011 in annual Equal Employment Opportunity Program Status Reports required by EEOC's MD-715 and analyzed EEO-1 reports provided by the 12 Reserve Banks.<sup>4</sup> We assessed the reliability of these data by conducting electronic testing, reviewing agency documentation, and interviewing agency officials. We determined that the data were sufficiently reliable for our use. We reviewed agency and Reserve Bank documentation of efforts to respond to the Dodd-Frank Act requirements, including annual OMWI reports to Congress. Additionally, we interviewed agency and Reserve Bank officials on changes in the inclusion of women and minorities in their workforces and any changes in the practices they used to further workforce diversity goals.

To determine the extent to which agencies and Reserve Banks are implementing the requirements of the Dodd-Frank Act regarding the inclusion of women and minorities in contracting, we reviewed annual OMWI reports submitted to Congress and interviewed officials on their efforts in this area. We collected and reviewed agency documentation of procedures developed to address the act's requirements, such as policy manuals, contract provisions related to promoting a diverse workforce, process workflows, and technical assistance materials.

We conducted this performance audit from January 2012 through April 2013 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe

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<sup>4</sup>The race/ethnicity categories in EEOC data include White, Black, Hispanic, Asian, and other races. All non-White categories in EEOC data are considered racial/ethnic minorities in this report.

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that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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## Background

The financial services industry is a major source of employment in the United States. EEOC data we obtained and analyzed showed that financial services firms we reviewed for this work employed more than 2.9 million people in 2011. We defined the financial services industry to include the following sectors:

- depository credit institutions, which include commercial banks, thrifts (savings and loan associations and savings banks), and credit unions;
- holdings and trusts, which include investment trusts, investment companies, and holding companies;
- nondepository credit institutions, which extend credit in the form of loans and include federally sponsored credit agencies, personal credit institutions, and mortgage bankers and brokers;
- the securities sector, which is composed of a variety of firms and organizations that bring together buyers and sellers of securities and commodities, manage investments, and offer financial advice; and
- the insurance sector, including carriers and insurance agents that provide protection against financial risks to policyholders in exchange for the payment of premiums.

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## Financial Services Industry and Diversity

We previously conducted work on the challenges faced in the financial sector for promoting and retaining a diverse workforce, focusing on private-sector firms.<sup>5</sup> In 2010, we reported that overall diversity at the management level in the financial services industry did not change substantially from 1993 through 2008 and that diversity in senior positions was limited. We also found that without a sustained commitment among financial services firms to overcoming challenges to recruiting and retaining minority candidates and obtaining “buy-in” from key employees, limited progress would be possible in fostering a more diverse workplace.

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<sup>5</sup>See [GAO-06-617](#) and [GAO-10-736T](#).

In a 2005 report, we defined diversity management as a process intended to create and maintain a positive work environment that values individuals' similarities and differences, so that all can reach their potential and maximize their contributions to an organization's strategic goals and objectives.<sup>6</sup> We also identified a set of nine leading diversity management practices that should be considered when an organization is developing and implementing diversity management. They are (1) commitment to diversity as demonstrated and communicated by an organization's top leadership; (2) the inclusion of diversity management in an organization's strategic plan; (3) diversity linked to performance, making the case that a more diverse and inclusive work environment could help improve productivity and individual and organizational performance; (4) measurement of the impact of various aspects of a diversity program; (5) management accountability for the progress of diversity initiatives; (6) succession planning; (7) recruitment; (8) employee involvement in an organization's diversity management; and (9) training for management and staff about diversity management.

## Diversity Requirements under Section 342 of the Dodd-Frank Act

Section 342 of the Dodd-Frank Act required specific federal financial agencies and Reserve Banks each to establish, by January 21, 2011, an OMWI, responsible for matters relating to diversity in management, employment, and business activities.<sup>7</sup> Table 1 describes the affected agencies.

**Table 1: Federal Financial Agencies Subject to Dodd-Frank Act Section 342**

Agency	Function
Bureau of Consumer Financial Protection (CFPB)	Commonly known as the Consumer Financial Protection Bureau, writes rules to implement federal consumer financial law across banks and nonbanks; supervises for consumer protection purposes banks, thrifts, and credit unions with over \$10 billion in assets and their affiliates, as well as nonbank mortgage-related firms, private student lenders, payday lenders, and certain other larger consumer financial companies; and enforces federal consumer financial law with respect to supervised entities and other nonbank entities.

<sup>6</sup>GAO, *Diversity Management: Expert-Identified Leading Practices and Agency Examples*, [GAO-05-90](#) (Washington, D.C.: Jan. 14, 2005).

<sup>7</sup>Pub. L. No. 111-203. § 342, 124 Stat. 1376, 1541-1544 (2010). CFPB had until January 21, 2012, to comply with the requirements.

<b>Agency</b>	<b>Function</b>
Federal Deposit Insurance Corporation (FDIC)	Regulates FDIC-insured state-chartered banks that are not members of the Federal Reserve System, as well as federally insured state savings banks and thrifts; insures the deposits of all banks and thrifts that are approved for federal deposit insurance; and resolves all failed insured banks and thrifts and may resolve certain bank holding companies and nonbank financial companies.
Federal Housing Finance Agency (FHFA)	Supervises and regulates Fannie Mae, Freddie Mac, and the 12 Federal Home Loan Banks and their Office of Finance. Acts as conservator for Fannie Mae and Freddie Mac.
Board of Governors of the Federal Reserve System (Federal Reserve Board)	Regulates state-chartered banks that opt to be members of the Federal Reserve System, bank holding companies and certain subsidiaries, thrift holding companies, securities holding companies, Edge and agreement corporations, U.S. branches of foreign banks, any firm that is designated as systemically significant by the Financial Stability Oversight Council (FSOC), and payment, clearing, and settlement systems designated as systemically significant by FSOC, unless regulated by SEC or the Commodity Futures Trading Commission.
National Credit Union Administration (NCUA)	Charters and supervises federally chartered or insured credit unions and operates the National Credit Union Share Insurance Fund, which insures savings in federal and most state-chartered credit unions.
Office of the Comptroller of the Currency (OCC)	Charters and regulates national banks and federal thrifts and U.S. federal branches of foreign banks.
Securities and Exchange Commission (SEC)	Regulates securities exchanges, broker-dealers, investment companies, investment advisers, nationally recognized statistical rating organizations, security-based swap (SBS) dealers, major SBS participants, and SBS execution facilities.
Departmental Offices of the Department of the Treasury (Treasury)	The Department of the Treasury is organized into two major components: the departmental offices and the operating bureaus. The departmental offices are primarily responsible for the formulation of policy and management of the department as a whole, and include domestic finance, economic policy, international affairs, and others.

Source: GAO review of agency documentation.

The act's diversity provisions also apply to the Reserve Banks. The Federal Reserve System consists of a central governmental agency, the Board of Governors, in Washington, D.C., and 12 regional Reserve Banks. The 12 Reserve Banks are each responsible for a particular geographic area or district of the United States. They are located in Atlanta, Boston, Chicago, Cleveland, Dallas, Kansas City, Minneapolis, New York, Philadelphia, Richmond, San Francisco, and St. Louis. Unlike the Federal Reserve Board, the Reserve Banks are not federal agencies. Each Reserve Bank is a federally chartered corporation with a board of directors and member banks who are stockholders in the Reserve Bank. Under the Federal Reserve Act, Reserve Banks are subject to the general supervision of the Federal Reserve Board.<sup>8</sup>

<sup>8</sup>Federal Reserve Act, 63 Cong. Ch. 6, 38 Stat. 251-275 (Dec. 23, 1913).

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The act's diversity provisions require the director of each OMWI to develop standards for (1) equal employment opportunity and the racial, ethnic and gender diversity of the workforce and senior management for the agency; (2) increased participation of minority- and women-owned businesses in the programs and contracts of the agency, including standards for coordinating technical assistance to such businesses; and (3) assessing the diversity policies and practices of entities regulated by the agency. It also provides that each OMWI director advise his or her agency on the impact of agency policies and regulations on minority- and women-owned businesses.<sup>9</sup>

The act also outlines steps the specific agencies and Reserve Banks should take to seek workforce diversity at all levels of their organizations. Among other things, these steps include recruiting from colleges serving primarily minority populations, sponsoring and recruiting at job fairs in urban communities, and advertising positions in newspapers and magazines oriented toward minorities and women.

In addition, the act provides that each OMWI director develop and implement standards and procedures to ensure, to the maximum extent possible, the fair inclusion and utilization of minorities, women, and minority- and women-owned businesses in all business and activities of the agency at all levels, including in procurement, insurance, and all types of contracts. Agency procedures for reviewing and evaluating applicable contract proposals and for hiring service providers should include a component that gives consideration to applicant diversity, to the extent consistent with applicable laws.<sup>10</sup> Additionally, the act mandates that the

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<sup>9</sup>For purposes of the act, minority means any Black American, Native American, Hispanic American, or Asian American. Minority-owned business means a business (i) more than 50 percent of the ownership or control of which is held by one or more minority individuals; and (ii) more than 50 percent of net profit and loss of which accrues to one or more minority individuals. Women-owned business means a business (i) more than 50 percent of the ownership or control of which is held by one or more women; (ii) more than 50 percent of the new profit or loss of which accrues to one or more women; and (iii) a significant percentage of senior management positions are held by women.

<sup>10</sup>Section 342 applies to all contracts of an agency for services of any kind, including the services of financial institutions, investment-banking firms, mortgage banking entities, underwriters, accountants, investment consultants, and providers of legal services. It also includes all contracts for all business and activities of an agency, at all levels, including contracts for the issuance or guarantee of any debt, equity, or security; the sale of assets; the management of assets of the agency; the making of equity investments by the agency; and the implementation of programs to address economic recovery.

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OMWI director develop procedures to determine whether contractors, or subcontractors when applicable, have made a good faith effort to include minorities and women in their workforces. It requires that each OMWI director recommend that contracts be terminated if they determine that an agency contractor, and as applicable, a subcontractor has failed to make a good faith effort to include minorities and women in their workforce. Upon receipt of such a recommendation, the head of an agency may terminate the contract, make a referral to an office in the Department of Labor, or take other appropriate action.

Finally, the act requires each OMWI to submit to Congress an annual report detailing the actions taken by the agency and the OMWI to comply with the provisions in section 342. The annual reports are required to include, among other things, annual amounts paid to contractors, including the percentage of the amounts that were paid to minorities, women, and minority- and women-owned businesses; any challenges in contracting with qualified minority- and women-owned businesses; any challenges in hiring qualified minority and women employees; and any other information, findings, conclusions, and recommendations for legislative or agency action as the OMWI director determines appropriate.

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## Industry Diversity Levels Remained about the Same from 2007 through 2011

Diversity has remained about the same at the management level in terms of the representation of both minorities and women, while industry representatives noted the continued use of leading diversity practices and some challenges. According to EEOC data, the representation of minorities at the management level stood at 19 percent in 2011. The representation of women in management remained at about 45 percent, according to EEOC data. The nine leading diversity practices that we previously identified in 2005 remain relevant today, according to industry representatives with whom we spoke. Industry representatives also noted some challenges, such as the difficulty in recruitment because of a limited supply of diverse candidates.

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**Diversity in the Financial Services Industry Remained about the Same at the Management Level from 2007 through 2011**

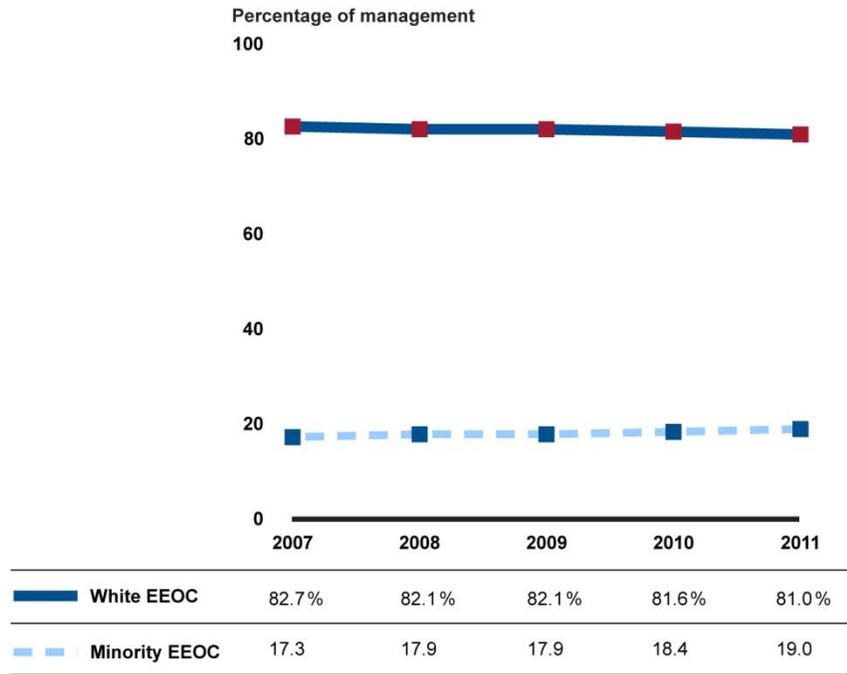
At the overall management level, the representation of minorities increased from 17.3 percent to 19 percent from 2007 through 2011 according to EEOC data we obtained, which are reported by financial services firms (see fig. 1).<sup>11</sup> While this is not a substantial increase, it shows a continued upward trend from our 2006 report, in which data showed that management-level representation by minorities increased from 11.1 percent to 15.5 percent from 1993 through 2004.<sup>12</sup>

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<sup>11</sup>EEOC compiles EEO-1 data from the reports it collects annually from private employers with 100 or more employees or federal contractors with 50 or more employees. Similar to our 2006 report, we obtained data from EEOC for private employers with 100 or more employees. Consequently, the analysis included in this report may not match the analysis found in EEOC's website, which would also include federal contractors with 50 or more employees. The financial services industry EEO-1 data analysis provided in this section of the report includes workforce information from the 12 Federal Reserve Banks, as they are considered part of the financial services industry. We provide a separate analysis of the 12 Federal Reserve Banks' workforce later in the report because they were also covered by the Dodd-Frank Act provisions.

<sup>12</sup>[GAO-06-617](#).

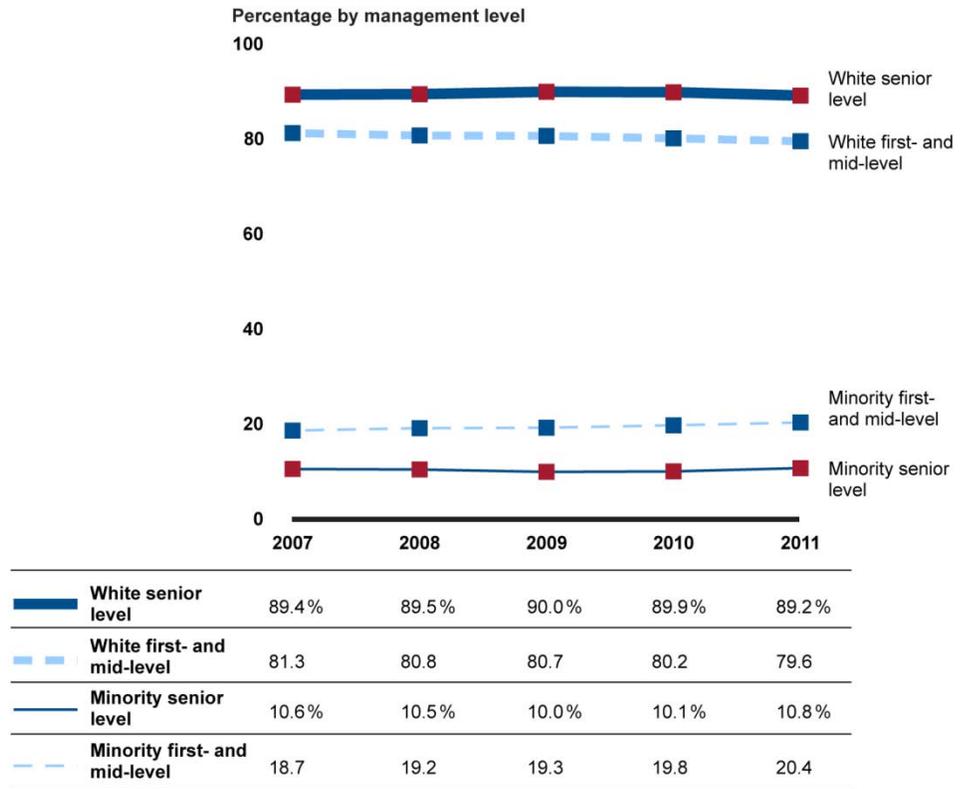
**Figure 1: Percentage of White and Minority Managers in the Financial Services Industry, 2007-2011**



Source: GAO analysis of EEOC data.

The representation of minorities varied among management positions, which EEOC splits into two categories: (1) first- and mid-level officials and managers and (2) senior-level officials and managers. In 2011, the representation of minorities among first- and mid-level managers stood at 20.4 percent, about 1 percentage point higher to the representation of minorities among all management positions, according to EEOC data (see fig. 2). In contrast, at the senior management level, representation of minorities was 10.8 percent in 2011, about 8 percentage points below their representation among all management positions; yet representation of minorities in first- and mid-level management positions consistently increased from 18.7 percent to 20.4 percent over the 5-year period. First- and mid-level management positions may serve as an internal pipeline in an organization through which minority candidates could move into senior management positions.

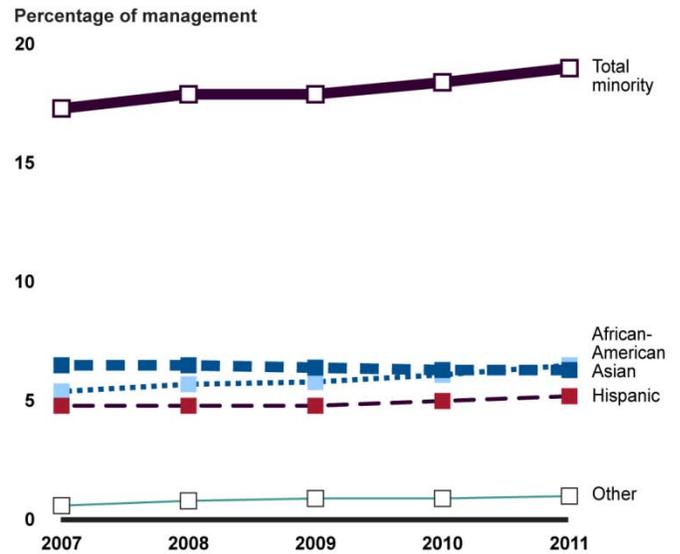
**Figure 2: Percentage of Whites and Minorities in First- and Mid-Level Management and Senior Management Positions in the Financial Services Industry, 2007-2011**



Source: GAO analysis of EEOC data.

Similar to the total representation of minorities across all management positions, specific races/ethnicities have not changed significantly, but EEOC data show slight variations of representation for specific races/ethnicities. For example, the representation of African Americans decreased from 6.5 percent in 2007 to 6.3 percent in 2011, according to EEOC data (see fig. 3). In contrast, representation of most other races/ethnicities increased, and the highest increase was in the representation of Asians, from 5.4 percent to 6.5 percent over the same time period.

**Figure 3: Percentage of Specific Races/Ethnicities in the Financial Services Industry in Overall Management Positions, 2007-2011**

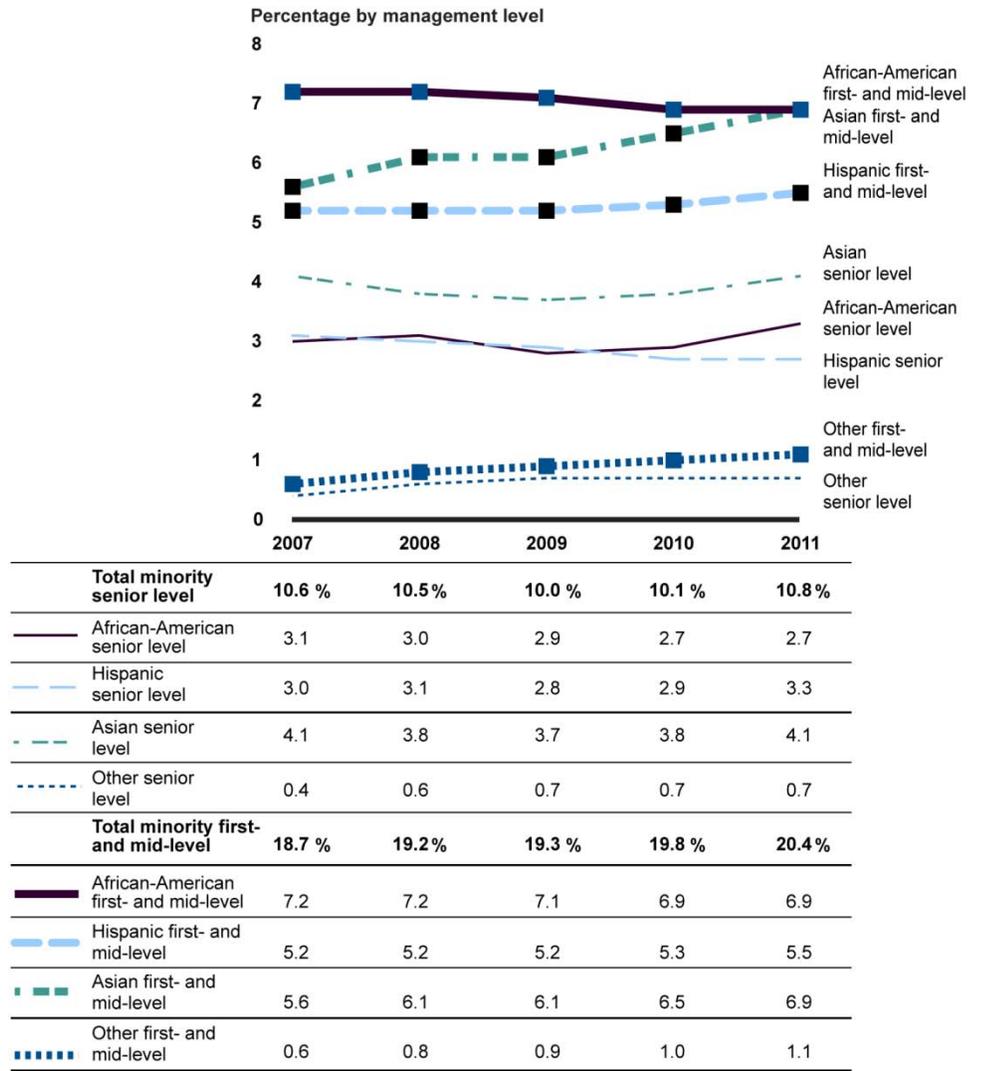


	2007	2008	2009	2010	2011
<b>Total minority</b>	17.3%	17.9%	17.9%	18.4%	19.0%
African-American	6.5	6.5	6.4	6.3	6.3
Hispanic	4.8	4.8	4.8	5.0	5.2
Asian	5.4	5.7	5.8	6.1	6.5
Other	0.6	0.8	0.9	0.9	1.0

Source: GAO analysis of EEOC data.

From 2007 to 2011, the representation of African Americans went down in both management levels, while the representation of other specific races/ethnicities either increased or remained stable (see fig. 4). At the senior management level, the representation of Asians remained stable at about 4.1 percent from 2007 through 2011. However, the representation of African Americans in senior management positions decreased from 3.1 percent to 2.7 percent, and the representation of Hispanics increased from 3 percent to 3.3 percent. Among first- and mid-level management positions, the representation of Asians increased from 5.6 percent to 6.9 percent and the representation of Hispanics increased from 5.2 percent to 5.5 percent, while the representation of African Americans decreased from 7.2 percent to 6.9 percent.

**Figure 4: Percentage of Specific Races/Ethnicities in the Financial Services Industry at Various Management Levels, 2007-2011**

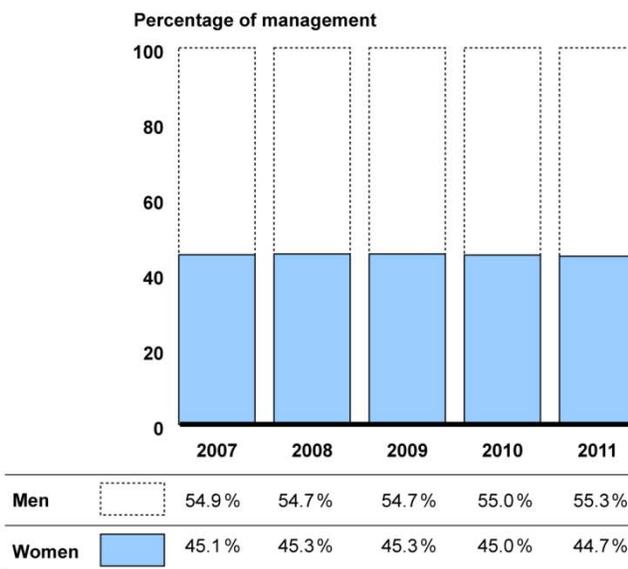


Source: GAO analysis of EEOC data.

Over the same 5-year period, the representation of women at the management level remained at about 45 percent in EEOC data, which show a slight decrease from 45.1 percent to 44.7 percent (see fig. 5). In

2006, we reported an increase with representation of women at about 42.9 percent in 1993 to about 45.8 percent in 2004.<sup>13</sup>

**Figure 5: Percentage of Men and Women in Management Positions in the Financial Services Industry, 2007-2011**

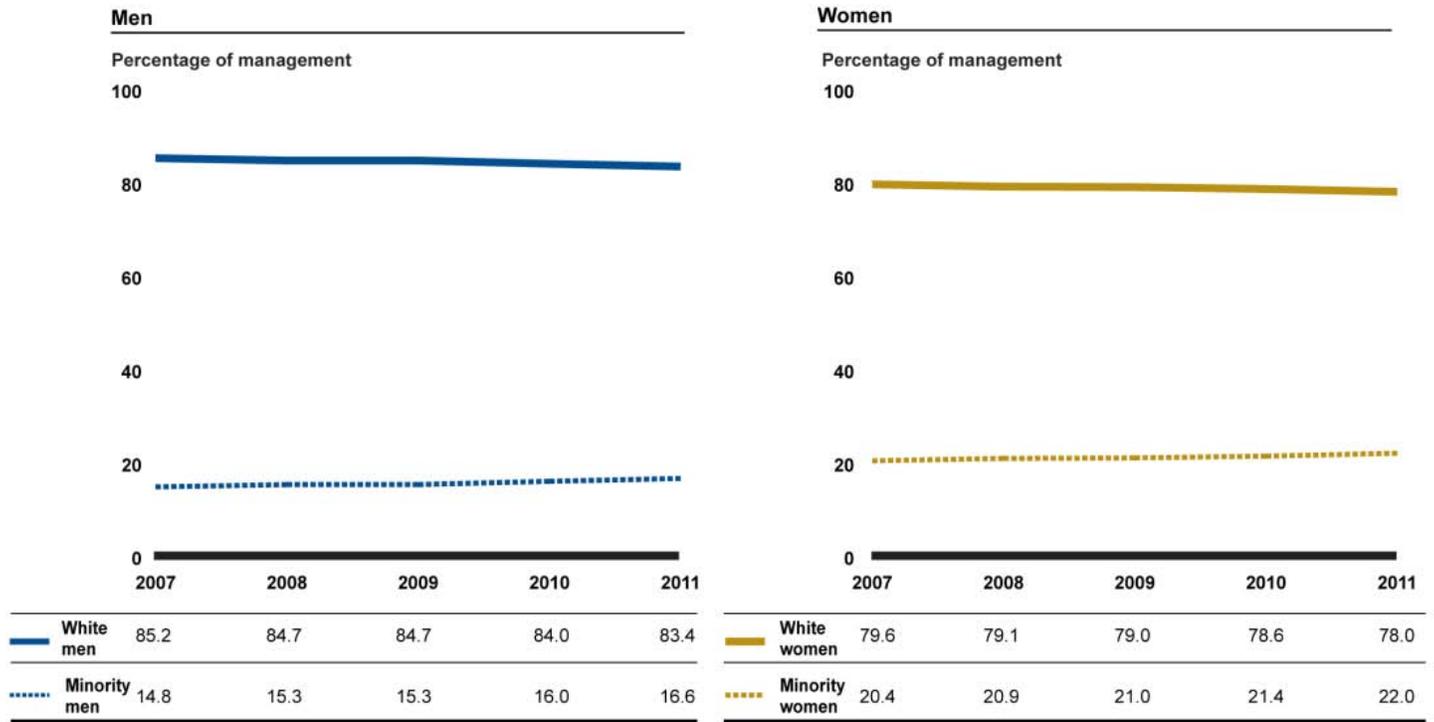


Source: GAO analysis of EEOC data.

Among all women in management positions, EEOC data showed that the representation of minority women increased, from 20.4 percent to 22 percent over the same 5-year period (see fig. 6). In addition, EEOC data show that the representation of minority men increased from 14.8 percent to 16.6 percent.

<sup>13</sup>GAO-06-617.

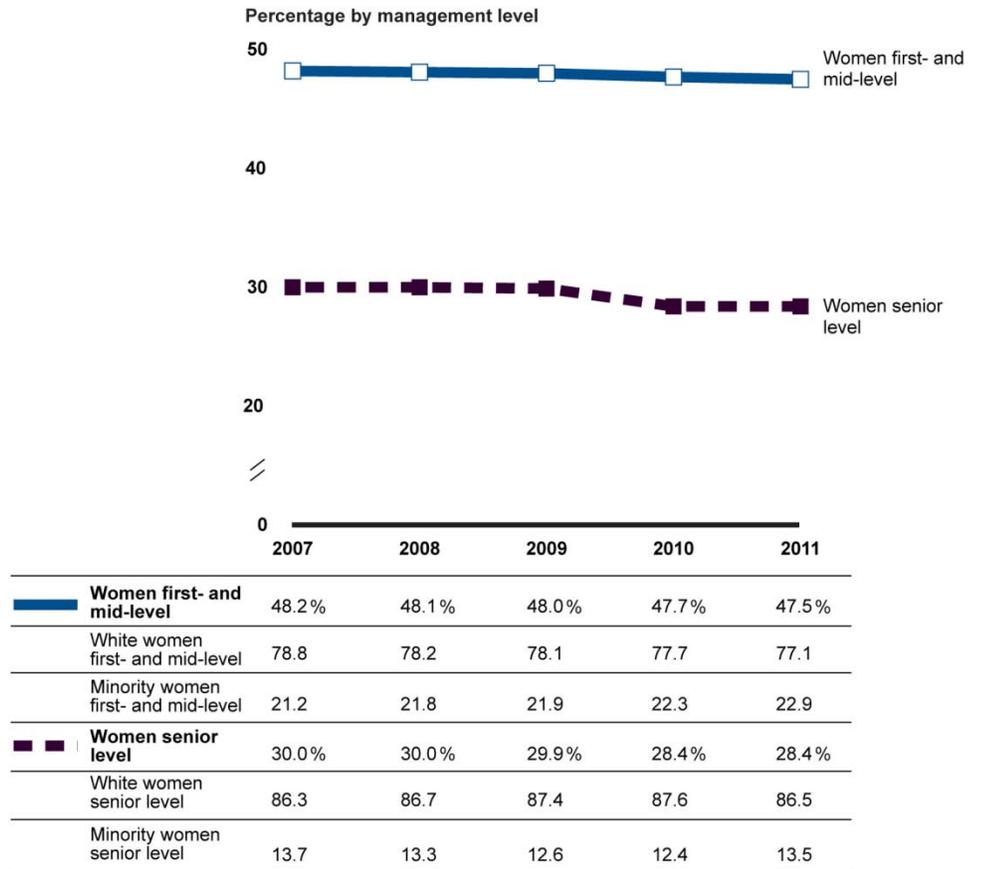
**Figure 6: Percentage of White and Minority Men and White and Minority Women in Management Positions in the Financial Services Industry, 2007-2011**



Source: GAO analysis of EEOC data.

Among first- and mid-level management positions, the representation of women has been at about 48 percent, slightly higher than the representation of women among all management positions. In contrast, women represented about 29 percent of all senior management positions from 2007 through 2011—about 16 percentage points below the representation of women for all management positions, according to EEOC data (see fig. 7).

**Figure 7: Percentage of Women in the Financial Services Industry by Management Level and Race/Ethnicity, 2007-2011**



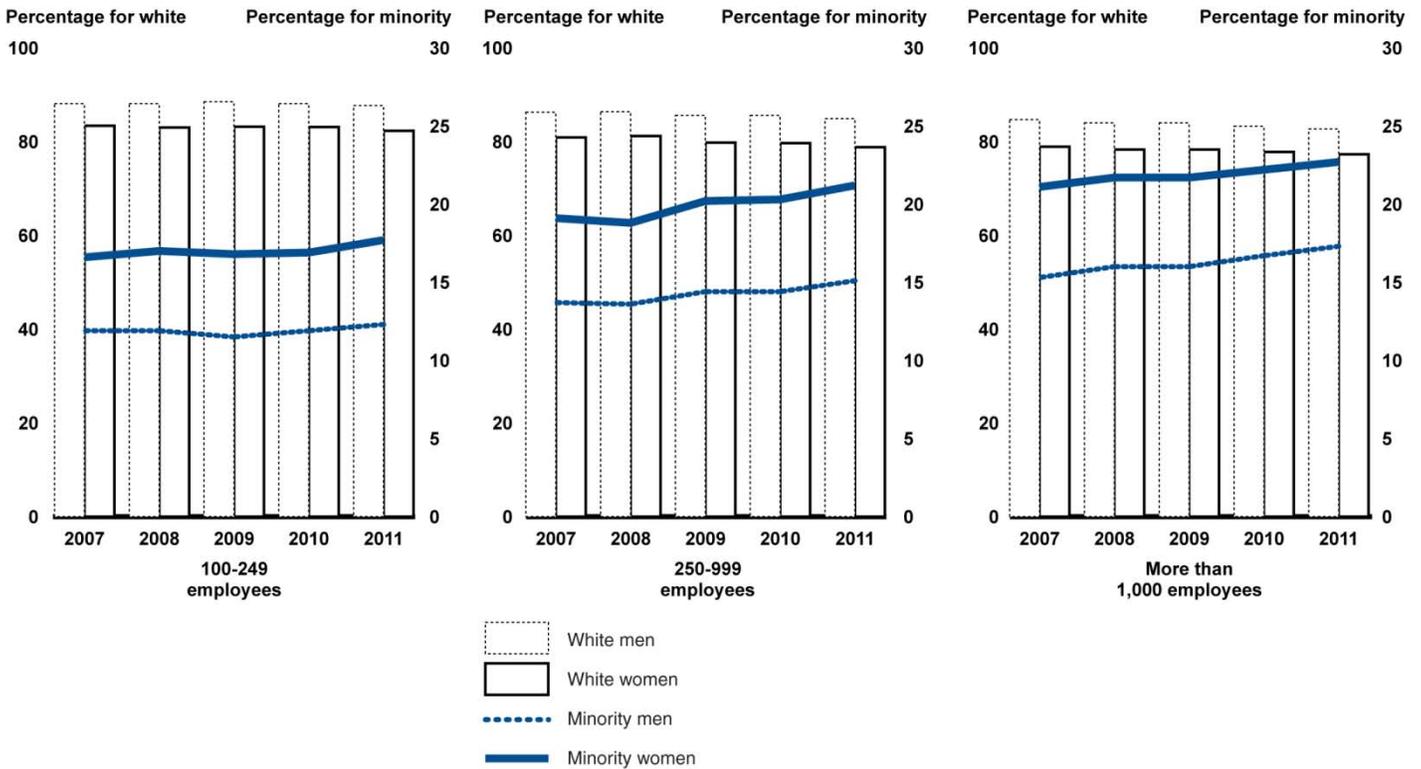
Source: GAO analysis of EEOC data.

Based on EEOC data, minority women had greater representation at the first and mid levels of management compared to the senior level over the 5-year period. As shown in figure 7, among female senior managers, representation of minority women remained at about 13 percent over the 5-year period. In contrast, among female first- and mid-level managers, the proportion of minority women increased during the same period from 21.2 percent to 22.9 percent.

The representation of minorities increases for both women and men as the firm size increases (see fig. 8). For example, in 2011 the representation of minorities at firms with 100-249 employees was about 18 percent among women and about 12 percent among men, while at firms with more than 1,000 employees, the representation of minorities

was about 23 percent among women and about 17 percent among men. For additional analysis of EEOC data by workforce position and industry sector, see appendix II.

**Figure 8: Percentage of Whites/Minorities and Men/Women at Financial Services Firms of Different Sizes, 2007-2011**



Source: GAO analysis of EEOC data.

A survey of the general population shows some similar trends in the representation of both women and minorities in the financial services industry. The CPS is administered by the Bureau of the Census for the Bureau of Labor Statistics and is a monthly survey of about 60,000 households across the nation. The CPS is used to produce official government figures on total employment and unemployment issued each month. According to the CPS data, from 2007 through 2011 the representation of women at the management level decreased from an estimated 49.1 percent to 47.3 percent. In addition, CPS data show a smaller increase from an estimated 14.1 percent to 15.1 percent in the

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representation of minorities in management over the same 5-year period.<sup>14</sup>

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### Leading Diversity Practices Remain Relevant but Challenges Exist Regarding Recruitment and Other Issues

The nine leading diversity practices that we previously identified in 2005 are still relevant today, according to industry representatives with whom we spoke.<sup>15</sup> Some industry representatives highlighted practices among these nine that they considered the most important to foster diversity and inclusion in their organizations. For example, top leadership commitment drives the other eight leading diversity practices, according to 9 of 10 industry representatives. In addition, accountability helps to promote the implementation of the other leading diversity practices because an issue is more likely to be addressed if it is tracked, according to 2 industry representatives. Moreover, creating awareness of the benefits of diversity for an organization among management and employees is important because it increases commitment to further the diversity goals of the organization, according to 7 industry representatives whom we interviewed.<sup>16</sup> However, 1 industry representative told us there are still some firms that do not see the importance of diversity. In addition, 2 industry representatives said these 9 leading diversity practices should be expanded beyond workforce management to include, for example, an organization's contracting efforts.

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<sup>14</sup>We determined the CPS-estimated minority percentages of management positions within the financial services industry cannot be precisely measured. However, CPS-estimated minority percentages were included in this report to provide some more context. Since many of the percentage estimates have wide confidence intervals, we encourage the reader to interpret the CPS-estimated minority percentages in this report with caution. Please see appendix I for the estimated minority percentages and standard errors.

<sup>15</sup>As previously discussed the nine leading diversity practices are (1) commitment to diversity as demonstrated and communicated by an organization's top leadership; (2) the inclusion of diversity management in an organization's strategic plan; (3) diversity linked to performance, making the case that a more diverse and inclusive work environment could help improve productivity and individual and organizational performance; (4) measurement of the impact of various aspects of a diversity program; (5) management accountability for the progress of diversity initiatives; (6) succession planning; (7) recruitment; (8) employee involvement in an organization's diversity management; and (9) training for management and staff about diversity management. See [GAO-05-90](#).

<sup>16</sup>This relates to leading practice diversity linked to performance, which refers to the understanding that a more diverse and inclusive work environment can yield greater productivity and help improve individuals' and organization performance, while employee involvement refers to the contribution of employees in driving diversity throughout an organization. See [GAO-05-90](#).

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Some industry representatives also noted that measuring the impact of various diversity practices is an important practice but that it can also be challenging; for example, it can be difficult to link specific practices to diversity outcomes and it can be a long-term process. According to some industry representatives, financial services organizations may measure the effectiveness of their diversity practices by assessing attrition, recruiting, and promotion rates, which are similar to measures we had previously reported.<sup>17</sup> For example, a financial services organization may measure the proportion of certain minority groups or women in its workforce or among its promotions to determine the effectiveness of its practices. Further, financial services firms may use surveys to gather employee perspectives on workforce diversity issues in the organization, such as perceived fairness in the promotion process or factors that affect an employee's decision to remain with the firm, among other topics.

Additional diversity practices identified by some industry representatives that can support the leading diversity practices include the following:

- *Sponsor individuals.* Sponsorship of women within an organization where an executive acts as a guide to help women navigate the organization and expand their networks is an important diversity practice, according to three industry representatives. This sponsorship practice goes beyond the mentoring programs we previously reported in 2006, as a sponsor acts as an advocate to help the individual advance within the organization.<sup>18</sup>
- *Address biased perceptions.* One industry representative told us about an effort to combat unconscious bias in promotions. They described a promotion system designed to address biased perceptions, such as a view of leaders as being typically male. According to the industry representative, the firm that employed this diversity practice gathered complete and objective evaluations of employees and trained its managers to recognize and address these perceptions. The result was that the firm promoted greater numbers of women into management.

No industry representatives that we contacted reported changes to diversity practices as a result of the challenges faced by many firms

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<sup>17</sup>GAO-06-617 and GAO-10-736T.

<sup>18</sup>GAO-06-617.

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during the financial crisis. Although representation of minorities and women has remained about the same from 2007 through 2011, according to some industry representatives, the industry continues to be focused on diversity. However, three industry representatives did cite specific instances where funding was scaled back as a result of the recent financial crisis. One industry representative told us that investment in training programs was reduced across the organization, but when a measureable impact on employees was identified at this organization, steps were taken to address the impact.

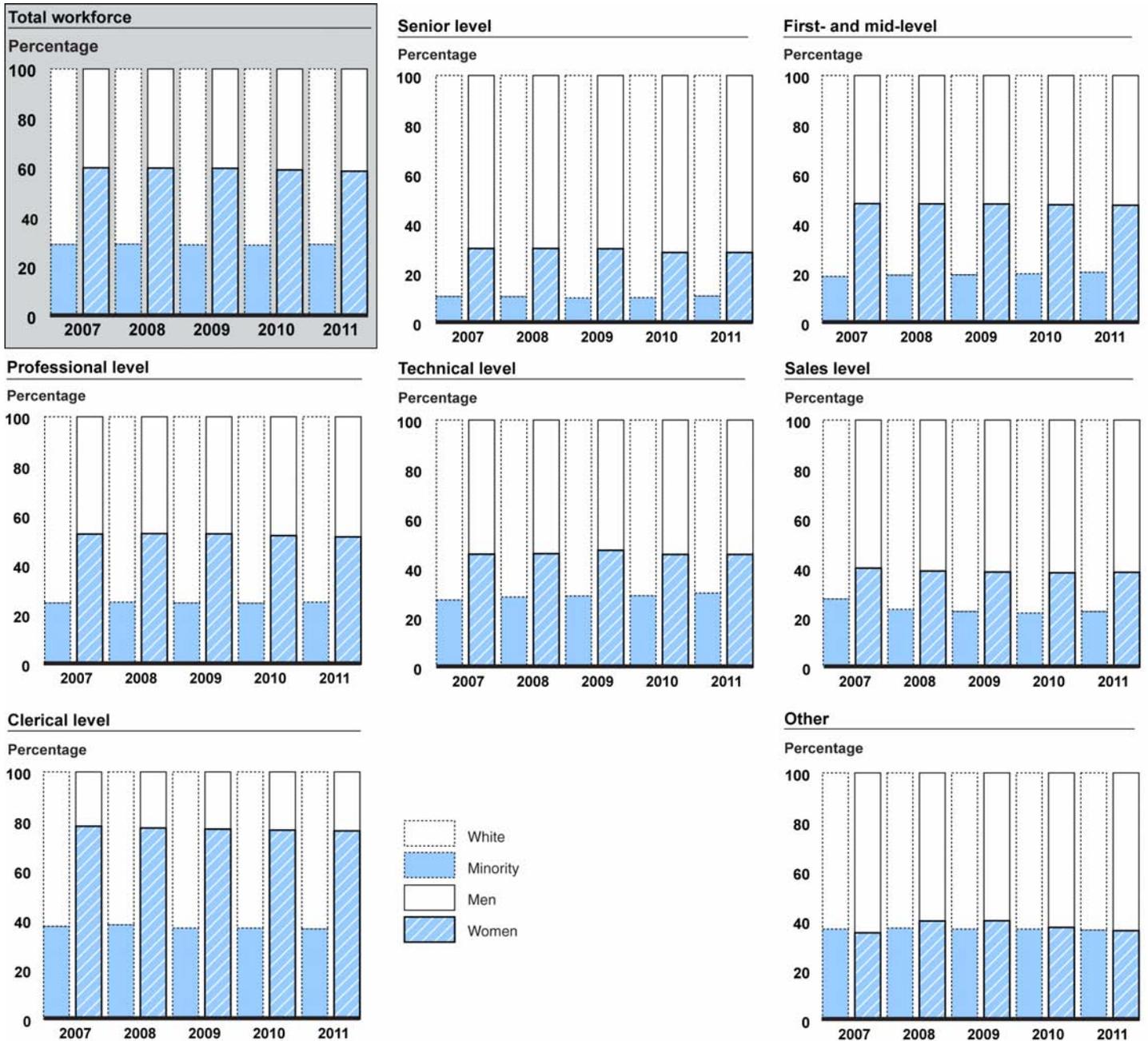
Some industry representatives cited challenges to achieving a diverse workforce in general. We have previously reported some of these challenges, which can affect some of the leading diversity practices.<sup>19</sup> Six industry representatives said that diversity recruitment is difficult because the supply (or “pipeline”) of minority and women candidates is limited. This has been a consistent challenge that we previously reported in 2006 and 2010.<sup>20</sup> Available data indicate that for the internal pool of potential candidates for some management positions, representation of women varied, while representation of minorities was higher in every nonmanagement category compared to management positions (see fig. 9). For example, in 2011 the representation of women was greater in professional positions (about 51 percent) compared to sales positions (about 38 percent). In addition, the representation of minorities was higher in all nonmanagement positions than at the management level in 2011, but especially higher in technical and clerical positions at more than 29 percent in both types of positions. Further analysis of diversity in various workforce positions can be found in appendix II.

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<sup>19</sup>GAO-06-617 and GAO-10-736T.

<sup>20</sup>GAO-06-617 and GAO-10-736T.

**Figure 9: Percentage of Whites/Minorities and Men/Women in Various Financial Services Industry Workforce Positions, 2007-2011**



Source: GAO analysis of EEOC data.

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Note: The following are descriptions of the job categories in EEO-1 data from EEOC: (1) "Executive/Senior Level Officials and Managers," includes individuals who reside in the highest levels of organizations and plan, direct, and formulate policies, set strategy, and provide the overall direction of enterprises/organizations for the development and delivery of products or services, within the parameters approved by boards of directors or other governing bodies; (2) "First/Mid-Level Officials and Managers," includes individuals who receive directions from Executive/Senior Level management, and oversee and direct the delivery of products, services, or functions at group, regional, or divisional levels of organizations; (3) "professionals" include occupations requiring either college graduation or experience of such kind and amount as to provide a comparable background; (4) "technicians" include occupations requiring a combination of basic scientific knowledge and manual skill that can be obtained through 2 years of post-high school education; (5) "sales workers" include occupations engaging wholly or primarily in direct selling; (6) "office and clerical" includes all clerical-type work regardless of level of difficulty, where the activities are predominantly nonmanual; and (7) the category "other" includes craft workers, operatives, laborers, and service workers.

In recent years, representation in business graduate programs, a potential source of future managers in the financial industry, has remained stable for women and has increased slightly for minorities, but representation is still low for both women and minorities when compared to the overall representation of students in the university system.<sup>21</sup> To assess one possible external pool of candidates for financial services firms, we obtained data from the Association to Advance Collegiate Schools of Business (AACSB) on the number of students enrolled in Master of Business Administration (MBA) degree programs in AACSB member schools in the United States from 2007 through 2011 as well as the number of students in the university system.<sup>22</sup> According to AACSB data, the representation of women remained constant over this period, while the representation of minorities increased. For example, the representation of women among MBA students remained at about 37 percent over the 5-year period, while representation of women was slightly higher in the overall university system at about 41 percent. In contrast, as table 2 shows, the representation of minorities increased among MBA students from about 26 percent in 2007 to about 29 percent in 2011. However, when compared to the university system, representation of minorities in the overall university system was slightly higher from about 29 percent in 2007 to 34 percent in 2011.

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<sup>21</sup>We refer to overall representation of students from undergraduate, graduate, and doctoral programs as the university system. These data exclude specialized graduate programs, such as Master of Economics. In addition, these overall percentages only represent enrolled students for which race/ethnicity or gender were indicated.

<sup>22</sup>AACSB, the world's largest accreditation association for business schools, conducts an annual survey called "Business School Questionnaire" of all its member schools. Participation in this survey is voluntary.

**Table 2: Percentage of Students Enrolled in MBA Degree Programs at AACSB Member Schools in the United States by Race/Ethnicity, 2007-2011**

Year	Total enrolled	White	Total minority	African American	Hispanic	Asian	Other
2007	100%	74%	26%	7%	6%	12%	0%
2008	100	73	27	8	6	12	0
2009	100	73	27	8	7	12	0
2010	100	72	28	9	7	11	1
2011	100	71	29	9	7	11	2

Source: GAO analysis of AACSB International data.

Note: The “other” category includes Native American, and updated race/ethnicity categories implemented in 2011 to include “two or more races” and “Native Hawaiian or Other Pacific Islander.” Percentages may not always add exactly due to rounding. In addition, these ratios only represent MBA enrolled students for whom race/ethnicity was indicated.

Some industry representatives stated that the negative perception of the industry could also limit the external pipeline of potential candidates, which can make recruitment challenging. Multiple industry representatives discussed the need to take a new approach to diversity recruiting as a result of the negative image many potential candidates may have about the financial services industry following the recent financial crisis. For example, to counter negative perceptions that may have resulted from the foreclosure crisis or the Occupy Wall Street movement, one industry representative told us that it explains to prospective employees the social contributions financial services firms make through microfinance or economic and community development.

In addition to these difficulties with recruiting, two industry representatives highlighted maintaining accountability as a particular challenge for financial services firms.<sup>23</sup> For example, an industry representative said it is difficult to promote results in diversity by linking diversity management with managers’ performance ratings because this practice may not provide enough incentive to many managers. Another industry representative told us that recognizing and compensating managers and employees for their diversity efforts can result in increased commitment to foster workforce diversity and an increase in diversity at firms.

<sup>23</sup>Accountability refers to the means to ensure that leaders are responsible for diversity by aligning their performance assessment and compensation to the progress of diversity initiatives. See [GAO-05-90](#).

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## Agency and Reserve Bank Workforce Diversity Varied, and Officials Reported Difficulty Identifying Diverse Candidates

Since the financial crisis, senior management-level minority and gender diversity at the federal financial agencies and Reserve Banks has varied across individual entities.<sup>24</sup> The representation of minorities at the senior management-level increased slightly overall at both the agencies and Reserve Banks. In addition, the representation of women at the senior management-level increased slightly overall for both the agencies and Reserve Banks. Agency and Reserve Bank officials identified key challenges to increasing workforce diversity overall and at the senior management-level, including limited representation of minorities and women among internal and external candidate pools.

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## Senior Management-Level Representation of Minorities and Women Varied at Agencies and Reserve Banks, with Slight Changes Overall

Senior management-level representation of minorities and women varied across individual federal financial agencies and the 12 Reserve Banks. The agencies included FDIC, the Federal Reserve Board, NCUA, OCC, and Treasury. Complete data for this period were not available for CFPB, FHFA, and SEC, and we excluded these agencies from our analysis of changes in senior management-level diversity from 2007 through 2011, but provide recent data when available. Data for each agency are provided in appendix IV. CFPB assumed responsibility for certain consumer financial protection functions in July 2011 and has not yet reported workforce information to EEOC.<sup>25</sup> However, we received recent employment profile data from CFPB as of May 2012.<sup>26</sup> FHFA, which was established in July 2008, started reporting workforce data for 2010; while our analysis provides 2010 and 2011 data for FHFA, our analysis across the agencies excludes FHFA from aggregated totals. SEC reported data for 2007 through 2011, but revised how it reported officials and managers during the 5-year period; while our analysis provides 2011 senior

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<sup>24</sup>Our analysis of employment data in this section of the report differs from how EEOC typically reports data. While EEOC reports on individual equal employment opportunity groups, we report on minorities as a group. Additional data and figures supporting this section of the report are in appendixes III and IV.

<sup>25</sup>On July 21, 2010, the Consumer Financial Protection Act established CFPB as an independent bureau within the Federal Reserve System to be headed by a director. Effective July 21, 2011, CFPB assumed responsibility for certain consumer financial protection functions formerly the responsibilities of the Board of Governors of the Federal Reserve System, the Comptroller of the Currency, the Director of the Office of Thrift Supervision, FDIC, the Federal Trade Commission, NCUA, and the Secretary of the Department of Housing and Urban Development.

<sup>26</sup>CFPB provided to us workforce diversity data for all employees, senior officials, and supervisors as of May 19, 2012.

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management-level data for SEC, we excluded SEC from our senior management-level trend analysis.

In our review of agency reports, we found that from 2007 through 2011, the representation of minorities among senior management-level employees, when aggregated across FDIC, the Federal Reserve Board, NCUA, OCC, and Treasury, increased slightly, from 16 to 17 percent for the agencies combined (see fig. 10).<sup>27</sup> From 2007 through 2011, three agencies—FDIC, the Federal Reserve Board, and Treasury—showed an increase in the representation of minorities at the senior management-level, by between 1 and 3 percentage points. Two agencies—NCUA and OCC—experienced no percentage point change in their representation of minorities at the senior management-level from 2007 through 2011.<sup>28</sup> In 2011, the representation of minorities among senior management-level employees of these agencies, FHFA, and SEC ranged from 11 percent at SEC to 24 percent at FHFA. Additionally, CFPB employment data showed about 28 percent representation of minorities among senior officials as of May 2012.<sup>29</sup>

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<sup>27</sup>Federal financial agencies provided us reports they issued according to EEOC Management Directive 715, known as MD-715 reports. This directive does not apply to the Federal Reserve Banks, as they are not federal agencies. Our analysis of the representation of minorities and women at the senior management level for agencies reviewed the numbers of employees the agencies reported as “Executive/Senior Level” from 2007 through 2011. Though the MD-715 reports allow for this category to cover Grades 15 and above, agencies have discretion to decide which positions are included in this senior level versus those the agencies include at lower levels of management. Therefore, comparisons of a given management level between the agencies do not necessarily involve the same set of managers at each agency. Figures in our analysis are rounded to the nearest percent.

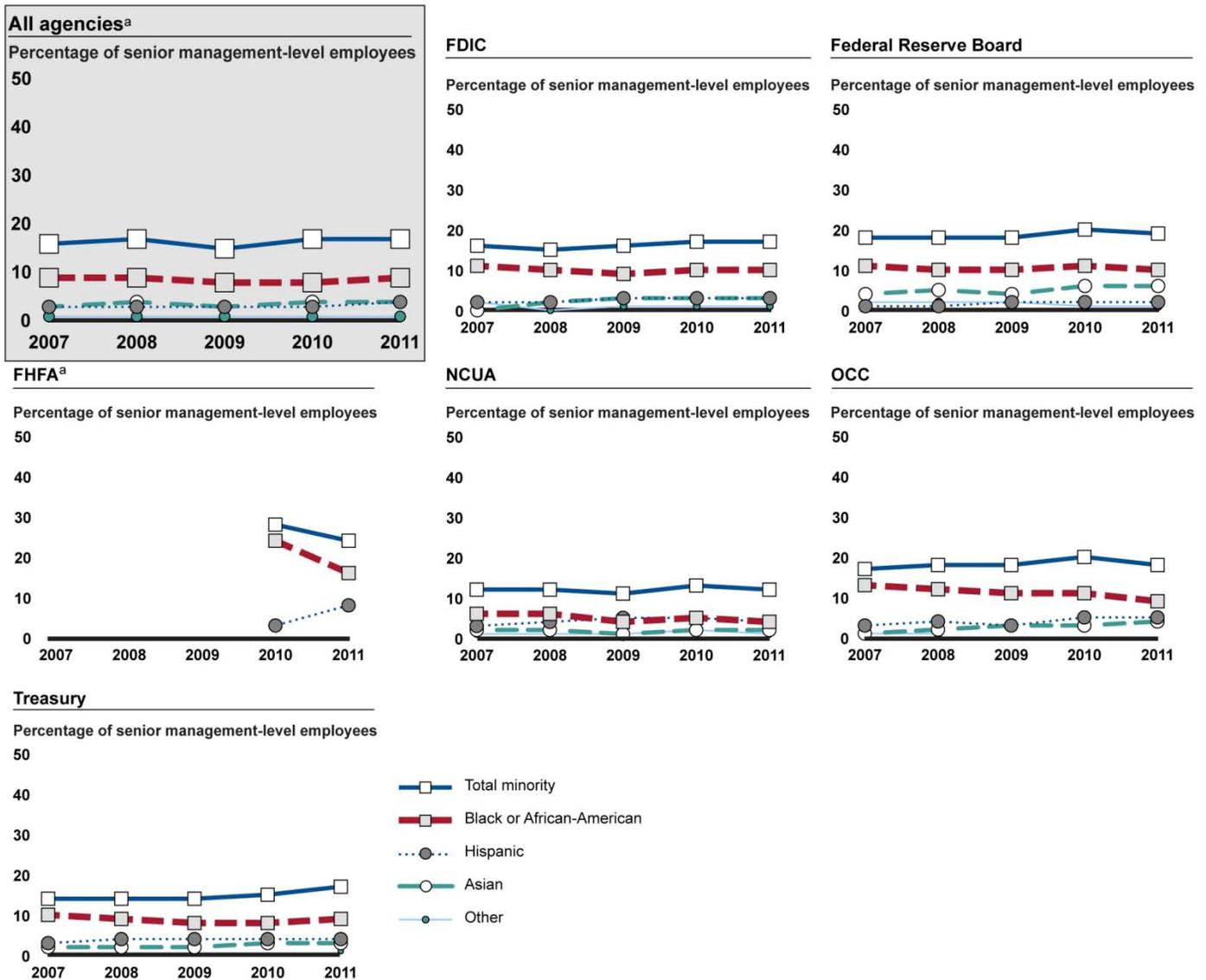
<sup>28</sup>Percentage changes in the representation of minorities among senior management-level employees from 2007 through 2011 for NCUA and OCC were zero when rounded to the nearest percent. The representation of minorities among senior management-level employees was 12 percent at NCUA in 2007 and 2011, and at OCC, 17 percent in 2007 and 18 percent in 2011.

<sup>29</sup>CFPB identified these employees as Executive/Senior Officials.

**Figure 10: Percentage of Minorities among Senior Management-Level Employees at Six Federal Financial Agencies, 2007-2011**

**Instructions for Interactive graphic**

Click the mouse on the graphs to see appendix IV for more information.



Source: GAO analysis of agency reports.

Notes: Percentages are rounded to the nearest percent.

For our analysis, we reviewed the numbers of employees the agencies reported according to race/ethnicity and gender in table A3 of their MD-715 reports from 2007 through 2011. These data

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are based on information self-reported by employees to each agency and there were some differences in reporting across the agencies. In some years, some agencies reported all employees—permanent and temporary—in their A3 tables while others reported permanent employees only. We considered employees reported by agencies in the category “Executive/Senior Level” as senior management-level employees. Though the MD-715 report guidelines instruct agencies to identify employees Grades 15 and above who have supervisory responsibility in this category, agencies have discretion to include employees who have significant policymaking responsibilities but do not supervise employees. As a result, the composition of the “Executive/Senior Level” category may vary among the different agencies and does not necessarily involve the same set of managers at each agency.

<sup>3</sup>Our trend analysis for “all agencies” excludes CFPB, FHFA, and SEC. CFPB assumed responsibility for certain consumer financial protection functions in July 2011 and has not yet reported workforce information to EEOC. FHFA was established in 2008 and started reporting workforce data for 2010. SEC revised how it reported officials and managers between 2007 and 2011. While our analysis includes 2011 management-level data for SEC, we excluded SEC from our trend analysis.

In our review of EEO-1 reports provided by the Reserve Banks, we found that the representation of minorities among senior management-level employees in aggregate across the 12 Reserve Banks increased from 11 percent to 14 percent from 2007 through 2011 (see fig.11).<sup>30</sup> The population of senior management-level employees at each bank in 2011 ranged from 9 employees at the Reserve Banks of Chicago, Dallas, and Minneapolis, to 59 employees at the Reserve Bank of New York, and the population of minority senior management-level employees at each bank ranged from zero employees at the Reserve Bank of Cleveland to 7 employees at the Reserve Bank of New York. Specific information on each Reserve Bank is provided in appendix IV.

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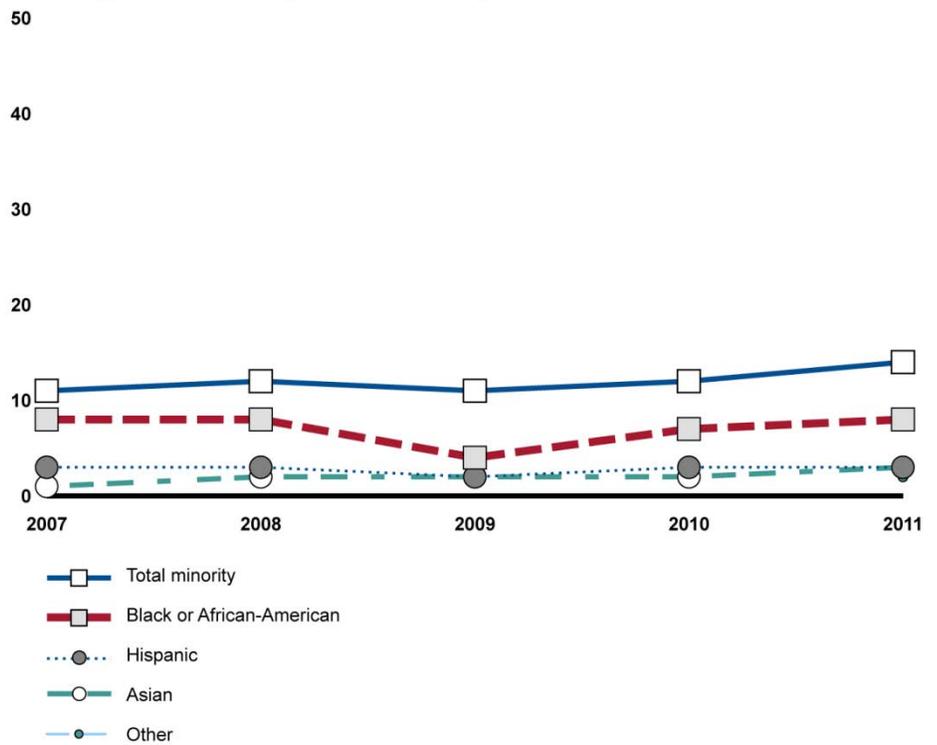
<sup>30</sup>Reserve Banks provided us reports they issued to EEOC according to form EEO-1. Our analysis of senior management-level representation for the Reserve Banks included employees the banks reported as “Executive/Senior Officials and Managers.” Figures in our analysis are rounded to the nearest percent.

**Figure 11: Percentage of Minorities among Senior Management-Level Employees at the 12 Reserve Banks, 2007-2011**

**Instructions for Interactive graphic**

Click the mouse on the graph to move to an appendix with data for each Reserve Bank.

Percentage of senior management-level employees



Source: GAO analysis of EEO-1 reports provided by Reserve Banks.

Notes: Data are rounded to the nearest percent.

Reserve Bank data are presented in aggregate because the population of senior management-level employees at most Reserve Banks is generally small and the gain or loss of one employee can result in a large percentage point change in the representation of minorities. Specific information on each Reserve Bank is provided in appendix IV.

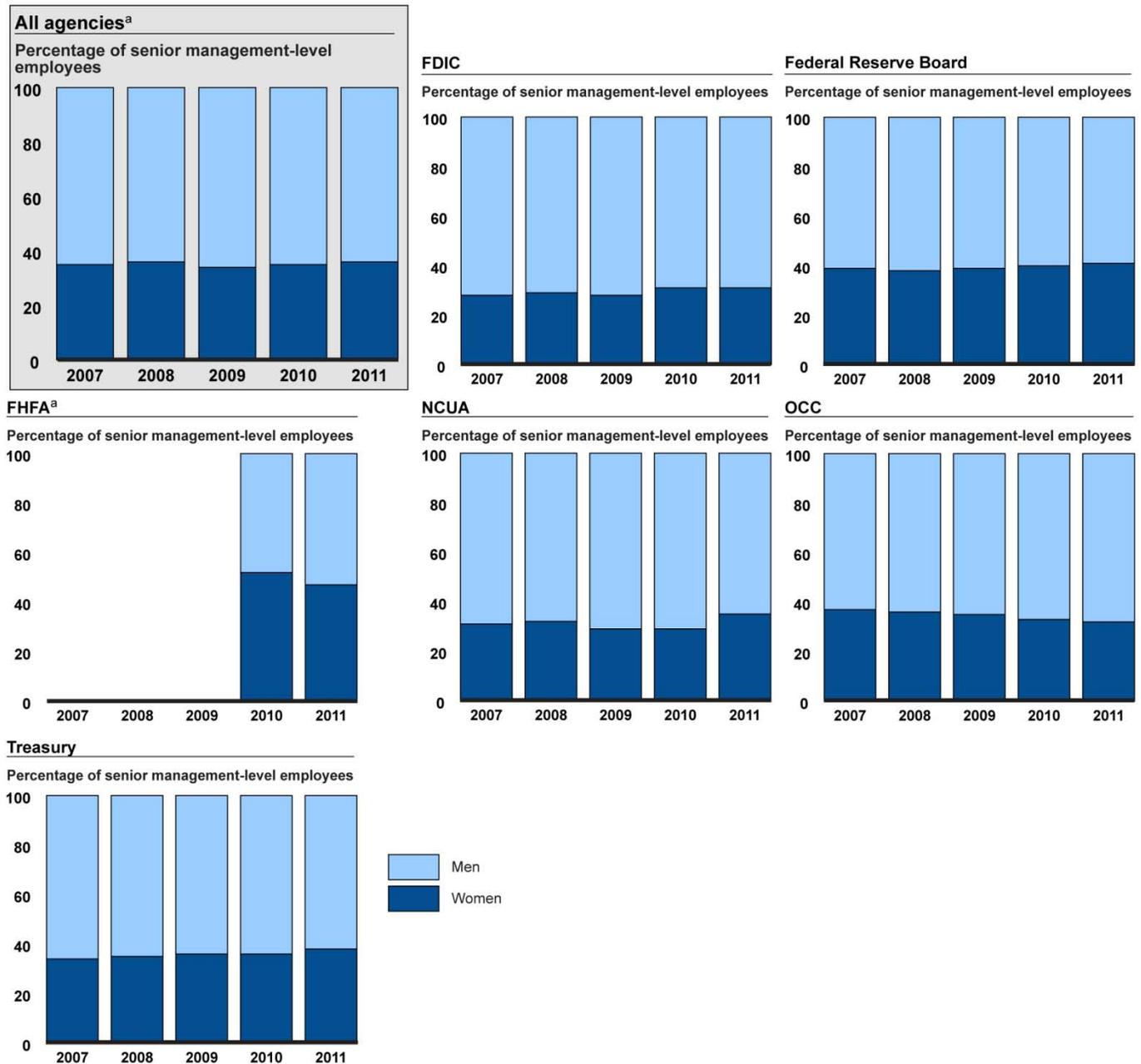
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In general, the representation of women at the senior management-level increased slightly since the beginning of the financial crisis in 2007 at agencies, but representation percentages varied for each entity. In our review of agency reports, we found that from 2007 through 2011, the representation of women at the senior management-level increased slightly from 34 to 36 percent across FDIC, the Federal Reserve Board, NCUA, OCC, and Treasury, in aggregate (see fig. 12). Changes varied by agency, from a decrease of 5 percentage points at OCC to an increase of 5 percentage points at NCUA. Four of the five agencies—FDIC, the Federal Reserve Board, NCUA, and Treasury—showed an increase of between 3 and 5 percentage points in the representation of women at the senior management-level from 2007 through 2011. In 2011, the representation of women among senior management-level employees ranged among the agencies from 31 percent at FDIC to 47 percent at FHFA. Additionally, CFPB employment data showed the representation of women among senior officials at about 35 percent as of May 2012.

**Figure 12: Percentage of Women among Senior Management-Level Employees at Six Federal Financial Agencies, 2007-2011**

**Instructions for Interactive graphic**

Click the mouse on the graphs to see appendix IV for more information.



Source: GAO analysis of agency reports.

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Notes: Percentages are rounded to the nearest percent.

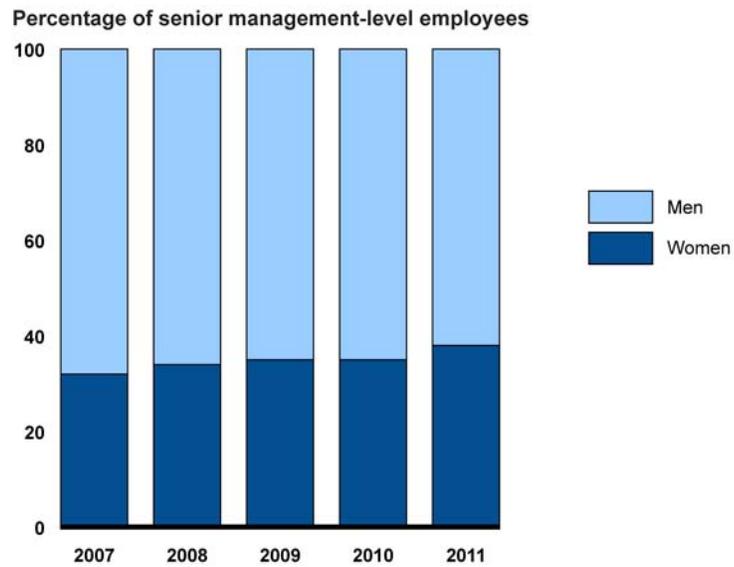
For our analysis, we reviewed the numbers of employees the agencies reported according to race/ethnicity and gender in table A3 of their MD-715 reports from 2007 through 2011. These data are based on information self-reported by employees to each agency and there were some differences in reporting across the agencies. In some years, some agencies reported all employees—permanent and temporary—in their A3 tables while others reported permanent employees only. We considered employees reported by agencies in the category “Executive/Senior Level” as senior management-level employees. Though the MD-715 report guidelines instruct agencies to identify employees Grades 15 and above who have supervisory responsibility in this category, agencies have discretion to include employees who have significant policymaking responsibilities but do not supervise employees. As a result, the composition of the “Executive/Senior Level” category may vary among the different agencies and does not necessarily involve the same set of managers at each agency.

<sup>3</sup>Our trend analysis for “all agencies” excludes CFPB, FHFA, and SEC. CFPB assumed responsibility for certain consumer financial protection functions in July 2011 and has not yet reported workforce information to EEOC. FHFA was established in 2008 and started reporting workforce data for 2010. SEC revised how it reported officials and managers between 2007 and 2011. While our analysis includes 2011 management-level data for SEC, we excluded SEC from our trend analysis.

In our review of EEO-1 reports provided by the Reserve Banks, we found that from 2007 through 2011, the representation of women at the senior management-level increased from 32 percent to 38 percent for the Reserve Banks, in aggregate (see fig. 13). As mentioned previously, the population of senior management-level employees at each bank in 2011 ranged from nine employees at the Reserve Banks of Chicago, Dallas, and Minneapolis, to 59 employees at the Reserve Bank of New York. The population of women among senior management-level employees at each bank in 2011 ranged from two employees at the Reserve Bank of Boston to 25 employees at the Reserve Bank of New York. Specific information on each Reserve Bank is provided in appendix IV.

**Figure 13: Percentage of Women among Senior Management-Level Employees at the 12 Reserve Banks, 2007-2011**

**Instructions for Interactive graphic**  
Click the mouse on the graph to move to an appendix with data for each Reserve Bank.



Source: GAO analysis of Reserve Bank reports.

Notes: Data are rounded to the nearest percent.

Reserve Bank data are presented in aggregate because the population of senior management-level employees at most Reserve Banks is generally small and the gain or loss of one employee can result in a large percentage point change in the representation of women. Specific information on each Reserve Bank is provided in appendix IV.

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Several agencies reported on existing diversity practices related to retaining and promoting employees to build management-level diversity. For example, according to agency reports, some Treasury offices conduct formal mentoring programs, and the Federal Reserve Board has customized mentoring programs within its divisions, which in conjunction with a leadership exchange program sponsored by the Federal Reserve System, provide employees opportunities to develop new skills and experiences. Further, OCC reported having development programs for employees within its bank supervision division that provide leadership and development opportunities to staff, and agency-sponsored employee network groups implemented mentoring circles to assist in the career development and retention of the agency's workforce.

Several Reserve Banks identified practices targeted to improve management-level diversity, including changes to hiring practices and mentoring programs. For example, officials from several Reserve Banks we contacted said their organizations revised their hiring policies to open all management-level positions to external applicants in addition to current employees as a way to build management-level diversity by hiring diverse, experienced candidates from outside the organization. Additionally, the Reserve Banks of Dallas and New York began piloting new mentoring programs in 2011, and each planned to expand its program based on initial feedback its OMWI had received. These banks and several others with existing mentoring programs reported that mentoring programs were important to retaining and developing minorities and women within their organizations. Later in this report, we provide additional information on the agencies' and Reserve Banks' recruitment practices as part of their efforts to implement section 342 of the Dodd-Frank Act.<sup>31</sup>

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<sup>31</sup>Among other things, the act outlines steps the specific agencies and Reserve Banks should take to seek workforce diversity at all levels of their organizations. These steps include recruiting from colleges serving primarily minority populations, sponsoring and recruiting at job fairs in urban communities, and advertising positions in newspapers and magazines oriented toward minorities and women.

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**Total Workforce Minorities and Women Representation Varied but Decreased Slightly Overall**

Based on our analysis of minority and gender diversity at all levels from 2007 through 2011, workforce diversity varied at the federal financial agencies and Reserve Banks, with slight decreases in aggregate. Specifically, the representation of minorities decreased slightly from 31 percent to 30 percent from 2007 through 2011 across FDIC, the Federal Reserve Board, NCUA, OCC, SEC, and Treasury, in aggregate. Additionally, CFPB employment data showed the representation of minorities of all agency employees at about 33 percent as of May 2012. Three agencies—NCUA, OCC, and SEC—showed a 1 percentage point or greater increase in the overall representation of minorities during the 5-year period, according to agency reports. In 2011, the representation of minorities at the agencies ranged from 25 percent at NCUA to 44 percent at the Federal Reserve Board. Our analysis of EEO-1 reports provided by the Reserve Banks for 2007 through 2011 showed that the representation of minorities across the Reserve Banks declined slightly in aggregate, from 38 percent to 36 percent. The Reserve Banks of Minneapolis and New York showed a 2 percentage point increase in the overall representation of minorities working at Reserve Banks, the Reserve Bank of Boston showed no percentage point change, and the remaining nine banks showed decreases of 1 to 8 percentage points. In 2011, the representation of minorities at the Reserve Banks ranged from 16 percent at the Reserve Bank of Kansas City to 53 percent at the Reserve Bank of San Francisco.

Similarly, we found that overall gender diversity varied at individual agencies and Reserve Banks, and generally declined slightly from 2007 through 2011. The overall representation of women in the workforce aggregated across FDIC, the Federal Reserve Board, NCUA, OCC, SEC, and Treasury declined slightly from 47 percent to 45 percent over the 5-year period. Additionally, CFPB employment data showed the representation of women of all agency employees at about 49 percent as of May 2012. Two agencies—NCUA and SEC—showed no percentage point change in the representation of women during the 5-year period; OCC showed a decrease of about 1 percentage point, and the other three agencies—FDIC, the Federal Reserve Board, and Treasury—experienced decreases of 2 percentage points. In 2011, the representation of women among all employees at the agencies ranged from 42 percent at FDIC to 48 percent at SEC and Treasury. The overall representation of women across the Reserve Banks, in aggregate, declined from 49 percent to 45 percent from 2007 through 2011. All Reserve Banks showed declines in the representation of women among all employees during the 5-year period, ranging from a 1 percentage point decrease at the Reserve Bank of New York to a 7 percentage point

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decrease at the Reserve Bank of Cleveland. For example, in 2007, 827 of the Reserve Bank of Cleveland's 1,568 employees were women, and in 2011, 500 of the bank's 1,094 employees were women; the bank's workforce changed from having around 53 percent women employees to about 46 percent women employees. In 2011, the overall representation of women at Reserve Banks ranged from 40 percent at the Reserve Banks of Philadelphia and Richmond to 53 percent at the Reserve Bank of Minneapolis. See appendix III for additional information on the overall workforce representation for the agencies and Reserve Banks.

According to officials from five Reserve Banks and the Federal Reserve Board, consolidation of check processing and other operations, some of which occurred since the financial crisis, had eliminated many administrative and service worker positions. Since these positions are often held by minorities and women, these consolidations affected overall employment diversity at affected Reserve Banks. In response to declines in the use of paper checks and greater use of electronic payments, the Reserve Banks took steps beginning in 2003 to reduce the number of locations where paper checks were processed. In 2001, the Federal Reserve System employed around 5,500 people in check processing functions across 45 locations, and in 2008, around 2,800 employees supported check processing functions across 18 locations. By 2010, one paper check processing site remained in Cleveland, along with an electronic check processing site in Atlanta. As of January 2013, approximately 480 employees supported check processing functions across the Federal Reserve System. The Federal Reserve System is projected to complete its consolidation of check processing functions in 2013.

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**Officials Reported  
Difficulty Identifying  
Diverse Candidates as the  
Main Challenge to Building  
Workforce Diversity**

OMWI officials described challenges to building workforce diversity both at the management level and overall. Four agencies—FDIC, the Federal Reserve Board, FHFA, and OCC—and three Reserve Banks—the Reserve Banks of Chicago, Minneapolis, and St. Louis—cited underrepresentation of minorities and women within internal candidate pools as a challenge to building management-level diversity, as many management-level positions are filled through promotions or internal hiring processes. Additionally, the Reserve Banks of Dallas, Minneapolis, Philadelphia, and San Francisco said low turnover was a challenge to increasing their management-level diversity profiles because it limited opportunities to increase organizational diversity through hiring and promotion.

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Federal financial agencies and Reserve Banks identified other challenges to building workforce diversity generally. The Reserve Banks of Atlanta, Boston, Chicago, Kansas City, and St. Louis cited competition from the private sector for recruiting diverse candidates as a challenge. In addition, FHFA and the Reserve Banks of Cleveland, Philadelphia, and San Francisco cited limited representation of minorities within external candidate pools as another challenge. The Federal Reserve Board and the Reserve Banks of Chicago and Kansas City reported that the availability of external candidates could be an issue in particular for hiring certain specialized positions, such as economists, which would involve a small candidate pool with limited representation of minorities. Additionally, three Reserve Banks identified geographic impediments to their national recruitment efforts, explaining that it is difficult to attract candidates from outside their region. For example, the Reserve Banks of Kansas City and St. Louis said it was difficult to recruit candidates lacking ties to the central United States, and the Reserve Bank of San Francisco cited difficulty recruiting from the eastern United States. Further, several agencies and Reserve Banks identified other challenges to building workforce diversity. For example, Treasury cited budget constraints on hiring and the Reserve Bank of Cleveland cited time constraints on recruitment practices as challenges. Additionally, NCUA cited as a challenge establishing tracking systems to help identify barriers to recruiting, hiring, and retaining minorities.

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## Dodd-Frank Requirements Are Being Implemented, but Enhanced Reporting of Efforts to Measure Progress Is Needed

Federal financial agencies and Reserve Banks have begun implementing key requirements of section 342 of the Dodd-Frank Act. First, all agencies and Reserve Banks have established OMWIs. Most agencies and all of the Reserve Banks used existing policies to establish standards for equal employment opportunity required by the act. Although many agencies and Reserve Banks had been using recruitment practices required by the act prior to its enactment, the majority of OMWIs have expanded these or initiated other practices. In addition to meeting requirements regarding their diversity policies, the federal financial agencies have taken preliminary steps to develop procedures for assessing the diversity policies and practices of entities they regulate, as required under the act. Finally, nearly all the agencies and all of the Reserve Banks are reporting annually on their diversity practices. While many OMWIs have implemented or are planning efforts to measure and evaluate the progress of their diversity and inclusion activities, information on such efforts is not yet reported consistently across the OMWI annual reports. Such information could enhance their efforts to report on measuring outcomes and the progress of their diversity practices.

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## Agencies and Reserve Banks Have Established Offices of Minority and Women Inclusion and Diversity Standards

All federal financial agencies and all Reserve Banks have established an OMWI. Six of the seven agencies that existed when the Dodd-Frank Act was enacted established OMWIs by January 2011, pursuant to the time frame established in the act. Additionally, SEC formally established its OMWI in July 2011, following House and Senate Appropriations Committees' approvals of the agency's request to create an OMWI.<sup>32</sup> SEC selected an OMWI director in December 2011, who officially joined the office in January 2012. CFPB, which assumed responsibility for certain consumer financial protection functions in July 2011, established its OMWI in January 2012 and its OMWI director officially joined the agency in April 2012.<sup>33</sup>

Many agencies and most of the Reserve Banks established their OMWIs as new, separate offices. Four of eight agencies and 9 of 12 Reserve Banks established their OMWIs separate from other offices, including four banks that refocused existing diversity offices as their OMWIs. Three agencies—FDIC, the Federal Reserve Board, and OCC—and three banks—the Reserve Banks of Atlanta, Kansas City, and Philadelphia—established their OMWIs within existing offices of equal employment opportunity (EEO) or diversity. FHFA established its OMWI and then merged its EEO function into that office. OMWI officials from several agencies with separate OMWIs said their staff worked with their EEO offices to address agency diversity issues. Similarly, many agency and Reserve Bank OMWI officials said they coordinated with other offices across their organizations, such as human resources, recruiting, procurement, and management, to support ongoing diversity and inclusion efforts organizationwide.

Federal financial agencies and Reserve Banks all have taken steps to staff their OMWIs. As of January 2013, the agencies had allocated

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<sup>32</sup>SEC determined it could not use appropriated funds for the purpose of establishing an OMWI without first obtaining congressional approval. Its reprogramming request was approved by the House and Senate Appropriations Committees in July 2011.

<sup>33</sup>As mentioned previously, on July 21, 2010, the Consumer Financial Protection Act of 2010 established CFPB as an independent bureau within the Federal Reserve System to be headed by a director. Effective July 21, 2011, CFPB assumed responsibility for certain consumer financial protection functions formerly the responsibilities of the Board of Governors of the Federal Reserve System, the Comptroller of the Currency, the Director of the Office of Thrift Supervision, FDIC, the Federal Trade Commission, NCUA, and the Secretary of the Department of Housing and Urban Development. CFPB had until January 21, 2012, to establish its OMWI and begin addressing the other requirements of the act.

between 3 and 40 full-time equivalent positions to their OMWIs (see table 3), and all agencies had open positions they planned to fill among these allocated positions. FDIC had allocated 40 full-time equivalent positions to its combined OMWI/EEO office as of January 2013. Many of FDIC's OMWI staff, including eight EEO specialists, support the office's EEO functions, and OCC and FHFA also reported EEO specialists among their staff. The agency OMWIs included directors and analysts among their staff, as well as some positions specific to certain functions of the OMWIs. For example, four of the agencies—CFPB, FDIC, NCUA, and SEC—had allocated staff specifically to recruitment and outreach functions, and four of the agencies—NCUA, OCC, SEC, and Treasury—had allocated staff specifically to business and supplier diversity. Four agencies—the Federal Reserve Board, FHFA, NCUA, and OCC—had each allocated a position to help implement the Dodd-Frank Act requirement to review the diversity practices of regulated entities. Additionally, two of the agencies—CFPB and SEC—had attorney positions among their OMWI staff.

**Table 3: OMWI Staffing Levels for Federal Financial Agencies, as of January 2013**

Agency	Allocated	Filled
CFPB	4	3
Federal Reserve Board <sup>a</sup>	3	2
FDIC <sup>a</sup>	40	35
FHFA <sup>a,b</sup>	9	8
NCUA	6	5
OCC <sup>a</sup>	12	11
SEC <sup>c</sup>	9	8
Treasury	11	8

Source: GAO analysis of federal financial agency information.

<sup>a</sup>Totals for FDIC, FHFA, and OCC include EEO staff, as the OMWI offices for these agencies include both functions. The Federal Reserve Board also established its OMWI within an existing office, but it provided information for OMWI staff only and excluded the office's director position, as agency officials said additional funds for the director position were not allocated because the director's primary duties included overseeing EEO compliance, diversity, and inclusion.

<sup>b</sup>Totals for FHFA include part-time staff.

<sup>c</sup>In addition to these staff, SEC's OMWI is supported by two full-time contract positions, a program analyst and a recruitment coordinator.

The Reserve Banks had allocated between three and seven full-time equivalent positions to their OMWIs as of January 2013 (see table 4). Ten of the 12 Reserve Banks had filled all of these positions, while the

Reserve Banks of Cleveland and St. Louis each had one open position. The Reserve Bank OMWIs included directors and analysts among their staff. Few Reserve Banks designated specific OMWI functions to certain positions. Three banks, the Reserve Banks of Atlanta, Boston, and St. Louis, had each allocated one position to supplier or business diversity, and two other banks, the Reserve Banks of Chicago and Cleveland, had each allocated one position to help carry out the reporting functions of the OMWIs.

**Table 4: OMWI Staffing Levels for Reserve Banks, as of January 2013**

Reserve Bank	Allocated	Filled
Atlanta <sup>a</sup>	4.5	4.5
Boston	5	5
Chicago	7	7
Cleveland	4	3
Dallas <sup>b</sup>	4	4
Kansas City <sup>b</sup>	5	5
Minneapolis <sup>b</sup>	3	3
New York	5	5
Philadelphia <sup>b</sup>	3	3
Richmond	5	5
San Francisco	3	3
St. Louis	5	4

Source: GAO analysis of Reserve Bank information.

<sup>a</sup>Totals for the Reserve Bank of Atlanta include part-time staff.

<sup>b</sup>Totals for the Reserve Banks of Dallas, Kansas City, Minneapolis, and Philadelphia include full-time employees with shared duties that help support the OMWI.

Perspectives on the role of OMWIs varied across some Reserve Bank officials with whom we spoke. While several Reserve Bank officials said their OMWIs were involved in policy development with a commitment to improving the Reserve Bank’s diversity efforts over time, officials from one Reserve Bank said their OMWI was compliance-focused and primarily analyzed the banks’ human capital resources and recruiting functions for compliance with Dodd-Frank Act requirements. Reserve Bank of Dallas officials told us they considered the OMWI staff members as objective critics of the Reserve Bank’s recruitment, procurement, and financial education efforts, and that bank management is responsible for fostering diversity and inclusion across the organization.

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The act also required federal financial agency and Reserve Bank OMWIs to develop standards for equal employment opportunity and the racial, ethnic, and gender diversity of the workforce and senior management.<sup>34</sup> Six of eight agencies and most Reserve Banks indicated either their previously established equal employment opportunity standards or MD-715 requirements for agencies helped satisfy the Dodd-Frank Act requirement to establish equal employment opportunity standards with minimal changes, while two agencies and one Reserve Bank were still determining how to respond to the requirement. Treasury and CFPB planned to develop benchmarks of best practices as standards for diversity and inclusion. For example, Treasury officials said they planned to identify qualitative measures or indicators for assessing workforce diversity practices. Additionally, the Reserve Banks of Kansas City and San Francisco revised their diversity and inclusion policies pursuant to Dodd-Frank Act requirements. One agency established new standards separate from its existing equal employment opportunity policies as standards for the diversity of the workforce and senior management. Specifically, NCUA developed a diversity and inclusion strategic plan in response to a government-wide executive order that provides diversity standards and goals, which officials said the agency used to help establish expectations for staff.<sup>35</sup>

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### Agencies and Reserve Banks Are Implementing Recruitment Practices

OMWI Annual Reports to Congress and officials we contacted indicated that federal financial agencies and Reserve Banks have implemented various practices pursuant to the Dodd-Frank Act's requirements regarding diversity recruiting, outlined in table 5. Most agency and Reserve Bank OMWIs indicated that they had been conducting various diversity recruitment practices prior to the enactment of the Dodd-Frank Act—such as partnering with organizations focused on developing opportunities for minorities and women.

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<sup>34</sup> Pub. L. No. 111-203. § 342(b)(2) (2010).

<sup>35</sup> Exec. Order 13583 (2011).

**Table 5: Federal Financial Agency and Reserve Bank Implementation of Dodd-Frank Act Section 342 Diversity Recruitment Requirements**

<b>Section</b>	<b>Requirement</b>	<b>Agency and Reserve Bank implementation efforts</b>
Sec. 342(f)(1)	Recruiting at historically black colleges and universities, Hispanic-serving institutions, women's colleges, and colleges that typically serve majority minority populations	Seven of eight agencies and all Reserve Banks reported on efforts to recruit from historically black colleges and universities and other minority-serving institutions. Additionally, a few Reserve Banks reported on regional diversity recruitment efforts that included recruiting from two California State University locations that serve Latino communities.
Sec. 342(f)(2)	Sponsoring and recruiting at job fairs in urban communities	All agencies and all Reserve Banks participated in diversity job fairs sponsored by minority-serving groups. These practices included participating in national job fairs sponsored by the National Urban League, National Black MBA Association, National Association of Black Accountants, National Society of Hispanic MBAs, Association of Latino Professionals in Finance and Accounting, Society for Women Engineers, National Association of Asian MBAs, and the Pacific Asian Consortium in Employment.
Sec. 342(f)(3)	Placing employment advertisements in newspapers and magazines oriented toward minorities and women	Five agencies and all Reserve Banks reported on efforts to place advertisements in minority- and women-serving publications. These included posting jobs in IMDiversity, Hispanic Business, EOE Journal, Diversity Life, Diversity Women, and Hispanic Life magazines.
Sec. 342(f)(4)	Partnering with organizations focused on developing opportunities for minorities and women to place talented young minorities and women in industry internships, summer employment, and full-time positions	Seven agencies and all Reserve Banks have partnerships with organizations for internship programs, including the Hispanic Association of Colleges and Universities, Washington Internships for Native Students, and INROADS, a nonprofit organization that trains and develops minority students for careers in business and industry.
Sec. 342(f)(6)	Any other mass media communications that the OMWI determines necessary	Two agencies and all Reserve Banks identified additional mass media communications to support their diversity recruiting efforts, including using social media networking sites such as Facebook and Twitter to reach diverse candidates. For example, CFPB created a recruitment website based on the agency's review of best practices for developing diverse applicant pools, and the Federal Reserve System (the Board and all the Reserve Banks) maintains a presence on the LinkedIn networking website.

Source: GAO summary of Dodd-Frank Act section 342 and information provided by federal financial agencies and Reserve Banks.

Note: Sec. 342(f)(5) pertains to partnering with inner-city high schools, girls' high schools, and majority-minority population high schools to establish or enhance financial literacy programs and provide mentoring and is not included in this list or addressed in this report.

The majority of agencies and Reserve Banks focused their recruitment efforts on attending job fairs and maintaining partnerships with minority-serving institutions and organizations. According to Federal Reserve Board and Reserve Bank officials, they collectively participate in and fund recruitment activities, including national career fairs, advertisements in diverse publications, and social media initiatives. The Reserve Bank of Chicago coordinates the Federal Reserve System's participation in national diversity recruitment events and oversees an internal training

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initiative aimed at developing and retaining employees within the Federal Reserve System. In addition to participating in these efforts, Reserve Banks conduct some activities independently.

Some OMWIs indicated their diversity activities had changed due in part to recent efforts to satisfy section 342 requirements as well as broadening their approaches to diversity and inclusion. For example, some OMWIs indicated the scope of their diversity and inclusion practices had broadened to include persons with disabilities as well as the lesbian, gay, bisexual, and transgender community. Further, the majority of OMWIs reported on plans to improve or expand existing practices. For example, many OMWIs described plans to pursue new or further develop existing partnerships with organizations focused on developing opportunities for minorities and women, and some OMWIs described recent efforts to expand internship opportunities for minority students.

Some OMWI officials identified practices targeted to improve organizationwide diversity, which could eventually help build management-level diversity. These included targeted recruitment to attract minorities and women, training for hiring managers and other employees on diversity hiring practices, and expanded internship programs as a way to hire a greater number of female and minority interns.

- *Targeted recruitment.* All agencies and Reserve Banks with whom we spoke had participated in career fairs or partnerships with minority-serving organizations, as outlined in section 342 of the Dodd-Frank Act, to target diversity recruitment, and in several cases bolster recruitment of particular populations, such as Hispanics. The OMWIs at FDIC, FHFA, and SEC work with the agencies' hiring and recruitment staff to identify strategies for recruiting diverse candidates. Additionally, the Federal Reserve Board OMWI reported that including hiring managers at diversity career fairs had made their targeted recruitment activities more effective.
- *Training for hiring managers.* Some OMWIs reported they implemented practices to educate supervisors and hiring managers on diversity hiring practices. For example, the Reserve Bank of New York designed a training course to enhance cross-cultural interviewing skills of recruitment staff. OCC also provides diversity recruitment training to the agency's recruitment staff, and CFPB planned to

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provide its hiring managers a toolkit with tips on diversity hiring practices.

- *Internship programs.* Many agencies and Reserve Banks implemented internship programs to build employment diversity by developing a more diverse pipeline of potential entry-level candidates. For example, the Reserve Bank of San Francisco reported that it expanded its internship program to support more interns and leveraged partnerships with organizations representing minorities and women to increase the diversity of the bank's internship program applicant pool.

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### Agencies Have Taken Preliminary Steps to Develop Procedures to Assess Diversity Policies and Practices of Regulated Entities

In response to section 342 of the Dodd-Frank Act, seven federal financial agencies have taken preliminary steps to respond to the requirement to develop standards for assessing the diversity policies and practices of entities they oversee. While these agencies have made initial progress, it is too soon to evaluate how effectively the agencies are responding to this requirement. The affected agencies include CFPB, FDIC, FHFA, the Federal Reserve Board, NCUA, OCC, and SEC.<sup>36</sup> In addition to this requirement under the Dodd-Frank Act, FHFA is also subject to the Housing and Economic Recovery Act of 2008 (HERA), under which it must assess its regulated entities' diversity activities and meet other provisions similar to those in section 342.<sup>37</sup>

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<sup>36</sup>Although this report reviews eight federal agencies, this requirement does not apply to Treasury Departmental Offices, as the agency does not have regulated entities. Additionally, the requirement does not directly apply to the Reserve Banks. However, the Federal Reserve Board has delegated some of its supervisory responsibilities to the Reserve Banks—such as responsibility for examining bank and thrift holding companies and state member banks under rules, regulations, and policies established by the Federal Reserve Board. The scope of these delegated authorities does not include section 342 oversight of regulated entities at this time.

<sup>37</sup>Pub. L. No. 110-289 § 1116, 122 Stat. 2654, 2681-2683 (2008). Under HERA, FHFA's regulated entities must establish an OMWI and develop and implement standards and procedures to ensure, to the maximum extent possible, the inclusion and utilization of minorities and women, and minority- and women-owned businesses in all business and activities of the regulated entity at all levels, including in procurement, insurance, and all types of contracts. Additionally, each of its regulated entities must report annually to FHFA on actions taken pursuant to these requirements. Further, the act requires FHFA to take affirmative steps to seek diversity in its workforce at all levels, consistent with the demographic diversity of the United States.

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In 2010, FHFA developed an agency regulation implementing HERA requirements, in part, to ensure that diversity is a component of all aspects of its regulated entities' business activities. The agency's regulated entities include Fannie Mae, Freddie Mac, Federal Home Loan Banks, and the Federal Home Loan Bank System's Office of Finance. HERA requires the agency's regulated entities to develop diversity policies and procedures, staff an OMWI, and report annually to FHFA on their OMWI activities, among other requirements.<sup>38</sup> In addition, FHFA has enforcement authority under HERA and FHFA's promulgated regulation to ensure its regulated entities have diversity standards in place. According to FHFA OMWI officials, the agency's response to HERA also satisfies the section 342 requirement.

According to OMWI officials, other agencies reviewed FHFA's regulation as a possible option for responding to the section 342 requirement; however, the enforcement authority included in FHFA's regulation is unique to the agency. They said that under the Dodd-Frank Act their agencies do not have enforcement authority to require regulated entities to implement diversity standards and practices.<sup>39</sup> Officials from the affected agencies also told us their OMWIs collaborated on initial steps to determine how to respond to these requirements by meeting periodically as a group, meeting with members of Congress, and performing outreach to industry participants and advocacy groups.

The agency OMWI directors began meeting periodically in 2011 and began in 2012 to explore the possibility of developing a uniform set of standards that agencies could use as a baseline for developing standards for assessing the diversity practices of their regulated entities. Agency OMWI officials said the working group aimed to develop a set of standards for review and feedback from industry participants. As part of these efforts, some OMWI directors of the affected agencies participated in meetings with members of Congress to explore issues involving collection and analysis of workforce diversity data. Some members of the working group also held meetings with industry and advocacy groups to

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<sup>38</sup>Minority and Women Inclusion. 12 C.F.R. § 1207.1 -24 (Dec. 28, 2010).

<sup>39</sup>Pub. L. No. 111-203. § 342(b)(4) (2010). Even though section 342 provides for the development of standards for the assessment of diversity policies and practices of regulated entities, it further provides that nothing in the requirement may be construed to require any specific action based on the findings of the assessment.

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understand industry views on developing standards for assessing diversity policies and practices. One OMWI reported that industry representatives discussed options for evaluating diversity with respect to a regulated entity's size, complexity, and market area.

OMWI officials told us responding to the requirement was a challenge for several reasons. Specifically, differences across regulated entities in terms of size, complexity, and market area made it challenging to develop a uniform standard. Determining the process and format for developing standards was also a challenge. OMWI officials also said they want to minimize adding a new regulatory burden to meet this provision. Therefore, the agencies would like to leverage existing information sources—data that regulated entities already provide—in evaluating the diversity activities of regulated entities. For example, to find ways to avoid duplicating existing data-collection efforts, CFPB and NCUA were working with EEOC for access to EEO-1 data for regulated entities. OCC officials said OCC had also considered using EEO-1 data, but some regulated entities had concerns about maintaining proprietary information, given the potential for Freedom of Information Act requests.<sup>40</sup>

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### Efforts to Report on Measuring Outcomes and Progress Could Be Enhanced

In addition to establishing an OMWI, the act required federal financial agencies and Reserve Banks to report annually on their diversity practices, and nearly all of the agencies and all the Reserve Banks have begun reporting annually on their diversity practices. As discussed earlier, the act required each OMWI to submit to Congress an annual report on the actions taken pursuant to section 342, including information on the percentage of amounts paid to minority- and women-owned contractors and successes and challenges in recruiting and hiring qualified minority and women employees, and other information as the OMWI director determines appropriate. Including more information on the outcomes and progress of their diversity practices could enhance the usefulness of these annual reports. Seven of eight agencies and all Reserve Banks issued annual reports in 2011. CFPB, which was created in July 2010 and assumed responsibility for certain consumer financial protection functions in July 2011, issued an agencywide semiannual report for 2011. Its OMWI

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<sup>40</sup> 5 U.S.C. § 552. The Freedom of Information Act requires that federal agencies provide the public with access to government records and information on the basis of the principles of openness and accountability in government.

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planned to issue an annual report for 2012 at the same time as the other agencies, in March 2013.

In their 2011 Annual OMWI Reports to Congress, several agencies and Reserve Banks reported on efforts to measure outcomes and progress of various diversity practices, which provide examples of the types of outcomes and measures of progress that could be helpful for OMWIs to include in their annual reports. Although the act requires information on successes and challenges, it does not specifically require reporting on effectiveness; however, the act provides some leeway to the federal financial agencies and the Reserve Banks to include “any other information, findings, conclusions, and recommendations for legislative or agency action, as the Director determines appropriate.”<sup>41</sup> Measurement of diversity practices is one of the nine leading diversity management practices we previously identified. We have reported that quantitative measures—such as tracking employment demographic statistics—and qualitative measures—such as evaluating employee feedback survey results—could help organizations translate their diversity aspirations into tangible practice.<sup>42</sup>

The Federal Reserve Board reported that it tracks job applicant information to assess the diversity of applicant pools, candidates interviewed, and employees hired as a result of diversity recruiting efforts, and FDIC reported that it monitors participation and attrition rates and diversity characteristics of participants in a development program. SEC reported plans to develop standards for assessing its ongoing diversity and inclusion efforts and include them in a strategic plan. The Reserve Banks of Chicago, Philadelphia, Richmond, and San Francisco reported on the number of internships each bank supported and the ethnic and gender diversity of the interns. The Reserve Bank of Chicago also reported on the number of job offers extended and candidates hired from its internship program, as well as on the number of candidates successfully hired from a diversity career expo. Further, the Reserve Bank of Cleveland identified reporting tools developed to monitor the bank’s inclusion in contracting efforts. In addition to using these measures, some OMWI officials said they used annual employee surveys as a measurement tool to gather information about the progress of their

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<sup>41</sup>Pub. L. No. 111-203, § 342(e)(5) (2010).

<sup>42</sup>[GAO-05-90](#).

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diversity practices, including retention practices. For example, FDIC's annual employee survey includes specific questions related to diversity, and the agency uses responses to assess the effectiveness of policies and programs and outline action steps for improvement. OCC officials told us the government-wide federal employee viewpoint survey provided information on employee perspectives about diversity, and the agency measured its results against government-wide scores. Further, OMWI officials from the Reserve Bank of Minneapolis said exit surveys and employee declination surveys provided additional information for evaluating their retention and recruiting programs.

Federal financial agencies and Reserve Banks have focused their initial OMWI efforts on implementing section 342 of the Dodd-Frank Act. While many OMWIs have implemented or are planning efforts to measure and evaluate the progress of their diversity and inclusion activities, which is consistent with the leading diversity management practices, information on such efforts is not yet reported consistently across the OMWI annual reports. According to OMWI officials as well as industry representatives we interviewed, measuring the progress of diversity recruitment and retention practices is a challenging, long-term process. For example, NCUA officials told us measuring the progress of certain recruiting practices could be a challenge, as access to demographic information about job applicants might be limited. Additionally, FHFA officials told us that while measuring the progress of diversity practices was needed to identify best practices, such measurement needs to be efficient and meaningful. However, without knowledge of OMWI efforts to measure outcomes and the progress of their diversity practices, Congress lacks information that would help hold OMWIs accountable for achieving desired outcomes. In addition, increased attention to evaluation and measurement through annual reporting of these efforts could help the OMWIs improve management of their diversity practices. Reporting such information would provide an opportunity for the agencies and Reserve Banks to learn from others' efforts to measure their progress and indicate areas for improvement.

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## Procedures to Meet Dodd-Frank Inclusive Contracting Requirements Are Largely in Place

Section 342 of the Dodd-Frank Act requires federal financial agencies and Reserve Banks to develop procedures to ensure, to the maximum extent possible, the fair inclusion and utilization of women and minorities in contracting. Specifically, the act requires agency and Reserve Bank actions to ensure that its contractors are making efforts to include women and minorities in their workforce. Also, the act has requirements for actions to increase contracting opportunities for minority- and women-owned businesses (MWOB).<sup>43</sup> Most agencies and Reserve Banks have developed and included a provision in contracts for services requiring their contractors to make efforts to ensure the fair inclusion of women and minorities in their workforce and subcontracted workforces. The extent to which these agencies and Reserve Banks have contracted with MWOBs varied widely. These entities reported multiple challenges to increasing contracting opportunities for MWOBs and used various technical assistance practices to address these challenges.

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## Most Agencies and Reserve Banks Are Implementing Requirements Related to Inclusiveness in Contractor Workforces

To address the act's requirement to ensure the fair inclusion of women and minorities, to the maximum extent possible, in contracted workforces, agencies either have developed or are in the process of developing fair inclusion provisions in their contracts for services, and all Reserve Banks have done so. In addition, some agencies and all Reserve Banks have developed procedures to assess contractors' efforts for workforce inclusion of women and minorities.

## Fair Inclusion Provision in Contracts

Five agencies—FDIC, FHFA, NCUA, OCC, and the Federal Reserve Board—and all Reserve Banks have created a fair inclusion provision and are using it in contracts for services. Section 342 of the Dodd-Frank Act requires agencies and Reserve Banks to develop procedures for review and evaluation of contract proposals for services and for hiring service providers that include a written statement that the contractor, and as applicable subcontractors, 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 act does not specify

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<sup>43</sup>For purposes of the act, minority-owned business means a business for which more than 50 percent of the ownership is held by one or more minority individuals and more than 50 percent of net profit and loss of the business accrues to one or more minority individuals. Women-owned business means a business for which more than 50 percent of the ownership is held by one or more women, more than 50 percent of the net profit or loss of the business accrues to one or more women, and a significant percentage of senior management positions are held by women.

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the elements to be included in the written statement and provides that each OMWI director prescribe the form and content of the statement.

CFPB, SEC, and Treasury are each in the process of developing a fair inclusion provision. CFPB is developing procurement procedures to address the requirements of the act and required more time because its OMWI office was established in January 2012. SEC is subject to the Federal Acquisition Regulation (FAR) and is currently developing its inclusive contract provision.<sup>44</sup> While CFPB and SEC develop inclusion statements pursuant to the act, both agencies have been using the equal employment opportunity statement contained in the FAR in executed contracts. Treasury has developed its fair inclusion provision to add to future contracts. It has issued a notice of proposed rulemaking in the Federal Register for public comments on this change to its contracting procedures as required under the law. The comment period ended on October 22, 2012. Treasury received eight comments which included, among other things, suggestions to make the fair inclusion provision applicable to all contracts regardless of the dollar amount of the contract and to better specify the documentation required of contractors to demonstrate that they have met the requirements of the fair inclusion provision. Treasury is currently reviewing the public comments and considering changes to the proposed rule.

The fair inclusion provisions we reviewed contained the following:

- *Equal employment opportunity statement:* Fair inclusion provisions include a commitment by the contractor to equal opportunity in employment and contracting and, to the maximum extent possible consistent with applicable law, the fair inclusion of women and minorities in the contractor's workforce.

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<sup>44</sup>The FAR is the primary regulation for use by all federal executive agencies in their acquisition of supplies and services with appropriated funds. Two federal financial agencies subject to the contracting provisions in section 342 of Dodd-Frank are also governed by the FAR because they receive appropriated funds: SEC and Treasury. The other agencies included in this report are not legally required to follow the FAR because they do not receive appropriated funds. However, according to CFPB, FDIC, FHFA, and OCC these agencies choose to adhere to part or all of this regulation. According to NCUA, it used the FAR as guidance when establishing its contracting procedures. The Federal Reserve Board described their procurement policy as consistent with the FAR.

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- *Documentation:* To enforce the fair inclusion provision, agencies require contractors to provide documentation of their efforts to include women and minorities in the contractor's workforce, such as a written affirmative action plan; documentation of the number of employees by race, ethnicity, and gender; information on subcontract awards, including whether the subcontractor is an MWOB; and any other actions describing the contractor's efforts toward the inclusion of women and minorities.
  - *Contract amount threshold:* Agencies apply the fair inclusion provision to contracts exceeding a certain dollar amount. For two agencies subject to the act, this threshold is any amount over \$150,000. For three agencies subject to the act, this threshold is any amount over \$100,000. The Reserve Bank fair inclusion provisions we reviewed did not generally include a dollar-amount threshold.

None of the officials from five agencies that have implemented a fair inclusion provision required by the act described to us receiving an adverse reaction from contractors, but officials from a majority of the Reserve Banks we spoke with described resistance or concerns from some contractors. OCC stated that smaller businesses had expressed confusion about the requirement because the businesses are too small to report workforce demographics to EEOC. Eight Reserve Banks described contractors expressing some disagreement or concern at the inclusion of the language in contracts. According to some Reserve Bank officials, contractors were concerned that accepting the fair inclusion provision would trigger other federal requirements for their businesses, or subject the contractor to meeting hiring or subcontracting targets.<sup>45</sup> Some Reserve Banks described explaining the limited scope of the provision to concerned contractors. Other Reserve Banks described modifying the language in the fair inclusion provision, for example, in one case, changing a phrase regarding the contractor's efforts to include women and minorities from "to the maximum extent possible" to read "to the maximum extent required by law." Other Reserve Banks described occurrences where, in response to a contractor's concern, they excluded the fair inclusion language from contracts for a procurement with a small dollar amount or because the vendor provided a service critical to the

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<sup>45</sup>As previously discussed, the Reserve Banks are not federal agencies.

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Procedures to Assess  
Contractors' Inclusion Efforts

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Reserve Bank and alternate vendors were not available.<sup>46</sup> Finally, one Reserve Bank described declining a contract and seeking an alternate vendor that accepted the provision.

Some agencies and all Reserve Banks have developed procedures to assess contractors' efforts toward workforce inclusion of women and minorities. Section 342 of the Dodd-Frank Act requires the 8 federal financial agencies in the act and 12 Reserve Banks to develop procedures to determine whether a contractor and, as applicable, a subcontractor, has failed to make a good faith effort to include minorities and women in their workforces. Good faith efforts include any actions intended to identify and remove barriers to employment or to expand employment opportunities for minorities and women in the workplace, according to the policies some agencies have developed. For example, recruiting minorities and women or providing these groups job training may be considered good faith efforts for diversity inclusion. Contractors must certify that they have made a good faith effort to include women and minorities in their workforces, according to most policies we reviewed. At the same time, contractors may provide documentation of their inclusion efforts such as workforce demographics, subcontract recipients, and the contractor's plan to ensure that women and minorities have opportunities to enter and advance within its workforce. Agencies and Reserve Banks plan to conduct a review of each contractor's certifications and documentation annually, once in a 2-year period, or at other times deemed necessary, such as when contracts are executed or renewed, to make a determination of whether the contractor made a good faith effort to include women and minorities in its workforce. Failure to make a good faith effort may result in termination of the contract, referral to the Office of Federal Contract Compliance Programs, or other appropriate action.<sup>47</sup> Four agencies and all Reserve Banks have established good faith effort

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<sup>46</sup>According to one Reserve Bank, there are certain types of contracts from which the fair inclusion provision would be automatically excluded. For example, the Reserve Bank of Chicago would not include the provision in a new contract with a vendor that has an existing contract with the National Procurement Office of the Federal Reserve System because in that previous contract the vendor had already agreed to make efforts to include women and minorities in its workforce.

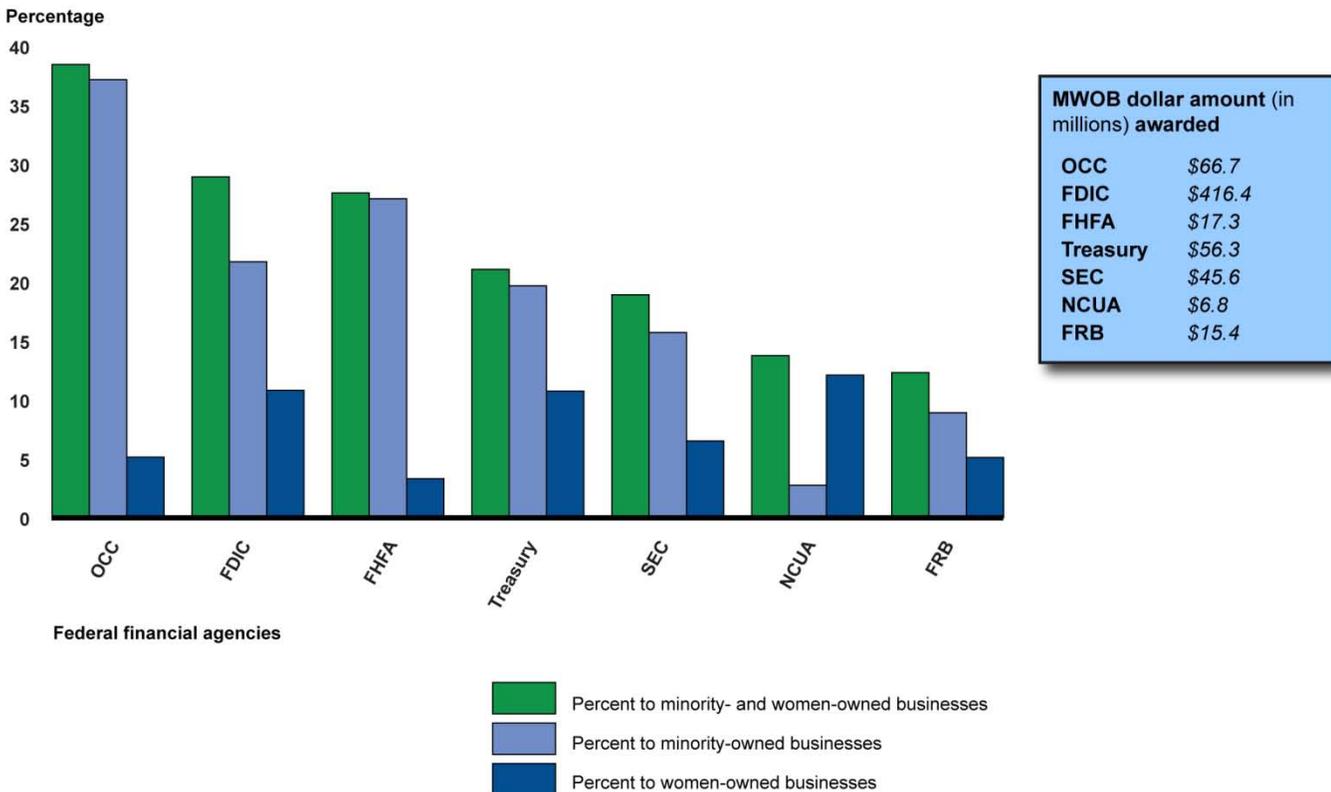
<sup>47</sup>The Office of Federal Contract Compliance Programs enforces, for the benefit of job seekers and wage earners, the contractual promise of affirmative action and equal employment opportunity required of those who do business with the federal government.

determination procedures, and four agencies have yet to implement such procedures.

### Levels of Contracting with Minority- and Women-Owned Businesses Varied by Agency and Reserve Bank

In 2011, the proportion of a federal financial agency's contracting dollars awarded to businesses owned by minorities or women varied, ranging between 12 percent and 38 percent according to the OMWI reports of the agencies (see fig. 14).<sup>48</sup> Seven federal financial agencies awarded a total of about \$2.4 billion for contracting for external goods and services in fiscal year 2011, with FDIC awarding about \$1.4 billion of this amount.

**Figure 14: Dollar Amount and Percentage of Total Awarded to Minority- and Women-Owned Businesses (MWOB) by Agency, 2011**



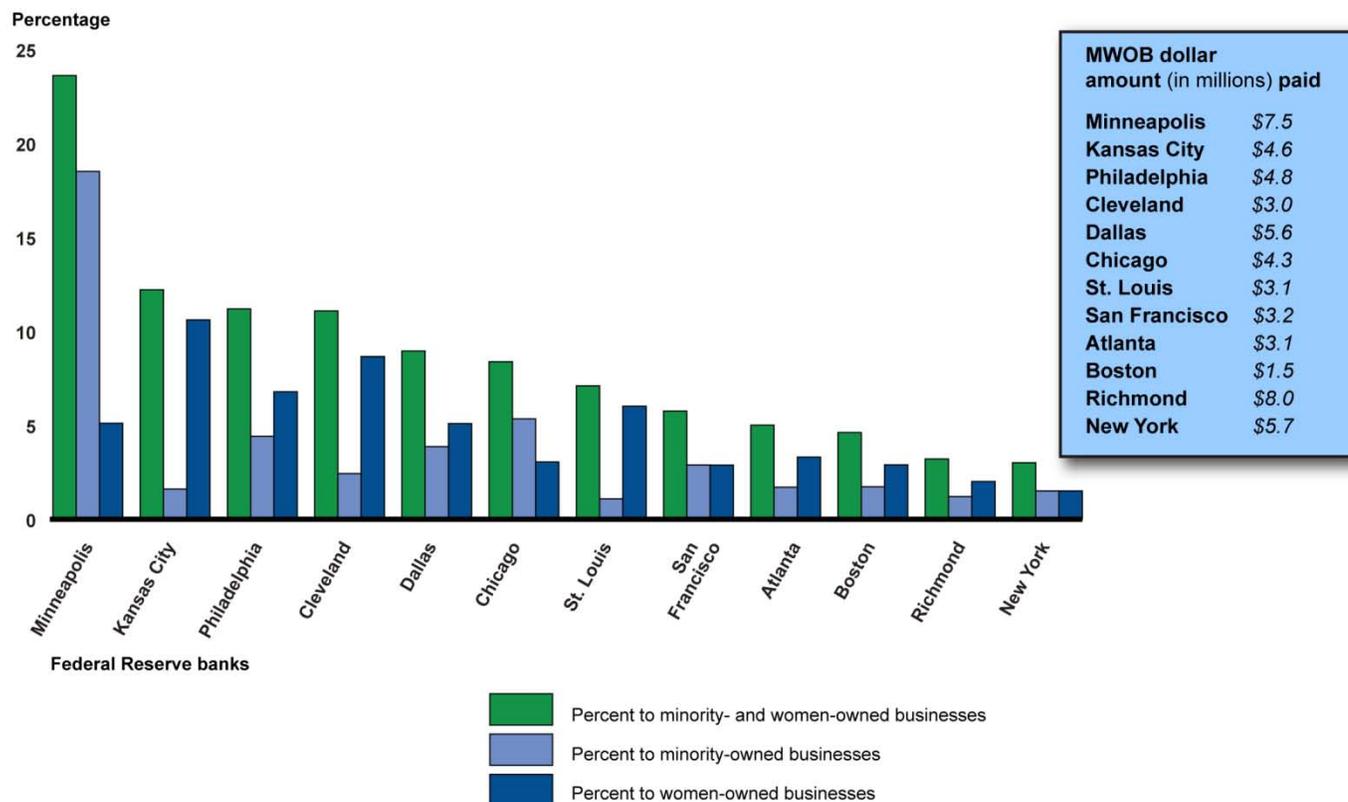
Source: GAO review of agency Office of Minority and Women Inclusion reports.

<sup>48</sup>The act does not set a standard that the federal agencies or Reserve Banks must meet in making contracting awards to MWOBs.

Note: CFPB was not required to issue an OMWI report to Congress in 2011. Percentages of dollar amounts awarded to minority-owned businesses and women-owned businesses displayed separately may not be mutually exclusive for all agencies and do not always total to the combined percent to minority- and women-owned business category. Some businesses are both minority- and women-owned and may be counted by agencies under both categories.

Similarly, according to Reserve Bank OMWI reports, Reserve Bank contracting dollars paid to businesses owned by minorities or women ranged between 3 percent and 24 percent in 2011 (see fig. 15). Reserve Banks paid about \$897 million in fiscal year 2011 in contracting.

**Figure 15: Dollar Amount and Percentage of Total Paid to Minority- and Women-Owned Businesses (MWOB) by Reserve Bank, 2011**



Source: GAO review of Federal Reserve Bank Office of Minority and Women Inclusion reports.

Note: Reserve Banks reported amounts paid to contractors in OMWI reports rather than amounts awarded as reported by agencies.

Among federal financial agencies, OCC awarded the largest proportional amount of contracting dollars to MWOBs—about 38 percent (almost \$67 million). OCC officials told us that its contract needs tend to be for

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services for which there is often a pool of MWOB suppliers and most of OCC's 2011 contract dollars were spent on computer related services. The Federal Reserve Board awarded the smallest proportion of its contracting dollars to MWOBs, with about 12 percent going to such businesses. According to the Federal Reserve Board, a significant amount of its procurement is for economic data, which are generally not available from MWOBs. Although federal agencies are not generally required to report on MWOBs, most are required to report on certain small business contracting goals, including goals for women and small disadvantaged businesses (which include minority-owned businesses).<sup>49</sup> In a 2012 report, we found that 35 percent of funds all federal agencies obligated to small businesses in 2011 were obligated to minority-owned small businesses and 17 percent were obligated to women-owned businesses.<sup>50</sup>

Among Reserve Banks, the Reserve Bank of Minneapolis paid the largest proportion of its contracting dollars to MWOBs with about 24 percent going to such businesses (18.5 percent to minority-owned businesses and about 5 percent to women-owned businesses). According to the Reserve Bank of Minneapolis, almost half of its MWOB contract dollars were paid for software and related technology integration services from minority-owned firms. All other Reserve Banks paid under 13 percent of contracting dollars to MWOBs, with the Reserve Bank of New York awarding the smallest percentage of its contracting dollars to such businesses (3 percent). The Reserve Bank of New York described its commitment to increasing diversity in its pool of potential contractors through its outreach efforts to us and in its 2011 OMWI report. For example, the Reserve Bank of New York held an event with its primary

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<sup>49</sup>The Small Business Administration (SBA) negotiates goals with federal agencies for contract dollars awarded to small businesses to meet statutory government-wide goals. 15 U.S.C. § 664(g) sets forth a statutory goal for 23 percent of all aggregated federal contracting dollars to be awarded to small businesses. These include current goals for 5 percent of all prime contract and subcontract dollars to be awarded to small disadvantaged businesses and 5 percent of all prime contract and subcontract dollars to be awarded to women-owned small businesses. SBA also negotiates goals for the award of contract dollars to service-disabled veteran-owned and HUBZone small businesses.

<sup>50</sup>See GAO, *Government Contracts: Federal Efforts to Assist Small Minority Owned Businesses*, [GAO-12-873](#) (Washington, D.C.: Sept. 28, 2012). We analyzed data from the Federal Procurement Data System—Next Generation. Minority designations are self-reported, and some businesses are both minority- and women-owned and may be counted under both categories.

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contractors and small firms to identify potential partnerships and an event that provided small firms consultation on business plans and credit applications to increase the capacity of the small firms.

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### Agencies and Reserve Banks Report Challenges to Increasing Contracting Opportunities and Have Offered Technical Assistance to Minority- and Women-Owned Businesses

Seven federal financial agencies included in this report and all 12 Reserve Banks identified challenges in increasing contracting opportunities for MWOBs. Section 342 of the Dodd-Frank Act requires federal financial agencies and Reserve Banks to include in their annual OMWI report a description of the challenges they may face in contracting with qualified MWOBs. As a new agency, CFPB has not been required to complete an annual OMWI report and did not identify any contracting challenges to us. In interviews with us and in the 2011 OMWI reports to Congress, the remaining agencies and all Reserve Banks discussed a number of common challenges to increasing contracting with MWOBs, including the following:

- *Limited capacity of MWOBs:* Some agencies and Reserve Banks stated that reporting or other requirements under federal contracts were often too great a burden for MWOBs or that MWOBs needed to build capacity to meet federal contracting requirements. Some agencies and Reserve Banks also stated that at times the need for goods or services is not scaled to the capacity of MWOBs. For example, some agencies and Reserve Banks faced challenges identifying MWOBs that can meet procurement needs on a national scale.
- *Developing staff or procedures to meet contracting requirements of the act:* According to some agencies, new OMWIs require additional staff or staff development, or procedures to meet the requirements of the act, including providing technical assistance to increase opportunities for MWOBs, identifying qualified MWOBs in the marketplace, and incorporating the use of a fair inclusion provision in contracts and good faith effort determination processes, which we discussed earlier, into established procurement processes.
- *MWOB classification challenges:* Multiple agencies and Reserve Banks described difficulty identifying and classifying suppliers as diverse entities. Some Reserve Banks noted that no central agency is responsible for certifying MWOBs. Some agencies and Reserve Banks also discussed a need for new procedures or information systems to identify and classify diverse ownership of businesses.

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- *Availability:* Some agencies and Reserve Banks noted that specialized services are often only available from a limited pool of suppliers that may not include MWOBs.
  - *Centralized procurement:* Reserve Banks may use the National Procurement Office (NPO), the centralized procurement office for the 12 Reserve Banks, to contract for some goods and services.<sup>51</sup> When a Reserve Bank procures through the NPO, access to MWOBs may be limited because the NPO procures for volume discounts with larger contractors. However, the Reserve Bank of Richmond, in its 2011 OMWI report, described efforts to work with existing large contractors to increase subcontracting with smaller, diverse firms.
  - *No MWOB bids:* In some cases, agencies and Reserve Banks found that potentially eligible MWOB applicants decided not to bid without explanation.

Other challenges were described on a limited basis by one agency or Reserve Bank. For example, NCUA explained that MWOBs are not familiar with the agency. According to NCUA, to address this issue it increased its outreach budget and attendance to MWOB events and published an online guide on doing business with the agency. According to FDIC, in some cases MWOBs do not have relationships with large federal contractors for subcontracting opportunities. To address this problem, FDIC emphasizes to larger firms the importance of subcontracting with MWOBs and has negotiated increases in MWOB subcontracting participation with large contractors. FDIC participated in procurement events where small and large contractors could meet and match capabilities. The Reserve Bank of Chicago stated that MWOBs have a hard time standing out in highly competitive industries, such as staff augmentation services. Finally, according to the Reserve Bank of Richmond, MWOBs may have incorrect perceptions that Reserve Banks are subject to federal procurement rules that they cannot meet.

To counter challenges MWOBs may face in accessing federal contracting opportunities, all agencies and Reserve Banks described providing various specific forms of technical assistance to MWOBs, which they described in discussions with us and in 2011 OMWI reports to Congress.

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<sup>51</sup>The NPO, housed in the Reserve Bank of Richmond, conducts research and negotiates, manages, and administers contracts on behalf of the 12 Reserve Banks, but the purchases are made by the individual Reserve Bank that chooses to use the contract.

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No agency or Reserve Bank stood out as coordinating technical assistance better than others, although some agencies pointed to longstanding efforts at FDIC to provide technical assistance to MWOBs as model practices. Section 342 of the Dodd-Frank Act requires federal financial agencies and Reserve Banks to develop standards for coordinating technical assistance to MWOBs. These activities included developing and distributing literature, such as manuals and brochures describing contracting procedures and resources to prospective contractors. Most agencies also established websites that function as informational portals on doing business with agencies and act as an agency entry point to prospective contractors. Agencies and Reserve Banks described outreach activities to MWOBs, including conducting expert panels, hosting meetings and workshops, and exhibiting at trade shows and procurement events. Some of these outreach activities have been coordinated with SBA. For example, FDIC has partnered with SBA to develop a technical assistance program for small businesses, including MWOBs, on money management. OCC worked with SBA to create a technical assistance workshop that they conducted in 2012 with women-owned small businesses. Some agencies have included SBA representatives in supplier diversity events they sponsor. Even prior to the passage of the Dodd-Frank Act, the Federal Reserve Board had participated in SBA procurement fairs and used SBA information and events to market its procurement opportunities among diverse suppliers. Treasury has participated in SBA outreach events and created a mentor-protégé program to assist small businesses with contracting opportunities.<sup>52</sup>

Agencies and Reserve Banks also provide one-on-one technical assistance, which is intended to meet the specific needs of a prospective MWOB contractor. According to Treasury, they coordinate with SBA to leverage SBA's knowledge of one-on-one technical assistance practices

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<sup>52</sup>A mentor-protégé program is an arrangement in which mentors—businesses, typically experienced prime contractors—provide technical, managerial, and other business development assistance to eligible small businesses, or protégés. Overall, mentor-protégé programs seek to enhance the ability of small businesses to compete more successfully for federal government contracts by furnishing them with assistance to improve their performance. See GAO, *Mentor-Protégé Programs Have Policies that Aim to Benefit Participants but Do Not Require Postagreement Tracking*, [GAO-11-548R](#) (Washington, D.C.: June 15, 2011) and *Small Business Contracting: Opportunities to Improve the Effectiveness of Agency and SBA Advocates and Mentor-Protégé Programs*, [GAO-11-844T](#) (Washington, D.C.: Sept. 15, 2011).

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with MWOBs. FHFA and SEC have created dedicated e-mail addresses and telephone lines for MWOBs to reach their OMWIs, and SEC has established monthly vendor outreach days when MWOBs can speak one-on-one with SEC's supplier diversity officer and small-business specialist. Some Reserve Banks described conducting one-on-one meetings with prospective contractors in 2011, some of which were held during procurement events. Finally, FDIC offered its database of MWOBs to the OMWIs and some agencies described using or planning to use it to identify potential contractors for outreach regarding procurement opportunities. According to FDIC, it sends an updated version of the database to the agencies each quarter.

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## Conclusion

Across financial services firms, federal financial agencies, and Reserve Banks, available data showed the representation of minorities and women varied, and there was little overall change in workforce diversity from 2007 through 2011. Our findings suggest the overall diversity of the financial services industry has generally remained steady following the financial crisis. Since 2011, federal financial agencies and Reserve Banks have taken initial steps to respond to the Dodd-Frank Act's requirements to promote workforce diversity, and OMWIs have begun reporting on both planned and existing diversity practices, in addition to reporting on workforce demographic statistics according to EEOC requirements. While many OMWIs have implemented or are planning efforts to measure and evaluate the progress of their diversity and inclusion activities, a leading diversity management practice, information on these efforts is not reported consistently across the OMWI annual reports. Although the act requires information on successes and challenges, it does not specifically require reporting on measurement; however, the act provides that the federal financial agencies and the Reserve Banks can include additional information determined appropriate by the OMWI director. Measurement of diversity practices is one of the nine leading diversity management practices we have previously identified. Reporting on these efforts as part of annual OMWI reporting would provide Congress, other OMWIs, and the financial services industry with potentially useful information on the ongoing implementation of diversity practices. Such information could be helpful industrywide, as management-level diversity at federal financial agencies, Reserve Banks, and the broader financial services industry continues to be largely unchanged. Without information on OMWI efforts to report outcomes and the progress of diversity and inclusion practices, Congress lacks information that would help hold agencies accountable for achieving desired outcomes or whether OMWI efforts are having any impact.

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## Recommendations for Executive Action

To enhance the availability of information on the progress and impact of agency and Reserve Bank diversity practices, we are recommending to CFPB, FDIC, the Federal Reserve Board, FHFA, NCUA, OCC, SEC, Treasury, and the Reserve Banks that each OMWI report on efforts to measure the progress of its employment diversity and inclusion practices, including measurement outcomes as appropriate, to indicate areas for improvement as part of their annual reports to Congress.

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## Agency Comments and Our Evaluation

We provided drafts of this report to CFPB, the Federal Reserve Board, FDIC, FHFA, NCUA, OCC, SEC, Treasury, and each of the Federal Reserve Banks for review and comment. We received written comments from each of the agencies and a consolidated letter from all of the Reserve Banks. Their comment letters are reproduced in appendixes V through XIII. The agencies and Reserve Banks generally agreed with our recommendation. CFPB, Federal Reserve Banks, FDIC, FHFA, NCUA, OCC, and SEC provided technical comments, which we incorporated as appropriate. We also provided a draft of the report to EEOC for comment. EEOC is not subject to the requirements of section 342 of the act but did provide technical comments, which we incorporated as appropriate.

With respect to our recommendation that each OMWI report on efforts to measure the progress of its employment diversity and inclusion practices, including measurement outcomes as appropriate, to indicate areas for improvement as part of their annual reports to Congress, all the federal financial agencies and Reserve Banks indicated that they plan to implement the recommendation:

- the OMWI Director of CFPB explained that its OMWI was the newest of such offices because the agency was created with the enactment of the Dodd-Frank Act and that it planned to include measurement information in future reports;
- the OMWI Director of the Federal Reserve Board stated that the recommendation was consistent with its ongoing practices and that it would look for additional ways to report on diversity practices;
- FDIC's OMWI Director agreed with the recommendation and stated that it will include efforts to measure the progress of its diversity practices in its annual reports to Congress;

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- the Acting Associate Director of FHFA's OMWI stated that it would include measurement information in its 2013 OMWI report to Congress;
  - the Executive Director of NCUA said the agency will work toward reporting on its efforts to measure the progress of workforce diversity and practices;
  - the Comptroller of the Currency stated that OCC had a well-developed diversity and inclusion program through which the agency measures its progress and that OCC has included additional metrics in its 2013 OMWI report to Congress;
  - SEC's OMWI Director noted that the agency plans to incorporate measurement information on its diversity and inclusion practices in its future OMWI reports to Congress;
  - Treasury's OMWI Director agreed with our recommendation and stated that it was consistent with the agency's efforts to use more than demographic representation to measure the progress of diversity and inclusion efforts; and
  - the Federal Reserve Banks' OMWI directors noted that the banks currently include some measurement information in annual reports and said that they will consider additional ways to measure and report on Reserve Banks' diversity practices.

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As agreed with your office, unless you publicly announce the contents of this report earlier, we plan no further distribution of this report until 30 days from the report date. At that time, we will send copies of this report to the appropriate congressional committees; the Chairman, Board of Governors of the Federal Reserve; Director, Bureau of Consumer Financial Protection, commonly known as the Consumer Financial Protection Bureau; Chair, Equal Employment Opportunity Commission; Chairman, Federal Deposit Insurance Corporation; Acting Director, Federal Housing Finance Agency; Chairman, National Credit Union Association; Comptroller, Office of the Comptroller of the Currency; Chairman, Securities and Exchange Commission; Secretary, Department of the Treasury; and to the Directors of the Offices of Minority and Women's Inclusion for the Federal Reserve Banks; and other interested parties. We will make copies available to others upon request. The report will also be available at no charge on our website at <http://www.gao.gov>.

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If you or your staffs have any questions about this report, please contact me at (202) 512-8678 or [garciadiazd@gao.gov](mailto:garciadiazd@gao.gov). Contact points for our Offices of Congressional Relations and Public Affairs are listed on the last page of this report. GAO staff who made major contributions to this report are listed in appendix XIV.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Daniel Garcia-Diaz". The signature is fluid and cursive, with a long horizontal stroke at the bottom.

Daniel Garcia-Diaz  
Director, Financial Markets and Community Investment

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# Appendix I: Objectives, Scope, and Methodology

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The objectives for this report were to examine (1) what available data show about how the diversity of the financial services industry workforce and how diversity practices taken by the industry have changed from 2007 through 2011; (2) what available data show about how diversity in the workforces of the federal financial agencies and the Federal Reserve Banks (Reserve Banks) has changed from 2007 through 2011; (3) how these federal financial agencies and Reserve Banks are implementing workforce diversity practices under section 342 of the Dodd-Frank Act, including the extent to which their workforce diversity practices have changed since the financial crisis; and (4) the status of federal financial agencies' and Reserve Banks' implementation of the contracting provisions of the Dodd-Frank Act related to the inclusion of women and minorities.

To describe how diversity in the financial services industry has changed since the beginning of the 2007-2009 financial crisis, we analyzed 2007-2011 workforce data from the Equal Employment Opportunity Commission's (EEOC) Employer Information Report (EEO-1). EEO-1 is data annually submitted to EEOC generally by private-sector firms with more than 100 employees.<sup>1</sup> We obtained EEO-1 data on October 2012, from the finance and insurance industry categorized under the North American Industry Classification System (NAICS) code 52 for these industries from 2007 through 2011. EEO-1 data were specifically obtained from the EEOC's "officials and managers" category by gender, race/ethnicity, firm size, and industry sectors.<sup>2</sup> The EEO-1 "officials and managers" category was further divided into two management-level categories of first- and mid-level managers and senior-level managers

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<sup>1</sup>Federal contractors with 50 or more employees are also required to submit to EEOC annual reports showing the composition of their workforce; however, we did not include these firms in our analysis. Accordingly, our EEO-1 analysis presented in this report may not match the EEO-1 data presented on EEOC's website. As required under the Civil Rights Act of 1964, EEOC collects periodic reports from public and private employers and unions and labor organizations that indicate the composition of their work forces by sex and by racial/ethnic category. Key among these reports is the EEO-1.

<sup>2</sup>EEOC defines the job category of "officials and managers" as occupations requiring administrative and managerial personnel, who set broad policies, exercise overall responsibility for execution of these policies, and direct individual departments or special phases of a firm's operation.

and then analyzed by gender, race/ethnicity, and firm size.<sup>3</sup> To understand the potential internal candidate pools available for management positions in the financial industry, we obtained EEO-1 data under NAICS code 52 for all positions, including nonmanagement positions, by gender and race/ethnicity. To determine the reliability of the EEO-1 data that we received from EEOC, we interviewed knowledgeable EEOC officials and reviewed relevant documents provided by agency officials and obtained on its website. We also conducted electronic testing of the data. We determined that the EEO-1 data were sufficiently reliable for our purposes.

To corroborate the results of the EEO-1 data, we used an additional source of workforce diversity data from the Current Population Survey (CPS), a monthly survey of households the Bureau of the Census administers on behalf of the Bureau of Labor Statistics. CPS data provide information on labor force characteristics and demographic data, among other topics. Similar to the EEO-1 “officials and managers” job category, we used the CPS “management occupations” category—unlike EEO-1, CPS does not split its management into two levels—for our discussion of management-level diversity within the financial services industry. However, the statistics from these two sources are not exactly comparable. We determined the CPS-estimated percentages of minorities in management positions within the financial services industry could not be precisely measured.<sup>4</sup> See table 6 for the estimated percentages and standard errors. The standard errors for the minority percentages were greater than the standard errors for the white percentages, and they were relatively large compared to the estimated percentage for minorities. However, CPS minority percentages were included in this report for additional context. To determine the reliability of CPS data, which we

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<sup>3</sup>In 2007, EEOC subdivided the “officials and managers” category into two subcategories. The first one, “Executive/Senior Level Officials and Managers,” includes individuals who reside in the highest levels of organizations and plan, direct, and formulate policies, set strategy, and provide the overall direction of enterprises/organizations for the development and delivery of products or services, within the parameters approved by boards of directors or other governing bodies. The second category, “First/Mid-Level Officials and Managers,” includes individuals who receive directions from Executive/Senior Level management and oversee and direct the delivery of products, services, or functions at group, regional, or divisional levels of organizations.

<sup>4</sup>We used monthly averages over 3 months—July, August, and September—from the Basic Monthly CPS for each year and then calculated the estimated percentages, as EEOC’s EEO-1 reports are collected over this period of time every year.

obtained from a publicly accessible federal statistical database, we gathered and reviewed relevant documentation from the Bureau of the Census website, conducted electronic testing, and determined the standard errors of the CPS estimates. We determined that the CPS data were sufficiently reliable for our purposes.

**Table 6: Estimated Percentages and Standard Errors for Race/Ethnicity in Management Positions in the Financial Services Industry Using the Current Population Survey (CPS), 2007-2011**

Year	Race/ethnicity	Percentage	Standard errors
2007	White	85.9%	1.7%
2007	Minority	14.1	4.5
2008	White	85.9	1.7
2008	Minority	14.1	4.5
2009	White	83.1	1.9
2009	Minority	16.9	4.5
2010	White	86.0	1.8
2010	Minority	14.0	4.7
2011	White	84.9	1.8
2011	Minority	15.1	4.6

Source: GAO analysis of CPS data.

To gather information on a potential external pipeline of diverse candidates for management positions in the financial industry, we obtained demographic data on minority and female students enrolled in undergraduate, Master of Business Administration (MBA), and doctoral degree programs from 2007 through 2011 from the Association to Advance Collegiate Schools of Business (AACSB). We focused on MBA programs as a source of potential future managers and senior executives. Financial services firms compete for minorities in this pool with one another and with firms from other industries. We combined this information with undergraduate and doctoral degree programs to provide information on the overall diversity of the university system. AACSB conducts an annual voluntary survey called “Business School Questionnaire” of all its member schools. In 2011, AACSB updated its survey to include two additional race/ethnicity categories to include “two or more races” and “Native Hawaiian or Other Pacific Islander.” For consistency purposes, we combined these two additional categories along with the representation of Native Americans into an “other” category. To determine the reliability of the AACSB data, we interviewed a knowledgeable AACSB official and reviewed relevant documents

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provided by the official and obtained on its website. We determined that the data from AACSB were sufficiently reliable for our purposes.

To determine how diversity practices in the financial services industry have changed since the beginning of the financial crisis, we conducted a literature review of relevant studies that discussed diversity best practices within the financial services industry from 2007 through 2011. In addition, we interviewed 10 selected industry representatives to determine whether the nine leading diversity practices we previously identified are relevant today and how diversity practices changed since 2007. We also reviewed documents produced by these industry representatives. These representatives were selected based on their participation in our previous work, suggestions from federal agencies we interviewed for this report, as well as the type of industry representative—such as an industry association or private firm.<sup>5</sup>

To describe diversity in the workforces of the federal financial agencies and Reserve Banks, we analyzed data we received from agencies and banks. To review changes in the representation of minorities and women in the workforces of federal financial agencies, we obtained from the agencies annual Equal Employment Opportunity Program Status Reports from 2007 through 2011, required under U.S. EEOC Management Directive 715 and known as MD-715 reports.<sup>6</sup> We obtained data from seven of the eight federal agencies required to meet the workforce diversity provisions in section 342 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act). These included the Departmental Offices of the Department of the Treasury, the Federal Deposit Insurance Corporation, the Federal Housing Finance Agency (FHFA), the Board of Governors of the Federal Reserve System, the National Credit Union Administration, the Office of the Comptroller of the Currency, and the Securities and Exchange Commission. The Bureau of

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<sup>5</sup>In our 2006 report we selected industry representatives based on a variety of criteria including whether they had received public recognition of their diversity programs or on the type of sector (such as securities or commercial banking) they were involved in. [GAO-06-617](#).

<sup>6</sup>EEOC collects a variety of data on workforce diversity from federal agencies, including information pursuant to a management directive it issued in 2003 that included policy guidelines and standards for establishing and maintaining affirmative employment programs. This directive does not apply to the Federal Reserve Banks, as they are not federal agencies. EEOC MD-715 (2003).

Consumer Financial Protection, commonly known as the Consumer Financial Protection Bureau (CFPB), was created in July 2010 and assumed responsibility for certain consumer financial protection functions in 2011; workforce diversity data for the agency to show trends from 2007 through 2011 were unavailable.<sup>7</sup> Additionally, our trend analysis excluded FHFA, as the agency was created in 2008 and did not report on diversity employment statistics for 2007, 2008, or 2009. Further, our senior management-level trend analysis excluded SEC, as the agency revised how it reported officials and managers during the 5-year period. To review changes in the representation of minorities and women in the workforces of Reserve Banks, we obtained from banks their annual EEO-1 reports from 2007 through 2011.<sup>8</sup> For agencies and Reserve Banks, we reviewed workplace employment data by occupational categories, distributed by race/ethnicity and gender.<sup>9</sup> In our analyses, we considered all categories other than white as race/ethnic minorities and analyzed trends in diversity

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<sup>7</sup>On July 21, 2010, the Consumer Financial Protection Act established CFPB as an independent bureau within the Federal Reserve System to be headed by a director. Effective July 21, 2011, CFPB assumed responsibility for certain consumer financial protection functions formerly the responsibilities of the Board of Governors of the Federal Reserve System, the Comptroller of the Currency, the Director of the Office of Thrift Supervision, FDIC, the Federal Trade Commission, NCUA, and the Secretary of the Department of Housing and Urban Development.

<sup>8</sup>We obtained annual EEO-1 reports from all 12 Reserve Banks, which are located in Atlanta, Boston, Chicago, Cleveland, Dallas, Kansas City, Minneapolis, New York, Philadelphia, Richmond, San Francisco, and St. Louis.

<sup>9</sup>These data are organized in table A3 of each MD-715 report and as part of the consolidated employer information reports for Reserve Bank EEO-1 data. For both data sets, race and ethnicity categories included Hispanic or Latino, White, Black or African American, Asian American, Native Hawaiian or Other Pacific Islander, American Indian or Alaskan Native, and Two or More Races. Our analysis included as an Other category: Native Hawaiian or Other Pacific Islander, American Indian or Alaskan Native, and Two or More Races.

at both the senior management-level and agency- and bankwide.<sup>10</sup> We analyzed senior management-level and overall diversity trends across all agencies and all Reserve Banks, as well as diversity trends for each agency when trend information was available.

To assess the reliability of MD-715 and EEO-1 data we received from agencies and Reserve Banks, we interviewed EEOC officials on both types of data as well as agency officials on MD-715 data and Reserve Bank officials on EEO-1 data about how the data are collected and verified as well as to identify potential data limitations. We found that while agencies and banks rely on employees to provide their race and ethnicity information, agencies and banks had measures in place to verify and correct missing or erroneous data prior to reporting them and officials with whom we spoke generally agreed these data were generally accurate. Based on our analysis, we concluded that the MD-715 and EEO-1 data were sufficiently reliable for our purposes.

To assess how federal financial agencies and Reserve Banks are implementing workforce diversity practices under section 342 of the Dodd-Frank Act, we reviewed agency and bank documentation of efforts to respond to the act's requirements. Sources included annual Office of Minority and Women Inclusion (OMWI) reports to Congress by agencies and banks, annual agency MD-715 reports, and other documentation provided to us by agency and bank OMWI officials. Additionally, we gathered testimonial information from agency and Reserve Bank OMWI officials on changes in the inclusion of women and minorities in their workforces and any changes in the practices used to further workforce diversity goals. Through our review of agency and Reserve Bank documentation and interviews with OMWI officials, we assessed agency

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<sup>10</sup>We defined senior management-level as employees reported in the most senior job category by federal financial agencies and Reserve Banks. For agency MD-715 data, we considered senior management-level as officials and managers reported as "Executive/Senior Level," in each agency's A3 data tables. For Reserve Bank EEO-1 data, we considered senior management-level as "Executive/Senior Officials and Managers," reported by each Reserve Bank. Our analysis of agencywide data included all job categories reported by each agency: Executive/Senior Level, Mid-level, First-level, and Other Officials and Managers, Professionals, Technicians, Sales Workers, Administrative Support Workers, Craft Workers, Operatives, Laborers and Helpers, and Service Workers. Our analysis of bankwide data included all job categories reported by each Reserve Bank: Executive/Senior Officials and Managers, First/Mid Officials and Managers, Professionals, Technicians, Sales Workers, Administrative Support Workers, Craft Workers, Operatives, Laborers and Helpers, and Service Workers.

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and Reserve Bank efforts to measure and report on the progress of their diversity practices, as measurement was one of the nine leading diversity practices we previously identified.

To determine the extent to which agencies and Reserve Banks are implementing the requirements of the Dodd-Frank Act regarding the inclusion of women and minorities in contracting, we reviewed 2011 OMWI reports submitted to Congress and interviewed officials on their efforts in this area. We also reviewed OMWI reports to determine the dollar amount and percentage of total contracts federal financial agencies reported awarding to minority- and women-owned businesses (MWOB), and the dollar amount and percentage of total contracts Reserve Banks reporting paying MWOBs in 2011. We verified these figures and our presentation of the information with each agency and Reserve Bank, and we determined that these data were sufficiently reliable for our purposes. We interviewed agency officials on their efforts to coordinate with the Small Business Administration and other federal agencies to provide technical assistance to minority- and women-owned businesses. We collected and reviewed agency documentation of procedures developed to address the act's requirements, such as policy manuals, process workflows, and technical assistance materials. We also collected and reviewed examples of fair inclusion provisions used in agency and Reserve Bank contracts as required in section 342 of the Dodd-Frank Act.

We conducted this performance audit from January 2012 to March 2013 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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# Appendix II: Additional Analysis of the Financial Services Industry

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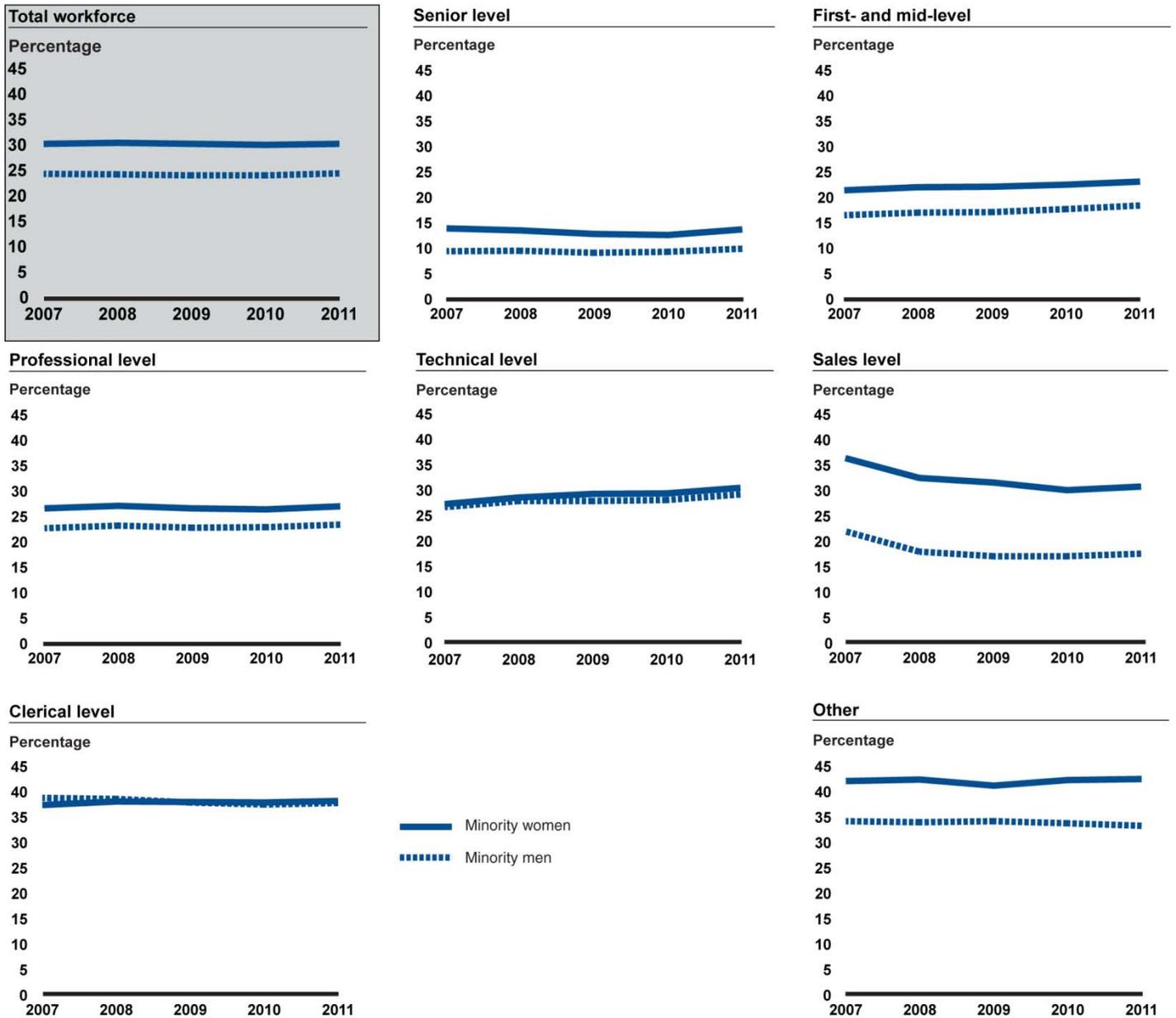
This appendix provides additional detailed analysis of EEOC data on the financial services industry by workforce position and industry sector from 2007 through 2011.

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## Analysis by Workforce Positions

The representation of minorities by gender was below 45 percent across all the positions throughout the same 5-year period (see fig. 16). For example, in sales positions, the representation of minorities was higher among women (about 31 percent) than among men (about 17 percent). Similarly, at the professional level, the representation of minority women was about 27 percent, compared to about 23 percent for minority men.

Figure 16: Percentage of Minority Women and Minority Men in Various Industry Workforce Positions in the Financial Services Industry, 2007-2011



Source: GAO analysis of EEOC data.

Note: The category "other" includes craft workers, operatives, laborers, and service workers.

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Analysis by Industry  
Sectors

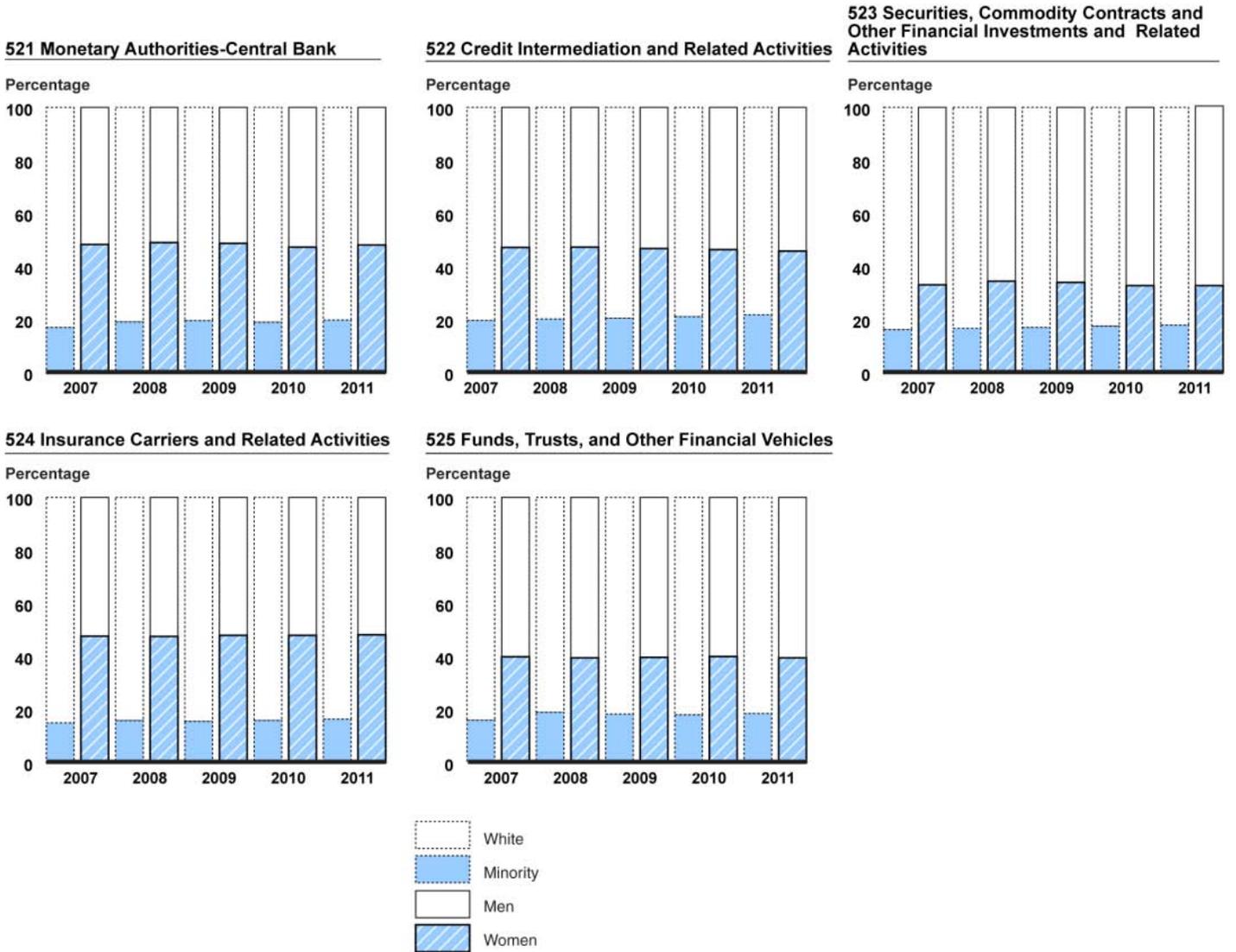
Diversity remained about the same across all industry sectors in terms of both the representation of women and minorities.<sup>1</sup> From 2007 through 2011, the representation of women decreased slightly in most industry sectors and remained below 50 percent in all sectors (see fig. 17). The “insurance carriers and related activities” sector was the only sector that showed an increase in the representation of women, from 47.7 percent to 48.2 percent. In contrast, the representation of minorities increased across all sectors. Specifically, from 2007 through 2011 the representation of minorities in the “monetary authorities-central bank” sector increased from 17 percent to 19.8 percent, and the “funds, trusts, and other financial vehicle” sector increased from 16 percent to 18.5 percent.

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<sup>1</sup>These industry sectors under the financial services industry are split according to the NAICS.

Appendix II: Additional Analysis of the Financial Services Industry

Figure 17: Percentage of Whites/Minorities and Men/Women in Various Sectors of the Financial Services Industry, 2007-2011



Source: GAO analysis of EEOC data.

Note: Industry sector numbers are defined as follows: Sector 521, Monetary Authorities-Central Bank; Sector 522, Credit Intermediation and Related Activities; Sector 523, Securities, Commodity Contracts, and Other Financial Investments and Related Activities; Sector 524, Insurance Carriers and Related Activities; Sector 525, Funds, Trusts, and Other Financial Vehicles.

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# Appendix III: Additional Analysis of Overall Workforce Diversity at Agencies and Reserve Banks

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This appendix provides information accompanying our review of changes in overall workforce diversity at federal financial agencies and the 12 Reserve Banks from 2007 through 2011.<sup>1</sup> Tables 11 through 14 in appendix IV provide data supporting the figures in this appendix.

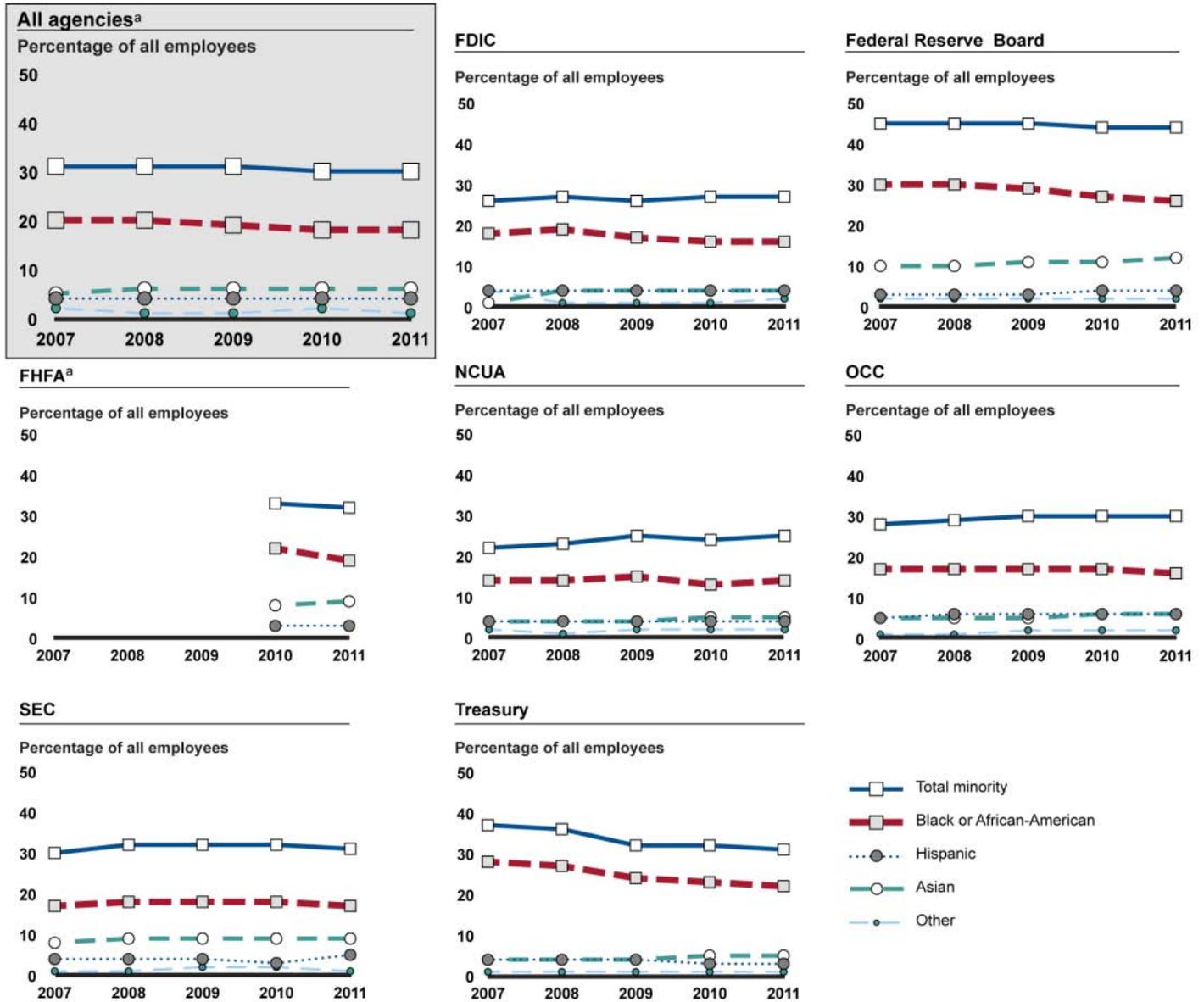
According to MD-715 data, the representation of minorities in the overall workforce of the agencies, in aggregate, changed little from 2007 through 2011. Percentage point changes in the representation of minorities at FDIC, the Federal Reserve Board, NCUA, OCC, SEC, and Treasury varied from a 5 percentage point decrease at Treasury to a 3 percentage point increase at NCUA. In 2011, the representation of minorities in the overall workforce of the agencies and FHFA ranged from 25 percent at NCUA to 44 percent at the Federal Reserve Board.

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<sup>1</sup>The agencies included FDIC, the Federal Reserve Board, NCUA, OCC, SEC, and Treasury. FHFA was established in 2008 and started reporting workforce data for 2010, and is excluded from our trend analysis. Additionally, CFPB was established in July 2011 and trend data were not available.

Appendix III: Additional Analysis of Overall Workforce Diversity at Agencies and Reserve Banks

Figure 18: Percentage of Minorities among All Employees at Seven Federal Financial Agencies, 2007-2011



Source: GAO analysis of agency reports.

Note: Figures are rounded to the nearest percent.

For our analysis, we reviewed the numbers of employees the agencies reported according to race/ethnicity and gender in table A3 of their MD-715 reports from 2007 through 2011. These data are based on information self-reported by employees to each agency and there were some differences in reporting across the agencies. In some years, some agencies reported all employees—permanent and temporary—in their A3 tables while others reported permanent employees only.

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**Appendix III: Additional Analysis of Overall  
Workforce Diversity at Agencies and Reserve  
Banks**

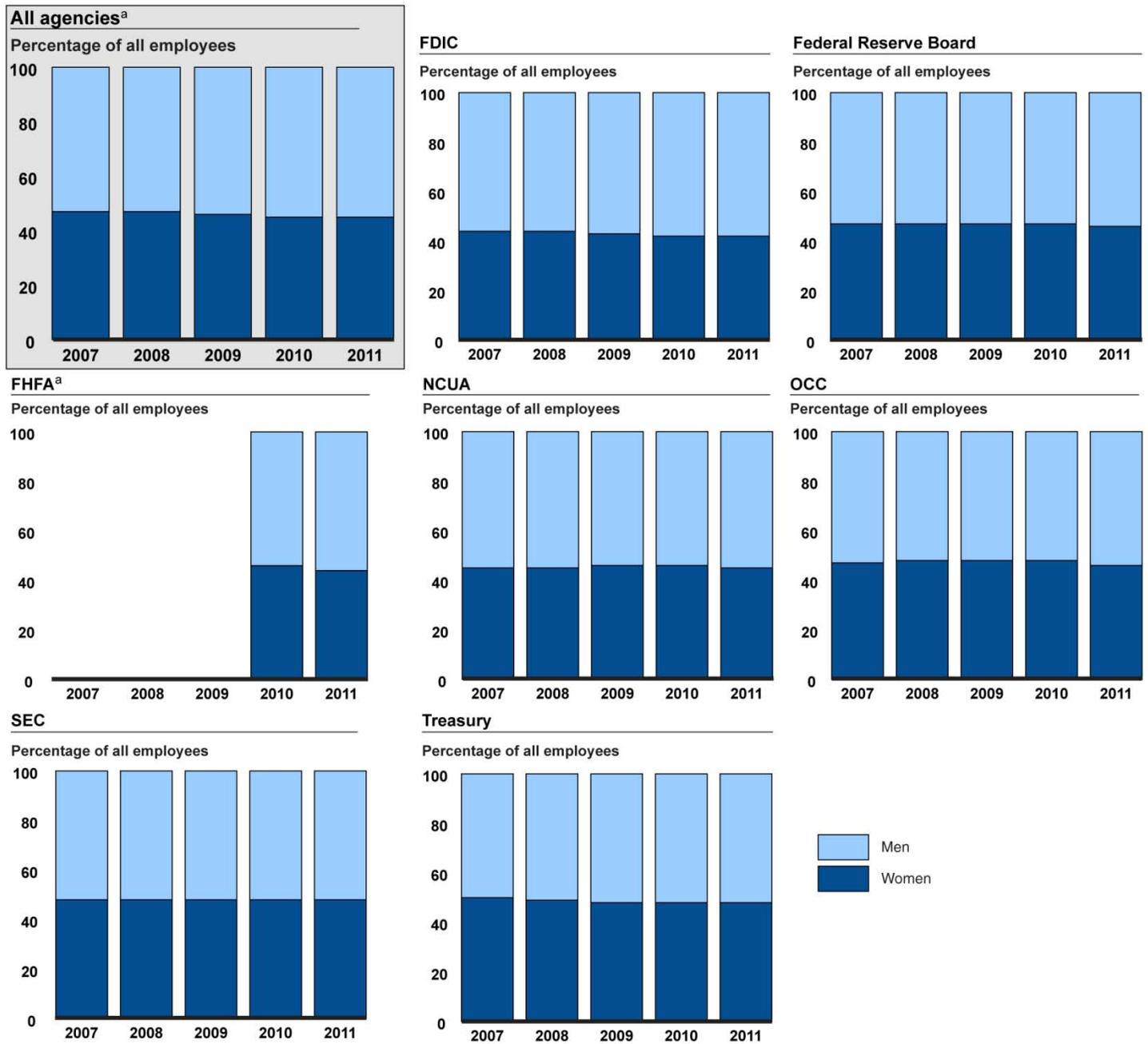
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<sup>a</sup>Our trend analysis for “all agencies” excludes CFPB and FHFA. CFPB assumed responsibility for certain consumer financial protection functions in July 2011 and has not yet reported workforce information to EEOC. FHFA was established in 2008 and started reporting workforce data for 2010.

Similarly, we found that the representation of women in the overall workforce of the agencies did not change significantly from 2007 through 2011. Percentage point changes in the representation of women at the agencies from 2007 through 2011 varied from a 2 percentage point decrease at FDIC, the Federal Reserve Board, and Treasury to no percentage point change at NCUA and SEC. In 2011, the representation of minorities in the overall workforce of the agencies and FHFA ranged from 42 percent at FDIC to 48 percent at SEC and Treasury.

Appendix III: Additional Analysis of Overall Workforce Diversity at Agencies and Reserve Banks

Figure 19: Percentage of Women among All Employees at Seven Federal Financial Agencies, 2007-2011



Source: GAO analysis of agency reports.

Note: Figures are rounded to the nearest percent.

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**Appendix III: Additional Analysis of Overall  
Workforce Diversity at Agencies and Reserve  
Banks**

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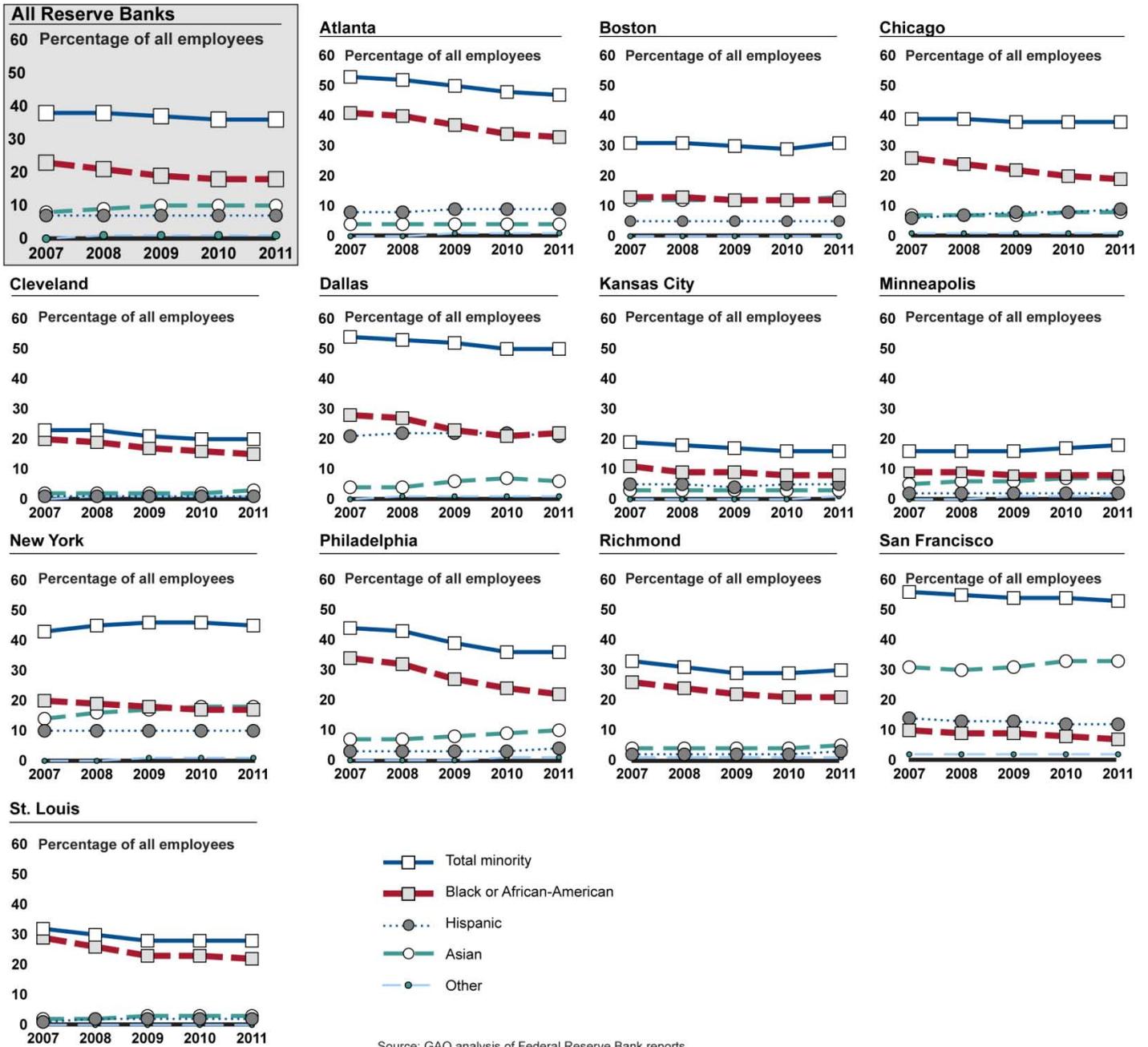
For our analysis, we reviewed the numbers of employees the agencies reported according to race/ethnicity and gender in table A3 of their MD-715 reports from 2007 through 2011. These data are based on information self-reported by employees to each agency and there were some differences in reporting across the agencies. In some years, some agencies reported all employees—permanent and temporary—in their A3 tables while others reported permanent employees only.

<sup>a</sup>Our trend analysis for “all agencies” excludes CFPB and FHFA. CFPB assumed responsibility for certain consumer financial protection functions in July 2011 and has not yet reported workforce information to EEOC. FHFA was established in 2008 and started reporting workforce data for 2010.

According to EEO-1 data provided by the Reserve Banks, the representation of minorities in the overall workforce of the Reserve Banks decreased somewhat from 2007 through 2011. The banks showed changes in the representation of minorities from 2007 through 2011, from an 8 percentage point decrease at the Reserve Bank of Philadelphia, to a 2 percentage point increase at the Reserve Banks of Minneapolis and New York. The Reserve Bank of Boston showed no percentage point change from 2007 through 2011. In 2011, the representation of minorities in the overall workforce of the Reserve Banks ranged from 16 percent at the Reserve Bank of Kansas City to 53 percent at the Reserve Bank of San Francisco.

Appendix III: Additional Analysis of Overall Workforce Diversity at Agencies and Reserve Banks

Figure 20: Percentage of Minorities among All Employees at the 12 Reserve Banks, 2007-2011



Source: GAO analysis of Federal Reserve Bank reports.

Note: Figures are rounded to the nearest percent.

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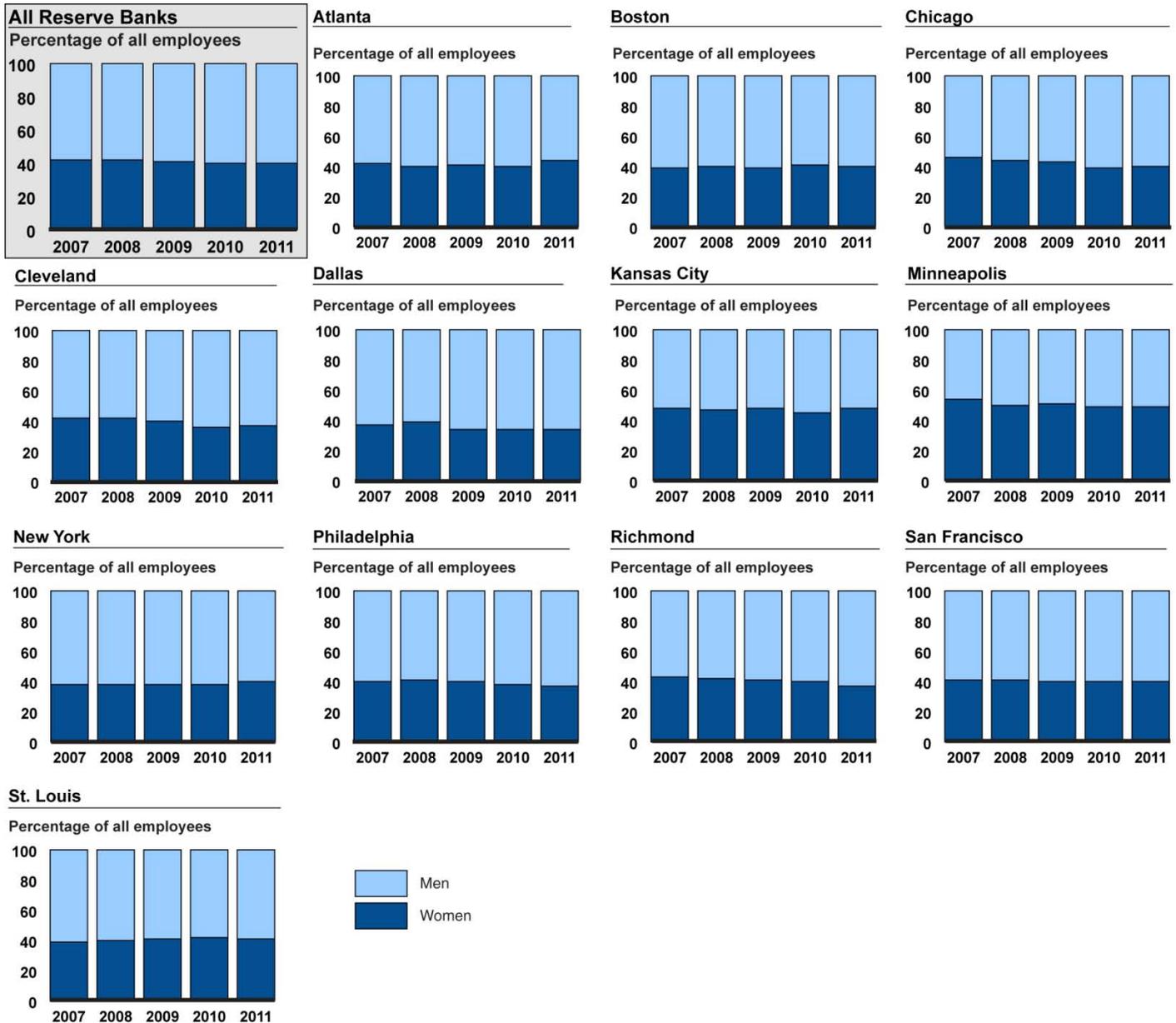
**Appendix III: Additional Analysis of Overall  
Workforce Diversity at Agencies and Reserve  
Banks**

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In addition, we found that from 2007 through 2011, the representation of women in the overall workforce of the Reserve Banks also declined slightly according to EEO-1 data provided by the Reserve Banks. The Reserve Banks showed decreases in the representation of women in the overall workforce from 1 percentage point at the Reserve Bank of New York to 7 percentage points at the Reserve Bank of Cleveland. The representation of women in the overall workforce in 2011 ranged from 40 percent at the Reserve Banks of Philadelphia and Richmond to 53 percent at the Reserve Bank of Minneapolis.

Appendix III: Additional Analysis of Overall Workforce Diversity at Agencies and Reserve Banks

Figure 21: Percentage of Women among All Employees at the 12 Reserve Banks, 2007-2011



Source: GAO analysis of Federal Reserve Bank reports.

Note: Figures are rounded to the nearest percent.

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# Appendix IV: Representation of Minorities and Women at Federal Financial Agencies and Reserve Banks

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We reviewed agency and Reserve Bank reports and found that since the financial crisis, senior management-level minority and gender diversity at the agencies and Reserve Banks has varied across individual entities. We also found the representation of minorities and women in the overall workforce of the agencies changed little from 2007 through 2011, while the representation of minorities and women in the overall workforce of the Reserve Banks declined slightly. The following tables provide data supporting the senior management-level and total workforce figures in this report.

**Appendix IV: Representation of Minorities and Women at Federal Financial Agencies  
and Reserve Banks**

**Table 7: Percentage of Minorities among Senior Management-Level Employees at Seven Federal Financial Agencies, 2007-2011**

Race/ethnicity	Year	Senior management-level federal financial agency employees (number and percent)													
		FDIC		Federal Reserve		FHFA <sup>a</sup>		NCUA		OCC		SEC <sup>b</sup>		Treasury	
All	2011	301	100%	343	100%	51	100%	134	100%	251	100%	125	100%	312	100%
	2010	284	100	307	100	29	100	109	100	204	100	-	-	279	100
	2009	258	100	301	100	-	-	101	100	201	100	-	-	276	100
	2008	234	100	289	100	-	-	123	100	252	100	-	-	219	100
	2007	203	100	253	100	-	-	118	100	229	100	-	-	175	100
White	2011	250	83	277	81	39	76	118	88	207	82	111	89	259	83
	2010	237	83	246	80	21	72	95	87	164	80	-	-	238	85
	2009	218	84	247	82	-	-	90	89	164	82	-	-	236	86
	2008	199	85	237	82	-	-	108	88	207	82	-	-	188	86
	2007	171	84	207	82	-	-	104	88	190	83	-	-	150	86
Total minority	2011	51	17	66	19	12	24	16	12	44	18	14	11	53	17
	2010	47	17	61	20	8	28	14	13	40	20	-	-	41	15
	2009	40	16	54	18	-	-	11	11	37	18	-	-	40	14
	2008	35	15	52	18	-	-	15	12	45	18	-	-	31	14
	2007	32	16	46	18	-	-	14	12	39	17	-	-	25	14
Black or African American	2011	31	10	35	10	8	16	5	4	23	9	3	2	29	9
	2010	27	10	33	11	7	24	5	5	23	11	-	-	21	8
	2009	24	9	31	10	-	-	4	4	23	11	-	-	22	8
	2008	24	10	29	10	-	-	7	6	29	12	-	-	19	9
	2007	23	11	27	11	-	-	7	6	29	13	-	-	17	10
Hispanic	2011	9	3	7	2	4	8	6	4	12	5	6	5	12	4
	2010	9	3	7	2	1	3	5	5	10	5	-	-	11	4

**Appendix IV: Representation of Minorities and Women at Federal Financial Agencies and Reserve Banks**

Race/ethnicity	Year	Senior management-level federal financial agency employees (number and percent)													
		FDIC		Federal Reserve		FHFA <sup>a</sup>		NCUA		OCC		SEC <sup>b</sup>		Treasury	
	2009	7	3	5	2	-	-	5	5	6	3	-	-	12	4
	2008	5	2	4	1	-	-	5	4	9	4	-	-	8	4
	2007	4	2	3	1	-	-	4	3	6	3	-	-	5	3
Asian	2011	9	3	20	6	0	0	3	2	9	4	3	2	10	3
	2010	9	3	17	6	0	0	2	2	6	3	-	-	8	3
	2009	7	3	13	4	-	-	1	1	7	3	-	-	6	2
	2008	5	2	14	5	-	-	2	2	5	2	-	-	4	2
	2007	1	0	11	4	-	-	2	2	2	1	-	-	3	2
Other	2011	2	1	4	1	0	0	2	1	0	0	2	2	2	1
	2010	2	1	4	1	0	0	2	2	1	0	-	-	1	0
	2009	2	1	5	2	-	-	1	1	1	0	-	-	0	0
	2008	1	0	5	2	-	-	1	1	2	1	-	-	0	0
	2007	4	2	5	2	-	-	1	1	2	1	-	-	0	0

Source: GAO analysis of agency reports.

Notes: Percentages are rounded to the nearest percent.

For our analysis, we reviewed the numbers of employees the agencies reported according to race/ethnicity and gender in table A3 of their MD-715 reports from 2007 through 2011. These data are based on information self-reported by employees to each agency and there were some differences in reporting across the agencies. In some years, some agencies reported all employees—permanent and temporary—in their A3 tables while others reported permanent employees only. We considered employees reported by agencies in the category “Executive/Senior Level” as senior management-level employees. Though the MD-715 report guidelines instruct agencies to identify employees Grades 15 and above who have supervisory responsibility in this category, agencies have discretion to include employees who have significant policymaking responsibilities but do not supervise employees. As a result, the composition of the “Executive/Senior Level” category may vary among the different agencies and does not necessarily involve the same set of managers at each agency.

<sup>a</sup>FHFA was established in 2008 and started reporting workforce data for 2010.

<sup>b</sup>SEC revised how it reported officials and managers between 2007 and 2011. While our analysis includes 2011 management-level data for SEC, we excluded previous years from our trend analysis.

**Appendix IV: Representation of Minorities and Women at Federal Financial Agencies and Reserve Banks**

**Table 8: Percentage of Minorities among Senior Management-Level Employees at the 12 Reserve Banks, 2007-2011**

		Senior management-level Reserve Bank employees (number and percent)																							
Race/ ethnicity	Year	Atlanta		Boston		Chicago		Cleveland		Dallas		Kansas City		Minneapolis		New York		Philadelphia		Richmond		San Francisco		St. Louis	
All	2011	13	100%	13	100%	9	100%	13	100%	9	100%	12	100%	9	100%	59	100%	11	100%	22	100%	13	100%	11	100%
	2010	86	100	11	100	9	100	12	100	10	100	14	100	8	100	74	100	10	100	23	100	23	100	9	100
	2009	82	100	12	100	11	100	12	100	10	100	12	100	8	100	71	100	13	100	20	100	26	100	37	100
	2008	80	100	12	100	11	100	13	100	10	100	11	100	9	100	65	100	12	100	19	100	26	100	34	100
	2007	75	100	12	100	11	100	12	100	10	100	12	100	7	100	55	100	11	100	19	100	26	100	30	100
White	2011	10	77	11	85	8	89	13	100	8	89	11	92	5	56	52	88	10	91	19	86	10	77	10	91
	2010	72	84	11	100	8	89	12	100	9	90	13	93	5	63	66	89	9	90	20	87	20	87	9	100
	2009	68	83	12	100	10	91	12	100	9	90	12	100	7	88	62	87	11	85	19	95	23	88	33	89
	2008	66	83	12	100	10	91	13	100	9	90	11	100	8	89	55	85	10	83	17	89	23	88	31	91
	2007	62	83	12	100	10	91	12	100	9	90	12	100	6	86	46	84	10	91	18	95	24	92	29	97
Total minority	2011	3	23	2	15	1	11	0	0	1	11	1	8	4	44	7	12	1	9	3	14	3	23	1	9
	2010	14	16	0	0	1	11	0	0	1	10	1	7	3	38	8	11	1	10	3	13	3	13	0	0
	2009	14	17	0	0	1	9	0	0	1	10	0	0	1	13	9	13	2	15	1	5	3	12	4	11
	2008	14	18	0	0	1	9	0	0	1	10	0	0	1	11	10	15	2	17	2	11	3	12	3	9
	2007	13	17	0	0	1	9	0	0	1	10	0	0	1	14	9	16	1	9	1	5	2	8	1	3
Black or African American	2011	2	15	2	15	1	11	0	0	1	11	0	0	2	22	4	7	0	0	1	5	1	8	1	9
	2010	11	13	0	0	1	11	0	0	1	10	0	0	1	13	3	4	1	10	1	4	2	9	0	0
	2009	11	13	0	0	1	9	0	0	1	10	0	0	1	13	4	6	1	8	0	0	2	8	2	5
	2008	10	13	0	0	1	9	0	0	1	10	0	0	1	11	4	6	1	8	1	5	2	8	2	6
	2007	9	12	0	0	1	9	0	0	1	10	0	0	1	14	4	7	1	9	1	5	2	8	1	3
Hispanic	2011	0	0	0	0	0	0	0	0	0	0	1	8	0	0	1	2	0	0	2	9	1	8	0	0

**Appendix IV: Representation of Minorities and Women at Federal Financial Agencies and Reserve Banks**

		Senior management-level Reserve Bank employees (number and percent)																							
Race/ethnicity	Year	Atlanta	Boston	Chicago	Cleveland	Dallas	Kansas City	Minneapolis	New York	Philadelphia	Richmond	San Francisco	St. Louis												
	2010	3	3	0	0	0	0	0	0	0	0	1	7	0	0	2	3	0	0	2	9	0	0	0	0
	2009	3	4	0	0	0	0	0	0	0	0	0	0	0	0	2	3	0	0	1	5	0	0	1	3
	2008	4	5	0	0	0	0	0	0	0	0	0	0	0	0	3	5	0	0	1	5	0	0	1	3
	2007	4	5	0	0	0	0	0	0	0	0	0	0	0	0	3	5	0	0	0	0	0	0	0	0
Asian	2011	0	0	0	0	0	0	0	0	0	0	0	1	11	2	3	1	9	0	0	1	8	0	0	0
	2010	0	0	0	0	0	0	0	0	0	0	0	1	13	3	4	0	0	0	1	4	0	0	0	0
	2009	0	0	0	0	0	0	0	0	0	0	0	0	0	3	4	1	8	0	0	1	4	1	3	3
	2008	0	0	0	0	0	0	0	0	0	0	0	0	0	3	5	1	8	0	0	1	4	0	0	0
	2007	0	0	0	0	0	0	0	0	0	0	0	0	0	2	4	0	0	0	0	0	0	0	0	0
Other	2011	1	8	0	0	0	0	0	0	0	0	0	1	11	0	0	0	0	0	0	0	0	0	0	0
	2010	0	0	0	0	0	0	0	0	0	0	0	1	13	0	0	0	0	0	0	0	0	0	0	0
	2009	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	2008	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	2007	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Source: GAO analysis of EEO-1 reports provided by Reserve Banks.

Notes: Percentages are rounded to the nearest percent.

For our analysis of the representation of minorities and women at the senior management level for Reserve Banks, we reviewed the numbers of employees the banks reported as “Executive/Senior Level Officials and Managers” from 2007 through 2011. While EEOC provides instructions on reporting job categories based on the skill levels, knowledge, and responsibilities involved in occupations identified within each job category, employers have discretion to decide which positions they report as Executive/Senior Level Officials and Managers versus those at lower levels of management. Therefore, comparisons of a given management level between the Reserve Banks do not necessarily involve the same set of managers at each bank. For example, the Reserve Bank of Atlanta revised how it reported officials and managers for 2011. From 2007 through 2010, the bank reported all officers as Executive/Senior Level Officials and Managers, and for 2011, the bank reported as Executive/Senior Level Officials and Managers those employees that have strategic roles and/or report to the Reserve Bank’s President. According to Reserve Bank officials, recent efforts have been made to align reporting of officials and managers across the Federal Reserve System.

**Appendix IV: Representation of Minorities and Women at Federal Financial Agencies and Reserve Banks**

**Table 9: Percentage of Women among Senior Management-Level Employees at Seven Federal Financial Agencies, 2007-2011**

Senior management-level federal financial agency employees (number and percent)															
Gender	Year	FDIC		Federal Reserve		FHFA <sup>a</sup>		NCUA		OCC		SEC <sup>b</sup>		Treasury	
All	2011	301	100%	343	100%	51	100%	134	100%	251	100%	125	100%	312	100%
	2010	284	100	307	100	29	100	109	100	204	100	-	-	279	100
	2009	257	100	301	100	-	-	101	100	201	100	-	-	176	100
	2008	234	100	289	100	-	-	123	100	252	100	-	-	219	100
	2007	203	100	253	100	-	-	118	100	229	100	-	-	175	100
Men	2011	209	69	201	59	27	53	87	65	171	68	85	68	192	62
	2010	197	69	185	60	14	48	77	71	137	67	-	-	178	64
	2009	187	72	184	61	-	-	72	71	130	65	-	-	176	64
	2008	165	71	180	62	-	-	84	68	161	64	-	-	143	65
	2007	147	72	155	61	-	-	82	69	145	63	-	-	115	66
Women	2011	92	31	142	41	24	47	47	35	80	32	40	32	120	38
	2010	87	31	122	40	15	52	32	29	67	33	-	-	101	36
	2009	71	28	117	39	-	-	29	29	71	35	-	-	100	36
	2008	69	29	109	38	-	-	39	32	91	36	-	-	76	35
	2007	56	28	98	39	-	-	36	31	84	37	-	-	60	34

Source: GAO analysis of agency reports.

Notes: Percentages are rounded to the nearest percent.

For our analysis, we reviewed the numbers of employees the agencies reported according to race/ethnicity and gender in table A3 of their MD-715 reports from 2007 through 2011. These data are based on information self-reported by employees to each agency and there were some differences in reporting across the agencies. In some years, some agencies reported all employees—permanent and temporary—in their A3 tables while others reported permanent employees only. We considered employees reported by agencies in the category “Executive/Senior Level” as senior management-level employees. Though the MD-715 report guidelines instruct agencies to identify employees Grades 15 and above who have supervisory responsibility in this category, agencies have discretion to include employees who have significant policymaking responsibilities but do not supervise employees. As a result, the composition of the “Executive/Senior Level” category may vary among the different agencies and does not necessarily involve the same set of managers at each agency.

<sup>a</sup>FHFA was established in 2008 and started reporting workforce data for 2010.

<sup>b</sup>SEC revised how it reported officials and managers between 2007 and 2011. While our analysis includes 2011 management-level data for SEC, we excluded previous years from our trend analysis.

**Appendix IV: Representation of Minorities and Women at Federal Financial Agencies and Reserve Banks**

**Table 10: Percentage of Women among Senior Management-Level Employees at the 12 Reserve Banks, 2007-2011**

Race/ ethnicity	Year	Senior management-level federal financial agency employees (number and percent)																							
		Atlanta		Boston		Chicago		Cleveland		Dallas		Kansas City		Minneapolis		New York		Philadelphia		Richmond		San Francisco		St. Louis	
All	2011	13	100%	13	100%	9	100%	13	100%	9	100%	12	100%	9	100%	59	100%	11	100%	22	100%	13	100%	11	100%
	2010	86	100	11	100	9	100	12	100	10	100	14	100	8	100	74	100	10	100	23	100	23	100	9	100
	2009	82	100	12	100	11	100	12	100	10	100	12	100	8	100	71	100	13	100	20	100	26	100	37	100
	2008	80	100	12	100	11	100	13	100	10	100	11	100	9	100	65	100	12	100	19	100	26	100	34	100
	2007	75	100	12	100	11	100	12	100	10	100	12	100	7	100	55	100	11	100	19	100	26	100	30	100
Men	2011	7	54	11	85	5	56	9	69	6	67	5	42	6	67	34	58	6	55	15	68	9	69	7	64
	2010	53	62	9	82	5	56	9	75	7	70	9	64	6	75	48	65	5	50	16	70	16	70	6	67
	2009	49	60	9	75	6	55	8	67	7	70	8	67	6	75	46	65	9	69	13	65	17	65	26	70
	2008	49	61	9	75	6	55	9	69	7	70	8	73	7	78	43	66	8	67	14	74	17	65	22	65
	2007	48	64	9	75	6	55	8	67	7	70	8	67	6	86	39	71	7	64	15	79	17	65	20	67
Women	2011	6	46	2	15	4	44	4	31	3	33	7	58	3	33	25	42	5	45	7	32	4	31	4	36
	2010	33	38	2	18	4	44	3	25	3	30	5	36	2	25	26	35	5	50	7	30	7	30	3	33
	2009	33	40	3	25	5	45	4	33	3	30	4	33	2	25	25	35	4	31	7	35	9	35	11	30
	2008	31	39	3	25	5	45	4	31	3	30	3	27	2	22	22	34	4	33	5	26	9	35	12	35
	2007	27	36	3	25	5	45	4	33	3	30	4	33	1	14	16	29	4	36	4	21	9	35	10	33

Source: GAO analysis of EEO-1 reports provided by Reserve Banks.

Notes: Percentages are rounded to the nearest percent.

For our analysis of the representation of minorities and women at the senior management level for Reserve Banks, we reviewed the numbers of employees the banks reported as “Executive/Senior Level Officials and Managers” from 2007 through 2011. While EEOC provides instructions on reporting job categories based on the skill levels, knowledge, and responsibilities involved in occupations identified within each job category, employers have discretion to decide which positions they report as Executive/Senior Level Officials and Managers versus those at lower levels of management. Therefore, comparisons of a given management level between the Reserve Banks do not necessarily involve the same set of managers at each bank. For example, the Reserve Bank of Atlanta revised how it reported officials and managers for 2011. From 2007 through 2010, the bank reported all officers as Executive/Senior Level Officials and Managers, and for 2011,

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**Appendix IV: Representation of Minorities and Women at Federal Financial Agencies and Reserve Banks**

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the bank reported as Executive/Senior Level Officials and Managers those employees that have strategic roles and/or report to the Reserve Bank's President. According to Reserve Bank officials, recent efforts have been made to align reporting of officials and managers across the Federal Reserve System.

**Appendix IV: Representation of Minorities and Women at Federal Financial Agencies and Reserve Banks**

**Table 11: Percentage of Minorities among All Employees at Seven Federal Financial Agencies, 2007-2011**

Race/ethnicity	Year	Federal financial agency employees (number and percent)													
		FDIC		Federal Reserve		FHFA <sup>a</sup>		NCUA		OCC		SEC		Treasury	
All	2011	8,398	100%	2,274	100%	494	100%	1,159	100%	3,560	100%	3,812	100%	1,586	100%
	2010	8,316	100	2,137	100	406	100	1,095	100	3,054	100	3,897	100	1,599	100
	2009	6,530	100	2,143	100	-	-	1,024	100	3,117	100	3,720	100	1,529	100
	2008	5,028	100	2,028	100	-	-	934	100	3,039	100	3,653	100	1,295	100
	2007	4,428	100	1,945	100	-	-	929	100	3,000	100	3,154	100	1,223	100
White	2011	6,152	73	1,276	56	335	38	871	75	2,503	70	2,616	69	1,087	69
	2010	6,107	73	1,196	56	270	67	833	76	2,145	70	2,664	68	1,080	68
	2009	4,800	74	1,187	55	-	-	769	75	2,185	70	2,516	68	1,041	68
	2008	3,655	73	1,115	55	-	-	722	78	2,161	72	2,204	70	772	63
	2007	3,261	74	1,066	55	-	-	722	78	2,161	72	2,204	7	772	63
Total minority	2011	2,246	27	998	44	159	32	288	25	1,057	30	1,196	31	499	31
	2010	2,209	27	941	44	136	33	262	24	909	30	1,233	32	519	32
	2009	1,730	26	956	45	-	-	255	25	932	30	1,204	32	488	32
	2008	1,373	27	913	45	-	-	216	23	887	29	1,168	32	464	36
	2007	1,167	26	879	45	-	-	207	22	839	28	950	30	451	37
Black or African American	2011	1,385	16	591	26	95	19	157	14	577	16	632	17	356	22
	2010	1,353	16	582	27	90	22	141	13	508	17	682	18	372	23
	2009	1,109	17	612	29	-	-	153	15	534	17	679	18	362	24
	2008	944	19	604	30	-	-	133	14	517	17	668	18	352	27
	2007	799	18	589	30	-	-	126	14	501	17	523	17	344	28
Hispanic	2011	359	4	94	4	17	3	48	4	201	6	182	5	46	3
	2010	364	4	81	4	12	3	47	4	181	6	133	3	49	3

**Appendix IV: Representation of Minorities and Women at Federal Financial Agencies and Reserve Banks**

		Federal financial agency employees (number and percent)													
Race/ethnicity	Year	FDIC		Federal Reserve		FHFA <sup>a</sup>		NCUA		OCC		SEC		Treasury	
	2009	261	4	75	3	-	-	43	4	181	6	144	4	54	4
	2008	198	4	70	3	-	-	35	4	168	6	137	4	47	4
	2007	181	4	68	3	-	-	34	4	157	5	129	4	50	4
Asian	2011	374	4	271	12	46	9	56	5	212	6	354	9	80	5
	2010	372	4	238	11	33	8	52	5	169	6	352	9	79	5
	2009	283	4	231	11	-	-	37	4	163	5	319	9	60	4
	2008	199	4	204	10	-	-	36	4	158	5	312	9	53	4
	2007	25	1	187	10	-	-	33	4	145	5	266	8	49	4
Other	2011	128	2	42	2	1	0	27	2	67	2	28	1	17	1
	2010	120	1	40	2	1	0	22	2	51	2	66	2	19	1
	2009	77	1	38	2	-	-	22	2	54	2	62	2	12	1
	2008	32	1	35	2	-	-	12	1	44	1	51	1	12	1
	2007	162	4	35	2	-	-	14	2	36	1	32	1	8	1

Source: GAO analysis of agency reports.

Notes: Percentages are rounded to the nearest percent.

For our analysis, we reviewed the numbers of employees the agencies reported according to race/ethnicity and gender in table A3 of their MD-715 reports from 2007 through 2011. These data are based on information self-reported by employees to each agency and there were some differences in reporting across the agencies. In some years, some agencies reported all employees—permanent and temporary—in their A3 tables while others reported permanent employees only.

<sup>a</sup>FHFA was established in 2008 and started reporting workforce data for 2010.

**Appendix IV: Representation of Minorities and Women at Federal Financial Agencies and Reserve Banks**

**Table 12: Percentage of Minorities among All Employees at the 12 Reserve Banks, 2007-2011**

Race/ ethnicity	Year	Reserve Bank employees (number and percent)																							
		Atlanta		Boston		Chicago		Cleveland		Dallas		Kansas City		Minneapolis		New York		Philadelphia		Richmond		San Francisco		St. Louis	
All	2011	1,594	100%	875	100%	1,431	100%	1,094	100%	1,098	100%	1,225	100%	1,011	100%	2,955	100%	839	100%	2,444	100%	1,495	100%	955	100%
	2010	1,623	100	858	100	1,353	100	1,276	100	1,110	100	1,292	100	1,004	100	2,999	100	840	100	2,356	100	1,514	100	944	100
	2009	1,728	100	868	100	1,379	100	1,340	100	1,168	100	1,220	100	1,051	100	2,940	100	914	100	2,421	100	1,632	100	932	100
	2008	1,886	100	884	100	1,415	100	1,511	100	1,225	100	1,277	100	1,172	100	2,791	100	1,016	100	2,534	100	1,700	100	987	100
	2007	2,017	100	978	100	1,532	100	1,568	100	1,269	100	1,357	100	1,278	100	2,860	100	1,092	100	2,733	100	1,779	100	1,089	100
White	2011	839	53	607	69	889	62	878	80	551	50	1,026	84	830	82	1,617	55	539	64	1,721	70	701	47	691	72
	2010	839	52	607	71	845	62	1,017	80	555	50	1,082	84	830	83	1,626	54	534	64	1,672	71	703	46	679	72
	2009	864	50	611	70	850	62	1,063	79	561	48	1,018	83	879	84	1,596	54	562	61	1,719	71	758	46	674	72
	2008	899	48	614	69	866	61	1,168	77	572	47	1,050	82	980	84	1,522	55	581	57	1,753	69	768	45	694	70
	2007	949	47	676	69	933	61	1,213	77	590	46	1,096	81	1,071	84	1,630	57	613	56	1,823	67	774	44	740	68
Total minority	2011	755	47	268	31	542	38	216	20	547	50	199	16	181	18	1,338	45	300	36	723	30	794	53	264	28
	2010	784	48	251	29	508	38	259	20	555	50	210	16	174	17	1,373	46	306	36	684	29	811	54	265	28
	2009	864	50	257	30	529	38	277	21	607	52	202	17	172	16	1,344	46	352	39	702	29	874	54	258	28
	2008	987	52	270	31	549	39	343	23	653	53	227	18	192	16	1,269	45	435	43	781	31	932	55	293	30
	2007	1068	53	302	31	599	39	355	23	679	54	261	19	207	16	1,230	43	479	44	910	33	1,005	56	349	32
Black or African American	2011	525	33	108	12	279	19	167	15	238	22	93	8	79	8	494	17	184	22	509	21	101	7	209	22
	2010	557	34	106	12	275	20	208	16	229	21	107	8	81	8	523	17	198	24	503	21	116	8	215	23
	2009	634	37	107	12	310	22	228	17	269	23	109	9	82	8	530	18	248	27	533	22	140	9	216	23
	2008	758	40	117	13	334	24	290	19	326	27	120	9	102	9	539	19	330	32	603	24	160	9	254	26
	2007	830	41	132	13	391	26	308	20	354	28	146	11	118	9	560	20	372	34	713	26	178	10	315	29
Hispanic	2011	147	9	45	5	132	9	12	1	235	21	57	5	24	2	301	10	31	4	65	3	179	12	19	2

**Appendix IV: Representation of Minorities and Women at Federal Financial Agencies and Reserve Banks**

		<b>Reserve Bank employees (number and percent)</b>																								
<b>Race/ethnicity</b>	<b>Year</b>	<b>Atlanta</b>	<b>Boston</b>		<b>Chicago</b>		<b>Cleveland</b>		<b>Dallas</b>		<b>Kansas City</b>		<b>Minneapolis</b>		<b>New York</b>		<b>Philadelphia</b>		<b>Richmond</b>		<b>San Francisco</b>		<b>St. Louis</b>			
	2010	148	9	41	5	114	8	13	1	247	22	59	5	21	2	301	10	28	3	58	2	177	12	19	2	
	2009	152	9	44	5	112	8	13	1	260	22	51	4	20	2	290	10	28	3	56	2	205	13	15	2	
	2008	148	8	47	5	102	7	16	1	265	22	62	5	20	2	278	10	28	3	59	2	224	13	15	2	
	2007	153	8	52	5	96	6	14	1	266	21	67	5	20	2	280	10	29	3	63	2	251	14	9	1	
Asian	2011	69	4	112	13	119	8	29	3	67	6	41	3	71	7	523	18	80	10	129	5	490	33	33	3	
	2010	68	4	104	12	109	8	31	2	73	7	40	3	66	7	532	18	75	9	103	4	493	33	29	3	
	2009	68	4	105	12	95	7	29	2	70	6	38	3	64	6	508	17	73	8	96	4	502	31	25	3	
	2008	72	4	106	12	101	7	28	2	54	4	41	3	65	6	439	16	75	7	103	4	516	30	22	2	
	2007	78	4	117	12	104	7	26	2	53	4	43	3	64	5	389	14	75	7	113	4	547	31	23	2	
Other	2011	14	1	3	0	12	1	8	1	7	1	8	1	7	1	20	1	5	1	20	1	24	2	3	0	
	2010	11	1	0	0	10	1	7	1	6	1	4	0	6	1	17	1	5	1	20	1	25	2	2	0	
	2009	10	1	1	0	12	1	7	1	8	1	4	0	6	1	16	1	3	0	17	1	27	2	2	0	
	2008	9	0	0	0	12	1	9	1	8	1	4	0	5	0	13	0	2	0	16	1	32	2	2	0	
	2007	7	0	1	0	8	1	7	0	6	0	5	0	5	0	1	0	3	0	21	1	29	2	2	0	

Source: GAO analysis of EEO-1 reports provided by Reserve Banks.

Note: Percentages are rounded to the nearest percent.

**Appendix IV: Representation of Minorities and Women at Federal Financial Agencies and Reserve Banks**

**Table 13: Percentage of Women among All Employees at Seven Federal Financial Agencies, 2007-2011**

Federal financial agency employees (number and percent)															
Gender	Year	FDIC		Federal Reserve		FHFA <sup>a</sup>		NCUA		OCC		SEC		Treasury	
		Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
All	2011	8,398	100%	2,274	100%	494	100%	1,159	100%	3,560	100%	3,812	100%	1,586	100%
	2010	8,316	100	2,137	100	406	100	1,095	100	3,054	100	3,897	100	1,599	100
	2009	6,530	100	2,143	100	-	-	1,024	100	3,117	100	3,720	100	1,529	100
	2008	5,028	100	2,028	100	-	-	934	100	3,039	100	3,653	100	1,295	100
	2007	4,428	100	1,945	100	-	-	929	100	3,000	100	3,154	100	1,223	100
Men	2011	4,846	58	1,238	54	277	56	640	55	1,917	54	1,984	52	822	52
	2010	4,852	58	1,138	53	219	54	589	54	1,587	52	2,024	52	827	52
	2009	3,735	57	1,140	53	-	-	555	54	1,617	52	1,924	52	798	52
	2008	2,809	56	1,080	53	-	-	515	55	1,584	52	1,882	52	657	51
	2007	2,462	56	1,022	53	-	-	509	55	1,583	53	1,655	52	613	50
Women	2011	3,552	42	1,036	46	217	44	519	45	1,643	46	1,828	48	764	48
	2010	3,464	42	999	47	187	46	506	46	1,467	48	1,873	48	772	48
	2009	2,795	43	1,003	47	-	-	469	46	1,500	48	1,796	48	731	48
	2008	2,219	44	948	47	-	-	419	45	1,455	48	1,771	48	638	49
	2007	1,966	44	923	47	-	-	420	45	1,417	47	1,499	48	610	50

Source: GAO analysis of agency reports.

Note: Percentages are rounded to the nearest percent.

For our analysis, we reviewed the numbers of employees the agencies reported according to race/ethnicity and gender in table A3 of their MD-715 reports from 2007 through 2011. These data are based on information self-reported by employees to each agency and there were some differences in reporting across the agencies. In some years, some agencies reported all employees—permanent and temporary—in their A3 tables while others reported permanent employees only.

<sup>a</sup>FHFA was established in 2008 and started reporting workforce data for 2010.

**Appendix IV: Representation of Minorities and Women at Federal Financial Agencies and Reserve Banks**

**Table 14: Percentage of Women among All Employees at the 12 Reserve Banks, 2007-2011**

Race/ Ethnicity	Year	Reserve Bank employees (number and percent)																							
		Atlanta		Boston		Chicago		Cleveland		Dallas		Kansas City		Minneapolis		New York		Philadelphia		Richmond		San Francisco		St. Louis	
All	2011	1,594	100%	875	100%	1,431	100%	1,094	100%	1,098	100%	1,225	100%	1,011	100%	2,955	100%	869	100%	2,444	100%	1,495	100%	955	100%
	2010	1,623	100	858	100	1,353	100	1,276	100	1,110	100	1,292	100	1,004	100	2,999	100	840	100	2,356	100	1,514	100	944	100
	2009	1,728	100	868	100	1,379	100	1,340	100	1,168	100	1,220	100	1,051	100	2,940	100	914	100	2,421	100	1,632	100	932	100
	2008	1,886	100	884	100	1,415	100	1,511	100	1,225	100	1,277	100	1,172	100	2,791	100	1016	100	2,534	100	1,700	100	987	100
	2007	2,017	100	978	100	1,532	100	1,568	100	1,269	100	1,357	100	1,278	100	2,860	100	1092	100	2,733	100	1,779	100	1,089	100
Men	2011	853	54	475	54	775	54	594	54	631	57	650	53	473	47	1,587	54	503	60	1,460	60	889	59	517	54
	2010	856	53	469	55	728	54	648	51	640	58	677	52	468	47	1,621	54	498	59	1,396	59	905	60	510	54
	2009	913	53	471	54	729	53	678	51	669	57	617	51	474	45	1,600	54	432	58	1,410	58	950	58	499	54
	2008	964	51	477	54	707	50	727	48	685	56	626	49	497	42	1,506	54	567	56	1,420	56	959	56	526	53
	2007	1,008	50	491	50	745	49	741	47	689	54	647	48	521	41	1,512	53	603	55	1,505	55	992	56	556	51
Women	2011	741	46	400	46	656	46	500	46	467	43	575	47	538	53	1,368	46	336	40	984	40	606	41	438	46
	2010	767	47	389	45	625	46	628	49	470	42	615	48	536	53	1,378	46	342	41	960	41	609	40	434	46
	2009	815	47	397	46	650	47	662	49	499	43	603	49	577	55	1,340	46	382	42	1,011	42	682	42	433	46
	2008	922	49	407	46	708	50	784	52	540	44	651	51	675	58	1,285	46	449	44	1,114	44	741	44	461	47
	2007	1,009	50	487	50	787	51	827	53	580	46	710	52	757	59	1,348	47	489	45	1,228	45	787	44	533	49

Source: GAO analysis of EEO-1 reports provided by Reserve Banks.

Note: Percentages are rounded to the nearest percent.

# Appendix V: Comments from the Consumer Financial Protection Bureau



1700 G Street NW, Washington, DC 20552

March 25, 2013

Mr. Daniel Garcia-Diaz  
Director  
Financial Markets and Community Investment  
U.S. Government Accountability Office  
441 G Street, N.W.  
Washington, D.C. 20548

Dear Mr. Garcia-Diaz:

Thank you for the opportunity to comment on the Government Accountability Office's (GAO) draft report, *Diversity Management, Trends and Practices in the Financial Services Industry and Agencies After the Recent Financial Crisis*, GAO-13-238.

This report examines workforce diversity in the financial services industry and in the financial regulatory agencies from 2007 through 2011 and also efforts by the financial regulatory agencies to implement workforce and contractor diversity practices under the Dodd-Frank Act. The Consumer Financial Protection Bureau (CFPB or Bureau) opened its doors for business in July 2011, and its Office of Minority and Women Inclusion (OMWI) was established in January 2012. As the report notes, the Director of OMWI assumed his duties on April 30, 2012.

The report contains one recommendation:

To enhance the availability of information on the progress and impact of agency and reserve bank diversity practices, we are recommending to CFPB...that each OMWI report on efforts to measure the progress of its employment diversity and inclusion practices, including measurement outcomes as appropriate, to indicate areas for improvement as part of its annual report to Congress.

CFPB concurs with the recommendation.

As we discussed during our meetings, the OMWI at CFPB is the newest OMWI to open following the creation of the Bureau in the Dodd-Frank Act. Because the Bureau was formed after the period 2007-11, the report does not contain workforce information from that period. The CFPB did provide demographic information about its workforce as of May 2012.

Since I began my tenure as the OMWI Director on April 30, 2012, the office has been building capacity to address the three primary responsibilities of the office: promoting

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**Appendix V: Comments from the Consumer  
Financial Protection Bureau**

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diversity and inclusion in the Bureau's workforce, in the Bureau's procurement, and working with our fellow financial regulators and their OMWI offices to create standards for diversity and inclusion at regulated entities. The office has made good progress during these opening months in addressing these disparate challenges, and has set a solid foundation for the work that lies ahead.

We agree that reporting on appropriate measures to improve diversity and inclusion in employment would be a valuable addition to the annual report to Congress. Much of our work in this first year is obtaining and understanding the baselines for measurements. We expect in future reports to build out this reporting, as appropriate, and to address areas for improvement.

Thank you for the opportunity to comment on the report.

Sincerely,



Stuart J. Ishimaru  
Director  
Office of Minority and Women Inclusion

[consumerfinance.gov](http://consumerfinance.gov)

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# Appendix VI: Comments from the Federal Reserve Banks

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## FEDERAL RESERVE BANKS

*of*  
Boston • New York • Philadelphia • Cleveland • Richmond • Atlanta  
Chicago • St. Louis • Minneapolis • Kansas City • Dallas • San Francisco

March 25, 2013

Mr. Daniel Garcia-Diaz  
Director  
Financial Markets and Community Investment  
Government Accountability Office  
441 G Street, NW  
Washington, D.C. 20548

Dear Mr. Garcia-Diaz:

Thank you for the opportunity to respond to the GAO's draft report on "Diversity Management: Trends and Practices in the Financial Services Industry and Agencies after the Recent Financial Crisis" (GAO-13-238). This letter represents a consolidated response from all twelve Directors of the Office of Minority and Women Inclusion (OMWI) at the Reserve Banks.

The Reserve Banks are committed to promoting workforce diversity and increasing contracting opportunities for minority-owned and women-owned businesses. As the GAO report recognizes, significant efforts have been undertaken to satisfy the requirements of Section 342 of the Dodd-Frank Wall Street Reform and Consumer Protection Act. The report contains one recommendation to the agencies and Reserve Banks: that each OMWI report on its efforts to measure the progress of diversity and inclusion practices in its annual report to Congress. The Reserve Banks currently include some measurements in the annual reports. We will evaluate these current efforts and consider additional ways to measure and report on the progress of our diversity practices.

We appreciate the attention of the GAO to this important topic and wish to thank the GAO staff for the courtesy and professionalism demonstrated during the review.

FEDERAL RESERVE BANKS

*of*  
Boston • New York • Philadelphia • Cleveland • Richmond • Atlanta  
Chicago • St. Louis • Minneapolis • Kansas City • Dallas • San Francisco



Marques Benton  
Federal Reserve Bank of Boston



Diane Ashley  
Federal Reserve Bank of New York



Mary Ann Hood  
Federal Reserve Bank of Philadelphia



David W. Hollis  
Federal Reserve Bank of Cleveland



Tammy H. Cummings  
Federal Reserve Bank of Richmond



Joan H. Buchanan  
Federal Reserve Bank of Atlanta



Valerie Van Meter  
Federal Reserve Bank of Chicago



James Price  
Federal Reserve Bank of St. Louis



Duane Carter  
Federal Reserve Bank of Minneapolis



Donna J. Ward  
Federal Reserve Bank of Kansas City



Tyrone Gholson  
Federal Reserve Bank of Dallas



Susan A. Sutherland  
Federal Reserve Bank of San Francisco

# Appendix VII: Comments from the Federal Reserve Board



BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM  
WASHINGTON, DC 20551

March 26, 2013

Mr. Daniel Garcia-Diaz  
Director, Financial Markets  
and Community Investment  
Government Accountability Office  
441 G Street, NW  
Washington, DC 20548

Dear Mr. Garcia-Diaz:

Thank you for the opportunity to comment on your draft report entitled "Diversity Management: Trends and Practices in the Financial Services Industry and Agencies After the Recent Financial Crisis". The Federal Reserve Board takes seriously its efforts to encourage and promote diversity in its workforce and contracting decisions. As the draft report shows, the Federal Reserve Board's representation of both minorities and women at the senior management-level increased from 2007 through 2011. In addition, the report determined that the representation of both minorities and women among mid-level officials and managers at the Federal Reserve Board in 2011 was highest among the agencies the GAO reviewed.

The report includes one recommendation to the agencies and reserve banks, which is:

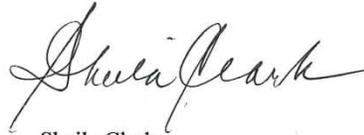
To enhance the availability of information on the progress and impact of agency and Reserve Bank diversity practices, we are recommending to CFPB, FDIC, the Federal Reserve Board, FHFA, NCUA, OCC, SEC, Treasury, and the Reserve Banks that each OMWI report on efforts to measure the progress of its employment diversity and inclusion practices, including measurement outcomes as appropriate, to indicate areas for improvement as part of its annual report to Congress.

[www.federalreserve.gov](http://www.federalreserve.gov)

2

As we have discussed with the GAO, this recommendation is consistent with our ongoing practices. We will look for additional ways to measure and report on the progress of our diversity practices.

We appreciate the thorough and comprehensive analysis the GAO has provided.



Sheila Clark  
Director  
Office of Minority and Women and Inclusion

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# Appendix VIII: Comments from the Federal Deposit Insurance Corporation

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**Federal Deposit Insurance Corporation**  
3501 Fairfax Drive, Arlington, VA 22226-3500

Office of Minority and Women Inclusion

March 29, 2013

Mr. Daniel Garcia-Diaz  
Director, Financial Markets and Community Investment  
United States Government Accountability Office  
Washington, DC 20548

Dear Mr. Garcia-Diaz:

The Federal Deposit Insurance Corporation (FDIC) reviewed the GAO report *Diversity Management: Trends and Practices in the Financial Services Industry and Agencies After the Recent Financial Crisis* (Report) (GAO-13-238). The Report stated each agency should include in its annual OMWI report to Congress efforts to measure the progress of its diversity practices. The FDIC agrees with the Report's recommendation and will include efforts to measure the progress of our diversity practices in annual OMWI report to Congress. We believe this recommendation is important to not only meeting the requirements of Section 342 of the Dodd-Frank Act, but to the success of the FDIC in carrying out its mission responsibilities.

The FDIC is committed to providing all employees with a work environment that embodies excellence, and acknowledges and honors the diversity of its employees. In 2012, the FDIC Acting Chairman established a number of Performance Goals designed to enhance the FDIC's commitment to diversity, inclusion, and equal employment opportunity, including asking the Corporation's senior leaders to update the FDIC's Diversity Strategic Plan and directing each division and major office to develop its own strategic plans to identify steps to increase diversity through the FDIC's recruiting and hiring.

The FDIC's updated 2013 Diversity and Inclusion Strategic Plan addresses the goals of Executive Order 13583, dated August 18, 2011, which calls for federal agencies to develop and implement a more comprehensive, integrated, and strategic focus on diversity and inclusion. The plan lays out a course for achieving workforce diversity by recruiting from a diverse, qualified group of potential applicants; cultivating workplace inclusion through collaboration, flexibility, and fairness; and ensuring sustainability of diversity and inclusion achievements by equipping leaders with the ability to manage diversity, measure results, and refine approaches based on available data. The updated plan issued on March 1, 2013, follows the guidance issued by the U.S. Office of Personnel Management (OPM) in November 2011, and identifies a number of strategies and action plans to address workforce diversity, workplace inclusion, and sustainability.

Specifically, under sustainability, the FDIC will develop structures and strategies to equip leaders with the ability to manage diversity, be accountable, measure results, refine approaches on the basis of such data, and institutionalize a culture of inclusion. This objective will improve

diversity and inclusion analytics and reporting by using a strategy to make diversity and inclusion reporting more actionable through improvements in data collection, presentation, and reporting frequency.

Further, in 2012, the FDIC contracted for a third party review of diversity and inclusion programs and activities to help us identify additional initiatives to strengthen our diversity practices.

Thank you for the opportunity to review the Report.

Sincerely,

A handwritten signature in black ink that reads "D. Michael Collins". The signature is written in a cursive style with a large, stylized "D" at the beginning.

D. Michael Collins  
Director

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# Appendix IX: Comments from the Federal Housing Finance Agency

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## Federal Housing Finance Agency

Constitution Center  
400 7<sup>th</sup> Street, S.W.  
Washington, D.C. 20024  
Telephone: (202) 649-3800  
Facsimile: (202) 649-1071  
[www.fhfa.gov](http://www.fhfa.gov)

March 25, 2013

Mr. Daniel Garcia-Diaz  
Director  
Financial Markets and Community Investment  
Government Accountability Office (GAO)  
441 G Street, NW  
Washington, DC 20548

Dear Mr. Garcia-Diaz:

Thank you for the opportunity to review and comment on the Government Accountability Office (GAO) Report, *Diversity Management: Trends and Practices in the Financial Services Industry and Agencies After the Recent Financial Crisis*.

During the review GAO examined diversity in the financial services industry, the federal financial agencies, and the Federal Reserve Banks (Reserve Banks) and efforts of the agencies and Reserve Banks to implement diversity practices under the Dodd-Frank Act. The GAO has recommended that the agencies and Reserve Banks, including the Federal Housing Finance Agency (FHFA), should include in its annual Office of Minority and Women Inclusion (OMWI) report to Congress efforts to measure the progress of its diversity practices, including measurement outcomes as appropriate, to indicate areas for improvement as part of their annual reports to Congress.

FHFA agrees with the recommendation to include in our annual OMWI report to Congress our efforts to measure the progress of our diversity efforts, and will include this information in FHFA's 2013 OMWI Annual Report to Congress.

If you have any questions, please do not hesitate to contact me.

Sincerely,

A handwritten signature in cursive script that reads 'Nancy'.

Nancy P. Burnett  
Acting Associate Director  
Office of Minority and Women Inclusion  
Federal Housing Finance Agency

# Appendix X: Comments from the National Credit Union Administration



National Credit Union Administration

March 26, 2013

Ms. Kay D. Kuhlman  
Assistant Director  
Financial Markets and Community Investment  
U. S. Government Accountability Office  
441 G Street, NW  
Washington, DC 20548

Dear Ms. Kuhlman:

Thank you for the opportunity to review and comment on the draft GAO report for the Committee on Financial Services of the U.S. House of Representatives. The report, titled "Diversity Management: Trends and Practice in the Financial Services Industry and Agencies After the Recent Financial Crisis" is comprehensive and appropriately outlines the changes in the agencies' workforce and in the industry from 2007 to 2011.

Overall, your report indicates the financial services agencies made some progress in diversity although additional progress needs to be made. In 2012, NCUA continues to make strides and address challenges in achieving its goal of "cultivating a diverse, well trained, and motivated workforce." The establishment of the Office of Minority and Women Inclusion, in 2011, helped NCUA focus its diversity efforts. Our 2012 Annual Report to Congress highlights many of the accomplishments achieved in diversity of the workforce and contracting as well as the challenges.

We agree with your recommendation and will work towards reporting on our efforts to measure the progress of the workforce diversity and inclusion practices, including measurement outcomes as appropriate, as part of the annual reports to Congress.

Sincerely,

A handwritten signature in black ink that reads "Mark A. Treichel".

Mark A. Treichel  
Executive Director

1775 Duke Street - Alexandria, VA 22314-3428 - 703-518-6300

# Appendix XI: Comments from the Comptroller of the Currency



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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

March 22, 2013

Mr. Daniel Garcia-Diaz  
Director, Financial Markets and Community Investment  
United States Government Accountability Office  
Washington, DC 20548

Dear Mr. Garcia-Diaz:

Thank you for the opportunity to review the draft report titled "Diversity Management: Trends and Practices in the Financial Services Industry and Agencies After the Recent Financial Crisis." Your report responds to congressional requests that GAO review (1) workforce diversity in the financial services industry, the federal financial agencies and the Federal Reserve Banks (Reserve Banks) from 2007-2011 and (2) efforts of the agencies and Reserve Banks to implement workforce diversity practices under the Dodd-Frank Act, including contracting.

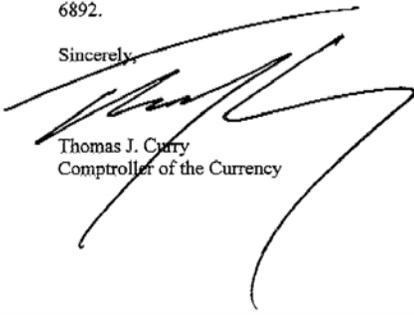
The draft report finds that industry diversity levels remained about the same from 2007 through 2011; agency and Reserve Bank workforce diversity varied, and officials reported difficulty identifying diverse candidates; and Dodd-Frank requirements are being implemented, but enhanced reporting of efforts to measure progress is needed.

GAO recommends that each Office of Minority and Women Inclusion report on efforts to measure the progress of its employment diversity and inclusion practices, including measurement outcomes as appropriate, to indicate areas for improvement as part of its annual report to Congress.

We acknowledge and accept GAO's recommendation and are pleased to report that the OCC has a well-established employment diversity and inclusion program that measures and evaluates the agency's progress in these areas. Further, we have included additional workforce data and metrics in our fiscal year 2012 Section 342 annual report.

We appreciate the opportunity to comment on the draft Report. If you need additional information, please contact Joyce B. Cofield, Executive Director, Office of Minority and Women Inclusion, at (202) 649-6892.

Sincerely,



Thomas J. Curry  
Comptroller of the Currency

# Appendix XII: Comments from the Securities and Exchange Commission



OFFICE OF  
MINORITY AND WOMEN  
INCLUSION

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

March 13, 2013

Mr. Daniel Garcia-Diaz  
Director, Financial Markets and Community Investment  
Government Accountability Office  
441 G Street, NW  
Washington, D.C. 20548

Dear Mr. Garcia-Diaz:

This letter responds to your request, dated April 2013 to review and comment on the draft GAO report entitled *Diversity Management: Trends and Practices in the Financial Services Industry and Agencies After the Recent Financial Crisis* (GAO-13-238).

The U.S. Securities and Exchange Commission's (SEC) Office of Minority and Women Inclusion (OMWI) appreciates the United States Government Accountability Office's (GAO) thorough review of trends and practices since the beginning of the financial crisis - updating GAO's previous work by discussing 1) workforce diversity at the management level in the financial services industry, federal financial agencies such as the SEC and Reserve Banks from 2007-2011 and 2) the implementation of requirements in Section 342 of the Dodd-Frank Act regarding workplace diversity including contracting.

OMWI accepts and endorses GAO's recommendation that it include in its annual OMWI report to Congress efforts to measure the progress of its diversity practices. Our office plans to incorporate such measurements in its future annual reports upon their implementation.

In addition, we submit the following minor comments to the draft GAO report:

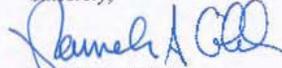
- The information in Table 3 (p. 34) of the draft GAO report should be corrected to reflect that the staffing level allocation for OMWI in Fiscal Year 2012 was 9 Full Time Equivalent Positions and as of January 2013, 8 such positions were filled. In the draft GAO report provided to OMWI for review and comment, Table 3 shows that OMWI was allocated 11 Full Time Equivalent Positions and 10 such were filled.
- With regard to the draft GAO report section entitled *Fair Inclusion Provision in Contracts* (p. 44), please note that in addition to the Consumer Financial Protection Board, the SEC

has also been using the equal employment opportunity statement contained in the Federal Acquisition Regulation in executed contracts while the SEC develops an inclusion statement pursuant to Section 342(c)(2).

- Under the same section entitled *Fair Inclusion Provision in Contracts* and in relation to Section 342 (c)(1) and (2), OMWI suggests restating the second sentence to provide as follows: "Section 342 of the Dodd-Frank Act requires agencies and Reserve Banks to develop procedures for review and evaluation of contract proposals and for hiring service providers that include a written statement 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."

Thank you for the consideration that you and your staff have shown our staff and for the opportunity to comment on this draft report. If you have any questions or would like to further discuss this letter, please feel free to contact me at (202) 551-6503.

Sincerely,



Pamela A. Gibbs  
Director

# Appendix XIII: Comments from the Treasury Department



DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20220

March 29, 2013

Daniel Garcia-Diaz  
Director, Financial Markets and Community Investment  
Government Accountability Office  
441 G Street NW  
Washington, DC 20548

Sent via email to [trinderj@gao.gov](mailto:trinderj@gao.gov)

Dear Mr. Garcia-Diaz,

Thank you for providing the Department of the Treasury an opportunity to review your draft report entitled *Diversity Management: Trends and Practices in the Financial Services Industry and Agencies After the Recent Financial Crisis*. Covering 2007 to 2011, the report provides important workforce trends leading up to the FY 2011 baseline year for the Treasury's Departmental Offices, Office of Minority and Women Inclusion (OMWI). While the workforce of Treasury's Departmental Offices is comprised of a different range of critical occupations than those of the financial services industry, the federal reserve banks and the other federal financial agencies, the data in the draft report are relevant to our analysis of that segment of common occupations in our workforce.

We welcome the GAO recommendation to incorporate one of the nine leading diversity practices as part of the analysis in future OMWI annual reports to Congress. This recommendation is consistent with the efforts of Treasury's Departmental Offices to move beyond using only demographic representation to gauge the status and progress of diversity and inclusion within the Departmental Offices.

While there is still much more work to be done, we value the important strides that have been made in workforce and business diversity within Treasury's Departmental Offices.

Sincerely,

A handwritten signature in cursive script that reads "Lorraine Cole".

Lorraine Cole, Ph.D.  
Director, Office of Minority and Women Inclusion

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# Appendix XIV: GAO Contact and Staff Acknowledgments

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## GAO Contact

Daniel Garcia-Diaz, (202) 512-8678 or [garciadiazd@GAO.gov](mailto:garciadiazd@GAO.gov)

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## Staff Acknowledgments

In addition to the individual named above, Kay Kuhlman, Assistant Director; Heather Chartier; Brendan Kretzschmar; Alma Laris; Ruben Montes de Oca; Cheryl Peterson; Jennifer Schwartz; Jena Sinkfield; Andrew Stavisky; and Julie Trinder made major contributions to this report.

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Katherine Siggerud, Managing Director, [siggerudk@gao.gov](mailto:siggerudk@gao.gov), (202) 512-4400, U.S. Government Accountability Office, 441 G Street NW, Room 7125, Washington, DC 20548

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## Public Affairs

Chuck Young, Managing Director, [youngc1@gao.gov](mailto:youngc1@gao.gov), (202) 512-4800 U.S. Government Accountability Office, 441 G Street NW, Room 7149 Washington, DC 20548

