

# DIVERSITY FLATLINES AT FINANCIAL AGENCIES:

## 2015 OFFICES OF MINORITY AND WOMEN INCLUSION ISSUE BRIEF

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### Communities of Color Need Diverse Policymakers

For decades, U.S. government financial agencies operated ad hoc initiatives to diversify their workforces. Traditionally, these have been siloed efforts distinctly separate from the entities' primary mission. The 2008 financial crisis, however, demonstrated the consequences of policymakers being out of touch with low-income consumers and communities of color. As a result, these communities were hit "first and worst" and continue to lag in the economic recovery. Section 342 of the 2010 Dodd-Frank Act created Offices of Minority and Women Inclusion (OMWIs) in the nation's top regulatory agencies<sup>1</sup> to prevent history from repeating itself. They play a critical role in ensuring agencies better represent and connect diversity to beneficial policy outcomes for communities of color.

### (Lack of) Diversity in Financial Agencies Remains Status Quo

The graph series on page 2 illustrates the agencies' progress on racial/ethnic workforce and vendor diversity from 2013-2015. It also compares individual performance to the group average. Observable trends include:

- On average, the agencies' workforce and vendor diversity remained largely unchanged for the past 3 years. Workforce diversity, just below 35 percent, greatly outpaces vendor diversity, slightly above 17 percent.
- Most agencies followed the average group trend for both categories.
- Above-average performers in workforce diversity include the FBG and FHFA, while the FDIC and NCUA underperformed. The CFPB, SEC, and FDIC fluctuated in vendor diversity while the FBG, FHFA, and NCUA showed significant increases. The OCC consistently outperformed its peers in vendor diversity.
- The NCUA published overall vendor data in 2013, but did not provide a separate breakdown for minority vendor diversity.
- Treasury has yet to submit its 2015 Annual Report to Congress.

#### Agencies Leading the Financial Sector

<b>CFPB</b>	Consumer Financial Protection Bureau
<b>FBG</b>	Federal Reserve Board of Governors
<b>FDIC</b>	Federal Deposit Insurance Corporation
<b>FHFA</b>	Federal Housing Finance Agency
<b>NCUA</b>	National Credit Union Administration
<b>OCC</b>	Office of the Comptroller of the Currency
<b>SEC</b>	US Securities and Exchange Commission
<b>Treasury</b>	US Department of the Treasury Departmental Offices

<sup>1</sup> Section 342 of the Dodd-Frank Act created OMWIs in 20 financial agencies. This issue brief features data from the Annual Reports to Congress of the CFPB, FBG, FDIC, FHFA, NCUA, OCC, SEC, and the Treasury. It does not include data from the 12 Federal Reserve Regional Banks.

We call specifically on agency leaders to prioritize diversity and incorporate it fully into policymaking.

## Agency Leaders Must Drive, Not Just Support, Diversity

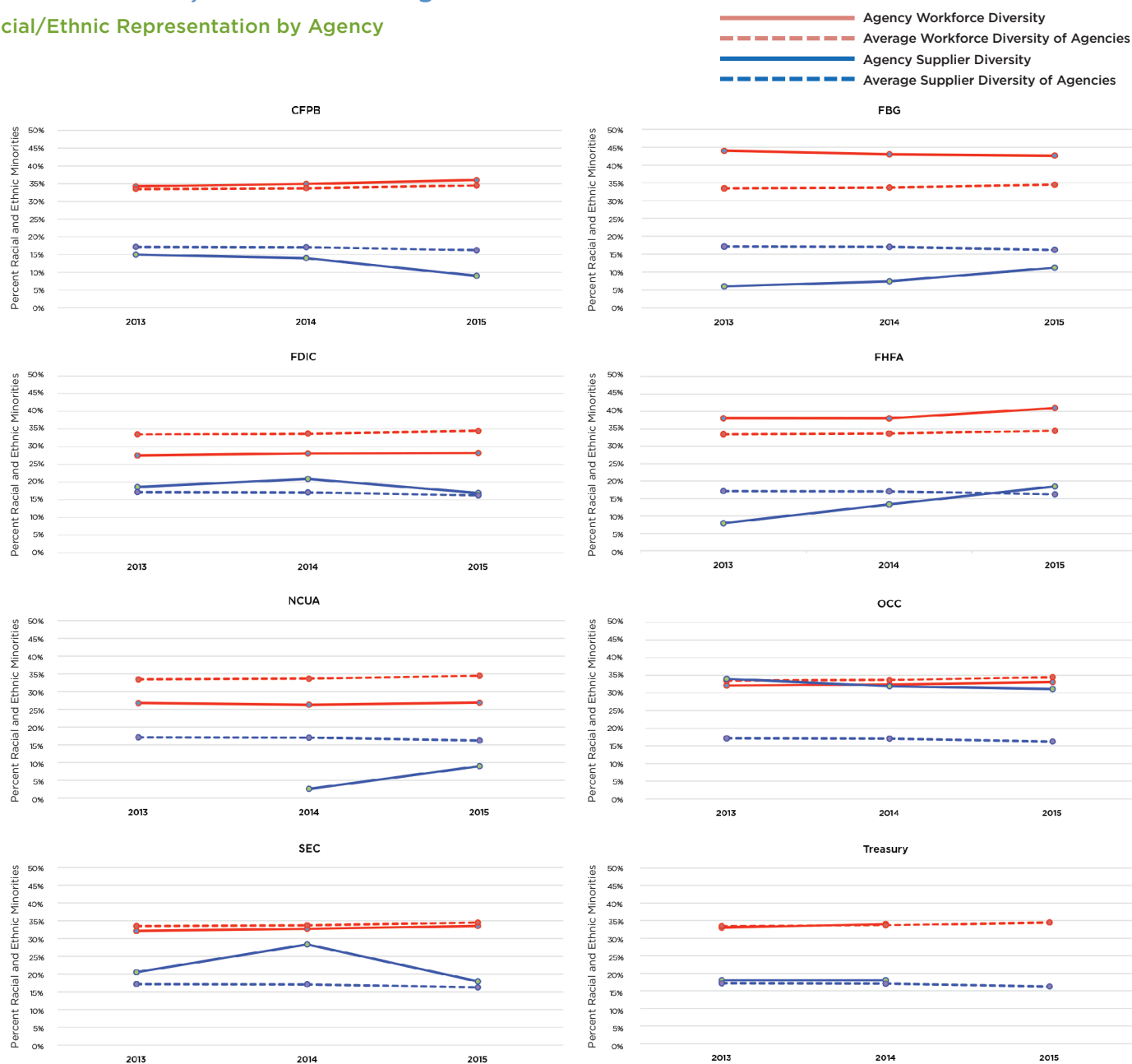
The OMWIs cannot reform the financial agencies alone. Agency leaders shape organizational culture and establish priorities for staff. Without active leadership, diversity will continue to be siloed and viewed as inessential to policy. Communities of color cannot afford this. We call specifically on agency leaders to prioritize diversity and incorporate it fully into policymaking.

## Congress Can Reshape the National Narrative

Traditionally, diversity only enters mainstream conversation when controversy erupts. Clearly, issues of discrimination and disparate impact must be addressed. It is equally important, however, to consistently and proactively integrate diversity into ongoing evaluations and decision-making, which was the original intent of the OMWIs. Diversity champions within Congress have made progress on this front, but more can be done. This includes regularly assessing the composition and use of diversity at **all** agencies and regulated entities. Congress must use its visibility and oversight of the regulatory agencies to model how diversity can and should be framed in policy discussions.

## After Three Years, Little Overall Progress

### Racial/Ethnic Representation by Agency



## Metrics Matter

Numerical summaries give only partial insight into an agency's diversity efforts. Success requires close attention to metrics, the categories one measures to gauge progress. They establish concrete action items, create accountability throughout the agency, and allow leadership to methodically identify and rectify issues. Since their creation, the OMWIs have increased their use and reporting of metrics, though some do better than others.

The independent, nonpartisan Government Accountability Office (GAO)<sup>2</sup> consistently recommends that financial agencies track diversity metrics in three overarching categories: pipeline development/recruitment, distribution of diversity, and integrating diversity into operations. The tables below show how the OMWIs tracked some of these metrics in their most recent reports covering both workforce and vendor diversity.

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For a more thorough analysis of the OMWIs and Greenlining's recommendations to increase diversity, please see our June 2016 report, **"Government that Looks Like America: Diversity in the Federal Financial Agencies"**, available at: <http://greenlining.org/wp-content/uploads/2016/07/GLA2-CoverInterior-to-post-spreads.pdf>.

### Metrics Reported by OMWIs in 2015 Reports

Workforce Diversity	Pipeline Development		Distribution of Diversity			Integration of Diversity into Operations		
Agency	Staff Diversity Training	Professional Development by Race/Ethnicity	Senior Leadership by Race/Ethnicity	Staff Hierarchy by Race/Ethnicity	Hiring, Separation, and/or Promotion by Race/Ethnicity	Diversity Council, Includes Leadership Participation	Staff Feedback on Diversity	Diversity Strategic Plan
CFPB	X	X	X		X	X	X	X
FBG	X	X	X	X	X	X	X	X
FDIC	X	X	X		X	X		X
FHFA	X	X	X		X			X
NCUA	X	X	X	X		X	X	X
OCC	X	X	X	X	X	X	X	X
SEC	X		X		X	X		
Treasury	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Vendor Diversity	Pipeline Development		Distribution of Diversity			Integration of Diversity into Operations
Agency	Outcome of Outreach Efforts	Technical Assistance/ Capacity Building	Overall Spending by Race/Ethnicity	Commodity by Race/Ethnicity	Contract Size	Contracts Include Good Faith Efforts*
CFPB	X	X	X		X	X
FBG	X	X	X	X	X	X
FDIC	X	X	X		X	X
FHFA	X	X	X		X	
NCUA	X	X	X	X		X
OCC	X	X	X	X	X	X
SEC	X		X		X	X
Treasury	N/A	N/A	N/A	N/A	N/A	N/A

\*In the Good Faith Efforts (GFE) clause, contractors affirm their commitment, as well as the commitment of their subcontractors, to make good faith efforts to include minorities and women in their workforces.

<sup>2</sup> U.S. GAO- Browse by Topic. Retrieved June 30, 2016 from [http://www.gao.gov/browse/topic/Equal\\_Opportunity](http://www.gao.gov/browse/topic/Equal_Opportunity)

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## About the Greenlining Institute

Founded in 1993, The Greenlining Institute envisions a nation where communities of color thrive and race is never a barrier to economic opportunity. Because people of color will be the majority of our population by 2044, America will prosper only if communities of color prosper. Greenlining advances economic opportunity and empowerment for people of color through advocacy, community and coalition building, research, and leadership development. We work on a variety of major policy issues, from the economy to environmental policy, civic engagement and many others, because economic opportunity doesn't operate in a vacuum. Rather than seeing these issues as being in separate silos, Greenlining views them as interconnected threads in a web of opportunity.

**The Greenlining Institute's Economic Equity Program** works to overcome the lingering effects of redlining, help communities of color build wealth, and ensure that our financial system works for all.

**The Greenlining Institute's Diversity and Inclusion Program** leads the organization's workforce and supplier diversity advocacy through policy, coalition building, and research. It advances a concerted agenda across our core policy concentrations of Economic Equity, Environmental Equity, Bridges to Health, Energy and Telecommunications, Philanthropy, Insurance, and Technology.

## Author Biographies

### **Danielle Beavers**, Diversity and Inclusion Director

As the Diversity and Inclusion Director, Danielle advocates for the greater inclusion of people of color across Greenlining's five major policy areas. For Danielle, every issue is an economic issue; decision-makers must utilize the lived experiences of communities to ensure economic recovery and prosperity for the entire nation. To this effect, she regularly advises corporations and their regulators on metrics to best measure workforce and supplier diversity. This includes leading Greenlining's work with the federal Offices of Minority and Women Inclusion and serving on the California Department of Insurance's Diversity Task Force. She received her B.A. from Stanford University in Comparative Studies in Race and Ethnicity with Honors.

### **Sasha Werblin**, Economic Equity Director

Sasha Werblin is a proud Oakland native who brings extensive nonprofit, public sector and campaign experience to the Economic Equity team. As Economic Equity Director, she works to build wealth, assets, and financial sustainability in communities of color. Her policy experience began as Greenlining's Sustainable Development Fellow. Between completion of her Academy fellowship and returning to Greenlining, Sasha ran Congresswoman Barbara Lee's successful 2008 reelection campaign. She has also worked in Mombasa, Kenya to ensure that underserved communities were at the vanguard of local development initiatives and to build fundraising capacity for local community-based organizations. She was assistant director at a progressive campaign consulting firm mobilizing activists, building membership and fundraising for organizations like Amnesty International, Equality California and Save the Children.

In her spare time, Sasha mentors two young women of color through the Berkeley Community Fund and the East Bay College Fund. Sasha serves on the boards of the East Bay AIDS Advocacy Foundation and Homeownership SF, and is a 2016 New Leaders Council Fellow in the Oakland Chapter. Sasha graduated from Smith College in 2007 with a B.A. in Sociology and Psychology.

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