DIVERSITY AND INCLUSION ▪ ISSUE BRIEF ▪ SEPTEMBER 2017

COMMUNITIES OF COLOR NEED DIVERSE POLICYMAKERS, TODAY MORE THAN EVER

2016 OFFICES OF MINORITY AND WOMEN INCLUSION ISSUE BRIEF

Danielle Beavers
Diversity and Inclusion Director

Vedika Ahuja
Economic Equity Senior Program Manager

The systemic redlining of communities of color necessitates strong oversight from policymakers to ensure our financial industry works for all. Following the financial crisis of 2008, which disproportionately impacted communities of color, Congress passed the Dodd-Frank Act to promote financial reform and accountability. Section 342 created Offices of Minority and Women Inclusion in eight agencies and the 12 Federal Reserve Regional Banks to ensure policymakers and regulators better reflect, understand, and promote job creation in these communities.[1] These offices lead all efforts to diversify the workforces *and* supply chains of their agencies and create standards for more than 70,000 regulated entities.

Unfortunately, communities of color currently face an increasingly adversarial federal policy agenda that threatens to roll back critical consumer protections and diversity efforts created since the financial crises. More than ever, we need policymakers with bold leadership to "hold the line" and to advance progressive policies like Section 342.

This issue brief analyzes the inclusion of people of color in the eight agencies' workforces and supply chains from 2014-2016.

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

Workforce Remains Steady, Supplier Diversity Fluctuates

The graph series on pages 2-5 illustrates the agencies' performance and progress, broken down by ethnicity, for workforce and supplier diversity.[2] Trends include:

- All agencies' workforces maintained a steady overall composition from 2014-2016, with no agencies' workforce diversity fluctuating by more than two percentage points.
- From 2014-2016, every agency workforce had Whites as their largest ethnic group, followed by African Americans, Asian Americans, Latinos, and Native Americans.
- Spending with minority-owned businesses fluctuated among the agencies from 2014-2016. Supplier diversity at the FDIC and OCC declined while it increased at the CFPB, FBG, FHFA, and NCUA. The SEC was the only agency to remain relatively steady.
- Asian American business received the most contract dollars among minority businesses at every agency. With the exception of the OCC, Native American businesses received the least contract dollars among minority businesses.
- For the second year in a row, the Treasury has yet to submit its Annual Reports to Congress.

[1] 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.

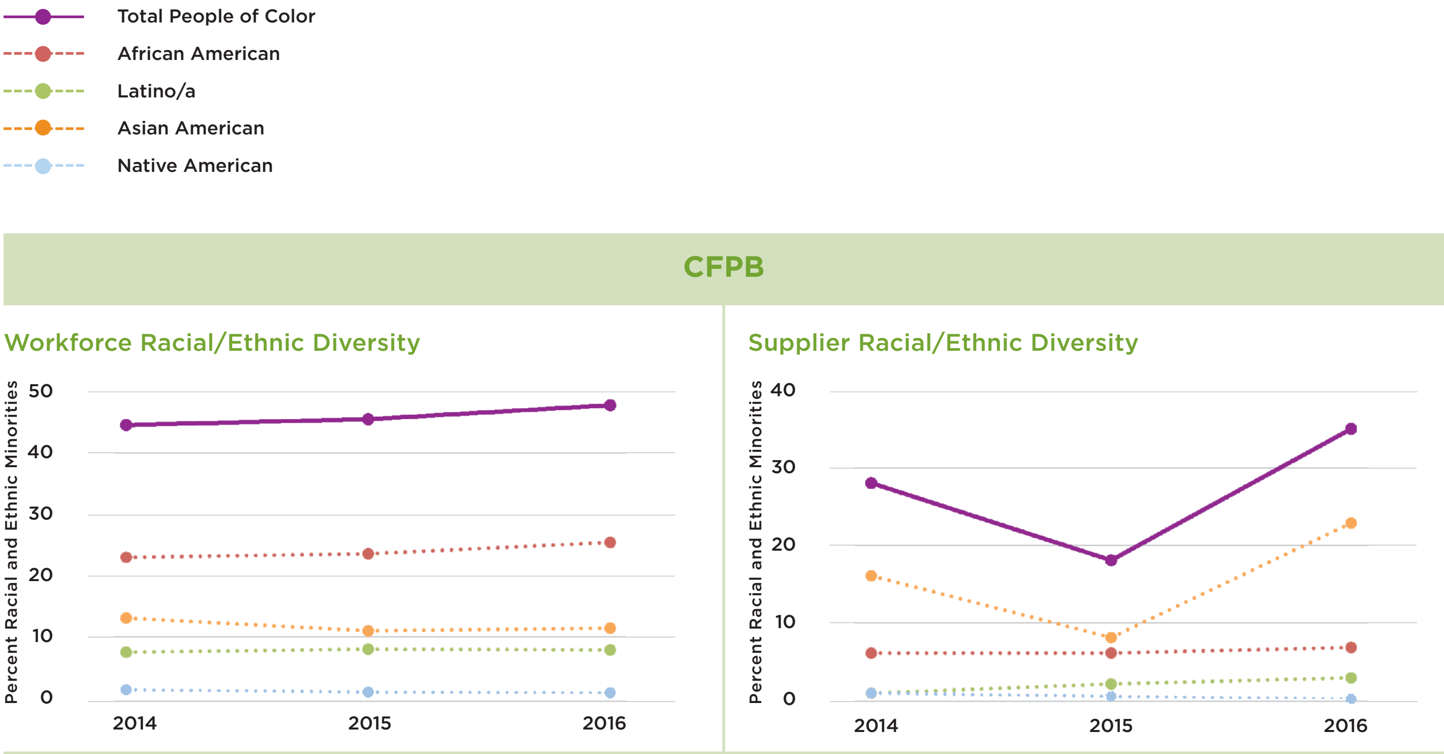
[2] Supplier diversity data is measured by percent of contract dollars awarded.

We call on Congress and agency heads to visibly support and proactively include diversity into their policymaking.

OMWIs Need Active Support from Policymakers to Succeed

Since their creation in 2010, the OMWIs have worked to build up a robust infrastructure. This includes internal assessments, crafting strategic plans, and establishing programs to support and increase diversity in their large agencies. Stakeholders—including Congress and agency decision makers—urgently need to use their influence to support and collaborate with the OMWIs. Too often, the political narrative has only included diversity when controversy arises. This creates an unstable and precarious landscape for entities like the OMWIs to navigate and ultimately limits their potential. Diversifying the financial sector will not happen in a vacuum. We call on Congress and agency heads to visibly support and proactively include diversity into their policymaking.

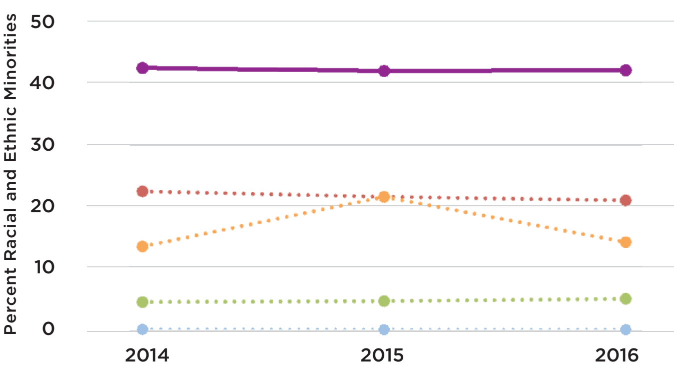
Agencies' Workforce and Supply Chain Diversity, 2014-2016[3]



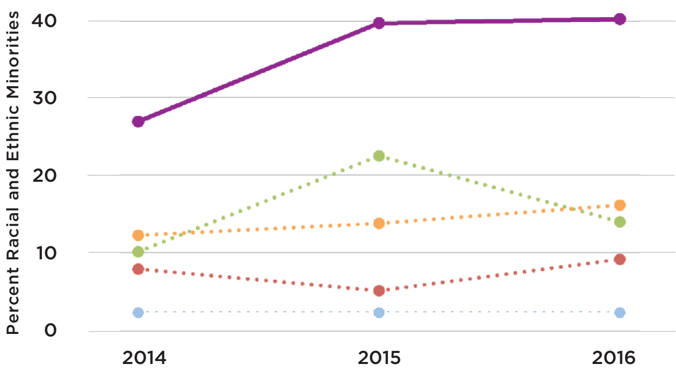
[3] Note: Axes for the workforce and supplier diversity graphs differ.

FBG[4]

Workforce Racial/Ethnic Diversity

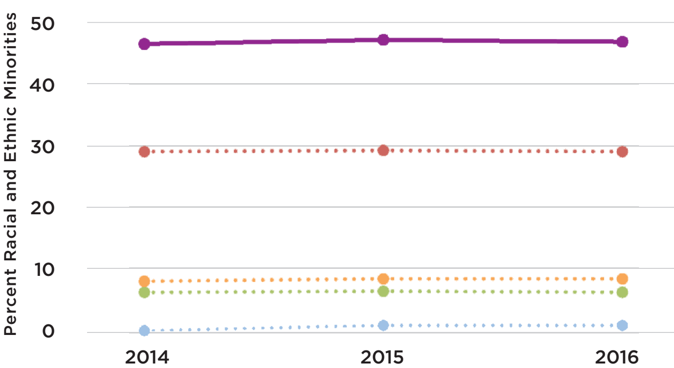


Supplier Racial/Ethnic Diversity

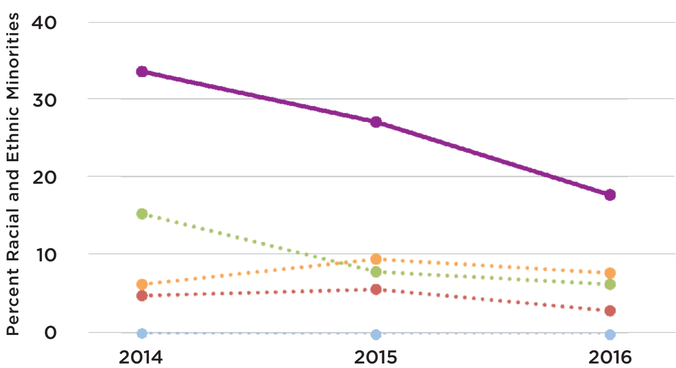


FDIC[5]

Workforce Racial/Ethnic Diversity

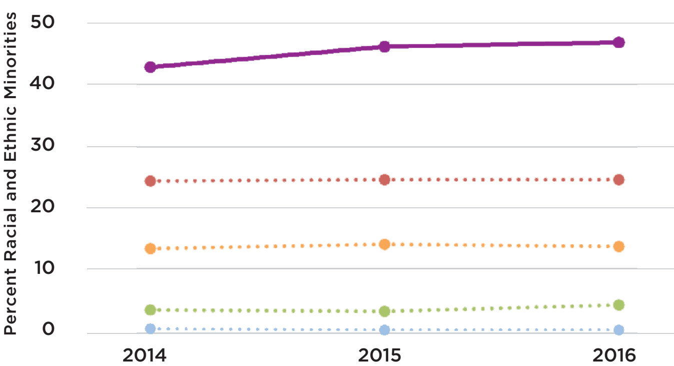


Supplier Racial/Ethnic Diversity

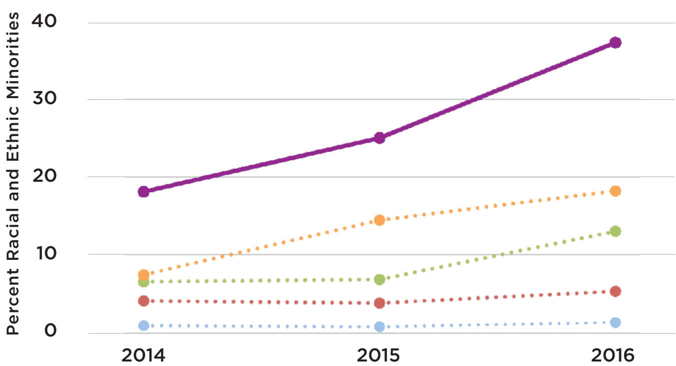


FHFA

Workforce Racial/Ethnic Diversity



Supplier Racial/Ethnic Diversity

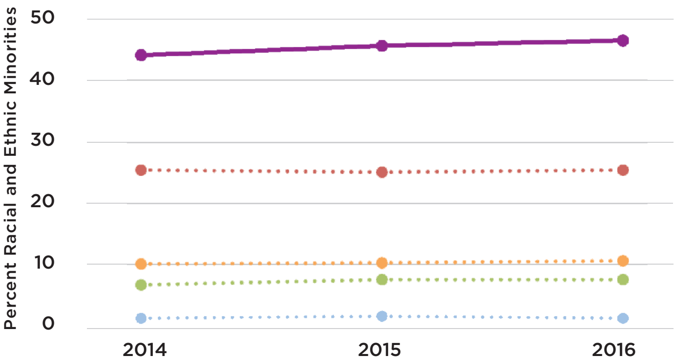


[4] The FBG's 2016 Annual Report to Congress contains supplier diversity data on the 12 regional Federal Reserve Banks for the first time. In most categories, the FBG outpaced the regional banks. Combined, the regional banks' supplier racial/ethnic diversity was: 4.18 percent for African Americans, 0.27 percent for Latinos, 2.69 percent for Asian Americans, 0.04 for Native Americans, and 7.27 for total minority-owned businesses.

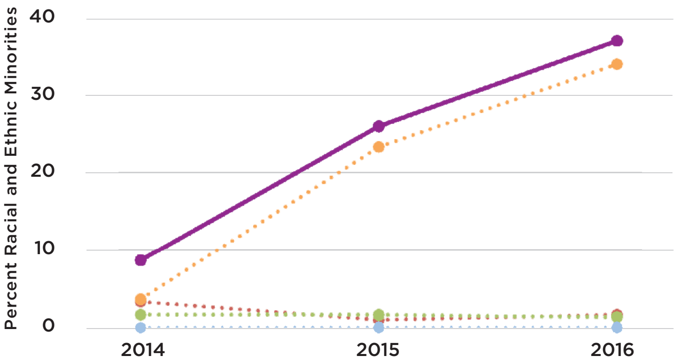
[5] Note: Total People of Color also includes those classified as "other" and/or "multiethnic."

NCUA

Workforce Racial/Ethnic Diversity

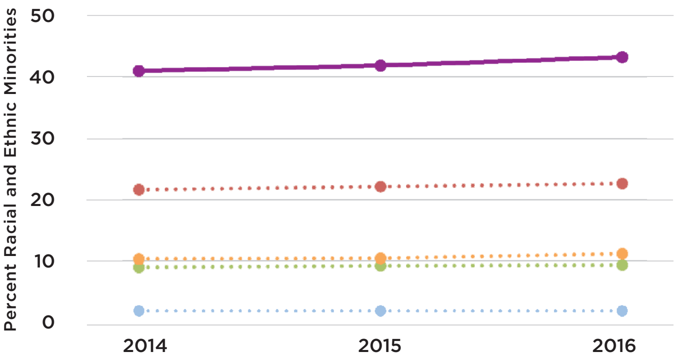


Supplier Racial/Ethnic Diversity

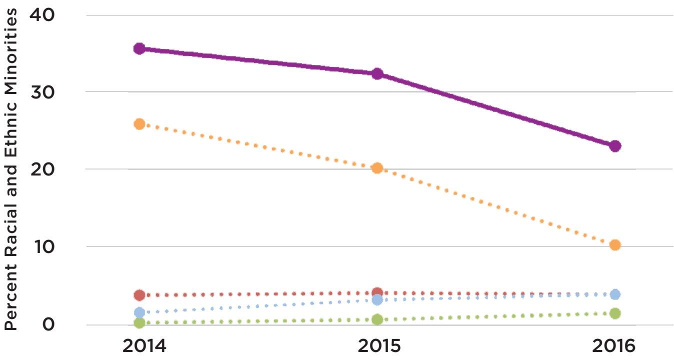


OCC

Workforce Racial/Ethnic Diversity

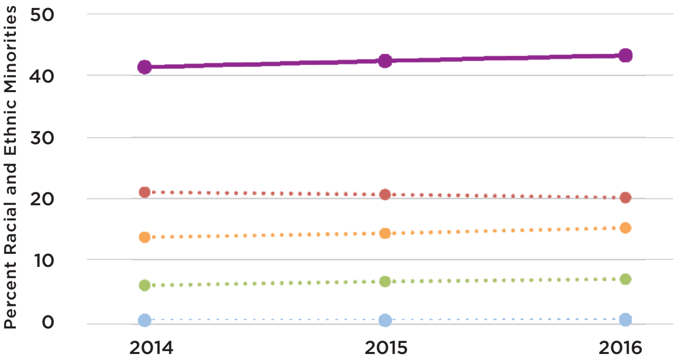


Supplier Racial/Ethnic Diversity

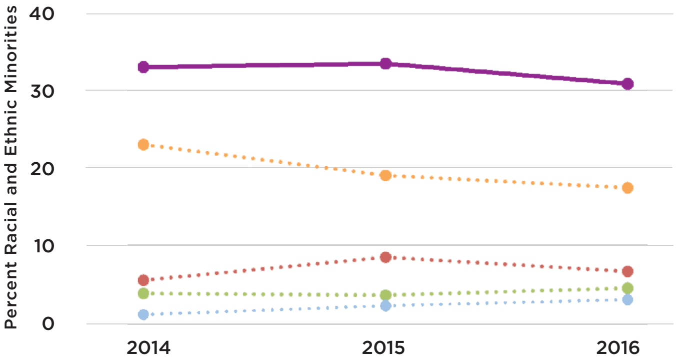


SEC

Workforce Racial/Ethnic Diversity

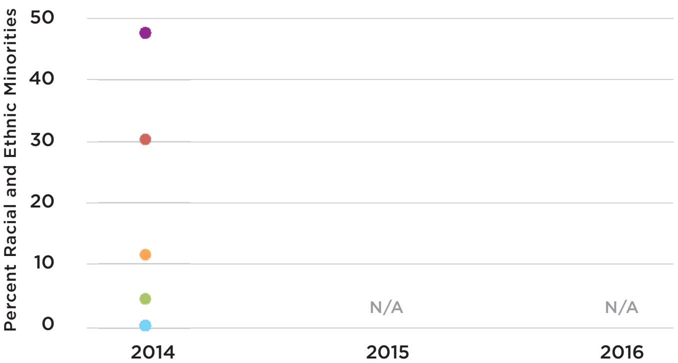


Supplier Racial/Ethnic Diversity



TREASURY[6]

Workforce Racial/Ethnic Diversity



Supplier Racial/Ethnic Diversity

[6] Note: As of August 2017, data not released for 2015-2016.

Collectively, the OMWIs have made significant progress in their use of metrics and have moved to standardize their reporting as a group.

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, creating accountability throughout the agency, and allow leadership to methodically identify and rectify issues. Collectively, the OMWIs have made significant progress in their use of metrics and have moved to standardize their reporting as a group.

The independent, nonpartisan Government Accountability Office (GAO)[7] 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 supplier diversity.

Metrics Reported by OMWIs in 2016 Annual Reports to Congress

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	X
FHFA	X	X	X		X		X	X
NCUA	X	X	X	X	X	X	X	
OCC	X	X	X	X	X	X	X	
SEC	X	X	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		
FBG	X	X	X	X		X
FDIC		X	X	X		X
FHFA			X	X		X
NCUA		X	X	X		
OCC	X	X	X	X		X
SEC	X	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.

[7] U.S. GAO- Browse by Topic. Retrieved June 30, 2016 from http://www.gao.gov/browse/topic/Equal_Opportunity

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 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.

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.

Author Biographies

Danielle Beavers, Diversity and Inclusion Director

As the Diversity and Inclusion Director, Danielle works to promote job creation for people of color. She leads Greenlining's workforce and supplier diversity advocacy in the banking, environmental, health, technology, insurance, and utility industries. Danielle views diversity as the antidote to redlining in the job market, and works to ensure that anchor institutions and their regulators fully reflect and benefit communities of color. She serves as Vice Chair of the California Department of Insurance's Diversity Task Force and is also a member of the California Utilities Diversity Council, Wells Fargo's Supplier Diversity Advisory Group, and the Small Business Administration's Los Angeles PLUM (Partnership for Lending in Underserved Markets) Market Research Action Group. She first came to Greenlining as the 2012 Community Reinvestment Fellow and received her B.A. from Stanford University in Comparative Studies in Race and Ethnicity with Honors.

Vedika Ahuja, Economic Equity Senior Program Manager

As the Economic Equity Senior Program Manager Vedika works to build wealth and improve financial services in communities of color. Prior to joining The Greenlining Institute, Vedika spent two years at an economic consulting firm analyzing the impact of antitrust actions and anticompetitive practices on consumers. She graduated with a B.A. in Economics from UC Berkeley. While at Berkeley, Vedika conducted economic development research about the long term impacts of health and education interventions on Kenyan youth. Vedika has been in the Bay for almost 10 years, and now calls it home.

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