

November 5, 2015

The Honorable Janet Yellen
Chair
Federal Reserve Board of Governors
20th Street and Constitution Avenue, NW
Washington, DC 20551

The Honorable Debbie Matz
Chair
National Credit Union Administration
1775 Duke Street
Alexandria, VA 22314

The Honorable Mary Joe White
Chair
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20551

The Honorable Martin Gruenberg
Chair
Federal Deposit Insurance Corporation
550 17th Street, NW
Washington, DC 20429
SENT VIA EMAIL

The Honorable Richard Cordray
Director
Consumer Financial Protection Bureau
1275 First Street, NE
Washington, DC 20002

The Honorable Thomas Curry
Comptroller
Office of the Comptroller of the Currency
400 7th Street, SW
Washington, DC 20024

The Honorable Melvin Watt
Director
Federal Housing Finance Agency
400 7th Street, SW
Washington, DC 20024

Greenlining Comments and Recommendations Regarding OMWI Inspector General Reports

Dear Chair Yellen, Director Cordray, Chair Matz, Comptroller Curry, Chair White, Director Watt, and Chair Gruenberg,

The Greenlining Institute (Greenlining) writes to express overall support, and some concern, with the Inspector General reports on the Offices of Minority and Women Inclusion (OMWI) at your respective agencies. In the spirit of partnership, we have consistently offered our feedback on and recommendations for the agencies' internal diversity. We strongly support the recommendations made in the Ethnic Tri-Caucus staff report on the Inspector Generals' findings, and offer our additional feedback below.

Greenlining Coalition:

4C Council of Santa Clara County
Allen Temple Baptist Church
American G.I. Forum
AnewAmerica
API SBP
Asian Business Association
Asian Inc.
Asian Journal
BBA-LA
Brightline Defense Project
CAABA-CAL
California Black Chamber
California Hispanic Chambers

California Journal for FILAm
California Rural Legal Assistance
Chicana/Latina Foundation
CHOC
Community Resource Project, Inc.
El Concilio of San Mateo County
Ella Baker Center for Human Rights
FAME Renaissance
Fresno Metro Black Chamber
Greater Phoenix Urban League
HAGA
Hispanic Chamber of Commerce - Alameda Co.
Hispanic Chamber of Commerce - Orange Co.

KHEIR Center
Korean Churches for Comm. Development
La Maestra Family Clinic
MAPA
Mentoring in Medicine & Science, Inc.
Mission Housing Development Corporation
Mission Language & Vocational School
NaFFAA
NAMCO
OCCUR
Our Weekly
Precinct Reporter Group
Rising Sun Energy Center

Sacramento Observer
San Francisco African American Chamber
Search to Involve Pilipino-Americans
Southeast Asia Community Center
TELACU
The Unity Council
Time for Change Foundation
Visión y Compromiso
WAGES
Ward EDC
West Angeles CDC
West Coast Black Publishers Association

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Key Recommendations

1. **Agency heads must publicly show leadership on diversity.** The spirit and purpose of diversity and inclusion is far-reaching, and when done well, impacts agency decision making, policy development and implementation. No office can single-handedly diversify an agency; it requires large-scale buy-in and coordination across divisions. While the OMWIs serve as each agency's diversity and inclusion expert, their success hinges on the strength of support from each agency head. This support must be clear, consistent, visible, and accountable to effectively achieve the OMWIs goals for the agencies. An important step to achieving this goal is outlined in the Tri-Ethnic Caucus' staff report -- that agencies should enhance interactions between agency heads and OMWI Directors.

Agency leaders should, at minimum, annually brief members of the House Financial Services Committee on diversity within their agencies and how this informs their policymaking.

2. **The OMWIs must prioritize resolving agency data collection gaps.** From operations to policy, agencies rely on data integrity to make informed decisions across the institution and the same principle holds true for diversity and inclusion. Unfortunately, every Inspector General's report—except the OCC—identified missing and/or flawed demographic data needed to conduct a proper analysis. This finding illustrates an unacceptable level of noncompliance across the agencies. It is critical that agencies comply with all diversity and inclusion related policies to improve workforce diversity.

The OMWIs must lead and ensure all internal units involved in data collection comply with reporting mandates.

3. **In addition to discrimination, the OMWIs must also investigate and correct other barriers in the workforce.** Democratic members of the House Financial Service Committee's Oversight and Investigations Subcommittee specifically directed the Inspector Generals to "determine whether any personnel practices have created discriminatory work environments." Discrimination is a serious challenge, and is one of many facets to consider when building an inclusive workforce. To adequately hire, retain, and promote a diverse and inclusive workforce, it is critical that agencies comprehensively examine barriers towards this goal, starting with effective outreach to diverse candidates, a strategy that greatly affects agency diversity. The Equal Employment Opportunity Commission's Management Direct 715 (MD-715) requires this analysis and provides extensive guidance to effectively detect and correct barriers.¹

We urge the OMWIs to comply, if not already, with the EEOC's MD-715 requirement and to publish these findings.

4. **The OMWIs should prioritize creating accountability measures for managers at every level.** Research on effective diversity and inclusion consistently cites 'manager accountability' as a best practice.² Extensive metrics, goals, and transparency on employee and team performance transforms 'diversity and inclusion' from an abstract agency value into an effective workforce strategy. Currently, only the NCUA, FDIC, and CFPB include diversity and inclusion objectives in supervisors' performance reviews.³

¹ The U.S. Equal Employment Opportunity Commission. "Instruction to Federal Agencies for EEO MD-715 Section II: Barrier Identification and Elimination". Accessed October 29, 2015. <http://www.eeoc.gov/federal/directives/715instruct/section2.html>

² United States Government Accountability Office. (April 2013). *Diversity Management: Trends and Practices in the Financial Services Industry and Agencies after the Recent Financial Crisis*. <http://www.gao.gov/assets/660/653814.pdf>

³ Additional information and resources are contained in the Ethnic Tri-caucus staff report.

All agencies should establish specific diversity and inclusion goals for management personnel. Further, diversity and inclusion should be a core competency for supervisors.

5. **Agencies should order Inspector Generals to audit internal supplier diversity.** The Inspector Generals' reports objectively and critically assessed the state of agencies' workforces. These recommendations will empower the OMWIs to substantially improve workforce diversity and integrate these new best practices. Supplier diversity and procurement operations should equally benefit from an external assessment. Many agencies have consistently struggled to contract with minority-owned suppliers over the past four years, despite the OMWI's existence.⁴ Specific Inspector General audits on contracting would identify opportunities for growth and help the OMWIs implement necessary changes to develop a successfully operating supplier diversity program.

Inspector Generals should audit contracting offices, utilized metrics, and overall compliance with supplier diversity policies.

6. **All OMWIs must advise agencies on how its policies may affect diverse-owned businesses.** The OMWIs were specifically created to imbue diversity across the agencies, with the intent of creating better informed policy.⁵ A key aspect of this goal is expressed in Section 342(b)(3) of the Dodd-Frank Act, "Each Director shall advise the agency administrator on the impact of the policies and regulations of the agency on minority-owned and women-owned businesses." To date, no OMWI has disclosed if or how they plan to comply with this critical provision.

All OMWIs must comply with Section 342(b)(3) of the Dodd-Frank Act and publically disclose how they work to advise agency administrators.

7. **All OMWIs must issue strategic plans for diversity and inclusion.** Strategic plans are critical tools for any initiative, especially for the OMWIs. The presence of an agency's diversity and inclusion strategic plan is a vital venue for the agency head to show strong, visual support of this initiative, and gives the OMWIs and other diversity offices a platform to communicate how their work aligns with the core lines of an agencies operations. Executive Order 13583 Sec. 3(b) requires each agency to submit specific diversity plans to the Office of Personnel Management. As of this letter, only the FHFA, OCC, NCUA, and the CFPB have complied with the Order.

The SEC, FDIC, and the Federal Reserve Board of Governors must issue diversity and inclusion strategic diversity plans, as required by Executive Order 13583. All agencies should ensure their plans explicitly communicate how diversity will be integrated throughout the entity.

Thank You

As each agency continues to refine its diversity practices, we encourage you to consider the key issues raised above. We invite you to contact us for more detail on our feedback, and will continue to offer ourselves as a partner and resource on these matters.

⁴ The Greenlining Institute. (September 2015). *Offices of Minority and Women Inclusion: 2014 Snapshot of Financial Regulators' Diversity and Inclusion*. <http://greenlining.org/wp-content/uploads/2015/08/OMWI-Fact-Sheet-8.2015.pdf>

⁵ Waters, Ranking Member, et al. (April 2014) http://www.federalreserve.gov/SECRS/2014/May/20140509/OP-1465/OP-1465_041514_126311_475617696392_1.pdf

Sincerely,



Orson Aguilar
Executive Director



Sasha Werblin
Economic Equity Director



Danielle Beavers
Economic Equity Sr. Program Manager

The following organizations have signed on in support of this letter:

American GI Forum
Asian Business Association
Asian Journal Publications, Inc.
Business Resource Group
Brightline Defense Project
California Black Chamber of Commerce
Community Housing Opportunity Corporation (CHOC)
Council of Asian American Business Associations
Creative Investment Research, Inc.
Eastmont Community Center of East Los Angeles
El Concilio of San Mateo County
El Mundo Communications
Fresno Metro Black Chamber of Commerce
Krygier Investments
La Maestra Community Health Centers
Los Angeles Urban League
Minority Business RoundTable
National Association of Minority and Women-Owned Law Firms (NAMWOLF)
National Federation of Filipino American Associations, Region 8
National Urban League
National Association of Securities Professionals (NASP)
Oakland Citizens Committee for Urban Renewal (OCCUR)
Our Weekly
Rene Perez & Associates
San Francisco African American Chamber of Commerce
Southeast Asian Community Center

cc: Representative Maxine Waters, Ranking Member of the House Financial Services Committee
Representative Judy Chu, Chair, Congressional Asian Pacific American Caucus
Representative Norma Torres, Representative, Congressional Hispanic Caucus
Representative G.K. Butterfield, Chair, Congressional Black Caucus
Representative Joyce Beatty, Member, House Financial Services Committee
Representative Al Green, Member, House Financial Services Committee
Senator Bob Menendez, Member, Senate Banking Committee
Senator Cory Booker, Member, Congressional Black Caucus
Senator Harry Reid, Senate Minority Leader