

ECONOMIC EQUITY

GOVERNMENT THAT LOOKS LIKE AMERICA: DIVERSITY IN THE FEDERAL FINANCIAL AGENCIES

Danielle Beavers • Diversity and Inclusion Director

Sasha Werblin • Economic Equity Director

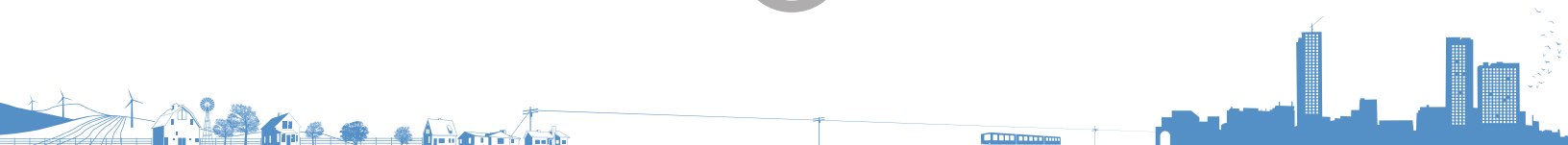


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ACKNOWLEDGEMENTS

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.

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; decisionmakers 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. When not elbows-deep in policy memos, Danielle enjoys bad reality TV and spending time with her dog Otis.

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 in 2007-2008. 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. In addition, 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 Board of the East Bay AIDS Advocacy Foundation, 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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TABLE OF CONTENTS

EXECUTIVE SUMMARY	4
INTRODUCTION	5
METHODOLOGY	7
WORKFORCE DIVERSITY RESULTS	7
SUPPLIER DIVERSITY RESULTS	11
CONCLUSION AND RECOMMENDATIONS	13
APPENDIX A: AGENCY CORE CONTRACTING CATEGORIES	15
APPENDIX B: EEO-1 JOB CATEGORIES	17
APPENDIX C: HIERARCHY BY ETHNICITY FOR THE AGENCIES	17
REFERENCES	18

EXECUTIVE SUMMARY

- In the wake of the financial crisis, Congress established 20 Offices of Minority and Women Inclusion (OMWIs) within federal financial agencies to leverage diversity and reform the financial sector. These OMWIs must evaluate and improve workforce and supplier diversity.
- Most OMWIs have the added responsibility of creating and assessing diversity standards for over 70,000 regulated companies in the financial sector.
- Greenlining tracks these diversity and inclusion efforts because they greatly impact the health of our economy. It is critical that workforce diversity reflects the American consumer base and leverages the lived experiences of diverse employees. Supplier diversity provides diverse-owned businesses equal access to contracts, which create economic development opportunities for communities of color.
- This report reviews 2014 data on eight agencies' workforce and supply chains, which builds on Greenlining's 2012 report entitled ***Government that Looks Like America?*** Since 2011, five of the six agencies analyzed increased their aggregate workforce diversity. In the context of this report, we focus on the diversity of racial and ethnic groups, as neglect and exploitation of minority groups in the financial sector helped trigger the 2008 financial crisis.
- Some agencies lack the basic systems to collect, analyze and measure performance, hindering opportunities to disaggregate demographic data on outside vendor contracts by gender, ethnicity, and/or geography.
- On average, the eight agencies that submitted data employed 33.52 percent people of color—consistent with the U.S. civilian and financial sector labor forces. In upper level management, however, overall diversity and representation for African Americans, Asian Americans, and Latinos remain far from parity. Collectively, people of color represent just 17.76 percent of executive management roles.
- On average, the agencies spent 17.61 percent of their total budgets with minority-owned vendors. A considerable spread exists across agencies—from 36.00 percent (OCC) to 2.60 percent (NCUA).

INTRODUCTION

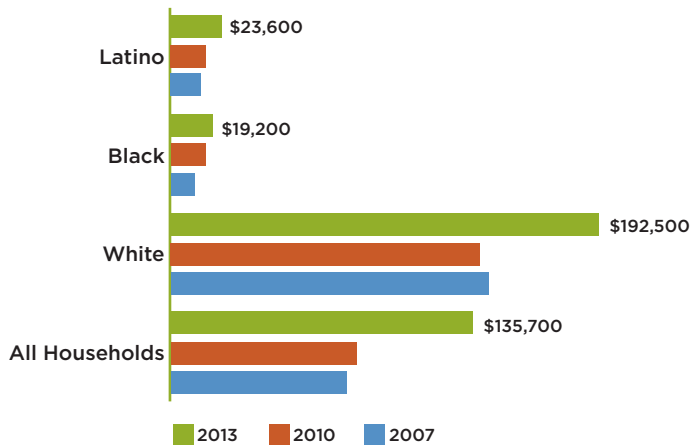
America Needs Economic Equity in the Financial Sector

The financial sector forms an integral part of America's economy and by extension its society. At its best, it provides access to responsible products, helps stimulate the economy and creates opportunities to build intergenerational wealth for families. When unaccountable to the public, the sector can bring the economy to its knees—damaging retirement savings, the availability of credit, and jeopardizing the security of homes.

Unfortunately, not all communities experience the financial sector equally. For example, in the 2008 financial meltdown, communities of color were hit first and worst. These communities continue to experience hardship and lag in economic growth, contributing to the racial wealth gap. Furthermore, despite national and state recovery efforts, data show that the racial wealth gap widened in the years following the financial crisis (See Figure 1).

Sociologists and economists agree this divide threatens America's future. People of color are projected to be the majority of the U.S. population by 2044; their financial wellbeing will shape the larger economy. For this reason, Greenlining sought to examine diversity within financial agencies, focusing specifically on race and ethnicity.

Figure 1: Wealth by Race, 2007-2013



Note: Due to their small population, statistically significant results could not be determined for Asian Americans.
Source: Pew Research Center, Survey of Consumer Finances public-use data, 2014

Closing the Racial Wealth Gap through Diversity and Inclusion

Diversity and inclusion strategies can help close the racial wealth gap. These strategies emphasize diversifying personnel and procurement to maximize human capital and business opportunities. Diverse workforces in inclusive environments improve individual and organizational performance, and result in better value to customers, clients, and other stakeholders.¹ Diverse procurement encourages the use of a wide range of suppliers, spurs innovation, and stimulates economic development opportunities. Together, these strategies can have far-reaching impacts.

Workforce diversity leverages the experience of diverse employees to better engage clients, customers and collaborators. Success requires that diversity extend to decision-making roles. Currently, just 26.60 percent of the financial sector’s 7 million employees identify as people of color, a figure that declines further up the organizational ladder.ⁱⁱ A more inclusive financial workforce would make some of the nation’s best paying and most stable jobs available to the country’s soon-to-be majority. Further, it could provide consumers with a sector that is better attuned to and understanding of their unique financial needs. Diverse decision-makers can better prepare the financial sector to address the needs of an increasingly diverse population and help remove the economic barriers faced by consumers of color, benefiting the larger economy.

Supplier diversity provides diverse-owned businesses equal access to contracts, which creates economic development opportunities for communities of color. When done strategically, contracts can expand vendor pools, lower costs, and improve product quality—creating ripple effects throughout local economies.ⁱⁱⁱ The financial sector has trillions of dollars in annual purchasing power and the bandwidth to engage America’s high-potential minority business enterprises (MBEs). While MBEs from 2007-2010 outpaced white business growth by total number of firms, employees, and gross receipts, they secured far fewer procurement contracts with most companies.^{iv} Enhancing supplier diversity in the financial sector can further support contract opportunities, business growth, and job creation and help to narrow the wealth gap.

In the wake of the financial crisis, Congress made efforts to recognize that neglect and exploitation of communities of color contributed to the crisis and created the Offices of Minority and Women Inclusion (OMWI) to leverage diversity and reform the financial sector.¹ The OMWIs must assess and improve workforce and supplier diversity in 20 federal financial regulatory agencies. In addition, seven key agencies have the added responsibility of creating diversity standards for over 70,000 regulated companies in the financial sector and collecting information on their performance.

Table 1: Federal Financial Agencies with OMWIs^{2,3}

Consumer Financial Protection Bureau (CFPB)	Securities and Exchange Commission (SEC)
Federal Deposit Insurance Corporation (FDIC)	National Credit Union Administration (NCUA)
Office of the Comptroller of the Currency (OCC)	U.S. Department of the Treasury Departmental Offices (Treasury)
Federal Housing Finance Agency (FHFA)	Federal Reserve Board of Governors (FRB)
Federal Reserve Bank of Atlanta	Federal Reserve Bank of Kansas City
Federal Reserve Bank of Boston	Federal Reserve Bank of Minneapolis
Federal Reserve Bank of Chicago	Federal Reserve Bank of New York
Federal Reserve Bank of Cleveland	Federal Reserve Bank of Philadelphia
Federal Reserve Bank of Dallas	Federal Reserve Bank of Richmond
Federal Reserve Bank of San Francisco	Federal Reserve Bank of St. Louis

These financial agencies will have difficulty promoting diversity in the financial sector if they do not lead by example. Greenlining’s 2012 report, *Government that Looks Like America?* provided a snapshot of financial agencies’ 2011 workforce diversity at the inception of the OMWIs.^v This report captures 2014 data on agencies’ workforce diversity and offers Greenlining’s first analysis of each agency’s supplier diversity.

¹ Section 342 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (2010) created OMWIs at the CFPB, FDIC, SEC, NCUA, OCC, Treasury, FRB and the 12 regional banks of the Federal Reserve System. Section 1116 of the Housing and Economic Recovery Act (2008) created an OMWI at the FHFA.

² The eight offices highlighted in green are financial agencies with OMWIs. All agencies, except the U.S. Department of the Treasury Departmental Offices, are charged with overseeing and establishing diversity standards for regulated entities.

³ Greenlining did not request or collect data from the 12 regional banks of the Federal Reserve System.

METHODOLOGY

Greenlining requested internal diversity data from the eight OMWIs based in a financial agency (highlighted in green in the table). We requested data consistent with existing reports filed by federal agencies. These include the U.S. Equal Employment Opportunity Commission’s Employer Information Report (EEO-1) and supplier data using the North American Industry Classification System (NAICS). To our knowledge, this report is the only publication to centralize diversity data from these agencies. Agencies that did not use these formats provided equivalent data.⁴

In addition, we requested data on “mission critical” and “core procurement” categories. “Mission critical” jobs are considered the most important to each agencies’ primary function. “Core procurement” refers to the most essential goods and services that agencies purchase from outside vendors. This data helps clarify the role of diversity within each agency’s operations management strategy. Lastly, agencies were invited to verify our analysis, and provide qualitative, contextual information on all submitted data.

Greenlining applauds the agencies for their leadership in making internal diversity data transparent, accessible, and for providing context for this research.

WORKFORCE DIVERSITY RESULTS

Overall Workforce Diversity

On average, the eight agencies maintained **overall** diversity on par with the U.S. civilian and financial sector labor forces. At individual agencies however, representation from each major ethnic group remains far from parity. Generally, African Americans and Asians are overrepresented relative to their presence in the civilian labor force—with the former representing nearly half the population of people of color at the agencies. Conversely, Latinos are drastically underrepresented in the financial agencies compared to their presence in the larger financial sector and civilian labor force.

The eight agencies, on average, employed 33.52 percent people of color overall.

Figure 2: 2012 U.S. Civilian Labor Force^{vi}

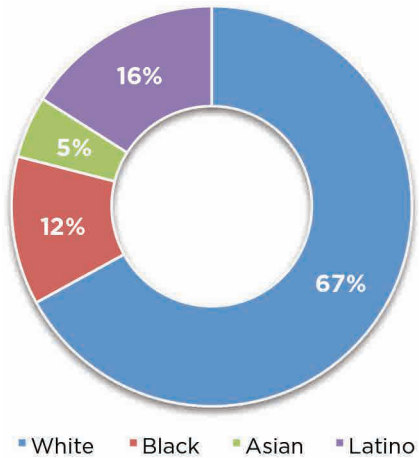
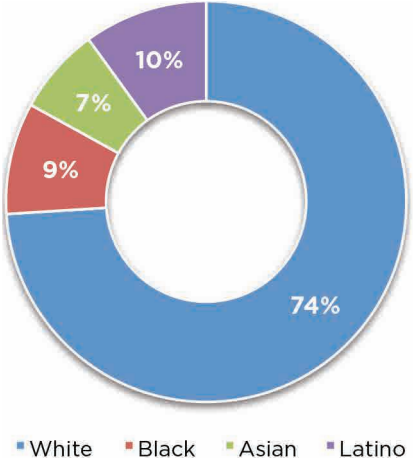


Figure 3: 2012 U.S. Financial^v Activities Labor Force^{vii}



⁴ Equivalent data includes, but is not limited to the Management Directive-715 (MD-715) from the EEO or reports using the Federal Procurement Data System.

Table 2: Overall Workforce Diversity by Agency

	African American (%)	Latino (%)	Asian American (%)	Native Hawaiian/ Pacific Islander (%)	Native American (%)	Two or more races (%)	Total People of Color (%)	Diversity Growth Since 2012 (%)
FRB	22.81	4.61	13.75	1.76	0.12	0.08	43.13	-0.87
FHFA	21.62	3.06	11.89	0.00	0.36	1.08	38.01	6.01
CFPB	17.90	5.57	10.01	0.14	0.70	0.77	35.09	N/A
Treasury*	21.00	1.00	8.00	Not Supplied	Not Supplied	Not Supplied	33.00	N/A
SEC	16.65	4.47	10.82	0.11	0.36	0.26	32.67	1.67
OCC	16.70	6.60	7.70	0.10	0.90	0.30	32.30	2.30
FDIC	17.40	3.79	4.86	0.08	0.60	1.05	27.78	1.04
NCUA	14.32	4.31	5.37	0.24	0.57	1.38	26.19	1.43

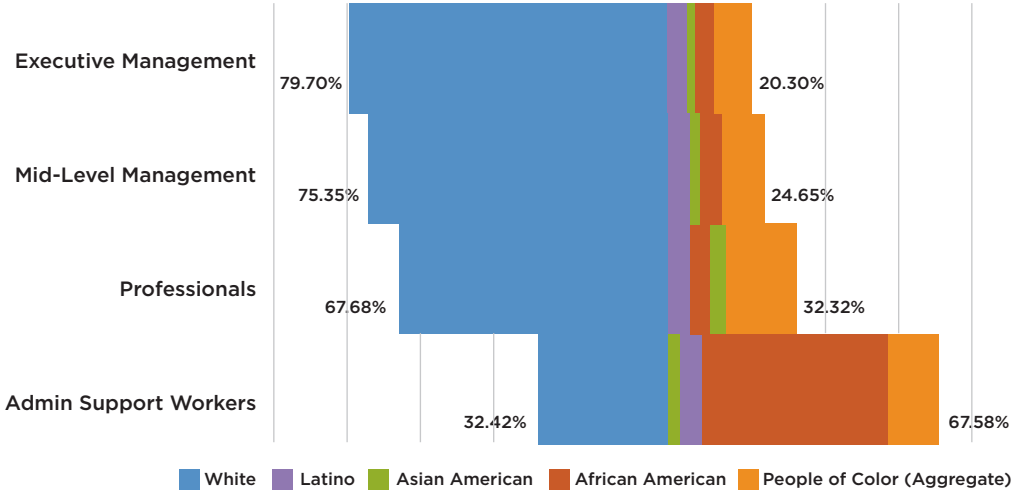
Note: Treasury analyses do not include the racial ethnic categories, Native Hawaiian or Other Pacific Islanders, American Indian or Alaskan Natives, or Two or More Races because the representation of each of these groups is zero to less than one percent of the total Department Offices’ permanent workforce. All numbers supplied by Treasury are rounded.

Distribution of Diversity: Job Category

Effective diversity strategies focus on executive management to enhance overall workforce diversity.⁶ These positions drive high-level decision-making across companies and set the tone for company priorities and strategies. Unfortunately, financial agency diversity decreases the further one looks up the organizational ladder, a consistent trend across the industry. A few agencies, including the SEC, CFPB, and FRB, have a high level of diversity across professionals and mid-level management, reaching over 50 percent. Executive diversity, however, lags drastically in all seven agencies.

Figure 4 shows the distribution of workforce diversity across each agency. Collectively, the data show an inverse relationship exists between diversity and seniority. Due to a lack of complete data, information from the FHFA, FDIC, and the Service Worker category were excluded. Refer to Appendix C for raw data on ethnic diversity by seniority.

Figure 4: Aggregate Diversity by Job Title (%)



Note: This graph contains information from the CFPB, FRB, OCC, NCUA, and SEC on the major job categories classified by EEOC. Due to lack of complete data, the FHFA, Treasury, FDIC, and the Service Worker job category were excluded.⁷

⁵ “U.S. Financial Activities Labor Force” includes all occupations classified as such by the Department of Labor.

⁶ Refer to Appendix for category descriptions.

⁷ Traditionally, Service Workers are not direct employees of most financial agencies. They are contracted through the U.S. General Services Administration, an independent agency.

Table 3: Diversity Distribution by Agency

	Executive Management (%)	Mid-Level Management (%)	Professionals (%)	Adminis- trative Support Workers (%)	Service Workers (%)
CFPB	25.50	50.00	26.19	51.04	Not Supplied
FHFA	23.53	Not Supplied	Not Supplied	Not Supplied	Not Supplied
FRB	22.02	52.17	40.90	87.50	68.07
OCC	20.50	25.00	43.50	60.60	Not Supplied
FDIC	16.93	20.55	28.87	57.23	23.67
NCUA	11.89	8.33	34.56	59.34	0.00
SEC	11.68	18.13	23.40	49.82	Not Supplied
Treasury	10.00	Not Supplied	Not Supplied	Not Supplied	Not Supplied

Distribution of Diversity: Executive Management

On average, agencies realized 17.76 percent executive manage workforce diversity.⁸ African Americans represented over half of the people of color in executive management, while Latinos and Asian Americans represented a quarter and one-fifth respectively.

Table 4: Executive Workforce Diversity by Agency

	African American (%)	Latino (%)	Asian American (%)	Native Hawaiian/ Pacific Islander (%)	Native American (%)	Two or more races (%)	Total People of Color (%)	Diversity Growth Since 2012 (%)
CFPB	12.30	4.50	7.40	0.00	0.40	0.80	25.50	N/A
FHFA	Not Supplied	Not Supplied	Not Supplied	Not Supplied	Not Supplied	Not Supplied	23.50	-0.47
FRB	10.50	2.90	7.10	1.50	0.00	0.00	22.00	3.02
OCC	9.10	5.50	5.50	0.40	0.00	0.00	20.50	2.50
FDIC	10.50	2.50	3.70	0.00	0.30	0.00	16.90	-2.94
NCUA	6.90	3.80	1.30	0.00	0.00	0.00	11.90	-0.07
SEC	5.80	2.20	3.70	0.00	0.00	0.00	11.70	0.68
Treasury	4.00	2.00	4.00	Not Supplied	Not Supplied	Not Supplied	10.00	N/A

Note: Executive Workforce is defined as Executive and Senior Level Positions

Distribution of Diversity: Mission Critical Positions

Mission critical positions, roles that are fundamental to an agency’s essential purpose, also have a key role in workforce diversity. These positions are the pipeline to executive roles, making their diversity critical.

Most agencies identified similar mission critical roles, with 100 percent identifying attorneys, 75 percent listing examiners, and 75 percent naming economists as mission critical.

Several diversity disparities exist across these roles, with not one minority ethnic group reaching more than 27 percent of any agency’s mission critical workforce. Latinos were severely under-represented at less than 3.49 percent on average, compared to African Americans (31.34 percent) and Asians (34.49 percent).

Distribution across agencies varied greatly. The FHFA had the highest diversity average, reaching 36 percent across four mission critical positions, while the Treasury had the lowest average diversity (23 percent) across the same positions.

⁸ This figure (17.76%) for executive diversity represents the average for all participating agencies. The statistic (20.30%) shown in Figure 4 represents the aggregate total for the CFPB, FRB, OCC, NCUA, and SEC. Due to incomplete data, the FHFA, Treasury, and FDIC were excluded.

Tables 5-12: Diversity of Mission Critical Positions Per Agency (Listed Alphabetically)

Table 5: Diversity of CFPB’s Four Mission Critical Careers

	African American (%)	Latino (%)	Asian American (%)	Native Hawaiian/ Pacific Islander (%)	Native American (%)	Two or more races (%)	Total People of Color (%)
Analyst	25.00	6.00	11.00	0.30	0.30	2.60	45.20
Examiner	21.00	6.00	8.00	0.30	1.00	2.00	38.30
Economist	6.00	3.00	18.00	0.00	0.00	3.00	30.00
Attorney	7.00	3.00	9.00	0.00	0.00	3.00	22.00

Table 6: Diversity of FDIC’s Four Mission Critical Careers

	African American (%)	Latino (%)	Asian American (%)	Native Hawaiian/ Pacific Islander (%)	Native American (%)	Two or more races (%)	Total People of Color (%)
Accountant and Auditor	25.99	0.79	9.45	0.00	0.79	3.15	40.17
Computer Specialist	19.65	2.52	12.84	0.50	0.50	1.00	37.01
Examiner	10.06	3.46	3.28	0.08	0.57	1.06	18.51
Attorney	6.16	3.31	4.03	0.00	0.71	0.94	15.15

Table 7: Diversity of FHFA’s Four Mission Critical Careers

	African American (%)	Latino (%)	Asian American (%)	Native Hawaiian/ Pacific Islander (%)	Native American (%)	Two or more races (%)	Total People of Color (%)
Accountant	11.54	3.85	26.92	Not Supplied	0.00	3.85	46.16
Financial Analyst	17.78	2.22	15.56	Not Supplied	0.00	0.00	35.56
Economist	2.94	2.94	26.47	Not Supplied	0.00	0.00	32.35
Examiner	14.20	3.41	13.07	Not Supplied	0.00	0.57	31.25

Table 8: Diversity of FRB’s Mission Critical Careers

	African American (%)	Latino (%)	Asian American (%)	Native Hawaiian/ Pacific Islander (%)	Native American (%)	Two or more races (%)	Total People of Color (%)
Computer Professional	17.54	2.89	26.40	1.81	0.18	0.18	49.00
Financial Analyst	13.52	4.78	11.13	2.19	0.00	0.20	31.82
Attorney	7.48	4.67	11.21	0.93	0.00	0.00	24.29
Economist	1.16	4.63	14.74	1.16	0.00	0.00	21.69

Table 9: Diversity of OCC’s Four Mission Critical Careers

	African American (%)	Latino (%)	Asian American (%)	Native Hawaiian/ Pacific Islander (%)	Native American (%)	Two or more races (%)	Total People of Color (%)
Other Series*	32.10	7.70	10.90	0.40	0.90	0.50	52.50
Economist	0.00	4.20	32.40	0.00	0.00	0.00	36.60
Examiner	11.80	6.20	5.80	0.10	1.00	0.30	25.20
Attorney	4.90	7.60	6.50	0.00	0.50	0.00	19.50*

*The OCC only has three “mission critical” occupations. All other occupations in the agency are combined under the ‘other series’ including IT Specialist and various operational and administrative positions.

Table 10: Diversity of NCUA’s Four Mission Critical Careers

	African American (%)	Latino (%)	Asian American (%)	Native Hawaiian/ Pacific Islander (%)	Native American (%)	Two or more races (%)	Total People of Color (%)
Information Technology Management	11.54	7.69	19.23	0.00	0.00	3.85	42.31
Human Resources Management	23.08	7.69	0.00	0.00	0.00	0.00	30.77
Examiner	10.77	4.18	4.84	0.22	0.77	1.43	22.21
General Attorney	10.35	0.00	6.90	0.00	0.00	3.45	20.70

Table 11: Diversity of SEC’s Four Mission Critical Careers

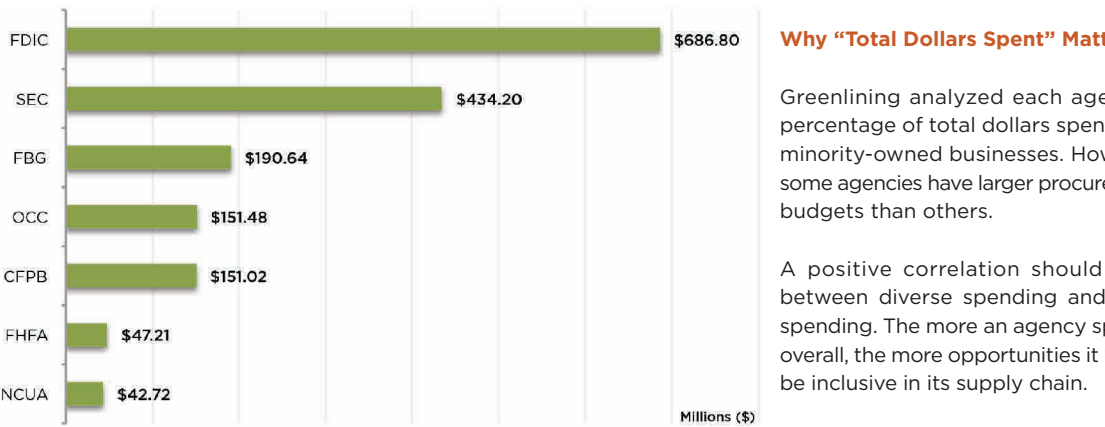
	African American (%)	Latino (%)	Asian American (%)	Native Hawaiian/ Pacific Islander (%)	Native American (%)	Two or more races (%)	Total People of Color (%)
Economist	3.53	2.35	29.41	0.00	1.18	0.00	36.47
Accountant	8.82	5.84	12.64	0.00	0.32	0.11	27.73
Examiner	6.18	5.06	12.92	0.00	0.00	0.56	24.72
General Attorney	6.86	3.23	9.31	0.06	0.28	0.06	19.80

Table 12: Diversity of Treasury’s Four Mission Critical Careers

	African American (%)	Latino (%)	Asian American (%)	Native Hawaiian/ Pacific Islander (%)	Native American (%)	Two or more races (%)	Total People of Color (%)
Information Technology Specialist	21.95	1.95	17.56	Not Supplied	Not Supplied	Not Supplied	41.46
Financial Analyst	12.77	4.26	8.52	Not Supplied	Not Supplied	Not Supplied	25.55
General Attorney	3.88	2.91	6.80	Not Supplied	Not Supplied	Not Supplied	13.59
Economist	0.53	1.06	9.04	Not Supplied	Not Supplied	Not Supplied	10.63

SUPPLIER DIVERSITY RESULTS

Figure 5: Total Dollars Spent by Agencies, 2014 (Ranked from Most to Least)



Why “Total Dollars Spent” Matters

Greenlining analyzed each agency’s percentage of total dollars spent with minority-owned businesses. However, some agencies have larger procurement budgets than others.

A positive correlation should exist between diverse spending and total spending. The more an agency spends overall, the more opportunities it has to be inclusive in its supply chain.

In 2014, the seven agencies to the left collectively spent more than \$1.70 billion in contracts with suppliers.

Overall Supplier Diversity

On average, the agencies spent 17.61 percent of their external procurement budgets with minority-owned vendors, but with considerable variation across agencies. For example, the OCC spent the most with businesses of color at 36 percent, while the NCUA spent the least at just 2.6 percent. We observed that agencies with the most thorough metrics often spend more with minority-owned businesses, supporting the old business adage that, “what gets measured gets done.”

When broken down by ethnicity, agencies underspent with African American and Latino businesses. Across the board, Asian American-owned businesses received the majority of supplier diversity dollars (9.25%), while African American (3.14%) and Latino-owned businesses (5.25%) received smaller shares.⁹

Table 13: Overall Supplier Diversity Spending by Agency

	African American-Owned (%)	Latino-Owned (%)	Asian American-Owned (%)	Native Hawaiian/Pacific Islander-Owned (%)	Native American-Owned (%)	Minority Not Specified (%)	Total Minority-Owned Businesses (%)
OCC	4.10	0.60	25.90	N/A	1.90	3.10	35.60
SEC	4.10	2.60	19.50	Not Supplied	0.20	1.90	28.30
FDIC	5.40	2.90	10.70	N/A	1.10	1.70	21.80
Treasury	6.46	1.99	7.35	Not Supplied	1.59	0.94	18.33
CFPB	3.00	0.40	8.00	N/A	0.40	1.70	13.50
FHFA	2.84	4.68	5.35	Not Supplied	0.46	Not Supplied	13.33
FRB	1.69	2.36	3.00	0.00	0.00	0.35	7.40
NCUA	1.00	0.50	1.10	0.00	0.00	0.00	2.60

Distribution of Diversity: Core Contracting Categories

Core contracting categories are the essential goods and services agencies need to operate. Performance in these categories helps quantify whether supplier diversity is a central part of each agency’s procurement process and operations.

All agencies cited contracts for computer-related and information technology opportunities as core categories. Fifty-seven percent of agencies reported management-related contracts as core to procurement.¹⁰

Standard and thorough data collection is key to creating and identifying contract opportunities across the supply chain, but variations in agency contract areas make it difficult to analyze spending across agencies. While standard metrics like the North American Industrial Classification System (NAICS) and Standard Industrial Classification (SIC) exist, not all agencies use the same system— if any. Furthermore, some agencies lack basic systems that collect, analyze and measure performance, hindering their ability to disaggregate contracts by gender, ethnicity, and/or geography. For example, the FHFA and SEC do not track contracting by racial or ethnic ownership, and the NCUA does not track its contracts by category. As a result, agencies and the public are left with an incomplete picture of agency diverse contracting.

⁹ Some OMWIs were not able to disclose their spending with Native Hawaiian/Pacific Islander and instead include this as part of the Native American category. Section 342(g)(3) of the Dodd-Frank act defines the term minority as the same meaning in section 1204(c) of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (12 U.S.C. 1811) and includes African American, Hispanic American, Asian American, and Native American.

¹⁰ Please reference the appendix (page 15) for further information on each agency’s individual core contracting categories.

CONCLUSION AND RECOMMENDATIONS

The participating agencies in this report serve as role models for other public entities and the larger financial sector. We applaud their transparency and willingness to engage with community stakeholders such as Greenlining, and look forward to working with them to bring greater diversity and inclusion to the financial sector.

Workforce Diversity Recommendations

1. OMWIs must conduct and publish barrier analyses for people of color, with an emphasis on upward mobility to executive leadership.

From 2011-2014, agencies’ workforce diversity grew modestly. Conducting a barrier analysis, as required by Section 2 of the U.S. Equal Employment Opportunity Commission’s MD-715 directive, can give each agency better clarity on agency-specific obstacles to diversity.^{viii} No agency, no matter how well intended, can fix a problem without first understanding its causes.

2. All OMWIs must publish diversity and inclusion strategic plans, and include targeted goals.

Multifaceted entities like government agencies need strategic plans. Sharing the agency’s vision and focused plan for diversity and inclusion across the institution communicates its priority, and better explains how it aligns with the core operations. Furthermore, it can help garner internal support and communicate their necessary function in the financial sector.

The Obama Administration’s 2011 Executive Order “Establishing a Coordinated Government-wide Initiative to Promote Diversity and Inclusion in the Federal Workforce” provides a natural opportunity for the OMWIs to demonstrate leadership and establish diversity and inclusion standards for their respective agencies. Section 13583 Sec.3 (b) requires many, but not all agencies, to submit specific strategic plans to the Office of Personnel Management. As of this publication, not all OMWI agencies have published diversity and inclusion strategic plans. The remaining OMWIs must make this a priority.

Supplier Diversity Recommendations

1. The OMWIs and the Minority Business Development Agency should partner to create comprehensive data on minority-owned businesses.

Unlike workforce data collected by the Department of Labor, no central agency collects or analyzes agency spending with minority-owned businesses. As a result, agencies and the public lack consistent metrics and have little data on minority business enterprises, contributing to a disappointing level of public and private contracting with diverse businesses. Even across the interagency OMWIs, Greenlining’s analysis found an absence of uniform, basic metrics and some unacceptably low levels of spending.

Some OMWIs and the Minority Business Development Agency (MBDA)¹¹ independently collect information on minority-owned businesses. We encourage all OMWIs to do the same. Furthermore, we urge these diversity agencies to leverage their national presence to help increase opportunities for diverse businesses. For example, the regional MBDA centers can facilitate relationship building between their local members, financial agencies, and financial institutions seeking to increase diverse procurement. This method of relationship building and outreach can empower the OMWIs and other agencies to more adequately benchmark and connect with businesses to accomplish stated goals.

¹¹ The MBDA is part of the U.S. Department of Commerce and exclusively dedicated to minority-owned businesses. Its structure includes a policy-oriented agency in Washington, D.C. and 20 regional centers throughout the U.S.

2. Agencies must diversify spending across minority-owned businesses.

Generally, core contract categories saw concentrated supplier diversity spending with one ethnic group. This suggests that agencies hold these contracts with one large business. The OMWIs should use best practices recommended by the Office of Management and Budget (OMB), like unbundling contracts and utilizing subcontracting opportunities, to maximize opportunities for minority-owned businesses.¹²

3. Standardize effective strategies.

It is time for all OMWIs to move the needle on developing successful supplier diversity initiatives. We found a wide spectrum of supplier diversity performance across agencies with some OMWIs doing significantly better than others (see Table 13). Agencies with sizeable diverse contracting prove that “contract ready” minority-owned businesses exist and can provide valuable services to financial regulatory agencies. Competent, external vendors exist for the agencies’ contract needs; agencies need concerted plans to expand diverse contracting in ways that yield win-win outcomes.

The OMWIs should examine what internal factors contribute to or hinder success. For example, agencies regulated by the Federal Acquisition Regulation (FAR) system have specific guidelines for procurement.¹³ Other internal factors, such as staffing and support from leadership, can also impact supplier diversity.

Overall Recommendations

1. The OMWIs should provide more qualitative information to contextualize their diversity metrics.

Quantitative metrics, like those featured in this report, promote accountability and help track key milestones and growth. Qualitative information is equally important, as it gives context to performance and allows agencies to share best practices. For example, background regarding how agency divisions recruit diverse candidates could shed insight on successful diverse hiring practices.

2. The OMWIs cannot do this alone. Everyone must take an active role in diversifying the financial sector, including Congress and agency heads.

Policymakers who created the OMWIs understood the bridge between diversity, economic recovery, and financial reform. Unfortunately, diversity traditionally has—and continues to be—approached as a fringe issue. Leaders in the financial regulatory sector must take a more active role in diversity and inclusion efforts by integrating diversity practices into everyday duties. This includes visibly supporting entities like the OMWIs and fostering accountability from stakeholders throughout the agencies. The OMWIs serve as diversity and inclusion experts, but diversity cannot truly become part of policymaking without support from leadership.

¹² Recognizing the economic development benefits of engaging small businesses, President George W. Bush tasked the OMB in 2002 to create an “Action Plan” to unbundle federal contracts and create more subcontracting opportunities. https://www.white-house.gov/sites/default/files/omb/assets/procurement/contract_bundling_oct2002.pdf

¹³ The CFPB and Treasury are regulated by the FAR. The OCC voluntarily follows the FAR.

APPENDICES

APPENDIX A: Agency Core Contracting Categories (Listed Alphabetically)

Table 14: Diversity of CFPB’s Top Four Contracting Categories

	African American-Owned (%)	Latino-Owned (%)	Asian American-Owned (%)	Native Hawaiian/Pacific Islander-Owned (%)	Native American-Owned (%)	Minority Not Specified (%)	Total Minority-Owned Businesses (%)
Computer Systems Design Services	0.00	0.00	76.71	N/A	0.00	0.00	76.71
Other Computer Related Services	0.00	0.50	11.52	N/A	0.00	0.61	12.63
Administrative Management and General Management Consulting Services	0.86	0.26	0.00	N/A	0.00	1.32	2.44
All Other Information Services	0.00	0.00	0.00	N/A	0.00	0.00	0.00

Table 15: Diversity of FDIC’s Four Contracting Categories

	African American-Owned (%)	Latino-Owned (%)	Asian American-Owned (%)	Native Hawaiian/Pacific Islander-Owned (%)	Native American-Owned (%)	Minority Not Specified (%)	Total Minority-Owned Businesses (%)
Division of Information Technology	0.20	4.20	0.90	Not Supplied	0.00	4.10	9.40
Division of Resolutions and Receivership	2.20	5.00	0.70	Not Supplied	0.10	0.00	8.00
Division of Administration	0.20	0.40	2.30	Not Supplied	0.00	0.00	2.90
Purchases for Other Divisions	0.50	0.00	0.10	Not Supplied	0.00	0.00	0.60

Table 16: Diversity of FHFA’s Top Four Contracting Categories**

	African American-Owned (%)	Latino-Owned (%)	Asian American-Owned (%)	Native Hawaiian/Pacific Islander-Owned (%)	Native American-Owned (%)	Minority Not Specified (%)	Total Minority-Owned Businesses (%)
Computer Facilities Management Services				Not Supplied	0.00	Not Supplied	100.00
Computer and Computer Peripheral Equipment and Software Merchant Wholesalers				Not Supplied	0.10	Not Supplied	76.84
Administrative Management and General Management Consulting Services				Not Supplied	0.00	Not Supplied	0.60
Office of Lawyers	0.00	0.00	0.00	Not Supplied	0.00	Not Supplied	0.00

** FHFA tracks ‘Diverse Suppliers’ overall but does not disaggregate by race, gender or other categories.

Table 17: Diversity of FRB's Top Four Contracting Categories

	African American-Owned (%)	Latino-Owned (%)	Asian American-Owned (%)	Native Hawaiian/Pacific Islander-Owned (%)	Native American-Owned (%)	Minority Not Specified (%)	Total Minority-Owned Businesses (%)
Furniture and Equipment	3.97	9.36	1.07	0.00	0.00	0.00	14.40
Contractual Professional Services	1.24	0.29	4.07	0.00	0.00	0.54	6.14
Software	0.82	3.30	0.57	0.00	0.00	0.34	5.03
Telecommunications	0.00	0.48	0.00	0.00	0.00	0.00	0.48

Table 18: Diversity of NCUA's Top Four Contracting Categories***

	African American-Owned (%)	Latino-Owned (%)	Asian American-Owned (%)	Native Hawaiian/Pacific Islander-Owned (%)	Native American-Owned (%)	Minority Not Specified (%)	Total Minority-Owned Businesses (%)

***NCUA does not track its contracts by procurement areas.

Table 19: Diversity of OCC's Top Four Contracting Categories

	African American-Owned (%)	Latino-Owned (%)	Asian American-Owned (%)	Native Hawaiian/Pacific Islander-Owned (%)	Native American-Owned (%)	Minority Not Specified (%)	Total Minority-Owned Businesses (%)
Computer Facilities Management Services	0.00	0.00	99.50	N/A	0.00	0.00	99.50
Other Computer-Related Services	1.10	0.90	11.00	N/A	5.50	9.00	27.50
Insurance Agencies and Brokerages	4.40	0.00	0.00	N/A	0.00	0.00	4.40
Offices of Real Estate Agents and Brokers	0.00	0.00	0.00	N/A	0.00	0.00	0.00

Table 20: Diversity of SEC's Top Four Contracting Categories

	African American-Owned (%)	Latino-Owned (%)	Asian American-Owned (%)	Native Hawaiian/Pacific Islander-Owned (%)	Native American-Owned (%)	Minority Not Specified (%)	Total Diverse-Owned Businesses (%)
Management, Scientific, and Technical Consulting Services				Not Supplied			44.57
Computer Systems Design and Related Services				Not Supplied			36.78
Data Processing, Hosting, and Related Services				Not Supplied			33.96
Computer and Software Stores				Not Supplied			22.94

**SEC tracks 'Diverse Suppliers' overall but does not disaggregate by race, gender or other categories.

Table 21: Diversity of Treasury's Top Four Contracting Categories

	African American-Owned (%)	Latino-Owned (%)	Asian American-Owned (%)	Native Hawaiian/Pacific Islander-Owned (%)	Native American-Owned (%)	Minority Not Specified (%)	Total Minority-Owned Businesses (%)
Administrative Management and General Management Consulting Services	4.22	3.19	10.27	Not Supplied	0.00	1.79	19.47
Other Computer Related Services	2.09	0.45	12.91	Not Supplied	0.24	0.95	16.64
Computer Systems Design Services	1.22	1.86	13.24	Not Supplied	0.00	0.00	16.32
General Warehouse and Storage	0.00	0.00	0.00	Not Supplied	0.00	0.00	0.00

APPENDIX B: EEO-1 Job Categories

Top 5 EEO-1 Job Category	
Executive Management: 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 director or other governing bodies.	Mid-level Management: Receive directions from the executive/senior level management and typically lead major business units. They implement policies, programs and take directions from executive/senior management through subordinate managers and within the parameters set by executive/senior level management.
Professionals: Most jobs in this category require bachelor and graduate degrees, and/or professional certification. Relevant examples include accountants, auditors, financial analysts and economists, and computer programmers.	Administrative Support Workers: Non-managerial tasks providing administrative and support assistance, primarily in office settings. Relevant examples include office and administrative support workers, bookkeeping, accounting and auditing clerks.
Service workers: Include food service, cleaning service, personal service, and protective service activities. Skill may be acquired through formal training, job-related training or direct experience.	

APPENDIX C: Hierarchy by Ethnicity for the Agencies

This graph contains aggregate information from the CFPB, NCUA, SEC, OCC, and the Federal Reserve Board of Governors.

	Asian American	Latino	African American	People of Color (Aggregate)	White
Admin Support Workers	2.99	8.07	54.82	67.58	32.42
Professionals	14.60	5.24	11.17	32.32	67.68
Mid-Level Management	6.36	4.96	12.87	24.65	75.35
Executive Management	5.43	3.76	10.53	20.30	79.70

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