2014 Report to Congress

Office of Minority and Women Inclusion

Federal Deposit Insurance Corporation

FDIC

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Introduction

Under provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act (DFA) section 342, the Federal Deposit Insurance Corporation (FDIC) established its Office of Minority and Women Inclusion (OMWI) on January 21, 2011. Section 342 of the DFA requires each agency's OMWI to submit to Congress an annual report regarding the actions taken by the agency and OMWI toward hiring qualified minority and women employees and contracting with qualified minority- and women-owned businesses.

The FDIC is pleased to submit this 2014 Report to Congress. As required by DFA section 342(e) (1–5), the report describes the FDIC's activities relating to the inclusion of minorities and women in contracting and hiring for the year, as well as other relevant information, including the agency's activities supporting financial access, economic inclusion, and financial literacy. Consistent with the provisions of section 342 of the DFA, the FDIC continues to enhance its long-standing commitment to promote diversity and inclusion in employment opportunities and all business areas of the FDIC. This report outlines both successes and challenges in contracting and hiring as the agency works to ensure that these values are reflected in its operations.

Commitment to Diversity and Inclusion

The mission of the FDIC is to preserve and promote public confidence in the U.S. financial system by insuring deposits, examining and supervising financial institutions for safety and soundness and consumer protection, and managing receiverships. In 1999, the FDIC published its first Diversity Strategic Plan, which outlined its commitment to recruiting and retaining the most qualified, talented, and motivated employees in the labor market. OMWI is an important component in these efforts and supports the FDIC's mission through the pursuit of equal employment opportunity, affirmative employment initiatives, diversity and inclusion, and outreach efforts to ensure, to the extent possible, the fair inclusion and utilization of minority- and women-owned businesses, law firms, and investors in contracting and investment opportunities.

The FDIC Diversity and Inclusion Strategic Plan was updated and disseminated during Fiscal Year (FY) 2014, and lays out a course for promoting workforce diversity by recruiting from a diverse, qualified group of potential applicants, and cultivating workplace inclusion through collaboration, flexibility, and fairness. The plan ensures the sustainability of the FDIC's diversity and inclusion efforts by equipping leaders with the ability to manage diversity, monitor results, and refine approaches on the basis of actionable data. The plan details specific steps to enhance diversity and inclusion at the FDIC in the areas of leadership engagement, analytics and reporting, training, communications, strategic planning, and program enhancement.

The FDIC Board of Directors established an OMWI Steering Committee in 2011 to ensure and promote coordination of OMWI programs at the FDIC. In 2013, the OMWI Steering Committee was renamed the FDIC Diversity and Inclusion Executive Advisory Council (EAC). The EAC is chaired by the FDIC Chief of Staff/Chief Operating Officer and includes the OMWI Director, the OMWI Senior Deputy Director, FDIC division and office directors and other key FDIC senior staff. The EAC provides leadership on diversity and inclusion initiatives throughout the FDIC. The EAC also reviews the Diversity and Inclusion Strategic Plan annually, and updates it as needed to refine the agency's efforts in promoting diversity and inclusion on an ongoing basis.

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2014 Diversity and Inclusion Initiatives

In 2014, the FDIC Chairman updated a number of performance goals designed to further promote diversity, inclusion and equal employment opportunity at the agency. One of these goals required the agency's divisions and major offices to develop customized strategic plans at their level to identify steps to promote increased diversity throughout the FDIC. Each division and major office assessed available workforce data and produced plans with strategies to address noted issues. The plans were consolidated into a Plan to Promote Increased Diversity through Division/Office Engagement, and since then, have been integrated into the agency's annual strategic planning efforts.

The FDIC is committed to providing all employees with a work environment that embodies excellence and that acknowledges and honors the diversity of its employees. The 2014 Diversity and Inclusion Strategic Plan addresses the goals of Executive Order 13583 calling for federal agencies to develop and implement a more comprehensive, integrated, and strategic focus on diversity and inclusion.[1] 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 plan 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.[2] The 2014 Diversity and Inclusion Strategic Plan also includes updated strategies to continue the FDIC's success in ensuring that all employees are valued members of the workplace and active participants in carrying out the FDIC's mission.

In furthering the FDIC's diversity and inclusion programs, the following initiatives were implemented in 2014:

- The FDIC modified its analytics dashboard to improve management reporting on the employment of persons with disabilities and to further enhance recruitment opportunities.
- The FDIC conducted a sourcing analysis to identify solutions for challenges in the recruitment of women with backgrounds in information technology, U.S. citizens with PhDs in economics, and diverse candidates for the Corporate Employee Program.
- OMWI and the FDIC's Corporate University initiated development of a computer-based instruction (CBI) for employee training on diversity and inclusion, developed and administered a new CBI on diversity and inclusion for new employees, and awarded a new contract for ongoing manager and supervisor training on diversity and inclusion and equal employment opportunity.
- OMWI contracted with two companies specializing in diversity and inclusion for related support for FDIC organizations to further their diversity and inclusion efforts.
- The FDIC conducted training for its executives and managers in its major divisions on "unconscious bias".
- Through focused outreach, internal and external training, and related initiatives, the FDIC increased the number of minority- and women-owned law firm referrals for agency legal matters.
- The FDIC implemented innovative procurement strategies on several of its larger contracts to allow for increased MWOB participation in contracting opportunities.❖

[1] See http://www.whitehouse.gov/the-press-office/2011/08/18/executive-order-establishing-coordinated-government-wide-initiative-prom.

[2] The OPM guidance is located at http://www.opm.gov/policy-data-oversight/diversity-and-inclusion/reports/diagency specificstrategicplanguidance.pdf.

FDIC Contracting: Inclusion of Minority- and Women-Owned Businesses (MWOBs)

The FDIC places a high priority on achieving diversity in asset sales and contracting and OMWI is an integral part of the contractor solicitation, education, and evaluation process. During 2014, the FDIC implemented new contracting initiatives and conducted focused outreach which improved MWOB participation in its contracting activities. However, the FDIC faced challenges in continuing the utilization and growth rates for contractors; and, new contract awards by the FDIC have been declining. The following sections provide detailed information on the agency's 2014 contracting activities and successes; contracting initiatives, programs, and outreach; and challenges the FDIC faces in increasing MWOB participation in its contracting activities.

Contracting Activities and Successes

FDIC Procurement Policies

FDIC contracts are typically awarded through a competitive best value solicitation process, which involves consideration of both the offeror's technical and price proposals. The solicitations describe what offerors must include in their proposals and the proposal evaluation criteria specific to the good or service being procured. Proposals are evaluated and rated by a panel of FDIC subject matter experts, which includes an OMWI representative. Awards are made to the offeror that provides the best value to the FDIC.

For any contract over $100,000, OMWI review is required to identify competitive minority- and women-owned businesses to include in contract solicitations. As part of this process, OMWI uses the FDIC's Contractor Resource List, which includes registered MWOBs, and also identifies qualified MWOBs through the System for Award Management (SAM) and the Minority Business Development Agency. This process helps ensure a diverse pool of contractors is solicited and considered for each major contract.

The FDIC's website provides information, announcements, and technical assistance for minority- and women-owned businesses, law firms, and investors (www.fdic.gov/mwop). The FDIC also has a "small business resource page" that contains more than 40 learning modules[3] and is a technical assistance aid and self-assessment for businesses interested in competing for contract opportunities.

Contract Payments to MWOBs

The FDIC paid $491.6 million to contractors in 2014 under 1,962 contracts, of which $128.2 million (26.1 percent) was paid to MWOBs under 533 contracts [See Figure 1]. By comparison, the FDIC paid $553.7 million to contractors under 1,982 contracts in 2013, and $660 million to contractors under 2,577 contracts in 2012. The 2014 total payments for contracts awarded included payments for contracts awarded in 2014 and payments for active contracts awarded prior to 2014. For purposes of contract payment information, the FDIC considers an active contract one in which payments were made or credits applied in 2014. In 2014, minority-owned firms were paid $89.3 million of the total dollars paid to contractors (18.2 percent). Women-owned firms were paid $63.6 million of the total dollars paid to contractors (12.9 percent). These two categories – minorities and women – are not mutually exclusive: $24.7 million (5.0 percent) was paid in 2014 to businesses classified as both minority-owned and women-owned. By contrast, the FDIC paid MWOBs $140.6 million (25.4 percent) of the total paid to all contractors in 2013 under 608 contracts and $161.4 million (24.5 percent) to MWOBs in 2012 under 754 contracts.

[3] See www.FDIC.gov/about/diversity/sbrp/index.html.

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Figure 1 **Contracting Payments** (in millions)	2012	2013	2014
Total	$ 660.0 100.0%	$ 553.7 100.0%	$ 491.6 100.0%
MWOB	**$ 161.4** **24.5%**	**$ 140.6** **25.4%**	**$ 128.2** **26.1%**
Minority Owned (MO)	$ 117.7 17.8%	$ 102.9 18.6%	$ 89.3 18.2%
Women Owned (WO)	$ 70.1 10.6%	$ 63.7 11.5%	$ 63.6 12.9%
Overlap (Both MO & WO)	$ 26.4 4.0%	$ 26.0 4.7%	$ 24.7 5.0%
Asian American	$ 51.3 7.8%	$ 50.3 9.1%	$ 38.5 7.9%
Black American	$ 35.7 5.4%	$ 19.8 3.6%	$ 15.9 3.2%
Hispanic American	$ 28.7 4.3%	$ 26.0 4.7%	$ 26.7 5.4%
Native American	$ 2.0 0.3%	$ 1.2 0.2%	$ 0.3 0.1%
Other	$ - 0.0%	$ 5.7 1.0%	$ 7.9 1.6%

In 2014, the FDIC awarded 288 contracts to MWOBs out of a total of 1,072 issued (26.9 percent) [See Figure 2]. By comparison, the FDIC awarded 282 contracts (28.3 percent) to MWOBs out of a total of 995 issued in 2013 and 388 contracts (29.3 percent) to MWOBs out of a total of 1,326 issued in 2012.

Figure 2 **Contracting Actions**	2012	2013	2014
Total	1326 100.0%	995 100.0%	1.072 100.0%
MWOB	**388** **29.3%**	**282** **28.3%**	**288** **26.9%**
Minority Owned (MO)	262 19.8%	161 16.2%	170 15.9%
Women Owned (WO)	192 14.5%	162 16.3%	167 15.6%
Overlap (Both MO & WO)	66 5.0%	41 4.1%	49 4.6%
Asian American	50 3.8%	39 3.9%	54 5.1%
Black American	104 7.8%	50 5.0%	45 4.2%
Hispanic American	87 6.6%	61 6.2%	59 5.5%
Native American	18 1.4%	0 0.0%	2 0.2%
Other	3 0.2%	11 1.1%	10 0.9%

As of December 31, 2014, the FDIC had 540 (27.9 percent) active contracts with MWOBs out of a total of 1,934 active contracts. The active contracts to MWOB firms by category were as follows: Asian Americans (75), Black Americans (93), Hispanic Americans (226), Native Americans (2), and Women (184). These include contracts awarded to firms that were both minority-owned and women-owned.

Contract Awards to MWOBs

The FDIC awarded contracts with a combined value of $686.8 million in 2014, of which $239.9 million (34.9 percent) were awarded to MWOBs. By comparison, the FDIC awarded contracts with a combined value of $572.8 million in 2013, with $198.7 million (34.7 percent) awarded to MWOBs; and, awarded contracts with a combined value of $1.042 billion in 2012, with $308.0 million (29.6 percent) awarded to MWOBs [See Figure 3].

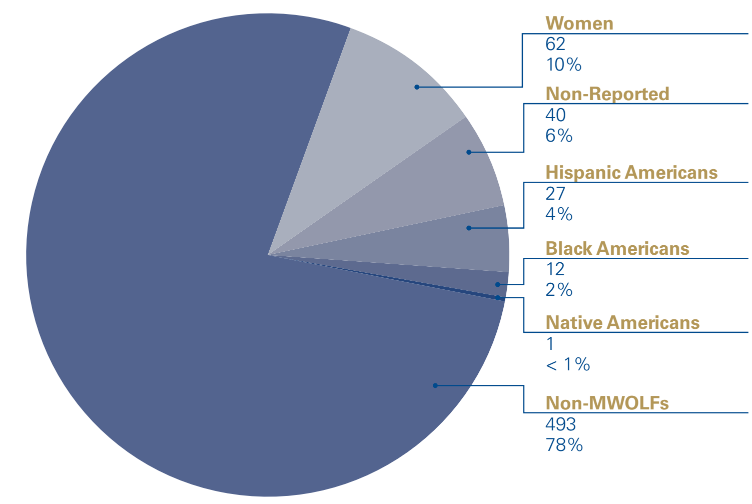
Figure 3 **Total Contract Dollar Awards**

	2012	2013	2014
Total	$ 1,041.7 100.0%	$ 572.8 100.0%	$ 686.8 100.0%
MWOB	**$ 308.0 29.6%**	**$ 198.7 34.7%**	**$ 239.9 34.9%**
Minority Owned (MO)	$ 261.1 25.1%	$ 158.5 27.7%	$ 143.7 20.9%
Women Owned (WO)	$ 90.7 8.7%	$ 66.1 11.5%	$ 132.6 19.3%
Overlap (Both MO & WO)	$ 43.8 4.2%	$ 25.9 4.5%	$ 36.4 5.3%
Asian American	$ 92.6 8.9%	$ 38.0 6.7%	$ 27.1 4.0%
Black American	$ 105.6 10.1%	$ 32.2 5.6%	$ 21.3 3.1%
Hispanic American	$ 50.0 4.8%	$ 85.3 14.9%	$ 66.1 9.6%
Native American	$ 9.3 0.9%	$ - 0.0%	$ 0.8 0.1%
Other	$ 3.6 0.4%	$ 3.0 0.5%	$ 28.4 4.1%

Referrals to Law Firms

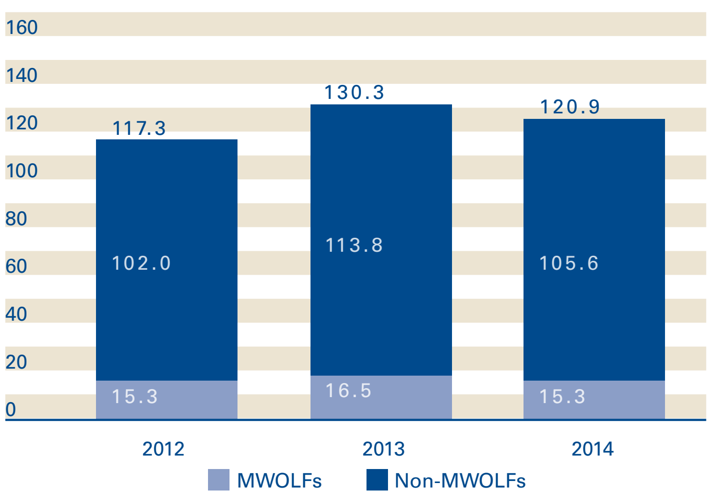
Referrals to law firms are typically made on a competitive basis. Price, expertise, capacity, and status are among the criteria considered in making the selections. The FDIC made 635 referrals to outside counsel in 2014, of which 102 (16 percent) were made to minority- and women-owned law firms (MWOLFs), compared to a total of 626 referrals, 98 of which (16 percent) were to MWOLFs in 2013. Referrals to MWOLFs in 2014, by category, were as follows: Asian Americans - 0 (0 percent), Black Americans - 12 (2 percent), Hispanic Americans - 27 (4 percent), Native Americans - 1 (<1 percent), and Women - 62 (10 percent) [See Figure 4].

Figure 4 **2013 Referrals**



The FDIC paid $120.9 million to outside counsel in 2014, as compared to $130.3 million in 2013 [See Figure 5.]. The FDIC paid $15.3 million to MWOLFs in 2014, which represents 13 percent of the total paid to all law firms. This figure compares to 2013, during which the FDIC paid a total of $16.5 million to MWOLFs, which also was 13 percent of the total paid to all law firms that year.

Figure 5 **Payments to Law Firms** (Dollars in Millions)



As shown in Figure 5, payments to MWOLFs decreased from approximately $16.5 million in 2013 to $15.3 million in 2014. This decrease is consistent with the overall decline in FDIC fees spent on outside legal counsel since the peak levels in 2011.

Despite the decrease in bank resolution activities, which has been the major source of outside counsel work, the FDIC was able to maintain a steady level of MWOLF participation in legal referrals in 2014. Notwithstanding the overall decrease in payments to outside counsel from 2013 to 2014, payments to MWOLFs decreased only slightly more than 1 percent from $16.5 million to $15.3 million in 2014.

The FDIC remains committed to seeking ways to increase the level of referrals to MWOLFs in 2015.

Outreach to MWOLFs

Anticipating a decline in legal referrals in 2014, the Legal Division tailored its outreach strategy to focus on the substantive areas of the FDIC's legal work that posed the greatest opportunities for MWOLF participation. The Legal Division also increased its emphasis with in-house attorneys on the importance of diverse legal matter staffing, and outreach through attendance at bar association and affinity group meetings.

In addition to attending seven bar association conferences during 2014, Legal Division staff attended two stakeholder events sponsored by the National Association of Minority and Women Owned Law Firms (NAMWOLF). Legal Division Professional Liability staff also attended some of these events in order to focus on and encourage relationships with MWOLFs. During those networking events, the Legal Division counseled MWOLFs on how those firms can make strategic decisions in their pursuit of FDIC legal work, as well as work with other large corporate clients. The FDIC also hosted the Chief Executive Officer of NAMWOLF and two NAMWOLF member firms at a luncheon meeting with FDIC oversight attorneys and managers. The FDIC received an award from NAMWOLF in 2013 in recognition of its support of the organization and its goal of diversity and inclusion. The Legal Division continues to explore new opportunities to partner with NAMWOLF.

The Legal Division continued a compliance review program developed in 2012 to visit majority law firms and MWOLFs comprising the FDIC's "top ten" firms (in terms of annual spending) to assess their internal diversity. This program provides the Legal Division another means to address diversity and inclusion, and opportunities for women and minority attorneys seeking to provide services. These meetings are designed to engage the firms in discussions about best practices, diversity staffing concepts, metrics, and the FDIC's MWOLF program. The results continue to be positive. The FDIC collected baseline diversity metrics, reviewed best practices on staffing of client matters, and reached a commitment with various firms to increase diversity staffing on FDIC matters.

Contracting Initiatives, Programs and Outreach

During the financial crisis, contracts related to services required to resolve failed financial institutions represented more than 85 percent of the contract dollars awarded. During 2014, contract awards to resolve failed financial institutions declined to 41.1 percent of total contract dollars awarded due to the declining number of bank failures. As a result, the FDIC focused efforts in 2014 on identifying opportunities for MWOBs for its non-financial recurring services. For example, contracts were awarded to MWOBs for: IT software development, maintenance and shared services, IT hardware and software licenses, furniture, video production services, diversity consulting and training, enhancement of the *Money Smart* program, security support services, facilities services, risk modeling, training services, transcription services, and copier services.

In addition, the FDIC completed and implemented recommendations from the MWOB contract study it initiated in 2013. The study identified several large contracts that could be re-structured as smaller contracts to increase MWOB participation. The results of these new procurement strategies were successful, with prime contractor awards to MWOB firms in several new areas. The study also recommended improving the FDIC's tracking of payments to MWOB subcontractors. As a result, changes to the FDIC's subcontractor tracking system were made to improve the accuracy of subcontracting data. Another recommendation that was implemented was to gain corporate-wide buy-in to new procurement strategies of large contracts by discussing those procurement strategies in detail at the monthly EAC meetings attended by senior managers from all FDIC divisions and offices. Lastly, the FDIC implemented a recommendation to hold more pre-proposal conferences to ensure smaller businesses understood FDIC's requirements before a solicitation went out for bid and give smaller businesses opportunities to find partners to develop a team to submit a bid.

Despite the fact that workloads related to financial services have been declining, the FDIC has been successful in continuing efforts to seek opportunities for MWOBs in this area. In 2014, 56.5 percent of the FDIC's MWOB awards were for contracts related to the resolution of failed financial institutions and included, but were not limited to, owned real estate management (ORE) and disposition services, asset appraisal services, receivership accounting and assistance services, loss share agreement monitoring, temporary staffing, asset environmental assessments, loan asset sales, advertising, asset valuation, and note structuring services. The FDIC plans to re-bid the financial services contracts as they expire for continued future readiness and will continue to conduct market research to identify MWOBs for inclusion in the solicitation process of these contracts.

The FDIC continued its voluntary usage of the Small Business Administration's 8(a) program that is designed to help small and disadvantaged businesses compete in the marketplace and gain access to federal and private procurement markets. The FDIC awarded 12 contracts with a combined value of $2.7 million under the 8(a) program during calendar year 2014.

Information Technology Contracting

The FDIC recognized in 2012 that the declining number of bank failures would result in a significant shift in new contract award opportunities from bank resolution contracts to contracts for daily operations (e.g., IT software development and maintenance, facilities management, etc.). FDIC conducted focused market research in 2012 to ensure significant MWOB participation in the then upcoming $546.8 million competitive Basic Ordering Agreement (BOA) for the second generation Information Technology Application Services (ITAS II). This focused market research led to six MWOB firms being awarded the ITAS II BOA out of 11 total firms awarded the BOA (55 percent). The six BOA awards to MWOBs under ITAS II represented a significant increase in MWOB awards from the ITAS I BOA where only one MWOB firm was awarded the BOA out of four total firms (25 percent).

The FDIC transitioned work under the expiring ITAS I BOA to the new ITAS II BOA during 2014 through competitive Task Orders. Task Orders are orders for the acquisition of goods and services issued under a BOA. The dramatic increase in MWOB firms awarded contracts under the ITAS II BOA resulted in a significant number of MWOB firms being awarded ITAS II Task Orders. In fact, nine Task Orders under ITAS II were awarded to MWOB firms with a combined ceiling of $47.1 million. This represented 50 percent of the total Task Orders awarded and 64.2 percent of the total dollars awarded under ITAS II during 2014. The Task Orders awarded to MWOB firms are for the enhancement and maintenance of mission critical FDIC systems and ongoing IT operations.

During 2014, the FDIC also solicited or issued new solicitations to award follow-on contracts for IT security services as the existing contract was set to expire in early 2015. The expiring contract had been competitively awarded to one firm with a contract ceiling of $56 million. Due to increased cyber security threats to FDIC IT systems and the need to ensure protection of Personal Identification Information (PII), the follow-on contract had an estimated ceiling of $101 million. Recognizing that a contract of this size may be difficult for smaller companies to bid on, the FDIC separated the required services into two contracts which were individually put out for competitive bid. One of the two contracts was awarded in 2014 to an MWOB firm with a contract ceiling of $58 million. The second contract will be awarded in 2015 once the evaluation of the proposals received in response to the solicitation is complete.

Another significant accomplishment was the competitive award of FDIC's nationwide copier program to an MWOB firm. This contract provides copier service at all FDIC offices nationwide and has a period of performance of five years and a contract ceiling of $11 million.

The FDIC also recognized that IT hardware and software could often be provided by resellers certified by the manufacturer. As a result, the FDIC made the strategic decision to solicit resellers when possible, rather than purchase the hardware and software directly from the manufacturer. This resulted in over 70 contract awards to MWOB resellers with a combined value of over $21 million.

In addition, the FDIC competitively awarded a $900,000 contract for video production services to an MWOB firm in 2014.

Facilities Management

The aforementioned MWOB contract study conducted in 2013 also identified opportunities in the FDIC's facilities management program. Historically, the FDIC has competitively awarded one contract that covers all required services to manage FDIC's owned buildings in Washington, D.C. The $96 million seven-year contract for facilities management services is scheduled to expire in early 2015 and required the FDIC to re-compete the contract in 2014. The FDIC conducted a thorough analysis of the expiring contract to identify strategies to allow for increased MWOB participation. This analysis revealed that 25 percent of the cost of the contract was for janitorial services. Further analysis revealed that there was a significant number of qualified MWOB firms in the Washington, D.C. area that could provide the required services. As a result, the FDIC made the strategic decision to competitively solicit the janitorial services under a separate stand-alone contract. The result was a four-year $16 million contract awarded to an MWOB firm.

In addition, the FDIC's Blanket Purchase Agreements to provide furniture for the FDIC's offices were also expiring in 2014, and required new follow-on contract awards. Focused market research was conducted to identify MWOB resellers that could participate in the follow-on contracts. The results were 12 contracts were awarded to MWOB firms with a combined value of over $2 million in 2014 to provide furniture to FDIC offices nationwide.

Bank Resolution Contracts

There were 18 financial institution failures in 2014, representing a significant decline from the height of the financial crisis in 2010 when there were 157 financial institution failures. However, there are still hundreds of active failed bank receiverships from prior year failures. The FDIC continued to award contracts to MWOBs to provide the required services to resolve 2014 financial institution failures and prior year financial institution failures. In 2014, 171 contracts with a combined value of $74 million were awarded to MWOBs to provide the required financial services to assist the FDIC in resolving failed financial institutions.

Other Significant MWOB Contract Awards

Recognizing the need to expand MWOB contract awards beyond services for bank resolutions, IT, and facilities management, the FDIC looked for MWOB opportunities in other program areas. The focus on improving diversity in all aspects of the FDIC (hiring, personnel management, training, etc.) led OMWI to competitively award two contracts to MWOB firms with a combined value of almost $2 million to provide diversity consulting services. FDIC's Corporate University awarded three contracts with a combined value of over $1.2 million to MWOB firms to provide training to FDIC employees on a variety of subjects, including diversity and equal employment opportunity. The Chief Risk Office awarded two contracts with a combined value of over $500,000 to analyze FDIC's Least Cost Test Model, which is utilized to determine the estimated cost of a bank failure. The FDIC's Division of Depositor and Consumer Protection awarded a $900,000 contract to enhance FDIC's *Money Smart* Program and a $33,000 contract for Braille Transcription Services.

FDIC Asset Sales

Minority and women investors participated in eight of the ten FDIC Division of Resolutions and Receiverships (DRR) cash sale transactions during 2014. These transactions had an aggregate book value of $772 million, and were closed between January 2014 and December 2014. All of the 153 minority- and women-owned firms that were then on DRR's MWO Investor list were notified of the sales; 35 submitted documents necessary to review loan files associated with loans being sold; and, 14 submitted bids.

The FDIC initiated marketing of one structured transaction sale consisting of assets from a financial institution that failed in October 2014. The assets included in the sale consisted of performing and non-performing hospitality, commercial real estate and commercial/acquisition, development, and construction loans, with approximately $261 million in unpaid principal balance. This 2014 transaction was announced to prequalified investors, of which 158 were MWO Investors and MWOB firms, on December 1, 2014. No structured transactions were closed in 2014.

The FDIC continued to utilize the Investor Match Program (IMP). The IMP is a Web-based platform sponsored by the FDIC for companies to share information with other companies that have pre-registered with the FDIC to receive information on structured loan transactions. These programs were designed to increase the opportunities for smaller investors, which are often minority- and women-owned companies, to take part in the process.

Outreach to MWOBs

The FDIC participated in a combined total of 21 business expos, one-on-one matchmaking sessions, and panel presentations. At these events, FDIC staff provided information and responded to inquiries regarding FDIC business opportunities for minorities and women. In addition to targeting MWOBs, these efforts also targeted veteran-owned and small disadvantaged businesses. Vendors were provided with the FDIC's general contracting procedures, prime contractors' contact information, and forecasts of possible upcoming solicitations. Also, vendors were encouraged to register through the FDIC's Contractor Resource List (a principal database for vendors interested in doing business with the FDIC). In 2014, MWOBs in the Contractor Resource List increased by 322 firms.

FDIC's OMWI hosted an interagency Technical Assistance Day for MWOB and MWOLF business owners on December 2, 2014. This event provided a venue for various business owners to become better acquainted with the FDIC's contracting process, receive technical assistance on effective Proposal Writing, and learn about services offered by the Minority Business Development Agency and the Small Business Administration's Procurement Technical Assistance Center. The day also included a panel of OMWI Directors from the Office of the Comptroller of the Currency, the Consumer Financial Protection Bureau, the Federal Housing Finance Agency, and the Department of the Treasury. OMWI agency representatives also participated during the exhibit portion of the event. Approximately 90 business representatives participated in this event.

OMWI and DRR also conducted a series of outreach events to raise awareness and provide information on how to purchase ORE through DRR's Owned Assets Marketplace and Auctions Program, as well as other loans and ORE assets from the FDIC, through cash loan sales and structured transactions. The events also facilitated interaction between smaller investors and asset managers and real estate professionals, including MWO Investors. These included informational sessions in Chicago and New York City in November. Information regarding the Owned Assets Marketplace and Auctions Program can be found on the FDIC's website at www.fdic.gov/mwop.

Challenges

As noted, FDIC's annual new contract awards have declined significantly since the height of the financial crisis due to the reduction in financial institution failures. Although 2014 contract awards ($686.8 million) increased from 2013 ($572.8 million), this increase was primarily attributable to the transition of IT work from the expiring ITAS I BOA to the newly awarded ITAS II BOA and the award of several multi-year facilities management contracts. Despite an increase in new contract awards in 2014, the FDIC continues to experience a downward trend in annual contract awards from a peak of $2.6 billion in contract awards in 2009 and 2010, to $1.4 billion and $1 billion in 2011 and 2012, respectively. Non-financial goods and services contracts for recurring needs to support daily operations are beginning to represent a larger percentage of FDIC annual contract awards. In years when there are few bank failures, these non-financial recurring goods and services will represent the majority of FDIC contract awards. Typical contract awards for non-financial goods and services (for example, dental, life, and vision insurance for employees; subscription services; office supplies; copier services; security guard services; facilities management services; and IT services) range from $300 million to $400 million annually. While smaller firms that are not national in scope are capable of providing some of these services, there are significant administrative advantages to having fewer contractors provide these services to ensure consistent implementation of FDIC programs nationwide. The FDIC will continue to assess and analyze future contracting needs to determine where MWOB opportunities may exist or if new methods of service delivery are feasible. As described above, new procurement strategies were developed for major contracts in 2014 for IT security services and janitorial services, which led to the award of prime contracts to MWOBs. These are examples of the types of procurement strategies the FDIC will consider for future new contracts, when feasible. Despite the decline in the overall contract dollars, FDIC's aggressive outreach program continues unabated in an effort to educate and equip MWOBs with the tools they need to compete for contracting opportunities.

The FDIC faced challenges in continuing the utilization growth rates for MWOLFs in 2014, primarily due to the overall decrease in the need for outside counsel. [See Figure 5].Utilization rates for all law firms have declined as a result of fewer bank closings and attendant legal work. In response to this challenge, the Legal Division increased internal training for its in-house counsel on the importance of diverse legal matter staffing, encouraged partnering arrangements between majority law firms and MWOLFs, and made presentations at minority bar association meetings on how their members can best prepare their firms for opportunities to work with the FDIC. As a result of the decreasing utilization of outside counsel, in 2015, the FDIC will place even greater emphasis on developing and encouraging quality networking and relationship building opportunities with the MWOLFs currently approved to participate in FDIC legal work.

Another challenge to MWOLF utilization is the disparity between the size and scope of some legal matters and the relative size of MWOLFs. The Legal Division continues to encourage co-counsel arrangements between large firms and smaller MWOLFs, as well as between MWOLFs, to ensure that resources and expertise are adequate to handle larger and complex matters. The Legal Division has also begun exploring opportunities to divide larger more complex legal matters into smaller discrete legal assignments that may be more easily handled by smaller MWOLFs. ❖

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Employment at the FDIC: Increasing Representation of Minorities and Women

The FDIC is strongly committed to diversity and inclusion at all levels of the agency's workforce. The following sections provide information on the agency's diversity in employment and hiring, initiatives to promote diversity in employment, and challenges the agency faces in promoting diversity in employment and hiring.

Diversity in Employment and Hiring

As of December 31, 2014, minorities accounted for 28.1 percent (1,931) of the FDIC's total workforce of 6,862 employees, and women accounted for 44.5 percent (3,053) [See Figure 6]. More specifically, the representation percentages for the various minority groups at the end of December 2014 were as follows: 1.1 percent for people of two or more races, 0.6 percent American Indian and Alaska Native, 5.0 percent Asian American, 17.5 percent Black American, and 3.8 percent Hispanic American. The racial, ethnic, and gender diversity of the FDIC workforce overall has improved slightly since the passage of DFA section 342. Minorities accounted for 26.2 percent of the FDIC's permanent workforce as of July 31, 2010, and 27.6 percent as of December 31, 2014. The percentage of women in the FDIC's permanent workforce was 43.6 percent as of July 31, 2010, and 45.0 percent as of December 31, 2014.

Figure 6 **Diversity in Employment and Hiring as of December 31, 2014**

	Minority	Non-Minority	Total
Number	1931	4931	6862
Percent	28.1	71.9	100%

	Male	Female	Total
Number	3809	3053	6862
Percent	55.5	44.5	100%

	2 or More	AIAN	Asian	Black	Hispanic	White	Total
Number	76	42	345	1204	264	4931	6862
Percent	1.1	0.6	5.0	17.5	3.8	71.9	100%

As of December 31, 2014, minorities accounted for 14.1 percent (18) of the FDIC's total Executive Manager (EM) workforce of 128 employees, and women accounted for 35.9 percent (45) [See Figure 7]. The racial and ethnic diversity of the EM workforce overall has decreased slightly since the passage of DFA section 342. Minorities accounted for 15.4 percent of the FDIC's permanent EM workforce as of July 31, 2010, and 14.2 percent as of December 31, 2014. The percentage of women in the FDIC's permanent EM workforce was 25.0 percent as of July 31, 2010, and 36.2 percent as of December 31, 2014.

Figure 7 **Diversity in Employment and Hiring – Executive Manager Workforce as of December 31, 2014**

	Minority	Non-Minority	Total
Number	18	110	128
Percent	14.1	85.9	100%

	Male	Female	Total
Number	82	46	128
Percent	64.1	35.9	100%

	2 or More	AIAN	Asian	Black	Hispanic	White	Total
Number	0	1	1	14	2	110	128
Percent	0.0	0.8	0.8	10.9	1.6	85.9	100%

Initiatives to Promote Diversity in Employment

The FDIC promotes its commitment to a diverse workforce through a wide variety of methods aimed at attracting, recruiting, and hiring high-performing individuals who reflect all segments of society. The recruitment of examiners, the FDIC's largest occupational group, is conducted primarily through the FDIC's Corporate Employee Program (CEP). The CEP trains the FDIC's workforce of Financial Institution Specialists (FISs), beginning examiners-in-training, in many areas. To reach the broadest available audience, the FDIC's Corporate Recruitment Program continued in 2014 to maintain ongoing relationships with a wide range of colleges and universities, including HACU-member institutions and HBCUs, to target a diverse talent pool for the CEP. These colleges and universities included 110 institutions designated as minority-serving institutions and tribal colleges.

To help with the targeted recruitment, OMWI issued reports throughout 2014 on the representation and attrition rates for CEP participants based on race, ethnicity, and gender. These reports were prepared following each incoming class of CEP hires, and each report included the total CEP participants from the inception of the program, FISs currently onboard, and voluntary and involuntary attrition information. At the outset of the CEP in 2005, several racial, ethnic and gender groups, as well as disabled employees, had very low representation rates in the FDIC's examiner workforce. The FDIC engaged in a proactive recruiting effort and used recruitment strategies that have been successful in addressing the low representation rates of many racial, ethnic, and gender groups. That progress is especially apparent with respect to the overall percentage of women in the examiner workforce, which increased from 33.5 percent as of December 31, 2004, to 38.0 percent as of December 31, 2014. In addition, the percentages of Black American men and women, Asian American men and women, and White women in the overall examiner workforce all have increased since the beginning of the CEP. Despite the positive progress in those areas, representation rates among Hispanic Americans remain low. While the number of Hispanic American men and women examiners has increased, the percentages have decreased slightly.

Also, since the inception of the CEP, hiring rates have been at or above the percentages in the Civilian Labor Force (CLF) for American Indian and Alaska Native men, Asian American men, Black American men and women, and men of two or more races, but lower than the CLF for American Indian and Alaska Native women, Asian American women, Hispanic American men and women, White women, and women of two or more races [See Figure 8].

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Figure 8 **CEP Hires Since Inception**

	2 or More		AIAN		Asian		Black		Hispanic		White		Total
	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	
CEP	8	13	1	11	26	49	139	97	23	37	327	660	1391
%	0.58	0.93	0.07	0.79	1.87	3.52	9.99	6.97	1.65	2.66	23.51	47.45	100%
CLF	0.98	0.55	0.20	0.08	3.69	3.53	8.40	3.41	3.65	3.06	28.34	44.11	100%

During 2014, CEP hiring rates were above the CLF percentages for American Indian and Alaska Native men, Black American men and women, Hispanic men, White women and men of two or more races, but were below the CLF for American Indian and Alaska Native women, Asian American men and women, Hispanic American women, and women of two or more races [See Figure 9].

Figure 9 **CEP Hires in 2013 (Classes 44 – 47)**

	2 or More		AIAN		Asian		Black		Hispanic		White		Total
	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	
CEP	1	2	0	1	4	2	12	5	2	5	41	62	137
%	0.873	1.46	0.00	0.73	2.92	1.46	8.76	3.65	1.46	3.65	29.93	45.26	100%
CLF	0.98	0.55	0.20	0.08	3.69	3.53	8.40	3.41	3.65	3.06	28.34	44.11	100%

As a significant component of the recruitment strategy for the CEP, FDIC recruiters maintained ongoing relationships with a wide range of colleges and universities during 2014, as well as a number of professional organizations for minorities and women. FDIC corporate recruiters participated in 212 college career fairs, information sessions, and other recruitment-related campus activities throughout the United States to brand the FDIC and attract the best qualified candidates. The contacts included targeted outreach to minorities, women, veterans, and persons with disabilities. FDIC recruiters attended 22 outreach events, in addition to three regional military outreach events in 2014 to communicate with targeted groups and increase awareness of the FDIC as an employer of choice to professionals and students. Recruitment efforts during 2014 also included the following:

- Met with key leaders in targeted Hispanic American, Black American, Asian American, women's and veterans' organizations to create awareness of FDIC careers and identify opportunities to expand outreach to their members.
- Added the Ascend National Association of Asian MBAs Leadership Conference & Career Exposition to the 2014 Corporate Outreach schedule.
- Expanded outreach efforts to organizations involved in hiring and placement of Hispanic and veteran applicants.
- Generated relationships with new military recruitment and placement organizations such as Hiring Our Heroes and Recruit Military.
- Served as coaches in the Pre-Conference Career Management event, conducted mock interviews and reviewed resumes to aid students in their preparation, during the National Society of Hispanic MBAs Annual Conference and Career Expo.
- Participated in three Regional Student Symposiums and career fairs held by the Association of Latino Professionals in Finance and Accounting. Recruiters also served as Luncheon Mentors providing insight into FDIC employment opportunities and suggestions to students on ways to develop their careers.
- Provided the Keynote Address to participants and hosted two "A Day in the Life of a FDIC Bank Examiner" presentations at the Adelante 2014 National Leadership Institute.

- Participated in the career fair and hosted a workshop on "The Top Things You Should Know about the FDIC" at the Accounting and Financial Women's Alliance 2014 Annual Conference.
- Conducted informational interview sessions for the Corporate Employee Program and hosted a workshop at the Thurgood Marshall Leadership Institute on Financial Education that was held in Washington, D.C. on November 9-13, 2014 for students from Historically Black Colleges and Universities. Students also had the opportunity to learn about FDIC careers.
- Provided industry trends and FDIC recruitment statistics to business deans of Historically Black Colleges and Universities during their annual summit.
- Identified opportunities to advertise in print publications and job boards during various 2014 conferences to increase awareness of FDIC careers.

The FDIC continues to help minority, women, and disabled students prepare for careers in business and finance. During 2014, the FDIC recruited summer interns through organizations such as the Workforce Recruitment Program (WRP), the National Association for Equal Opportunity in Higher Education, the LEAD (Leadership Education and Development) Program, and the Hispanic Association of Colleges and Universities, as well as advertising intern opportunities in national publications and publications targeted to minorities and women.

Over the past several years, the FDIC has increased the use of WRP College Students with Disabilities program in hiring of student interns, including veterans. In 2014, the FDIC was once again recognized as a leader among federal agencies for WRP hiring and provided summer employment opportunities to 10 students.

Diversity and Inclusion Analytics Dashboard

Included in the FDIC's Diversity and Inclusion Strategic Plan is the goal to develop structures and strategies to equip FDIC leaders with the ability to manage diversity, be accountable, measure results, refine approaches on the basis of available data, and institutionalize a culture of inclusion. Further, after reviewing several financial services industry regulators in 2013, the U.S. Government Accountability Office (GAO) recommended that the agencies report on efforts to measure the progress of their employment diversity and inclusion practices, including measurement outcomes as appropriate, to indicate areas for improvement as part of their annual reports to Congress.[4] To implement its strategic plan and address the GAO recommendation, the FDIC uses the workforce analytics dashboard it developed, which is designed to provide actionable data on the FDIC workforce by gender and minority status by division/office, region, race/ethnicity, occupation, grade level, and employment type (permanent and non-permanent). The dashboard has been an important management tool for diversity and inclusion since being launched on June 20, 2013, and allows FDIC senior leaders to support diversity and inclusion efforts in hiring, promotion, and retention, and to identify ways to make improvements over time. The dashboard was updated in 2014 to allow for reporting on employment trends of persons with disabilities in the FDIC workforce.

Challenges

A key challenge for the FDIC in promoting diversity at all levels of the agency's workforce is its ability to attract and retain minorities and women in its bank examiner workforce. The examiner occupation represents the largest occupational group at the FDIC and accounts for 41 percent (2,803) of the FDIC total workforce (6,862). Individuals who began their FDIC careers as examiners tend to occupy a significant percentage of executive and managerial leadership positions at the agency, as well as other non-examiner positions in the FDIC.

[4] Trends and Practices in the Financial Services Industry and Agencies after the Recent Financial Crisis, GAO-13-238, April 16, 2013.

Thus, representation rates within the examiner workforce are key elements to achieving satisfactory representation rates within the broader FDIC workforce.

Despite the overall success of the CEP in increasing the percentage of women and minorities in the examiner workforce, those percentages still remain below the CLF for women overall, as well as Asian American men and women, Black American women, Hispanic American men and women, and women of two of more races. In addition, involuntary attrition in the CEP remains higher among minorities [See Figure 10], but the trend from the early years of the program has halted, and there was no involuntary attrition of minority CEP employees during 2013 or 2014. The attrition data will continue to be monitored.

Figure 10 **CEP Attrition Rates**

	2 or More		AIAN		Asian		Black		Hispanic		White		Total
	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	
Hired	8	13	1	11	26	49	139	97	23	37	327	660	1391
Involuntary* Departures	0	0	0	3	4	11	23	25	4	6	17	29	122
Involuntary Attrition Rate+ (%)	0.0	0.0	0.0	27.3	15.4	22.5	16.5	25.7	17.4	16.2	5.2	4.4	8.7%
Subtotal	8	13	1	8	22	38	116	72	19	31	310	631	1269
Transfers (Mid-Career/ Other)	0	0	0	0	0	0	4	3	2	1	11	13	34
Voluntary Departures	2	0	0	1	4	10	23	18	6	8	68	141	281
Voluntary Attrition Rate• (%)	25.0	0.0	0.0	12.5	18.2	26.3	19.8	25.0	31.6	25.8	21.9	22.4	22.1%
Number Retained	**6**	**13**	**1**	**7**	**18**	**28**	**89**	**51**	**11**	**22**	**231**	**477**	**954**

* "Involuntary" includes those employees who were permitted to retire or resign in lieu of termination.
+ "Involuntary Attrition Rate" is the Involuntary Departures divided by the total hired.
• "Voluntary Attrition Rate" is the Voluntary Departures divided by the subtotal.

Challenges also exist in attracting and recruiting minorities and women for non-examiner occupations at the FDIC, primarily due to low representation rates for minority groups and women in the occupations most prevalent at the FDIC. Women at the FDIC fall below the CLF in the Administration, Financial Administration, Accountant, Auditor, and General Business and Industry occupations. Hispanics also fall below the CLF in those occupations, as well as the Attorney and Computer Specialist occupations. To address this issue, the FDIC is developing a plan to increase outreach to prospective applicants in underrepresented groups at the entry, mid, and senior levels in a wide range of occupations throughout the agency.

In 2014, the FDIC continued conducting studies of race, ethnicity, gender, and grade levels by FDIC divisions and offices. The recommendations from the studies include expanding outreach and recruiting more broadly for FDIC occupations and devoting additional resources toward inclusion programs to address declining minority and women representation at more senior levels within the FDIC. Also, the FDIC updated and continued implementing its Diversity and Inclusion Strategic Plan, which is designed to develop an integrated view of diversity and inclusion, strategically monitor and manage the employment life cycle (hire to retire), and address challenges at the FDIC. The plan will be reviewed and updated as needed to ensure it remains current and proactive in addressing workforce diversity issues. ❖

Other Activities

The FDIC continued implementation of the DFA section 342 provisions. During 2014, the FDIC focused on section 342(c) inclusion in all levels of business activities; section 342(b)(2)(C) development of standards for assessing the diversity policies and practices of entities regulated by the agency; and section 342(f) diversity in agency workforce. OMWI worked closely with internal stakeholders and collaborated with the other OMWI offices to carry out DFA requirements. The following sections detail the status of each of these DFA section 342 provisions under taken in 2014.

Status of DFA Section 342 Regulated Entity Requirements

Section 342(b)(2)(C) of the DFA requires the OMWI Director of each covered agency to develop standards for assessing the diversity policies and practices of entities regulated by such agency. To implement that requirement and develop those standards, the FDIC OMWI Director and staff continued to work closely over the reporting period with the OMWI Directors and staff of the Office of the Comptroller of the Currency, the National Credit Union Administration, the Federal Reserve Board, the Consumer Financial Protection Bureau, and the Securities and Exchange Commission.

During the initial phase of developing the standards, representatives from those agencies met with each other and then with financial services industry trade organizations. Together, they began considering how to develop standards for assessing the diversity policies and practices of regulated entities that would consider the regulated entities' individual circumstances, such as the asset size of the entity, number of employees, governance structure, income, number of members and/or customers, contract volume, geographic location, and community characteristics. Subsequently, they met with industry representatives and with community interest groups to better inform efforts to implement the statutory provision. During this process, the OMWI Directors also met with the Equal Employment Opportunity Commission, the Office of Federal Contract Compliance Programs, and the Department of Justice to determine available resources that would be useful in developing the standards and to avoid duplication of efforts.

Based on the information collected during these meetings, the FDIC's OMWI Director and staff collaborated closely with the other agencies' OMWI Directors and their staffs throughout the year in refining the draft standards. On October 25, 2013, the proposed standards were published in the *Federal Register* by the FDIC jointly with the other agencies, as a Proposed Interagency Policy Statement Establishing Joint Standards for Assessing the Diversity Policies and Practices of Entities Regulated by the Agencies. The proposed standards describe leading diversity practices for the financial services industry in four key areas: organizational commitment to diversity and inclusion; workforce profile and employment practices; procurement and business practices – supplier diversity; and practices to promote transparency of organizational diversity and inclusion.

The joint press release announcing the proposed standards, along with a link to the standards, may be found at http://www.fdic.gov/news/news/press/2013/pr13092.html. The comment period was initially scheduled to end on December 24, 2013, but was extended an additional 45 days to February 7, 2014, in order to facilitate public comment on the policy statement and questions posed by the agencies. The OMWI agencies have reviewed and given great consideration to the comments received and are in the final stages of preparing the final Joint Standards for Assessing the Diversity Policies and Practices of Entities Regulated by the Agencies, with issuance of final Joint Standards anticipated during 2015.

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Contractor Workforce

DFA section 342(c) requires that OMWI ensure, to the maximum extent possible, the fair inclusion of minorities, women, and minority- and women-owned businesses in all business activities of the agency, including procurement. The FDIC actively promotes the inclusion of minority and women contractors in business and procurement opportunities; and, the FDIC acquisition policy specifically provides for and integrates OMWI in the procurement process to ensure fair inclusion of minority- and women-owned businesses competing for FDIC contracts.

In collaboration with the Division of Administration's Acquisition Services Branch and the Legal Division, OMWI finalized its standards for increasing participation of MWOBs in FDIC contracts, which includes procedures for review and evaluation of contract proposals. The standards provide that OMWI staff participate in Technical Evaluation Panels as a voting member to ensure the fair consideration of MWOBs. In addition, the standards provide for outreach to identify qualified MWOBs; to register MWOBs in the FDIC Contractor Resource List; to provide a list of potential MWOBs for contracting actions greater than $100,000; to ensure that MWOBs are included in all major contract solicitations; and, to provide MWOBs technical assistance and information about contracting opportunities with the FDIC.

DFA section 342(c) also requires OMWI to make certain that FDIC contractors ensure, to the maximum extent possible, the fair inclusion of women and minorities in the workforce of the contractor and, as applicable, subcontractors. OMWI worked with the Acquisition Services Branch and the Legal Division to develop a "Fair Inclusion" contract clause for all awards over $100,000. This award amount is the agency threshold for contracts that must follow formal contract award procedures. The clause, which has been required in all contract awards since September 1, 2011, notifies contractors of the responsibility to include minorities and women in their workforce and advises of remediation action the FDIC may engage if it is determined the contractor has failed to make a good faith effort to do so.

To comply with DFA section 342(c), OMWI developed a process to determine whether FDIC contractors have made good faith efforts to include minorities and women in their workforce called the Contractor Workforce Review Process (CWRP). The CWRP incorporated DFA section 342 requirements into existing FDIC procurement policies and procedures. Pursuant to the CWRP, the contractor is made aware, from contract inception through the potential determination to terminate the contract, of their responsibility to promote diversity in employment. The CWRP was finalized and implemented in November 2014.

EEOC Review of the Status of FDIC's EEO Program

The Equal Employment Opportunity Commission met with the FDIC in 2014 and reviewed the status of FDIC's EEO program with respect to the conversion to permanent status of employees hired under Schedule A appointment authority; the anti-harassment program; the reasonable accommodation program; barrier analysis focused on access to executive level positions; and, compliance with the EEOC's management directives. Following meetings between FDIC and EEOC staffs and collection of FDIC data and anecdotal information, the EEOC determined that the FDIC's EEO program is in substantial compliance with all EEOC regulations and management directives.

In response to EEOC's 2014 review of FDIC's EEO program, the anti-harassment policy was revised to clearly provide for confidentiality. In addition, the FDIC is actively examining senior grade level positions to better support equal access and remove barriers to the full inclusion of any identified groups.

OIG Review of FDIC's Efforts to Provide Equal Opportunity and Achieve Senior Management Diversity

In 2014, the Ranking Member and Minority Members of the United States House of Representatives Committee on Financial Services requested that the FDIC Office of Inspector General (OIG) perform work related to the FDIC's efforts to increase senior management diversity. The Members referenced the 2013 GAO report that concluded, among other things, that management-level representation of minorities and women among the federal financial agencies had not changed substantially from 2007 through 2011 despite the senior management diversity provisions in DFA. The Members requested that the OIG determine whether agency internal operations and personnel practices were systematically disadvantaging minorities and women from obtaining senior management positions.

Based on their review of the FDIC human resources processes and related efforts to achieve diversity and fairness, the OIG observed that the FDIC faces challenges to increasing workforce diversity overall and at the senior management level due to issues that are difficult for the FDIC to control, such as low turnover of existing managers and executives, underrepresentation of women and minorities in internal candidate pools, and competition from the private sector for diverse candidates. The OIG also observed in this regard that there were areas where improvements could be made, but that the FDIC has:

- developed processes that consider diversity in recruiting, hiring, and promotions;
- implemented robust training and leadership development programs;
- established controls in its performance management and recognition programs to ensure fairness;
- provided employees with several options for appealing personnel decisions and reporting discrimination;
- monitored employee separation and termination statistics and reasons for leaving the agency; and,
- initiated succession planning efforts.

The OIG made nine recommendations related to recruiting, leadership training and expressions of interest programs, analysis of employee performance results, the reliability of diversity data, and updating relevant policies. The FDIC had already begun addressing and implementing some of the OIG's recommendations by the time of its report in 2014, and has set a goal to address and implement the remainder of these recommendations in 2015.

Promoting Financial Access and Financial Literacy

The FDIC has long been committed to expanding financial access and economic inclusion in the financial mainstream by improving households' access to safe, secure, and affordable banking services. Participation in mainstream financial markets improves consumers' ability to build assets and create wealth, protects them from theft and discriminatory or predatory lending practices, and provides a financial safety net against unforeseen circumstances. Mainstream banking also provides consumers with advantages that are unavailable in the alternative financial services marketplace, such as FDIC deposit insurance and explicit protections including those ensuring that consumers can reasonably dispute charges to their accounts.

The FDIC engages in numerous initiatives related to economic inclusion designed to develop further understanding of consumers' financial rights, promote economic inclusion, and expand consumer awareness through the *Money Smart* financial education program.

The *Money Smart* financial education program is part of the FDIC's strategy to promote economic inclusion by helping consumers learn how to manage their finances and banking relationships effectively. First launched in 2001, *Money Smart* is a comprehensive financial education curriculum designed to help low- and moderate-income individuals outside the financial mainstream enhance their financial skills and create positive banking relationships. The curriculum is available in nine languages and in versions for instructors to teach others as well as for consumers to complete online at their own pace.

The FDIC took steps to more closely align its financial education activities with the *Starting Early for Financial Success* focus of the Financial Literacy and Education Commission (FLEC) during 2014.

The FDIC signed a memorandum of understanding with the Consumer Financial Protection Bureau (CFPB) in April 2014. This agreement provides the foundation for a new multi-year agreement that leverages each agency's strengths to improve financial education and decision-making skills among youth, from Pre-K through age 20. Early results of the new partnership include tailored financial education resources for teachers, youth, and parents/caregivers.

To provide teachers with resources that they can use to feel prepared and confident, the FDIC began developing a new instructor-led *Money Smart* curriculum series for young people. Bankers also can use these tools as they work with schools, non-profit organizations, and other youth-based audiences. The age-appropriate series will consist of four, free standard-aligned curricula that empower teachers with activities designed to engage youth and integrate financial education instruction into subjects such as math, English, and social studies. The first of these *Money Smart* curricula, for Pre-K – Grade 2, was piloted during 2014 and posted online on September 29, using the new Teacher On-line Resource Center (TORC) website. The website is a central location for teachers to access resources from the FDIC and the CFPB that can also support financial literacy instruction. The remaining three curricula in the series will be released during 2015. Each curriculum will include a new parent resource guide with information about the topics being covered in class, as well as at-home activities and conversation starters.

Also, as part of this new partnership, the FDIC and the CFPB launched an outreach campaign in 2014 to encourage parents and caregivers to help youth build knowledge on financial matters. More than 3,800 visitors have accessed the TORC website since its launch date.

The FDIC also encouraged elementary, middle, and high school students to gain proficiency with financial decision-making through access to a savings account. On August 4, 2014, the FDIC launched its Youth Savings Pilot Program for youth in grades K – 12 to identify and highlight promising approaches for financial education tied to the opening of safe, low-cost, savings accounts. The FDIC selected nine financial institutions from among the dozens of institutions that expressed an interest in participating in the first phase of this Pilot, which will cover the 2014-16 school years. The selection process placed emphasis on the identification of institutions that have programs focused on youth from families that are more likely to be unbanked, underbanked, or low- or moderate-income. The FDIC is currently monitoring and collecting information from the Pilot in order to assess and further develop the program and will issue a report to communicate lessons learned from the Pilot in the fall of 2016. The report will be a resource for financial institutions that are interested in working with schools and other organizations to combine financial education with access to a savings account.

The existing suite of *Money Smart* products for consumers was also expanded in 2014 with the release of a Spanish language translation of *Money Smart for Older Adults* in partnership with the CFPB. This stand-alone training module developed by both agencies was initially released in English on June 12, 2013, to raise awareness among older adults (targeting age 62 and older) and their caregivers on how to prevent, identify, and respond to elder financial exploitation, plan for a secure financial future, and make informed financial decisions. More than 2,700 copies of the module for instructor-led workshops were ordered or downloaded from the FDIC during 2014.

Through training and technical assistance, the FDIC emphasizes the importance of pairing education with access to appropriate banking products and services. The FDIC conducted more than 140 outreach events to foster partnerships for economic inclusion and community development. In May 2014, OMWI staff who participate in outreach events were trained on delivering the *Money Smart* curriculum. More than 38,000 *Money Smart* instructor-led curriculum copies were distributed or downloaded and more than 48,000 people used the computer-based or podcast curriculum.

As an example of FDIC outreach with leading organizations to achieve shared objectives, the FDIC participated in the 2014 America Saves Week. During this Week, which took place February 24 – March 1, more than 1,300 organizations signed up at "*AmericaSavesWeek.org*" to gain access to resources and tools to encourage consumers to develop a savings plan and open a savings account in an insured institution. The FDIC's support of America Saves Week included hosting a national webinar that reached more than 300 financial institutions and other organizations to discuss opportunities and strategies to support the goals of America Saves Week. In addition, the FDIC supported local America Saves coalitions in many communities around the country by conducting financial education workshops and providing resources, such as hosting a community forum to help expand the work of the First Time Savers Pilot in Indianapolis.

Also, the FDIC's Advisory Committee on Economic Inclusion held meetings in 2014. The Committee continued to provide the FDIC with advice and recommendations on important initiatives focusing on expanding access to banking services for underserved populations. A number of initiatives designed to promote economic inclusion have been conducted in consultation with the Committee, including pilot programs to study safe banking accounts and an affordable small-dollar loan program.

Minority Depository Institutions

The preservation of Minority Depository Institutions (MDIs) remains a high priority for the FDIC. In July 2014, the FDIC released a study specifically on MDIs entitled, Minority Depository Institutions: Structure, Performance and Social Impact. The study explores the role of MDIs in our financial system: how the industry has changed over time, how MDIs have performed financially, and how they have served their communities. The report notes that MDIs underperform non-MDI institutions in terms of standard industry measure of financial performance, but it concludes that these institutions often promote the economic viability of minority and underserved communities. Compared with community banks, the markets served by MDI offices include a higher share of population living in low- or moderate-income (LMI) census tracts, as well as a higher share of minority populations. In addition, among institutions that reported data under the Home Mortgage Disclosure Act (HMDA), MDIs originated a larger share of their mortgages to borrowers who live in LMI census tracts and to minority borrowers than did non-MDI community banks. These findings demonstrate the essential role MDIs play in their local communities and their high level of commitment to the populations they serve.

In 2014, the FDIC continued to advocate for MDI and Community Development Financial Institution (CDFI) industry-led strategies for success, building on the results of the 2013 Interagency Minority Depository Institution and CDFI Bank Conference. These strategies include industry-led solutions; MDI and CDFI bankers working together to tell their story; collaborative approaches to partnerships to share costs, raise capital, or pool loans; technical assistance; and, innovative use of federal programs. The FDIC has begun working with the Office of the Comptroller of the Currency and the Federal Reserve to plan for the 2015 Interagency Conference for Minority Depository Institution and CDFI Banks to build upon these strategies.

The FDIC continued to seek ways to improve communication and interaction with MDIs and to respond to the concerns of minority bankers. In addition to active outreach with MDI trade groups, the FDIC annually offers to have a member of regional management meet with each MDI's board of directors to discuss issues of interest. In addition, the FDIC routinely contacts FDIC-supervised MDIs to offer return visits and technical assistance following the conclusion of each safety and soundness, compliance, Community Reinvestment Act, and specialty examination to assist bank management in understanding and implementing examination recommendations. These return visits, normally conducted 90 to 120 days after the examination, are to provide recommendations or feedback for improving operations, not to identify new problems or issues. MDIs also may initiate contact with the FDIC to request technical assistance at any time. In 2014, the FDIC provided 119 individual technical assistance sessions on approximately 80 risk management and compliance topics, including, but not limited to, the following:

- Bank Secrecy Act and Anti-Money Laundering
- Basel III Capital Rules
- Branch Opening and Closing Requirements
- Commercial Real Estate Concentrations
- Community Reinvestment Act
- Information Technology
- Interest Rate Risk
- Loan Underwriting and Administration
- New Mortgage Rules/Ability to Repay
- Sensitivity to Market Risk
- Third-Party Risk Management
- Troubled Debt Restructurings

The FDIC regional offices also held outreach, training, and educational programs for MDIs through conference calls and banker roundtables. In 2014, topics of discussion for these sessions included many of those listed above, as well as the FDIC's Technical Assistance Videos, Capital Raising, and Prompt Corrective Action. ❖

Conclusion

During 2014, OMWI made significant progress enhancing the diversity of the FDIC's workforce and its business practices.

Within FDIC, the racial, ethnic, and gender diversity of the workforce continues a steady increase since the passage of DFA section 342. Both the percentages for minorities (27.6 percent) and women (45%) in the FDIC's permanent workforce increased as compared to the previous year. FDIC continues to face challenges in attracting and retaining minorities and women in its bank examiner workforce, which is the principal feeder group for a significant percentage of executive and managerial leadership positions at the agency.

With regard to increasing MWOB participation, during 2014 the FDIC focused on opportunities for MWOBs for its non-financial recurring services and implemented new procurement strategies that restructured large contracts into smaller contracts to increase MWOB participation and contract awards. The FDIC maintained an aggressive vendor outreach and education program participating in business expos, conducting technical assistance events, and hosting forums on FDIC's Owned Assets Marketplace and Auctions Program, which resulted in 322 new MWOBs being added to the Contractor Resource List, the internal FDIC database for vendors interested in doing business with the FDIC. Despite the decrease in bank resolution activities, which has been the major source for contracting opportunities and outside legal counsel work, FDIC has been successful at identifying opportunities for MWOBs and maintaining a steady level of MWOLF participation in referrals for legal services in 2014.

In partnership with the OMWI Directors and staff of the Office of the Comptroller of the Currency, the National Credit Union Administration, the Federal Reserve Board, the Consumer Financial Protection Bureau, and the Securities and Exchange Commission, the FDIC remained fully engaged in fulfilling the requirements of DFA Section 342 by developing the Interagency Policy Statement Establishing Joint Standards for Assessing the Diversity Policies and Practices of Entities Regulated by the Agencies. Further, the FDIC's OMWI developed and implemented the Contractor Workforce Review Process; a process to determine whether FDIC contractors have made good faith efforts to include minorities and women in their workforce.

In every respect, the FDIC's accomplishments during 2014 are in concert with the requirements of DFA section 342. Despite significant successes in 2014, the FDIC will face challenges in the coming years, specifically in the procurement and contracting arena as annual contract awards continue to decline significantly due to the reduction in the number of financial institution failures. ❖

Design: FDIC/DOA/CSB/Design and Printing Unit

FDIC-013-2014