2013 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 2013 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. The FDIC strongly believes that its diversity and inclusion efforts benefit the entire agency.

The FDIC has a long-standing commitment to diversity and inclusion. In 1999, the FDIC adopted a vision statement to become an employer of choice. With its first Diversity Strategic Plan, the FDIC committed to recruiting and retaining the most qualified, talented, and motivated employees in the labor market. The goals and objectives of the 1999 Plan were achieved and diversity became integrated into the culture of the FDIC. The FDIC updated strategies regarding diversity and inclusion in its 2013 Diversity and Inclusion Strategic Plan to make certain that continued success is achieved in ensuring that all employees are valued members in the workplace and active participants in carrying out the FDIC's mission.

The responsibilities and activities of the FDIC's OMWI are an important part of these efforts. The FDIC's OMWI promotes the agency's mission through the pursuit of equal employment opportunity, affirmative employment initiatives, diversity and inclusion, and outreach efforts to increase contracting and investment opportunities for minority- and women-owned businesses (MWOBs). OMWI closely coordinates with all of the FDIC's divisions and offices to ensure awareness of diversity and inclusion and the availability of business opportunities for minorities and women. In addition, OMWI staff advises FDIC leaders and maximizes the use of performance tools to measure and assess diversity and inclusion progress.

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 (D&I) initiatives throughout the FDIC.

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2013 Diversity and Inclusion Initiatives

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. In 2013, the FDIC Chairman established a number of Performance Goals designed to promote broad leadership and employee engagement on FDIC diversity and inclusion initiatives and enhance the FDIC's commitment to diversity, inclusion, and equal employment opportunity.

The updated 2013 Diversity and Inclusion Strategic Plan, which was approved by the FDIC Chairman on March 1, 2013, 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, which is updated annually, 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 updated 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 2013 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.

The EAC reviews all initiatives recommended under the FDIC Diversity and Inclusion Strategic Plan and reviews and updates the Plan annually, as needed, to support the FDIC's overall goal of promoting diversity and inclusion on a continuing basis.

After conducting a review of the FDIC's diversity and inclusion programs and activities in 2012 to identify opportunities for improvement, the following initiatives were implemented and completed in 2013:

- The FDIC developed an analytics dashboard to improve management reporting on workforce diversity and to identify opportunities to enhance diversity and inclusion throughout the agency.
- The FDIC commissioned a sourcing analysis to identify solutions for challenges in recruitment of females with backgrounds in information technology, U.S. citizens with PhDs in economics, and diverse candidates for the Corporate Employee Program.
- OMWI and FDIC Corporate University began to develop a computer-based instruction module for ongoing employee training on diversity and inclusion.
- OMWI arranged access to consulting services on diversity and inclusion for FDIC executives.
- OMWI and the FDIC Office of Communications developed a comprehensive communications plan to enhance and support diversity and inclusion throughout the FDIC.
- Through use of an MWOB contractor, the FDIC identified new strategies for increasing MWOB participation in contracting throughout the FDIC, and these will be implemented going forward. ❖

[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/diagencyspecificstrategicplanguidance.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. The following sections provide detailed information on the agency's 2013 contracting activities and successes; contracting initiatives, programs, and outreach; and challenges the FDIC faces in promoting diversity in its contracting activities.

FDIC Procurement Policies

Contracting Activities and Successes

FDIC contracts are typically awarded through a competitive best value solicitation process. 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. Determining best value involves consideration of both the offeror's technical and price proposals.

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 its Contractor Resource List of registered MWOBs, as well as the System for Award Management (SAM). This process ensures that a diverse pool of contractors is solicited and considered for each major contract.

The FDIC's Web site provides information, announcements, and technical assistance related to 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 $553.7 million to contractors in 2013 under 1,982 contracts, of which $140.6 million (25.4 percent) was paid to MWOBs [See Figure 1]. By comparison, the FDIC

Figure 1 **Contracting Payments** (in millions)

	2011	2012	2013
Total	$ 861.3	$ 660.0	$ 553.7
Total	100.0%	100.0%	100.0%
MWOB	**$ 166.0**	**$ 161.4**	**$ 140.6**
MWOB	**19.3%**	**24.5%**	**25.4%**
Minority Owned (MO)	$ 108.8	$ 117.7	$ 102.9
	12.6%	17.8%	18.6%
Women Owned (WO)	$ 72.1	$70.1	$ 63.7
	8.4%	10.6%	11.5%
Overlap (Both MO & WO)	$ 14.9	$ 26.4	$ 26.0
	1.7%	4.0%	4.7%
Asian American	$ 33.0	$ 51.3	$ 50.3
	3.8%	7.8%	9.1%
Black American	$ 32.9	$ 35.7	$ 19.8
	3.8%	5.4%	3.6%
Hispanic American	$ 41.4	$ 28.7	$ 26.0
	4.8%	4.3%	4.7%
Native American	$ 1.5	$ 2.0	$ 1.2
	0.2%	0.3%	0.2%
Other	$ -	$ -	$ 5.7
	0.0%	0.0%	0.0%

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

paid $660 million to contractors under 2,577 contracts in 2012, and $861.3 million to contractors under 2,877 contracts in 2011. Payments made in 2013 include payments for contracts awarded in 2013 and payments for active contracts awarded prior to 2013. For purposes of contract payment information, the FDIC considers an active contract one in which payments were made or credits applied in 2013. In 2013, minority-owned firms were paid $102.9 million of the total dollars paid to contractors (18.6 percent). Women-owned firms were paid $63.7 million of the total dollars paid to contractors (11.5 percent). These two categories – minorities and women – are not mutually exclusive: $26.0 million (4.7 percent) was paid in 2013 to businesses classified as both minority-owned and women-owned. By contrast, the FDIC paid MWOBs $161.4 million (24.5 percent) of the total paid to all contractors in 2012 under 754 contracts (29.3 percent), and $166 million (19.3 percent) to MWOBs in 2011 under 742 contracts (25.8 percent).

In 2013, the FDIC awarded 282 contracts to MWOBs out of a total of 995 issued (28.3 percent) [See Figure 2]. By comparison, the FDIC awarded 388 contracts (29.3 percent) to MWOBs out of a total of 1,326 issued in 2012, and 558 contracts (28.8 percent) to MWOBs out of a total of 1,936 issued in 2011.

Figure 2 **Contracting Actions**

	2011	2012	2013
Total	1936	1326	995
Total	100.0%	100.0%	100.0%
MWOB	**558**	**388**	**282**
	28.8%	**29.3%**	**28.3%**
Minority Owned (MO)	369	262	161
	19.1%	19.8%	16.2%
Women Owned (WO)	272	192	162
	14.0%	14.5%	16.3%
Overlap (Both MO & WO)	83	66	41
	4.3%	5.0%	4.1%
Asian American	36	50	39
	1.8%	3.8%	3.9%
Black American	96	104	50
	5.0%	7.8%	5.0%
Hispanic American	216	87	61
	11.2%	6.6%	6.2%
Native American	21	18	0
	1.1%	1.4%	0.0%
Other	0	3	11
	0.0%	0.2%	1.1%

As of December 31, 2013, the FDIC had 591 (29.8 percent) active contracts with MWOBs out of a total of 1,986 active contracts. The active contracts to MWOB firms by category were as follows: Asian Americans (72), Black Americans (115), Hispanic Americans (265), Native Americans (2), and Women (176). 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 $572.8 million in 2013, of which, $198.7 million (34.7 percent) were awarded to MWOBs. By comparison, the FDIC awarded contracts with a combined value of $1.042 billion in 2012, of which, $308.0 million (29.6 percent) was awarded to MWOBs; and awarded contracts with a combined value of $1.441 billion in 2012, of which, $416.5 million (28.9 percent) was awarded to MWOBs [See Figure 3].

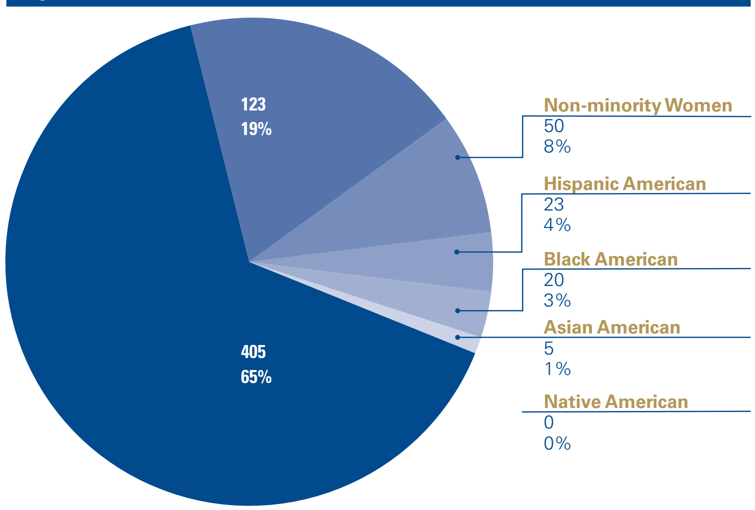
Figure 3 **Total Contract Dollar Awards**

	2011	2012	2013
Total	$ 1,441.6 100.0%	$ 1,041.7 100.0%	$ 572.8 100.0%
MWOB	**$ 416.5** **28.9%**	**$ 308.0** **29.6%**	**$ 198.7** **34.7%**
Minority Owned (MO)	$ 313.4 21.7%	$ 261.1 25.1%	$ 158.5 27.7%
Women Owned (WO)	$ 155.3 10.8%	$ 90.7 8.7%	$ 66.1 11.5%
Overlap (Both MO & WO)	$ 52.2 3.6%	$ 43.8 4.2%	$ 25.9 4.5%
Asian American	$ 65.6 4.5%	$ 92.6 8.9%	$ 38.0 6.7%
Black American	$ 91.7 6.4%	$ 105.6 10.1%	$ 32.2 5.6%
Hispanic American	$ 149.6 10.4%	$ 50.0 4.8%	$ 85.3 14.9%
Native American	$6.5 0.4%	$9.3 0.9%	$ - 0.0%
Other	$ - 0.0%	$ 3.6 0.4%	$ 3.0 0.5%

Referrals to Law Firms

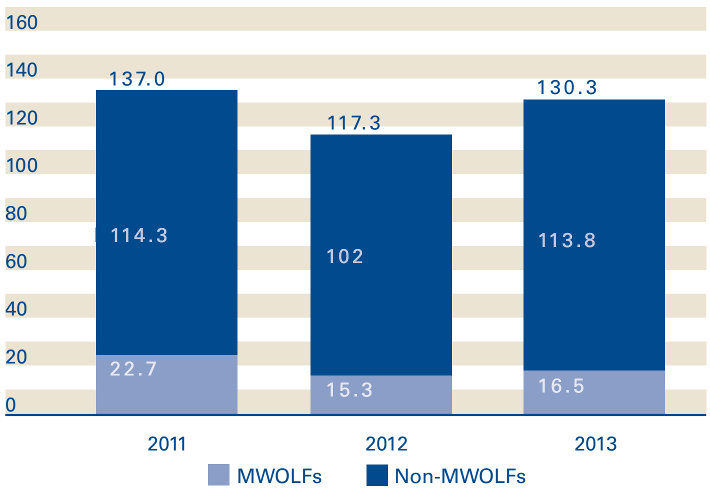
Referrals to law firms are typically made on a competitive basis. The FDIC made 626 referrals to outside counsel in 2013, of which 98 (16 percent) were made to minority- and women-owned law firms (MWOLFs), compared to a total of 1,301 referrals and 225 (17 percent) to MWOLFs in 2012. The referrals, by category, were as follows: Asian Americans - 5 (1 percent), Black Americans - 20 (3 percent), Hispanic Americans - 23 (4 percent), Native Americans - 0 (<1 percent), and non-minority Women - 50 (8 percent) [See Figure 4].

Figure 4 **2013 Referrals**



The FDIC paid $130.3 million to outside counsel in 2013, compared to $117.3 million in 2012 [See Figure 5]. The FDIC paid $16.5 million to MWOLFs in 2013, which represents 13 percent of the total paid to all law firms. In 2012, the FDIC paid $15.3 million to MWOLFs, or 13.0 percent of the total paid to all law firms that year.

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



Price, expertise, capacity, and MWOLF status are among the criteria considered in making the selections. As shown in Figure 5 of this report, payments to MWOLFs increased from approximately $15.3 million in 2012 to $16.5 million in 2013. This mirrors the 1.2 percent overall increases in payments to all outside counsel during the same period after the decline in 2012 from 2011 payment levels. This rise in payments is a result of the increase in legal activity of the Professional Liability Unit in its pursuit of defendants from past bank failures.

The FDIC Legal Division continues to work to maintain its commitment to the maximum participation of MWOLFs in legal contracting opportunities. As financial institution closings decline due to the ongoing resolution of the current banking crisis, the Legal Division will turn its attention to the substantive areas of FDIC's legal work that pose the greatest opportunities for MWOLF firm participation in contracting opportunities in the future. The Legal Division will increase training for its in-house attorneys in those substantive areas to emphasize the importance of diverse legal matter staffing, as well as involve those attorneys in attending and delivering presentations at bar association and affinity group meetings. Those presentations will focus on how MWOLFs can make strategic decisions in their pursuit of FDIC legal work.

The Legal Division developed and refined the Outside Legal Counsel Tracking Tool (OLC), an electronic database designed to assist FDIC oversight attorneys in identifying, evaluating and engaging qualified MWOLF firms in various geographic regions and among various legal specialties. The Legal Division conducted a nationwide training on OLC to demonstrate the utility of the database. The database was well-received, and its use among in-house attorneys has increased substantially and has become well-established. The Legal Division continues to refine the OLC database based on feedback received from in-house attorneys.

In addition to attending nine bar association conferences during 2013, Legal Division staff created and presented a training workshop for MWOLFs entitled "Anatomy of a Bank Closing" to provide firms with ideas for marketing their services to FDIC in-house attorneys following the resolution of a financial institution. The Legal Division presented this workshop at two events sponsored by the National Association of Minority and Women Owned Law Firms (NAMWOLF). These events were well-attended and received with great enthusiasm. The Legal Division continues to explore new opportunities to partner with NAMWOLF.

The Legal Division continued a program developed in 2012 to visit the majority law firms comprising the FDIC's "top ten" firms (in terms of annual spending) to assess their diversity. This program provides the Legal Division another means to address diversity, 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 2013, contract awards to resolve failed financial institutions declined to 71.3 percent of total contract dollars awarded due to the declining number of bank failures. As a result, the FDIC identified additional opportunities for MWOBs for its non-financial recurring services. For example, contracts were awarded to MWOBs for several corporate studies, training and consulting services, corporate facilities, goods and services, desk-side coaching, IT hardware and software, and IT software development and maintenance services.

In addition, the FDIC competitively awarded a contract to an MWOB in 2013 to conduct a study of the FDIC's MWOB contracting program with a focus on non-financial services contracts. Examples of these types of contracts include, but are not limited to IT, Human Resources, and Facilities Management. The study focused on outreach procedures and market research, source list development, contract structures, and the best practices of other agencies. Recommendations from this study will be considered in planning for future acquisitions conducted in 2014 and beyond.

Although the financial services workload is declining, continued emphasis was placed on MWOB opportunities for financial services contracts to resolve failed financial institutions. In 2013, 73.7 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 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. The FDIC 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 18 contracts with a combined value of $8.6 million under the 8(a) program during calendar year 2013.

Information Technology Contracting

A significant accomplishment in 2013 was the $546.8 million competitive award of eleven Basic Ordering Agreements (BOAs) for Information Technology Application Services (ITAS II). The period of performance of the BOAs began on May 31, 2013, and will end on May 30, 2021. Six of the eleven firms (55 percent) awarded the new BOA were MWOBs. MWOB awards were made to Black American, Hispanic American, Asian American, and Women-owned prime contractors. This new contract replaces the existing expiring ITAS BOA where only one of the four firms was an MWOB (25 percent). These eleven firms will compete for future task orders as needs arise.

To ensure that MWOBs were given a fair opportunity to participate in this new IT BOA, the FDIC changed the acquisition strategy from the prior contract significantly. First, OMWI assigned a dedicated employee to the Acquisition Team during the planning of the procurement in 2012 to focus on market research to identify potential MWOB sources and to review the terms and conditions of the solicitation to ensure that MWOBs could participate. As a result of this focused market research, 50 percent of the firms solicited were MWOBs. In addition, this OMWI representative was part of the proposal evaluation team.

Second, the expiring BOA required offerors to demonstrate that they could satisfy the requirements of all five service categories under the BOA. The FDIC changed the approach for the new contract by separating the BOA into five sub-categories of services and allowed offerors to select the service categories on which they wanted to bid. Separate proposals, rather than one all-inclusive proposal, were required for each service category. The proposals received for each service category were then evaluated individually based only on the requirements for that service category. The purpose of this strategy was to allow firms to be evaluated on their areas of expertise, rather than be penalized for not being able to provide all required services. MWOB awards were made in all five service groups. MWOB awards by group vary from 38 percent to 55 percent, which significantly exceeds the 25 percent MWOB participation achieved under the prior contract.

To further demonstrate the success of this strategy, the FDIC has competitively awarded the first two task orders under this new IT BOA. Both task orders (100 percent) were awarded to MWOBs with a combined value of $18.3 million, which represents 100 percent of the dollars awarded under the BOA in 2013.

Securitization

The FDIC identified pools of loans secured by single family residences that would be most efficiently sold through securitization transactions. During 2013, two transactions included performing single-family mortgages and a third included a mixture of performing and non-performing single-family mortgages as well as Owned Real Estate (ORE). In total, the FDIC used securitization to maximize the value of approximately $809 million in unpaid principal balance on loans from failed institutions.

Each securitization transaction was composed of transaction parties that included MWOLFs to participate in the drafting and implementation of transaction documents as well as MWOB investment banking firms to serve as co-managers and participate in the marketing of the transactions. In at least one of the transactions, a minority firm was one of the purchasers of the senior bonds.

Small Investor Program

The FDIC continued the Small Investor Program (SIP) for structured loan transactions that it established in 2011, as well as 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.

The FDIC marketed one structured transaction sale of assets from failed financial institutions in 2013. The sale consisted of performing and non-performing commercial real estate (CRE) and commercial/acquisition, development, and construction loans. The 2013 transaction was collateralized by 415 loans with a balance of $199 million and conveyed a 20 percent equity interest. The auction attracted five entities that placed bids, of which two bidders (40 percent) included an MWOB member.

Outreach

The FDIC participated in a combined total of 25 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).

OMWI and the Division of Resolutions and Receiverships (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. The events also facilitated interaction between smaller investors and asset managers, which includes minority- and women-owned (MWO) firms. These included three informational sessions and several workshops/webinars targeting small and MWO investors in the southeast in connection with auctions occurring there during October and November. Information regarding the Owned Assets Marketplace and Auctions Program can be found on the FDIC's Web site at www.fdic.gov/mwop.

Challenges

FDIC overall contract awards are declining as the financial crisis subsides. The FDIC awarded $572.8 million in contracts during 2013, which continues the downward trend from a peak of $2.6 billion in 2009 and 2010, to $1.4 billion and $1 billion in 2011 and 2012, respectively. Non-financial goods and services contracts for recurring services 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 information technology 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 has started analyzing future contracting needs to determine where MWOB opportunities may exist or if new methods of service delivery are feasible. As described previously, the FDIC awarded a competitive contract to an MWOB firm during 2013 to assess MWOB opportunities for non-financial services contracts. Recommendations from this study will be considered during the acquisition planning stages of future procurements for non-financial services contracts.

The FDIC faced challenges in continuing the utilization growth rates for MWOLFs in 2013, primarily due to the overall decrease in the need for outside counsel. Utilization rates for all law firms have declined somewhat 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.

Another challenge to MWOLF utilization is the disparity between the size and scope of some legal matters and the relative size of their firms. 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 rate of bank failures has been declining since 2010, when there were 157 bank failures. The FDIC resolved 24 failed financial institutions in 2013. Fewer bank failures mean fewer assets for sale, resulting in fewer contract awards associated with sales activity and fewer opportunities for investors to purchase assets. The FDIC will continue its efforts to include minority- and women-owned businesses and investors in these activities.

Finally, with regard to financial services contracts, the FDIC still faces challenges in identifying MWOB firms in some areas such as loan servicing, securitizations, and other asset sales. As existing contracts expire, the FDIC will conduct focused market research to identify potential MWOB firms for these services or explore different procurement strategies and contracting approaches that may increase MWOB participation. ❖

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, 2013, minorities accounted for 27.5 percent (2,060) of the FDIC's total workforce of 7,495 employees, and women accounted for 43.7 percent (3,274) [See Figure 6]. More specifically, the representation percentages for the various minority groups at the end of December 2013 were as follows: 1.0 percent for people of two or more races, 0.6 percent American Indian and Alaska Native, 4.7 percent Asian American, 17.4 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 27.5 percent as of December 31, 2013. The percentage of women in the FDIC's permanent workforce was 43.6 percent as of July 31, 2010, and 44.8 percent as of December 31, 2013.

Figure 6 **Diversity in Employment and Hiring as of December 31, 2013**

	Minority	Non-Minority	Total
Number	2060	5435	7495
Percent	27.5	72.5	100%

	Male	Female	Total
Number	4221	3274	7495
Percent	56.3	43.7	100%

	2 or More	AIAN	Asian	Black	Hispanic	White	Total
Number	78	43	352	1306	281	5435	7495
Percent	1.0	0.6	4.7	17.4	3.8	72.5	100%

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As of December 31, 2013, minorities accounted for 15.8 percent (19) of the FDIC's total Executive Manager (EM) workforce of 120 employees, and women accounted for 31.7 percent (38) [See Figure 7]. Minorities accounted for 15.4 percent of the FDIC's permanent EM workforce as of July 31, 2010, and 15.8 percent as of December 31, 2013. The percentage of women in the FDIC's permanent EM workforce was 25.0 percent as of July 31, 2010, and 31.7 percent as of December 31, 2013.

Figure 7 **Diversity in Employment and Hiring – Executive Manager Workforce as of December 31, 2013**

	Minority	Non-Minority	Total
Number	19	101	120
Percent	15.8	84.2	100%

	Male	Female	Total
Number	82	38	120
Percent	68.3	31.7	100%

	2 or More	AIAN	Asian	Black	Hispanic	White	Total
Number	0	1	2	14	2	101	120
Percent	0.0	0.8	1.7	11.7	1.7	84.2	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 2013 to maintain ongoing relationships with a wide range of colleges and universities 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 2013 on the representation and attrition rates for CEP participants based on race, ethnicity, and gender. These reports were prepared following every 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 2004, several racial, ethnicity 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, national origin, 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 37.4 percent as of December 31, 2013. 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 overall percentage has not.

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].

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	7	11	1	10	22	47	127	92	21	32	286	598	1254
%	0.56	0.88	0.08	0.80	1.75	3.75	10.13	7.34	1.67	2.55	22.81	47.69	100%
CLF	1.01	0.56	0.20	0.08	3.79	3.50	8.30	3.50	3.38	3.14	28.11	44.42	100%

During 2013, CEP hiring rates were above the CLF percentages for American Indian and Alaska Native men and women, Asian American men, and Black American men, and men of two or more races, but were below the CLF for Asian American women, Black American women, Hispanic American men and women, White women, and women of two or more races [See Figure 9].

Figure 9 **CEP Hires in 2013 (Classes 40 – 43)**

	2 or More		AIAN		Asian		Black		Hispanic		White		Total
	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	
CEP	1	2	1	1	1	7	7	10	2	1	28	60	121
%	0.83	1.65	0.83	0.83	0.83	5.79	5.79	8.26	1.65	0.83	23.14	49.59	100%
CLF	1.01	0.56	0.20	0.08	3.79	3.50	8.30	3.50	3.38	3.14	28.11	44.42	100%

In addition to recruiting for the CEP, FDIC recruiters maintained ongoing relationships with a wide range of colleges and universities during 2013, as well as a number of professional organizations for minorities and women. FDIC corporate recruiters participated in 224 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 2013 to communicate with targeted groups and increase awareness of the FDIC as an employer of choice to professionals and students. Recruitment efforts during 2013 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 Pan-Asian Leaders 6th Annual National Convention to the 2013 Corporate Outreach schedule.
- Expanded outreach efforts to organizations involved in hiring and placement of Hispanic American applicants.
- Participated in the Pre-Conference Career Management event (conducting mock interviews to assist 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 (ALPFA). A recruiter also served on a panel providing suggestions to students on ways to advance their careers.

- Participated in two Adelante Regional Student Workshops. Contributions included participation on a "Corporate Straight-Talk" panel with corporate and other federal panelists about their journeys and their advice to college students.
- Hosted two "A Day in the Life of a FDIC Bank Examiner" presentations, providing valuable insight into working as a Financial Institution Specialist, during the Adelante 2013 National Leadership Institute.
- Participated in the career fair and on an "Exploring Career Paths" Panel with other industry professionals, and hosted a Financial Education workshop at the Accounting and Financial Women's Alliance (AFWA) 2013 Annual Conference.
- Participated in a Hispanic/Latino Professionals Association (HLPA) regional job fair.
- Hosted a workshop at the Thurgood Marshall Leadership Institute on Financial Education for over 100 students. Students were encouraged to consider 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 2013 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 2013, 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 through national publications and publications targeted to minorities and women.

Over the past several years, the FDIC has increased the use of WRP and College Students with Disabilities programs in hiring of student interns, including veterans. In 2013, the FDIC was once again recognized as a leader among federal agencies for WRP hiring, and provided summer employment opportunities to 21 students. Seven students self-identified as having a targeted disability and five students self-identified as veterans. Three of these students were hired into permanent jobs at the FDIC.

Diversity and Inclusion Analytics Dashboard

Included in the FDIC's 2013 Diversity and Inclusion Strategic Plan was a 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. In addition, after reviewing several financial services industry regulators, 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, during 2013 the FDIC sought to improve diversity and inclusion analytics and reporting and make reporting more actionable through improvements in data collection, presentation, and reporting frequency. The primary method of addressing these issues was the creation of a workforce analytics dashboard 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 was 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.

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

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 38 percent (2,846) of the FDIC workforce. 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 throughout the FDIC. 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 American Indian and Alaska Native women, Asian American men and women, Black American men and 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].

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	7	11	1	10	22	47	127	92	21	32	286	598	1254
Involuntary* Departures	0	0	0	3	3	11	23	25	4	6	15	27	117
Involuntary Attrition Rate+ (%)	0.0	0.0	0.0	30.0	13.6	23.4	18.1	27.2	19.1	18.8	5.2	4.5	9.3%
Subtotal	7	11	1	7	19	36	104	67	17	26	271	571	1137
Transfers (Mid-Career/ Other)	0	0	0	0	0	0	2	2	1	1	11	12	29
Voluntary Departures	2	0	0	0	3	8	22	12	4	6	57	110	224
Voluntary Attrition Rate• (%)	28.6	0.0	0.0	0.0	15.79	21.2	21.0	17.9	23.5	23.1	21.0	19.3	19.7%
Number Retained	**5**	**11**	**1**	**7**	**16**	**28**	**80**	**53**	**12**	**19**	**203**	**449**	**884**

* "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. 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 2013, the FDIC continued conducting studies of gender, ethnicity, and grade levels by FDIC divisions and offices. The recommendations from the studies include expanding outreach and recruiting more broadly across FDIC occupations and devoting additional resources toward inclusion programs to address declining minority and women representation at more senior levels across the FDIC. Also, as mentioned earlier, the FDIC issued and began implementing its 2013 Diversity and Inclusion Strategic Plan, which is designed to develop an integrated view of diversity and inclusion, strategically monitor and manage the employee life cycle (hire to retire), and address challenges at the FDIC. A review and update of the plan was initiated later in the year, and will be conducted annually, to ensure that it remains current and proactive in addressing workforce diversity issues.

Other Activities

Status of DFA Section 342 Regulated Entity Requirements

Section 342(b)(2)(C) of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 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 worked 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 industry trade organizations. Together, they began considering how to develop standards for assessing the diversity policies and practices of regulated entities that would consider 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, they also met with the EEOC, 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 draft standards. On October 25, 2013, the proposed standards were published in the *Federal Register* by the FDIC jointly with five 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. As of the writing of this Annual Report, the OMWI agencies are in the process of reviewing the comments received.

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 literacy 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 expanded its financial education efforts during 2013 through strategies that included providing access to timely and high-quality financial education products, sharing best practices, and working through partnerships to reach consumers. The FDIC's award-winning *Money Smart* curriculum has reached more than 3 million consumers since its launch in 2001. During 2013, the *Money Smart* curriculum reached approximately 200,000 consumers.

The existing suite of *Money Smart* products for consumers was enhanced with the release of *Money Smart for Older Adults* in partnership with the Consumer Financial Protection Bureau. This stand-alone training module developed by both agencies provides information to raise awareness among older adults 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. The instructor-led module offers practical information that can be implemented immediately. *Money Smart for Older Adults* is designed to be delivered to older adults and their caregivers by representatives of financial institutions, adult protective service agencies, senior advocacy organizations, law enforcement, and others that serve and support this population. Showing its popularity, between its release on June 12, 2013, and December 31, 2013, more than 15,000 copies were ordered or downloaded.

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 102 outreach events to promote the *Money Smart* program, including 24 train-the-trainer workshops that reached more than 500 trainers or potential trainers. This outreach resulted in downloads or orders of more than 59,855 *Money Smart* instructor-led resources. Also, the FDIC entered into 22 new collaboration agreements with financial institutions or non-profit organizations to facilitate the use of the *Money Smart* program.

The FDIC continued its long-standing practice of improving the *Money Smart* program in response to feedback from users and research into best practices. To that end, during 2013, the last phase of data collection was completed for the longitudinal evaluation of *Money Smart for Young Adults*. The data will be analyzed for this multi-year research study in early 2014. Additionally, with the assistance of an outside consultant, the FDIC began a project to review the *Money Smart* program and identify new strategies and approaches to ensure that it continues to be as effective and relevant to the needs of stakeholders as possible.

Additionally, the FDIC provided support to the Financial Literacy and Education Commission (FLEC), of which FDIC is a member. During 2013, this included co-chairing with another federal agency a working group that is moving forward the "Starting Early" focus of FLEC. This working group is exploring opportunities to promote experience-based approaches to financial education, as the members of the work group conducted research during 2013 into challenges and opportunities of school-based savings programs and potential opportunities to support the scaling of this work.

Also, the FDIC's Advisory Committee on Economic Inclusion, which was established pursuant to the Advisory Committee Act, held meetings in 2013. The Committee continued to provide the FDIC with advice and recommendations on important initiatives focusing on expanding access to banking services by 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 June 2013, the FDIC hosted the 2013 Interagency Minority Depository Institution and Community Development Financial Institution Bank Conference at its Arlington, Virginia conference center. Every two years, the FDIC, the Office of the Comptroller of the Currency, and the Board of Governors of the Federal Reserve System host this important interagency conference for FDIC-insured MDIs to help preserve and promote their mission. The 2013 conference explored "Strategies for Success through Collaboration," and encouraged interactive discussion among those who believe MDIs and CDFI banks (Community Development Financial Institutions) are uniquely positioned to create positive change in their communities. Nearly 120 MDI and CDFI bankers, representing 77 banks attended.

The FDIC has commissioned a research-based study on MDIs to better understand the role they play in our financial system and in our communities, and what types of challenges they face in the post-crisis environment. The study will follow a methodology similar to the methodology used in the FDIC's 2012 Community Banking Study, dividing institutions into groups of "community banks" and "non-community banks." The study will focus on structural changes in MDIs, their geography, the financial performance of MDIs over time, capital formation, and the broader community impact of these institutions. The study is expected to be published during 2014.

The FDIC continued to seek ways to improve communication and interaction with MDIs and to respond to the concerns of minority bankers. Many of the MDIs took advantage of FDIC technical assistance on nearly 60 bank supervision, compliance, and resolution and receivership topics, including but not limited to, the following:

- Corporate Governance
- New Capital Rules
- Capital Stress Testing
- New Mortgage Rules
- Loan Underwriting and Administration
- Troubled Debt Restructuring
- Investment Policy and Investment Securities Monitoring
- Funds Management
- Interest Rate Risk Modeling/Stress Testing
- Third-Party Risk
- Internal Audit Programs
- Information Technology Risk Assessment, Strategic Planning and Business Continuity Planning
- Home Mortgage Disclosure Act

- Community Reinvestment Act
- Bank Secrecy Act and Anti-Money Laundering
- Branch Opening and Closing Requirements
- Mergers/Acquisitions
- Prompt Corrective Action
- FDIC Loss Share Agreements

The FDIC continued to offer the benefit of having an examiner or a member of regional office management return to FDIC-supervised MDIs within 90 to 120 days after an examination to help management understand and implement examination recommendations or to discuss other issues of interest. Several MDIs took advantage of this initiative in 2013. Also, the FDIC regional offices held outreach training efforts and educational programs for MDIs through conference calls and banker roundtables with MDIs. Topics of discussion for these sessions included both compliance and risk management hot topics, and additional discussions addressed the economy, overall banking conditions, Basel III capital rules, new mortgage rules, and other bank examination issues. ❖

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