2012 Report to Congress

Office of Minority and Women Inclusion

Federal Deposit Insurance Corporation

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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 *2012 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 this commitment is 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 enhance its mission and benefit the entire agency.

The FDIC has a long-standing commitment to diversity and inclusion. In 1999, the FDIC established 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 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 coordinates with the FDIC's Division of Administration (DOA), Division of Resolutions and Receiverships (DRR), and Legal Division, as well as with other FDIC 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.

To ensure and promote coordination of OMWI programs at the FDIC, in 2011, the FDIC Board of Directors established an OMWI Steering Committee chaired by the FDIC Chief of Staff and composed of the OMWI Director, the OMWI Senior Deputy Director, and other key FDIC division directors and FDIC senior staff. The OMWI Steering Committee, which was renamed the FDIC Diversity and Inclusion Executive Advisory Council (EAC) in early 2013, promotes coordination and awareness of diversity and inclusion initiatives throughout the FDIC.

2012 Diversity and Inclusion Initiatives

The FDIC is committed to providing all employees with a work environment that embodies excellence, and acknowledges and honors the diversity of its employees. In 2012, the FDIC Acting Chairman established a number of Performance Goals designed to enhance the FDIC's commitment to diversity, inclusion, and equal employment opportunity, including asking the Corporation's senior leaders to update the FDIC's Diversity Strategic Plan and directing each division and major office to develop its own strategic plans to identify steps to increased diversity through the FDIC's recruiting and hiring.

The FDIC's updated 2013 Diversity and Inclusion Strategic Plan addresses the goals of Executive Order 13583, dated August 18, 2011, which calls 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 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 FDIC 2013 Diversity and Inclusion Strategic Plan 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 FDIC's EAC plans to review the FDIC Diversity and Inclusion Strategic Plan annually and update it as needed to support the FDIC's overall goal of promoting diversity and inclusion on a continuing basis.

In 2012, the FDIC also conducted a review of the FDIC's diversity and inclusion programs and activities to identify opportunities for improvement. The review resulted in a number of recommendations. The following are some of the key initiatives identified in the review that will be implemented in 2013:

- Improve management reporting on diversity in employment and contracting to enhance the agency's ability to measure progress and to identify opportunities to enhance diversity and inclusion throughout the agency;
- Develop efficient and cost-effective diversity and inclusion training for all employees that can be administered on an ongoing basis;
- Build awareness of diversity and inclusion throughout the agency by effectively communicating diversity and inclusion priorities and initiatives throughout the agency on an ongoing basis; and
- Ensure that OMWI diversity programs and organizational structure and alignment effectively promote diversity and inclusion in employment and contracting throughout the FDIC.

[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 contracting activities and successes; contracting initiatives, programs, and outreach; and challenges the FDIC faces in promoting diversity in its contracting activities.

Contracting Activities and Successes

FDIC Procurement Policies

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 database of registered MWOBs, as well as a tool it developed to search the entire Central Contractor Registry (CCR) based on race, ethnicity, gender, size, location, NAICS code, and previous government contractor experience. This requirement 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," which contains more than 40 learning modules[3] and is a technical assistance aid and self-assessment for businesses interested in competing for contract opportunities.

Total Contracting Payments

The FDIC paid $660 million to contractors in 2012 under 2,577 contracts. In 2011, the FDIC paid $861.3 million to contractors under 2,877 contracts. Payment totals for each year include payments for contracts awarded in that year and payments made in that year for active contracts awarded in previous years.

Contracting with MWOBs

In 2012, the FDIC paid $161.4 million of its total contract payments (24.5 percent) to MWOBs under 754 (29.3 percent) contracts [see Appendix Contracting Charts and Tables, **Chart 1**]. Minority-owned firms were paid $117.7 million, accounting for 17.8 percent of the total dollars paid to contractors. Women-owned firms were paid $70.1 million, accounting for 10.6 percent of the total dollars paid to contractors in 2012. These two categories — minorities and women — are not mutually exclusive: $26.4 million (4.0 percent) was paid in 2012 to businesses classified as both minority-owned and women-owned. In contrast, the FDIC paid MWOBs $166 million (19.3 percent) of the total paid to all contractors in 2011, under 742 (25.5 percent) MWOB contracts.

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

FDIC contract awards to MWOBs in 2012 were as follows:

- The FDIC awarded 1,326 contracts with a combined value of $1.04 billion in 2012, of which 388 contracts with a value of $308 million (29.6 percent) were awarded to MWOBs [see Appendix FDIC Contracting Awards, **Charts 2 and 3**].
- As of December 31, 2012, the FDIC had 751 (28.9 percent) active contracts with MWOBs out of a total of 2,602 active contracts. The active contracts to MWOB firms by category were as follows: Asians (77), Blacks (134), Hispanics (335), Native Americans (4), and Women (284). These include contracts awarded to firms that were both minority- and women-owned.

Referrals to Law Firms

The FDIC made 1,301 referrals to outside counsel in 2012, of which 225 (17 percent) were made to minority- and women-owned law firms (MWOLFs). The referrals by category were as follows: Asians (1 percent), Blacks (3 percent), Hispanics (3 percent), Native Americans (<1 percent), and Women (11 percent).

The FDIC paid $117.3 million to outside counsel in 2012, compared to $137.0 million in 2011. The FDIC paid $15.3 million to MWOLFs in 2012, which represents 13.0 percent of the total paid to all law firms [see Appendix FDIC Contracting Awards, **Chart 4**]. In 2011, the FDIC paid $22.7 million to MWOLFs, or 16.6 percent of the total paid to all law firms that year. Referrals to law firms also are typically made on a competitive basis. Price, expertise, and capacity are among the criteria considered in making the selections.

As shown in **Chart 4** of this report, payments to MWOLFs decreased slightly—3.6 percentage points—from 2011 to 2012. This decrease is well below the 9 percent overall total decrease in payments to outside counsel during the same period. As the overall economy continues to improve and bank failures continue to decrease, the Legal Division will increase internal training for its in-house attorneys to emphasize the importance of diverse legal matter staffing, encourage partnering arrangements between majority law firms and MWOLFs, and make presentations at bar association and affinity group meetings on how their members can best prepare their firms for opportunities to work with the FDIC. The Legal Division will continue to identify qualified MWOLFs and increase their opportunities to provide outside counsel services in support of the FDIC's mission.

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 2012, as the number of bank failures declined, the FDIC continued to award contracts to MWOBs for bank closing–related activities while increasing the emphasis on MWOB opportunities for its recurring services (IT, facilities, etc.). For example, contracts were awarded to MWOBs for non-financial services that included public relations consulting, facilities upgrade projects, management of OMWI exhibits used at outreach events, and automation of the contracting policy manual.

Although additional emphasis was placed on contracts for non-financial services, the FDIC continued to explore MWOB opportunities for financial services contracts to help resolve failed financial institutions. The FDIC analyzed its financial services contracts that are expected to continue in the future. This analysis resulted in the issuance of a new solicitation for Asset

Valuation Services. Although the FDIC's existing contracts with eight firms will not expire for several years, the FDIC conducted a new competitive solicitation to add additional firms. The result was three new awards, all to MWOBs, with task orders that exceeded $1.5 million.

Substantial progress also was made by developing new procurement strategies and emphasizing the Small Business Administration's (SBA) 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. Calendar year 2012 was the FDIC's first full year under the 8(a) program after entering the program in mid-2011. The FDIC awarded three contracts with a combined value of $860,991 to MWOB firms under the 8(a) program in 2011. In 2012, MWOB contract awards under the 8(a) program increased to 13, with a combined value of $16 million. These contracts related to upgrading the FDIC's Data Center, IT hardware and software, IT consulting, or other services.

Information Technology Contracting

One of the FDIC's major procurement projects during 2012 was the re-competition of its Information Technology Services Basic Ordering Agreement to provide IT software development, maintenance, and other related services. This new contract will replace an expiring contract that was awarded to four firms; the FDIC expects that more than four firms will be awarded the new contract.

To ensure that MWOBs were given a fair opportunity to participate, the FDIC changed the contract significantly. First, OMWI assigned a dedicated employee to the Acquisition Team during the planning of the procurement to focus on market research to identify potential MWOB sources and 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.

Further, the expiring contract required offerors to demonstrate that they could satisfy the requirements of all five service categories under the contract. The FDIC changed the approach for the new solicitation by separating the contract into five sub-categories of services and allowed offerors to select the service categories they wanted to bid on. 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. The success of these strategies will be determined in 2013 once the evaluation of proposals is completed and the contracts are awarded.

Another strategy the FDIC used to expand MWOB opportunities for recurring services was to identify MWOB resellers of IT hardware and software rather than placing the orders directly with the manufacturers. Thirteen contracts with a combined value exceeding $30 million were awarded to MWOBs.

Small Investor Program

DRR 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.

DRR marketed three structured transaction sales of assets from failed financial institutions in 2012. These sales included performing and non-performing commercial/acquisition, development and construction (ADC) loans, as well as single-family mortgages. DRR offered one of the structured transaction loan sales as a SIP transaction with 93 assets with a book value of $166 million from a single receivership and sold a 25 percent equity stake in the transaction. The remaining two structured sales were offered for cash, either for the entire portfolio or as an equity interest in the structure, and were composed of assets from multiple receiverships. The single-family portfolio sale was collateralized by 531 single family mortgages with a book value of $85 million and sold for cash. The other structured transaction/cash sale was collateralized by 493 ADC loans with a balance of $292 million and was closed as a sale of an equity interest. These three auctions combined attracted 19 entities that placed bids, of which eight bidders (42 percent) included an MWOB member. The winning bidder for one of these three transactions included an MWOB in the investor group.

Outreach

The FDIC participated in 23 procurement trade events in 2012 at which OMWI conducted outreach and provided technical assistance to attendees. In addition, OMWI, on behalf of DRR, hosted and facilitated five outreach events—in Nashville, Dallas, Chicago, Los Angeles, and New York—targeting minority- and women-owned investors interested in purchasing assets and in other investment opportunities. The Legal Division participated in 10 additional outreach events, most of which were focused on MWOLFs.

The Legal Division developed and implemented a program in 2012 to visit the majority law firms, which comprise 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. Five such law firms took part in 2012, and the results were positive. The FDIC collected baseline diversity metrics, reviewed best practices on staffing of client matters, and reached a commitment to increase diversity staffing on FDIC matters.

OMWI shared with the other DFA agency OMWIs the database it developed to search the entire CCR to identify competitive MWOBs. This database, which is capable of searching for MWOBs based on criteria of ownership ethnicity and/or gender, size, location, previous government contracting experience, and specific expertise, should facilitate the other DFA agency OMWIs searches for competitive MWOBs in connection with their agencies' contractor business opportunities.

DRR expanded its efforts in 2012 to increase the awareness of the public and, specifically, of minority- and women-owned investors and firms, about the processes DRR uses to sell assets as the receiver for failed institutions. OMWI and DRR worked together to present five workshops nationwide between August and October 2012, which were marketed extensively to minority- and women-owned investors and companies interested in learning about DRR's sales processes. DRR staff provided details on the various tools used by DRR to market assets and informed attendees about how they could participate in the transactions and bid on assets offered for sale. Information from these workshops is presented on the FDIC's Web site at www.fdic.gov/mwop.

In December 2012, OMWI also recorded a Webinar presentation by DRR staff who explained the processes used by DRR to sell loans and owned real estate (ORE) for cash and to sell the more complex equity interests in structured transactions. This presentation will be posted to the FDIC's YouTube channel in March 2013.

In addition, OMWI has negotiated a memorandum of understanding with the U.S. Equal Employment Opportunity Commission (EEOC). As a result, the EEOC now will help the FDIC determine whether FDIC contractors are meeting the workforce inclusion requirements of DFA. Pursuant to the agreement, the EEOC will provide the FDIC with individual EEO-1 reports for each FDIC contractor and aggregate reports comparing contractors' employment data with employment data in their geographical area and with contractors in the same industry. The EEOC also will provide the FDIC certain discrimination charge data on specific FDIC contractors.

Challenges

As the financial crisis subsides, FDIC overall contract awards will decline from the annual range of $1 billion to $2.6 billion experienced during the last four years. In years when there are few bank failures, non-financial goods and services contracts represent the majority, if not all, of the FDIC's contracts awarded in a given year. 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; 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 throughout our offices 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. The FDIC plans to hire an outside consultant during 2013 to help formulate new strategies to identify MWOB opportunities for non-financial services contracts.

The FDIC faced challenges in continuing the utilization growth rates for MWOLFs in 2012, 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 there are adequate resources and expertise to handle larger and complex matters.

For minority- and women-owned investors, fewer bank failures mean fewer assets for sale, resulting in less money needed for contract resources 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.

FDIC

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, 2012, minorities accounted for 27.8 percent (2,152) of the FDIC's total workforce of 7,745 employees, and women accounted for 43.7 percent (3,381). [see Appendix Workforce Charts and Tables, **Table 1**]. More specifically, the representation percentages for the various minority groups at the end of 2012 were as follows: 0.9 percent for people of 2 or more races, 0.5 percent American Indian and Alaska Native, 4.7 percent Asian, 17.8 percent Black, and 3.9 percent Hispanic. The racial, ethnic, and gender diversity of the FDIC workforce overall has improved slightly since the passage of DFA section 342. Despite significant growth in the FDIC's workforce during the recent financial crisis and its aftermath, the FDIC was able to roughly maintain the proportion of minorities and women in its total workforce. More recently, as the FDIC has begun to return its workforce closer to pre-crisis levels, the percentage of minorities and women in the total FDIC workforce has increased slightly.

Initiatives to Promote Diversity in Employment

The FDIC works to achieve a diverse workforce through several 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 (FIS), who are examiners-in-training, in a variety of areas. To reach the broadest available audience, the FDIC's Corporate Recruitment Program continued in 2012 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 either minority-serving institutions or tribal colleges.

To help with the targeted recruitment, OMWI issued reports throughout 2012 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, several racial, ethnicity and gender groups, and 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 37.0 percent as of December 31, 2012. In addition, the percentages of Black men and women, Asian 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 Hispanics remain low. While the number of Hispanic 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 men, Black men and women, Hispanic men and women, and men of two or more races, but lower than the CLF for American Indian and Alaska Native women, Asian women, White women, and women of two or more races [see Appendix Workforce Charts and Tables, **Table 2**]. During 2012, CEP hiring rates continued to be above the CLF percentages for American Indian and Alaska Native men, Asian men, Black women, Hispanic men and women, and men of two or more races, but were below the CLF for American Indian and Alaska Native women, Asian women, Black men, White women, and women of two or more races [see Appendix Workforce Charts and Tables, **Table 3**].

In addition to recruitment for the CEP, FDIC recruiters maintained ongoing relationships with a wide range of colleges and universities during 2012, as well as a number of professional organizations for minorities and women. FDIC Corporate Recruiters participated in 179 college career fairs, information sessions, and other recruitment-related campus activities throughout the nation to brand the FDIC and attract the best-qualified candidates. The contacts included targeted outreach to minorities, women, veterans, and persons with disabilities. In addition, FDIC recruiters attended 21 outreach events in 2012 to communicate with targeted groups and increase awareness of the FDIC as an employer of choice to professionals and students. Recruitment efforts during 2012 also included the following:

- Meetings with key leaders in targeted women's, Hispanic, African American, and Asian organizations to create awareness of FDIC careers and identify opportunities to expand outreach to their members.
- Expanded outreach efforts to organizations involved in hiring and placement of Hispanic applicants.
- Addition of the Adelante Leadership Institute to the 2012 Corporate Outreach schedule, and attendance at the institute's annual conference to conduct workshops for over 100 students on "How to Apply for Federal Job Opportunities" and "The Importance of Internships," with an emphasis on FDIC careers.
- Participation by FDIC Corporate Recruiters in three Regional Student Symposiums and career fairs held by the Association of Latino Professionals in Finance and Accounting (ALPFA).
- Hosting of a workshop at the Thurgood Marshall Leadership Institute on Financial Education for over 100 students, who were encouraged to consider FDIC careers.
- Identification of opportunities to advertise in print publications and job boards during some conferences to increase awareness of FDIC careers.

The FDIC also hosted a luncheon in 2012 for the business deans of Historically Black Colleges and Universities during their annual summit. This event was successful in showcasing FDIC business trends and highlighting CEP career opportunities for this group of high-level, influential campus professionals, as well as advancing relationships with FDIC recruiters nationwide. Further, the FDIC recruited summer interns through organizations such as the Workforce Recruitment Program, 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.

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 36.8 percent 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 men and women, Black men and women, Hispanic women, White women, and women of two of more races [see Appendix Workforce Charts and Tables, **Table 4**]. In addition, involuntary attrition in the CEP is higher among minority men [see Appendix Workforce Charts and Tables, **Table 5**].

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 2012, the FDIC conducted a study of gender, ethnicity, and CG Level by FDIC divisions and offices. The recommendation from this analysis was that the FDIC should devote additional resources toward inclusion programs to address declining minority and women representation at more senior levels across the FDIC. As discussed above, in the coming year the FDIC plans to implement the new 2013 Diversity and Inclusion Strategic Plan, which is designed to develop an integrated view of diversity and inclusion across the employee life cycle (hire to retire) to strategically monitor and manage the employee life cycle and address challenges at the FDIC.

Other Activities

Status of DFA Section 342 Requirements

An interagency working group composed of the financial agency OMWIs (FDIC, Office of the Comptroller of the Currency, National Credit Union Administration, the Federal Reserve Board, Consumer Finance Protection Bureau and the Securities Exchange Commission) has been coordinating closely to develop standards for assessing the diversity policies and practices of entities regulated by each agency. The goal of this interagency working group is to collaborate on an approach towards developing standards for diversity assessments. In this connection, the interagency working group completed the following activities in 2012 to better inform its efforts to implement the section:

- Held meetings with the EEOC, the Office of Federal Contract Compliance Programs, and the Department of Justice to determine available resources;
- Held meetings with banking and industry trade representatives to discuss ideas in recognition of the wide-ranging sizes, markets, and complexities of the regulated entities;
- Held meetings with community interest group representatives to discuss DFA 342 implementation broadly; and
- Held industry, trade, and public roundtables throughout the United States, and telephone conferences with industry, trade, and state banking representatives.

The OMWI Directors participated in roundtable meetings with regulated entities, industry trade organizations, and consumer organizations in Washington, D.C., Chicago, Dallas, New York City, Charlotte, and Denver that were attended by over 100 representatives. In addition, two roundtables in the form of conference calls were held to enable input with community bankers across the country. The information and suggestions gathered from these meetings have assisted the interagency group's efforts in developing a direction for standards that would promote good diversity practices while not disrupting existing, successful programs or imposing undue burdens on the financial services and banking industry. Attendees responded to questions and shared suggestions and concerns regarding standards and implementation methods. Utilizing this input, as well as diversity best practices research information, the OMWI Directors have drafted proposed interagency standards to ensure consistent content. The standards describe leading diversity practices for the financial services industry in four key areas: organizational commitment, workforce profile and employment practices, procurement and business practices – supplier diversity, and transparency of organizational diversity and inclusion.

The interagency OMWIs plan to publish for comment a Proposed Policy Statement establishing joint standards to assess the diversity policies and practices of regulated entities by summer 2013.

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 a consumer's 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 consumers can reasonably dispute charges to their account.

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

The FDIC conducts two complementary national studies that explore households' financial behavior and banks' provision of services to underserved consumers. The FDIC National Survey of Unbanked and Under-banked Households is a survey conducted in partnership with the Census Bureau to estimate the proportion of unbanked and under-banked households and their demographic characteristics, and to gain insight into why some consumers utilize alternative financial services. In 2012, the FDIC released the second household survey and the results show that a substantial portion of the population remains unbanked or under-banked. Specifically, 8.2 percent of U.S. households are unbanked. In fact, while 10 percent do not have a checking account, an even greater proportion—nearly 30 percent of households—lack access to a savings account. Just over 20 percent of U.S. households are under-banked, meaning that they have a bank account but have used alternative financial services, such as nonbank check cashing or payday loans, in the past year.

In 2012, the FDIC also released results from its Survey of Banks' Efforts to Serve the Unbanked and Under-banked. This survey collects data from FDIC-insured institutions about their efforts to reach and provide financial products and services to underserved consumers and provides valuable insights into the range of products and services banks offer.

The FDIC's Advisory Committee on Economic Inclusion provides the FDIC with advice and recommendations on important initiatives focused on expanding access to banking services by underserved populations. A number of initiatives designed to promote economic inclusion have been conducted with the committee, including pilot programs to study safe banking accounts and an affordable small dollar loan 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 at their own pace through a computer.

The number of consumers reached with the *Money Smart* program increased by approximately 250,000 during 2012, bringing the number of consumers reached by *Money Smart* to more than 3 million consumers since its launch in 2001. In addition, the existing suite of *Money Smart* products for consumers was enhanced during 2012 with a new *Money Smart* Computer-Based Instruction tool to teach young people and adults the key elements of the instructor-led

Money Smart modules. Also, a new resource, *Money Smart* for Elementary School Students, introduces key personal finance concepts to children ages 5-8. This was created to meet the needs of bankers and their community partners requesting *Money Smart* resources that elementary school students can use in the classroom or at home.

The FDIC encourages banks to work with others in their communities to deliver *Money Smart* and appropriate financial services, including to individuals who may not have a relationship with an insured depository institution. During 2012, the FDIC trained more than 1,100 practitioners on how to implement the curriculum to reach consumers during 75 train-the-trainer sessions. Approximately 1,200 active organizations are members of the *Money Smart* Alliance, and the FDIC worked with many other organizations to promote financial education as a strategy to foster broader economic inclusion.

Recognizing the importance of small businesses to the economy and financial institutions, the FDIC joined SBA on April 24, 2012, to launch the new *Money Smart* for Small Businesses curriculum. The 10 modules in this instructor-led curriculum provide introductory training for new and aspiring entrepreneurs on the basics of organizing and managing a business. As with the other *Money Smart* products, *Money Smart* for Small Businesses is a tool for bank-community partnerships. More than 10,000 CDs were ordered between the April release and December 31, 2012. In addition, the FDIC developed 11 partnerships with organizations during 2012 that can use or otherwise promote the curriculum to key stakeholders.

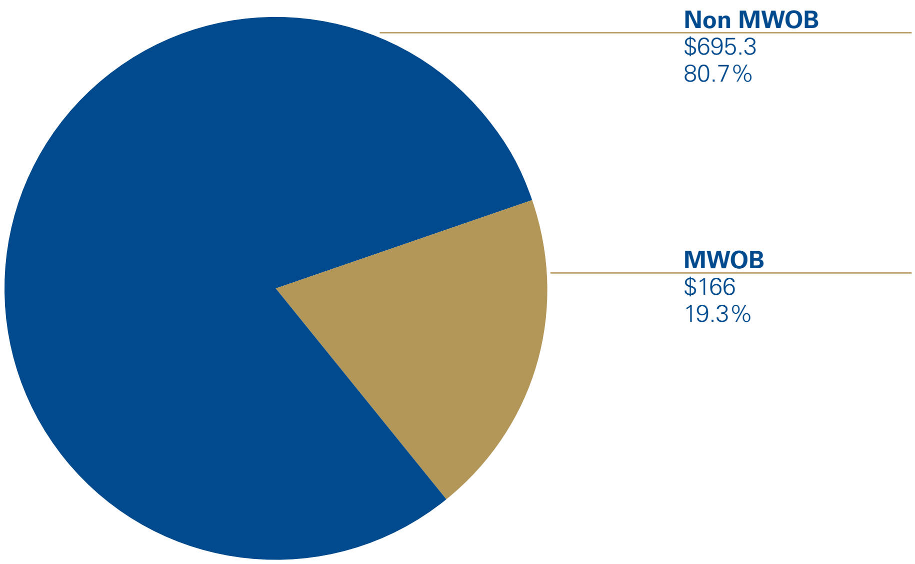
Finally, four editions of the quarterly FDIC *Money Smart* News were distributed to nearly 45,000 subscribers. They included articles about reaching youth, promoting access to bank accounts, and various ways community banks are using the *Money Smart* curriculum.

FDIC

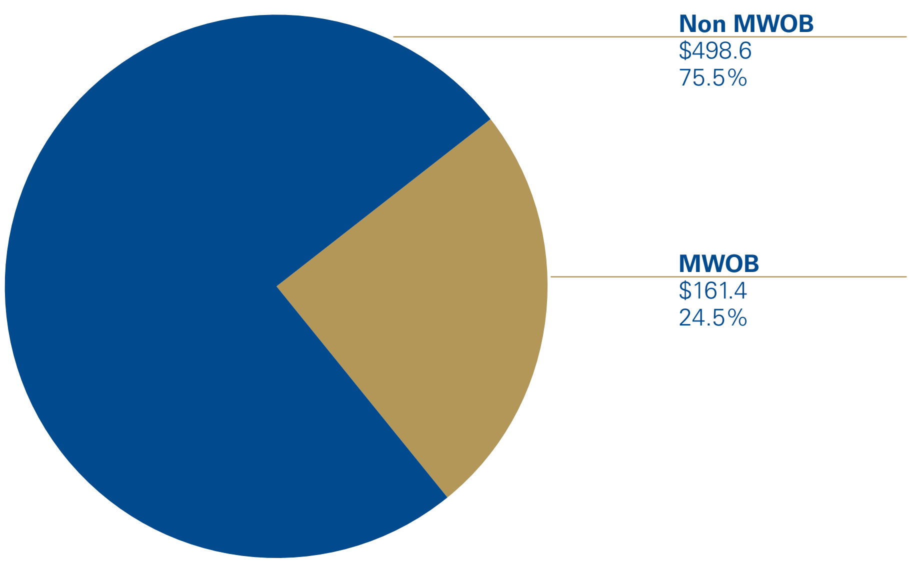
Appendix Contracting Charts and Tables

Chart 1 **FDIC Contracting Payments**• 2011 – 2012
(Dollars in millions)

2011



2012

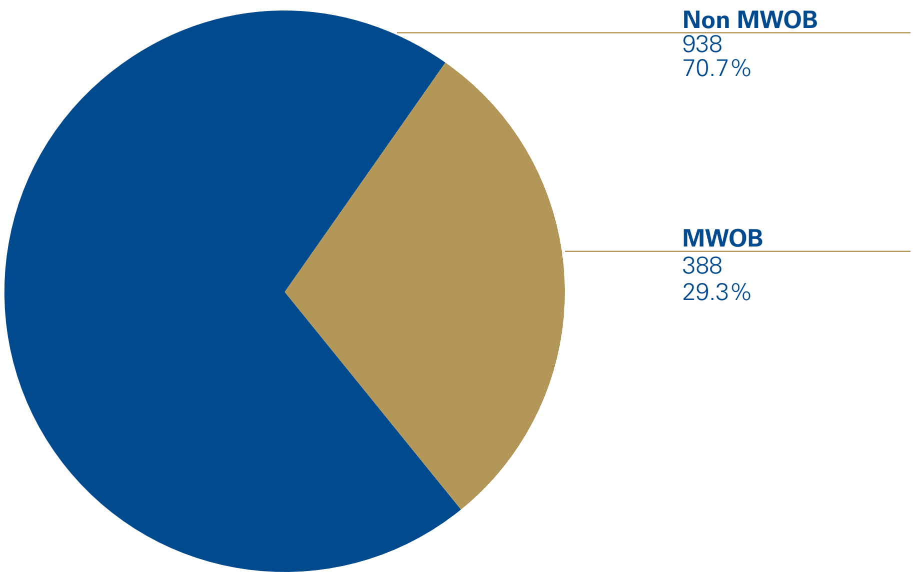


• FDIC Contracting Payments refers to all payments made to vendors on FDIC contracts during the specified time period regardless of the year of the contract award.

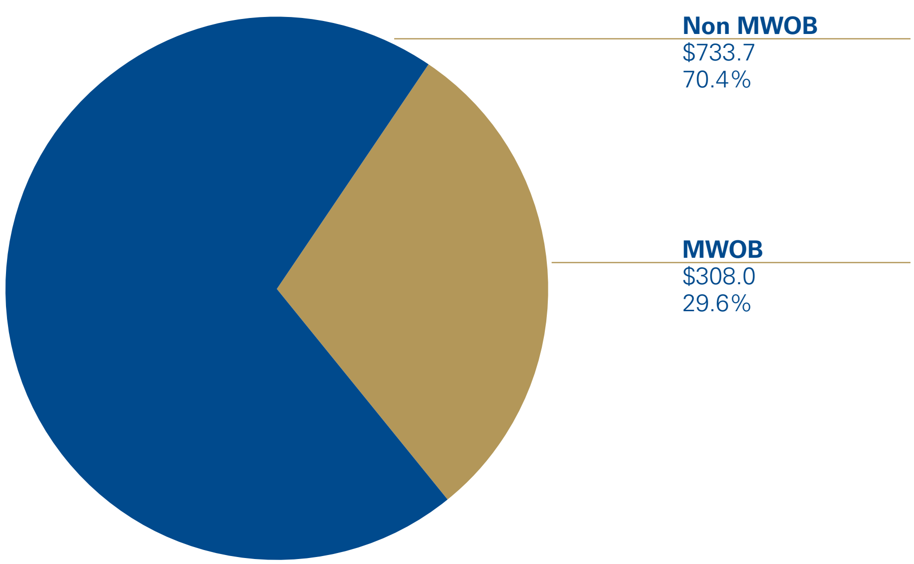
FDIC Contracting Awards January 1 – December 2012

Chart 2 **MWOB Participation**
(Dollars in millions)

Actions



Dollars

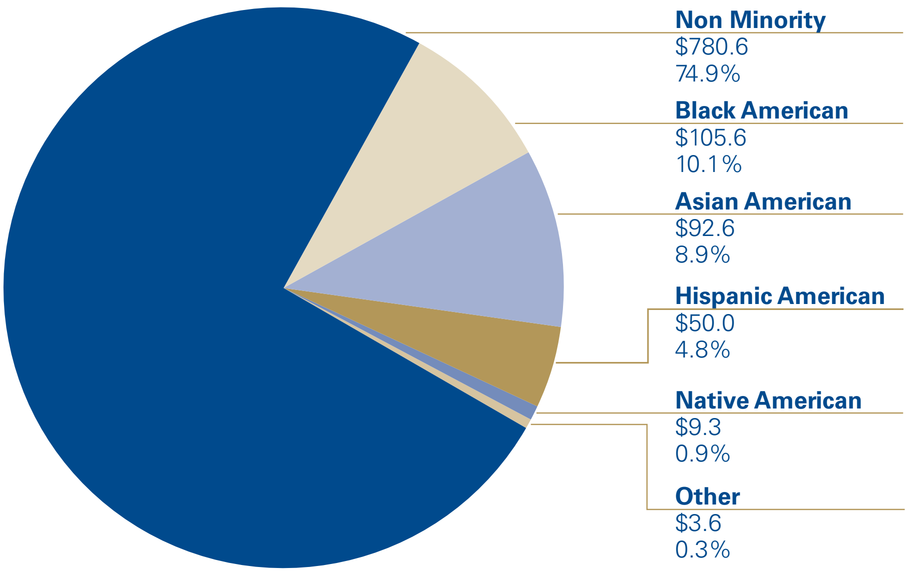


FDIC

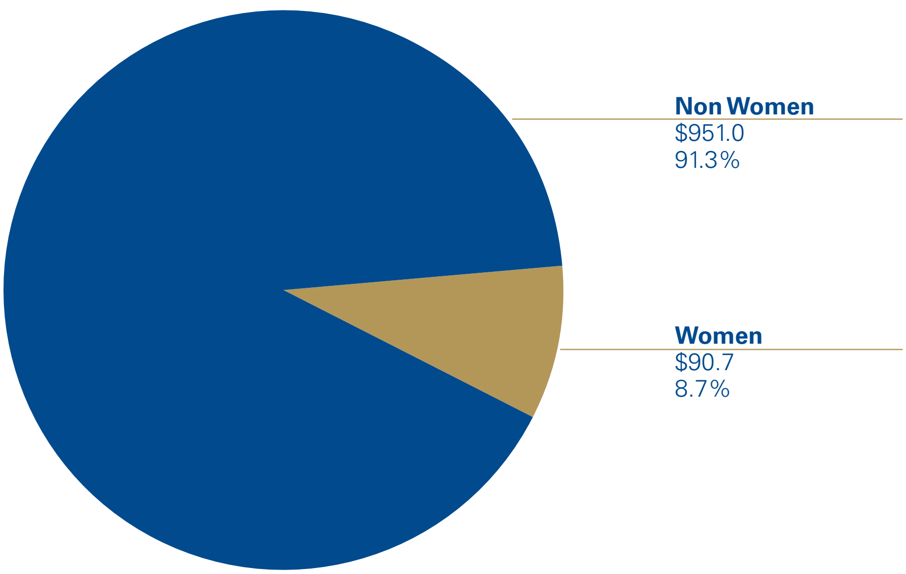
FDIC Contracting Awards January 1 – December 2012

Chart 3 **MWOB Participation by Ethnicity and Gender**
(Dollars in millions)

Ethnicity



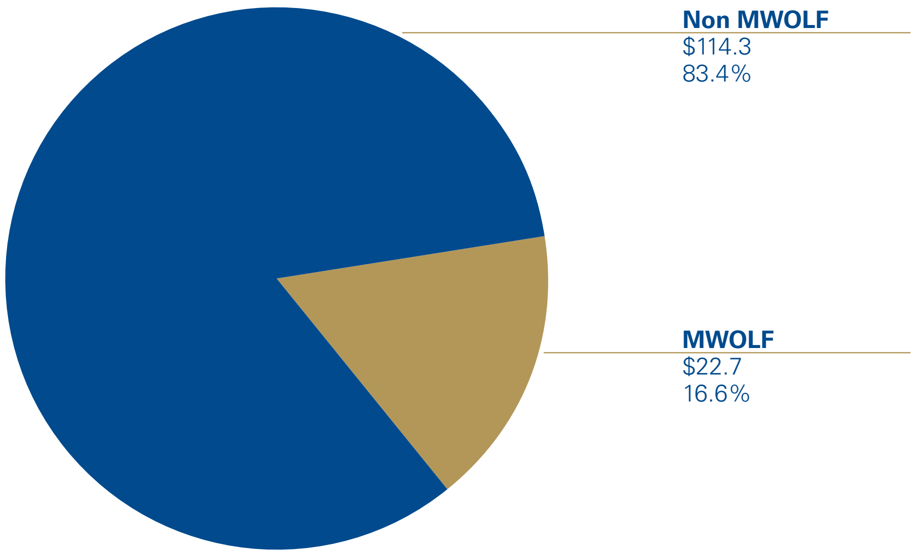
Gender



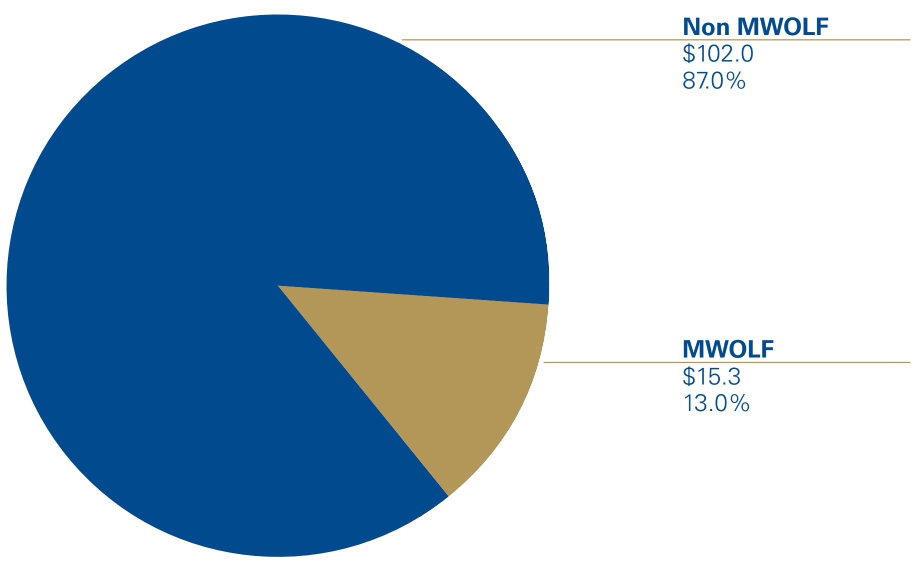
FDIC Contracting Awards

Chart 4 **Outside Counsel Payments*** 2011 – 2012
(Dollars in millions)

2011



2012



*FDIC Outside Counsel Payments refers to all payments made to outside counsel during the specified time period regardless of the year of the referral.

FDIC

Workforce Tables

Table 1 **FDIC Total Workforce by Race/Ethnicity and Sex as of December 31, 2012**

	Minority	Non-Minority	Male	Female	Total
Number	2152	5593	4364	3381	7745
(%)	27.8%	72.2%	56.3%	43.7%	100%

	2 or More		AIAN		Asian		Black		Hispanic		White		Total
	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	
FDIC	29	40	18	23	167	195	944	438	112	186	2111	3482	7745
(%)	0.4%	0.5%	0.2%	0.3%	2.2%	2.5%	12.1%	5.7%	1.5%	2.4%	27.2%	45.0%	100.0%
CLF(%)	0.8%	0.9%	0.3%	0.3%	1.8%	2.0%	5.7%	4.8%	4.5%	6.2%	33.7%	39.0%	100.0%

2 or More Two or more races identified
AIAN American Indian or Alaska Native
Asian Asian and Native Hawaiian or Other Pacific Islander
CLF Civilian Labor Force percentages

Table 2 **Hires Since Corporate Employee Program Inception**

	2 or More		AIAN		Asian		Black		Hispanic		White		Total
	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	
CEP	5	9	0	9	21	39	120	82	19	31	259	539	1133
(%)	0.4%	0.8%	0.0%	0.8%	1.9%	3.4%	10.6%	7.2%	1.7%	2.7%	22.9%	47.6%	100.0%
CLF (%)	0.6%	0.4%	0.2%	0.2%	2.8%	1.9%	6.9%	4.5%	1.7%	2.2%	30.3%	48.3%	100.0%

Workforce Tables

Table 3 **2012 Corporate Employee Program Classes (36-39)**

	2 or More		AIAN		Asian		Black		Hispanic		White		Total
	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	
CEP	0	1	0	2	2	3	11	4	2	5	27	64	121
(%)	0.0%	0.8%	0.0%	1.7%	1.6%	2.5%	9.1%	3.3%	1.7%	4.1%	22.3%	52.9%	100.0%
CLF (%)	0.5%	0.4%	0.2%	0.3%	2.8%	1.9%	6.9%	4.5%	1.7%	2.2%	30.3%	48.3%	100.0%

Table 4 **Examiner Workforce 2004 and 2012**

	2 or More		AIAN		Asian		Black		Hispanic		White		Total
	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	
12/31/04	0	0	5	6	27	29	94	78	23	65	571	1253	2151
(%)	0.0%	0.0%	0.2%	0.3%	1.3%	1.3%	4.4%	3.6%	1.1%	3.0%	26.5%	58.3%	100.0%
12/31/12	8	14	2	10	47	50	176	120	30	69	791	1530	2847
(%)	0.3%	0.5%	0.1%	0.3%	1.6%	1.8%	6.2%	4.2%	1.1%	2.4%	27.8%	53.7%	100.0%

2 or More	Two or more races identified
AIAN	American Indian or Alaska Native
Asian	Asian and Native Hawaiian or Other Pacific Islander
CLF	Civilian Labor Force percentages

Females 12/31/2004 720 (33.5%)
12/31/2012 1054 (37.0%)

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Workforce Tables

Table 5 **Attrition Rates – Voluntary and Involuntary**

	2 or More		AIAN		Asian		Black		Hispanic		White		Total
	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	
Hired	5	9	0	9	21	39	120	82	19	31	259	539	1133
Involuntary* Departures	0	0	0	3	2	10	20	23	4	5	14	24	105
Involuntary Attrition Rate+ (%)	0.0%	0.0%	0.0%	33.3%	9.5%	25.6%	16.7%	28.1%	21.1%	16.1%	5.4%	4.5%	9.3%
Subtotal	5	9	0	6	19	29	100	59	15	26	245	515	1028
Transfers (Mid-Career/ Other)	0	0	0	0	0	0	2	2	1	1	11	11	28
Voluntary Departures	1	0	0	0	2	6	13	11	2	5	40	85	165
Voluntary Attrition Rate• (%)	20.0%	0.0%	0.0%	0.0%	10.5%	20.7%	13.0%	18.6%	13.3%	19.2%	16.3%	16.5%	16.1%
Number Retained	**4**	**9**	**0**	**6**	**17**	**23**	**85**	**46**	**12**	**20**	**194**	**419**	**835**

* "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.

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