



# OMWI ANNUAL REPORT TO CONGRESS

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Office of Minority and Women Inclusion

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## Introduction

The Federal Housing Finance Agency (FHFA or Agency) was established by the Housing and Economic Recovery Act of 2008 (HERA)<sup>1</sup> and is responsible for the effective supervision, regulation, and housing mission oversight of the Federal National Mortgage Association (Fannie Mae), the Federal Home Loan Mortgage Corporation (Freddie Mac) (together, the Enterprises), and the Federal Home Loan Bank System, which includes 11 Federal Home Loan Banks (FHLBanks) and the Office of Finance. The Enterprises and the FHLBanks are collectively referred to as the regulated entities. The Agency's mission is to ensure that the regulated entities operate in a safe and sound manner so that they serve as a reliable source of liquidity and funding for housing finance and community investment. Since 2008, FHFA has also served as the conservator of the Enterprises.

FHFA established an Office of Minority and Women Inclusion (OMWI) in accordance with Section 342 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (Dodd-Frank Act).<sup>2</sup> FHFA's OMWI is responsible for leading the Agency's efforts to advance diversity and inclusion and developing standards for:

- Equal employment opportunity (EEO) and the racial, ethnic, and gender diversity of the Agency's workforce and senior management;
- Increased participation of minority- and women-owned businesses (MWOBs) in Agency programs and contracts; and
- Assessing the diversity policies and practices of the regulated entities.<sup>3</sup>

Section 1116(f) of HERA also requires the Agency to seek diversity in its workforce, at all levels, consistent with the demographic diversity of the United States.<sup>4</sup> This report highlights the programs, initiatives, and practices the Agency implemented during 2015 to:

- Advance diversity and ensure inclusion within its workforce;
- Provide opportunities for the inclusion and utilization of MWOBs in all of the Agency's business activities; and
- Supervise the regulated entities' efforts to promote diversity and ensure inclusion in their respective organizations.

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<sup>1</sup> See 12 U.S.C. 4501 *et seq.*

<sup>2</sup> See 12 U.S.C. § 5452.

<sup>3</sup> See 12 U.S.C. § 5452(b)(2).

<sup>4</sup> See 12 U.S.C. § 4520(f).



### OMWI Strategic Plan

FHFA released its first OMWI Strategic Plan FY 2016 – FY 2018 (Plan) on July 14, 2015. The Plan contains objectives that meet the diversity and inclusion statutory requirements and fosters a work environment that leverages diverse perspectives and approaches to achieve business success. The Plan defines the OMWI vision, mission, and values and identifies the strategic goals the Agency intends to pursue to satisfy its diversity and inclusion mission. These strategic goals are set out in **Table 1**.

**Table 1: OMWI Strategic Goals**

Goal	Description
<b>Goal 1:</b> Design a Comprehensive OMWI Operational Structure	Identify the components, and design an operational structure necessary for the effective and efficient delivery of OMWI programs and services.
<b>Goal 2:</b> Develop Clear and Meaningful Standards	Develop standards for implementing diversity and inclusion within FHFA and guidance for use by the regulated entities.
<b>Goal 3:</b> Deliver Meaningful OMWI Communication	Educate internal and external stakeholders on the OMWI mission and the inherent benefits and opportunities in achieving its objectives.
<b>Goal 4:</b> Strengthening the Understanding of Diversity, Inclusion, and Equal Opportunity	Enhance understanding of the OMWI and EEO missions and ownership of the roles and responsibilities in fulfilling the missions, through knowledge, education, and training, both within FHFA and for its regulated entities.
<b>Goal 5:</b> Drive FHFA Cultural Awareness	Serve as a catalyst for identifying and addressing FHFA’s cultural inclusion challenges and opportunities.

The Plan is a dynamic, working document that will evolve as FHFA works to strengthen diversity and inclusion at the Agency and at its regulated entities. To view the Plan, click on the link to the [“OMWI Strategic Plan FY 2016 - FY 2018.”](#)



## FHFA Workforce Diversity and Inclusion

FHFA is proud of its diverse workforce and continues to be proactive in its efforts to promote diversity and ensure inclusion through recruitment, hiring, promotion, and retention of employees at all levels of the Agency. Economists, policy analysts, examiners, technology specialists, accountants, and attorneys comprise most of FHFA's workforce. These mission-critical occupations require highly skilled practitioners with substantive knowledge of large, complex financial institutions and financial products, and significant experience in analyzing, evaluating, or examining them.

This section provides information on the status of the Agency's workforce, initiatives to increase diversity and ensure inclusion at all levels, successes, and challenges.

### I. Workforce Diversity

FHFA's total workforce was stable from year-end 2014 to year-end 2015. FHFA had 555 employees as of December 31, 2014, and 559 employees as of December 31, 2015. During this period, FHFA's minority representation increased from 38.20 percent to 40.97 percent. Employees who self-identified as belonging to the following races and ethnicities comprised minorities within FHFA's workforce: African American (21.82 percent); Hispanic (2.86 percent); Asian American (12.52 percent); Native American (0.18 percent); and two or more races (3.58 percent).<sup>5</sup> Employees who self-identified as belonging to two or more races have ancestry from more than one of the following races: Caucasian, Black or African American, Native Hawaiian or Other Pacific Islander, Asian, or Native American. FHFA experienced a slight decrease in the percentage of women employed by the Agency from year-end 2014 to 2015 (44.32 percent in 2014 compared to 43.65 percent in 2015).

**Tables 2 and 3** reflect improvements in FHFA's racial, ethnic and gender diversity since the Agency issued its first OMWI Annual Report to Congress in 2011. The percentage of employees who were minorities increased from 36.95 percent to 40.97 between December 31, 2011, and December 31, 2015, and the percentage of women remained relatively constant (43.55 percent in 2011 compared to 43.65 percent in 2015).

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<sup>5</sup> 100 percent of FHFA employees self-identified in 2015.



**Table 2: FHFA Workforce by Race, Ethnicity, and Gender as of December 31, 2015**

Race and Ethnicity	Female		Male		All	
	#	%	#	%	#	%
White	113	20.21	217	38.82	330	59.03
Hispanic	9	1.61	7	1.25	16	2.86
African American	83	14.85	39	6.98	122	21.82
Asian	26	4.65	44	7.87	70	12.52
Native American	0	0.00	1	0.18	1	0.18
Two or More Races	13	2.33	7	1.25	20	3.58
Total	244	43.65	315	56.35	559	100.00

**Table 3: FHFA Workforce by Race, Ethnicity, and Gender as of December 31, 2011**

Race and Ethnicity	Female		Male		All	
	#	%	#	%	#	%
White	129	23.71	214	39.34	343	63.05
Hispanic	9	1.65	6	1.10	15	2.76
African American	65	11.95	37	6.80	102	18.75
Asian	19	3.49	29	5.33	48	8.82
Native American	0	0.00	1	0.18	0	0.18
Two or More Races	0	0.00	2	0.37	2	0.37
Unidentified Race	12	2.21	21	3.86	33	6.07
Total	234	43.55	310	56.45	544	100.00

**Table 4** reflects several types of Agency employment actions during 2015 by race, ethnicity, and gender. Minorities and women represented 61.82 and 54.55 percent, respectively, of the 55 employees FHFA hired. Minorities and women also represented 42.50 and 47.50 percent, respectively, of the 40 employees promoted. Of the 65 employees who left the Agency, 38.46 percent were minorities and 53.85 percent were women.



**Table 4: FHFA Employment Actions in 2015 by Race, Ethnicity, and Gender**

Nature of Action	White		Hispanic		African American		Asian		Native American		Two or More Races		Minority	Female
	F	M	F	M	F	M	F	M	F	M	F	M	Total	Total
Hires	18.18	20.00	1.82	3.64	20.00	12.73	7.27	7.27	0.00	0.00	7.28	1.82	61.83	54.55
Separations	24.62	36.92	7.69	0.00	16.92	9.24	3.08	0.00	0.00	0.00	1.54	0.00	38.46	53.85
Promotions	20.00	37.50	0.00	0.00	20.00	2.50	7.50	12.50	0.00	0.00	0.00	0.00	42.50	47.50
Awards	20.64	40.88	1.80	1.60	14.63	5.61	4.61	8.02	0.00	0.20	1.20	0.60	38.27	42.88

## II. FHFA Workforce Comparison

FHFA regularly monitors the composition of its workforce and benchmarks it against the federal workforce, the Civilian Labor Force (CLF), and the finance and insurance sectors. **Table 5** provides a comparison of FHFA’s diversity profile to these nationwide benchmarks.

**Table 5: Workforce Comparison (in percentages)**

Race, Ethnicity, and Gender	Federal Workforce as of September 30, 2015 <sup>6</sup>	Civilian Labor Force as of 2010 <sup>7</sup>	Finance and Insurance Labor Force for 2014 <sup>8</sup>	FHFA Workforce as of December 31, 2015
Male	56.78	51.86	41.56	56.35
Female	43.22	48.14	58.44	43.65
All Minorities	35.08	27.64	30.25	40.97
African American	17.83	12.02	12.33	21.82
Hispanic	8.00	9.96	8.33	2.86
Asian	5.72	3.90	7.38	12.52
Native American	2.20	1.08	0.65	0.18
Two or More Races	1.33	0.54	1.56	3.58
White	64.89	72.36	69.75	59.03

<sup>6</sup> FedScope: Federal Human Resources Data; [www.fedscope.opm.gov](http://www.fedscope.opm.gov).

<sup>7</sup> Civilian Labor Force (CLF) Data as of 2010; United States Census Bureau; <http://www.census.gov/2010census/>.

<sup>8</sup> Job Patterns for Minorities and Women in Private Industry; 2014 EEO-1 National Aggregate Report by NAICS-2 Code; Finance and Insurance (52); Equal Employment Opportunity Commission; <http://www1.eeoc.gov/eeoc/statistics/employment/jobpat-eeo1/2014/index.cfm#centercol>.



As reflected in **Table 5**, the representation of men in FHFA's workforce (56.35 percent) is similar to that of the federal workforce (56.78 percent), but is higher than the CLF (51.86 percent) and the finance and insurance industries (41.56 percent). The representation of women in FHFA's workforce (43.65 percent) is slightly higher than that of the federal workforce (43.22 percent), but is lower than the CLF (48.14 percent) and the finance and insurance industries (58.44 percent).

**Table 5** also reflects that the overall representation of minorities in FHFA's workforce (40.97 percent) is higher than the federal workforce (35.08 percent), the CLF (27.64 percent), and the finance and insurance sectors (30.25 percent). The term "minorities" encompasses a number of racial and ethnic groups in FHFA's workforce – African Americans, Hispanics, Asians, Native Americans, as well as those who identify as being from two or more races. While the representation of minorities within FHFA's workforce exceeds the minority representation reported by several national indices, levels of minority representation vary greatly within FHFA's workforce. African Americans, Asians, and those who identify as two or more races comprise a higher percentage of FHFA's workforce in comparison to the federal workforce, the CLF, and the finance and insurance labor force, while Hispanics and Native Americans represent a lower percentage of FHFA's workforce.

FHFA uses the information it obtains through benchmarking to develop strategies and initiatives to achieve its diversity and inclusion mission. Some of these strategies are highlighted in the Successes section.

### III. Executive Leadership

FHFA's executive leadership team consists of employees at the top levels of the Agency who administer programs utilizing well-honed executive skills and broad perspectives of government and public and private service. Executive positions are primarily managerial and supervisory and serve just below the Director of the Agency, forming a vital link between the Director and the rest of the Agency's workforce. FHFA's executive leadership consists of employees who are classified under the executive pay band category of Leadership Level or "LL" (e. g., Deputy Director and General Counsel).

**Tables 6** and **7** show the racial, ethnic, and gender diversity of FHFA's executive leadership team as of year-end 2015 and year-end 2011.





**Table 6: Diversity in FHFA’s Executive Leadership as of December 31, 2015**

	Minority	Non-Minority	Total
Number	13	36	49
Percent	26.53	73.47	100.00
	Female	Male	Total
Number	16	33	49
Percent	32.65	67.35	100.00

**Table 7: Diversity in FHFA’s Executive Leadership as of December 31, 2011**

	Minority	Non-Minority	Total
Number	6	53	59
Percent	10.17	89.83	100.00
	Female	Male	Total
Number	15	44	59
Percent	25.42	74.58	100.00

As of December 31, 2015, minorities and women comprised 26.53 percent and 32.65 percent, respectively, of FHFA’s executive leadership. In comparison, minorities and women comprised 10.17 percent and 25.42 percent, respectively, of FHFA’s executive leadership as of December 31, 2011.

It is important to note that, from 2011 and 2015, while there was a net decrease of 10 in the total number of FHFA executives (from 59 to 49), the number and percentage of both minority and women executives increased. The number of minority executives increased by 16.36 percent (from 6 to 13) and the number of women executives increased by 11.23 percent (from 15 to 16) during this period.

FHFA demonstrates its commitment to strong managerial and leadership skills by regularly sponsoring training to enhance the skills of its current executives and supervisors and to develop the managerial and leadership potential of aspiring leaders. Some of the training initiatives offered by FHFA during 2015 to enhance the skills of existing and future leaders include:

- *Organizational Effectiveness*, which focused on strategic planning, team coaching, facilitative leadership coaching, and change management;
- Various classroom-based and virtual courses focused on leadership, sponsored by the Treasury Executive Institute;
- Executive, managerial, and leadership coaching;



- Mandatory training for new supervisors;
- The *2015 Excellence in Government Fellows* Program;
- The *Fundamentals of Leadership for Non-Managers*;
- *Resiliency*, which focused on providing participants with tools to overcome obstacles to achieving success;
- *Business Relationship Management*; and
- *Government Leadership Advantage*, which focused on developing the Executive Core Qualifications for leading change, leading people, driving results, improving business acumen, and building coalitions.

**IV. Special Initiative**

FHFA sponsors an annual Summer Internship Program (Program) for high school, college and graduate students, as well as recent college graduates. The Program provides meaningful training and career development opportunities for individuals interested in starting a career in financial services or in the federal government. It allows students, including those from diverse backgrounds, to use their knowledge, talents, enthusiasm, and unique perspectives to accomplish the work of the Agency.

The Program also provides FHFA opportunities to identify and hire candidates who are qualified, or demonstrate high potential, by participating in training and development activities and demonstrating the relevant skills and aptitude for mission-critical roles and responsibilities.

FHFA announced its 2015 Program opportunities on USAJOBS, the federal government’s recruiting website, and on the Agency’s website. The Agency also conducted outreach to colleges and universities, including Historically Black Colleges and Universities and Hispanic Serving Institutions. The Agency hired 24 interns during 2015. **Table 8** provides a diversity profile of the interns hired during 2015.

**Table 8: 2015 Summer Interns**

	Minority	Non-Minority	Total
Number	16	8	24
Percent	66.67	33.33	100.00
	Female	Male	Total
Number	15	9	24
Percent	62.50	37.50	100.00



FHFA also participated in the Workforce Recruitment Program (WRP) for College Students and Recent Graduates with Disabilities during 2015. WRP participants are students or recent graduates with disabilities who are interested in internships and permanent positions with the federal government. FHFA selected one student intern through the WRP during the summer of 2015.

### V. Successes

Some of the activities and initiatives undertaken during 2015 to support and advance diversity and inclusion in its workforce included the following:

- Participated in recruitment and outreach events sponsored by professional associations and other organizations serving minorities, women, and the disabled in order to recruit a diverse pool of candidates;
- Sponsored seminars about the Agency's diversity and inclusion responsibilities under Section 342 of the Dodd-Frank Act and Section 1116 of HERA during the Agency's annual supervision conference for FHFA employees;
- Enhanced OMWI staff's knowledge and understanding of diversity and inclusion through participation in training and development initiatives;
- Commemorated national heritage months with *Lunch and Learn* sessions and Agency-wide announcements to promote greater understanding of diversity and inclusion;
- Educated FHFA employees on the importance of diversity and inclusion and the mission of OMWI by delivering Agency-wide presentations and distributing information via internal communications, such as FHFA's online newsletter, intranet, and television monitors;
- Emphasized our commitment to diversity and inclusion in all *New Employee Orientation* sessions;
- Encouraged participation in programs and courses sponsored by the FHFA Learning Academy to promote executive, supervisor, and employee development, each of which placed emphasis on building a culture of diversity and inclusion throughout the Agency;
- Worked with FHFA's Office of Congressional Affairs and Communications to improve the Agency's ability to communicate OMWI initiatives and priorities through greater visibility of OMWI reports and engagements with key stakeholders;



- Continued efforts through the FHFA Section 508 Committee to make all Agency information accessible for people with disabilities as required under Section 508 of the Rehabilitation Act of 1973, as amended;
- Hosted regular meetings with various offices within the Agency to promote diverse perspectives and relationship building throughout the Agency's everyday business activities;
- Started developing a financial literacy program to be targeted to urban high-school students in the Washington, DC area; and
- Conducted *EEO and Sensitivity Awareness* training for employees throughout the Agency.

### VI. Challenges

FHFA is committed to having a diverse workforce and to ensuring the inclusion of diverse talent, backgrounds, and perspectives to achieve the Agency's housing oversight mission. While FHFA has made progress promoting diversity and inclusion in its workforce, more opportunities remain for expanding the Agency's efforts in this area. As FHFA seeks to pursue these opportunities, the Agency must manage a number of challenges in the area of workforce diversity, some of which are discussed in this section.

Prior to late 2015, the Agency had to work within the limitations of a database system on which it relied for critical and comprehensive workforce and employment data. Without reliable data, the Agency's ability to analyze and evaluate its workforce demographics and the effects of its policies and practices on the Agency's workforce diversity was limited. This lack of sufficient data constrained our ability to implement and enhance some diversity and inclusion strategic initiatives. In 2015, FHFA transitioned to a more robust human resources information system (HRIS) and expects to utilize the demographic data collected through the new system to make further progress in the area of its workforce diversity and inclusion.

FHFA also began the process of supplementing the Agency's technology capability to allow for the collection, storage, and analysis of recruitment and hiring data. Having data on the demographic make-up of applicants and potential candidates for employment will enable the Agency to enhance its recruitment and hiring practices and improve its workforce diversity and inclusion.

As the smallest of the financial regulatory agencies that share the diversity and inclusion mission under the Dodd-Frank Act, FHFA has significantly fewer hiring opportunities than other financial regulators and, therefore, has fewer opportunities to dramatically change the racial, ethnic and gender composition of its workforce. Most of the Agency's vacant positions also require technical and highly specialized skills. FHFA's continued challenge is to ensure that its



diversity outreach targets organizations, events, and locations that increase the Agency's likelihood of identifying and recruiting the greatest number of diverse candidates who have these specialized skills. FHFA's enhanced data collection ability will allow the Agency to use data more dynamically to gauge the effectiveness of our outreach and recruitment efforts. FHFA's size also presents a challenge to its ability to develop and implement employee development programs that are cost-effective.

FHFA will continue its efforts to address these challenges by sponsoring programs and activities that promote the understanding of diversity and the benefits of inclusion, maintaining relationships with external organizations that promote diversity, using targeted recruiting efforts, and continuing its internship programs to ensure that diversity and inclusion remain high priorities in the Agency's workforce activities and decisions.



## FHFA Business Diversity and Inclusion

### I. Contracting Activities and Five-Year Analysis

FHFA is committed to promoting diversity and ensuring the inclusion and utilization of MWOBs in all of the Agency's business activities. The Agency compiles and analyzes its contracting actions throughout the year as part of its Performance Measures quarterly reports. These reports are part of the Agency's Performance and Accountability Annual Report included under the section titled *Resource Management: Support the Effective Operations of the Agency*. During 2015, FHFA executed 532 contract actions spending \$35,912,677 in the aggregate.<sup>9</sup> Of those, 154 contract actions were with MWOBs for a total of \$10,552,619, which represents 28.95 percent of all contracting actions by number and 29.38 percent of the total amount spent by FHFA. For purposes of this report, contracting actions include contract awards and contract modifications between FHFA and its vendors for the purchase of goods and services. Contract obligations reflect the combined total of dollars obligated and de-obligated on a contract during the course of the year.<sup>10</sup> **Tables 9** and **10** provide a historical breakdown, from 2011 through 2015, of contracting actions and percentages as well as the amount of dollars awarded to MWOBs.

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<sup>9</sup> For the purposes of this report, building leases and Inter-Agency Agreements (IAAs) are not included in the total actions and spend reported.

<sup>10</sup> For the purposes of this report, the terms "contract obligations" and "contract spend" are used interchangeably.



Table 9: FHFA Five-Year Contracting Actions Overview

Business Type by Race, Ethnicity, and Gender	Calendar Year <sup>11</sup>									
	2015		2014		2013		2012		2011	
	# of Actions	% of Actions	# of Actions	% of Actions	# of Actions	% of Actions	# of Actions	% of Actions	# of Actions	% of Actions
Minority- and Women- Owned <sup>12</sup>	154	28.95	145	25.71	158	24.42	167	23.42	154	28.95
Minority-Owned	89	16.73	80	14.18	92	14.22	126	17.67	89	16.73
Women-Owned	93	17.48	97	17.20	102	15.77	90	12.62	93	17.48
Asian	40	7.52	20	3.55	32	4.95	29	4.07	40	7.52
Women-Owned	6	1.13	6	1.06	8	1.24	7	0.98	6	1.13
Native American	9	1.69	14	2.48	9	1.39	24	3.37	9	1.69
African American	11	2.07	17	3.01	26	4.02	43	6.03	11	2.07
Women-Owned	7	1.32	10	1.77	9	1.39	23	3.23	7	1.32
Hispanic	29	5.45	29	5.14	25	3.86	30	4.21	29	5.45
Women-Owned	15	2.82	16	2.84	19	2.94	19	2.66	15	2.82
Women-Owned No Minority Status	65	12.22	97	17.20	102	15.77	90	12.62	65	12.22
Total Contract Actions	532	100.00	564	100.00	647	100.00	713	100.00	532	100.00

<sup>11</sup> Building Leases and IAAs are not included in total spend and actions.

<sup>12</sup> In the Minority- and Women-Owned category, the number reported is the total sum for both categories. In the separate Minority-Owned and Women-Owned categories, double counting occurs as there are Minority-Owned businesses that are Women-Owned, and Women-Owned businesses that are also Minority-Owned. As a result, these two totals cannot be added together, as its sum would be larger than the 154 total.



Table 10: FHFA Five Year Spend Overview

Business Type by Race, Ethnicity, and Gender	Calendar Year <sup>13</sup>									
	2015		2014		2013		2012		2011	
	<u># of Dollars Obligated</u>	<u>% of Dollars Obligated</u>	<u># of Dollars Obligated</u>	<u>% of Dollars Obligated</u>	<u># of Dollars Obligated</u>	<u>% of Dollars Obligated</u>	<u># of Dollars Obligated</u>	<u>% of Dollars Obligated</u>	<u># of Dollars Obligated</u>	<u>% of Dollars Obligated</u>
Minority- and Women-Owned <sup>14</sup>	\$10,552,620	29.38	\$8,557,842	18.13	\$7,163,136	11.52	\$8,213,733	19.48	\$10,552,620	29.38
Minority-Owned	\$6,642,508	18.50	\$6,295,832	13.33	\$4,926,207	7.92	\$7,124,279	16.89	\$6,642,508	18.50
Women-Owned	\$7,445,529	20.73	\$6,208,945	13.15	\$4,361,434	7.02	\$3,416,404	8.10	\$7,445,529	20.73
Asian	\$3,808,266	10.60	\$2,527,559	5.35	\$1,893,485	3.05	\$1,831,037	4.34	\$3,808,266	10.60
Women-Owned	\$1,130,948	3.15	\$1,106,029	2.34	\$313,011	0.50	\$188,929	0.45	\$1,130,948	3.15
Native American	\$128,946	0.36	\$216,822	0.46	\$330,962	0.53	\$701,892	1.66	\$128,946	0.36
African American	\$944,375	2.63	\$1,340,369	2.84	\$1,476,553	2.38	\$981,407	2.33	\$944,375	2.63
Women-Owned	\$937,790	2.61	\$919,698	1.95	\$925,545	1.49	\$493,243	1.17	\$937,790	2.61
Hispanic	\$1,760,920	4.90	\$2,211,082	4.68	\$1,225,207	1.97	\$3,609,943	8.56	\$1,760,920	4.90
Women-Owned	\$1,466,679	4.08	\$1,921,208	4.07	\$885,950	1.43	\$1,644,738	3.90	\$1,466,679	4.08
Women-Owned No Minority Status	\$3,910,111	10.89	\$2,262,010	4.79	\$2,236,928	3.60	\$1,089,495	2.58	\$3,910,111	10.89
Total Contract Actions	\$35,912,677	100.00	\$47,212,939	100.00	\$62,165,202	100.00	\$42,172,561	100.00	\$35,912,677	100.00

<sup>13</sup> Building Leases and IAAs are not included in total spend and actions.

<sup>14</sup> In the Minority- and Women-Owned category, the number reported is the total sum for both categories. In the separate Minority-Owned and Women-Owned categories, double counting occurs as there are Minority-Owned businesses that are Women-Owned, and Women-Owned businesses that are also Minority-Owned. As a result, these two totals cannot be added together, as its sum would be larger than the 154 total.



FHFA's MWOB contract actions increased from 145 in 2014 to 154 in 2015, an increase of 6.21 percent as reflected in **Table 9**. As reflected in **Table 10**, FHFA's total MWOB contract spend increased from \$8,557,842 in 2014 to \$10,552,620 in 2015 although the total number of Agency contract actions decreased from 2012 to 2015. This decrease was partially due to the implementation of a number of efficiencies and streamlining initiatives by FHFA's contracting unit within the Office of Budget and Financial Management (OBFM), including more strategic requirements and longer-term contracts to make FHFA more attractive to the marketplace. Despite the decrease in the overall number of Agency contract actions, the dollars obligated to MWOBs increased from 18.13 percent in 2014 to 29.38 percent in 2015 (**See Table 10**).

During 2015, FHFA evaluated the contracting actions and spend using the North American Industry Classification System (NAICS). The NAICS is the standard used by federal statistical agencies in classifying business establishments for the purpose of collecting, analyzing, and publishing statistical data related to the United States business economy.<sup>15</sup> As reflected in **Tables 11** and **12**, FHFA's top spend in 2015 were in the following NAICS industries and codes: Data Processing, Hosting, and Related Services (518210), Offices of Lawyers (541110), Computer Facilities Management Services (541513), Other Computer Related Services (541519), Administrative Management and General Management Consulting (541611), and Credit Bureaus (561450). These categories correspond to information technology, legal, consulting, and database services.

As shown in **Tables 11** and **12**, the total number of contracting actions was 192 (36.09 percent) and the total amount of obligated dollars was \$22,201,428 (61.82 percent). Of these, 40.10 percent of the actions were with MWOBs. This amounted to MWOB representation of 39.32 percent of the top NAICS spend.

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<sup>15</sup> *North American Industry Classification System*, 2015, U.S. Census; <http://www.census.gov/eos/www/naics/>.



Table 11: FHFA 2015 Top Six NAICS Codes Contracting Actions Overview

Business Type by Race, Ethnicity, and Gender	518210		541110		541513		541519		541611		561450		Total MWOB NAICS	
	# of Actions	% of Actions	# of Actions	% of Actions	# of Actions	% of Actions	# of Actions	% of Actions	# of Actions	% of Actions	# of Actions	% of Actions	# of Actions	% of Actions
M <sup>16</sup> -Owned & W <sup>17</sup> -Owned	1	0.52	7	3.65	20	10.42	32	16.67	17	8.85	0	0.00	77	40.10
M-Owned	1	0.52	7	3.65	20	10.42	12	6.25	15	7.81	0	0.00	55	28.65
W-Owned <sup>18</sup>	0	0.00	0	0.00	17	8.85	23	11.98	2	1.04	0	0.00	42	21.87
Asian <sup>19</sup>	0	0.00	3	1.56	0	0.00	8	4.17	14	7.29	0	0.00	25	12.99
W-Owned	0	0.00	0	0.00	0	0.00	2	1.04	0	0.00	0	0.00		
Native American	0	0.00	0	0.00	0	0.00	1	0.52	0	0.00	0	0.00	1	0.52
African American <sup>20</sup>	1	0.52	0	0.00	3	1.56	1	0.52	1	0.52	0	0.00	6	3.13
W-Owned	0	0.00	0	0.00	3	1.56	0	0.00	0	0.00	0	0.00		
Hispanic <sup>21</sup>	0	0.00	4	2.08	17	8.85	2	1.04	0	0.00	0	0.00	23	11.97
W-Owned	0	0.00	0	0.00	14	7.29	1	0.52	0	0.00	0	0.00		
W-Owned No Minority Status	0	0.00	0	0.00	0	0.00	20	10.42	2	1.04	0	0.00	22	11.46
Total of Actions Per NAICS	12	6.25	30	15.63	20	10.42	45	23.44	78	40.63	7	3.65	192	100.00

<sup>16</sup> M is an abbreviation for Minority.

<sup>17</sup> W is an abbreviation for Women.

<sup>18</sup> This category of women-owned businesses includes both minority- and non-minority-owned businesses.

<sup>19</sup> This category includes all businesses that identify as Asian-owned and also those that self-identify as Asian- and Women-Owned business.

<sup>20</sup> This category includes all businesses that identify as African American-owned and also those that self-identify as African American- and Women-Owned business.

<sup>21</sup> This category includes all businesses that identify as Hispanic-owned and also those that self-identify as Hispanic- and Women-Owned business.

Table 12: FHFA 2015 Top Six NAICS Codes Spend Overview

Business Type by Race, Ethnicity, and Gender	518210		541110		541513		541519		541611		561450		Total MWOB NAICS	
	# of Spend	% of Spend	# of Spend	% of Spend	# of Spend	% of Spend	# of Spend	% of Spend	# of Spend	% of Spend	# of Spend	% of Spend	# of Spend	% of Spend
M <sup>22</sup> -Owned & W <sup>23</sup> -Owned	\$4,995	0.02	\$173,081	0.78	\$2,383,372	10.74	\$4,029,082	18.15	\$2,137,335	9.63	\$0	0.00	\$8,727,865	39.32
M -Owned	\$4,995	0.02	\$173,081	0.78	\$2,383,372	10.74	\$1,035,878	4.67	\$1,067,920	4.81	\$0	0.00	\$4,665,246	21.01
W -Owned <sup>24</sup>	\$0	0.00	\$0	0.00	\$2,383,372	10.74	\$3,024,428	13.62	\$1,069,415	4.82	\$0	0.00	\$6,477,215	29.17
Asian <sup>25</sup>	\$0	0.00	\$13,500	0.06	\$0	0.00	\$919,804	4.14	\$1,067,920	4.81	\$0	0.00	\$2,001,224	9.01
W-Owned	\$0	0.00	\$0	0.00	\$0	0.00	\$10,126	0.05	\$0	0.00	\$0	0.00		
Native American	\$0	0.00	\$0	0.00	\$0	0.00	\$16,403	0.07	\$0	0.00	\$0	0.00	\$16,403	0.07
African American <sup>26</sup>	\$4,995	0.02	\$0	0.00	\$937,790	4.22	\$25,546	0.12	\$0	0.00	\$0	0.00	\$968,331	4.36
W-Owned	\$0	0.00	\$0	0.00	\$937,790	4.22	\$0	0.00	\$0	0.00	\$0	0.00		
Hispanic <sup>27</sup>	\$0	0.00	\$159,581	0.72	\$1,445,582	6.51	\$74,125	0.33	\$0	0.00	\$0	0.00	\$1,679,288	7.56
W-Owned	\$0	0.00	\$0	0.00	\$1,445,582	6.51	\$21,098	0.10	\$0	0.00	\$0	0.00		
W-Owned No Minority Status	\$0	0.00	\$0	0.00	\$0	0.00	\$2,993,204	13.48	\$1,069,415	4.82	\$0	0.00	\$4,062,619	18.33
Total Per Code	\$1,945,544	8.76	\$7,753,767	45.11	\$2,383,372	10.74	\$5,058,052	22.78	\$2,137,335	9.63	\$2,923,357	13.17	\$22,201,428	100.00

<sup>22</sup> M is an abbreviation for Minority.

<sup>23</sup> W is an abbreviation for Women.

<sup>24</sup> This category of women-owned businesses includes both minority- and non-minority-owned businesses.

<sup>25</sup> This category includes all businesses that identify as Asian-owned and also those that self-identify as Asian- and Women-Owned business.

<sup>26</sup> This category includes all businesses that identify as African American-owned and also those that self-identify as African American- and Women-Owned business.

<sup>27</sup> This category includes all businesses that identify as Hispanic-owned and also those that self-identify as Hispanic- and Women-Owned business.

## II. Successes

OMWI collaborated with several FHFA offices to improve opportunities and to positively impact awareness and cultural change as precursors to understanding the value of diversity in all aspects of the Agency's business activities. OMWI also continued working collaboratively with OBFM to enhance awareness and visibility of diverse contractors in the procurement process. OMWI and OBFM continued to manage the "Doing Business with Us" database that serves as the repository for vendors that register their firms with FHFA for business opportunities.

During 2015, FHFA engaged in the following outreach activities and initiatives to assist MWOBs in overcoming any real or perceived barriers to doing business with the Agency:

- Participated in the U.S. Hispanic Chamber of Commerce 2015 Legislative Summit and attended the Match Making Session;
- Met with minority- and women-owned financial services vendors to enhance awareness and discuss potential concerns with respect to business opportunities;
- Participated in the Federal Reserve Board's 2015 Vendor Outreach Fair;
- Participated in Fannie Mae's Capital Markets Diverse Supplier Summit;
- Exhibited and spoke at the 2015 Inter-Agency Minority Depository Institutions and Community Development Financial Institution Bank Conference;
- Spoke at the National Association of Women in Real Estate Businesses Conference;
- Exhibited at the Service Disabled Veteran-Owned Business Conference;
- Exhibited at the National Minority Supplier Development Council Annual Conference; and
- Attended the National Center for American Indian Enterprise Development's Reservation Economic Summit.

OMWI evaluated and/or used several new and existing internal strategies for increasing the Agency's MWOB spend during 2015. These strategies included the following:

- Provided full access to the "Doing Business with FHFA" database to all Agency employees;
- Developed an Interested Firms Database Job Aid that explains to FHFA employees how to search for firms and access information about the firms; and
- Participated jointly with OBFM in quarterly procurement planning meetings.



OMWI engaged in the following initiatives and activities with the other financial agency OMWIs:

- Participated in joint quarterly meetings with the OMWI Supplier Diversity Working Group consisting of representatives from the other financial regulatory agencies; and
- Participated in the Joint OMWI Procurement Technical Assistance Event on August 12, 2015. Representatives from the eight agencies with OMWIs, together with the Virginia Procurement Technical Assistance Program, hosted the event in Arlington, VA, entitled “Collaborating for Success” and invited MWOBs to attend. This one-day event featured the following technical assistance sessions: Government Contracting: Debunking the Myths; Federal Proposal Writing 101; Competitive Intelligence for Federal Contractors; and “Prime Time” (featuring a panel of business representatives who explained how teaming arrangements aid in successfully competing for federal contract opportunities). This event was attended by 344 MWOB representatives and received overwhelmingly positive reviews.

### III. Challenges

Federal procurement laws and regulations promote fair and equitable competition in the federal contracting process, which safeguards the integrity of the procurement system. FHFA faces challenges in expanding its MWOB obligations due to FHFA’s size, specificity of its requirements, and the narrow nature of its supervisory and regulatory responsibilities. The Agency’s procurement needs include highly specialized requirements that make contracting with MWOBs more challenging. Many of FHFA’s obligations are for specialized services, such as litigation support services and financial data modeling and analysis. FHFA had several unique business opportunities that resulted in Blanket Purchase Agreements (BPA) and contracts with MWOBs in 2015, including a BPA with an Asian-owned business to support FHFA’s Program Management Office, and a contract with a woman-owned business for Information Technology equipment and supplies. While these opportunities may not recur at the same levels in future years, FHFA is committed to devoting the resources necessary to enhance and improve the Agency’s contracting opportunities to MWOBs.



## Regulated Entity Diversity and Inclusion

While the Dodd-Frank Act applies to most of the financial regulatory agencies, including FHFA, Section 1116 of HERA is unique to FHFA and its regulated entities. HERA grants FHFA enforcement authority over the diversity and inclusion practices of its regulated entities. Consequently, FHFA's supervisory and regulatory responsibilities include ensuring that the regulated entities comply with Section 1116 in all their business and activities, including activities with respect to workforce and procurement.

In 2015, FHFA had two major diversity and inclusion initiatives involving the Enterprises and the FHLBanks. First, FHFA adopted a final rule to amend its regulation on minority and women inclusion to promote board diversity at the FHLBanks and the Office of Finance.<sup>28</sup> This final rule requires each FHLBank and the Office of Finance to include in their annual reports data showing the minority and gender classifications of their boards of directors. The rule also requires the FHLBanks and the Office of Finance to report on the related outreach activities they conducted during the reporting year.

Second, as conservator of Fannie Mae and Freddie Mac, FHFA establishes strategic goals for meeting its conservatorship obligations. The strategic goals focus on maintaining a safe and sound national housing market, reducing taxpayer risk, and building a new securitization infrastructure. The *2015 Scorecard for Fannie Mae, Freddie Mac and Common Securitization Solutions* required the Enterprises to consider diversity and inclusion when conducting their respective business activities and initiatives.

In addition, FHFA engaged in the following activities during 2015 as part of its supervisory responsibilities over the regulated entities' diversity and inclusion activities:

- Evaluated the OMWI annual reports submitted by the regulated entities to assess program strengths and weaknesses;
- Established regular calls with the OMWI office of each regulated entity to monitor their respective activities; and
- Conducted site visits and held meetings with representatives of the regulated entities to discuss their implementation of FHFA's Minority and Women Inclusion regulations at 12 C.F.R. Part 1207.

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<sup>28</sup> See 80 Fed. Reg. 25209 (May 4, 2015).



## Conclusion

FHFA continues to make progress in promoting diversity and inclusion throughout the organization, including in its business activities, contracting, employment, and oversight of the regulated entities. FHFA has positioned itself to enhance the Agency's performance on diversity and inclusion and to ensure that its regulated entities meet their obligations to comply with the diversity and inclusion expectations of HERA. During 2016, FHFA intends to continue implementing the Plan to meet its statutory obligations to advance diversity and inclusion and to foster a work environment that leverages diverse perspectives and approaches to achieve business success at FHFA and the regulated entities.

