



OMWI ANNUAL REPORT TO CONGRESS

January 2016 – December 2016



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)¹ 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) (Enterprises), and the Federal Home Loan Bank System, which includes 11 Federal Home Loan Banks (FHLBanks) and the Office of Finance. The Agency’s mission is to ensure that Fannie Mae, Freddie Mac, and the FHLBanks (together, “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 Fannie Mae and Freddie Mac.

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).² FHFA’s OMWI is responsible for leading the Agency’s efforts to advance diversity and inclusion and for 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, including standards for coordinating technical assistance to such businesses; and
- Assessing the diversity policies and practices of the regulated entities.³

FHFA’s Equal Employment Opportunity (EEO) Program is located within the EEO Services branch of OMWI, which implements FHFA’s official policies concerning EEO law and workplace harassment. Its functions include counseling, alternative dispute resolution, complaint processing, prevention analyses and guidance, compliance reporting, and EEO training.

¹ See 12 U.S.C. 4501 *et seq.*

² See 12 U.S.C. § 5452.

³ See 12 U.S.C. § 5452(b)(2).



Section 1116(f) of HERA requires the Agency to seek diversity in its workforce, at all levels, consistent with the demographic diversity of the United States.⁴ The Dodd-Frank Act requires FHFA's OMWI to submit to Congress an annual report regarding the actions taken by the Agency and OMWI that includes:

- a statement of the total amounts paid by the Agency to contractors since the previous report;
- the percentage of the amounts paid to MWOB contractors;
- the successes achieved and challenges faced by the Agency in operating minority and women outreach programs;
- the challenges the Agency may face in hiring qualified minority and women employees and contracting with qualified minority-owned and women-owned businesses; and
- any other information, findings, conclusions, and recommendations for legislative or Agency action, as the OMWI director determines appropriate.⁵

This report highlights the programs, initiatives, and practices the Agency implemented in compliance with HERA and the Dodd-Frank Act during calendar year 2016 and also reports on Agency progress over years 2012 - 2016.

In July 2015, FHFA adopted the *OMWI Strategic Plan FY 2016 – FY 2018*, which set forth a framework and goals to guide FHFA's efforts to meet its statutory diversity and inclusion requirements. These goals included:

Goal 1: Design a comprehensive OMWI operational structure;

Goal 2: Develop clear and meaningful standards;

Goal 3: Deliver meaningful OMWI communication;

Goal 4: Strengthen the understanding of diversity, inclusion, and equal opportunity; and

Goal 5: Drive FHFA's cultural awareness.

⁴ See 12 U.S.C. § 4520(f).

⁵ See 12 U.S.C. § 5452(e).



FHFA Workforce Diversity and Inclusion

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

This section provides information on the status of the Agency's workforce, the strategies to increase its diversity and ensure inclusion, accomplishments, and the challenges FHFA has faced with respect to its efforts in this area.

I. Workforce Diversity

FHFA relies on a relatively small staff of full-time, permanent employees (FTEs) and, therefore, any growth in diversity is usually manifested in small increments. FHFA's total workforce increased from 559 employees as of December 31, 2015 to 582 as of December 31, 2016. FHFA uses the federal workforce, Civilian Labor Force (CLF), and financial services and insurance industries labor force percentage data for demographic benchmark comparisons.

In 2016, FHFA's total minority representation increased from 40.97 percent to 41.58 percent, among employees who self-identified. The following groups comprised FHFA's minority workforce in 2016: African-American (21.82 percent); Hispanic (3.78 percent); Asian American (12.20 percent); Native American (0.17 percent); and two or more races (3.61 percent).⁶ 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. In addition, the percentage of female employees increased slightly from 43.65 percent in 2015 to 44.67 percent in 2016.

Tables 1 and 2 show increases in FHFA's racial, ethnic and gender diversity since the Agency issued its first OMWI Annual Report to Congress in 2013 for reporting year 2012. The data indicates a 3.11 percentage increase in the Agency's minority population from 2012 (38.47 percent) through December 31, 2016 (41.58 percent). Women represented 44.67 percent of

⁶ 100 percent of FHFA employees self-identified in 2016.



FHFA’s total workforce as of December 31, 2016, compared to 43.93 percent as of December 31, 2012, an increase of 0.74 percent. The data also shows that African-American representation increased 0.79 percent from 21.03 percent to 21.82 percent and Hispanic representation increased by more than 1 percent. The largest increase occurred with Asian representation by 2.80 percent since 2012.

Table 1: FHFA Workforce by Race, Ethnicity, and Gender as of December 31, 2016

Race and Ethnicity	Female		Male		All	
	#	%	#	%	#	%
Total	260	44.67	322	55.33	582	100.00
Non-Minority	121	20.79	219	37.63	340	58.42
Total Minorities	139	23.88	103	17.70	242	41.58
African-American	88	15.12	39	6.70	127	21.82
Hispanic	9	1.55	13	2.23	22	3.78
Asian	28	4.81	43	7.39	71	12.20
Native American	0	0.00	1	0.17	1	0.17
Two or More Races	14	2.41	7	1.20	21	3.61

Table 2: FHFA Workforce by Race, Ethnicity, and Gender as of December 31, 2012

Race and Ethnicity	Female		Male		All	
	#	%	#	%	#	%
Total	257	43.93	328	56.07	585	100.00
Non-Minority	132	22.56	228	38.97	360	61.53
Total Minorities	125	21.37	100	17.10	225	38.47
African-American	85	14.53	38	6.50	123	21.03
Hispanic	10	1.71	6	1.03	16	2.74
Asian	18	3.08	37	6.32	55	9.40
Native American	0	0.00	1	0.17	1	0.17
Two or More Races*	n/a	n/a	n/a	n/a	n/a	n/a
Unidentified Race/Ethnicity	12	2.05	18	3.08	30	5.13

* n/a - means data not available

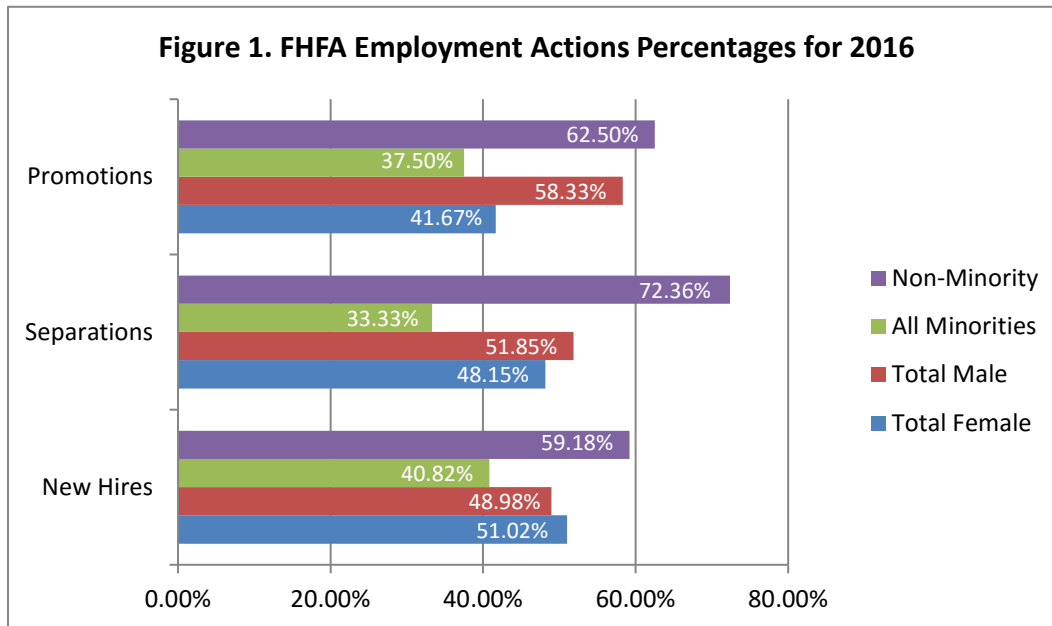


FHFA employment actions in 2016 by gender and minority group status are reflected in **Table 3** and graphically in **Figure 1**.

Table 3: FHFA Employment Actions for 2016 Percentages by Race, Ethnicity, and Gender

Race, Ethnicity, and Gender	New Hires as of December 2016		Separations as of December 2016		Promotions as of December 2016	
	#	%	#	%	#	%
Total	49	100.00	27	100.00	48	100.00
Total Male	24	48.98	14	51.85	28	58.33
Total Female	25	51.02	13	48.15	20	41.67
Non-Minority	29	59.18	18	72.36	30	62.50
All Minorities	20	40.82	9	33.33	18	37.50
African-American	10	20.40	2	12.02	5	10.42
Hispanic	2	0.41	1	9.96	0	0
Asian	7	14.29	5	3.90	9	18.75
Native American	0	0.00	0	0.00	0	0.00
Two or More Races	1	2.04	1	3.70	4	8.33





New Hires - Of the 49 employees hired by FHFA in 2016, minorities and women represented 40.20 and 51.02 percent, respectively. For 2016, the Agency’s hiring rate for minorities and women was above the CLF demographic data of 27.64 percent and 48.14 percent, respectively (see **Table 4**). It was also higher than the federal workforce rates of 35.89 percent for minorities and 44 percent for women. While FHFA’s hiring rate for minorities was higher than the financial services and insurance industries’ demographic data of 31.30 percent, the Agency’s hiring percentage rate for women was lower than the industries’ 58.33 percent for women.

Further analysis of the data by race and ethnicity shows the following hiring rates for 2016: 59.18 percent for white employees, 20.40 percent for African-Americans, 0.41 percent for Hispanics, 14.29 percent for Asians, and 2.04 percent for employees who self-identified as being from two or more races.

Promotion - Minorities and women represented 37.50 and 41.67 percent, respectively, of the 48 employees promoted in 2016. The data indicates that 62.50 percent of promotions went to white employees, 10.42 percent to African-Americans, 18.75 percent to Asians, and 8.33 percent to employees identified in the category of two or more races category.

Attrition - Of the 27 employees who left the Agency in 2016, 33 percent were minorities and 48.15 percent were women. Of the 27, 72.36 percent were white employees, 12.02 percent African-American, 9.96 percent Hispanic, 3.90 percent Asian, and 3.70 percent for employees of two or more races.



II. FHFA Workforce Comparison

FHFA regularly evaluates the composition of its workforce against that of the federal workforce, the CLF, and the financial services and insurance sectors. **Table 4** provides a comparison of FHFA’s diversity profile to these benchmarks.

Table 4: Workforce Comparison (in percentages)

Race, Ethnicity, and Gender	Federal Workforce as of 2016 ⁷	Civilian Labor Force as of 2010 ⁸	Finance and Insurance Labor Force for 2015 ⁹	FHFA Workforce as of December 31, 2016
Total Male	56	51.86	41.67	55.33
Total Female	44	48.14	58.33	44.67
Non-Minority	64.05	72.36	68.70	58.42
All Minorities	35.89	27.64	31.30	41.58
African-American	17.90	12.02	12.55	21.82
Hispanic	8.46	9.96	8.66	3.78
Asian	5.86	3.90	7.65	12.20
Native American	1.71	1.08	0.35	0.17
Two or More Races	1.46	0.54	1.79	3.61

As shown in **Table 4**, the male representation in FHFA’s 2016 workforce (55.33 percent) was similar to that of the federal workforce (56 percent), but higher than the 2015 CLF statistic (51.86 percent) and that of the financial services and insurance industries (41.67 percent). The representation of women in FHFA’s workforce (44.67 percent) was slightly higher than that of the federal workforce (44 percent), but lower than that of the CLF (48.14 percent) and the financial services and insurance industries (58.33 percent). While the overall representation of minorities in FHFA’s workforce (41.58 percent) was higher than all three benchmarks, the levels of minority representation varied from one minority group to the next. For example, African-Americans, Asians, and those who identify as two or more races comprised a higher percentage of FHFA’s 2016 workforce compared to benchmarks, while Hispanics and Native Americans represented a lower percentage compared to the same indices.

⁷ FedScope: Federal Human Resources Data. Fiscal Year 2016. <https://www.fedscope.opm.gov>.

⁸ Civilian Labor Force (CLF) Data as of 2010; United States Census Bureau; <http://www.census.gov/2010census/>.

⁹ Job Patterns for Minorities and Women in Private Industry; 2015 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-eeo1/2015/index.cfm#centercol>.



The following six mission-critical occupations (MCO) support FHFA’s mission: Economist (0110); Management and Program Analyst (0343); Accountant (0510); Financial Analyst (1160); Financial Institution Examiner (0570); and General Attorney (0905). These positions require highly educated and skilled professionals who are able to analyze and provide solutions to complex housing finance issues. The following tables provide the participation rates of the racial/ethnic and gender representations within each MCO in 2016 compared to 2012.

Table 5: FHFA Top Six Mission Critical Occupations as of December 31, 2016

Race, Ethnicity, and Gender	Economists 0110		Financial Analysts 1160		Management ProgAnalysts 0343		Accountants 0510		Financial Institution Examiners 0570		Attorneys 0905		Total	
	#	%	#	%	#	%	#	%	#	%	#	%	#	%
	Total FTEs*	36	100	67	100	74	100	23	100	170	100	36	100	406
TM	24	66.67	43	64.18	32	43.24	14	60.87	111	65.29	19	52.78	243	59.85
TF	12	33.33	24	35.82	42	56.76	9	39.13	59	34.71	17	47.22	163	40.15
Total Minorities	14	38.88	28	41.79	38	51.35	11	47.82	59	34.70	11	30.55	161	39.65
WM	16	44.00	24	35.82	18	24.32	8	34.78	80	47.05	13	36.11	159	39.16
WF	6	16.66	15	22.38	18	24.32	4	7.39	31	18.23	12	33.33	86	21.18
AAM	0	0.00	10	14.92	3	4.05	1	4.34	14	8.23	3	8.33	31	7.63
AAF	2	5.55	6	8.96	20	27.02	0	0.00	13	7.64	3	8.33	44	10.83
HM	0	0.00	0	0.00	2	2.70	1	4.34	6	3.53	1	2.77	10	2.46
HF	1	2.77	0	0.00	1	1.35	0	0.00	2	1.17	1	2.77	5	1.23
AM	7	19.44	8	11.94	6	8.11	2	8.69	11	6.47	2	5.55	36	8.86
AF	3	8.33	2	2.98	1	1.35	5	21.74	11	6.47	1	2.77	23	5.66
2M	1	2.77	1	1.49	3	4.05	2	8.69	0	0.00	0	0.00	7	1.72
2F	0	0.00	1	1.49	2	2.70	0	0.00	2	1.17	0	0.00	5	1.23

* Keys: FTEs- Full-time Equivalent; TM-Total Male; TF-Total Female; WM-White Male; WF-White Female; AAM-African-American Male; AAF-African-American Female; HM-Hispanic Male; HF-Hispanic Female; AM-Asian Male; AF-Asian Female; 2M-Two or More Races Male; 2F-Two or More Races Female



Table 6: FHFA Top Six Mission Critical Occupations as of December 31, 2012

Race, Ethnicity, and Gender	Economists 0110		Financial Analysts 1160		Management ProgAnalysts 0343		Accountants 0510		Financial Institution Examiners 0570		Attorneys 0905		Total	
	#	%	#	%	#	%	#	%	#	%	#	%	#	%
	Total FTEs*	32	100	41	100	33	100	31	100	109	100	30	100	276
TM	25	78.13	26	63.41	15	45.45	16	51.61	74	67.89	17	56.67	173	62.68
TF	7	21.87	15	36.59	18	54.55	15	48.39	35	32.11	13	43.33	103	37.32
Total Minorities	7	21.87	9	21.95	13	39.39	13	41.93	26	23.85	10	33.33	78	28.26
WM	18	56.25	23	56.09	10	30.30	10	32.25	61	55.96	12	40.00	134	48.55
WF	7	21.87	9	21.95	10	30.30	8	25.80	22	20.18	8	26.66	64	23.18
AAM	0	0.00	1	2.44	3	9.10	2	6.45	9	8.25	2	6.66	17	6.15
AAF	0	0.00	4	9.75	6	18.18	2	6.45	10	9.17	4	13.33	26	9.42
HM	0	0.00	0	0.00	0	0.00	1	3.22	2	1.83	0	0.00	3	1.08
HF	0	0.00	0	0.00	1	3.03	0	0.00	0	0.00	1	3.33	2	0.72
AM	7	21.87	2	4.87	2	6.06	3	9.67	2	1.83	3	10.00	19	6.88
AF	0	0.00	2	4.87	1	3.03	5	16.13	3	2.75	0	0.00	11	3.98
2M/2F	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

* Keys: FTEs- Full-time Equivalent; TM-Total Male; TF-Total Female; WM-White Male; WF-White Female; AAM-African-American Male; AAF-African-American Female; HM-Hispanic Male; HF-Hispanic Female; AM-Asian Male; AF-Asian Female; 2M-Two or More Races Male; 2F-Two or More Races Female; n/a- not available

In the Economist (0110) occupational series, data from **Tables 5 and 6** shows that total minority representation increased from 21.87 percent in 2012 to 38.88 percent in 2016. This places FHFA above the CLF and federal workforce representation rates of 27.64 percent and 35.89 percent, respectively. The female representation of 33.33 percent in 2016, however, is still below the benchmarks. The African-American percentage in this MCO rose from 0 percent in 2012 to 5.55 percent in 2016 as a result of the hiring of two African-American female economists. In addition, Hispanic and Asian female representation increased from 0 percent in 2012 to 2.77 percent, and 0 percent in 2012 to 4.54 percent, respectively, over the span of five years.

In the Management and Program Analyst (0343) occupational series, total minority and female representation also increased since 2012, from 39.39 percent to 51.35 percent in 2016, and 54.55 percent in 2012 to 56.76 percent in 2016, respectively. Both rates for this MCO place FHFA above the CLF and federal workforce benchmarks but under the financial services and insurance industry rate of 58.33 percent. Additionally, within the Accountant (0510) occupational series, total minority participation rates in that MCO rose significantly in 2016 to 47.82 percent, up from 41.93 percent in 2012. Overall female participation, however, fell from 15 female employees to 9 in 2016 and was below all the standard benchmarks.



The Financial Institution Examiner (0570) occupational series, which has the largest number of FHFA employees, rose from 109 in 2012 to 170 in 2016. The minority participation rate increased from 23.85 percent in 2012 to 34.70 percent in 2016. A significant increase also

occurred in the Asian representation rate from 4.58 percent in 2012 to 12.94 percent in 2016. Hispanic representation was also higher, with eight employees in 2016, compared to two in 2012, representing an increase from 1.83 percent in 2012 to 4.70 percent in 2016.

The General Attorney (0905) occupational series consisted of a smaller group of 36 employees, with the minority representation rate in that MCO remaining relatively flat, with no significant change. Nevertheless, the total female participation increased from 43.33 percent in 2012 to 47.22 percent in 2016, improving to a level above the federal workforce rate of 44 percent.

Total minority representation in the Financial Analyst (1160) occupational series almost doubled from 21.95 percent to 41.79 percent over the five-year period. African-American male representation experienced the greatest increase, from 2.44 percent in 2012 to 14.92 percent in 2016. Asian male representation more than doubled from 4.87 percent to 11.94 percent, but the total female participation rate for Financial Analysts decreased over that time.

III. Management

FHFA's management team consists of employees with executive skills and broad perspectives from years of experience in academia, government, and private sector service. The members of this group are classified under the FHFA executive pay band category Leadership Level ("LL") and the supervisory or upper management grades EL 13 through EL 15. **Tables 7 and 8** compare the number and percentage rates of FHFA's management team by race, ethnicity, and gender between 2012 and 2016.



Table 7: Diversity in FHFA’s Management as of December 31, 2016

Race and Ethnicity	Female		Male		All	
	#	%	#	%	#	%
Management Total	45	40.18	67	59.82	112	100.00
Non-Minority	24	21.43	52	46.43	76	67.86
Total Minorities	21	18.75	15	13.39	36	32.14
African-American	12	10.71	6	5.35	18	16.06
Hispanic	2	1.79	3	2.68	5	4.46
Asian	1	0.89	3	2.68	4	3.57
Native American	0	0.00	0	0.00	0	0.00
Native Hawaiian/ Pacific Islander	0	0.00	1	0.89	1	0.89
Two or More Races	6	5.36	2	1.785	8	7.14

Table 8: Diversity in FHFA’s Management as of December 31, 2012

Race and Ethnicity	Female		Male		All	
	#	%	#	%	#	%
Total	46	39.32	71	60.68	117	100.00
Non-Minority	32	27.35	56	47.86	88	75.21
Total Minorities	12	10.26	13	11.11	25	21.37
African-American	10	8.55	7	5.98	17	14.53
Hispanic	2	1.71	3	2.56	5	4.27
Asian	0	0.00	3	2.56	3	2.56
Native American	0	0.00	0	0.00	0	0.00
Undefined	2	1.71	2	1.71	4	3.42

The number of management level employees at FHFA decreased from 117 in 2012 to 112 in 2016. However, female managerial representation in the FHFA workforce increased to 40.18 percent in 2016 compared to 39.32 percent in 2012 and FHFA experienced a significant increase in the number of minority female managers over that period, from 12 in 2012 to 21 in 2016. The Agency also experienced an increase in the number of minority managers from 21.37 percent in 2012 to 32.14 percent in 2016. In comparison to the federal workforce, CLF, and the financial services and insurance labor forces, however, FHFA’s female manager representation was lower (see **Table 4**). With respect to minority representation, FHFA’s rate of 32.14 percent in 2016



was higher than the CLF and the financial services and insurance labor force data but below the federal workforce rate of 35.89 percent.

IV. Internships

The Agency sponsors an annual summer internship program for high school, college and graduate students, as well as recent college graduates to create a pipeline of talented applicants from which future positions may be filled. The program provides meaningful training and career development opportunities for individuals interested in a career in financial services or the federal government.

FHFA announced its 2016 internship opportunities on USAJOBS, the federal government’s recruiting website, and on the Agency’s website. The Agency’s Office of Human Resources Management (OHRM) also conducted outreach to numerous colleges and universities, including Historically Black Colleges and Universities and Hispanic-Serving Institutions, by announcing the summer internships on their college and university career services websites. OMWI represented FHFA at the Financial Services Pipeline Initiative 2016 Summer Intern Career Program, a conference at the Federal Reserve Bank of Chicago attended by more than 100 interns to learn about career paths to jobs in the financial services industry.

Table 9 provides a diversity profile of the 34 interns FHFA hired during 2016 that shows that minorities and women represented 41.18 and 26.47 percent of the internships, respectively. Of the 34 students, 58.82 percent were white, 17.65 percent African-American, and 23.53 percent Asian.

Table 9: 2016 Summer Interns

Race and Ethnicity	Female		Male		All	
	#	%	#	%	#	%
Intern Total	21	61.76	13	38.24	34	100.00
Non-Minority	9	26.47	11	32.35	20	58.82
Total Minorities	12	35.20	2	5.88	14	41.18
Hispanic	0	0.00	0	0.00	0	0.00
African-American	5	14.71	1	2.94	6	17.65
Asian	7	20.59	1	2.94	8	23.53
Native American	0	0.00	0	0.00	0	0.00
Two or More Races	0	0.00	0	0.00	0	0.00



V. Successes

Management Development and Training

During 2016 FHFA experienced considerable growth in minority representation in its management. To cultivate outstanding leadership and a culture of inclusion and to enhance the skills of its current executives and supervisors, FHFA continued to offer leadership development training and mentoring opportunities to that group.

FHFA embraces a combination of traditional classroom-based and online learning to support its self-directed, leadership development model. This “blended” learning approach was used to deliver multiple events related to EEO and diversity and inclusion topics. This strategy also aligned with the **OMWI Strategic Plan Goal 4** (to strengthen the understanding of diversity, inclusion, and equal opportunity), where OMWI provided customized training to increase manager awareness and knowledge of equal opportunity laws. The mandatory training covers EEO compliance, diversity, workplace harassment, and disability and reasonable accommodations, to meet the requirements of the Notification and Federal Employee Antidiscrimination and Retaliation Act (No FEAR Act). OMWI also continued to sponsor seminars about the Agency’s diversity and inclusion obligations during FHFA’s annual Supervision Conference.

In 2016 FHFA sponsored a Managers’ Conference using the theme “The Engaged Leader,” which was attended by 100 managers and supervisors. The speakers provided information on how to recognize and manage the unique differences between diverse members of staffs. The highlight of the conference was a presentation on generational differences and the challenges of managing employees with differing approaches to work. In breakout sessions, attendees listened to various presentations and participated in team exercises that challenged them to be the best models and motivators for their employees. The event generated very positive feedback and a second Managers’ Conference is planned for 2017.

In 2016 FHFA also launched a new partnership with the Treasury Executive Institute (TEI) which sponsors or organizes webinars, seminars, and in-person training or learning events. TEI offers over 30 unique courses each quarter that are provided by leading universities, authors, and thought leaders. FHFA used e-mail and training announcements to highlight the offerings in the TEI Catalog, which included both specific EEO and diversity and inclusion-related courses. The TEI contract was renewed for 2017 and will continue to be a part of FHFA’s leadership development model.

The following list highlights several other major training and development initiatives FHFA offered during 2016 to enhance the skills of existing and future leaders:



- 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 TEI;
- Executive, managerial, and leadership coaching;
- Mandatory training for new supervisors;
- Influencer training – learning how to influence and persuade;
- Resiliency, which focused on providing participants with tools to overcome obstacles to achieving success;
- Government Leadership Advantage, which focused on developing the Executive Core Qualifications for leading change, leading people, driving results, improving business acumen, and building coalitions; and
- 2016 Excellence in Government Program.

FHFA has also expanded the performance measures incorporated in the Job Performance Plans of FHFA managers and supervisors to ensure manager accountability for diversity and inclusion. FHFA worked with the Equal Employment Opportunity Commission to meet their specific guidelines about how to evaluate executives, managers and supervisors. The new measures will be used to evaluate the performance of all managers and executives for 2017 and thereafter.

Diversity and Awareness Education for the Workforce

Consistent with **OMWI Strategic Plan Goals 3, 4, and 5** (to deliver meaningful OMWI communication, strengthen the understanding of diversity, inclusion, and equal opportunity, and drive FHFA cultural awareness), OMWI continued to serve as the leader of FHFA's efforts to meet its cultural inclusion responsibilities. On behalf of the Agency, OMWI offered specialized diverse and culturally educational programming, and supported national heritage and history commemorations during Black History Month, Women's History Month, Holocaust Remembrance Day, Asian American & South Pacific Islander Heritage Month, National Hispanic Heritage Month, Disability Awareness Month, Veterans Day, and Native American Heritage Month. These Lunch and Learn sessions featured recognized speakers, and Agency-wide announcements about them increased attendance and awareness of diverse cultural contributions.

FHFA also continued its efforts to modernize its platforms for delivering internal communications about the importance of diversity and inclusion and OMWI's mission by using FHFA's online newsletter, intranet, and television monitors. The Agency offered EEO and sensitivity awareness training for employees, hosted periodic meetings with various Agency



offices to promote diverse perspectives and relationship building within the Agency's daily business activities, and conducted presentations as part of the orientation of new employees.

The Agency continued to cultivate greater awareness and understanding of diversity and inclusion through the annual mandatory training conducted by FHFA's Ethics Office. The ethics program is based on the Agency's four core values: respect, excellence, integrity, and diversity, and the training provides opportunities for employees to deepen their understanding of ethics within the context of those values and beyond mere compliance with laws and regulations. The 2016 training sessions, entitled "Winning Strategies for Ethical Decision Making," highlighted FHFA's four values, including diversity, using dynamic classroom sessions and written materials. In addition to emphasizing the importance of FHFA's values, realistic work examples were discussed to help employees learn how to translate FHFA's values into positive action. All new employees also receive a written statement of FHFA's values as part of the mandatory ethics training during their first week at the Agency.

FHFA also supported efforts to enhance OMWI staff's knowledge and understanding of diversity and inclusion industry standards and best practices by supporting their participation in training and development initiatives. During 2016 several members of the OMWI staff completed the Cornell University School of Industrial and Labor Relations (ILR) Diversity and Inclusion Certificate Program. The staff also supplemented their skills with additional training and participation in events, including the following:

- Best and promising practices for Special Emphasis Programs EEO Meeting;
- Diversity Best Practices Reveals their 2015 Benchmarking Survey Results;
- How to Manage Heated Cultural Diversity Conversations;
- 2016 National Association of Professional Asian American Women 23rd Training Program;
- EEO Investigator Refresher Training;
- National Employment Law Institute Update conference;
- Mediation Skills and Process course;
- EEOC Executive Leadership Training; and
- Annual Federal Dispute Resolution Conference 2016.

Workforce Culture - Employee Engagement

During 2016 FHFA approved the issuance of a Diversity and Inclusion Climate Survey to gauge employee perceptions about their work environment, equal employment opportunity, support for diversity, and workplace inclusiveness. The survey is designed to help identify any gaps between the Agency's approach to and employees' understanding of diversity and inclusion. The results will enable the Agency to set benchmarks to track the progress of its diversity and inclusion programs in the future. The survey results are being analyzed and will be used to enhance FHFA's efforts to meet its **OMWI Strategic Plan Goals 4 and 5**, strengthening the



understanding of diversity, inclusion, and equal opportunity and driving FHFA's cultural awareness. Specific insight into where diversity and inclusion knowledge gaps exist will help OMWI's efforts to foster a work environment that leverages diverse perspectives and approaches for achieving Agency mission and business success.

OMWI also continued to build collaborative relationships with its sister financial regulatory agencies, and to pool resources throughout 2016 with networking opportunities and joint projects with other OMWI offices, and the Office of Personnel Management (OPM), among others. FHFA's OMWI Director attended periodic meetings with other OMWI Directors to exchange information, compare notes, and share and discuss best practices and anecdotal situations and issues. OMWI staff completed OPM Diversity & Inclusion Collaboration and Innovation training to acquire tools for creating dynamic collaboration and innovation in the workplace.

Diversity Workforce Recruitment

FHFA continued its ongoing efforts to build new relationships and seek resources to develop a diverse pool of applicants that included more individuals with disabilities, Hispanics, and veterans. The Agency also participated in various external recruitment and outreach events sponsored by professional associations and other organizations serving minorities, women, and the disabled, including the following:

- American Economic Association Conference, a learned society of economists with leading resources for job openings and career paths for economists worldwide;
- Federal Asian-Pacific American Council, which promotes the advancement of Asian-Pacific American employees in the federal government workforce;
- Equal Opportunity Publications – Careers & disABLED Career Expo, a leader in diversity recruitment publishing and hosting job fairs for minority groups, women and people with disabilities;
- Service Academy Career Conference, which hosts the only job fair exclusively for recruitment of service academy alumni;
- 2016 Association of Latino Professionals for America Convention, a professional association dedicated to enhancing opportunities for Latinos in the accounting, finance, and related professions;
- National Association of Asian MBAs (Ascend/NAAMBA), a professional development and diversity Career Exposition geared towards providing Pan-Asian job seekers opportunities to connect with recruiters;
- 2016 Prospanica Conference & Career Expo (formerly the National Society of Hispanic MBAs), which connects Hispanic MBA talent to professional opportunities through internships, mentoring, career management seminars, job fairs, networking and professional development; and



- 15th Annual Asian Diversity Career Exposition, which was organized to provide unique Asian-American and Asian international talent for recruitment.

To address the low participation of Hispanics in our workforce, FHFA took proactive steps to increase the number of Hispanic applicants and hires by expanding outreach and recruitment at Hispanic career expositions and conferences. Two new hires in 2016 were Hispanic and since 2012 the number of Hispanic males in FHFA's workforce has more than doubled.

FHFA also participated in the Workforce Recruitment Program (WRP) for College Students and Recent Graduates with Disabilities during 2016. WRP participants are students or recent graduates with disabilities who are interested in internships and permanent positions with the federal government. FHFA hired one student intern through the WRP and one veteran in 2016.

Additionally, FHFA has a dedicated Human Resources Account Manager within each business unit to assist leadership in executing human-resource related actions. These Account Managers educate managers on hiring flexibilities, such as Schedule A authority and the benefits of using such flexibilities. FHFA hired one new employee under its Schedule A hiring authority in 2016.

Overall, expanded recruitment strategies resulted in 20 minority and 13 women hires among the 49 new FHFA employees in 2016. Of the 20 minority hires, 10 were African-Americans, 7 Asians, 2 Hispanics, and 1 self-identified as two or more races. In October 2016, FHFA also promoted an Asian male to its executive ranks.

FHFA has a Section 508 committee which brings together business units responsible for communications, information technology, equal employment opportunity, procurement, diversity and inclusion, and human resources, to oversee the design and execution of Section 508 remediation activities and offerings for internal and external users of FHFA information. In 2016, FHFA redesigned its template for quarterly and annual No FEAR data to be 508-compliant, making all Agency information accessible for people with disabilities as required under Section 508 of the Rehabilitation Act of 1973, as amended.

VI. Challenges

While FHFA has achieved tangible results in promoting diversity and inclusion in its workforce, more challenges and opportunities remain. As FHFA explores potential opportunities, the Agency acknowledges, understands, and manages a number of ongoing challenges in the area of workforce diversity, as more fully discussed below.

The Agency must work within the constraints of a database system populated with information voluntarily provided by employees. Without consistently reliable or comprehensive data, the Agency is limited in its ability to analyze and evaluate its workforce demographics, the effects of its policies and practices on the Agency's workforce diversity and its ability to implement and enhance some of its diversity and inclusion strategic initiatives.



In 2016 we continued our efforts to build a more robust human resources information system (HRIS) that will enable FHFA to collect additional demographic data to support our workforce diversity and inclusion efforts, especially as related to our job performance evaluations. The Agency is in the process of fully migrating to HRIS to incorporate work processes, integrate data and systems, and deliver human resource data analytics.

FHFA's project to capture Applicant Flow Data progressed considerably in 2016 and full implementation is expected in 2017. In 2016, FHFA OMWI staff partnered with OPM's USA Staffing Applicant Flow Data Workgroup to learn more about applicant flow data tools, and our OHRM continued work to implement a customized tracking system that collects and stores reliable data vital to FHFA's ability to develop benchmarks. HRIS will also assist FHFA to better understand the impact and effects of its direct and other special hiring authorities, and the ability to understand the demographic make-up of candidates who may be interested in working at FHFA will enable the Agency to enhance our recruitment and hiring practices and improve workforce diversity and inclusion. A year-to-year analysis of aggregate applicant flow data will enable FHFA to determine whether the number of qualified diverse applicants increased, especially in the mission-critical occupations. In 2017, FHFA OMWI will collaborate with OHRM on data analysis.

Because of its size, FHFA faces certain unavoidable limitations in that it has significantly fewer hiring opportunities than other financial regulatory agencies, as well as a very low attrition rate. This limits our ability to dramatically affect changes to the racial, ethnic and gender composition of our workforce.

FHFA will continue to tackle these challenges, where practicable, with the following actions:

- Increasing collaboration across the Agency to promote the understanding of diversity and the benefits of inclusion;
- Cultivating more relationships with external organizations that promote diversity;
- Using targeted recruiting strategies to expand outreach; and
- Continuing our internship programs to ensure diversity and inclusion in the pipeline and succession planning.

FHFA Business Diversity and Inclusion

I. Contracting Activities and Five-Year Analysis

Consistent with our commitment to promote diversity and ensure the inclusion and utilization of MWOBs in the Agency's business activities, FHFA set out to increase the dollar value of contracting actions obligated to MWOBs, consistent with legal standards.



The Agency compiled and analyzed its contracting actions throughout 2016 and reported its total contracting dollars obligated to MWOBs as part of the Agency’s *Performance and Accountability Annual Report*.

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.¹⁰ Contract obligations reflect the combined total of dollars obligated and de-obligated on a contract during the course of the year. In 2016, FHFA executed 509 contract actions and spent a total of \$45,472,225, of which 161 contract actions were with MWOBs for a total spend of \$13,813,197, up from \$10,552,620 in 2015.¹¹ This represents 31.63 percent of all contracting actions by number and 30.38 percent of the total dollar amount spent by FHFA. **Tables 10 and 11** provide a historical breakdown, from 2012 through 2016, of contracting actions and percentages, as well as the dollar value of awards to MWOBs.

Table 10: FHFA Five-Year Contracting Actions Overview 2012 – 2016

Business Type by Race, Ethnicity, and Gender	Calendar Year									
	2016		2015		2014		2013		2012	
	#	%	#	%	#	%	#	%	#	%
FHFA Contract Actions	509	100.00	532	100.00	564	100.00	647	100.00	713	100.00
All Other Businesses	348	68.37	378	71.05	419	74.29	489	75.58	546	76.58
MWOBs¹²	161	31.63	154	28.95	145	25.71	158	24.42	167	23.42
Minority-Owned	96	18.86	89	16.73	80	14.18	92	14.22	126	17.67
<i>Women-Owned</i>	100	19.65	93	17.48	97	17.20	102	15.77	90	12.62
Asian American	34	6.68	40	7.52	20	3.55	32	4.95	29	4.07
<i>Women-Owned</i>	10	1.96	6	1.13	6	1.06	8	1.24	7	0.98
Native American	16	3.14	9	1.69	14	2.48	9	1.39	24	3.37
African-American	20	3.93	11	2.07	17	3.01	26	4.02	43	6.03
<i>Women-Owned</i>	12	2.36	7	1.32	10	1.77	9	1.39	23	3.23
Hispanic American	26	5.11	29	5.45	29	5.14	25	3.86	30	4.21
<i>Women-Owned</i>	13	2.55	15	2.82	16	2.84	19	2.94	19	2.66
Women-Owned <i>No Minority Status</i>	65	12.77	65	12.22	97	17.20	102	15.77	90	12.62

¹⁰ For the purposes of this report, the terms “contract obligations” and “contract spend” are used interchangeably.

¹¹ Building leases and Inter-Agency Agreements (IAAs) are not included in the total actions and spend reported.

¹² 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 161 total.



Table 11: FHFA Five-Year Spend Overview 2012 – 2016

Business Type by Race, Ethnicity, and Gender	Calendar Year									
	2016		2015		2014		2013		2012	
	# of Dollars Obligated	% of Dollars Obligated	# of Dollars Obligated	% of Dollars Obligated	# of Dollars Obligated	% of Dollars Obligated	# of Dollars Obligated	% of Dollars Obligated	# of Dollars Obligated	% of Dollars Obligated
FHFA Total Dollars Obligated	\$45,472,225.99	100.00	\$35,912,677	100.00	\$47,212,939	100.00	\$62,165,202	100.00	\$42,172,561	100.00
All Other Businesses	\$31,659,028.99	69.62	\$25,360,057	70.62	\$38,655,097	81.87	\$55,002,066	88.48	\$33,958,828	80.52
MWOBs¹³	\$13,813,197	30.38	\$10,552,620	29.38	\$8,557,842	18.13	\$7,163,136	11.52	\$8,213,733	19.48
Minority-Owned	\$12,580,108	27.67	\$6,642,508	18.50	\$6,295,832	13.33	\$4,926,207	7.92	\$7,124,279	16.89
<i>Women-Owned</i>	\$8,203,188	18.04	\$7,445,529	20.73	\$6,208,945	13.15	\$4,361,434	7.07	\$3,416,404	8.10
Asian American	\$6,097,325	13.41	\$3,808,266	10.60	\$2,527,559	5.35	\$1,893,485	3.05	\$1,831,037	4.34
<i>Women-Owned</i>	\$1,634,915	3.60	\$1,130,948	3.15	\$1,106,029	2.34	\$313,011	0.50	\$188,929	0.45
Native American	\$349,622	0.77	\$128,946	0.36	\$216,822	0.46	\$330,962	0.53	\$701,892	1.66
African-American	\$1,798,508	3.76	\$944,375	2.63	\$1,340,369	2.84	\$1,476,553	2.38	\$981,407	2.33
<i>Women-Owned</i>	\$1,280,047	2.82	\$939,790	2.61	\$919,698	1.95	\$925,545	1.49	\$493,243	1.17
Hispanic American	\$4,334,652	9.53	\$1,760,920	4.90	\$2,211,082	4.68	\$1,225,207	1.97	\$3,609,943	8.56
<i>Women-Owned</i>	\$4,055,136	8.92	\$1,466,679	4.08	\$1,921,208	4.07	\$885,950	1.43	\$1,644,738	3.90
Women-Owned No Minority Status	\$1,233,089	2.71	\$3,910,111	10.89	\$2,262,010	4.79	\$2,236,928	3.60	\$1,089,495	2.58

¹³ 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.

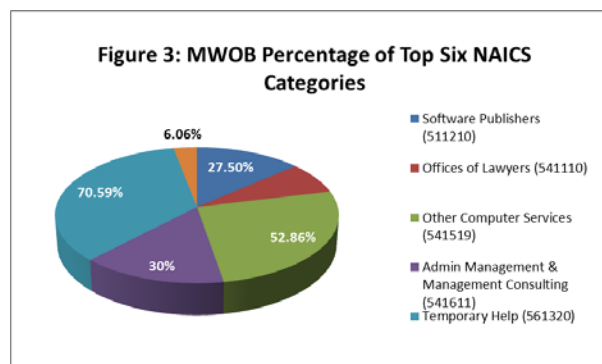
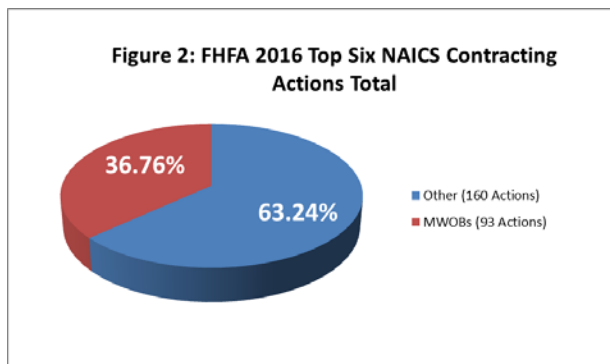


FHFA 2016 Top Six NAICS Codes Contracting Actions and Spend Overview Tables

During 2016, FHFA evaluated the contracting actions and spend as categorized under the North American Industry Classification System (NAICS). 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.¹⁴ FHFA’s top spends in 2016 were in the following NAICS areas, categories, and codes: Software Publishers (511210), Offices of Lawyers (541110), Other Computer Related Services (541519), Administrative Management and General Management Consulting (541611), Temporary Help Services (561320), and Professional and Management Development Training (611430). These categories correspond generally to information technology (IT), legal, and other services.

As shown in **Tables 12** and **13**, FHFA had 253 contracting actions in its top six NAICS codes, a total of \$22,503,433 in obligated dollars for those codes. Of those, 93 contracting actions, 36.75 percent, were with MWOBs.

Figure 2 depicts the distribution of FHFA contract actions in 2016 for the top six NAICS categories. **Figure 3** depicts the distribution of contract awards to MWOBs by NAICS Category.



¹⁴ North American Industry Classification System, 2017, U.S. Census; <http://www.census.gov/eos/www/naics/>.



Table 12: FHFA 2016 Top Six NAICS Codes Contracting Actions Overview

Business Type by Race, Ethnicity, and Gender	<u>511210</u>		<u>541110</u>		<u>541519</u>		<u>541611</u>		<u>561320</u>		<u>611430</u>		<u>Total MWOB NAICS</u>	
	# 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
Top 6 NAICS	40	100	26	100	70	100	50	100	34	100	33	100	253	100
Other Businesses	29	72.50	22	84.61	33	47.14	35	70	10	29.41	31	93.94	160	63.24
MWOBs	11	27.50	4	15.39	37	52.86	15	30	24	70.59	2	6.06	93	36.76
M-Owned	5	12.50	4	15.39	20	28.57	13	26	0	0	0	0	42	16.60
W-Owned	6	15	0	0	17	24.29	2	8	24	70.59	2	6.06	51	20.16
Asian American	4	10	1	3.85	13	18.57	8	16	0	0	0	0	26	10.28
<i>W-Owned</i>	0	0	0	0	4	5.71	0	0	0	0	0	0		
Native American	0	0	0	0	2	2.85	0	0	0	0	0	0	2	0.79
African-American	0	0	0	0	0	0	3	6	0	0	0	0	3	1.19
<i>W-Owned</i>	0	0	0	0	0	0	2	4	0	0	0	0		
Hispanic American	1	2.50	3	11.54	5	7.14	2	4	0	0	0	0	11	4.34
<i>W-Owned</i>	0	0	0	0	5	7.14	0	0	0	0	0	0		
W-Owned <i>No M-Status</i>	6	15.00	0	0	17	24.29	2	4	24	70.59	2	6.06	51	20.16



Table 13: FHFA 2016 Top Six NAICS Codes Spend Overview

Business Type by Race, Ethnicity, and Gender	<u>511210</u>		<u>541110</u>		<u>541519</u>		<u>541611</u>		<u>561320</u>		<u>611430</u>		<u>Total MWOB NAICS</u>	
	# Of Spend ¹⁵	% 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
Other Businesses	\$1,548,820	67.66	\$9,953,807	100	\$2,484,302	39.76	\$1,476,783	43.50	\$55,920	24.31	\$375,075	96.9	\$15,894,706	70.63
MWOBs	\$740,334	32.34	\$0	0	\$3,764,274	60.24	\$1,917,990	56.50	\$174,143	75.69	\$11,986	3.1	\$6,608,727	29.37
M -Owned	\$583,756	25.50	\$0	0	\$3,190,840	51.06	\$1,917,990	56.50	\$0	0.00	\$0	0	\$5,692,586	25.29
W -Owned	\$156,578	6.83	\$0	0	\$573,434	9.17	\$0	0.00	\$174,143	75.69	\$11,986	3.1	\$916,141	4.07
Asian American	\$557,353	24.35	\$0	0	\$932,107	14.91	\$1,631,558	48.06	\$0	0	\$0	0	\$3,121,018	13.86
W-Owned	\$0	0	\$0	0	\$95,424		\$0	0	\$0	0	\$0	0		
Native American	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0
African- American	\$0	0	\$0	0	\$0	0	\$111,400	3.28	\$0	0	\$0	0	\$111,400	0.49
W-Owned	\$0	0	\$0	0	\$0	0	\$111,400		\$0	0	\$0	0		
Hispanic American	\$26,403	1.15	\$-12,053*	-0.12	\$2,258,733	36.14	\$175,032	5.16	\$0	0	\$0	0	\$2,460,168	10.87
W-Owned	\$0	0	\$0	0	\$2,258,733		\$0	0	\$0	0.00	\$0	0		
W-Owned No Minority Status	\$156,578	6.83	\$0	0	\$573,434	9.17	\$0	0	\$174,143	75.69	\$11,986	3.1	\$916,141	4.07
Total of Obligated Per NAICS	\$2,289,154	10.17	\$9,953,807	44.23	\$6,248,576	27.76	\$3,394,773	15.08	\$230,063	1.02	\$387,061	1.72	\$22,503,433	100.00

*The negative number is because of a de-obligation of unused funds for a contract that ended in 2016.

¹⁵ For the purpose of this report, “spend” and “obligations” are used interchangeably.



II. Successes

Contract Awards

Compared to previous years, FHFA made progress in its efforts to provide more opportunities for MWOBs competing for Agency contracts. The Agency employed both existing and new strategies for increasing the Agency's MWOB spend during 2016. OMWI and the FHFA Office of Budget and Financial Management (OBFM) worked together to raise Agency awareness of diverse contractors in the procurement planning process and monitored the Agency's progress through quarterly procurement planning meetings.

FHFA successfully issued the following contract awards to MWOBs:

- A new award to a minority, women-owned business for information technology servers;
- A new solicitation and subsequent award to an economically disadvantaged, minority, women-owned business for Building Operations Support Services;
- Recompensation of the Help Desk contract with an award to a minority-owned business;
- Recompensation of an office supplies Blanket Purchase Agreement (previously awarded to a large business) with an award to a minority-owned small business;
- A follow-on contract award under the 8(a) Business Development (BD) Program for furniture, fixtures, and equipment to an 8(a) Alaskan Native Corporation;
- 13 new IT contract awards were made to women-owned small businesses and eight were to minority-owned small businesses, with a total value of over \$10.1 million (the Help Desk and servers referenced above are included in this amount) and three new IT awards were made to service-disabled, veteran-owned businesses;
- A follow-on website content support services award under the 8(a) BD Program was made to a minority-owned small business;
- Recompensation of translation services with an award to an economically disadvantaged, women-owned business;
- A follow-on recompensation for LinkedIn Licenses resulted in an award to a HUBZONE service-disabled, veteran-owned small business;
- A new contract award for IT end-user training to a minority, women-owned small business;
- A new contract award for data analytics services to a women-owned small business;
- A new contract award for the Electronic Profile Information Center (EPIC) system training credits to a women-owned small business; and
- A new task order for ongoing work continued with a minority-owned small business to support FHFA's Program Management Office.



Supplier Diversity Outreach Program

Throughout 2016, FHFA focused its efforts on several important supplier diversity outreach activities to assist potential MWOBs in overcoming any real or perceived barriers to doing business with the Agency. FHFA participated in business expositions, one-on-one matchmaking sessions, and panel presentations. For example, OBFM procurement staff provided information and responded to questions on FHFA business opportunities at the 26th Annual Government Procurement Conference and the 2016 National Minority Supplier Development Council Business Opportunity Fair. OMWI representatives also exhibited and/or were featured speakers at external events, including the following:

- U.S. Pan-Asian American Chamber of Commerce Business Roundtable, whose mission is to provide business and professional opportunities for Asian-Americans in corporate America, and the federal, state, and local government levels (matchmaking and networking sessions);
- 26th Annual Government Procurement Conference, a national conference that fosters business partnerships between the federal government, its prime contractors, and small, minority-owned, service-disabled, veteran-owned, HUBZone, and women-owned businesses;
- Hispanic Chamber of Commerce 2016 Legislative Summit, which offers matchmaking sessions;
- Five Star Diversity Symposium, an event focused on advancing the conversation on diversity within the mortgage industry, featuring keynote addresses from diversity leaders, roundtable discussions, and panels covering the most pressing diversity and inclusion issues facing our industry;
- Women's Business Enterprise National Council 2016 National Conference and Business Fair, the largest conference of its kind for women business owners in the U.S. that features matchmaker sessions and networking opportunities;
- League of United Latin American Citizens Annual National Convention and Expo, which showcases business and government contracting opportunities in outreach to the U.S. Hispanic population;
- National Gay and Lesbian Chamber of Commerce 2016 International Business and Leadership Conference, an annual event that offers networking and one-on-one matchmaker meetings for contracting opportunities;
- 13th Annual National Convention of Service-Disabled Veteran and Small Businesses (SDVOB), which provides SDVOB opportunities to meet and partner with government agencies and prime vendors who understand the value of utilizing SDVOB partners;
- National Association of Women in Real Estate Businesses (NAWRB) Conference, an event that advocates and promotes women-owned businesses (NAWRB is the only third-party industry-specific certifier of women-owned businesses and minority women-owned businesses in the housing economy); and
- 2016 National Minority Supplier Development Council Business Opportunity Fair, the nation's premier forum on minority supplier development, at which more than 6,000



corporate CEOs, procurement executives and supplier diversity professionals from the top multinational companies and government, as well as leading Asian, Black, Hispanic and Native American business owners and international organizations, convene for targeted sessions, workshops and networking.

FHFA OMWI also participated in joint quarterly meetings with the OMWI Supplier Diversity Working Group, which consisted of OMWI representatives from other financial regulatory agencies who gathered to share experiences and strategies for increasing supplier diversity and to pool resources for vendor outreach and technical assistance.

Diversity and Inclusion Standards and Procedures

Consistent with **OMWI's Strategic Plan Goal 2** (to develop clear and meaningful standards), the Agency is in the process of developing diversity and inclusion standards to ensure the fair inclusion of MWOBs in its contracts, and to increase the participation of demographically underrepresented groups, where feasible.

Section 342(c)(3)(A) of the Dodd-Frank Act requires that each agency's standards and procedures include procedures to determine whether a contractor or subcontractor has failed to make a good-faith effort to include minorities and women in its workforce. To comply with this requirement, FHFA developed a Minority and Women Inclusion (MWI) clause that is included in all Agency contracts with a dollar value greater than the simplified acquisition threshold (currently \$150,000). The MWI clause requires contractors to provide, upon request by FHFA, documentation that they and any covered subcontractor have made a good-faith effort to ensure the fair inclusion of minorities and women in its workforce. To begin implementing the information-collection requirement of the MWI clause that the Agency adopted in 2012, FHFA published a Notice for Proposed Collection and Request for Comment in the *Federal Register* in 2016.¹⁶ Once this information collection has been approved by the Office of Management and Budget, OMWI will develop and implement procedures to conduct "good-faith effort" reviews of covered contractors and subcontractors.

III. Challenges

FHFA faces challenges in expanding its MWOB engagements due to FHFA's size and the specificity of its requirements. The Agency's procurement needs include highly specialized requirements that have tended to make contracting with MWOBs more challenging. Many of FHFA's obligations are for specialized services in financial services litigation support and financial data modeling and analysis, in which fewer MWOBs typically have extensive experience. In general, IT security requirements are also evolving in the face of heightened awareness of cybersecurity issues and new requirements may adversely affect participation by

¹⁶ See 81 FR 81766, November 18, 2016.



small businesses, often MWOBs. Despite these challenges, FHFA is committed to devoting the resources necessary to try to maintain and, where possible, increase contracting opportunities for MWOBs.

Ensuring Diversity and Inclusion at Regulated Entities

Section 342 of the Dodd-Frank Act applies to most financial regulatory agencies, including FHFA. Section 1116 of HERA, however, is unique to FHFA and its regulated entities and grants FHFA enforcement authority over the diversity and inclusion practices of FHFA's regulated entities. Consequently, FHFA's supervisory and regulatory mandate includes ensuring that the regulated entities comply with Section 1116 of HERA in all their business and activities, including workforce and procurement.

FHFA's Minority and Women Inclusion Rule (12 CFR 1207) established minimum requirements for the diversity and inclusion programs of the regulated entities and the Office of Finance. In 2016, the Agency updated the rule by publishing a notice of proposed rulemaking (NPRM) in the *Federal Register*¹⁷ to require the regulated entities to develop and implement strategic plans to promote diversity and ensure inclusion of minorities, women and individuals with disabilities in all activities and at every level of their respective organizations. The NPRM clarified the scope of the HERA requirements to improve the usefulness and comparability of the annual reports the regulated entities and the Office of Finance submit to FHFA describing their diversity and inclusion program and actions. Requiring the use of a strategic plan process will guide each entity's individual diversity and inclusion program in terms of function and implementation while improving the usefulness and comparability of the reports.

Consistent with FHFA's responsibilities under Section 1116 of HERA, FHFA OMWI's supervision team has developed an examination program for use by FHFA to examine and assess the diversity and inclusion practices of all the regulated entities and the Office of Finance. In 2016, FHFA completed approval of a diversity and inclusion examination program module that focuses the Agency's regulatory supervision on the criteria and tools each regulated entity uses within its corporate framework to implement its diversity and inclusion program. FHFA evaluates the entity's program development, performance, and maintenance. To implement the examination protocol for assessing regulated entity compliance with HERA, FHFA regulations, and agency guidelines and standards, FHFA OMWI recruited and hired experienced financial institution examiners to conduct diversity and inclusion examinations at the regulated entities beginning in 2017. These examiners also completed the Cornell University's ILR Diversity and Inclusion Professionals Certificate Program.

¹⁷ See 81 FR 74730, October 27, 2016.



As conservator of Fannie Mae and Freddie Mac, FHFA annually establishes strategic goals for them to meet as conservatorship obligations. Since 2013, FHFA has created an annual “*Conservatorship Scorecard*” that summarizes its priorities and expectations for the two entities and charts their performance against those goals and objectives. As in 2015, the *2016 Scorecard for Fannie Mae, Freddie Mac and Common Securitization Solutions (2016 Scorecard)* called for the regulated entities to consider diversity and inclusion when conducting their respective business activities and initiatives, including workforce, procurement, and financial transactions. FHFA’s evaluation of Fannie Mae and Freddie Mac’s performance against the 2016 Scorecard goals is included in a report posted on FHFA’s website and that can be accessed electronically [here](#).

Conclusion

Throughout 2016, FHFA reaffirmed and continued to advance its core commitment to promote diversity and ensure inclusion throughout its organization, including in its business activities, contracting, employment, and oversight of its regulated entities. FHFA recognizes the widely-acknowledged business value of diversity and inclusion and has positioned itself to enhance the Agency’s performance in these areas, as well as to oversee the regulated entities in their obligations to comply with HERA. During 2017, FHFA OMWI intends to sharpen its focus, and continue enhancing its resources and executing its Strategic Plan to meet its diversity and inclusion requirements. FHFA also hopes to break new ground in pursuing a work environment that further leverages diverse perspectives and innovative approaches to attain even greater excellence in business success at the Agency and its regulated entities.

