



2017 OMWI ANNUAL REPORT TO CONGRESS



Office of Minority and Women Inclusion

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A. Introduction

The Federal Housing Finance Agency (FHFA or Agency) was established by the Housing and Economic Recovery Act of 2008¹ 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, 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.

The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (Dodd-Frank Act) required FHFA to establish an Office of Women and Minority Inclusion (OMWI).² FHFA's OMWI is responsible for leading the Agency's efforts to advance diversity and inclusion, by developing standards for:

- Equal employment opportunity (EEO) and the racial, ethnic, and gender diversity of the Agency's workforce, including senior management;
- Increased participation of minority- and women-owned businesses (MWOBs) in Agency programs and contracts, and standards for coordinating technical assistance to such businesses; and
- Assessing the diversity policies and practices of the regulated entities.³

The EEO Services branch of OMWI implements FHFA's EEO Program, which includes FHFA's policies concerning EEO law and workplace harassment. Its functions also include EEO counseling, alternative dispute resolution, complaint processing, harassment prevention, analyses and guidance, compliance reporting, and training.

The Dodd-Frank Act requires FHFA's OMWI to submit to Congress an annual report regarding the actions taken by the Agency 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;

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).



- the challenges the Agency may face in hiring qualified minority and women employees and contracting with qualified MWOBs; and
- any other information, findings, conclusions, and recommendations for legislative or Agency action, as the OMWI director determines appropriate.⁴

B. FHFA Workforce Diversity and Inclusion

FHFA's workforce consists primarily of financial institution examiners, economists, management and program analysts, financial analysts, accountants, and attorneys. These mission-critical occupations (MCOs) require highly-skilled practitioners with substantive knowledge of large, complex financial institutions and financial products and services, and significant experience in examining, analyzing, or evaluating them. Minorities and women have historically been significantly underrepresented in these MCOs. Despite this historical challenge, FHFA has a diverse workforce and continues to be proactive in promoting workforce diversity and ensuring inclusion through recruitment, hiring, promotion, and retention of employees at all levels of the Agency.

This section provides information on the Agency's workforce, as well as FHFA's diversity and inclusion strategies, successes, and challenges.

I. Workforce Diversity

FHFA relies on a relatively small staff of permanent employees and, therefore, any growth in diversity is usually manifested in small increments. FHFA's total workforce increased 1.9 percent, from 582 employees in 2016 to 593 in 2017. The Agency uses the federal workforce, Civilian Labor Force (CLF), and financial services and insurance industries labor force data for demographic benchmark comparisons.

FHFA encourages all employees to report their race, gender, and disability status.⁵ FHFA's total minority representation increased slightly from 41.58 percent in 2016 to 41.65 percent in 2017. The following groups comprised FHFA's minority workforce in 2017: African-American (21.75 percent); Hispanic (1.69 percent); Asian (12.48 percent); Native American (0.17 percent); and two or more races⁶ (5.56 percent).

Tables 1 and 2 show increases in FHFA's racial, ethnic, and gender diversity since the Agency issued its 2013 OMWI Annual Report to Congress: increases of 5.11 and 0.41 percentage points, respectively, for minorities and women from 2013 through 2017.

⁴ See 12 U.S.C. § 5452(e).

⁵ Five hundred ninety-one (99.66 percent) employees self-identified in 2017 compared to 582 (100 percent) in 2016.

⁶ Employees who self-identified as belonging to two or more races have ancestry from more than one of the following groups: Caucasian, Black or African-American, Native Hawaiian or Other Pacific Islander, Asian, or Native American.



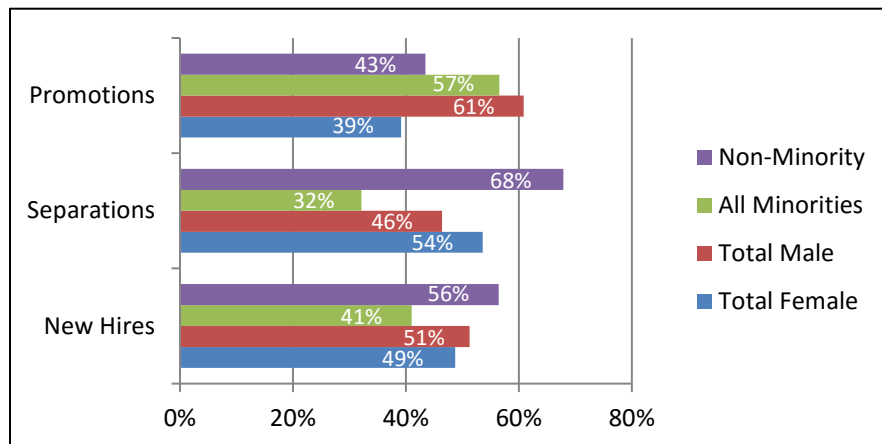
Table 1: FHFA Workforce by Race, Ethnicity, and Gender as of December 31, 2017

Race and Ethnicity	Female		Male		All	
	#	%	#	%	#	%
Total	263	44.35	330	55.65	593	100.00
Non-Minority	122	20.57	222	37.44	344	58.01
Total Minorities	141	23.78	106	17.88	247	41.65
Unidentified Race/Ethnicity	0	0.00	2	0.34	2	0.34
African-American	89	15.01	40	6.75	129	21.75
Hispanic	3	0.51	7	1.18	10	1.69
Asian	29	4.89	45	7.59	74	12.48
Native American	0	0.00	1	0.17	1	0.17
Two or More Races	20	3.37	13	2.19	33	5.56

Table 2: FHFA Workforce by Race, Ethnicity, and Gender as of December 31, 2013

Race and Ethnicity	Female		Male		All	
	#	%	#	%	#	%
Total	261	43.94	333	56.06	594	100.00
Non-Minority	130	21.88	238	40.07	368	61.95
Total Minorities	128	21.55	89	14.99	217	36.54
Unidentified Race/Ethnicity	3	0.51	6	1.00	9	1.51
African-American	94	15.82	38	6.40	132	22.22
Hispanic	11	1.85	7	1.18	18	3.03
Asian	20	3.37	43	7.24	63	10.61
Native American	0	0.00	1	0.17	1	0.17
Two or More Races	3	0.51	0	0.00	3	0.51

Figure 1. FHFA Employment Actions in 2017 by Minority and Gender Group Status



New Hires - Of the 39 employees hired by FHFA in 2017, minorities and women represented 41 percent and 49 percent, respectively. Both percentages exceeded the CLF demographic percentages (27.64 percent and 48.14 percent) and the federal workforce percentages (36.74 percent and 43.38 percent) as reflected in **Table 3**.

Promotions - Minorities and women represented 57 percent and 39 percent, respectively, of the 46 employees promoted in 2017. Forty-three percent of promotions went to white employees, 28 percent to African-Americans, 20 percent to Asians, and 9 percent to employees who identified as two or more races.

Attrition - Of the 28 employees who left the Agency in 2017, 32 percent were minorities and 54 percent were women.

II. FHFA Workforce Comparison

FHFA evaluates the composition of its workforce against the composition of the federal workforce, the CLF, and the financial services and insurance sectors. As reflected in **Table 3**, the overall representation of minorities in FHFA's workforce (41.65 percent) was higher than all three benchmarks, although the levels of minority representation varied among minority groups.



Table 3: Workforce Comparison (in percentages)

Race, Ethnicity, and Gender	Federal Workforce as of 2017 ⁷	Civilian Labor Force as of 2010 ⁸	Finance and Insurance Labor Force for 2015 ⁹	FHFA Workforce as of December 31, 2017
Total Male	56.60	51.86	41.67	55.65
Total Female	43.38	48.14	58.33	44.35
Non-Minority	63.26	72.36	68.70	58.01
Total Minorities	36.68	27.64	31.30	41.65
Unidentified Race/Ethnicity	0.06	0.00	0.00	0.34
African-American	18.15	12.02	12.55	21.75
Hispanic	8.75	9.96	8.66	1.69
Asian	5.99	3.90	7.65	12.48
Native American	1.69	1.08	0.35	0.17
Two or More Races	1.60	0.54	1.79	5.56

Six MCOs support FHFA’s mission: Financial Institution Examiner (0570); Policy Analyst (a subset of the Management and Program Analyst series (0343)); Financial Analyst (1160); Economist (0110); General Attorney (0905); and Accountant (0510). **Tables 4** and **5** reflect participation rates and the racial/ethnic and gender representations within each MCO at FHFA in 2017 compared to 2013.

⁷ FedScope: Federal Human Resources Data. Fiscal Year 2017. <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>.



Table 4: FHFA Top Six Mission Critical Occupations as of December 31, 2017

Race, Ethnicity, and Gender	Financial Institution Examiners 0570		Management Program Analysts 0343		Financial Analysts 1160		Economists 0110		Attorneys 0905		Accountants 0510		Total	
	#	%	#	%	#	%	#	%	#	%	#	%	#	%
Total	172	100.00	80	100.00	67	100.00	37	100.00	36	100.00	24	100.00	416	100.00
TM	110	63.95	34	42.50	44	65.67	24	64.86	20	55.56	14	58.33	246	59.13
TF	62	36.05	46	57.50	23	34.33	13	35.14	16	44.44	10	41.67	170	40.87
Total Minorities	62	36.05	43	53.75	26	38.81	12	32.43	11	30.56	11	45.83	165	39.66
Unidentified M/F	1/0	0.58	1/0	1.25	0	0.00	0	0.00	0	0.00	0	0.00	2	0.48
WM	78	45.35	17	21.25	26	38.81	18	48.65	13	36.11	8	33.33	160	38.46
WF	31	18.02	19	23.75	15	22.39	7	18.92	12	33.33	5	20.83	89	21.39
AAM	14	8.14	3	3.75	8	11.94	0	0.00	3	8.33	1	4.17	29	6.97
AAF	14	8.14	21	26.25	6	8.96	2	5.41	2	5.56	0	0.00	45	10.82
HM	5	2.91	0	0.00	1	1.49	0	0.00	0	0.00	1	4.17	7	1.68
HF	1	0.58	1	1.25	0	0.00	0	0.00	1	2.78	0	0.00	3	0.72
AM	11	6.40	7	8.75	8	11.94	6	16.22	2	5.56	2	8.33	36	8.65
AF	13	7.56	1	1.25	1	1.49	3	8.11	1	2.78	5	20.83	24	5.77
NAM	0	0.00	1	1.25	0	0.00	0	0.00	0	0.00	0	0.00	1	0.24
NAF	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
2M	1	0.58	5	6.25	1	1.49	0	0.00	2	5.56	2	8.33	11	2.64
2F	3	1.74	4	5.00	1	1.49	1	2.70	0	0.00	0	0.00	9	2.16

*Keys: 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; NAM-Native American Male; NAF-Native American Female; 2M-Two or More Races Male; 2F-Two or More Races Female.



Table 5: FHFA Top Six Mission Critical Occupations as of December 31, 2013

Race, Ethnicity, and Gender	Financial Institution Examiners 0570		Management Program Analysts 0343		Financial Analysts 1160		Economists 0110		Attorneys 0905		Accountants 0510		Total	
	#	%	#	%	#	%	#	%	#	%	#	%	#	%
Total	147	100.00	40	100.00	46	100.00	36	100.00	35	100.00	30	100.00	334	100.00
TM	100	68.03	14	35.00	30	65.22	27	75.00	19	54.29	16	53.33	206	61.68
TF	47	31.97	26	65.00	16	34.78	9	25.00	16	45.71	14	46.67	128	38.32
Total Minorities	37	25.17	16	40.00	15	32.61	10	27.78	12	34.29	12	40.00	102	30.54
Unidentified M/F	1/1	0.68/0.68	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	2	0.60
WM	78	53.06	11	27.50	23	50.00	18	50.00	13	37.14	10	33.33	153	45.81
WF	30	20.41	13	32.50	8	17.39	8	22.22	10	28.57	8	26.67	77	23.05
AAM	10	6.80	1	2.50	3	6.52	1	2.78	3	8.57	2	6.67	20	5.99
AAF	13	8.84	10	25.00	4	8.70	0	0.00	4	11.43	1	3.33	32	9.58
HM	2	1.36	0	0.00	0	0.00	0	0.00	0	0.00	1	3.33	3	0.90
HF	0	0.00	2	5.00	1	2.17	0	0.00	1	2.86	0	0.00	4	1.20
AM	8	5.44	2	5.00	4	8.70	8	22.22	3	8.57	2	6.67	27	8.08
AF	3	2.04	1	2.50	3	6.52	1	2.78	1	2.86	5	16.67	14	4.19
2M/2F	1	0.68	0	0.00	0	0.00	0	0.00	0	0.00	1	3.33	2	0.60

*Keys: 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; Undefined M/F.

The following series had increases from 2013 to 2017:

- Financial Institution Examiner (0570) – Asians and Hispanics from 7.48 percent and 1.36 percent, respectively, to 13.96 percent and 3.49 percent;
- Management and Program Analyst (0343) – minorities from 40 percent to 53.75 percent;
- Financial Analyst (1160) – minorities from 32.61 percent to 38.81 percent, especially African-American male representation, which increased from 6.52 percent to 11.94 percent;
- Economist (0110) – minorities from 27.78 percent to 32.43 percent; and
- Accountant (0510) – minorities from 40 percent to 45.83 percent, although women fell from 46.67 percent to 41.67 percent.



III. Management

FHFA’s management team consists of employees with leadership skills and broad perspectives from years of experience in academia, government, and/or the private sector. These employees are classified under the FHFA executive pay band category Leadership Level and the supervisory or upper management grades EL 14 through EL 15. **Tables 6 and 7** reflect the number and percentage rates of FHFA’s management team members by race, ethnicity, and gender in 2017 compared to 2013.

Table 6: Diversity in FHFA’s Management as of December 31, 2017

Race and Ethnicity	Female		Male		All	
	#	%	#	%	#	%
Management Total	46	41.82	64	58.18	110	100.00
Non-Minority	23	20.91	50	45.45	73	66.36
Total Minorities	23	20.91	14	12.73	37	33.64
African-American	13	11.82	5	4.55	18	16.36
Hispanic	1	0.91	3	2.73	4	3.64
Asian	1	0.91	4	3.64	5	4.55
Native American	0	0.00	0	0.00	0	0.00
Two or More Races	8	7.27	2	1.82	10	9.09

Table 7: Diversity in FHFA’s Management as of December 31, 2013

Race and Ethnicity	Female		Male		All	
	#	%	#	%	#	%
Management Total	46	36.80	79	63.20	125	100.00
Non-Minority	31	24.80	65	52.00	96	76.80
Total Minorities	15	12.00	14	11.20	29	23.20
African-American	12	9.60	8	6.40	20	16.00
Hispanic	2	1.60	2	1.60	4	3.20
Asian	1	0.80	4	3.20	5	4.00
Native American	0	0.00	0	0.00	0	0.00

Table 7 also reflects an increase in women managers from 36.8 percent in 2013 to 41.82 percent in 2017, with a significant increase in the representation of minority women managers from 12



percent to 20.91 percent. In addition, the total number of minority managers increased from 23.2 percent to 33.64 percent.

IV. Internships

The Agency sponsors an annual summer internship program for 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 2017 internship opportunities on USAJOBS, the federal government’s recruiting website and on the Agency’s website, and the Office of Human Resources Management (OHRM) conducted outreach to numerous colleges and universities (through their career services websites), including Historically Black Colleges and Universities and Hispanic-Serving Institutions. **Table 8** shows the diversity profile of the 41 interns hired during 2017.

Table 8: 2017 Summer Interns by Race, Ethnicity, and Gender as of December 31, 2017¹⁰

Race and Ethnicity	Female		Male		All	
	#	%	#	%	#	%
Intern Total	26	63.41	15	36.59	41	100.00
Non-Minority	7	17.07	8	19.51	15	36.59
Total Minorities	17	41.46	7	17.07	24	58.54
Unidentified Race/Ethnicity	2	4.88	0	0.00	2	4.88
African-American	6	14.63	2	4.88	8	19.51
Hispanic	0	0.00	1	2.44	1	2.44
Asian	9	21.95	3	7.32	12	29.27
Native American	0	0.00	0	0.00	0	0.00
Two or More Races	2	4.88	1	2.44	3	7.32

¹⁰ Percentages for Male Total Minority and All Interns are off by 0.01 due to rounding.



V. Successes

a. Management Development and Training

From 2013 to 2017, FHFA experienced considerable growth in minority and women representation in its management team, as shown in Section III. To cultivate outstanding leadership and a culture of inclusion, and to enhance the skills of all current executives and supervisors, FHFA continued to offer leadership development training opportunities to that group.

FHFA combines traditional classroom-based training with online learning to support its self-directed, leadership development model. This “blended” learning approach is used to deliver multiple courses on diversity and inclusion and EEO topics using different delivery methods. For example, to meet the requirements of the Notification and Federal Employee Antidiscrimination and Retaliation Act of 2002 (No FEAR Act), OMWI provided classroom-based training to increase manager (and all other staff) awareness and knowledge of antidiscrimination laws, which covered EEO compliance, diversity, harassment, and disability. The training is also available online.

OMWI sponsored seminars about the Agency’s diversity and inclusion obligations during FHFA’s Annual Supervision Conference. Collaboration and Connection were recurring themes of FHFA’s Second Annual Managers’ Conference in 2017, which was attended by more than 100 executives and managers (86 percent participation rate), who received formal diversity and inclusion training. The FHFA Director opened the Managers’ Conference by emphasizing the importance of Collaboration to achieve the Agency’s mission. The keynote speaker delivered powerful messages about and practical tips for managing unconscious bias, while challenging attendees with a probing session on courageous conversations about race, culture, gender, gender identity, and sexual orientation. Other sessions covered topics on prohibited personnel practices, the Privacy Act, ethics, and the role of leaders in influencing and setting the tone for the Agency’s culture.

FHFA maintained its partnership with the Treasury Executive Institute (TEI), which sponsors or organizes webinars, seminars, and in-person training or learning events, 115 of which were attended by FHFA employees during 2017. TEI offers over 30 unique courses each quarter provided by leading universities, authors, and thought leaders, including courses on diversity and inclusion. FHFA used e-mail and training announcements to highlight these offerings in the TEI Catalog.

FHFA also expanded the competency performance measures incorporated into the Job Performance Plans of FHFA managers and supervisors to ensure accountability for diversity and inclusion and EEO (D&I/EEO Competencies). The D&I/EEO Competencies, which are consistent with EEOC guidelines regarding the evaluation of executives, managers, and supervisors, were developed, approved and implemented in 2017. FHFA will evaluate the effectiveness of these new measures over time. With an eye towards succession planning, FHFA



also offered a course titled Fundamentals of Leadership for Non-Managers, in which participants learned how to identify leadership opportunities and use natural strengths to obtain important leadership roles within the Agency.

b. Diversity and Awareness Education for the Workforce

OMWI continued to serve as the leader of FHFA's efforts to improve its cultural inclusion, offering specialized cultural educational programming and supporting national heritage and history commemorations during Martin Luther King, Jr. Day; Black History Month; Women's History Month; Holocaust Remembrance Day; Women's Equality Day; Asian-American & South Pacific Islander Heritage Month; National Hispanic Heritage Month; National Disability Awareness Month; Veterans Day; and Native American Heritage Month. These programs contributed to increased employee engagement while educating them on the cultural contributions and the value of a diverse workforce. Employees actively participated and were featured in several programs.

FHFA enhanced its use of modern platforms for delivering internal communications about the importance of diversity and inclusion and OMWI's mission by using FHFA's online newsletter, intranet, and networked television monitors. The Agency offered EEO training for employees, hosted periodic meetings with various offices to promote diverse perspectives and relationship building within the Agency, and conducted presentations as part of the orientation of new employees.

FHFA's Ethics Office demonstrated the meaning of diversity, one of the Agency's core values, by conducting annual ethics training sessions that emphasized the importance of appropriate behavior and specialized training for managers and supervisors, vital parts of the workforce with responsibility for implementing diversity and inclusion across the organization. In addition, quarterly ethics newsletters from the Director's Office highlighted the 14 Principles of Ethical Behavior, updates from the Office of Government Ethics, and other diversity and inclusion issues and events.

FHFA also supported efforts to enhance the OMWI staff's knowledge and understanding of diversity and inclusion industry standards and best practices. OMWI examiners successfully completed the Cornell University School of Industrial and Labor Relations (ILR) Diversity and Inclusion Certificate Program to develop the necessary knowledge and skills to perform OMWI's supervision responsibilities that are part of the Agency's statutory mission.

c. Workforce Culture – Employee Engagement

In 2017, the Office of Personnel Management (OPM) administered a Diversity and Inclusion Climate Survey on behalf of the Agency, with the goal of identifying gaps between FHFA's approach to and employees' understanding of diversity and inclusion. The Survey results were analyzed to gauge employee perceptions about their work environment, equal employment



opportunity, support for diversity, and workplace inclusiveness. The results are helping the Agency to set benchmarks against which the progress of diversity and inclusion programs can be measured and to help identify trends and areas for improvement. OMWI is collaborating with FHFA division and office leaders to monitor and track progress and will conduct a follow-up survey in a few years to compare those findings against the 2017 results.

OMWI made progress in building collaborative relationships with its sister financial regulatory agencies and OPM, including pooling resources to take advantage of networking opportunities and joint workforce diversity projects. FHFA's OMWI Director attends periodic interagency meetings with other OMWI Directors to exchange information, compare successes and challenges, and share and discuss best practices and issues.

d. Diversity Recruitment

FHFA's ongoing workforce strategy contributed to building new relationships and collaborations, which also provide additional sources from which to develop a diverse pool of applicants, including more individuals with disabilities, Hispanics, and veterans. OMWI and OHRM staff meet periodically to collaborate on recruiting and hiring strategies, and participate in joint recruitment activities and outreach events sponsored by professional associations and other organizations serving minorities, women, and the disabled. The following is a list of representative events:

- American Economic Association Conference, a 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;
- Association of Latino Professionals for America convention dedicated to enhancing opportunities for Latinos in business, accounting, finance, and related professions;
- Equal Opportunity Publications – 2017 Careers & disABLED Career Expo, a leader in diversity recruitment with portfolios of several national career magazines, online job boards, job fairs for minority groups, women and people with disabilities;
- National Association of Women MBAs, an organization that supports women with MBAs by providing them access to leadership development programs and a strong national network of women to assist in career opportunities;
- Recruit Military All Veterans Career Fair, to support FHFA's disability recruitment initiative; and
- National Black MBA Conference & Exposition that supports professional career development and opportunities for black professionals.

FHFA's enhanced recruitment strategies in 2017 resulted in 17 minority and 19 women employees being hired among the 39 new employees.



FHFA's Section 508¹¹ Committee brings together business units responsible for communications, information technology, EEO, 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. FHFA redesigned its template for quarterly and annual No FEAR data to be 508 compliant, making Agency information accessible for potential candidates and others with disabilities. The Agency's reasonable accommodation (RA) coordinator is responsible for ensuring that RA requests are timely processed and approved. FHFA provided 32 accommodations in 2017.

VI. Challenges

While FHFA has gotten tangible results by promoting diversity and inclusion in its workforce, the Agency acknowledges and understands that more can be done in this area. Even as it explores potential opportunities, however, FHFA faces certain unavoidable challenges in that it has a very low attrition rate and significantly fewer hiring opportunities than other financial regulatory agencies because of its small size.

The Agency also works 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 the effects of its policies and practices on the Agency's workforce diversity and this limits the Agency's ability to implement and enhance some of its diversity and inclusion strategies.

OMWI is in the process of designing an assessment tool to be used to evaluate its performance and effectiveness within various segments of the employment lifecycle. For example, the tool would be used to collect data relating to methods and sources for recruiting, hiring, and staff development, as well as to set benchmarks against which future results in those activities would be measured. As the Agency's Diversity and Inclusion Climate Survey demonstrated, initiatives designed to achieve certain diversity and inclusion outcomes require setting benchmarks, and subsequently conducting periodic reviews to update the data and evaluate the new results against those benchmarks. The tool will help the Agency to measure the level and rate of progress against established goals and metrics. While major initiatives can take significant time to implement fully, FHFA has allocated the resources to continue to develop the assessment tool, the first phase of which is expected to be developed by the end of 2018.

FHFA will continue to tackle these challenges by taking the following actions:

- Executing the project plan for the assessment tool development and beginning implementation;

¹¹ Section 508 of the Rehabilitation Act of 1973, as amended (29 U.S.C §794d), requires that all electronic and information technology that is developed, procured, maintained, or used by the federal government be made available to the public in formats that provide equal access to all people including persons with disabilities.



- 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 to facilitate succession planning.

C. FHFA Business Diversity and Inclusion

I. Contracting Activities and Five-Year Analysis

FHFA's diversity and inclusion obligations extend to contracting activities also. To meet its commitment to promote diversity and ensure the inclusion and utilization of MWOBs in the Agency's business activities, FHFA set out to increase the percentage of and dollar value of contracting actions obligated to MWOBs, consistent with legal standards. The Agency compiled and analyzed its contracting actions and reported its total contracting dollars obligated to MWOBs as part of the Agency's *Fiscal Year 2017 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.¹² Contract obligations reflect the combined total of dollars obligated and de-obligated on a contract during the course of the year.

In 2017, FHFA executed 499 contract actions with a total spend of \$43,674,403 (down from \$45,472,226 in 2016), of which 214 contract actions were with MWOBs for a total spend of \$11,633,710 (down from \$13,813,197 in 2016).¹³ The 214 contract actions with MWOBs represent 42.89 percent of all contracting actions and 26.64 percent of the total dollar amount spent by FHFA. **Tables 9** and **10** reflect the historical breakdown, from 2013 through 2017, of contracting actions and percentages, as well as the dollar value of awards to MWOBs.

¹² The terms "contract obligations" and "contract spend" are used interchangeably here.

¹³ Building leases and Inter-Agency Agreements are not included in the total actions and spend reported.



Table 9: FHFA Five-Year Contracting Actions Overview 2013 – 2017

Business Type by Race, Ethnicity, and Gender	Calendar Year									
	2017		2016		2015		2014		2013	
	#	%	#	%	#	%	#	%	#	%
FHFA Contract Actions	499	100.00	509	100.00	532	100.00	564	100.00	647	100.00
All Other Businesses	285	57.11	348	68.37	378	71.05	419	74.29	489	75.58
MWOBs¹⁴	214	42.89	161	31.63	154	28.95	145	25.71	158	24.42
Minority-Owned	136	27.25	96	18.86	89	16.73	80	14.18	92	14.22
<i>Women-Owned</i>	151	30.26	100	19.65	93	17.48	97	17.20	102	15.77
Asian American	43	8.62	34	6.68	40	7.52	20	3.55	32	4.95
<i>Women-Owned</i>	18	3.61	10	1.96	6	1.13	6	1.06	8	1.24
Native American	19	3.81	16	3.14	9	1.69	14	2.48	9	1.39
African-American	45	9.02	20	3.93	11	2.07	17	3.01	26	4.02
<i>Women-Owned</i>	37	7.41	12	2.36	7	1.32	10	1.77	9	1.39
Hispanic American	29	5.81	26	5.11	29	5.45	29	5.14	25	3.86
<i>Women-Owned</i>	18	3.61	13	2.55	15	2.82	16	2.84	19	2.94
Women-Owned No Minority Status ¹⁵	78	15.63	65	12.77	65	12.22	65	11.52	66	10.20

¹⁴ 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 214 total.

¹⁵ Data for 2013 and 2014 Women-Owned No Minority Status have been updated as they were incorrect in the 2016 report.



Table 10: FHFA Five-Year Spend Overview 2013 – 2017

Business Type by Race, Ethnicity, and Gender	Calendar Year									
	2017		2016		2015		2014		2013	
	# 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	\$43,674,403	100.00	\$45,472,226	100.00	\$35,912,677	100.00	\$47,212,939	100.00	\$62,165,202	100.00
All Other Businesses	\$32,040,693	73.36	\$31,659,029	69.62	\$25,360,057	70.62	\$38,655,097	81.87	\$55,002,066	88.48
MWOBs¹⁶	\$11,633,710	26.64	\$13,813,197	30.38	\$10,552,620	29.38	\$8,557,842	18.13	\$7,163,136	11.52
Minority-Owned	\$9,765,176	22.36	\$12,580,108	27.67	\$6,642,508	18.50	\$6,295,832	13.33	\$4,926,207	7.92
<i>Women-Owned</i>	\$7,464,210	17.09	\$8,203,188	18.04	\$7,445,529	20.73	\$6,208,945	13.15	\$4,361,434	7.07
Asian American	\$4,482,438	10.26	\$6,097,325	13.41	\$3,808,266	10.60	\$2,527,559	5.35	\$1,893,485	3.05
<i>Women-Owned</i>	\$1,713,152	3.92	\$1,634,915	3.60	\$1,130,948	3.15	\$1,106,029	2.34	\$313,011	0.50
Native American	\$281,017	0.64	\$349,622	0.77	\$128,946	0.36	\$216,822	0.46	\$330,962	0.53
African-American	\$827,917	1.90	\$1,798,508	3.76	\$944,375	2.63	\$1,340,369	2.84	\$1,476,553	2.38
<i>Women-Owned¹⁷</i>	\$488,962	1.12	\$1,280,047	2.82	\$937,790	2.61	\$919,698	1.95	\$925,545	1.49
Hispanic American	\$4,173,805	9.56	\$4,334,652	9.53	\$1,760,920	4.90	\$2,211,082	4.68	\$1,225,207	1.97
<i>Women-Owned</i>	\$3,393,563	7.77	\$4,055,136	8.92	\$1,466,679	4.08	\$1,921,208	4.07	\$885,950	1.43
Women-Owned <i>No Minority Status</i>	\$1,868,534	4.28	\$1,233,089	2.71	\$3,910,111	10.89	\$2,262,010	4.79	\$2,236,928	3.60

¹⁶ In the Minority- and Women-Owned Business category, the number reported is the total sum for both categories. In the separate Minority-Owned and Women-Owned Business categories, double counting occurs, as there are Minority-Owned businesses that are Women-Owned, and Women-Owned businesses that are also Minority-Owned.

¹⁷ The number of dollars obligated for 2015 Women-Owned Businesses has been updated as it was incorrect in the 2016 report.



FHFA 2017 Top Six NAICS Codes Contracting Actions and Spend Overview Tables

During 2017, FHFA evaluated the contracting actions and spend as categorized under the North American Industry Classification System (NAICS). NAICS is the standard used by federal agencies in classifying business establishments for collecting, analyzing, and publishing statistical data related to the United States business economy.¹⁸ FHFA's highest spends in 2017 were in the following NAICS categories and codes: Software Publishers (511210); Offices of Lawyers (541110); Other Computer Related Services (541519); Administrative Management and General Management Consulting Services (541611); Wired Telecommunications Carriers (517311), and Credit Bureaus (561450). These categories correspond generally to information technology (IT), legal, and other services.

As shown in **Tables 11** and **12**, FHFA had 203 contracting actions in its top six NAICS codes, a total of \$24,360,335 in obligated dollars for those codes, of which 99 contracting actions, 48.77 percent, were with MWOBs.

¹⁸ *North American Industry Classification System, 2017, U.S. Census*; <http://www.census.gov/eos/www/naics/>.



Table 11: FHFA 2017 Top Six NAICS Codes Contracting Actions Overview

Business Type by Race, Ethnicity, and Gender	511210		517311		541110		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
Top 6 NAICS	28	100.00	5	100.00	32	100.00	84	100.00	51	100.00	3	100.00	203	100.00
Other Businesses	20	71.43	5	100.00	14	43.75	28	33.33	34	66.67	3	100.00	104	51.23
MWOBs	8	28.57	0	0.00	18	56.25	56	66.67	17	33.33	0	0.00	99	48.77
M-Owned	3	10.71	0	0.00	11	34.38	32	38.10	15	29.41	0	0.00	61	30.05
W-Owned	5	17.86	0	0.00	13	40.63	38	45.24	8	15.69	0	0.00	64	31.53
Asian American	3	10.71	0	0.00	3	9.38	15	17.86	7	13.73	0	0.00	28	13.79
<i>W-Owned</i>	0	0.00	0	0.00	0	0.00	6	7.14	0	0.00	0	0.00	6	2.96
Native American	0	0.00	0	0.00	0	0.00	2	2.38	0	0.00	0	0.00	2	0.99
African- American	0	0.00	0	0.00	6	18.75	0	0.00	7	13.73	0	0.00	13	6.40
<i>W-Owned</i>	0	0.00	0	0.00	6	18.75	0	0.00	6	11.76	0	0.00	12	5.91
Hispanic American	0	0.00	0	0.00	2	6.25	15	17.86	1	1.96	0	0.00	18	8.87
<i>W-Owned</i>	0	0.00	0	0.00	0	0.00	8	9.52	0	0.00	0	0.00	8	3.94
W-Owned <i>No M-Status</i>	5	17.86	0	0.00	7	21.88	24	28.57	2	3.92	0	0.00	38	18.72



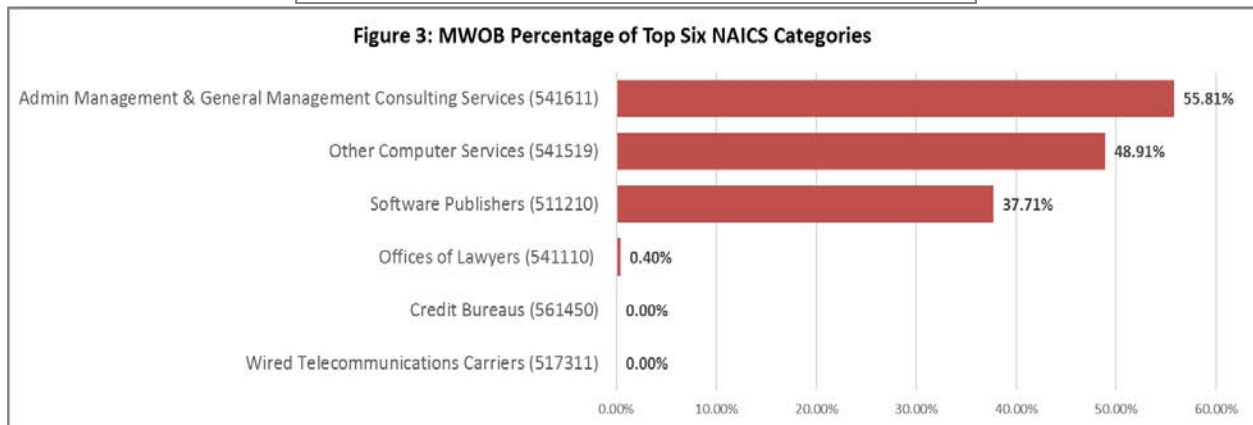
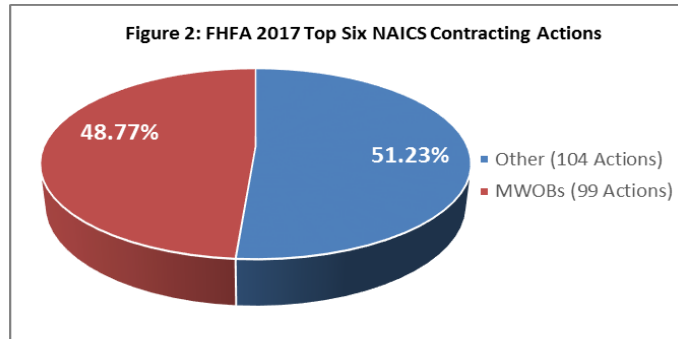
Table 12: FHFA 2017 Top Six NAICS Codes Spend Overview

Business Type by Race, Ethnicity, and Gender	511210		517311		541110		541519		541611		561450		Total MWOB NAICS	
	# Of Spend ¹⁹	% 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	\$1,175,604	62.29	\$2,334,770	100.00	\$11,686,646	99.60	\$4,999,398	51.09	\$1,527,136	44.19	\$2,636,781	100.00	\$24,360,335	76.53
MWOBs	\$711,618	37.71	\$0	0.00	\$46,626	0.40	\$4,785,332	48.91	\$1,928,605	55.81	\$0	0.00	\$7,472,181	23.47
M -Owned	\$570,729	30.24	\$0	0.00	\$32,576	0.28	\$3,516,281	35.94	\$1,716,709	49.68	\$0	0.00	\$5,836,296	18.33
W -Owned	\$140,888	7.47	\$0	0.00	\$15,050	0.13	\$3,273,814	33.46	\$725,980	21.01	\$0	0.00	\$4,155,732	13.05
Asian American	\$570,729	30.24	\$0	0.00	\$3,500	0.03	\$1,047,101	10.70	\$1,235,485	35.75	\$0	0.00	\$2,856,815	8.97
W-Owned	0	0.00	\$0	0.00	\$0	0.00	\$284,034	2.90	\$0	0.00	\$0	0.00	\$284,034	0.89
Native American	\$0	0.00	\$0	0.00	\$0	0.00	\$10,417	0.11	\$0	0.00	\$0	0.00	\$10,417	0.03
African-American	\$0	0.00	\$0	0.00	\$1,000	0.01	\$0	0.00	\$514,084	14.88	\$0	0.00	\$515,084	1.62
W-Owned	\$0	0.00	\$0	0.00	\$1,000	0.01	\$0	0.00	\$514,084	14.88	\$0	0.00	\$515,084	1.62
Hispanic American	\$0	0.00	\$0	0.00	\$28,076	0.24	\$2,458,763	25.13	\$(32,861)	-00.95	\$0	0.00	\$2,453,979	7.71
W-Owned	\$0	0.00	\$0	0.00	\$0	0.00	\$1,720,729	17.59	\$0	0.00	\$0	0.00	\$1,720,729	5.41
W-Owned No Minority Status	\$140,888	7.47	\$0	0.00	\$14,050	0.12	\$1,269,051	12.97	\$211,896	6.13	\$0	0.00	\$1,635,885	5.14
Total of Obligated Per NAICS	\$1,887,222	100.00	\$2,334,770	100.00	\$11,733,273	100.00	\$9,784,730	100.00	\$3,455,740	100.00	\$2,636,781	100.00	\$31,832,516	100.00

¹⁹ The terms “spend” and “obligations” are used interchangeably here.



Figure 2 graphically illustrates the distribution of FHFA contract actions in 2017 for the top six NAICS categories. **Figure 3** depicts the distribution of contract awards to MWOBs by NAICS Category.



II. Successes

a. Contract Awards

FHFA continued to work to provide maximum opportunities for MWOBs competing for Agency contracts. **Table 10** reflects a decrease from 2016 in the amount of funding obligated to all contracts in 2017. This decrease resulted in the availability of less money overall, with a corresponding decrease in funds available for MWOBs, despite using both existing and new strategies to help FHFA increase its MWOB spend during the year. On the other hand, **Table 9** shows that the number of contracts awarded to MWOBs increased from 161 in 2016 to 214 in 2017, an 11.26% percentage point increase year-over-year. The increase provided opportunities for more MWOBs to gain federal sector contracting experience even if the dollar value of the contracting actions was lower than in 2016.

OMWI and the FHFA Office of Budget and Financial Management (OBFM) collaborated to raise Agency awareness of diverse contractors in the procurement planning process, and



monitored the Agency's progress through quarterly procurement planning meetings. FHFA was successful in issuing the following major contract awards to diverse suppliers, as well as other contracts listed in the **Appendix**:

- A major award for IT infrastructure support services to a MWOB;
- Awards of two indefinite-delivery, indefinite-quantity (IDIQ) contracts for employment law legal services, one to an economically disadvantaged women-owned small business (EDWOSB) and the other to a women-owned small business (WOSB);
- Award of a contract for IT help desk services under the 8(a) Business Development Program to a MWOB;
- An award for copier lease services to a minority-owned business (MOB); and
- An award for program and administrative support services to a MWOB;

b. Supplier Diversity Outreach Program

Throughout 2017, 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. Activities included the Agency's participation in business expositions, one-on-one matchmaking sessions, and panel presentations. OBFM procurement staff participated in matchmaking sessions hosted by the U.S. Hispanic Chamber of Commerce, at the 27th Annual Government Procurement Conference, and at the Federal Reserve Board, providing information and responding to questions about FHFA business opportunities. OMWI representatives also exhibited and/or were featured speakers at several external events, including those listed and described in greater detail in the **Appendix**.

FHFA OMWI also participated in joint quarterly meetings with the interagency OMWI Supplier Diversity Working Group to share experiences and strategies for increasing supplier diversity, and to pool resources for vendor outreach and technical assistance.

c. Diversity and Inclusion Outreach Program and Good Faith Effort Procedures

On March 24, 2017 FHFA published a final rule formally establishing the Agency's Minority and Women Outreach Program,²⁰ which is designed to ensure, to the maximum extent possible, the inclusion of minorities and women, and entities owned by minorities and women, in the Agency's contracting activities.

Section 342(c)(3)(A) of the Dodd-Frank Act requires FHFA to develop procedures to determine whether a contractor or subcontractor has failed to make a good-faith effort to include minorities

²⁰ See 82 FR 14992, March 24, 2017



and women in its workforce. To comply with this requirement, FHFA developed a Minority and Women Inclusion (MWI) clause to be included in Agency contracts with a dollar value greater than \$150,000. The MWI clause requires contractors to provide, upon request by FHFA, documentation to show that they and any covered subcontractor have made a good-faith effort to ensure the fair inclusion of minorities and women in their workforce. To complete the earlier (2016) work associated with the Paperwork Reduction Act requirements needed to implement the information collection portions of the MWI clause, FHFA published for comment in the Federal Register on May 26, 2017, a 30-day Notice of the Proposed Collection “Contractor Workforce Inclusion Good Faith Efforts,” and obtained OMB approval for the collection in August 2017.²¹ OMWI is in the process of implementing 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. As discussed above, FHFA’s total contract obligations decreased in 2017 compared to the prior year. As a result, there was less money available overall for MWOBs. In particular, in 2017 the Agency spent less on IT hardware, which had increased MWOB opportunities in 2016.

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 -- fields in which there historically have been relatively few MWOBs with 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 small businesses, including MWOBs. Despite these challenges, FHFA is committed to maintaining, and where possible, increasing contracting opportunities for MWOBs.

D. 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 because it requires each regulated entity to establish an Office of Minority of Women Inclusion, or its functional equivalent, to promote diversity in all activities at every level of their respective organizations, including employment, management, and contracting. Under section 1116, FHFA has regulatory, supervisory, and enforcement authority over the diversity and inclusion programs of its regulated entities, including ensuring their compliance in all their business and activities,

²¹ See 82 FR 24346, May 26, 2017; the OMB Control Number for this information collection is 2590-0016.



including workforce, procurement, and financial transactions.

FHFA's Minority and Women Inclusion Rule (rule)²² established minimum requirements for the implementation of the diversity and inclusion programs of the regulated entities and the Office of Finance. In 2017, the Agency finalized amendments to the rule²³ that clarify the scope of HERA's reporting requirements and require the regulated entities to develop and implement strategic plans to promote diversity in all activities and at every level of their respective organizations. The strategic planning requirement will improve each entity's diversity and inclusion program implementation and function.

Consistent with FHFA's responsibilities under Section 1116 of HERA, FHFA OMWI's supervision team has implemented a program to examine and assess the diversity and inclusion programs and practices of all the regulated entities and the Office of Finance. In 2017, FHFA's OMWI supervision team used its year-one examinations to provide guidance to the regulated entities on diversity and inclusion program execution in the areas of workforce, procurement, and financial transactions.

As conservator of Fannie Mae and Freddie Mac, FHFA annually establishes goals for the Enterprises. 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 2017, the *2018 Scorecard for Fannie Mae, Freddie Mac and Common Securitization Solutions (2018 Scorecard)* calls for the regulated entities to consider diversity and inclusion when conducting their respective business activities and initiatives. FHFA's evaluation of Fannie Mae and Freddie Mac's performance against the 2017 Scorecard goals is included in a report posted on FHFA's website [here](#).²⁴

E. Conclusion

Throughout 2017, FHFA reaffirmed and made significant strides to advance its core commitment to promote diversity and ensure a climate of inclusion throughout FHFA and 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. During 2018, FHFA OMWI intends to sharpen its focus and continue to enhance its resources to meet the Agency's diversity and inclusion mission and requirements. With the support of senior Agency leaders, we will continue our steadfast commitment to diversity and inclusion through execution of sound programs and training initiatives.

²² See 12 CFR 1223.

²³ See 82 FR 34388, July 25, 2017.

²⁴ <https://www.fhfa.gov/AboutUs/Reports/ReportDocuments/2017-Scorecard-Progress-Report.pdf>.



Appendix

Other Contract Awards to Minority-, Women-, and Service-Disabled-Owned Suppliers

- Award of an IDIQ contract for author-led speaking services to a WOSB;
- Several IT software and hardware awards:
 - EMC BARS II to an EDWOSB;
 - Laptops and miscellaneous hardware to a WOSB;
 - Microsoft support services awarded to a MOB;
 - Re-competition of Microsoft Enterprise Agreement to a service-disabled veteran-owned small business (SDVOSB);
 - Palo Alto Gen Endpoint to a SDVOSB;
 - Informatica PowerCenter to a WOSB;
 - SAS maintenance to a SDVOSB and MOB;
 - Software asset management module to a SDVOSB;
 - Veritas NetBackup renewal to a MWOB;
 - Cisco products and support to a WOSB;
 - Adobe Acrobat annual software maintenance and support to a WOSB;
 - VMWare ESX software renewal to a SDVOSB; and
 - Oracle/Sun hardware and software renewal to a WOSB.
- Security support contract award to a MOB;
- Blanket purchase agreement (BPA) for design and printing services to a MWOB;
- BPA for sit-stand desks to a SDVOSB;
- BPA for patent legal services to a MOB; and
- Licenses for MATH LAB software to a WOSB.



Supplier Diversity – Major Outreach Events

- 27th 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;
- Federal Reserve Board Vendor Outreach Fair, which provided participating vendors with an opportunity to market their products and services to program managers and procurement representatives from the Federal Reserve Board, the Federal Reserve Banks, and other federal government agencies;
- Five Star Diversity Symposium 2017, an annual 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 the industry;
- Women’s Business Enterprise National Council 2017 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;
- 2017 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;
- 2017 Elite SDVOB Network Convention, a nationwide 501(c)(19) veterans’ organization with the mission of assisting service-disabled veterans to start and grow their businesses; the conference provided SDVOBs opportunities to meet and partner with government agencies and prime vendors who understand the value of utilizing SDVOB partners; and
- 2017 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 MWOBs in the housing economy.

