



**Federal Deposit Insurance
Corporation**

2011

**Report to Congress on the
Office of Minority and Women Inclusion**

The Federal Deposit Insurance Corporation
Office of Minority and Women Inclusion
2011 Report to Congress

The Federal Deposit Insurance Corporation submits this Annual Report prepared by the Office of Minority and Women Inclusion (OMWI) pursuant to section 342(e)(1-5) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (DFA). As required, this report covers contracting, outreach, and hiring activities for the 2011 calendar year.

On January 21, 2011, pursuant to Section 342 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (DFA), the Federal Deposit Insurance Corporation Board of Directors established the Office of Minority and Women Inclusion (OMWI).

To ensure coordination across the FDIC for OMWI programs, the FDIC established an OMWI Steering Committee composed of the Director of OMWI, the new OMWI Senior Deputy Director, and other key FDIC Division Directors and senior staff. The Steering Committee promotes coordination and awareness of OMWI responsibilities across the FDIC and ensures that they are managed in the most effective manner.

The OMWI promotes the mission of the FDIC through the pursuit of equal employment opportunity, affirmative employment initiatives, diversity and inclusion, and outreach efforts to increase contracting and investment opportunities for minority- and women-owned businesses. The DFA allows the FDIC to enhance its longstanding commitment to promote equality in employment opportunities and diversity in all business areas of the FDIC.

DFA Section 342(e)(1) and (2) requires data on payments made by the agency to contractors, including the percentage paid to those that are minority-owned and women-owned. DFA Section 342(e)(3) requires a report on the successes and challenges the agency faced in operating minority and women outreach programs. DFA Section 342(e)(4) requires a reports on any challenges the agency may face in hiring qualified minority and women employees and contracting with qualified MWOBs. And finally, DFA Section 342(e)(5) requests any other information, findings, conclusions, and recommendations from the FDIC. Each of these issues is addressed in this report.

DFA Section 342(e)(1) and (2) requires the FDIC to report the total amounts paid by the agency to contractors during the reporting period, as well as the amount and related percentage paid to those that are minority-owned and women-owned.

The FDIC reports contracting with minority- and women-owned businesses (MWOBs) separately from contracting with minority- and women-owned law firms (MWOLFs). Below are the data for each group:

Total Contracting Payments:

The FDIC paid a total of \$861.3 million to contractors in 2011, under 2,877 active contracts.

Contracting with MWOBs:

- The FDIC paid a total of \$166 million to MWOBs in 2011, under 742 active MWOB contracts. The \$166 million represents 19.3 percent of the total paid to all contractors. Payments on 742 active MWOB contracts represent 25.8 percent of the number of total contracts receiving payments.
- The payments made in 2011 include payments for contracts awarded in 2011 and payments for active contracts awarded prior to 2011.

FDIC contracts are typically awarded through a competitive best value solicitation process. The solicitations describe what offerors are required to include in their proposals and proposal evaluation criteria specific to the good or service being procured. Proposals are evaluated and rated by a panel of FDIC subject matter experts, which includes a representative from OMWI. Awards are made to the offeror that provides the best value to the FDIC. Best value considers the offeror's technical and price proposals.

For all contracts over \$100,000, OMWI identifies competitive minority and women owned businesses to participate in contract solicitations. This requirement ensures that a diverse pool of contractors are solicited and considered for each major contract.

The FDIC's website provides information, announcements, and technical assistance related to minority- and women-owned businesses, law firms, and investors. This portal can be accessed at www.fdic.gov/mwop. The FDIC also has a "small business resource page," which contains over 40 modules and is a technical assistance aid and metric for businesses that desire to compete for contract opportunities.

Referrals to Law Firms

- The FDIC paid \$137 million to outside counsel in 2011.

- The FDIC paid a total of \$22.7 million to MWOLFs in 2011, which represents 17 percent of the total paid to law firms.

Referrals to law firms also are typically made on a competitive basis. Price, expertise, and capacity are among some of the criteria considered in making the selections.

DFA Section 342(e)(3) requires the FDIC to report on the successes achieved and challenges faced by the agency in operating minority and women outreach programs.

Successes

The FDIC places a high priority on achieving diversity across the spectrum of agency activities, including employment, outreach, asset sales, and contracting efforts. To ensure an agency-wide focus on these critical issues in 2011, one of the FDIC's Corporate Performance Goals was to develop strategies to increase the participation of businesses owned by minorities and women in FDIC business opportunities. The following successes occurred under this performance goal:

- FDIC awarded \$1.4 billion in contracts in 2011, of which \$416.5 million (28.9 percent) was awarded to MWOBs. (See FDIC MWOB Activity Report 2011 data. <http://www.fdic.gov/buying/goods/mwob/mwobreportytdddec2011.pdf>)
- MWOBs were awarded 558 (28.8 percent) of the 1,936 total contract actions in 2011. (See FDIC MWOB Activity Report 2011 data. <http://www.fdic.gov/buying/goods/mwob/mwobreportytdddec2011.pdf>)
- As of December 31, 2011, there were 766 (27.8 percent) active MWOB contracts within the FDIC out of a total of 2,751 active contracts. The active contracts to MWOB firms by category were as follows: Asians (60), Blacks (130), Hispanics (344), Native Americans (20), and Women (281). [Some contracts were awarded to firms that were both minority owned and women owned.]
- The FDIC made 1,142 referrals to outside counsel in 2011, of which 345 (30 percent) were made to MWOLFs. The referrals by category were as follows: Asians (14), Blacks (37), Hispanics (80), and Women (214)
- In 2011, the FDIC participated in 18 procurement trade events where the OMWI conducted outreach, matchmaking, and provided technical assistance to attendees. There were 12 additional outreach events in which the FDIC Legal Division participated, most of which were directed to MWOLFs.
- The OMWI updated ARON, the database it created in 2010. ARON can search the entire Central Contractor Registry (CCR), a registry of over 600,000 businesses registered to contract with the federal government, to identify competitive MWOBs in order to respond quickly to requests for competitive MWOBs in connection with FDIC contracting solicitations. In 2011, OMWI used ARON extensively to increase the number of competitive MWOBs in connection with FDIC contract solicitations.

- The OMWI updated and enhanced the Minority and Women Outreach Program Portal and Small Business Resource Page on the FDIC website. The MWOP Portal is a “one-stop” location that provides links to information at the FDIC useful for MWOBs, MWOLFs, and investors. The Small Business Resource Page provides technical assistance for business development and self-evaluation for businesses interested in federal government contract opportunities.
<http://www.fdic.gov/about/diversity/sbrp/index.html>

In addition to the foregoing achievements, the FDIC also developed new contracting policies effective September 2011.

- All major contract solicitations are required to have appropriate representation of MWOB firms included on source lists. In 2011, 417 (50.1 percent) of the 832 firms solicited under FDIC solicitations were MWOB firms.
- New language has been added to FDIC solicitations that require contractors under their subcontracting plans to include information on efforts undertaken by the contractor to include subcontractors that are minority owned and women owned.
- For new solicitations for contract awards over \$100,000, bidders are now required to certify support of diversity and the fair inclusion of minorities and women in their workforce and the workforce of their subcontractors. Contractors receiving awards from the FDIC after September 1, 2011, with a value greater than \$100,000 and a period of performance of more than one year, are further required to submit to their FDIC Contracting Officer an annual certification stating their commitment to diversity and the fair inclusion of minorities and women in their workforce.

DFA Section 342(e)(4) requires the FDIC to report on challenges the agency may face in hiring qualified minority and women employees and contracting with qualified MWOBs.

Challenges Faced in Employment of Minorities and Women

The FDIC takes very seriously the need to ensure a diverse workforce and utilizes several methods in pursuing that goal. The FDIC seeks the widest range possible of diverse applicants for employment opportunities. The FDIC Division of Administration (DOA) and OMWI provide direction to the FDIC's 250 recruiters nation-wide to ensure that diverse segments of the population are reached to attract a broad range and diverse pool of applicants for employment. The FDIC's recruitment efforts are accomplished through briefings with Division and Office Directors to report progress towards, and provide policy guidance and standards for, fair and inclusive employment.

In 2011, FDIC recruiters maintained ongoing relationships with a range of colleges and universities, as well as with a number of minority professional organizations. Included among the recruitment efforts at colleges and universities were Historically Black Colleges and Universities and Hispanic-Serving Institutions. In addition, the FDIC recruited through summer internship programs of organizations such as the Workforce Recruitment Program, the National Association for Equal Opportunity in Higher Education, the LEAD (Leadership Education and Development) Program, and the Hispanic Association of Colleges and Universities, and through national publications and publications targeted to minorities and women.

As required by the U.S. Equal Employment Opportunity Commission Management Directive 715, the FDIC reviews the diversity data for its applicant pool for major occupations. The most populous and mission-essential occupation in the FDIC is the Financial Institution Examiner occupation. The FDIC primarily conducts examiner recruitment through its Corporate Employee Program (CEP). The CEP prepares the FDIC's workforce of Financial Institution Specialists (FIS) in an array of functional proficiencies and prepares them to be ready for rapid changes in the financial industry and resulting shifts in corporate workload.

The OMWI issued periodic reports in 2011 on the participation and attrition rates for CEP participants based on race, ethnicity, and gender. These reports are prepared after every incoming class of CEP hires, and each report includes the total CEP hires from the inception of the program, FIS currently on-board, and voluntary and involuntary attrition information.

In addition, each Division and Office Director having major occupations in their division receives similar information regarding the applicant data related to vacancy announcements for those occupations during the previous fiscal year. With this information, strategies are determined to meet targeted recruitment efforts. The FDIC and the CEP Recruiting Task Force continue to seek ways to increase the recruitment and hiring of minorities and women into the program.

As of December 31, 2011, out of the total FDIC workforce of 8,261 employees, minorities constituted 26.79 percent (2,213) and women were 42.50 percent (3,511).

The FDIC, while achieving some successes, faces various challenges in the participation rates of minorities and women in the CEP. At the outset of the CEP, several racial, ethnicity and gender groups, and disabled employees, had very low participation rates within the FDIC's Examiner workforce. As a result, the FDIC engaged in a proactive recruiting effort. The CEP recruiting program has incorporated affirmative employment strategies that have already achieved a significant degree of success in addressing the recruitment aspects of this issue for many racial, national origin and gender groups having low participation rates. The progress in addressing the low participation rates is especially apparent with respect to females overall, Black/African American males and females, Hispanic females, and Asian males and females.

Bank and compliance examiner positions represent by far the largest occupational group within the FDIC, and individuals who began their FDIC careers as examiners occupy a high percentage of executive and managerial leadership positions, as well as other non-examiner positions throughout the FDIC. Thus, participation rates within the examiner workforce are key elements to achieving satisfactory participation rates within the broader FDIC workforce.

The hiring rate for Black and Hispanic women is above the ratios in the CLF (Civilian Labor Force), but the hiring rate for other groups of women still lags below the CLF. The other issue faced by the CEP is the high level of involuntary attrition among many minority groups, especially men in those groups.

The Division of Risk Management Supervision (RMS), the largest employer of CEP participants, took the lead and proactively began evaluating this issue to determine the reason(s) for the attrition within the division and the need for appropriate strategies to address these issues. Because the Division of Depositor and Consumer Protection (DCP) and Division of Resolutions and Receiverships (DRR) also employ CEP participants, they have also begun to evaluate the retention data in order to take appropriate corrective action.

While there is not continuous hiring as there is for the CEP, annual statistical analyses also have shown low participation rates in other occupations and in other FDIC divisions and offices. For instance, participation rates are low for Hispanic males and females, White females, and Asian females in the 0501 Financial Administration and Program occupation in the FDIC's Division of Finance (DOF), and that underrepresentation has remained fairly constant due to the lack of hiring in that occupation. Similarly, there are various areas of underrepresentation in the 0510 Accountant occupation in both DOF and DRR and the 1101 General Business and Industry (Resolution and Receiverships Specialist) occupation in DRR. To the extent that hiring is conducted in any major occupation having low participation rates of certain groups, divisions and offices with the vacancies must coordinate with OMWI and Corporate Recruitment personnel to determine the best strategies available to broaden the applicant pool to include candidates in the underrepresented groups.

Additionally, after determining that there were low participation rates of women and minorities in the executive ranks, a 2011 Corporate Performance Goal was established for the FDIC to develop strategies to increase the diversity of qualified applicants for FDIC positions, including managerial and executive positions. The FDIC conducted a review of its recruitment functions as well as its Affirmative Employment Plan to determine their sufficiency. After that review, the FDIC developed a process to more consistently disseminate vacancy announcements for positions at Grades 13 and above to minority and women professional groups and representative trade and consumer organizations as these positions are announced. This process will apply to all FDIC organizations including OMWI and should be in place by the second quarter of 2012.

Challenges Faced in Contracting with Qualified MWOBs and MWOLFs

The FDIC has faced some challenges to increasing the participation of MWOBs. In 2011, challenges continued to exist for identifying MWOB firms that have a national capability. As a result, the FDIC has begun to issue more solicitations on a regional basis and to allow potential bidders to bid only on a subset of a requirement, rather than having to bid on the entire requirement. Often missing are MWOB relationships with large federal contracting companies where subcontracting opportunities most often exist. To help encourage these relationships and address this concern, the FDIC emphasizes the importance of large contractors subcontracting with MWOB firms and has negotiated increases in MWOB subcontracting participation with many large contractors.

Similar challenges were experienced with referrals to MWOLFs that may lack the capacity to handle the larger legal matters and ones with wide-ranging issues. To address this issue, the FDIC has been encouraging MWOLFs to partner with other MWOLF and majority firms.

Since the beginning of the financial crisis in 2008, OMWI, DOA and FDIC Division of Resolutions and Receiverships (DRR) and Legal Division staff have been conducting “*Doing Business with the FDIC/Representing the FDIC*” seminars across the country to address challenges as well as issues among MWOBs and MWOLFs concerning awareness regarding business opportunities with the FDIC, how the FDIC outsources business, and how firms should align themselves to become more competitive in connection with the FDIC’s procurement process. The FDIC contracting procedures and upcoming solicitations are discussed at these events. Additionally, FDIC personnel conducted 10 seminars for minority- and women-owned investors regarding structured sales in 2010-11, and exhibited at 18 specific procurement trade shows and provided contracting opportunity information at an additional 7 non-procurement events in 2011.

DFA Section 342(e)(5) requires the FDIC to report any other information, findings, conclusions, and recommendations relevant to this Section.

Other Information, Findings, Conclusions, and Recommendations

In 2011, the OMWI was active in working with the other agencies identified in DFA Section 342 to develop appropriate “standards for assessing diversity policies and practices of entities regulated by the agencies” as required by the Act. An interagency group was formed in early 2011, and met at least monthly to discuss approaches to implementing Section 342. During the fourth quarter 2011 and early first quarter 2012, representatives from these agencies met among themselves and with financial industry trade organizations and began considering how to develop standards for assessing the diversity policies and practices of regulated entities that would consider a regulated entity’s size, complexity, and market area. Meetings with regulated representatives are continuing in an effort to define the standards and assessment process.

The FDIC developed the Investor Match Program (IMP) in 2011. The IMP encourages and facilitates interaction among small investors, asset managers, and large investors to bring sources of capital together with the expertise needed to participate in structured loan sale transactions. The Program also responds to feedback gathered from Asset Purchaser and Investor Seminars conducted by the FDIC, as well as from many other conversations with small and minority- and women-owned investors.

The IMP was launched in September 2011. As of December 31, 2011, the IMP had 157 registered members, of which 50 firms (32 percent) were identified as MWOBs. During the third and fourth quarters of 2011, DRR also pre-qualified 46 MWOB investors to bid on securities and structured loan sales representing 21 percent of the 224 total investors pre-qualified over the same period.

Similarly, the FDIC also developed the Small Investor Program (SIP) in 2011. The SIP is geared towards the small investor and offers smaller sized asset pools and unique structural features to make it more accessible for smaller investors and increase participation in structured sales while maintaining a level playing field for all investors. DRR closed two SIP Structured Transaction Sales in 2011 that were comprised of three pools of 275 performing and non-performing commercial and acquisition, development and construction loans having a book value of \$398 million. There were 22 bidders for the two SIPs, of which 11 bidders (50 percent) contained an MWOB member. The winning bidder for all three pools contained an MWOB member.

Finally, the FDIC dedicates significant resources to expanding its Internet presence. The FDIC’s public website has extensive information accessible to the public both on “doing business with the FDIC” and links to updated contractor and MWOB information. We encourage interested parties to start at <http://www.fdic.gov/mwop> to find more

information. Some of the charts available on the web are attached to help amplify the findings reported above.