

**Supporting Statement for the
Joint Standards for Assessing the Diversity Policies and Practices of
Entities Regulated by the Agencies
(FR 2100; OMB No. 7100-0368)**

Summary

The Board of Governors of the Federal Reserve System, under delegated authority from the Office of Management and Budget (OMB), proposes to extend, with revision, the Paperwork Reduction Act (PRA) requirements of the interagency Joint Standards for Assessing Diversity Policies and Practices of Entities Regulated by the Agencies (Policy Statement; OMB No. 7100-0368). Section 342 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (Dodd-Frank Act) requires the Office of the Comptroller of the Currency (OCC), Board of Governors of the Federal Reserve System (Board), Federal Deposit Insurance Corporation (FDIC), National Credit Union Administration (NCUA), Bureau of Consumer Financial Protection (CFPB), and Securities and Exchange Commission (SEC) (the Agencies) each to establish an Office of Minority and Women Inclusion (OMWI) to be responsible for all matters of the Agency relating to diversity in management, employment, and business activities. Section 342 requires each OMWI director to develop standards for “assessing the diversity policies and practices of entities regulated by the agency.” The Policy Statement, published jointly by the Agencies in June 2015, contain those standards.

The Policy Statement contains a “collection of information” within the meaning of the PRA. The Policy Statement includes Joint Standards that cover “Practices to Promote Transparency of Organizational Diversity and Inclusion.” These Joint Standards expect a regulated entity to be transparent about its diversity and inclusion activities by making certain information available to the public annually on its Web sites or through other appropriate communications methods, in a manner reflective of the entity’s size and other characteristics. In addition, the Policy Statement includes Joint Standards that address “Entities’ Self-Assessment” and that a regulated entity, in a manner reflective of its size and other characteristics, is encouraged to publish information pertaining to its efforts with respect to the Joint Standards.

The Federal Reserve proposes to reduce paperwork and respondent burden, as required by the PRA, by revising the information collection to include a reporting tool entitled “Diversity Self-Assessment Template” that entities regulated by the Federal Reserve may use to record the results of their self-assessment.

The Federal Reserve’s share of the annual reporting burden is estimated to be reduced from 5,856 hours to 3,912 based on use of the proposed self-assessment template.

Background and Justification

Section 342(b)(2)(C) of the Dodd-Frank Act requires each OMWI Director to develop standards for assessing the diversity policies and practices of entities regulated by the Agency.

The Agencies would use the information provided to them to monitor progress and trends in the financial services industry with regard to diversity and inclusion in employment and contracting activities, as well as to identify and highlight those policies and practices that have been successful. The primary federal financial regulator will share information with other agencies, when appropriate, to support coordination of efforts and to avoid duplication. The Agencies may publish information disclosed to them, such as best practices, in any form that does not identify a particular entity or individual or disclose confidential business information.

Description of Information Collection

The Policy Statement includes Joint Standards that cover “Practices to Promote Transparency of Organizational Diversity and Inclusion.” These Joint Standards contemplate that a regulated entity is transparent about its diversity and inclusion activities by making certain information available to the public annually on its Web sites or through other appropriate communications methods, in a manner reflective of the entity’s size and other characteristics. The specific information referenced in these standards is (a) the entity’s diversity and inclusion strategic plan; (b) its policy on its commitment to diversity and inclusion; (c) its progress toward achieving diversity and inclusion in its workforce and procurement activities (which may include the entity’s current workforce and supplier diversity demographic profiles); and (d) opportunities available at the entity that promote diversity. The individual entity would determine the type and extent of information that demonstrates its progress toward achieving diversity and inclusion. The information supplied would be commensurate with the size and complexity of the entity. No specific information is required by the Agencies. In addition, opportunities that promote diversity would vary by entity and, therefore, would not be specified by the Agencies. Examples of such opportunities could be current employment and procurement opportunities; forecasts of potential employment and procurement opportunities; and the availability of mentorship and developmental programs for employees and contractors.

In addition, the Policy Statement includes Joint Standards that address “Entities’ Self-Assessment.” The Joint Standards for Entities’ Self-Assessment envision that a regulated entity, in a manner reflective of its size and other characteristics, (a) conducts annually a voluntary self-assessment of its diversity policies and practices; (b) monitors and evaluates its performance under its diversity policies and practices on an ongoing basis; (c) provides information pertaining to its self-assessment to the OMWI Director of its primary federal financial regulator; and (d) publishes information pertaining to its efforts with respect to the Joint Standards.

Proposed Revision

The Federal Reserve previously received OMB approval for a voluntary information collection with respect to the Policy Statement, pursuant to which entities regulated by the Federal Reserve voluntarily self-assess their diversity policies and practices.¹ This proposed revision to that collection would add the Template to assist with the self-assessment. The Template (1) asks for

¹ 80 FR 33016 (June 10, 2015).

general information about a respondent; (2) includes a checklist of the standards set forth in the Policy Statement; (3) seeks additional diversity data; and (4) provides an opportunity for a respondent to provide other information regarding or comment on the self-assessment of its diversity policies and practices. The Board estimates that use of the Template would reduce the average response time for this collection per respondent from 12 hours to 8 hours.

The Federal Reserve may use the information submitted by the entities it regulates to monitor progress and trends in the financial services industry with regard to diversity and inclusion in employment and contracting activities and to identify and highlight those policies and practices that have been successful. The Federal Reserve will continue to reach out to the regulated entities and other interested parties to discuss diversity and inclusion in the financial services industry and share leading practices. The Federal Reserve may also publish information disclosed by the entity, such as any identified leading practices, in any form that does not identify a particular institution or individual or disclose confidential business information.

Time Schedule for Information Collection and Publication

The Agencies may publish information disclosed to them, such as best practices, in any form that does not identify a particular entity or individual or disclose confidential business information.

Legal Status

The Board's Legal Division has determined that the information collections contained within the Policy Statement are authorized by section 342 of the Dodd-Frank Act, which requires the Board's OMWI director to develop standards for assessing regulated entities' diversity policies and practices and are voluntary.

The Standard regarding transparency, and a portion of the self-assessment Standard, call for regulated entities to provide information to the public, so confidentiality is not an issue with respect to those aspects of the Policy. A regulated entity may provide self-assessment material to the Board that contains confidential commercial information protectable under exemption 4 of the Freedom of Information Act, 5 U.S.C. § 552(b)(4), and may request that the information be kept confidential on a case-by-case basis. The Board will determine whether the information is entitled to confidential treatment on an ad hoc basis in connection with such a request. As noted in the Policy Statement, an entity's primary federal regulator may share information obtained from regulated entities with other Agencies, but will publish information disclosed to them only in a form that does not identify a particular entity or individual or disclose confidential business information.

Consultation Outside the Agency

The Agencies worked together to develop the Joint Standards and have collaborated on these proposed revisions.

Sensitive Questions

This collection of information contains no questions of a sensitive nature, as defined by OMB guidelines.

Estimate of Respondent Burden

The current annual burden is estimated to be 5,856 hours, as shown in the following table. The Federal Reserve estimates that use of the Template would reduce the total annual burden from 5,856 hours to 3,912 hours, a reduction of 1,944 hours. The revised annual burden represents less than 1 percent of total Federal Reserve System paperwork burden.

The collection of information contemplated by the Joint Standards imposes no new recordkeeping burdens as regulated entities will only publish or provide information pertaining to diversity policies and practices that they maintain during the normal course of business.

	<i>Estimated number of respondents</i>	<i>Annual frequency</i>	<i>Estimated average hours per response</i>	<i>Estimated annual burden hours</i>
<i>Current</i>				
Policy Statement	488	1	12 hours	5,856
<i>Total</i>				<u>7,808</u>
<i>Proposed</i>				
Policy Statement	488	1	8 hours	3,912
<i>Total</i>				<u>5,864</u>
<i>Change</i>				-1,944

The total cost to the public for this information collection is estimated to decrease from \$311,246 to \$207,923 with the proposed revision. ²

Estimate of Cost to the Federal Reserve System

The cost to the Federal Reserve System is negligible.

² Total cost to the public was estimated using the following formula: percent of staff time, multiplied by annual burden hours, multiplied by hourly rates (30% Office & Administrative Support at \$17, 45% Financial Managers at \$65, 15% Lawyers at \$66, and 10% Chief Executives at \$89). Hourly rates for each occupational group are the (rounded) mean hourly wages from the Bureau of Labor and Statistics (BLS), Occupational Employment and Wages May 2015, published March 30, 2016 <http://www.bls.gov/news.release/ocwage.t01.htm>. Occupations are defined using the BLS Occupational Classification System, www.bls.gov/soc/