



## **“MINORITY AND WOMEN INCLUSION”**

**OMB NUMBER 2590-0014**

**SUPPORTING STATEMENT**

### **A. JUSTIFICATION**

#### **1. Circumstances Necessitating the Collection of Information**

The Federal Housing Finance Agency (FHFA) is seeking renewal of the OMB Paperwork Reduction Act (PRA) clearance for the collection of information regarding the minority and gender classification of individuals serving on the boards of directors of the Federal Home Loan Banks (Banks) and of the Office of Finance under FHFA’s regulations on Minority and Women Inclusion (MWI), which are codified at 12 CFR part 1223.

The Federal Home Loan Bank System (Bank System) consists of eleven regional Banks and the Office of Finance, which issues and services the Banks’ debt securities. The Banks are wholesale financial institutions, organized under authority of the Federal Home Loan Bank Act (Bank Act) to serve the public interest by enhancing the availability of residential housing finance and community lending credit through their member institutions and, to a limited extent, through certain eligible non-member entities. Each Bank is structured as a regional cooperative that is owned and controlled by member financial institutions located within its district, which are also its primary customers. The Bank Act vests the management of each Bank in a board of directors that consists of two types of directors: (1) member directors, who are drawn from the officers and directors of member institutions located in the Bank’s district and who are elected to represent members in a particular state in that district; and (2) independent directors, who are unaffiliated with any of the Bank’s member institutions, but who reside in the Bank’s district and are elected on an at-large basis.<sup>1</sup> The Office of Finance is also governed by a board of directors, which consists of the presidents of the eleven Banks and five independent directors.<sup>2</sup>

Section 1319A of the Federal Housing Enterprises Financial Safety and Soundness Act of 1992 (Safety and Soundness Act) requires that each of the Banks establish an Office of Minority and Women Inclusion (OMWI) to be responsible for all matters relating to diversity in its management, employment, and business activities, in accordance with requirements established by FHFA.<sup>3</sup> Section 1319A also requires that each Bank implement standards and procedures to ensure, to the maximum extent possible, the inclusion and utilization of women and minorities “at all levels” of

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<sup>1</sup> See 12 U.S.C. §§ 1427(a)(1), (b), (d).

<sup>2</sup> See 12 CFR § 1273.7(a).

<sup>3</sup> See 12 U.S.C. § 4520(a).

its business and activities, and submit an annual report to FHFA detailing actions taken to achieve those goals.<sup>4</sup>

FHFA's MWI regulations implement those statutory requirements and also extend the requirements to the Office of Finance. The regulations require generally that each Bank and the Office of Finance "develop, implement, and maintain policies and procedures to ensure, to the maximum extent possible in balance with financially safe and sound business practices, the inclusion and utilization of minorities, women, individuals with disabilities, and minority-, women-, and disabled-owned businesses in all business and activities and at all levels of the regulated entity, including in management, employment, procurement, insurance, and all types of contracts."<sup>5</sup> In recognition of the fact that each Bank is required by statute to promote diversity and inclusion "at all levels" of its business and activities, the MWI regulations further require that the Banks' policies and procedures (as well as those of the Office of Finance) "[e]ncourage the consideration of diversity in nominating or soliciting nominees for positions on boards of directors and engage in recruiting and outreach directed at encouraging individuals who are minorities, women and individuals with disabilities to seek or apply for employment with the regulated entity."<sup>6</sup>

In conformity with the statutory requirements, FHFA's MWI regulations require that each Bank and the Office of Finance submit to FHFA an annual report describing, among other things, its efforts to promote diversity at all levels of management and employment, and the results of those efforts.<sup>7</sup> In order to provide a quantitative basis upon which to assess the results of those efforts, FHFA's regulations require that each Bank and the Office of Finance set forth in their respective annual reports the demographic data reported on the EEO-1 form, which they are required to file annually with the Equal Employment Opportunity Commission (EEOC).<sup>8</sup> The EEO-1 form requires that each respondent provide race, ethnicity, and gender information for its employees, broken down into various job categories. Because the EEO-1 form does not require that a respondent provide information on its board directors, FHFA cannot use the EEO-1 data to assess the effectiveness of the Bank System's efforts to "encourage the consideration of diversity in nominating or soliciting nominees for positions on boards of directors."

In order to provide the data necessary to assess those efforts, the MWI regulations separately require that the annual reports set forth "[d]ata showing for the reporting year by minority and gender classification, the number of individuals on the board of directors of each Bank and the Office of Finance," using the same racial and ethnic classifications that are used on the EEO-1 form (which comply with OMB's "Statistical Policy Directive No. 15, Race and Ethnic Standards for Federal Statistics and Administrative Reporting").<sup>9</sup> The regulation requires that each Bank and the Office of Finance collect that data "through an information collection requesting each director's voluntary self-identification of his or her minority and gender classification without personally identifiable information."

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<sup>4</sup> See 12 U.S.C. §§ 4520(b), (d).

<sup>5</sup> See 12 CFR § 1223.21(b).

<sup>6</sup> See 12 CFR § 1223.21(b)(7).

<sup>7</sup> See 12 CFR § 1223.22(a).

<sup>8</sup> See 12 CFR § 1223.23(b)(1). As required by 29 CFR § 1602.7, each Bank and the Office of Finance annually files an EEO-1 form with the EEOC.

<sup>9</sup> See 12 CFR § 1223.23(b)(10)(i).

## **2. Use of Data**

FHFA uses the information collected under this control number to assess the effectiveness of the policies and procedures that each Bank and the Office of Finance is required to implement to promote diversity in all of its business and activities “at all levels” and, specifically, to encourage diversity in the nomination and solicitation of nominees for members of its boards of directors. FHFA also uses the information to establish a baseline to analyze future trends related to the diversity of the boards of directors of the Banks and the Office of Finance and to assess the effectiveness of the strategies developed by the Banks and the Office of Finance for promoting, developing, and retaining diverse board talent.

## **3. Use of Information Technology**

The MWI regulation does not specify the method by which the Banks and the Office of Finance are to collect the demographic information, other than to require that it be done in a way that does not garner personally identifiable information. Typically, the Banks and the Office of Finance collect the information electronically, by emailing to each of their board directors a link where each director may anonymously report his or her demographic information.

## **4. Efforts to Identify Duplication**

This information collection is not duplicative because the demographic information collected is not available from any other source. Existing § 1223.23(b)(1) requires that the annual report include demographic data required to be reported on the EEO-1 form, which each Bank and the Office of Finance are required to file with the EEOC pursuant to Title VII of the Civil Rights Act of 1964, as amended, and EEOC’s implementing regulations.<sup>10</sup> This avoids duplication by allowing the Banks and the Office of Finance to submit demographic information regarding their employees that they are already required to collect to satisfy those other statutory and regulatory requirements. However, because the job categories included on the EEO-1 form do not pertain to members of boards of directors, demographic information for directors must be collected separately.

## **5. Impact on Small Entities**

The information collection is directed at individuals only and, therefore, does not have a significant economic impact on a substantial number of small entities.

## **6. Consequences of Less Frequent Collection and Obstacles to Burden Reduction**

If the demographic information for board directors is not collected annually with the other information required to be included in the annual reports filed by the Banks and the Office of Finance, FHFA will not be able to assess fully the effectiveness of the policies and procedures each is required to implement to promote diversity in all of its business and activities “at all levels” and,

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<sup>10</sup> See 42 U.S.C. § 2000e, et seq.; 29 CFR § 1602.7. The EEOC has received PRA clearance from OMB to carry out the EEO-1 information collection under control #3046-0007.

specifically, to encourage diversity in the nomination and solicitation of nominees for members of its boards of directors.

## **7. Circumstances Requiring Special Information Collection**

There are no special circumstances requiring the information collection to be conducted in a manner inconsistent with the guidelines provided in Item 7.

## **8. Solicitation of Comments on Information Collection**

In accordance with the requirements of 5 CFR 1320.8(d), FHFA published a request for public comments regarding this information collection in the *Federal Register* on May 16, 2018.<sup>11</sup> The 60-day comment period closed on July 16, 2018. FHFA received no comment letters.

## **9. Provision of Payments or Gifts to Respondents**

No payment or gift is provided to any respondent.

## **10. Assurance of Confidentiality**

The Banks, the Office of Finance, and FHFA will maintain the confidentiality of information obtained from respondents as required by applicable statute, regulation, and agency policy.

## **11. Questions of a Sensitive Nature**

The information collection requests information regarding an individual's minority and gender classification using the same classifications as those used on the EEO-1 form.

## **12. Estimates of the Hour Burden of the Information Collection**

The estimated annualized hour burden imposed upon respondents by this information collection is 20 hours. This estimate is based on the following calculations:

Board director receives email link to electronic form and completes form:

- Time per response: 0.1 hours
- Total respondents: 200 directors
- Total hours: 20

## **13. Estimated Total Annualized Cost Burden to Respondents**

There will be no costs imposed upon the respondents by this information collection.

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<sup>11</sup> See 83 FR 22684 (May 16, 2018).

#### **14. Estimated Cost to the Federal Government**

The estimated annual cost burden to the Federal government is \$0.

#### **15. Reasons for Change in Burden**

FHFA's estimate for the total burden associated with this information collection has decreased by one hour, from 21 to 20 hours. This is because the maximum total number of Bank and Office of Finance board directors who would be asked to provide their demographic data has decreased from 210 to 200.

#### **16. Plans for Tabulation, Statistical Analysis, and Publication**

The results of this information collection may be published in aggregated form in FHFA's annual report to Congress, showing summed totals and percentages among the demographic categories. There will be no statistical analysis.

#### **17. If Seeking Approval to Not Display the Expiration Date for OMB Approval of the Information Collection, Explain the Reasons Why Display Would Be Inappropriate**

FHFA plans to display the expiration date for OMB approval.

#### **18. Explain Each Exception to the Topics of the Certification Statement Identified in "Certification for Paperwork Reduction Act Submission."**

There are no exceptions to the certification statement identified in Item 18.

#### **B. COLLECTION OF INFORMATION EMPLOYING STATISTICAL METHODS**

This information collection does not employ statistical methods.