

**SUPPORTING STATEMENT
JOINT STANDARDS FOR ASSESSING DIVERSITY POLICIES AND PRACTICES
(OMB Control No. 3064-0200)**

INTRODUCTION

The FDIC is requesting OMB approval of the renewal, without change, of the currently approved information collection entitled “Joint Standards for Assessing the Diversity Policies and Practices” (OMB Control No. 3064-0200) which expires on February 29, 2020.

A. JUSTIFICATION.

1. Circumstances that make the collection necessary:

Section 342 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (Act) required the Office of the Comptroller of the Currency (OCC), Board of Governors of the Federal Reserve System (Board), Federal Deposit Insurance Corporation (FDIC), Bureau of Consumer Financial Protection (CFPB), National Credit Union Administration (NCUA), and Securities and Exchange Commission (SEC) (together, Agencies and separately, Agency) 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. The Act also instructed each OMWI Director to develop standards for assessing the diversity policies and practices of entities regulated by the Agency. The Agencies worked together to develop joint standards (Joint Standards) and, on June 10, 2015, they jointly published in the Federal Register¹ the “Final Interagency Policy Statement Establishing Joint Standards for Assessing the Diversity Policies and Practices of Entities Regulated by the Agencies” (Policy Statement).²

The Policy Statement contains a “collection of information” within the meaning of the Paperwork Reduction Act of 1995 (PRA). 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; and (d) opportunities available at the entity that promote diversity.

¹ 80 Fed. Reg. 33016.

² The National Credit Union Administration (NCUA) joined the Agencies in issuing the Policy Statement. However, the NCUA has not joined in this request for approval under the PRA of the information collection contained in the Policy Statement. NCUA intends to submit a separate request for PRA approval.

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.

2. Use of the information:

The Agencies will 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.

3. Consideration of the use of improved information technology:

An entity may use any available automated, electronic, mechanical or other technological collection technique to provide the required information to the public and to its primary federal financial regulator. The FDIC has created an electronic version of the reporting form which is intended to reduce the reporting burden for this information collection.

4. Efforts to identify duplication:

Entities that are subject to certain recordkeeping and reporting requirements, such as those required by the Equal Employment Opportunity Commission and the Office of Federal Contract Compliance Programs, currently collect and maintain data and supporting documentation that may assist in evaluating and assessing their policies and practices related to workforce diversity and inclusion. Entities also are encouraged to use other analytical tools that they may find helpful. In addition, the primary federal financial regulator will share information with other agencies, when appropriate, to support coordination of efforts and to avoid duplication.

5. Methods used to minimize burden if the collection has a significant impact on a substantial number of small entities:

The information collection does not have a significant impact on a substantial number of small entities. When drafting these standards, the Agencies focused primarily on institutions with more than 100 employees in an effort to minimize the

impact on smaller entities. In addition, in order to make clear how the standards are relevant to and may be used by small entities, the Policy Statement encourages each entity to use the standards in a manner appropriate to its size and unique characteristics. This also should minimize burden on smaller institutions. Finally, we note that the standards are voluntary.

6. Consequences to the Federal program if the collection were conducted less frequently:

If the information is not collected or is collected less frequently, the Agencies may not be able to monitor progress and trends in the financial services industry with regard to diversity and inclusion in employment and contracting activities or identify and highlight those policies and practices that have been successful.

7. Special circumstances necessitating collection inconsistent with 5 CFR Part 1320.5(d)(2):

None. The information is collected in a manner consistent with 5 CFR 1320.5(d)(2).

8. Efforts to consult with persons outside the agency:

On September 26, 2019, the FDIC published a Federal Register notice (84 FR 50838) proposing to renew this information collection for three years. The notice provides for a 60-day comment period. No comments were received.

9. Payment or gifts to respondents:

Not applicable.

10. Any assurance of confidentiality:

The Policy Statement states that the Agencies may publish information disclosed to them provided they do not identify a particular entity or individual or disclose confidential business information in an effort to balance concerns about confidentiality of information with the importance of sharing information. Any entities submitting information may designate such information as confidential, as appropriate, and the Agencies will keep this information private to the extent allowed by law.

11. Justification for questions of a sensitive nature:

Not applicable: no sensitive information is collected.

12. Estimate of hour burden including annualized hourly costs:

Estimated Annual Burden

| Information Collection (IC) Description | Type of Burden | Obligation to Respond | Estimated Number of Respondents | Estimated Number of Responses | Estimated Time per Response (Hours) | Frequency of Response | Total Estimated Annual Burden (Hours) |
|---|----------------|-----------------------|---------------------------------|-------------------------------|-------------------------------------|-----------------------|---------------------------------------|
| Joint Standards for Assessing Diversity Policies and Practices – <i>Paper Form</i> | Reporting | Voluntary | 120 | 1 | 8 | Annually | 960 |
| Joint Standards for Assessing Diversity Policies and Practices – <i>Electronic Form</i> | Reporting | Voluntary | 60 | 1 | 7 | Annually | 420 |
| Joint Standards for Assessing Diversity Policies and Practices – <i>Own Submission</i> | Reporting | Voluntary | 15 | 1 | 12 | Annually | 180 |
| Total Estimated Annual Burden Hours | | | | | | | 1,560 |

Annualized Cost of Internal Hourly Burden³:

Office & Administrative Support – $30\% \times 1,560 \times \$27.89 = \$13,052.52$

Financial Managers – $45\% \times 1,560 \times \$90.46 = \$63,502.92$

Legal Counsel – $15\% \times 1,560 \times \$132.45 = \$30,993.30$

Chief Executives – $10\% \times 1,560 \times \$160.14 = \$24,981.84$

Total Estimated Annualized Cost of Internal Hourly Burden = \$132,530.58

13. Estimate of start-up costs to respondents:

None.

14. Estimate of annualized costs to the government:

³To estimate the annual cost of the burden hours, we used the following formula: percent of staff time, multiplied by annual burden hours, multiplied by hourly rate (30% Office & Administrative Support at \$26.47; 45% Financial Managers at \$97.85; 15% Lawyers at \$99.26; and 10% Chief Executives at \$135.38). The hourly rate for each occupational group is the mean hourly wage plus benefits and inflation at 34 percent of total compensation, from the Bureau of Labor Statistics (BLS), Occupational Employment and Wages, May 2015, <https://www.bls.gov/news.release/ocwage.t01.htm>. Occupations are defined using the BLS Occupational Classification System, www.bls.gov/soc/. The FDIC updated the wage estimates to include the cost of benefits and inflation.

None.

15. Analysis of change in burden:

There is no change in the method or substance of the information collection. The change in burden is due to the introduction of the “Diversity Self-Assessment of Financial Institutions Regulated by the FDIC” electronic form intended to facilitate responders’ self-assessment process. The FDIC estimates that the use of the electronic form will result in a reduction in the average response time per respondent choosing to use from 12 hours (for respondents not using a reporting form) or 8 hours (for respondents using the existing paper form) to 7 hours for the new electronic version of the reporting form. FDIC has revised the estimated number of annual respondents from 398 to 195 based on the actual response rate over the past three years. The FDIC assumes that 60 (33%) of the estimated respondents that used the paper version of the form will now use the electronic version while the remaining 120 (67%) will continue to use the existing paper form. The foregoing has resulted in a reduction in total estimate annual burden from 3,184 hours to 1,560 hours.

16. Information regarding collections whose results are planned to be published for statistical use:

The result of this collection will not be published for statistical use.

17. Display of expiration date

Not applicable. The Agencies do not seek approval to not display the expiration date for OMB approval for the information collection. The OMB control number and expiration date will be displayed on the Federal government’s electronic PRA docket at www.reginfo.gov.

18. Exceptions to certification

None.

B. COLLECTION OF INFORMATION EMPLOYING STATISTICAL METHODS

Not applicable.