

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

INTRODUCTION

The FDIC is requesting OMB approval of the revision of the currently approved information collection entitled “Joint Standards for Assessing the Diversity Policies and Practices” (OMB Control No. 3064-0200). This information collection was renewed in January 2020 and currently expires on January 31, 2023. FDIC is revising the burden estimates as a result of an update of the electronic version of the reporting form. The update will allow respondents who have previously completed a diversity self-assessment (DSA) to copy and clone their previous submission. This copy/clone capability reduces the reporting burden for returning respondents. However, it does not change the burden for respondents who fill out the electronic form for the first time or respondents who choose an alternative method of assessing their diversity policies and practices. As such, this ICR revises the IC line items to distinguish between the *implementation burden* incurred by first time respondents from the *ongoing burden* incurred by returning respondents. This ICR also updates the respondent count estimates for the other line items in this IC. Finally, this ICR adds a line to cover the burdens of non-material submissions.

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

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.

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.

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 August 10, 2021, the FDIC published a Federal Register notice (86 FR 43652) proposing to renew this information collection for three years. The notice provided 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

This ICR was last approved on February 5, 2020 with an estimated 195 respondents and a total annual burden estimate of 1,560 hours (2020 ICR).³ The 2020 ICR delineated distinct burden estimates for respondents who submitted their responses electronically, respondents who submitted their responses via the paper version of the “Diversity Self-Assessment of Financial Institutions Regulated by the FDIC” form, and respondents who submitted their responses via their own free-form format.

Currently Approved Annual Burden Estimate (3064-0200)

| 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 |

In October 2020, the FDIC implemented a copy/clone feature in FID-SA for submissions covering the 2020 reporting period and beyond. This feature allows the respondent to pre-populate a new diversity self-assessment with the information that was previously completed and submitted. In addition, Subject Matter Experts (SMEs) from the Office of Minority and Women Inclusion (OMWI) have identified several submissions that complete the pro forma form but do not provide the FDIC with any material self-assessments. With the addition of these two submission types, there are now five distinct

³ The ICR currently expires on January 31, 2023.

submission types for this ICR:

1. **Paper Form Submissions**, which are DSA submissions that use the “Diversity Self-Assessment of Financial Institutions Regulated by the FDIC” form and submit the form as an email attachment or via the United States Postal Service;
2. **Electronic Form (Implementation) Submissions**, which are DSA submissions that utilize the online FID-SA application, and the financial institution has not previously submitted a DSA;
3. **Electronic Form (Ongoing) Submissions**, which are DSA submissions that utilize the online FID-SA application and are able to use the copy/clone feature in FID-SA;
4. **Free-Form Submissions**, which are submissions that do not use the “Diversity Self-Assessment of Financial Institutions Regulated by the FDIC” form; and
5. **Non-material Submissions**, which are pro forma submissions that do not provide any material self-assessments.

Estimated Number of Respondents and Responses

Responses to this ICR are voluntary and may be submitted by any FDIC-regulated financial institution. As such, potential respondents to this IC are all FDIC-regulated financial institutions. As of December 31, 2020, the FDIC regulates 3,227 insured depository institutions (IDIs).⁴ Of these institutions, 2,380 are considered small for the purposes of the Regulatory Flexibility Act (RFA) as of December 31, 2020.⁵

Respondents submit a single response per year. To estimate the number of respondents for this ICR, FDIC summarized data from historical submissions by FDIC-regulated IDIs covering diversity activities in the reporting periods 2016-2019.⁶ For each submission, FDIC categorizes it as a first-time submission if no prior submission was made by the same IDI. Otherwise, FDIC categorizes it as a repeat submission. 2016 submissions are not categorized since 2016 was the first year for which FDIC has submission data. A summary of these results is provided in Table 1 below:

| Table 1. OMWI Submission Counts, by Submission Type and Reporting Period | | | | |
|---|------|------|------|------|
| Submission Type | 2016 | 2017 | 2018 | 2019 |

⁴ FDIC Call Report data, December 31, 2020.

⁵ The SBA defines a small banking organization as having \$600 million or less in assets, where an organization's “assets are determined by averaging the assets reported on its four quarterly financial statements for the preceding year.” See 13 CFR 121.201 (as amended by 84 FR 34261, effective August 19, 2019). In its determination, the “SBA counts the receipts, employees, or other measure of size of the concern whose size is at issue and all of its domestic and foreign affiliates.” See 13 CFR 121.103. Following these regulations, the FDIC uses a respondent's affiliated and acquired assets, averaged over the preceding four quarters, to determine whether the respondent is “small” for the purposes of RFA.

⁶ The reporting period is the calendar year prior to the year of submission. For example, submissions received by the FDIC in 2020 cover diversity activities in the 2019 reporting period.

| | | | | |
|--|----|-----|-----|-----|
| All submissions* | 95 | 137 | 133 | 152 |
| All submissions, small IDIs** | 17 | 26 | 26 | 33 |
| First-time submissions | | 81 | 42 | 38 |
| First-time submissions, small IDIs** | | 18 | 13 | 16 |
| Repeat submissions | | 56 | 91 | 113 |
| Repeat submissions, small IDIs** | | 8 | 13 | 17 |
| Source: FDIC OMWI * These counts include two financial institutions (CERTs 20399 in 2016 and 29845 in 2019) that were later found to not be regulated by the FDIC during their respective reporting periods. We include them here to align the table with other OMWI published analyses (available at https://www.fdic.gov/about/diversity/analysisdsa.html). ** IDIs are counted as small if they meet the SBA's definition of "small" for purposes of RFA as of December 31 st in each reporting period. | | | | |

As Table 1 shows, there were 152 total submissions in 2019, the most recent reporting year. This is an increase of approximately 20 submissions from the previous year. The FDIC attributes this increase to the introduction of the online FID-SA application and an expanded outreach effort by the FDIC to educate and increase awareness about the DSA. The FDIC expects that submission counts will continue to climb due to continued expanded outreach efforts as well as the introduction of the copy/clone feature to facilitate responses. Based on the historical submission counts and the expected rise in submissions, the FDIC anticipates that it will receive 195 submissions per year. The FDIC expects that most of these submissions will use the online FID-SA application. Based on the historical trends of first-time and repeating submissions and expectations on future submission, the FDIC estimates annual counts of 45 Electronic Form (Implementation) and 130 Electronic Form (Ongoing) submissions.⁷ In addition, the FDIC anticipates annual counts of five Free-Form Submissions and ten Non-material Submissions.⁸ Finally, the FDIC recognizes that some IDIs may prefer to continue providing Paper Submissions and anticipate five such submissions per year.

Each submission represents a single annual response from a single respondent. Based on the above analysis, FDIC estimates that there will be 5 Respondents for Paper Form Submissions, 45 Respondents for Electronic Form (Implementation) Submissions, 130 Respondents for Electronic Form (Ongoing) Submissions, 5 Respondents for Free-Form Submissions, and 10 Respondents for Non-material Submissions per year, for a total

⁷ Steady state averages of 25 percent for Electronic Form (Implementation) and 75 percent for Electronic Form (Ongoing) submissions were estimated from historical submissions by FDIC-regulated IDIs covering diversity activities in 2019, the first reporting period for which the online submission was available, and multiplied by 175, the anticipated number of annual Electronic Form submissions, to arrive at estimates of 45 Electronic Form (Implementation) and 130 Electronic Form (Ongoing) submissions. For the purposes of annualizing the estimated number of respondents, it is assumed that the estimated annual count of respondents for Electronic Form (Ongoing) Submissions includes returning Electronic Form (Implementation) Submissions from the previous year.

⁸ The FDIC experience approximately 0, 0, and 4 Free-Form submissions and 3, 3, and 12 Non-material submissions in 2017, 2018, and 2019, respectively. Based on these historical numbers and supervisory experience, the FDIC anticipates approximately 5 Free-Form and 10 Non-material Submissions going forward.

annual estimate of 195 respondents. Of these 195 annual respondents, FDIC estimates that 39 will be considered small for the purposes of the RFA.⁹

Estimated Hourly Burden

The FDIC estimates that Electronic Form (Implementation) Submissions will take seven hours, the same burden that was estimated in the *Electronic Form* line item in the 2020 ICR. For Electronic Form (Ongoing) Submissions, the FDIC estimates that the copy/clone feature will save respondents an average of four hours per submission, for a net burden of three hours per response. For Non-material Submissions, the SMEs estimate that the pro forma completion of the submission application will take six minutes, or 0.1 hours. The FDIC reviewed the hourly burden estimates for Paper Submissions and for Free-Form Submissions and determined that the estimates from the 2020 ICR remain reasonable and appropriate. Finally, the FDIC estimates that each respondent will incur one hour of burden per year, on average, to disclose a portion of its submission to the public, in a manner reflective of the entity's size and other characteristics.

The estimated annual burden for each submission type, in hours, is the product of the estimated number of respondents, number of responses per respondent per year, and time per response, as summarized in Table 2 below. The total revised estimated annual burden for this information collection is 1,001 hours, a reduction of 559 hours from the currently approved ICR.¹⁰

Table 2: Summary of Revised Estimated Annual Burden (3064-0200)

| 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 | 5 | 1 | 8 | Annually | 40 |
| Joint Standards for Assessing Diversity Policies and Practices – <i>Electronic Form (Implementation)</i> | Reporting | Voluntary | 45 | 1 | 7 | Annually | 315 |
| Joint Standards for Assessing Diversity Policies and Practices – <i>Electronic Form (Ongoing)</i> | Reporting | Voluntary | 130 | 1 | 3 | Annually | 390 |
| Joint Standards for Assessing Diversity Policies and Practices – <i>Free Form</i> | Reporting | Voluntary | 5 | 1 | 12 | Annually | 60 |
| Joint Standards for Assessing Diversity Policies and Practices – | Reporting | Voluntary | 10 | 1 | .01 | Annually | 1 |

⁹ This estimate is equal to 20 percent of the estimated total annual number of respondents and is in line with the fraction of submissions for period years 2017-2019 that were from small entities.

¹⁰ The average burden hour estimate across all submission types is 4 hours and 8 minutes per response.

| | | | | | | | |
|---|------------------------|-----------|-----|---|---|----------|--------------|
| <i>Non-material</i> | | | | | | | |
| Joint Standards for Assessing Diversity Policies and Practices – <i>Public Disclosure</i> | Third-Party Disclosure | Voluntary | 195 | 1 | 1 | Annually | 195 |
| Total Estimated Annual Burden Hours | | | | | | | 1,001 |

13. Estimate of start-up costs to respondents:

None.

14. Estimate of annualized costs to the government:

None.

15. Analysis of change in burden:

Total estimated annual burden decreased by 559 hours from 1,560 hours to 1,001 hours primarily as a result of additional functionality added to the electronic Diversity Self-Assessment form that facilitates completion of the form by importing data from prior submissions. See discussion in Section 12 above.

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.