

**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 (Board), under authority delegated by the Office of Management and Budget (OMB), has extended for three years, with revision, the Joint Standards for Assessing the Diversity Policies and Practices of Entities Regulated by the Agencies (FR 2100; OMB No. 7100-0368). Section 342 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act)¹ requires the Board, Office of the Comptroller of the Currency, Federal Deposit Insurance Corporation, National Credit Union Administration, Consumer Financial Protection Bureau, and Securities and Exchange Commission (collectively, the agencies) each to establish an Office of Minority and Women Inclusion (OMWI) to be responsible for all matters of the respective 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 Interagency Policy Statement Establishing Joint Standards for Assessing the Diversity Policies and Practices of Entities Regulated by the Agencies, published jointly by the agencies in June 2015, contains these standards (Joint Standards).²

The Joint Standards encourage a regulated entity to be transparent about its diversity and inclusion activities by voluntarily disclosing certain information available to the public annually on its websites or through other appropriate communication methods, in a manner reflective of the entity’s size and other characteristics (Transparency Standard). The Joint Standards also encourage a regulated entity, in a manner reflective of its size and other characteristics, to voluntarily conduct a self-assessment of its diversity policies and practices and to report information pertaining to its self-assessment to the OMWI Director of its primary federal financial regulator, as well as to publish information pertaining to its efforts with respect to the Joint Standards (Self-Assessment Standard). The Board has developed a voluntary reporting template entitled “Diversity Self-Assessment Template” for use by institutions regulated by the Board to facilitate the provision of self-assessment information. The Transparency Standard, Self-Assessment Standard, and reporting template comprise the FR 2100.

The Board revised the FR 2100 by adding a field identifying institutions to the reporting template and reformatting the reporting template’s table identifying workforce numbers.

The current estimated total annual burden for the FR 2100 is 1,248 hours, and would remain the same with the revisions. The reporting template and instructions are available on the Board’s public website at <https://www.federalreserve.gov/aboutthefed/omwi-regulated-entities-self-assessments.htm>.

¹ 12 U.S.C. § 5452.

² 80 FR 33016 (June 10, 2015).

Background and Justification

Section 342(b)(2)(C) of the Dodd-Frank Act requires the OMWI Director of each of the respective agencies to develop standards for assessing the diversity policies and practices of entities regulated by their agency. To promote consistency, the agencies worked together to jointly develop the Joint Standards for assessing diversity policies and practices.

The Board (on its own or in conjunction with the other agencies) may use the information provided by regulated entities 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.

Description of Information Collection

The Joint Standards include a Transparency Standard, which encourages a regulated entity to be transparent about its diversity and inclusion activities by voluntarily making certain information available to the public annually on its websites or through other appropriate communications methods, in a manner reflective of the entity's size and other characteristics. The specific information referenced in this standard is (1) the entity's diversity and inclusion strategic plan, (2) its policy on its commitment to diversity and inclusion, (3) 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 (4) opportunities available at the entity that promote diversity (e.g., current employment and procurement opportunities; forecasts of potential employment and procurement opportunities; and the availability of mentorship and developmental programs for employees and contractors). The individual entity would determine the type and extent of information that demonstrates its progress toward achieving diversity and inclusion. The disclosure of information associated with the Transparency Standard is voluntary and no specific information is required to be disclosed to the public by the agencies.

In addition, the Joint Standards include a Self-Assessment Standard, which encourages a regulated entity, in a manner reflective of its size and other characteristics, to voluntarily (1) conduct an annual self-assessment of its diversity policies and practices, (2) monitor and evaluate its performance under its diversity policies and practices on an ongoing basis, (3) provide information pertaining to its self-assessment to the OMWI Director of its primary federal financial regulator, and (4) publish information pertaining to its efforts with respect to the Joint Standards.

In 2016, in collaboration with the agencies, the Board supplied a reporting template that Board-regulated entities could opt to use to assist with reporting information to address the "Entities' Self-Assessment" standard. The reporting template (1) asks for general information about a respondent, (2) includes a checklist of the Joint Standards, (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 added this

reporting template to the voluntary information collections associated with the Joint Standards previously approved by OMB,³ and the use of it is voluntary.

Respondent Panel

The FR 2100 panel comprises all financial institutions for which the Federal Reserve is the primary federal financial regulator.

Frequency and Time Schedule

The FR 2100 is submitted annually. The Board encourages its regulated institutions to provide their diversity policies and practices, as well as information related to their self-assessments, to the Board and disclose such information to the public on an annual basis. Self-assessments should be submitted within 90 days of the close of the calendar year.

Revisions to the FR 2100

The Board updated the Diversity Self-Assessment Template by adding a Research, Statistics, Supervision and Regulation, and Discount and Credit Database (RSSD) number field to identify regulated entities and improve the efficiency of data collections. The Board also reformatted the Workforce Profile and Employment Practices section of the template to make clarifications. Changes include the separation of managers in the workforce count from Executive/Senior Level Officials.

Public Availability of Data

The Board may publish information disclosed to it, such as best practices, in any form that does not identify a particular entity or individual or disclose confidential business information. Entities are encouraged to disclose their diversity policies and practices, as well as information related to their self-assessments, to the public. The Board's OMWI also publishes the summary data in its annual report to Congress.

Legal Status

The FR 2100 is authorized pursuant to section 342 of the Dodd-Frank Act (12 U.S.C. § 5452).⁴ The FR 2100 is voluntary.

The Transparency Standard and portions of the Self-Assessment Standard encourage regulated entities to provide diversity information to the public. Information provided in this fashion is not confidential. A regulated entity may request confidential treatment for self-assessment material provided to the Board in accordance with the Board's Rules Regarding Availability of Information.⁵ Requests for confidential treatment of information are reviewed on

³ See 81 FR 66275, 66276 (September 27, 2016); 81 FR 89463, 89464 (December 12, 2016).

⁴ Requiring the Board's OMWI Director to develop standards for assessing regulated entities' diversity policies and practices.

⁵ 12 CFR 261.17.

a case-by-case basis. Information provided under the FR 2100 may be nonpublic commercial or financial information that is both customarily and actually treated as private by the respondent, which is protected from disclosure pursuant to exemption 4 of the Freedom of Information Act (FOIA) (5 U.S.C. § 552(b)(4)). Information provided under the FR 2100 may also contain personnel and medical files the disclosure of which would constitute a clearly unwarranted invasion of personal privacy, which are protected under exemption 6 of the FOIA (5 U.S.C. § 552(b)(6)).

Consultation Outside the Agency

The Board consulted with the agencies regarding the revisions to the reporting template.

Public Comments

On March 30, 2023, the Board published an initial notice in the *Federal Register* (88 FR 19146) requesting public comment for 60 days on the extension, with revision, of the FR 2100. The comment period for this notice expired on May 30, 2023. The Board did not receive any comments. The Board adopted the extension, with revision, of the FR 2100 as originally proposed. On July 19, 2023, the Board published a final notice in the *Federal Register* (88 FR 46165).

Estimate of Respondent Burden

As shown in the table below, the estimated total annual burden for the FR 2100 is 1,248 hours, and would remain unchanged with the revisions. The number of respondents is based on the average number of FR 2100 reports received in the past two years. The FR 2100 includes a disclosure provision for respondent institutions. These reporting and disclosure provisions represent less than 1 percent of the Board's total paperwork burden.

FR 2100	<i>Estimated number of respondents⁶</i>	<i>Estimated annual frequency</i>	<i>Estimated average hours per response</i>	<i>Estimated annual burden hours</i>
Reporting	156	1	7	1,092
Disclosure	156	1	1	<u>156</u>
<i>Total</i>				1,248

The estimated total annual cost to the public for the FR 2100 is \$82,680.⁷

⁶ Of these respondents, 151 respondents are considered small entities as defined by the Small Business Administration (i.e., entities with less than \$850 million in total assets). Size standards effective March 17, 2023. See <https://www.sba.gov/document/support-table-size-standards>. There are no special accommodations given to mitigate the burden on small institutions.

⁷ 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 \$22, 45% Financial Managers at \$80, 15% Lawyers at \$79, and 10% Chief Executives at \$118). Hourly rates for each occupational group are the (rounded) mean hourly wages from the Bureau of Labor Statistics (BLS), *Occupational Employment and Wages, May 2022*, published April 25, 2023, <https://www.bls.gov/news.release/ocwage.t01.htm>. Occupations are defined using the BLS Standard Occupational Classification System, <https://www.bls.gov/soc/>.

Sensitive Questions

These collections of information contain no questions of a sensitive nature, as defined by OMB guidelines.

Estimate of Cost to the Federal Reserve System

The estimated cost to the Federal Reserve System for collecting and processing this information collection is negligible.