



TAKING STOCK & MAKING CHANGE

**ANNUAL REPORT TO CONGRESS
FISCAL YEAR 2012**

**OFFICE OF MINORITY AND WOMEN INCLUSION
U.S. DEPARTMENT OF THE TREASURY
DEPARTMENTAL OFFICES**





April 2013



Statement from the Treasury Secretary

The Treasury Department is committed to workplace diversity. That is because Treasury is most effective when it is driven by public servants who have a range of backgrounds, experiences, and skills. A broad talent pool allows us to provide better service, design smarter solutions, and instill greater public confidence in our work. It is also consistent with our principles.

As this year's annual report from the Treasury's Office of Minority and Women Inclusion shows, we are dedicated to attracting, recruiting, and retaining the best people by fostering diversity. The report also demonstrates that we have extended these values beyond the workforce to our business activities, including tripling our goal for contracts going to disadvantaged small businesses, the majority of which are women and minority-owned. These efforts have enabled us to reach even more people and unlock even more doors of opportunity.

Looking ahead, we will continue to build on our commitment to diversity. We will do this because it is one of the clearest ways to make sure we have a government that advances the cause of this nation, and is not distant from those it serves.

A handwritten signature in black ink, reading "Jacob J. Lew".

Jacob J. Lew
Secretary of the Treasury

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Message from the OMWI Director

We have “taken stock” of workforce and business diversity within Treasury Departmental Offices, compared to the preceding baseline year, as chronicled in this second annual report to Congress from the Office of Minority and Women Inclusion (OMWI). And, through the various initiatives and accomplishments described, we are “making change,” including achieving many firsts this year:

- First-ever statement of commitment to diversity and inclusion issued by the Secretary of the Treasury, separate and distinct from the mandated EEO statement – and expanded upon in a subsequent video message to employees.
- First-ever Treasury-wide forum to elicit concerns, recommendations, and group consensus on priorities to improve the workplace experience and career advancement for women employees. The program concept was recommended by Treasury senior leadership.
- First-ever qualitative multicultural employee focus group study of perceived barriers to recruitment, hiring, career advancement, training, and retention among various racial, ethnic, and gender groups.
- First-ever partnerships with local organizations in Washington, DC to increase minority student participation in Treasury’s national financial capability program, including one of the most vulnerable groups at risk for long-term financial insecurity, parenting teens.
- First-ever partnerships with several new organizations and institutions dedicated to the education of minority students, with the aim of expanding the diversity of highly qualified candidates for internships in Treasury Departmental Offices.
- First-ever use of online technology to reach a larger employee audience with programming to commemorate national heritage months.
- First-ever “stretch” target set by Treasury leadership for small business contracting. The target was more aggressive than the statutorily required goal and Treasury achieved an even greater percentage than targeted.
- First-ever monitoring and reporting of Treasury-wide contract activity with minority-owned and women-owned businesses.
- First-ever Treasury award recognition beyond small business contracting to include awards to Bureaus for outstanding achievement in contracting with minority-owned and women-owned businesses.

Building upon this work, we will continue the challenge of igniting a collective mindset that diversity and inclusion are central, strategic, and fundamental to Treasury’s mission.

Lorraine Cole, Ph.D.

Director, Office of Minority and Women Inclusion
Departmental Offices, U.S. Department of the Treasury

EXECUTIVE SUMMARY

The Department of the Treasury's Office of Minority and Women Inclusion was established by the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) and is responsible for all matters of Treasury Departmental Offices relating to diversity in management, employment, and business activities, excluding the enforcement of statutes, regulations, or executive orders pertaining to civil rights. This second annual report is submitted to Congress pursuant to the Dodd-Frank Act regarding the actions taken by Treasury and the OMWI during Fiscal Year 2012.

Business Diversity: Of the twenty agencies and federal reserve banks with an OMWI, Treasury Departmental Offices is one of the few required to adhere to the Federal Acquisition Regulation (FAR) for the procurement of goods and services. The FAR requires a full and open competitive process for Federal procurements. OMWI monitors Treasury Departmental Offices' overall small business contracting, including contracting within small business socioeconomic categories, and also minority-owned and women-owned businesses, regardless of size. In FY12, Treasury Departmental Offices' total procurement contracts for goods and services represented \$223 million in obligations.

In FY11, OMWI, in collaboration with the Treasury Office of the Procurement Executive, set out to improve small business contracting performance with a Treasury-wide campaign that led to landmark goal achievements. Building on the momentum in small business contracting and goal achievement from FY11, Treasury set and exceeded a more aggressive target in FY12. Additionally, contracting goals for all socioeconomic small business categories were exceeded, including those for women-owned small businesses and small disadvantaged businesses (which are largely minority-owned). Contract obligations to small disadvantaged businesses represented 18 percent, nearly quadruple the 5 percent goal; and to women-owned small businesses represented 9 percent, almost double the 5 percent goal.

In FY12, a total of \$41million – 19 percent of total contracts – was awarded to minority-owned businesses. Furthermore, \$31 million – 14 percent – was awarded to women-owned businesses.

One challenge to implementing the contractor diversity provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) § 342 was the outlook for opportunities in the foreseeable future. There was a Treasury-wide reduction in procurement expenditures in FY12, as well as other budget reductions due to the sequestration in FY13. There also will be a continued reduction in the types of opportunities that arose from the Troubled Asset Relief Program, a recovery program established following the recent financial crisis. Further, Treasury must be careful that all contracting is conducted in a manner consistent with the Equal Protection Clause of the Constitution.

Achievement of small business goals is included in the performance plans of all Treasury acquisition staff and all senior executive service (SES) staff. OMWI is committed to conducting robust and effective outreach to small businesses, as well as to minority-owned and women-owned businesses, regardless of size. Further, OMWI will continue activities related to the implementation of requirements pertaining to contractor workforce diversity for Treasury Departmental Offices.

Workforce Diversity: In FY12, the Treasury Departmental Offices permanent workforce of 1,615 represented one percent of the total Treasury-wide workforce. Nearly one-third of Treasury Departmental Offices permanent employees across all grade levels are racial or ethnic minorities. Blacks represent the largest of the minority groups at 21 percent. Asians and Hispanics in Treasury Departmental Offices comprise six percent and three percent, respectively. Native Hawaiian or Other Pacific Islanders, American Indian or Alaska Natives, and Two or More Races represent one percent of the total Treasury Departmental Offices permanent workforce. Within senior management positions, minorities represent 14 percent of the permanent Federal General Schedule (GS) 15 level, and 14 percent of the permanent senior executive service (SES) positions.

The percentages of men and women in Treasury Departmental Offices are about equal, with 47 percent women and 53 percent men. Within senior management positions, women fill 40 percent of the permanent GS15 level and 31 percent of the permanent SES positions.

Two significant challenges to implementing the workforce diversity provisions of the Dodd-Frank Act § 342 are budgetary restraints and retention rates. First, Treasury Departmental Offices is currently operating within an unusually tight budgetary environment, which has had a direct negative impact on hiring in the foreseeable future. Second, the respective attrition rates of Hispanics and Blacks exceed their hire rates in the Treasury Departmental Offices permanent workforce. In addition, Treasury must be careful to structure programs in a manner consistent with the Equal Protection Clause of the Constitution.

OMWI is focusing closely on increasing participation of women and racial and ethnic minorities in mission-critical occupations, particularly at the senior management levels (GS15 and SES) and in policy and program offices that utilize excepted appointing authorities. These occupations include economists, financial analysts, attorneys, information technology specialists, and intelligence specialists.

OVERVIEW

U.S. Department of the Treasury

Treasury is the executive agency responsible for promoting economic prosperity and ensuring the financial security of the United States. Treasury is responsible for a wide range of activities, including advising the President on economic issues and encouraging sustainable economic growth. Treasury operates and maintains systems that are critical to the nation's financial infrastructure, such as disbursing payments to the American public, collecting taxes, producing coin and currency, and issuing debt necessary to run the federal government. Treasury works with other federal agencies, foreign governments, and international financial institutions to encourage global economic growth, and raise standards of living. Treasury also performs a critical and far-reaching role in enhancing national security by implementing economic sanctions against foreign threats to the United States, identifying and targeting the financial support networks of national security threats, and improving the safeguards of our financial systems.

Treasury is organized into the Departmental Offices and eight operating Bureaus, such as the Internal Revenue Service, the U.S. Mint, and the Bureau of Engraving and Printing. Treasury has three Inspectors General that provide independent audits, investigations, and oversight of Treasury and its programs: the Treasury Inspector General (OIG), the Treasury Inspector General for Tax Administration (TIGTA), and the Special Inspector General for the Troubled Asset Relief Program (SIGTARP).

Treasury Departmental Offices (Headquarters)

Treasury Departmental Offices is composed of ten offices, each headed by Under Secretaries or Assistant Secretaries, who are primarily responsible for policy formulation and overall management of the Treasury Department. **Domestic Finance** advises and assists in areas of domestic finance, banking, financial markets, financial stability, and other related matters. **Economic Policy** is responsible for the review and analysis of both domestic and international economic issues and developments in the financial markets. **General Counsel** provides legal and policy advice to the Secretary and other senior Departmental officials. **International Affairs** protects and supports U.S. economic prosperity by strengthening the external environment for U.S. growth, preventing and mitigating global financial instability, and managing key global economic challenges. **Legislative Affairs** advises the Secretary on Congressional relations matters in order to assist in the formulation of policy and determining the overall direction of the Department. **Management** is responsible for the internal management and policy of the Department in the areas of budget, planning, human resources, information and technology management, financial management and accounting, procurement, privacy, records, and administrative services to Departmental Offices. **Public Affairs** develops and implements communications strategy for the Department and advises officials within the Department and its bureaus how best to communicate issues and priorities of public interest.

BASIC FUNCTIONS OF THE U.S. DEPARTMENT OF THE TREASURY

- Managing Federal finances
- Collecting taxes, duties, and monies paid to and due to the United States
- Producing Currency and coinage
- Managing Government accounts and the public debt
- Supervising national banks and thrift institutions
- Formulating domestic and international financial, monetary, economic, trade, and tax policy
- Enforcing Federal finance and tax laws
- Investigating and prosecuting tax evaders, counterfeiters, and forgers
- Contributing to national security by combating illicit financial networks and protecting the integrity of the U.S. and global financial system

Tax Policy develops and implements tax policies and programs, reviews regulations and rulings to administer the Internal Revenue Code, negotiates tax treaties, and provides economic and legal policy analysis for domestic and international tax policy decisions. **Terrorism and Financial Intelligence** develops and implements U.S. government strategies to combat terrorist financing domestically and internationally and develops and implements the National Money Laundering Strategy, as well as other policies and programs to fight financial crimes. **The Treasurer of the United States** oversees the Bureau of Engraving and Printing and the United States Mint.

TREASURY DEPARTMENTAL OFFICES

- The Office of Domestic Finance
- The Office of Economic Policy
- The Office of General Counsel
- The Office of International Affairs
- The Office of Legislative Affairs
- The Office of the Assistant Secretary for Management
- The Office of Public Affairs
- The Office of Tax Policy
- The Office of Terrorism and Financial Intelligence
- The Treasurer of the United States

Office of Minority and Women Inclusion (OMWI)

Former Treasury Secretary Timothy F. Geithner established the Office of Minority and Women Inclusion (OMWI) on January 21, 2011 in accordance with the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (Dodd-Frank Act) § 342 (P.L. 111-203).¹

The express statutory authority of OMWI covers Treasury Departmental Offices. However, Treasury leadership made a strategic decision to expand the scope of OMWI to all of Treasury for the single focus area of small business contracting. For Departmental Offices, OMWI is responsible for all matters relating to diversity in management, employment, and business activities, excluding the enforcement of statutes, regulations, or executive orders pertaining to civil rights. OMWI is required to develop standards for equal employment opportunity and the racial, ethnic, and gender diversity of the workforce. OMWI is also required to take steps to seek diversity, to the extent legally permissible, in the workforce of Treasury Departmental Offices at all levels of the organization, but particularly within senior management. In addition to workforce diversity, OMWI is charged with seeking increased participation of minority-owned and women-owned businesses in the programs and contracts of the agency. OMWI is responsible for establishing procedures to determine if agency contractors and their subcontractors have made good faith efforts to include minorities and women in their workforce.² In the organizational structure of Treasury Departmental Offices, OMWI resides within the Office of the Assistant Secretary for Management, with a reporting line to the Treasury Secretary.

OMWI PRIMARY DUTIES

- Develop standards for diversity of the workforce and senior management
- Support recruitment/advancement efforts toward workforce diversity at all levels
- Develop standards for increased minority-owned and women-owned business contracts
- Develop standards for technical assistance to businesses
- Develop procedures for contracting that considers the diversity of the applicant
- Develop standards to determine whether contractors and subcontractors are making a good-faith effort to include minorities and women in their workforce
- Submit an annual report to Congress
- Conduct data analysis and produce internal reports
- Provide advice and advocacy

¹ This second annual report to Congress covers FY12 (October 1, 2011 through September 30, 2012). For the purposes of this report and consistent with Dodd Frank Act § 342 (g) (3), the standards employed by the Office of Personnel Management (OPM), and the Equal Employment Opportunity Commission (EEOC), the definition used for the term "minority" is: Hispanic or Latino; Black or African American; Asian; Native Hawaiian or Other Pacific Islander; and American Indian or Alaska Native.

² It should be noted that Treasury Departmental Offices is not a financial regulatory agency. Thus, the requirement in the Dodd-Frank Act § 342 to assess the diversity policies and practices of entities regulated by the agency is not applicable to the Treasury Departmental Offices OMWI.

LEADERSHIP COMMITMENT AND STRATEGIC PLAN

Early approaches to diversity centered on affirmative action, emphasizing racial and gender parity. The aim of this social justice approach was tolerance of differences and increasing the numeric representation of these and other social groups within the workforce. More recently, the approach to diversity has shifted away from the social justice orientation to the practice of strategic diversity management. Such leading diversity and inclusion practices were articulated in the 2005 U.S. Government Accountability Office (GAO) report on diversity management.³ These practices include: 1) commitment to diversity as demonstrated and communicated by an organization's top leadership; 2) inclusion of diversity management in an organization's strategic plan; 3) diversity linked to performance, making the case that a more diverse and inclusive work environment could help improve productivity and individual and organizational performance; 4) measurement of the impact of various aspects of a diversity program; 5) management accountability for the progress of diversity initiatives; 6) succession planning; 7) recruitment; 8) employee involvement in an organization's diversity management; and 9) training for management and staff about diversity management. OMWI has made efforts to move beyond a social justice model and incorporate strategic diversity management practices in its planning and implementation under Dodd-Frank Act § 342.

Demonstrated Commitment from Treasury Leadership

Throughout his tenure, which included the period covered in this report, former Treasury Secretary Timothy Geithner demonstrated a highly visible commitment to diversity and inclusion. Most recently, in September 2012, Secretary Geithner reaffirmed his commitment to the principles of diversity and inclusion throughout the Department and Treasury Departmental Offices by issuing the agency's first Diversity and Inclusion Policy Statement. This was in addition to the mandated annual Equal Employment Opportunity (EEO) Policy Statement. The separate statement was intended to draw a clear distinction between Treasury's strategic diversity management efforts and efforts specific to civil rights enforcement under EEO. This and other such statements were made accessible to all Treasury employees on the Treasury intranet (theGreen).

Additionally, the Secretary proposed the conduct of a forum to address the concerns of Treasury women employees modeled after the acclaimed Wall Street Journal's *Women and the Economy* forum. TreasuryWomen 3.0 was a bold act by the Treasury leadership. The purpose of the initiative was to solicit honest, candid, and unfiltered input from employees about the experiences of women within the Treasury workplace. The two-day TreasuryWomen 3.0 forum, conducted in September 2012, was opened with remarks from the Secretary.

The Secretary also provided personal remarks to the Treasury acquisition and procurement community during the annual awards ceremonies acknowledging 2011 and 2012 achievements in small, minority-owned, and women-owned business contracting. In FY11, for the first

³ GAO, Diversity Management: Expert-Identified Leading Practices and Agency Examples, GAO-05-90 (Washington, D.C.: January 14, 2004).

time ever, Treasury met all of its goals for small business contracting, including categories that encompassed minority-owned and women-owned businesses. Treasury repeated that performance in FY12 by an even greater percentage.

Prior to his departure, Secretary Geithner further reiterated a commitment to workforce and business diversity and inclusion in a final videotaped message to all employees, a portion of which is excerpted below:

“... We’ve made a lot of progress over the last four years. More women are serving in senior roles at Treasury than ever before. We have also made important strides in contracting with small, minority-, and women-owned businesses. Treasury has become a leader among federal agencies in supporting diversity and inclusion. ... But there is more work to do. As I prepare to leave Treasury, I encourage you to build on our important achievements. Treasury has a responsibility to create the conditions for a more diverse and inclusive workforce. ... Our commitment to diversity should continue to guide how we recruit, how we manage, how we develop and promote, and how we do business.”

The current Secretary of the Treasury, Jacob J. Lew, shares this commitment to workforce and business diversity.

Strategic Plan

The values, principles, and practices of diversity and inclusion have been institutionalized into the strategic planning within Treasury at multiple levels, including the Office of the Secretary in the Department’s Strategic Plan, the priorities of the Office of the Assistant Secretary for Management, the Department’s Diversity and Inclusion Strategic Plan developed by the Treasury Office of Civil Rights and Diversity, and the Diversity and Inclusion Implementation Plans of each Treasury Bureau and Departmental Offices.

In 2011, President Obama issued an Executive Order titled, “Establishing a Coordinated Government-wide Initiative to Promote Diversity and Inclusion in the Federal Workforce,” to promote the Federal workplace as a model of equal opportunity, diversity, and inclusion (E.O. 13583). The Executive Order reinforces Treasury’s longstanding commitment to the principle that the Federal government should lead by example.

OMWI developed strategies and an action plan that encompasses the requirements of both the Dodd-Frank Act § 342 and E.O. 13583. The aim is to strengthen activities, policies, and processes to address lower-than-expected participation rates of minorities and women. Plans also include monitoring fair inclusion and strengthening outreach regarding opportunities for small, minority-owned, and women-owned businesses. Key areas that will be addressed by the Treasury Departmental Offices Diversity and Inclusion Implementation Plan in FY13 are:

- **Business Diversity and Outreach:** Ensure access and fair inclusion of small businesses and minority-owned and women-owned businesses (MWOB) in the business opportunities of Departmental Offices.

- **Business Inclusion and Utilization:** Strengthen agency accountability to small business and MWOB contracting, with an important focus on small disadvantaged businesses, women-owned small businesses, Historically Underutilized Business Zones (HUBZone) businesses, and service disabled veteran-owned small businesses.
- **Workforce Recruitment and Outreach:** Recruit from a diverse and well-qualified group of potential applicants in securing a high performing workforce drawn from all segments of society, including through targeted sourcing at minority- and women-serving institutions, career fairs and expos, online and printed advertisement materials, and community outreach activities to fully attract minorities and women to our applicant pool.
- **Workplace Inclusion:** Further cultivate a culture of inclusion and strengthen collaboration efforts, flexibility, and fairness by enabling employees to contribute to their full potential.
- **Sustainability:** Develop structures and strategies to equip leaders with the ability to manage diversity, be accountable, measure results, refine approaches on the basis of such data, and foster a culture of inclusion.

BUSINESS DIVERSITY and INCLUSION

TAKING STOCK: SMWOB CONTRACTING

Of the twenty agencies and federal reserve banks with an OMWI, Treasury Departmental Offices is one of the few required to adhere to the Federal Acquisition Regulation (FAR) for the procurement of goods and services. The FAR requires a full and open competitive process for Federal procurements, with some exceptions for small business set asides under specific circumstances. Treasury-wide, the total (appropriated and non-appropriated) contract procurement in FY12 of \$5.9 billion represents less than one percent of total Federal government procurement. Within Treasury Departmental Offices, procurement for products and services totaled \$223 million in FY12, versus \$251 million in FY11. OMWI is responsible for monitoring and supporting efforts to ensure fair inclusion of small, minority-owned, and women-owned business (SMWOB) utilization.

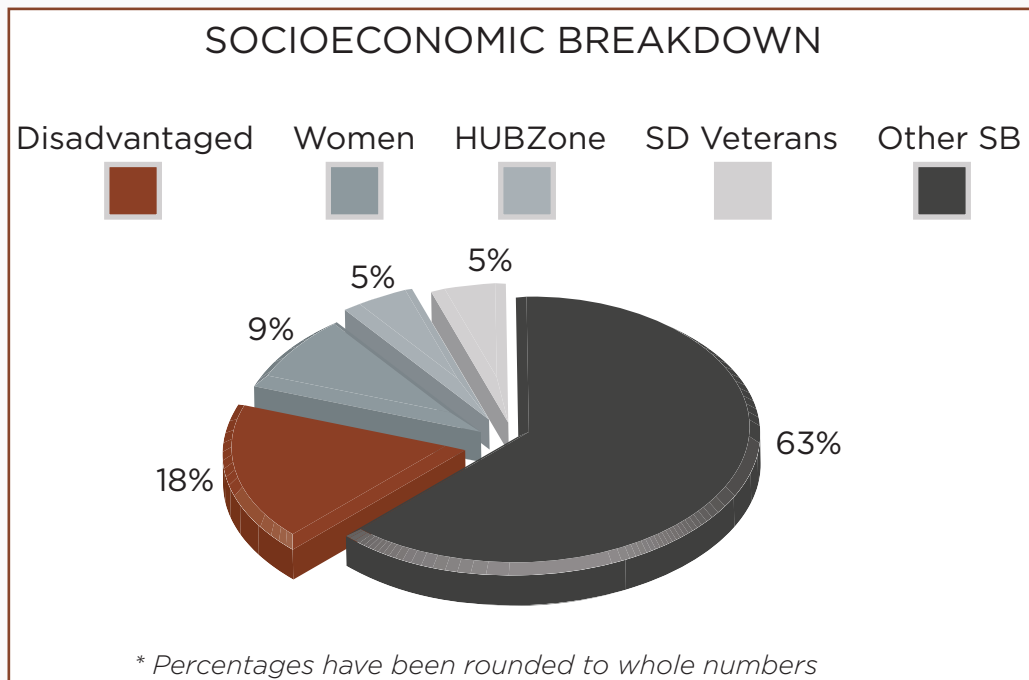
Small Business

The vast majority of minority-owned businesses and women-owned businesses (MWOB) in the United States are small businesses with 98 percent of all MWOB earning revenue under \$1 million, according to the most recently available census data. Accordingly, Treasury's key strategy has been to concentrate on small business contracting for the greatest impact in implementing the contractor diversity mandates of the Dodd-Frank Act § 342. At its inception, a strategic decision was made to expand the scope of OMWI to focus on small business contracting across all of the Treasury Bureaus. Consistent with the Dodd-Frank Act § 342 mandate to focus on minority-owned and women-owned businesses, there are statutory goals set by the Small Business Administration (SBA) for small disadvantaged businesses (which are largely minority-owned) and women-owned small businesses.

In FY11, for the first time ever, Treasury and Treasury Departmental Offices exceeded the overall small business contracting statutory goal, as well as all four of the socioeconomic goals: small disadvantaged businesses, women-owned small businesses, Historically Underutilized Business Zones (HUBZone) businesses, and service disabled veteran-owned small businesses. In FY12, Treasury and Treasury Departmental Offices not only aimed to repeat the FY11 accomplishment, but set and exceeded a more aggressive goal than statutorily required. In FY12, contract obligations to small businesses by Treasury Departmental Offices were 43 percent, exceeding the 35 percent stretch goal and far exceeding the 32 percent statutory goal. Contract obligations to small disadvantaged businesses represented 18 percent, nearly quadruple the 5 percent goal; and contracts to women-owned small businesses represented 9 percent, almost double the 5 percent goal.⁴ (Figure 1)

⁴ Contracting dollar amounts are based on Federal Procurement Data System (FPDS-ng) data extracted April 15, 2013 for FY12.

**Figure 1. Departmental Offices FY12
All Small Business Obligations by Business Categories***



CONTRACT OBLIGATIONS

	FY12	FY11
• Total Contract Obligations (regardless of size)	\$223 million	\$251 million
• Overall Small Businesses Contract Obligations	\$95 million (42%)	\$75 million (30%)

MWOB CONTRACTING BY SIZE

	FY12	FY11
• Small MWOB	\$43 million	\$34 million
• Other than Small MWOB	\$13 million	\$16 million
Total MWOB Contract Obligations	\$56 million (19%)	\$50 million (20%)

SMALL MWOB CONTRACTING*

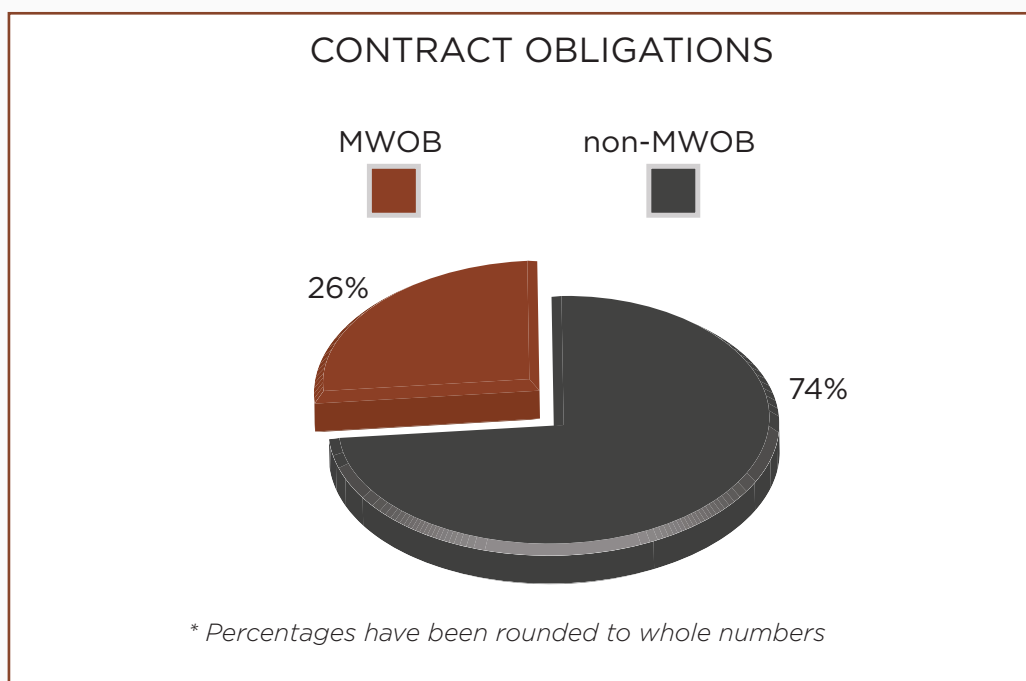
	FY12	FY11
• Small Disadvantaged Businesses (SDB)	\$40 million (18%)	\$40 million (16%)
• Women-owned Small Businesses	\$20 million (9%)	\$12 million (5%)

**SDB used in this context as a proxy for minority owned businesses; contracting includes overlap between categories*

Minority & Women-Owned Businesses (MWOB)

No specific goals are established for contracting with minority-owned businesses regardless of size or women-owned business, except within certain small business parameters. Nevertheless, MWOB contracting with Treasury Departmental Offices is monitored and tracked on a weekly basis. In FY12, minority-owned and women-owned business contracting combined totaled \$56 million (26 percent of total contracting obligations). (Figure 2)

**Figure 2. Departmental Offices FY12
Total Contract Obligations by MWOB Status***



Minority-Owned Businesses

In FY12, a total of \$42 million – 19 percent of the total – was awarded to minority-owned businesses. This percentage is comparable to the 20 percent expenditure (\$50 million) in FY11 for minority-owned business contracting. Award totals to minority contractors by specific racial and ethnic designation of the ownership are as follows⁵:

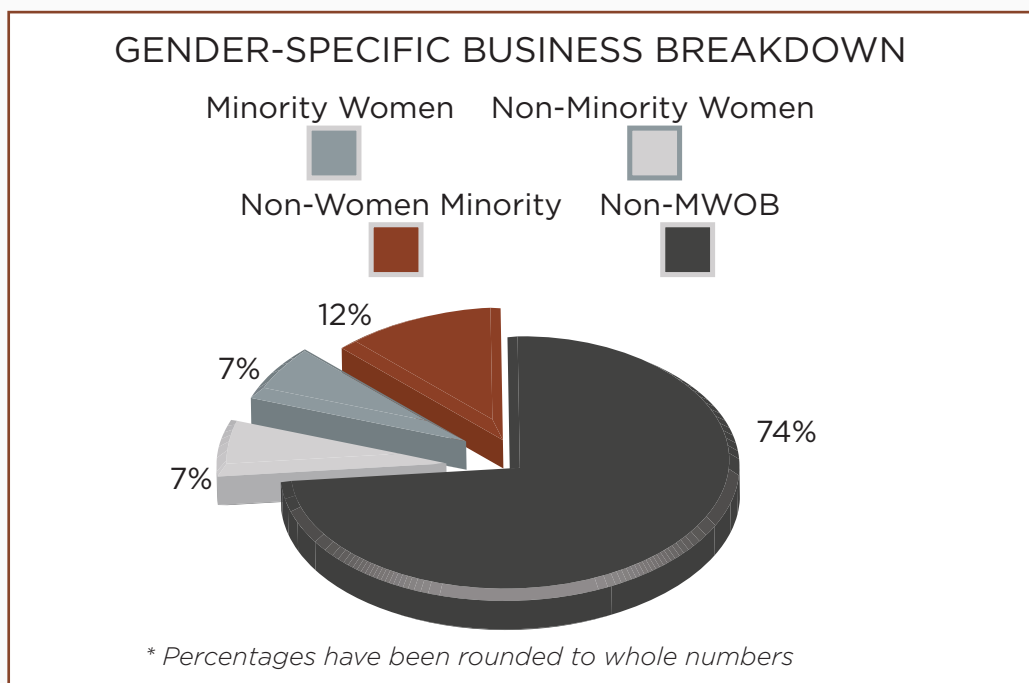
	FY12	FY11
• Black-owned Businesses	\$23 million	\$39 million
• Hispanic-owned Businesses	\$4 million	\$16 million
• Asian-owned Businesses	\$9 million	\$5 million
• American Indian-owned Businesses	\$3 million	\$347,000

Women-Owned Businesses

In FY12, a total of \$31 million – 14 percent of the total – in contract obligations were awarded to women-owned businesses (including minority women). Comparatively, in FY11, a total of \$26 million – 10 percent of the total – was awarded to women-owned businesses. (Figure 3)

⁵ Some businesses have self-identified in more than one category; their contract amounts are reflected within all categories indicated. This does not include minority owned businesses that did not specify racial/ethnic designation for which contract obligations totaled \$3 million in FY12.

**Figure 3. Departmental Offices FY12
Overall Contract Obligations by Gender Categories***



GENDER-SPECIFIC CONTRACTING WITHOUT OVERLAPPING CATEGORIES*

	FY12	FY11
• Minority women-owned businesses:	\$17 million (7%)	25 million (9%)
• Non-minority women-owned businesses:	\$15 million (7%)	\$4 million (1%)
• Non-women minority-owned businesses:	\$25 million (12%)	\$28 million (10%)
Total minority & women-owned:	\$56 million (26%)	\$56 million (21%)

**Contracting dollar amounts are based on Federal Procurement Data System (FPDS-ng) data extracted April 15, 2013 for FY12; Percentages are rounded.*

MAKING CHANGE: INITIATIVES AND ACCOMPLISHMENTS

Outreach

Federal Acquisition Regulation (FAR) Contracting: Treasury has achieved its most effective outreach to minority-owned and women-owned businesses through substantial efforts to reach out to small businesses. Treasury employs multiple strategies and communication channels to reach candidate vendors, including:

- Posting requests for proposals on the Federal Business Opportunities Website (www.fbo.gov)
- Conducting multiple vendor outreach sessions throughout the year
- Providing resources on the Treasury external Website at www.treasury.gov/osdbu
- Extending the techniques and tools effectively used to engage the small business community to the broader industry audience, including minority-owned and women-owned firms
- Reviewing vendor engagement strategy as part of acquisition planning for high-impact acquisitions
- Conducting strategic review boards of targeted high-impact acquisitions to ensure that acquisition planning includes adequate and appropriate industry outreach and communications consistent with law, regulation, and Treasury policy
- Providing an industry Ombudsman who addresses vendor concerns (acquisition@treasury.gov)

Throughout FY12, OMWI sponsored eight Vendor Outreach Sessions that provided individual counseling to approximately 235 small business concerns, including one that provided counseling by Treasury prime contractors and Treasury program managers. Approximately 85 percent of the participating small businesses were minority-owned, and nearly one-third were women-owned. OMWI and Treasury Bureaus also conducted and participated in small business match-making events sponsored by SBA, other federal agencies, local government, members of Congress, and external organizations that represent SMWOB. In FY12, Treasury staff served as panelists, speakers, match-makers, planning committee members, and exhibitors at the following events:

- Small Business Vendor Conference, Fort Worth, TX
- Small Business Vendor Conference, Washington, DC
- D.C. Congressional Delegate Eleanor Holmes Norton's Small Business Fair, Washington, DC
- Annual OSDBU Procurement Conference, Washington, DC
- US Chamber of Commerce Legislative Summit & Federal Procurement Matchmaking, Washington DC
- HUBDC Matchmaking Event, Washington DC
- Vendor Outreach Session, Parkersburg, WV
- Women-Owned Small Business Workshop, Washington DC
- National Small Business Week, Washington DC
- 8(a)/HUBZone/SDVOSB Small Business IT Expo, Oxon Hill, MD
- Tech Expo and Small Business Showcase, Oxon Hill, MD

- Contracting for Contracts with GSA, Oxon Hill, MD
- National B2B Procurement Matchmaking, Washington, DC
- 10th Annual Queens Small Business & Procurement Expo, Long Island, NY
- American Express Victory in Procurement Outreach Event, Washington, DC
- National Small Business Federal Contracting Summit, Washington, DC
- Annual HUBZone Conference, Washington, DC
- White House Best Practice Live Webinar, Falls Church, VA
- North Carolina Congressman Larry Kissell's 4th Annual 8th District Federal Contracting Conference, Albemarle, NC
- National Veterans Small Business Conference and Expo, Detroit, MI
- Women's Business Enterprise National Council (WBENC) National Conference and Business Fair, Orlando, FL
- North Carolina Congressman Mel Watt's Small Business Government Contracting and Match-making Event, Charlotte, NC
- HUBZone Small Business Summit, Chicago, IL
- National 8(a) Conference, Orlando, FL

It is also noteworthy that Diversity Business.com conducted an online survey inviting over 1,300,000 MWOB concerns to vote for Fortune 500 companies and government agencies that provided business opportunities to diversity owned businesses, ranking Treasury #9 among government agencies on the survey.

Mentor-Protégé Program: Treasury's Mentor-Protégé program is designed to motivate and encourage large firms to assist small businesses, including HUBZone small businesses, small disadvantaged businesses (which are largely minority-owned businesses), women-owned small businesses, veteran-owned small businesses, and service disabled veteran-owned small businesses. The program is also designed to improve the performance of Treasury contracts and subcontracts, foster the establishment of long-term business relationships between these entities and Treasury prime contractors, and increase the overall number of small businesses that receive Treasury contract and subcontract awards. Currently, there are nearly sixty Treasury mentor-protégé agreements in place. Treasury recognizes a Mentor-Protégé Team of the Year at an annual awards ceremony.

Financial Agent Authority (Non-FAR): In addition to the procurement of goods and services through processes governed by the Federal Acquisition Regulation (FAR), Treasury also has the financial agent authority (FAA). Unique to the Treasury and granted nearly 150 years ago by the National Bank Acts of 1863 and 1864, the FAA allows Treasury to designate financial institutions to provide certain services on the government's behalf. These firms act on behalf of the government during the performance of their duties under an agent-principal relationship with Treasury. Financial agents also have the fiduciary obligation to protect the interests of the United States.

In defining small businesses under the FAA, Treasury has used a variety of criteria depending upon the nature of the program being supported. These criteria are not limited exclusively to the strict definitions established by the Small Business Administration (SBA). Treasury's

criterion is based on industry standards for both broker-dealers and asset managers. For asset managers, Treasury uses a prevailing industry definition that any firm with \$2 billion or less in assets under management at the time they are engaged by the Treasury is deemed to be “small.” For broker-dealers, Treasury uses the Financial Industry Regulatory Authority (FINRA) definition of small business, which states that any broker-dealer that has 150 registered representatives or fewer is considered “small.”

Prior to the Dodd-Frank Act and the establishment of OMWI, engagement of minority-owned and women-owned financial firms under the FAA was concentrated under the Troubled Asset Relief Program (TARP). This engagement underscores Treasury’s longstanding commitment to encouraging diversity in all business activities. Treasury’s analysis of TARP transactions shows a higher percentage of fees allocated to SMWOB than the industry norm. Treasury’s analysis shows that on TARP common stock dispositions, SMWOB have received 5.6 percent of associated fees on a weighted average. This is in direct contrast to analysis that shows that SMWOB have received less than 1 percent of fees for non-TARP equity transactions in excess of \$5 billion since 2008.

Most recently, in January 2013, Treasury began the process of selling its shares of General Motors (GM) common stock into the market under a prearranged written trading plan. At that same time, Treasury also announced that there would be opportunities for smaller broker-dealers, including minority- and women-owned broker-dealers, to participate in the sale of Treasury’s remaining GM common shares pursuant to the plan. In February, Treasury’s brokers for GM stock sales informed Treasury that they had engaged six smaller broker-dealers, including minority- and women-owned broker-dealers, to assist with Treasury’s sales of its GM common stock.

Accountability

Leadership Prioritization: The Department of the Treasury developed a comprehensive strategic approach to hold leadership accountable for meeting small business goals. Through the engagement of Treasury’s Deputy Secretary and Assistant Secretary for Management (ASM), the Department elevated and reinforced to senior management the importance of achieving small business goals. Each level of leadership, starting with the Deputy Secretary, took ownership of goal attainment and worked collaboratively with one another (and across business functions) to prioritize, track, and ultimately, achieve the small business utilization goals.

SMWOB Monitoring: OMWI develops weekly reports of SMWOB contracting that are reviewed by the Deputy Secretary, the ASM, the Senior Procurement Executive, Bureau Chief Procurement Officers, and Bureau Small Business Specialists. Each Bureau’s small business and MWOB contracting performance is also monitored by the Deputy Secretary in quarterly performance review sessions with Bureau Heads. The Senior Procurement Executive held quarterly “ProcureSTAT” performance review sessions with individual Bureau Chief Procurement Officers to assess each Bureau’s small business contracting performance and to track MWOB contracting. Additionally, the Senior Procurement Executive utilized monthly Treasury Acquisition Council meetings with Bureau Chief Procurement Officers to address the status of Treasury’s overall small business goals and MWOB contracting.

Performance Plans: To supplement senior management's review and oversight of the achievement of small business goals and MWOB contracting, the Department inserted a small business performance element into formal performance plans to hold management and staff accountable. Such goals include categories that encompass small disadvantaged businesses, which are largely minority-owned, and small women-owned businesses. Treasury included the performance element in plans for Bureau Heads, Bureau Chief Procurement Officers, Small Business Specialists, Contracting Officers, Contract Specialists, Program Managers, and Contracting Officer's Representatives.

Recognition: Treasury conducts an annual honorary recognition program for outstanding performance in small business contracting, which has provided an additional incentive to the acquisition community. For the first time, in FY12, OMWI provided awards to bureaus that achieved the highest percentages of contract obligations with minority-owned and women-owned businesses. The leading bureaus expended 58 percent of their contracting obligations with minority-owned businesses and 20.5 percent with women-owned businesses.

Good Faith Effort Contract Language

In accordance with the contractor workforce diversity mandate in the Dodd-Frank Act § 342, the OMWI, in collaboration with other OMWI agencies, developed proposed language that would be included in all Departmental Offices service contracts in excess of the Simplified Acquisition Threshold (\$150,000). In FY11, 83 percent of Treasury Departmental Offices' contracts and 95 percent of the total contract obligations by Treasury Departmental Offices were for services. Only 17 percent of the contracts and 5 percent of the contract obligations were for products and goods.

The proposed contract clause was published in the Federal Register with a 60 day public comment period that ended October 22, 2012, as required by a provision of the Office of Federal Procurement Policy Act. Eight comments were received and are currently being reviewed to potentially revise the proposed language.

The federal register notice, which includes the proposed contract language, can be found as follows: <http://www.gpo.gov/fdsys/pkg/FR-2012-08-21/pdf/2012-20385.pdf>

Public comments can be viewed at:

<http://www.regulations.gov/#!docketBrowser;dct=PS;rpp=25;po=0;D=TREAS-DO-2012-0005>

Challenges

There was a \$28 million reduction in contract obligations in Treasury Departmental Offices in FY12 (\$223 million) compared to FY11 (\$251 million), resulting in fewer contract opportunities. Also in FY12, the Office of Management and Budget (OMB) required a 15 percent reduction in procurement for federal agencies in specific service codes. In the foreseeable future, there are likely to be even fewer Treasury contracting opportunities due to the budgetary constraints imposed by the sequestration.

Additionally, TARP, which was created to address a unique financial crisis, will continue to provide fewer opportunities to support the program. With the expiration of the TARP obligation authority in October 2010, the activities that engaged small, minority-owned, and women-owned financial services firms under Treasury's FAA have been reduced. In addition, Treasury has already recovered most of the funds invested, and it is anticipated that Treasury will continue to wind down the remaining TARP investments.

Further, Treasury must be careful that all contracting is conducted in a manner consistent with the Equal Protection Clause of the Constitution. Therefore, OMWI must focus on strategic outreach to help ensure that minority-owned and women-owned businesses are aware of opportunities and track trends in outcomes.

Conclusions and Immediate Future Plans

FAR Contracting: Building on the momentum in small business contracting and goal achievement from FY11, Treasury set out to “crush the goals” again in FY12 – meeting an internal goal of 35 percent, more than the 32 percent required by SBA. In FY13, Treasury will aim for a “three-peat” of goal attainment by continuing to employ the strategies that proved successful for Treasury in FY11 and FY12, which consisted of targeted outreach, enhanced leadership accountability, new policies, new tools and resources, and increased intra-agency communication.

Financial Agent Authority (Non-FAR): Treasury will continue to maintain active engagement and relationship building with industry stakeholder groups that represent financial services firms which are owned by minority and women professionals. This open dialogue and engagement will be critical if and when new program opportunities arise. For future designations under Treasury's FAA, Treasury will continue to ensure that any Requests for Proposals (RFPs) or other solicitations are fair in the selection of financial agents and will encourage the inclusion of minority-owned and woman-owned businesses either as financial agents or contractors to financial agents.

Outreach: OMWI is committed to conducting robust and effective outreach to small businesses, including minority-owned and women-owned small businesses. In addition to public posting on the Federal Business Opportunities Website, OMWI will continue to conduct regular vendor outreach sessions and presentations at conferences and events conducted by industry organizations, such as:

- U.S. Women Chamber of Commerce (USWCC)
- U.S. Hispanic Chamber of Commerce (USHCC)
- Annual National Multicultural Business Conference
- Women's Business Enterprise National Council (WBENC)
- Maryland/District of Columbia Minority Supplier Development Council Small Business Conference
- National Association of Securities Professionals (NASP)
- Council of Urban Professionals (CUP)

- New America Alliance (NAA)
- Greenlining Institute

OMWI plans to expand and improve online and technology efforts specifically targeting minority-owned and women-owned businesses to inform them about contracting opportunities and educate them about doing business with Treasury. OMWI plans to conduct research to determine the best technology vehicles for this work, which will allow Treasury to be more active in the delivery of information about opportunities.

Mandated Contract Language: There was an interagency collaboration among OMWI Directors and respective agency staff on the development of consistent contract language to address the “good faith effort” mandate for contractor workforce diversity. Treasury was required to submit the proposed language for publication in the Federal Register to provide opportunity for public comment. Following review and evaluation of the public comments, the proposed contract language will be finalized, and an implementation process will be formulated for incorporating the clause into relevant contracts and monitoring “good faith efforts” among contractors in accordance with the mandate.

WORKFORCE DIVERSITY and INCLUSION

TAKING STOCK: WORKFORCE DEMOGRAPHY

All Treasury Departmental Offices employees play important roles in the fulfillment of the overall Treasury mission. Each employee brings perspectives to his or her work that are influenced by his or her background, culture, and experience. “Taking stock” of the racial, ethnic, and gender representational diversity of Treasury Departmental Offices, we examine workforce profiles, trends, benchmarks, hiring and attrition rates, pipeline programs, and demographic differentiation at upper and senior levels and in mission-critical occupations in FY12.⁶ This examination will inform the recommendations for the work of OMWI going forward.

Racial/Ethnic and Gender Profiles

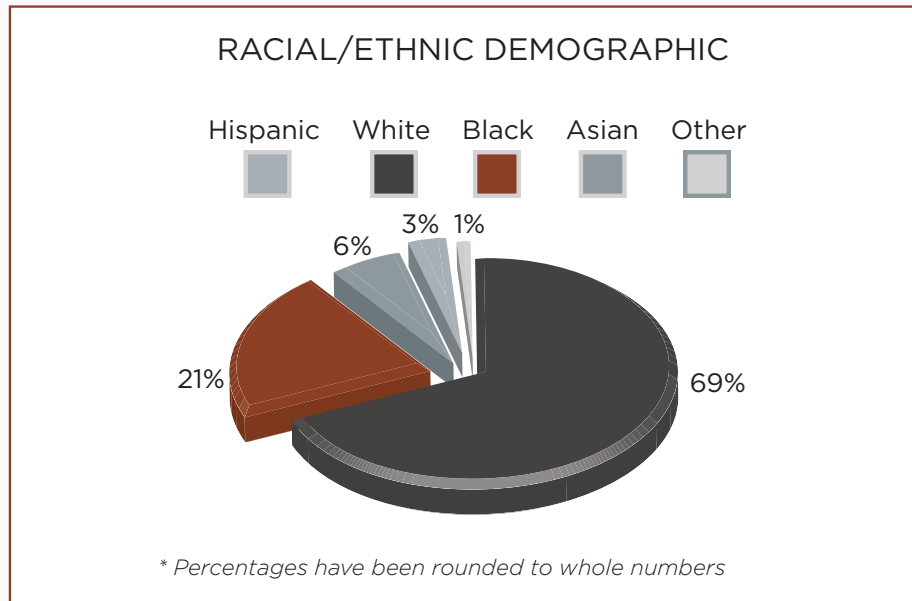
The total Treasury-wide workforce across all Bureaus and the Departmental Offices in FY12 was 110,966 permanent employees (114,000 in FY11). Treasury Departmental Offices’ permanent workforce represents about one percent of the total Treasury-wide workforce. As of the close of FY12, Treasury Departmental Offices had 1,615 permanent employees, an increase of seven employees (0.44 percent net change) from FY11. Although the permanent workforce increased only slightly, 196 employees were hired in Treasury Departmental Offices. The low net increase (of seven) was largely due to attrition, of which 42 percent were retirements.

In FY12, permanent employees comprised approximately 84 percent of the total Treasury Departmental Offices workforce. Non-permanent employees (including political appointees) comprised approximately 17 percent of the total Treasury Departmental Offices workforce.

Nearly one-third (31 percent) of Treasury Departmental Offices permanent employees across all grade levels are racial or ethnic minorities. The percentage of minorities is up slightly from the FY11 percentage of 30 percent. Blacks represent the largest of the minority groups at 21 percent (22 percent in FY11). Asians and Hispanics in Treasury Departmental Offices comprise six percent and three percent, respectively. Native Hawaiian or Other Pacific Islanders, American Indian, or Alaska Natives, and Two or More Races represent one percent of the total Treasury Departmental Offices permanent workforce. (Figure 4)

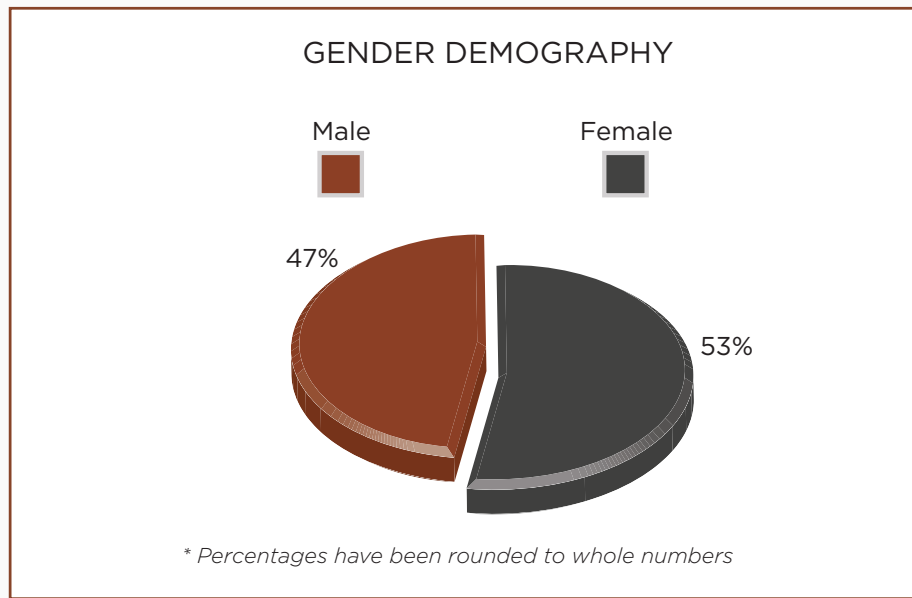
⁶ Analyses do not include the racial ethnic categories, Native Hawaiian or Other Pacific Islanders, American Indian or Alaskan Natives, or Two or More Races because the representation of each of these groups is zero to less than one percent of the total Departmental Offices permanent workforce.

**Figure 4. FY12 Treasury Departmental Offices
Permanent Workforce Profile***



The percentages of men and women in Treasury Departmental Offices are about equal, with 47 percent women and 53 percent men. (Figure 5) The percentage of women is down slightly from the FY11 percentage of 48 percent.

**Figure 5. FY12 Treasury Departmental Offices
Permanent Workforce Profile***



Benchmark Comparisons

To assess the relative status of the diversity profile of the Treasury Departmental Offices, OMWI conducted a comparison by race, ethnicity, and gender of the representation with the Federal government-wide workforce (FWF), Treasury-wide permanent workforce data, and the Census Bureau's Civilian Labor Force (CLF).⁷ Table 1 shows the comparison of the total FY12 Treasury Departmental Offices permanent workforce demography with these representational benchmarks.

Table 1. Permanent FY12 Treasury Departmental Offices Workforce Demography Compared to Federal Government, Treasury-wide, and the Civilian Labor Force Demography*

Demographic Groups	Federal Government Workforce*	Treasury-wide Workforce	Civilian Labor Force	Treasury Departmental Offices
Men	56%	37%	53%	53%
Women	44%	63%	47%	47%
Hispanic Men	5%	3%	6%	1%
Hispanic Women	3%	7%	5%	2%
White Men	39%	25%	39%	41%
White Women	26%	33%	34%	28%
Black Men	8%	6%	5%	7%
Black Women	11%	19%	6%	14%
Asian Men	3%	2%	2%	3%
Asian Women	3%	3%	2%	3%

*Percentages have been rounded to whole numbers; Federal Workforce data are derived from EEOC's FY09 Annual Report

- **Gender:** In comparison to the permanent workforce participation rates of the FWF and Treasury-wide workforce, male representation (53 percent) in Treasury Departmental Offices is below the FWF and the same as CLF, but well above the Treasury-wide workforce (37 percent). Female representation (47 percent) is below the Treasury-wide workforce (63 percent), but above the FWF and consistent with the CLF.
- **Men by Race:** Among men within Treasury Departmental Offices, Hispanic male representation (1 percent) is below the FWF, Treasury-wide workforce, and the CLF. White male representation (41 percent) is above the FWF, the Treasury-wide workforce, and the CLF. Black male representation (7 percent) is above the Treasury-wide workforce and the CLF, but slightly below the FWF. Asian male representation (3 percent) is above the Treasury-wide workforce, similar to the FWF and above CLF.

⁷ Civilian Labor Force (CLF) data are derived from the decennial census reflecting persons, 16 years of age or older, who were employed or seeking employment, excluding those in the Armed Services. CLF data used are based on the 2000 Census and are not adjusted for citizenship.

- **Women by Race:** Among women within Treasury Departmental Offices, Hispanic female representation (2 percent) is below the FWF, the Treasury-wide workforce, and the CLF. White female representation (28 percent) is below the Treasury-wide workforce and the CLF, but above the FWF. Black female representation (14 percent) is below the Treasury-wide workforce, but above the FWF and the CLF. Asian female representation (3 percent) is the same as Treasury-wide workforce and FWF, but above the CLF.

Senior Management

Consistent with the Equal Employment Opportunity Commission (EEOC) definition of senior management as GS15 and above, OMWI has focused monitoring on recruitment, hiring, representation, and attrition in Federal GS15 and Senior Executive Service (SES) positions. OMWI also has monitored racial/ethnic and gender representation in GS13-14 levels, which can serve as the pipeline to senior management. (Table 2) Thirty-three percent of Treasury Departmental Offices permanent employees are at the senior management levels, i.e., GS15 and SES levels. Thirty-nine percent are in GS13-14 levels. Although there are no specific goals for demographic representation by race and gender, comparison to the overall workforce representation provides general insight into the relative inclusion by group.

Table 2. Permanent FY12 Treasury Departmental Offices Workforce Demography by Upper Management Grade Groupings*

Demographic Groups	Representation within the Workforce	SES	GS15	GS13-14
Men	53%	69%	60%	48%
Women	47%	31%	40%	52%
Hispanic	3%	4%	2%	4%
White	69%	86%	86%	65%
Black	21%	7%	6%	23%
Asian	6%	3%	6%	7%

*Percentages have been rounded to whole numbers

Presidentially Appointed and Senate-Confirmed Positions: The Obama Administration has set the record for the most women serving in Presidential appointed and Senate-confirmed positions at Treasury since its establishment in 1789. In FY12, for the first time, Treasury had two female Under Secretaries. In addition, the Treasurer of the United States, four Assistant Secretaries and one Acting Assistant Secretary were women, including women of color. However, appointed positions are not included by the EEOC in calculations of the permanent workforce census.

Permanent Positions: For FY12, the representation of minorities and women in permanent GS13-14, GS15, and SES level positions, compared to the representation within the total Treasury Departmental Offices permanent workforce, is described below. It should be noted that there are no civilian labor force data comparable to SES level positions or the combined pipeline GS13-14 category. Within senior management positions, women fill 40 percent of the permanent GS15 level and 31 percent of the permanent SES positions. This represents a decrease of one percent at the GS15 level compared to FY11 (41 percent) and an increase of three percent at the SES level compared to FY11 (28%). Minorities represent 14 percent of the permanent GS15 level and 14 percent of the permanent SES positions. This representation of 14 percent at the GS15 level is equal to the representation in FY11 (14 percent) and represents an increase of 4 percent at the SES level compared to FY11 (10 percent).

- **Women:** The representation of women within permanent positions in Treasury Departmental Offices at the senior management levels (GS15 – 40 percent and SES – 31 percent) is lower than their overall representation in the total permanent Departmental Offices workforce (47 percent). Their representation within the GS13-14 level pipeline (52 percent) is slightly higher than their overall representation in the total permanent Departmental Offices workforce (47 percent).
- **Hispanics:** The representation of Hispanics within permanent positions in Treasury Departmental Offices at the SES level (4 percent) and the GS13-14 pipeline (4 percent) is higher than their overall representation in the total permanent Departmental Offices workforce (three percent). Their representation at the GS15 level (2 percent) is lower than their overall representation in the total permanent Departmental Offices workforce (3 percent).
- **Blacks:** The representation of Blacks within permanent positions in Treasury Departmental Offices at the senior management levels (GS15 – 6 percent and SES – 7 percent) is lower than their overall representation in the total permanent Departmental workforce (21 percent). Their representation within the GS13-14 level pipeline (23 percent) is higher than their overall representation in the total permanent Departmental Offices workforce (21 percent).
- **Asians:** The representation of Asians within permanent positions in Treasury Departmental Offices at the GS15 level (6 percent) and the GS13-14 pipeline (7 percent) is equal to or higher than their overall representation in the total permanent Departmental Offices workforce (6 percent). Their representation at the SES level (3 percent) is lower than their overall representation in the total permanent Departmental Offices workforce (6 percent).

Hiring and Attrition

Hiring: This section includes comparisons of hire rates by race/ethnicity and gender in the current year relative to the FY11 baseline year. (Table 3)

**Table 3. Treasury Departmental Offices FY11 - FY12
New Hire Trends of Permanent Workforce
by the Number of Employees Hired**

Fiscal Year	M	W	HM	HW	WM	WW	BM	BW	AM	AW	2+M	2+W
2011	99	105	1	1	88	92	7	6	3	4	0	2
2012	118	78	2	2	87	62	13	6	15	7	1	1

[Key: M–Men; W–Women; HM–Hispanic Men; HW–Hispanic Women; WM–White Men; WW–White Women; BM–Black Men; BW–Black Women; AM–Asian Men; AW–Asian Women; 2+M–Two or More Races Men; 2+W–Two or More Races Women]

- **Gender:** The hire rate for men increased from 49 percent in FY11 to 60 percent in FY12 and exceeds the CLF availability rate of 53 percent. Females have shown a decrease in the hire rate from 52 percent in FY11 to 40 percent in FY12, which is below their CLF availability rate of 47 percent.
- **Hispanics:** The hire rate for Hispanics has increased from one percent in FY11 to two percent in FY12, but still substantially below their CLF availability rate of 11 percent. Currently, Hispanics represent a permanent workforce participation rate (3 percent), which is also substantially below their CLF participation rate.
- **Whites:** The hire rate for Whites has decreased from 88 percent in FY11 to 76 percent in FY12, remaining above their CLF availability rate of 73 percent. However, Whites represent only a permanent workforce participation rate of 67 percent, which is below their CLF participation rate.
- **Blacks:** The hire rate for Blacks increased from 6 percent in FY11 to 10 percent in FY12, slightly below their CLF participation rate of 11 percent. Despite the 10 percent hire rate, Blacks continue to be represented in Treasury Departmental Offices permanent workforce at a rate of 21 percent, which is substantially above their CLF participation rate.
- **Asians:** The hire rate for Asians increased substantially from 3 percent in FY11 to 11 percent in FY12. Asians continue to be represented in Treasury Departmental Offices permanent workforce at a participation rate of 6 percent, which is substantially above their CLF participation rate.

Attrition: This section includes comparisons of attrition rates by race/ethnicity and gender in the current year relative to the FY11 baseline year. (Table 4)

**Table 4. Treasury Departmental Offices FY11 - FY12
Attrition Rate by Race/Ethnicity and Gender***

Demographic Groups	FY11	FY12
Men	49%	52%
Women	51%	48%
Hispanic	3%	4%
White	77%	67%
Black	14%	25%
Asian	4%	6%

*Percentages have been rounded to whole numbers

- **Gender:** The attrition rate for men increased from 49 percent in FY11 to 52 percent in FY12, while the attrition rate for women decreased from 51 percent in FY11 to 48 percent in FY12. While men are separating at a rate of 52 percent, the men were hired at a 60 percent hire rate in Treasury Departmental Offices permanent workforce. Females were hired at a rate of 40 percent with an attrition rate 48 percent in FY12.
- **Hispanics:** The 3 percent attrition rate for Hispanics in FY11 is lower than their FY12 attrition rate of 4 percent. The attrition rate for Hispanics is above their hire rate of Hispanics of 2 percent in Treasury Departmental Offices permanent workforce for FY12.
- **Whites:** The 77 percent attrition rate for Whites in FY11 decreased to 67 percent in FY12. The attrition rate is below the hire rate of Whites of 76 percent in Treasury Departmental Offices permanent workforce for FY12.
- **Blacks:** The 14 percent attrition rate for Blacks in FY11 increased to 25 percent in FY12. The rate of attrition for Blacks is above the hire rate of 10 percent represented in Treasury Departmental Offices permanent workforce for FY12. However, this may have been affected by an early retirement program offered in FY12 and accepted by employees in specific job categories that were largely held by African Americans.
- **Asians:** The 4 percent attrition rate for Asian Americans in FY11 increased in FY12 to 6 percent. However, the attrition rate for Asians is substantially lower than the hire rate of Asians, which is 11 percent in the Treasury Departmental Offices permanent workforce for FY12.

Attrition by Type: A review of attrition by type reveals that retirements, resignations, and transfers (to another Treasury bureau or government agency) are the top reasons employees separate from the Treasury Departmental Offices workforce. (Table 5)

**Table 5. Treasury Departmental Offices
Attrition Type by Race/Ethnicity and Gender in FY12**

Demographic Group	Type of Attrition			Total
	Retirement	Transfers	Other	
Male	36	27	41	104
Female	47	21	27	95
Hispanic	4	2	1	7
White	41	35	53	129
Black	38	6	6	50
Asian	0	5	6	11
Other	0	0	2	2
Total Attrition per Type	83	48	68	199
Percentage	42%	24%	34%	100%
Total Attrition	199			
Total Permanent Workforce	1,615			
Attrition Rate (without Retirement)	7%			
Attrition Rate (with Retirement)	12%			
Treasury-wide Attrition Rate	7%			

- Treasury Departmental Offices has a substantially higher rate of transfers (24 percent) compared to the Treasury-wide workforce (7 percent).
- Treasury Departmental Offices has a higher attrition rate for FY12 of 12 percent than the average annual attrition rate for the non-business sector in 2012 of 10 percent, and for all employers of 9 percent (based on Bloomberg BNA, Bulletin to Management Report, Volume 63, No. 49).
- Of the attrition by transfers from Treasury Departmental Offices, 27 percent were minorities and 73 percent were White.
- 51 percent of the retirement attrition was among minorities, and 46 percent of retirement attribution were Black.
- 25 percent of the attrition in FY12 was among Black employees and only 10 percent of the hires were Black.
- 4 percent of the attrition in FY12 was among Hispanic employees and only 2 percent of the hires were Hispanic.

Net Change in Minority Representation: Table 6 shows the net change in minority representation due to the combination of hire and attrition rates, comparing the current year FY12 with the FY11 baseline year. In both years, there was a net attrition rate of negative 6 percent and negative 11 percent, respectively.

**Table 6. Treasury Departmental Offices
Net Change in Minority Representation in FY12***

Workforce Demographics	2011	2012
Minority Rate of Hire	17%	24%
Minority Rate of Attritions	23%	35%
Net	-6%	-11%

*Percentages have been rounded to whole numbers

MAKING CHANGE: INITIATIVES AND ACCOMPLISHMENTS

Outreach

Throughout FY12, outreach was conducted at various events involving minority serving organizations and institutions regarding employment opportunities within Treasury Departmental Offices.

Hispanic Servicing Institutions (HSI)

- Established and continued to maintain relationships with stakeholder organizations such as New America Alliance (Hispanic), in discussing strategic approaches and practices to advancing the economic development of the American Latino community. The Alliance is organized on the principles that American Latino business leaders have a special responsibility to lead the process of building the forms of capital most crucial to Latino progress – economic capital, political capital, human capital, and the practice of philanthropy.
- Continued a longstanding relationship with the Hispanic Association of Colleges and Universities (HACU). HACU promotes the development of member colleges and universities (HSI), improving access to and the quality of postsecondary educational opportunities for Hispanic students, and to meet the needs of businesses, industry, and government through the development and sharing of resources, information, and expertise. In addition, Treasury Departmental Offices supported the HACU Student Internship Program by finding intern placement opportunities.
- Mentored a student intern from HACU and participated in their sponsored events, June - August 2012.
- Continued to actively support the National Council of Hispanic Employment Program Managers (NCHEPM).
- Continued to maintain its strong on-going partnership and outreach efforts with the University of Texas-Pan Am located in Edinburg, Texas.

Black Organizations and Historically Black Colleges and Universities (HBCU)

- Attended and participated in the 42nd Annual Congressional Black Caucus (CBC) Legislative Conference located in Washington, DC, September 2012.
- Continued support of the Blacks In Government (BIG) 34th Annual National Training Conference located in Detroit, Michigan, August 2012.
- Established a Blacks In Government (BIG) Chapter in February 2012 to address the needs of Black employees in Treasury, to organize around issues of mutual concern, and to use their collective strength to confront workplace and community issues. BIG's goals are to promote equity in all aspects of American life, excellence in public service, and opportunity for all Americans.

- Continued a longstanding partnership agreement with the National Association for Equal Opportunity (NAFEO). NAFEO serves as an international voice for the nation's HBCUs, placing and maintaining the issue of equal opportunity in higher education on a national agenda, advocating policies, programs, and practices designed to preserve and enhance HBCUs, and to increase the active participation of African-Americans at every level in the formulation and implementation of policies and programs in American higher education.
- Reestablished partnership and outreach activities with Howard University (an HBCU), Washington, DC, in an effort to increase and provide student internships/externships and employment opportunities to Black students at every level of the organization.
- Mentored student interns and participated in NAFEO sponsored events and activities, June - August 2012.

Asian American and Native American Pacific Islander-Serving Institutions (AANAPISI)

- Attended and participated in the Conferences on Asian Pacific American Leadership (CAPAL) 3rd Annual Career Fair in July 2012 held in Washington, DC. CAPAL works to build leadership and public policy knowledge within the Asian Pacific American (APA) community; promote APA interests and success in public service careers; provide information and education on policy issues affecting the APA community; and serve the APA community and population at large.
- Hired a former CAPAL student into a Treasury policy/program office, resulting from the newly formed partnership with CAPAL.

Internships: Internship and fellowship programs offer an excellent opportunity for Treasury Departmental Offices hiring officials to assess the qualifications and performance of promising students who may prove to be candidates for future positions. For program participants, these programs can provide an introductory exposure to Federal service. Treasury Departmental Offices has had a long-standing outreach effort to recruit diverse groups of students for internships by partnering with minority-serving organizations and academic institutions. In FY12, OMWI rebranded this effort as the Treasury Scholars program, aiming to further expand the diversity of highly qualified candidates interested in summer internships in the Treasury Departmental Offices. OMWI established new partnerships with organizations and colleges/universities that have a particular focus on the education of students from diverse populations. In FY12, 19 students were placed in internships in Treasury Departmental Offices through partnership arrangements with the Congressional Hispanic Caucus Institute (2), DC Government Summer Youth Employment Program (9), Hispanic Association of Colleges and Universities (1), Howard University School of Law (1), International Leadership Foundation (1), National Association for Equal Opportunity in Higher Education (3), and The Washington Center (2). Other organizations with which partnerships were established or renewed include: The Washington Internships for Native Students, the Thurgood Marshall College Fund, the Conference on Asian Pacific American Leadership, the Robert Toigo Foundation, the Public Policy and International Affairs Program, and the Congressional Black Caucus Foundation. (Table 3)

Table 3. FY12 Summer Treasury Departmental Offices Student Employment

STUDENT PROGRAMS	Asian	%	Black	%	Hispanic	%	White	%	TOTAL	%
Paid (STEP)	13	23%	2	4%	3	5%	38	68%	56	100%
Treasury Scholars	1	5%	13	68%	3	16%	2	11%	19	100%
Volunteer	18	15%	6	5%	0	0%	95	80%	119	100%
TOTAL	32	16%	21	11%	6	3%	135	70%	194	100%

In the summer 2012, 30 percent (59) of the 194 interns (paid and unpaid) placed within Treasury Departmental Offices were racial or ethnic minority students. The new Treasury Scholars program accounted for the largest percentage of Black and Hispanic interns at 62 percent (13 of 21) and 50 percent (3 of 6), respectively.

Accountability

Performance Plans: Toward accountability relative to workforce diversity and inclusion, a longstanding performance element has been included in the performance plans of all SES level Treasury employees with relevant human capital responsibilities, including those within Treasury Departmental Offices as follows:

Fosters an inclusive work environment and promotes workforce diversity through support of EEO and affirmative employment objectives, fair and equitable employment decisions, prompt attention to allegations of harassment/discrimination, and encouragement of early dispute resolution when appropriate.

Workforce Diversity/Inclusion Monitoring: Racial/ethnic and gender representation and diversity/inclusion activities within the Departmental Offices are monitored by the Deputy Secretary and Assistant Secretary for Management in quarterly performance reviews. In addition, the OMWI Director provided briefings to the Deputy Secretary and Secretary on the contents of the OMWI 2011 Annual Report to Congress, as well as special initiatives pertaining to workforce diversity such as the TreasuryWomen 3.0 forum.

Diversity and Inclusion Index: The Federal Employee Viewpoint Survey (EVS) is a government-wide tool that measures employees' perceptions of whether, and to what extent, conditions characterizing successful organizations are present in their agencies. Survey results provide valuable insight into the challenges agency leaders face in ensuring the federal government has an effective civilian workforce and employees' perception about their workplace experience. From a factor analysis of EVS items, the Office of Personnel Management developed a Diversity and Inclusion Index. Using this index tool, OMWI will begin providing Treasury Department Offices with a diversity and inclusion assessment based on five elements inherent to inclusive workplace environment: fairness, open-mindedness, cooperation, supportiveness, and empowerment.

Qualitative Analysis

In FY12, OMWI undertook an intentional effort to provide a qualitative element to traditional quantitative research (such as the EVS) that is routinely done to elicit federal employee perceptions. The TreasuryWomen 3.0 initiative was a centerpiece of this effort. The primary purpose of the initiative was to elicit concerns, recommendations, and group consensus on priorities to improve the workplace experience and career advancement for women employed across Treasury. This forum was not designed as a research study with a random sample of participants. There was a deliberate recruitment process for inclusive representation of the workforce by bureau, career stage, occupation, and other demographic characteristics. This representation exemplified the value of bringing together diverse viewpoints to achieve a superior outcome. Ten priority recommendations were proposed by consensus to improve the workplace experiences for women, but also will have a positive effect for all employees.

Another FY12 initiative conducted to elicit honest and candid employee perceptions was through qualitative research in the form of focus groups. Sixteen focus groups were conducted of men, women, Hispanic, White, Black, and Asian employees at the GS13-15 upper and senior management levels to determine their perceptions of any barriers to recruitment, hiring, career advancement, training, and retention of these racial, ethnic, and gender groups. 120 employees participated and shared their candid views, and 25 major themes were identified across the focus groups regarding overall perception of the workplace environment, diversity and inclusion, recruitment and hiring, management and leadership, professional development, career advancement, and work-life balance.

The results, findings, issues, and recommendations that came out of these initiatives have been codified in reports to be shared with leadership and to inform decision making, policies, initiatives, and strategies pertaining to workforce diversity and inclusion.

Diversity Awareness and Training

Commemorative Heritage Months: In FY12, OMWI was tasked with developing programming for the national commemorative heritage months. Rather than continue the single event on-site programs, which often did not draw a broad Treasury-wide audience, OMWI piloted an electronic media approach using the Treasury intranet with the opportunity to reach the entire Treasury workforce. For Hispanic Heritage Month in September 2012, OMWI launched the first commemorative Website, which served to test this approach. Also, consistent with the OMWI mission to promote diversity and inclusion, the site content was more than cultural awareness. For instance, it included diversity training, such as a short video on how to respond to racially/ethnically disparaging language. This initial pilot site led to a 550% increase in employee participation in this commemorative month activity, compared to a typical on-site program.

Diversity Training: The Treasury Diversity and Inclusion Strategic Plan calls for Treasury Bureaus and Departmental Offices to ensure that all employees have access to diversity and inclusion training, including placing appropriate courses on the Treasury Learning Management System. For Treasury Department Offices, OMWI began piloting various diversity and inclusion program models with the aim of: 1) developing a multi-tiered training program to address specific audiences, including senior executives, supervisors, managers, and all employees, and 2) creating a diversity training program to develop a cadre of diversity champions from policy/program offices.

Financial Literacy

National Financial Capability Challenge: The Treasury-sponsored National Financial Capability Challenge (Challenge) was an awards program designed to increase the financial knowledge and capability of high school aged youth across the United States. It challenged youth to take control of their financial future by learning more about earning, spending, saving, borrowing, risk protection, and more, and it challenged educators and schools to incorporate this important information and these topics into their curricula. In collaboration with Treasury's Office of Financial Education, OMWI engaged in efforts to expand the diversity of participants in the National Financial Capability Challenge in 2012.

The District of Columbia has had one of the lowest overall participation rates in the National Financial Capability Challenge and because the student body of the District of Columbia Public Schools (DCPS) is predominantly Black, engaging DCPS in the Challenge was an ideal partnership choice. OMWI conducted systematic outreach through the DCPS Chief Academic Officer, the regional Future Business Leaders of America (FBLA), the Jump\$tart Coalition, and the DCPS New Heights Program to reach out to all business teachers and special program directors in the DC Public School system.

OMWI's efforts led to positive results on the National Financial Capability Challenge in 2012:

- 17 business teachers from District of Columbia schools were engaged in the Challenge.
- Registration of DC high schools increased from four schools in 2011 to 11 in 2012.
- DC's average score increased almost 5 percent from 56 percent in 2011 to 61 percent in 2012.
- DC students achieved two perfect scores in 2012 compared to zero in 2011, within a national total of 583 perfect scores.
- 13 percent of the DC student participants in the Challenge were in the top 20 percent of scores compared to 10 percent of the students in 2011.

In addition to increased diversity among the participants in the Challenge, outreach activities with DCPS had other benefits. For the first time ever, Treasury received applications through DCPS from students for the summer volunteer internship; six DCPS students applied, and two were selected.

New Heights Program: OMWI took a special interest in engaging the DCPS New Heights program, a school-based program that supports expectant and parenting teens. The program helps them stay in school, further their education, become gainfully employed, and contribute to their health and wellness and that of their children. Because of their early parental status, participants in this program are vulnerable to economic insecurity throughout their lives. New Heights had a total of 425 students (375 females and 50 males) in 13 high schools and two charter schools in Washington, DC. Student participants were predominantly racial/ethnic minorities.

OMWI supported the New Heights program teachers to expand the program focus on financial literacy. OMWI facilitated a partnership between the New Heights program and Junior Achievement of Greater Washington (JA) to provide the financial literacy curricula and training to teachers, leading to student participation in the unique experiential JA Finance Park Program. The JA Finance Park Program helps students build a foundation for making intelligent, lifelong, personal financial decisions through hands-on, realistic site-based experiences. Junior Achievement is now approved as a

workshop provider of its time-proven financial literacy curriculum in all 15 DCPS schools with New Heights programs.

Maya Angelou Charter School and Maya Angelou Academy: In May 2012, OMWI provided resource support for a day-long health workshop program for 275 middle and high school girls enrolled at Maya Angelou Charter School/Evans Campus, a school for youth who have not succeeded in traditional schools. The main focus of the “Girls Rock II” workshop was to encourage and empower girls to make their own health a priority and encourage them to take the necessary steps to improve their health and reduce their risk for many diseases and conditions. The program included a segment on fiscal health, using resources from Treasury’s National Financial Capability Challenge.

OMWI also facilitated partnerships between Junior Achievement of Greater Washington, Maya Angelou Public Charter School, and the Maya Angelou Academy, a school that serves students who have been involved in the juvenile justice system. Junior Achievement has provided its financial literacy curricula and training to teachers in these schools.

Challenges

There is a strong commitment to adopting the best strategies within Treasury Departmental Offices to secure a high performing workforce drawn from as diverse a pool of candidates as possible. Two significant challenges to implementing the workforce diversity provisions of Dodd-Frank Act § 342 are budgetary restraints and retention rates.

First, Treasury Departmental Offices is currently operating within a tight budgetary environment, which has had a direct negative impact on hiring for the foreseeable future. However, before vacancies for management and senior executive positions in mission-critical occupations are announced, OMWI will support efforts of policy and program offices in formulating a strategy to ensure broad, proactive reach to a diverse pool of candidates. Additionally, for new organizational units within Treasury Departmental Offices being staffed for the first time, such as the Office of Financial Research (also created by the Dodd-Frank Act), OMWI has initiated a collaborative relationship to support recruitment of diverse candidates.

Second, the attrition rate of Hispanics and Blacks exceeded their hire rates in the Treasury Departmental Offices permanent workforce. Therefore, if trends continue, the net result will be a continual decline in representation among these groups. Retirements, resignations, and transfers are the top reasons employees separate from the Treasury Departmental Offices workforce in FY12.

In addition, Treasury must be careful to structure programs in a manner consistent with the Equal Protection Clause of the Constitution. Therefore, OMWI must focus on strategic outreach, recruitment, and internal succession planning to help ensure that minorities and women are aware of opportunities at all levels and to monitor outcomes.

Conclusions and Immediate Future Plans

Recruitment: OMWI is working to expand outreach efforts, ensure recruitment from the most diverse and well-qualified pool of candidates possible, and to cultivate a workplace environment that fosters diversity. The Treasury Departmental Offices recruitment strategy traditionally has targeted

sourcing at minority and women serving institutions, career fairs and expos, online and printed advertisement materials, and community outreach activities. OMWI is enhancing these efforts by incorporating each of the recruitment strategies identified in the Dodd-Frank Act § 342 (f) (1-6). Although it is difficult to correlate specific recruitment channels and strategies with the resultant diversity of applicant pools for specific positions, Treasury Departmental Offices is committed to adopting the best strategies to attract minorities and women candidates to our applicant pool.

OMWI will focus on increasing participation of qualified women and racial/ethnic minorities in the applicant pools for senior management level (GS15 and SES) positions, as well as a focus on positions in policy and program offices that utilize excepted appointing authorities. There also will be attention to positions in mission-critical occupations, with a particular emphasis on economists. Other mission critical occupations in Treasury Departmental Offices include financial analysts, attorneys, information technology specialists, and intelligence specialists.

In FY13, OMWI will continue to expand the Treasury Scholars program to encourage an increase in the racial and ethnic diversity of student interns throughout Treasury Departmental Offices. Additionally, efforts will continue to ensure that all interns – including minority students – will have meaningful and marketable internship experiences. New and expanded partnerships will be further developed with various organizations dedicated to the educational success of minority and women students.

Qualitative Indicators: In the evolution of the practice of the diversity and inclusion management discipline, there has been a move away from the social justice orientation, where emphasis was on numeric representation of racial/ethnic and gender groups. Best practices now emphasizing measures other than representational data, have been employed by recognized leaders in diversity and inclusion practice within the corporate sector and a growing number of federal government agencies. These are qualitative measures or indicators (e.g., behavioral, attitudinal, structural, etc.) used to assess workforce diversity and to establish cutting-edge practices in diversity and inclusion benchmarking. Although the federal government requires representational analysis in compliance with civil rights statutes as monitored by the Equal Employment Opportunity Commission, the Office of Personnel Management and the Government Accountability Office are among the federal agencies that promote the use of qualitative indicators as the best foundation for an inclusive workplace and as highly correlated with improvement in quantitative representational diversity. Toward the implementation and institutionalization of best practices, OMWI will continue the process of identifying and implementing the use of qualitative benchmarks and strategies in its work.

Qualitative Analysis: The use of qualitative analysis, such as the TreasuryWomen 3.0 forum and multicultural focus groups, was an innovation in the approach to identifying obstacles to workforce diversity and inclusion. The results, findings, issues, and recommendations that came out of these key initiatives have been codified in reports, are being shared with leadership and relevant decision-makers, and cross-walked with other assessment instruments for further validation. These initiatives will inform decision making, policies, other initiatives, and strategies pertaining to workforce diversity and inclusion. Likewise, the qualitative findings

from the multicultural focus group study will be used to gain insights about perceived barriers to advancement and overall organizational climate for diversity and inclusion to derive recommendations for policy and process changes.

A Webpage dedicated to the TreasuryWomen 3.0 initiative has been created and will serve as a focal point for status updates pertaining to the recommendations that emanated from the forum. A short-term and long-term plan will be developed. Follow-up will require close collaboration between OMWI and the Treasury and Treasury Departmental Offices Human Capital Offices, as well as communication with the TreasuryWomen 3.0 Task Force members.

Financial Literacy: The Treasury National Financial Capability Challenge initiative was suspended in FY13 for an indefinite period to evaluate its effectiveness in meeting intended objectives, as well as to identify possible alternative initiatives that could be implemented in collaboration with other federal, state, and local government and private sector partners. Additionally, one of the key program partners in the OMWI financial literacy activities in FY12, the New Heights Program, is in jeopardy of discontinuation due to funding problems. Therefore, the approach to financial literacy activities to be undertaken by OMWI is under reconsideration. OMWI will continue to work closely with Treasury's Office of Financial Education in its future financial literacy activities.

Treasury leads the Financial Literacy and Education Commission (FLEC), which was established under the Fair and Accurate Credit Transactions Act of 2003. It is chaired by the Secretary of the Treasury and the vice chair is the Director of the Consumer Financial Protection Bureau plus the heads of 19 additional federal agencies. The Department's Office of Financial Education provides expertise and primary support to the FLEC.

In 2013 and 2014, the FLEC will focus its work on promoting the financial capability of young Americans, through an initiative known as "Starting Early for Financial Success." The goal of this strategic focus is to help Americans achieve financial stability throughout their lives, by starting sound financial practices early. Starting Early will allow the agencies to make better use of the limited resources available for financial education by coordinating resources. OMWI contributes to this effort by participating in the FLEC Children and Youth Committee, which provides leadership on fostering enhanced collaborations between FLEC member agencies to promote financial capability among children and youth.

Diversity Training: Following the pilot of various diversity training models, OMWI will identify and implement those determined to be best suitable for the Treasury Departmental Offices culture and audiences and begin the implementation of a multi-tiered diversity training effort. The aim is to produce an overall cultural transformation within Treasury Departmental Offices and to increase the number and skill level of diversity and inclusion champions throughout the various policy and program offices.

