

FY17
ANNUAL REPORT
TO CONGRESS

OMWI

Office of Minority and Women Inclusion

DEPARTMENT OF THE TREASURY

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MESSAGE FROM THE CHIEF DIVERSITY & INCLUSION OFFICER



Lorraine Cole, Ph.D.

Chief Diversity and Inclusion Officer
Office of Minority and Women
Inclusion

The values of diversity and inclusion have been fundamental priorities within the Treasury Departmental Offices (headquarters). We take seriously our collective commitment to create a workplace in which inclusive diversity becomes embedded within its cultural fabric. Every employee is encouraged to use these basic values in their daily work to further build and sustain an inclusive workplace environment. Furthermore, it is expected that the characteristics embodied in these values will be visible, intentional, and continual in all that we do every day. We know that such behaviors hold the promise of increased productivity, creativity, and innovation in our service to the American people.

The OMWI Annual Report FY17 is the seventh annual report to Congress that describes the ways we have implemented the mandates of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) § 342 (P.L. 111-203). This report is our opportunity to tout the successes toward continuously improving diversity and inclusion throughout Treasury Departmental Offices. Our commitment to diversity is apparent through the various displays of demographic representation across our workforce. But, beyond demography,

this report describes our efforts toward optimal interpersonal interactions between co-workers to leverage the full range of perspectives of our diverse workforce. For instance, we have trained managers and supervisors to be personally accountable to identify and confront unintentional bias. Through performance commitments, employees at all levels are expected to demonstrate fairness, open mindedness, cooperation, supportiveness, and empowerment. We also have efforts to identify and overcome barriers that may inhibit full participation in our workplace.

This report also profiles our successes toward ensuring fair utilization of minority-owned and women-owned businesses in our business activities to the maximum extent possible. FY 2017 was an exceptionally strong year of contracting with minority-owned and women-owned businesses without regard to size, but particularly with small disadvantaged businesses (which are largely minority owned) and small women-owned businesses.

As Americans, we live in one of the most multi-ethnic, multi-racial, and culturally diverse nations in the world. Treasury can tout many successes in the fair utilization of minority and women owned businesses, inclusive diversity in the workplace, as well as the economic empowerment of individuals and business entities. But, by the same token, we still have much more work to do. As this report shows, we are continuously striving to ensure that those who do the work of Treasury and those who are the beneficiaries of our work, represent every face of America.

Lorraine Cole, Ph.D.

Chief Diversity and Inclusion Officer
Office of Minority and Women Inclusion
Departmental Offices
U.S. Department of the Treasury

FY **2017**
October 1 to September 30

BY THE NUMBERS

28

PERCENTAGE OF WOMEN PERMANENT
EMPLOYEES AT THE SENIOR EXECUTIVE
SERVICE (SES) LEVEL

FEVS INCLUSION
QUOTIENT SCORE

64.6

PERCENTAGE OF MINORITY
PERMANENT EMPLOYEES AT
THE SENIOR EXECUTIVE SERVICE
(SES) LEVEL

15

44

PERCENTAGE OF
WOMEN PERMANENT
EMPLOYEES

37

PERCENTAGE OF
RACIAL/ETHNIC MINORITY
PERMANENT EMPLOYEES

1,866

TOTAL NUMBER OF
PERMANENT EMPLOYEES

\$75,841,065

TOTAL AMOUNT OF CONTRACT DOLLARS
OBLIGATED WITH WOMEN-OWNED BUSINESSES

25

PERCENTAGE OF CONTRACTS
OBLIGATIONS WITH
WOMEN-OWNED BUSINESSES

24

PERCENTAGE OF CONTRACTS
OBLIGATIONS WITH
MINORITY-OWNED BUSINESSES

55.4

FEVS
FAIRNESS
SCORE

\$71,838,546

TOTAL AMOUNT OF CONTRACT
DOLLARS OBLIGATED WITH
MINORITY-OWNED BUSINESSES

EXECUTIVE SUMMARY

The Office of Minority and Women Inclusion (OMWI) in the Department of the Treasury Departmental Offices was established by the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) § 342 (P.L. 111-203) and is responsible for all matters relating to diversity in management, employment, and Treasury's business activities in Departmental Offices, excluding the enforcement of statutes, regulations, or executive orders pertaining to civil rights. This seventh annual report is submitted to Congress pursuant to the Dodd-Frank Act regarding the actions taken by Treasury and the OMWI during Fiscal Year (FY) 2017.



BUSINESS DIVERSITY: Despite a reduction in the overall Treasury Departmental Offices procurement budget and the absence of mandated contracting goals for other than small businesses, the commitment to minority and women owned business utilization has remained strong. In FY 2017, Treasury Departmental Offices' total procurement contracts for goods and services represented \$301 million in obligations (with 2,373 contract actions), with over one-third (35 percent) of contract dollars totaling \$106 million going to either minority-owned or women-owned businesses. A

total of \$72 million, or 24 percent of total contracts, was awarded to minority-owned businesses. A total of \$76 million, or 25 percent, was awarded to women-owned businesses of all sizes. Among the small business categories, contract obligations to small disadvantaged businesses represented 12 percent of all Departmental Offices contracts; and contract obligations to women-owned small businesses represented 23 percent – both well above the 5 percent statutory goal.

The percentages of minority-owned and women-owned business contract obligations by Treasury Departmental Offices were the highest since OMWI began reporting in FY 2011. With such strong performance in the utilization of minority-owned and women-owned businesses in FY 2017, it is difficult to propose or predict challenges. However, Treasury will continue to operate under budgetary constraints for procurement and other areas for the foreseeable future. So, there is always the potential that such constraints would have an impact on contracting with minority-owned and women-owned businesses that may not be abundantly present in specific industries.

WORKFORCE DIVERSITY: In FY 2017, the Treasury Departmental Offices permanent workforce of 1,894 represented about 2 percent of the total Treasury-wide workforce. Approximately one-third (37 percent) 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 comprise 9 percent and 5 percent, respectively. Native Hawaiian or Other Pacific Islanders, American Indian or Alaska Natives, and those who identify themselves as Two or More Races each represent less than 1 percent of the total Treasury Departmental Offices permanent workforce. Within senior management positions, minorities represent 17 percent of the permanent GS-15 level, and 14 percent of the permanent senior executive service (SES) positions. With regard to gender representation within Treasury Departmental Offices, 45 percent are women and 55 percent are men. Within senior management positions, women comprise 41 percent of the permanent GS-15 level and 27 percent of the permanent SES positions.



Treasury Departmental Offices is committed to adopting leading edge strategies to secure a high performing workforce drawn from a diverse pool of candidates. The most pressing challenges to implementing the workforce diversity provisions of Dodd-Frank Act § 342 have been hiring constraints, retention rates, underrepresentation in specific racial/ethnic and gender categories, and perceptions of the workplace culture.

First, during FY 2017 there was a hiring freeze that limited hiring during the last three quarters of the fiscal year, constraining prospects to further impact workforce diversity. Second, hiring constraints were confounded by retention rates. The percentage of women who separated (40 percent) from Treasury was greater than the percentage hired (37 percent), resulting in a negative net attrition (-3 percent). The separation rate of minorities (36 percent) was the highest in five years and the hiring rate of minorities (36 percent) was considerably lower than the prior year (42 percent). Third, there is an overall underrepresentation of Hispanics in the workforce below all benchmarks and in senior management and senior executive positions. Similarly, there is an underrepresentation of women, Blacks, and Asians in senior executive positions and at specific senior management levels. Fourth, employee perceptions of fairness (55.40 in FY 2017) have been consistently below the acceptable score of 65 percent on the inclusion quotient of the annual Federal Employee Viewpoint Survey (FEVS).



OVERVIEW

This seventh annual report is submitted to Congress pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (Dodd-Frank Act) § 342 (P.L. 111-203) regarding the actions taken by Treasury and the Office of Minority and Women Inclusion, Departmental Offices (OMWI) during Fiscal Year (FY) 2017.¹

U.S. DEPARTMENT OF THE TREASURY

Mission

Maintain a strong economy and create economic and job opportunities by promoting conditions that enable economic growth and stability at home and abroad; strengthen national security by combating threats and protecting the integrity of the financial system; and manage the U.S. government's finances and resources effectively.

GOALS

1

Boost U.S. Economic Growth

2

Promote Financial Stability

3

Enhance National Security

4

Transform Government-wide Financial Stewardship

5

Achieve Operational Excellence

1. 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.

U.S. DEPARTMENT OF THE TREASURY

Throughout its rich history, Treasury's core mission has not changed. With nearly 100,000 employees in its ranks, Treasury is still the steward of the U.S. economy – taking in revenue, paying bills, and, when appropriate, borrowing and investing public funds. In more recent years, Treasury's role has expanded to being a leader in safeguarding and growing the nation's economy.

Treasury is organized into the Departmental Offices (Treasury's headquarters), seven operating bureaus, and three inspectors general. The Departmental Offices are primarily responsible for policy formulation, while the bureaus are primarily the operating units of the organization. Internally, the Departmental Offices are responsible for overall management of Treasury.

Treasury Departmental Offices (Headquarters)

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 Management

The Office of Public Affairs

The Office of Tax Policy

The Office of Terrorism and

Financial Intelligence

The Treasurer of
the United States

Domestic Finance works to preserve confidence in the U.S. Treasury market, effectively manage federal fiscal operations, strengthen financial institutions and markets, promote access to credit, and improve financial access and education in service of America's long-term economic strength and stability.

Economic Policy reports on current and prospective economic developments and assists in the determination of appropriate economic policies.

The Office of General Counsel provides legal and policy advice to the Secretary and other senior Departmental officials.

International Affairs protects and supports U.S. economic prosperity and national security by working to help ensure the most favorable external environment for sustained jobs and economic growth in the United States.

Legislative Affairs develops strategies to implement legislative initiatives, communicates Treasury's positions to the Congress, and keeps the Department informed of Congressional objectives, concerns, activities, and interests.

Management is responsible for managing the Department's financial resources and overseeing Treasury-wide programs, including human capital, information technology, acquisition, and diversity issues.

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.

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. Tax Policy also provides revenue estimates for the President's Budget.

Terrorism and Financial Intelligence marshals the Department's intelligence and enforcement functions with the twin aims of safeguarding the financial system against illicit use and combating rogue nations, terrorist facilitators, weapons of mass destruction (WMD) proliferators, money launderers, drug kingpins, and other national security threats. The office is responsible for the review and analysis of domestic economic issues and developments in the financial markets.

The Treasurer of the United States chairs the Advanced Counterfeit Deterrence Steering Committee and is a key liaison with the Federal Reserve. In addition, the Treasurer serves as a senior advisor to the Secretary in the areas of community development and public engagement.

OFFICE OF MINORITY & WOMEN INCLUSION 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

The Office of Minority and Women Inclusion was established 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). The express statutory authority of OMWI covers Treasury Departmental Offices. For Treasury 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, in a manner consistent with applicable law, 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

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.

A background image showing a statue of a man in 18th-century attire standing on a pedestal in front of a classical building with columns. The image is overlaid with a dark blue semi-transparent rectangle.

**These levels of
contracting with
minority and
women owned
businesses are
the highest since
OMWI began
reporting in
FY 2011.**

BUSINESS DIVERSITY & INCLUSION

MINORITY OWNED AND WOMEN OWNED BUSINESS UTILIZATION

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. Additionally, it is important to note that, due to legal restrictions pertaining to civil rights, no specific goals can be established for contracting with minority-owned businesses regardless of size or women-owned businesses, with the exception of certain small business parameters.

Treasury-wide, the total (appropriated and non-appropriated) contract procurement was decreased from \$6.1 billion in FY 2016 to \$5.2 billion in FY 2017. Within Treasury Departmental Offices, procurement for products and services was decreased from a total of \$332 million in FY 2016 (with 1,973 contract actions) to \$301 million in FY 2017 (with 2,373 contract actions). Despite the absence of mandated contracting goals for other than small businesses, the commitment to minority-owned and women-owned business utilization within Treasury Departmental Offices remained strong in FY 2017, with 35 percent of contract dollars totaling \$106 million going to either minority-owned or women-owned businesses (MWOB). Specifically, \$76 million (25 percent) of contract obligated award dollars went to women-owned businesses and \$72 million (24 percent) went to minority-owned businesses (dollar amounts to minority women-owned businesses are included within each category). These levels of contracting with minority and women owned businesses are the highest since OMWI began reporting in FY 2011. [Table 1]

Table 1

Departmental Offices FY 2016 Contract Obligations by Demographic Groups, Total Awards and Percentages of Awards*

| Category | Total Awards in Dollars | Percentage of Awards |
|--|-------------------------|----------------------|
| All Departmental Offices Awards | \$301,548,778 | 100.0% |
| Minority-owned or women-owned³ | \$105,841,361 | 35.1% |
| Woman-owned | \$75,841,065 | 25.2% |
| Minority-owned⁴ | \$71,838,546 | 23.8% |
| Asian American | \$42,147,492 | 14.0% |
| Black American | \$13,873,408 | 4.6% |
| Hispanic American | \$16,210,609 | 5.4% |
| American Indian | \$1,016,465 | 0.3% |
| Other minority ⁵ | \$2,727,109 | 0.9% |
| Neither Minority-owned nor Woman-owned | \$195,707,416 | 64.9% |

* Contracting dollar amounts are based on Federal Procurement Data System (FPDS-ng) data extracted January 4, 2018 for FY17 using the following filters:

Maj_agency_cat: 2000 Department of Treasury | Mod_agency: 2001 Departmental Offices, 2050 Internal Revenue Services | Maj_funding_agency_cat: 2000 Department of Treasury
Fundingrequestingagencyid: 2001 Departmental Offices

3. The total amount of awards to minority women-owned businesses was \$41,838,250. However, awards to businesses that are both minority- and women-owned are counted within Federal Procurement Data System (FPDS-ng) in all applicable individual minority- and women-owned individual categories. Therefore, to ensure there was no duplicate counting of overlapping categories of race/ethnicity and gender, the total dollars and percentages have been reduced to adjust for the \$41,838,250

4. The sum of the award dollars to business within the minority-owned sub-categories does not equal the total minority-owned award amount because several awards under the minority categories were not identified in the reporting system as minority-owned businesses.

5. "Other minority" means those businesses designating "minority-owned" in the System for Award Management, but not designating Asian American, Black American, Hispanic American, or Native American.

TRENDS IN MINORITY OWNED BUSINESS UTILIZATION

Utilization of minority-owned businesses overall within Treasury Departmental Offices has increased relative to total spending. In FY 2017, a total of almost \$72 million or 24 percent of the total in contract obligations were awarded to minority-owned businesses. [Figure 1] This was the highest level compared to the preceding four years.

Contract obligations to minority-owned businesses by specific racial and ethnic designation of the ownership are delineated in Table 2.⁶

Figure 1

Departmental Offices FY 2017

Overall Contract Obligations by Minority Status*

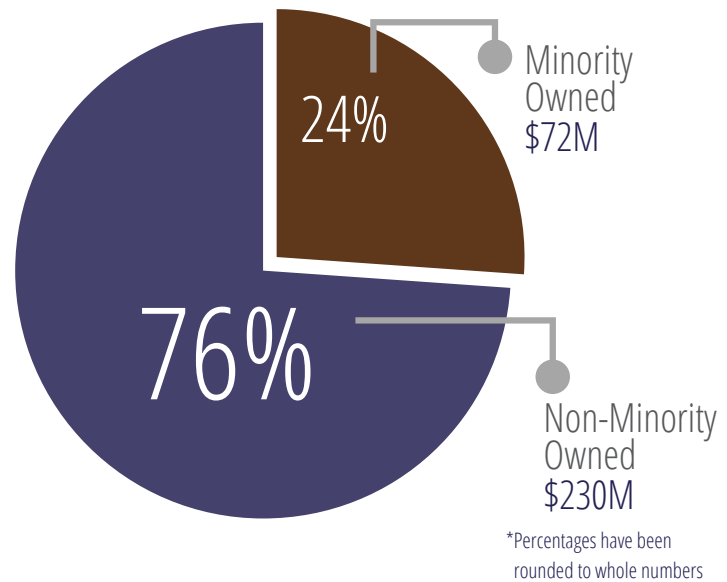


Table 2

Departmental Offices FY 2013–2017

Overall Contract Obligations by Specific Racial/Ethnic Minority Group*

| | FY 2017 | FY 2016 | FY 2015 | FY 2014 | FY 2013 |
|---------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Minority Owned Businesses | \$72 million (24%) | \$59 million (18%) | \$43 million (17%) | \$45 million (18%) | \$45 million (18%) |
| Black-owned | \$14 million | \$14 million | \$14 million | \$16 million | \$15 million |
| Hispanic-owned | \$16 million | \$10 million | \$5 million | \$5 million | \$12 million |
| Asian-owned | \$42 million | \$24 million | \$22 million | \$18 million | \$14 million |
| American Indian-owned | \$1 million | \$1 million | \$4 million | \$4 million | \$3 million |
| Non-Minority Businesses | \$230 million (76%) | \$274 million (83%) | \$205 million (83%) | \$203 million (82%) | \$210 million (82%) |

* Contracting dollar amounts are based on Federal Procurement Data System (FPDS-ng) data extracted January 4, 2018 for FY17; Dollars and percentages are rounded.

6. Some businesses have self-identified in more than one category; their contract amounts are reflected within all categories indicated.

TRENDS IN WOMEN OWNED BUSINESS UTILIZATION

There has been an increasing trend in the utilization of women-owned businesses within Treasury Departmental Offices. In FY 2017, a total of \$76 million or 25 percent of the total contract obligations were awarded to women-owned businesses (including minority women). Comparatively, in FY 2016, a total of \$57 million or 17 percent of the total contract obligations was awarded to women-owned businesses; and in FY 2015, a total of \$31 million or 12 percent of the total contract obligations was awarded to women-owned businesses (including minority women). [Figure 2]

Figure 2

Departmental Offices FY 2016

Overall Contract Obligations by Gender Categories*

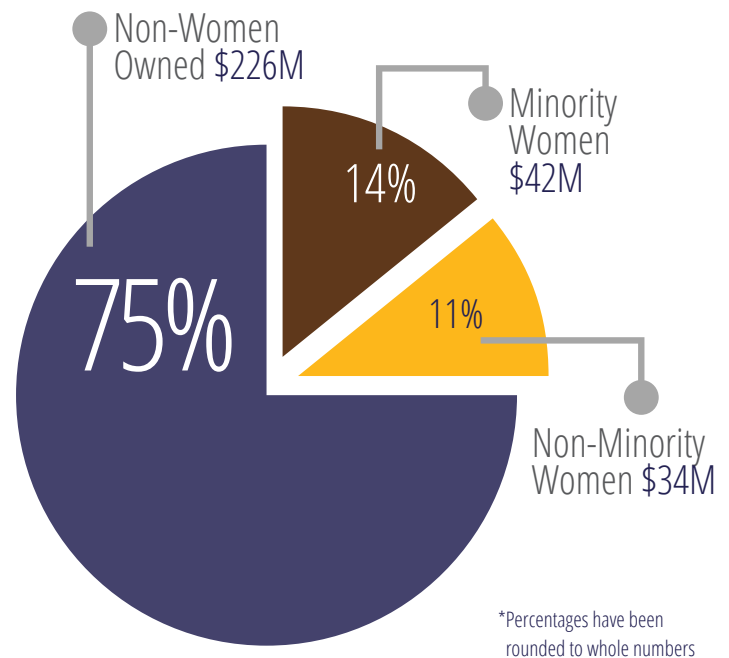


Table 3

Departmental Offices FY 2013–2017

Overall Contract Obligations by
Gender-specific Business*

| | FY 2017 | FY 2016 | FY 2015 | FY 2014 | FY 2013 |
|----------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Women-owned Businesses | \$76 million (25%) | \$57 million (17%) | \$31 million (12%) | \$51 million (21%) | \$40 million (15%) |
| Minority Women | \$42 million (14%) | \$15 million (4%) | \$13 million (5%) | \$11 million (5%) | \$15 million (5.5%) |
| Non-Minority Women | \$34 million (11%) | \$42 million (13%) | \$18 million (7%) | \$40 million (16%) | \$25 million (9.5%) |
| Non-Women-owned Businesses | \$226 million (75%) | \$276 million (83%) | \$220 million (88%) | \$197 million (79%) | \$222 million (85%) |

* Contracting dollar amounts are based on Federal Procurement Data System (FPDS-ng) data extracted January 4, 2018 for FY17; Dollars and percentages are rounded.

TRENDS IN MWOB SMALL BUSINESS UTILIZATION

The vast majority of minority-owned businesses and women-owned businesses (MWOB) in the United States are small businesses with 98 percent of all MWOBs earning revenue under \$1 million, according to the most recently available census data. 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 FY 2017, contract obligations to small businesses by Treasury Departmental Offices were 45 percent, exceeding the 35 percent statutory goal. Contract obligations to small disadvantaged businesses represented 12 percent, more than double the 5 percent goal; similarly, contract obligations to women-owned small businesses represented 23 percent, more than quadruple the 5 percent goal.⁷ [Figure 3]

Contract obligations to small minority-owned and women-owned businesses (MWOB), including minority status, are delineated in Table 4.

Table 4

Departmental Offices FY 2012–2016
Overall Contract Obligations to Small MWOB*

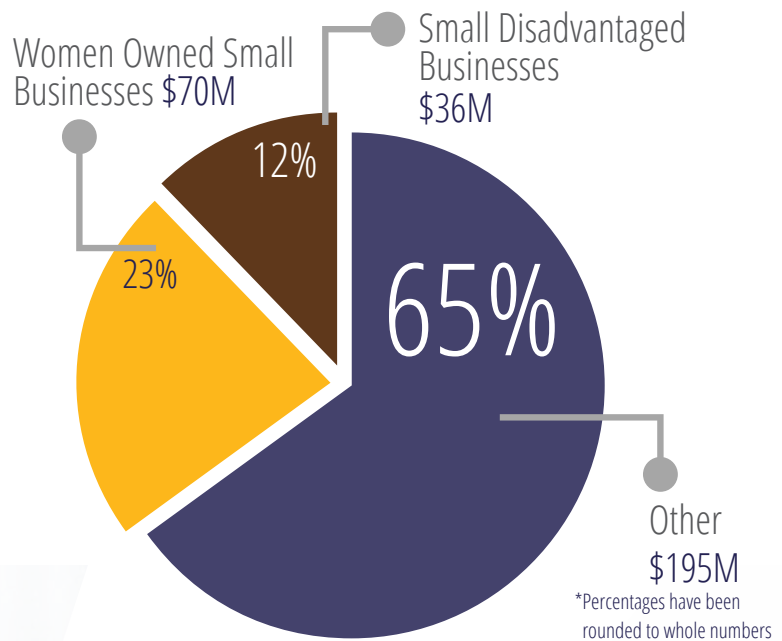
| | FY 2017 | FY 2016 | FY 2015 | FY 2014 | FY 2013 |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
| Total Contract Obligations (regardless of size) | \$301 million | \$333 million | \$250 million | \$248 million | \$255 million |
| Overall Small Businesses Contract Obligations | \$135 million (45%) | \$134 million (40%) | \$135 million (54%) | \$125 million (51%) | \$119 million (47%) |
| Small Disadvantaged Businesses (SDB)** | \$36 million (12%) | \$42 million (13%) | \$32 million (13%) | \$25 million (14%) | \$37 million (14%) |
| Women-owned Small Businesses | \$70 million (23%) | \$51 million (15%) | \$25 million (10%) | \$44 million (18%) | \$32 million (13%) |

*Contracting dollar amounts are based on Federal Procurement Data System (FPDS-ng) data extracted January 4, 2018 for FY17; Dollars and percentages are rounded.

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

Figure 3

Departmental Offices FY 2016
Small MWOB Contract Obligations *



7. Contracting dollar amounts are based on Federal Procurement Data System (FPDS-ng) data extracted September 5, 2017 for FY16.

MWOB PARTICIPATION IN SPECIFIC ACQUISITION CATEGORIES

Each year, lists are posted online of the top acquisition categories, by *North American Industry Classification System* (NAICS) codes, of contracts awarded by the Department of Treasury, Treasury Departmental Offices, and the individual Treasury bureaus.⁸ The aim is to encourage firms that provide products or services within those categories to market their firms' capabilities to Treasury bureaus. In FY 2017, 93 percent of all Treasury Departmental Offices contracts were in the area of services representing \$279 million of spend. 32 percent of Departmental Offices service contracts were awarded to minority-owned or women-owned businesses: 25 percent went to women-owned businesses and 25 percent went to minority-owned businesses.

Within Treasury Departmental Offices, approximately 84 percent of contract awards are made in only seven NAICS code categories and minority or women-owned business utilization is highest among five of those categories. The highest utilization of minority or women-owned businesses is in "Custom Computing Programming Service" (NAICS 541511) in the amount of \$30 million. [Table 5]

8. Refer to www.treasury.gov/about/organizational-structure/offices/Mgt/Pages/dco-osdbu-mp-top25.aspx.



Table 5

Awards by Demographic Groups in the DO's Top Seven NAICS Codes, Fiscal Year 2017
In Dollars and Percentage of Dollar Awards in Top Seven NAICS Codes*

| Total Departmental Office Annual Obligated Dollars \$301,548,778 and processed 2,373 actions | NAICS Codes and Descriptions | | | | | |
|--|------------------------------|--------------|--|---------------|-------------------------------|---------------|
| | 541519 | | 517110 | | 493110 | |
| | Other Computer | | Administrative Management and General Management Consulting Services | | General Warehouse and Storage | |
| Unique Vendor Count | 120 | | 3 | | 1 | |
| Category | \$ Awards | % Awarded | \$ Awards | % Awarded | \$ Awards | % Awarded |
| Total DO Awards in NAICS | \$85,084,660 | 28.2% | \$54,881,964 | 18.2% | \$30,980,384 | 10.3% |
| Minority- or women-owned ⁹ | \$22,216,810 | 26.1% | \$0 | 0.0% | \$0 | 0.0% |
| · Women-owned | \$15,594,241 | 18.3% | \$0 | 0.0% | \$0 | 0.0% |
| · Minority-owned | \$8,159,271 | 9.6% | \$0 | 0.0% | \$0 | 0.0% |
| Asian American | \$6,884,943 | 8.1% | \$0 | 0.0% | \$0 | 0.0% |
| Black American | \$531,542 | 0.6% | \$0 | 0.0% | \$0 | 0.0% |
| Hispanic American | \$318,541 | 0.4% | \$0 | 0.0% | \$0 | 0.0% |
| Native American | \$397,644 | 0.5% | \$0 | 0.0% | \$0 | 0.0% |
| Other minority | \$174,946 | 0.2% | \$0 | 0.0% | \$0 | 0.0% |
| Neither minority- nor woman-owned | \$2,867,850 | 73.9% | \$54,881,964 | 100.0% | \$30,980,384 | 100.0% |

*Contracting dollar amounts are based on Federal Procurement Data System (FPDS-ng) data extracted January 4, 2018 for FY17

**Percentages are >100% or <0% due to funding that is deobligated from contracts

9. Awards to businesses that are both minority- and women-owned are counted within the Federal Procurement Data System (FPDS-ng) in all applicable individual minority- and women-owned individual categories. To ensure there was no duplicate counting of overlapping categories of race/ethnicity and gender, the total dollars and percentages have been reduced.

Table 5 continued

| NAICS Codes and Descriptions | | | | | | | |
|--------------------------------------|----------------|--------------------|--------------|--------------------------------------|--------------|---------------------|--------------|
| 541511 | | 541512 | | 541611 | | 928120 | |
| Custom Computer Programming Services | | Computer Systems | | Custom Computer Programming Services | | Computer Training | |
| 28 | | 27 | | 45 | | 228 | |
| \$ Awards | % Awarded | \$ Awards | % Awarded | \$ Awards | % Awarded | \$ Awards | % Awarded |
| \$28,603,535 | 9.5% | \$20,891,431 | 6.9% | \$17,251,808 | 5.7% | \$14,590,694 | 4.8% |
| \$29,888,291 | 104.5%** | \$16,792,957 | 80.4% | \$3,609,116 | 20.9% | \$2,224,777 | 15.2% |
| \$29,723,963 | 103.9%** | \$2,161,367 | 10.3% | \$2,154,170 | 12.5% | \$1,901,681 | 13.0% |
| \$24,581,554 | 85.9% | \$18,838,030 | 90.2% | \$3,393,116 | 19.7% | \$323,095 | 2.2% |
| \$24,037,623 | 84.0% | \$12,600,303 | 60.3% | \$(2,976,621) | -17.3%** | \$0 | 0.0% |
| \$151,231 | 0.5% | \$109,101 | 0.5% | \$1,896,548 | 11.0% | \$14,948 | 0.1% |
| \$392,700 | -5.3%** | \$6,128,626 | 29.3% | \$1,878,149 | 10.9% | \$282,231 | 1.9% |
| \$0 | 0.0% | \$0 | 0.0% | \$0 | 0.0% | \$0 | 0.0% |
| \$0 | 0.0% | \$0 | 0.0% | \$2,595,039 | 15.0% | \$0 | 0.0% |
| (\$1,284,755) | -4.5%** | \$4,098,474 | 19.6% | \$13,642,692 | 79.1% | \$12,365,918 | 84.8% |

GOOD FAITH EFFORT MANDATE

The contractor workforce diversity provision in the Dodd-Frank Act § 342 requires the establishment of a procedure to determine whether an agency contractor has failed to make a good faith effort to include minorities and women in their workforce. In accordance with the contractor workforce diversity mandate, the Treasury Departmental Offices OMWI, in collaboration with other OMWI agencies, developed language for inclusion in Departmental Offices service contracts in excess of the Simplified Acquisition Threshold (\$150,000). The final rule was published in the Federal Register on March 20, 2014 ¹⁰ and, subsequently, this clause has been included in applicable contracts.

The Department of Labor (DOL), Office of Federal Contract Compliance Programs (OFCCP) conducts diversity-related reviews on a subset of contractors across the federal government, including good faith effort assessments of contractor workforce diversity. Treasury determined that reliance on OFCCP's good faith effort assessments and findings would reduce overlapping reviews, and help avoid the need to duplicate OFCCP's expertise within OMWI. Utilizing OFCCP evaluation and investigation data, OMWI has developed and implemented a procedure to make a determination whether applicable Departmental Offices contractors have failed to make a good faith effort (GFE) to include minorities and women in their workforce.

From the assessments conducted by OFCCP, OMWI reviews the binary (yes/no) findings of the 5 categories used to establish "good faith effort": 1) hiring, 2) recruitment, 3) systemic discrimination, 4) salary, and 5) other. A vendor would fail to demonstrate a good faith effort to achieve workforce diversity if there is a violation found in one or more of the categories described below:

- Hiring – failure to actively monitor the demographic data of new hires and making unbiased hiring decision
- Recruitment – failure to conduct appropriate outreach and recruitment activities that do not exclude any specific groups of people
- Systemic Discrimination –systematic discrimination against any group of people
- Salary –indication of that any a group of people has been unfairly compensated
- Other – a violation that does not fall into one of the categories listed above

If no violations are found in any of areas assessed by OFCCP, including the good faith effort categories, the contractor will receive a Notice of Compliance to denote compliance with all regulations. If the evaluated vendor has been found to have one or more violations, OFCCP may enter into an agreement with the contractor to implement remedies to correct them within a set period of time, typically 6 months. Otherwise, OFCCP may issue a Consent Decree with the vendor by reaching a settlement with no admission of guilt. Alternatively, OFCCP may enter a financial arrangement with the vendor to rectify identified violations. In the case that a Treasury Departmental Offices contractor evaluated by OFCCP does not receive a Notice of Compliance, OMWI will accept as final the specific remedy conferred by OFCCP.

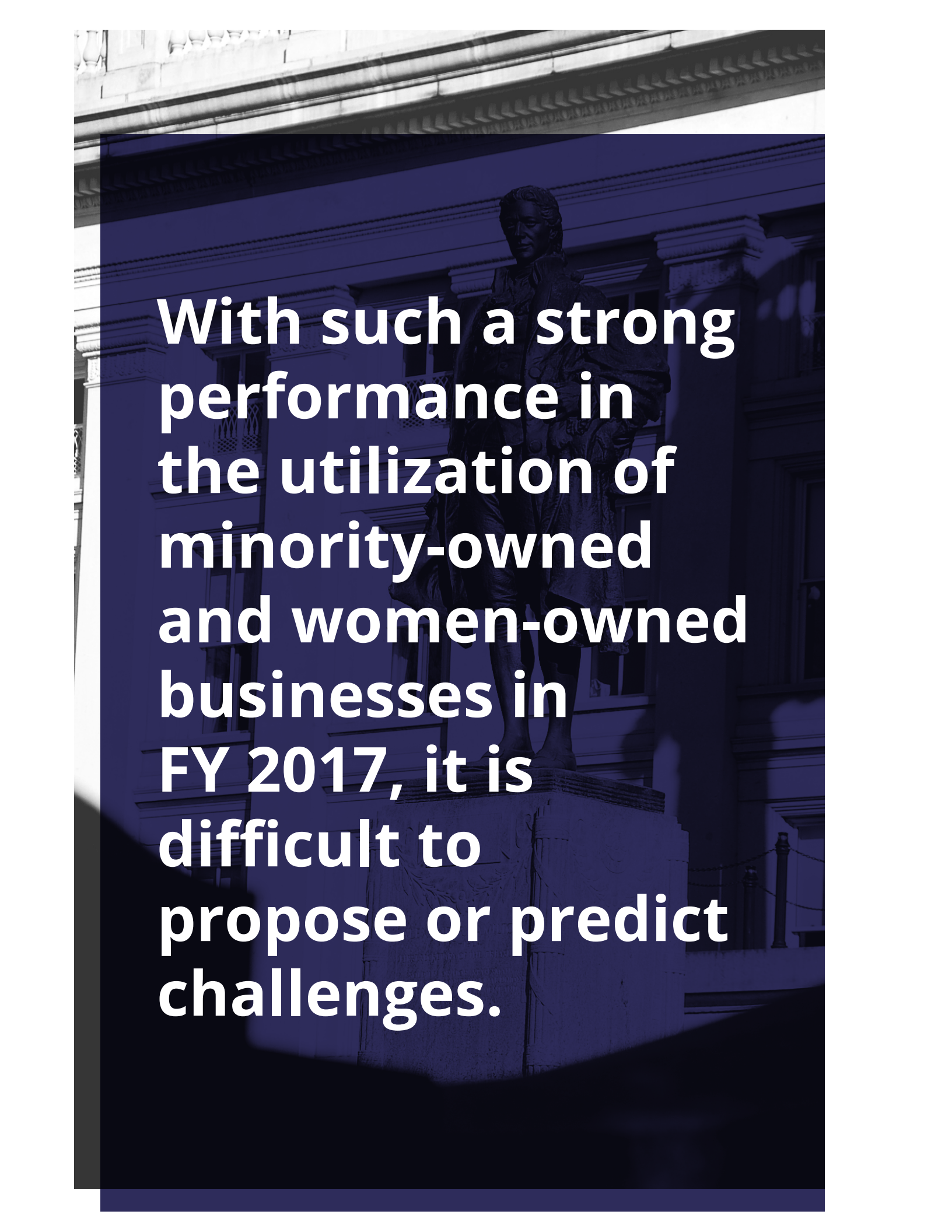
In addition to its routine systematic review of federal contractors based on its randomized sampling, OFCCP will conduct individual investigations in response to a specific allegation of discrimination by a federal contractor that is reported to OFCCP. A vendor would be found in violation if there was indication of discrimination based on color, national origin (Hispanic), race (American Indian/Alaskan, Asian/Pacific, Black), sex (female), disability, "other," or a hiring violation. In the case that a Treasury Departmental Offices contractor is investigated by OFCCP, OMWI will accept as final the specific remedy conferred by OFCCP.

Treasury Departmental Offices had 450 contracts in FY 2017 that met the requirements for GFE review. Of those contracts, there were 222 unique Departmental Offices contractors. Sixteen percent (35) of these contractors had undergone either OFCCP comprehensive compliance evaluations or OFCCP investigations for discrimination in response to a specific allegation.

Fifteen percent (33) of the 222 contractors underwent an OFCCP compliance evaluation. These 33 contractors represented 46 percent (\$161 million out of \$353 million in contracts) of the FY 2017 contract dollars obligated by Treasury Departmental Offices for contracts that met the threshold for good faith effort reviews. Of the OFCCP evaluations for violations in recruitment, hiring, systemic discrimination, salary, and/or other, it was determined that 76 percent (25 contractors) received a Notice of Compliance. Of the 8 contractors that did not receive a "Notice of Compliance," 7 were cited for recruitment violations (\$6 million in contracts) and 1 was cited for a salary violation (\$0 spend). Six of these violations resulted in conciliation agreements as the remedy conferred by OFCCP and 2 violations resulted in financial agreements as the conferred remedy.

One percent (2) of the 222 contractors (\$4.2 million in total contracts) underwent OFCCP investigations for reported allegations of discrimination. One of the contractors had a reported allegation cited as "other discrimination" and the other had a reported allegation of discrimination against Black and disabled employees. The outcomes of these investigations resulted in no violations being confirmed.



A photograph of a statue of George Washington standing on a pedestal in front of a classical building with columns. The image is overlaid with a dark blue semi-transparent rectangle containing white text.

With such a strong performance in the utilization of minority-owned and women-owned businesses in FY 2017, it is difficult to propose or predict challenges.

INITIATIVES & ACCOMPLISHMENTS

ACCOUNTABILITY

Leadership Monitoring: OMWI develops detailed weekly reports of MWOB contracting for the senior leadership and staff. Each bureau's small business and MWOB contracting performance also is reported to the senior leadership in quarterly performance review sessions with Bureau Heads. The Senior Procurement Executive holds 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 utilizes 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 Elements: Among the performance criteria upon which the Chief Procurement Officers in each Treasury bureau is evaluated are elements pertaining to the achievement of small business contracting goals and the fair utilization of minority and women owned businesses, without regard to size. At minimum, Chief Procurement Officers are required to demonstrate the following:

Small Business Goals: Actively promote and support early market research and acquisition planning to implement business strategies that maximize small business contracting opportunities and small business set asides with overall small business, small disadvantaged business, service disabled veteran owned small business, women owned small business and Hub Zone Small business when the research and planning indicate that the small business community is capable of performing the work at a reasonable cost or price.

Minority-Owned and Women-Owned Business (MWOB) Utilization: Actively support efforts to ensure fair inclusion and utilization of minority-owned and women-owned businesses, without regard to size, in contracting opportunities to the maximum extent possible. Develop and implement strategies for diversification of the vendor base, including early acquisition planning, regular procurement forecasting, strategic market research, and outreach.

Recognition: OMWI, in collaboration with the Office of Small Disadvantaged Business Utilization, conducted an annual awards recognition program for outstanding performance in SMWOB contracting, which has provided an additional achievement incentive to the acquisition community. Awards include recognition to bureaus that achieved the highest percentages of contract obligations with minority-owned and women-owned businesses. For FY 2017, the two leading bureaus with total procurement spending in excess of \$100 million expended 23 percent of their contracting dollars with minority-owned businesses (Departmental Offices) and 36 percent with women-owned businesses (Bureau of Fiscal Services). It is worthy to note that two other bureaus with total procurement spending under \$100 million expended 53 percent of their contracting dollars with minority-owned businesses (Alcohol and Tobacco Tax and Trade Bureau (TTB)) and 66 percent with women-owned businesses (Office of the Special Inspector General for the Troubled Asset Relief Program (SIGTARP)).

OUTREACH

Procurement Contracting (FAR Contracting): Treasury has achieved its most effective engagement with 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 at www.fbo.gov
- Conducting multiple vendor outreach sessions throughout the year
- Providing resources on the Treasury Office of Small and Disadvantaged Business Utilization website at www.treasury.gov/osdbu and on the OMWI homepage of www.treasury.gov
- 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 reviews of targeted acquisitions to ensure that acquisition planning includes adequate and appropriate industry outreach and communications consistent with law, regulation, and Treasury policy

During FY 2017, Treasury Office of Small Disadvantaged Business Utilization hosted 13 vendor outreach sessions, including 4 specialized sessions (i.e., for 1) subcontracting and mentor/protégé opportunities with Treasury prime contractors, 2) Women Owned Small Businesses exclusively, 3) Historically Underutilized Business Zones (HUBZone) and Service Disabled Veteran Owned Businesses exclusively, and 4) vendors interested in information technology opportunities). Approximately 850 vendors registered to participate in these sessions, including 240 representing minority owned businesses and 341 representing women owned businesses. Participating vendors received individual counseling from Treasury procurement specialist from the individual bureaus to learn about upcoming opportunities and doing business with Treasury generally.

In March 2017, Treasury hosted an Industry Day that was intended to provide small businesses with an interactive overview of “How to Do Business with Treasury.” Treasury partnered with the Montgomery County Chamber of Commerce and the National 8(a) Association. Over 500 small businesses attended. It served as a capacity building program, primarily focused on educating small businesses on the acquisition life cycle and business matchmaking. Among some of the valuable breakout sessions included success strategies for 8(a) graduating firms, new rules pertaining to mentor/protégés, limitations on subcontracting, creating strong capabilities statements, and set-asides for GSA schedules contracting.

In October 2017, Treasury took the lead in hosting the ChallengeHER program, a national training initiative designed to train women-owned small business owners on the best practices for working as a federal contractors, and the unique federal programs available to them. Treasury partnered with the U.S. Small Business Administration (SBA), Women Impacting Public Policy (WIPP), and American Express OPEN. Approximately 578 small businesses attended. Breakout sessions included: The Future of WOSBs in Federal Contracting, Working with Agencies and Primes, and Leveraging Your WOSB Certification. There was also a business matchmaking session with over 253 small businesses that met with Treasury, federal agency partners, Treasury prime contractors, and national and local resource partners.

Treasury also participated in 10 small business outreach events sponsored by SBA, other federal agencies, local government, members of Congress, and external organizations that represent SMWOB, serving as panelists, speakers, facilitators, planning committee members, and exhibitors. Those events are listed below:

- National Minority Supplier Diversity Council, Chicago, IL
- Association of the U.S. Army, Washington, DC
- Government Agency Procurement Conference, Bowie MD


- U.S. Women's Chamber of Commerce, Washington, DC
- 14th Annual Smart Proc. Small Business, Washington, DC
- Women of Prince George's Jump Start Event, Prince George County, MD
- DC PTAC Summit, Washington, DC
- ChallengeHER, Washington, DC
- OPEN for Government Contracting: Summit for Success, Washington, DC
- Federal Reserve Board Vendor Fair, Washington, DC

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 financial agent authority (FAA). Unique to the Treasury and granted 155 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. During the height of the recent financial crisis, Treasury made greater use of its FAA authority in the management of the Troubled Asset Recovery Program (TARP), engaging external broker dealers and asset managers, including minority owned and women owned financial services firms. As the TARP program wound down, such FAA opportunities became very limited. However, for two FAA opportunities that were issued in FY 2017, OMWI provided outreach to minority owned banking institutions and financial services firms.

Mentor-Protégé Program: Treasury's Mentor-Protégé program is designed to motivate and encourage large firms to assist small businesses, including small disadvantaged businesses (which are largely minority-owned businesses) and women-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. In FY 2017, there were 6 Treasury mentor-protégé agreements in place. Among the protégés, 3 were small businesses, 2 were women owned small businesses, and one was a HUBZone/Service Disabled Veteran Owned Business.

CHALLENGES

With such strong performance in the utilization of minority-owned and women-owned businesses in FY 2017, it is difficult to propose or predict challenges. The percentages of minority-owned and women-owned business contract obligations by Treasury Departmental Offices were the highest since OMWI began reporting in 2011. These achievements were accomplished within the context of a substantially reduced procurement budget and without mandated goals for other than specific small business categories. However, Treasury will continue to operate under budgetary constraints for procurement and other areas. So, there is always the potential that such constraints would have an impact on contracting with minority-owned and women-owned businesses that may not be abundantly present in specific industries.



**“We are
committed
to diversity,
inclusion,
and dignity
for all
people...”**

**Steven T. Mnuchin,
Secretary of the Treasury**



WORKFORCE DIVERSITY & INCLUSION

WORKFORCE DEMOGRAPHY

All Treasury Departmental Offices employees play important roles in the fulfillment of the overall Treasury mission. All employees bring perspectives to their work that are influenced by their backgrounds, culture, and experiences. Analyzing the racial, ethnic, and gender representational diversity of Treasury Departmental Offices, we have examined workforce profiles, trends, benchmarks, hiring and attrition rates, pipeline programs, and demographic differentiation at upper and senior levels and in mission-critical occupations in FY 2017.¹¹ However, just as importantly, we have examined employee perceptions of the Treasury Departmental Offices workplace environment relative to inclusion. This comprehensive examination informs the recommendations for the work of OMWI going forward.

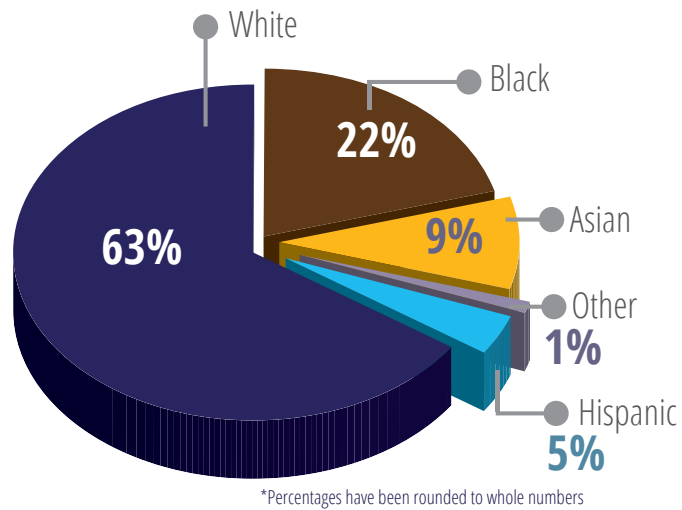
RACIAL/ETHNIC AND GENDER PROFILES

The total Treasury-wide workforce across all bureaus and the Departmental Offices in FY 2017 was 96,892 permanent employees (99,251 in FY 2016). The Treasury Departmental Offices permanent workforce represents about 2 percent of the total Treasury-wide workforce. As of the close of FY 2017, Treasury Departmental Offices had 1,866 permanent employees, a decrease of 18 (close to 5 percent net change) from FY 2016 (1,894). Permanent employees comprised approximately 94 percent of the total DO workforce. Temporary employees (including non-career employees) comprised approximately 6 percent of the total DO workforce.

Approximately one-third (37 percent) of Treasury Departmental Offices permanent employees across all grade levels are racial or ethnic minorities. The percentage of minorities increased slightly (1 percent) from the FY 2016 percentage of 36 percent. Hispanic representation increased to 5 percent in FY 2017. Black representation also increased by 1 percent to 22 percent in FY 2017. Asian representation remained unchanged at 9 percent in FY 2016 and FY 2017. [Figure 4]

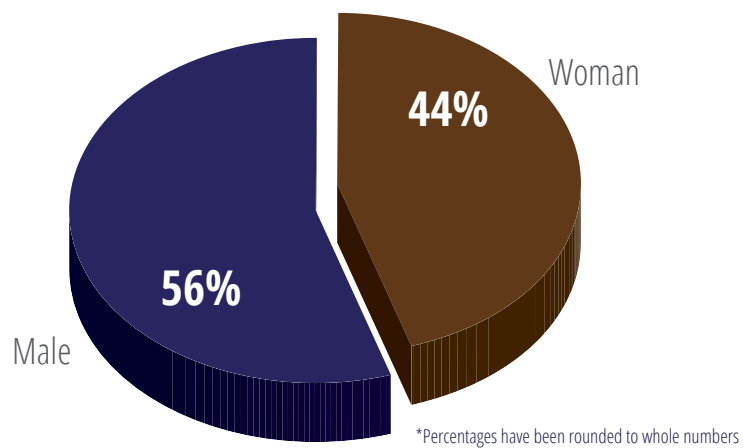
11. Analyses do not include the racial ethnic categories, Native Hawaiian or Other Pacific Islanders, American Indian or Alaskan Natives, or Two or More Races because the representation of each of these groups is zero to less than one percent of the total Departmental Offices permanent workforce.

Figure 4
FY 2017 Treasury Departmental Offices
Total Permanent Workforce by Race/Ethnicity



The percentages of employees by gender in Treasury Departmental Offices in FY 2017 remained similar to FY 2016, with a 1 percent decrease of women and a 1 percent increase of men. [Figure 5]

Figure 5
FY 2017 Treasury Departmental Offices
Total Permanent Workforce by Gender



BENCHMARK COMPARISONS

To assess the relative status of the diversity profile of Treasury Departmental Offices, the Treasury Departmental Offices workforce was compared with the federal government-wide workforce (FWF), Treasury-wide workforce (TWF), Civilian Labor Force (CLF), and the Relevant Civilian Labor Force (RCLF) for Departmental Offices by race/ethnicity and gender participation.¹² Table 6 depicts the comparison of the Treasury Departmental Offices total permanent workforce for FY 2017 with the demography of these benchmarks.

Table 6

Permanent FY 2017 Treasury Departmental Offices Workforce Demography

Compared to Federal Government, Treasury-wide, Civilian Labor Force Demography, and the Departmental Offices (DO)

Relevant Civilian Labor Force Demography*

| Demographic Groups | Treasury Departmental Offices | Federal Government Workforce** | Treasury-wide Workforce | Civilian Labor Force (CLF) | Relevant Civilian Labor Force (RCLF) |
|--------------------|-------------------------------|--------------------------------|-------------------------|----------------------------|--------------------------------------|
| Men | 56% | 57% | 38% | 52% | 53% |
| Women | 44% | 43% | 62% | 48% | 47% |
| Hispanic Men | 2% | 5% | 4% | 5% | 3% |
| Hispanic Women | 2% | 4% | 8% | 5% | 4% |
| White Men | 39% | 39% | 25% | 38% | 42% |
| White Women | 24% | 25% | 30% | 34% | 35% |
| Black Men | 8% | 8% | 6% | 5% | 4% |
| Black Women | 14% | 10% | 20% | 7% | 6% |
| Asian Men | 6% | 3% | 3% | 2% | 3% |
| Asian Women | 3% | 3% | 3% | 2% | 3% |

* Percentages have been rounded to whole numbers

**Federal Workforce data is derived from the OPM Federal Employment Reports, Executive Branch Employment by Gender and Race/National Origin, September 2006-September 2016 (<https://www.opm.gov/policy-data-oversight/data-analysis-documentation/federal-employment-reports/reports-publications/executive-branch-employment-by-gender-and-racenational-origin/>)

Across the four benchmarks (FWF, TWF, CLF, DO/RCLF), the Treasury Departmental Offices representation of women overall is lower with the exception of the FWF. But, the representation of White women is lower compared to three of the four benchmarks and equal to the FWF. The representation of White men is equal to the FWF, greater than the TWF, slightly higher than the CLF, and below the DO/RCLF.

Among minority groups, the representation of both Hispanic men and Hispanic women is lower compared to each of the four benchmarks. The representation of Black men is equal to or higher than each of the four benchmarks; and the representation of Black women is also higher across three of the four benchmarks, with the exception being the TWF. The representation of both Asian men and Asian women is equal to or higher than each of the four benchmarks.

SENIOR MANAGEMENT

Consistent with the EEOC definition of senior management as Federal General Schedule (GS) 15 and above, the Treasury Departmental Offices focus has been oversight and monitoring of recruitment/outreach, hiring, professional development, and attrition in GS-15 and SES positions. Treasury Departmental Offices also tracked and monitored the racial/ethnic and gender representation of the GS-13-14 grade level workforce, which can serve as the pipeline for senior management. Although there are no specific goals for demographic representation by race/ethnicity and gender, comparison to the total Treasury Departmental Offices permanent workforce representation provide a general benchmark for the relative inclusion by group at upper and senior management levels. [Table 7]

Table 7

Permanent FY 2017 Treasury Departmental Offices (DO)

Workforce by Upper Management Grade Groupings Compared to the Total Treasury DO Workforce-*

| Demographic Groups | Total Treasury DO Workforce | Treasury DO SES | Treasury DO GS-15 | Treasury DO GS-14 | Treasury DO GS-13 | Treasury DO GS-12- below |
|--------------------|-----------------------------|-----------------|-------------------|-------------------|-------------------|--------------------------|
| Men | 56% | 73% | 59% | 56% | 52% | 41% |
| Women | 44% | 27% | 41% | 44% | 48% | 59% |
| Hispanic | 5% | 2% | 3% | 4% | 5% | 8% |
| White | 63% | 86% | 83% | 60% | 58% | 38% |
| Black | 22% | 4% | 7% | 20% | 27% | 45% |
| Asian | 9% | 7% | 6% | 14% | 10% | 7% |
| Other | 1% | 0% | 0.81% | 1.44% | 0.92% | 2% |

*Percentages have been rounded to whole numbers

Permanent Positions: For FY 2017, the representation of each minority group and women in permanent GS-15, and SES level positions are below the representation within the total Treasury Departmental Offices permanent workforce. It should be noted that there are no civilian labor force data comparable to SES level positions.

Minorities represent 37 percent of the total Treasury Departmental Offices permanent workforce, but represent 17 percent of the permanent workforce at the GS 15 level and 14 percent of the permanent workforce at the SES level position. This representation of 17 percent at the GS-15 level is an increase of 2 percent compared to the representation in FY 2016 (15 percent), but a decrease of 1 percent at the SES level compared to FY 2016 (15 percent). Minority representation at the GS 14 (40 percent), GS 13 (42 percent), and GS 12-below (62 percent) is above their overall representation in the permanent workforce.

Women represent 44 percent of the total Treasury Departmental Offices permanent workforce, comprising 41 percent of the permanent GS 15 level positions and 27 percent of the permanent SES positions. This is an increase of 2 percent at the GS 15 level compared to FY 2016 (39 percent); but a decrease of 8 percent at the SES level compared to FY 2016 (35 percent). The representation of women at the GS 14 level is equal to the total representation in the permanent workforce; but at the GS 13(48 percent) and GS12-below (59 percent) is above their representation in the total workforce.

Presidential Appointed Positions: In FY 2017, there were two women among the highest ranking Presidentially appointed positions in Treasury Departmental Offices, i.e., the Treasurer of the United States and the Undersecretary of the Office of Terrorism and Financial Intelligence. Appointed positions are not included by the Equal Employment Opportunity Commission in calculations of the permanent workforce census.

ALL GRADE GROUPINGS

A comparison of the representation by gender and minority group status across all grade groups within the Treasury Departmental Offices Permanent Workforce shows the greatest concentration of women and minority employees are in GS-12 and lower positions. [Figures 6 and 7]

Figure 6

FY 2017 Treasury Departmental Offices
Permanent Workforce Grade Comparison by Gender

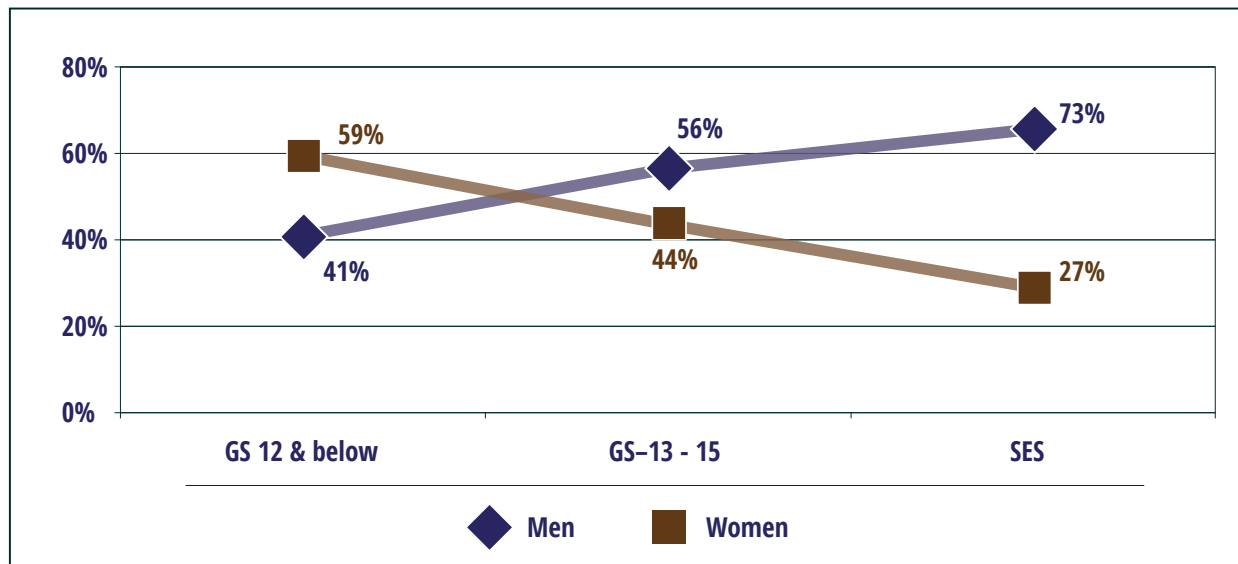
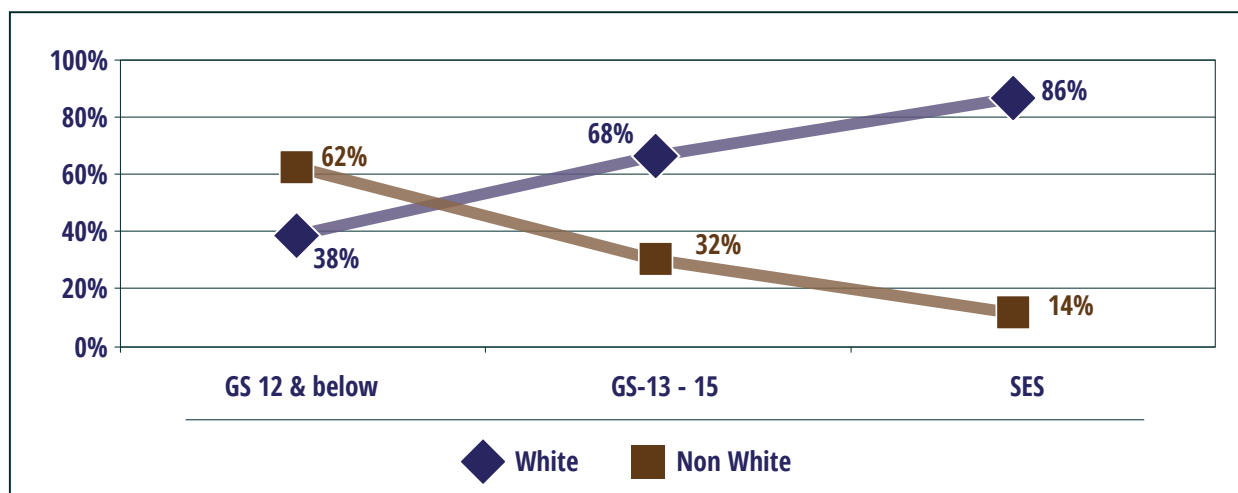


Figure 7

FY 2017 Treasury Departmental Offices
Permanent Workforce Grade Comparison by Minority Status



HIRING AND ATTRITION

Hiring: The hiring rates for the various groups were compared over a five year period (FY 2013 through FY 2017) and show hiring trends for the permanent workforce. Compared to prior years, a notably smaller percentage of women and Black employees were hired. These smaller percentages are most likely related to the hiring freeze under which Treasury operated for the last three quarters of the fiscal year. [Table 8]

Table 8

New Hire Trends of Permanent Workforce
by Percentage of Employees Hired (FY 2013-FY 2017)

| Fiscal year | Men | Women | H | W | B | A |
|-------------|-----|-------|----|-----|-----|-----|
| 2013 | 52% | 48% | 2% | 75% | 11% | 10% |
| 2014 | 59% | 41% | 6% | 70% | 11% | 12% |
| 2015 | 56% | 44% | 6% | 63% | 16% | 15% |
| 2016 | 53% | 47% | 7% | 58% | 20% | 12% |
| 2017 | 63% | 37% | 7% | 64% | 15% | 13% |

[Key: H-Hispanic, W-White, B-Black, A-Asian]

Attrition: In this section, comparisons are made between the attrition rates for the various groups over a five year period (FY 2013 through FY 2017). This trend analysis of the attrition rates includes only the permanent workforce. [Table 9]

Table 9

Attrition Rates by Race/Ethnicity and Gender (FY 2013-FY 2017)

| Fiscal year | Men | Women | H | W | B | A |
|-------------|-----|-------|----|-----|-----|-----|
| 2013 | 53% | 47% | 3% | 68% | 22% | 7% |
| 2014 | 47% | 53% | 4% | 69% | 15% | 11% |
| 2015 | 49% | 51% | 3% | 70% | 16% | 10% |
| 2016 | 56% | 44% | 2% | 68% | 18% | 12% |
| 2017 | 60% | 40% | 7% | 64% | 16% | 12% |

[Key: H-Hispanic, W-White, B-Black, A-Asian]

Attrition by Type: In FY 2017, there was an attrition of 252 employees. A review of DO separations by type reveals that resignations, retirements, and transfers are the top three reasons employees separate from the workforce. [Table 10]

Table 10

Attrition by Type and Demographic Group (FY 2017)

| Demographic group | Resignation | Retirements | Transfers | Death | Total |
|-------------------|-------------|-------------|-----------|-------|-------|
| Men | 93 | 23 | 32 | 3 | 60% |
| Women | 52 | 18 | 31 | 0 | 40% |
| Hispanics | 12 | 1 | 4 | 0 | 7% |
| Whites | 100 | 26 | 34 | 2 | 64% |
| Blacks | 12 | 14 | 13 | 1 | 16% |
| Asians | 21 | 0 | 10 | 0 | 12% |
| Total Attrition | 145 | 41 | 63 | 3 | 252 |
| Percentages | 58% | 16% | 25% | 1% | 100% |

*Percentages have been rounded to whole numbers

Of the four categories of attrition, all groups were more likely to resign except for Black employees, which separately slightly more from retirements and transfers than resignation. Overall, attrition by race/ethnicity and gender was generally proportional to their overall respective representation within the Treasury Departmental Offices workforce. Whites accounted for 64 percent (162) of the total attrition (White employees represent 64 percent Departmental Offices workforce). Minorities accounted for approximately 35 percent (40) of the total attrition (minority employees represent 35 percent Departmental Offices workforce).

Net Attrition of Minority Employees: Change in minority representation due to the combination of hires and separation rates were compared across the past five fiscal years (FY 2013 through 2017), resulting in a net attrition rate of -9 percent, -3 percent, 7 percent, 10 percent, and 0 percent respectively. [Table 11]

Table 11

Net Attrition of Minority Employees (FY 2017)

| Workforce Demographics | 2013 | 2014 | 2015 | 2016 | 2017 |
|----------------------------|------------|------------|-----------|------------|-----------|
| Minority Rate of Hire | 23% | 28% | 37% | 42% | 36% |
| Minority Rate of Attrition | 32% | 31% | 30% | 32% | 36% |
| Net Attrition | -9% | -3% | 7% | 10% | 0% |

*Percentages have been rounded to whole numbers

Net Attrition Women Employees: Change in the representation among women employees due to the combination of hires and separation rates were compared across the past five fiscal years (FY 2013 through FY 2017), resulting in a net attrition rate of 1 percent, -9 percent, -7 percent, 3 percent, and -3 percent, respectively. [Table 12]

Table 12

Net Attrition of Women Employees (FY 2017)

| Workforce Demographics | 2013 | 2014 | 2015 | 2016 | 2017 |
|------------------------|-----------|------------|------------|-----------|------------|
| Rate of Hire | 48% | 45% | 44% | 47% | 37% |
| Rate of Separation | 47% | 54% | 51% | 44% | 40% |
| Net Attrition | 1% | -9% | -7% | 3% | -3% |

*Percentages have been rounded to whole numbers

MISSION CRITICAL OCCUPATIONS

Within Treasury Departmental Offices (DO), there are five occupational series that are regarded as “critical” to supporting the mission and vision of Treasury. They are comprised of the following: Economist, General Attorney, Financial Analyst, Information Technology Specialist, and Intelligence Analysts. In this section, comparisons are made between the participation rates of the various racial/ethnic gender representations within each of these occupations in Treasury Departmental Offices permanent workforce from FY 2013 through FY 2017 compared to their respective Occupational Civilian Labor Force (OCLF) data.

- a. Economist:** Trends within the Economist (GS-0110) occupational series reveal a consistently lower representation of Hispanics and Blacks when compared to their OCLF across the five year period from FY 2013 through FY 2017. (See Table 13)

Table 13

Economist Series Trends by Race/Ethnicity and Gender Percentages

| Fiscal Year | HM | HW | WM | WW | BM | BW | AM | AW |
|-------------|-------|-------|--------|--------|-------|-------|-------|-------|
| FY 2013 | 0.48% | 0.48% | 56.04% | 31.88% | 0.97% | 0.00% | 5.80% | 4.35% |
| FY 2014 | 1.06% | 0.00% | 57.98% | 31.38% | 0.53% | 0.00% | 5.32% | 3.72% |
| FY 2015 | 2.02% | 0.00% | 56.06% | 29.29% | 1.01% | 0.51% | 7.58% | 3.54% |
| FY 2016 | 2.46% | 0.00% | 58.62% | 25.12% | 0.99% | 0.49% | 8.89% | 3.45% |
| FY 2017 | 1.97% | 0.00% | 57.64% | 26.11% | 0.99% | 0.49% | 6.40% | 6.40% |
| OCLF | 3.34% | 1.85% | 55.78% | 25.20% | 2.84% | 2.66% | 4.46% | 3.02% |

[Key: **Blue** color denotes that the percentage is below the OCLF; HM–Hispanic Men; HW–Hispanic Women; WM–White Men; WW–White Women; BM–Black Men; BW–Black Women; AM–Asian Men; AW–Asian Women]

b. General Attorney: In the General Attorney (GS-0905) occupational series, trends reveal that men continue to represent below their respective OCLF rates during a five year period from FY 2013 through FY 2017 with the exception of Asian men. Overall, all women groups and Asian men are represented at or above their respective OCLF rates. (See Table 14)

Table 14General Attorney Series Trends
by Race/Ethnicity and Gender Percentages

| Fiscal Year | HM | HW | WM | WW | BM | BW | AM | AW |
|-------------|-------|-------|--------|--------|-------|-------|-------|-------|
| FY 2013 | 0.90% | 2.70% | 52.25% | 32.43% | 0.90% | 2.70% | 0.90% | 5.41% |
| FY 2014 | 0.97% | 1.94% | 53.40% | 32.04% | 0.97% | 2.91% | 0.97% | 5.83% |
| FY 2015 | 0.93% | 1.85% | 52.78% | 32.41% | 0.93% | 2.78% | 1.85% | 5.56% |
| FY 2016 | 0.87% | 2.61% | 50.43% | 33.91% | 1.74% | 2.61% | 1.74% | 4.36% |
| FY 2017 | 0.93% | 2.80% | 55.14% | 31.78% | 0.93% | 2.80% | 1.87% | 1.87% |
| OCLF | 2.52% | 1.85% | 59.68% | 26.68% | 2.13% | 2.60% | 1.82% | 1.74% |

[Key: **Blue** color denotes that the percentage is below the OCLF; HM–Hispanic Men; HW–Hispanic Women; WM–White Men; WW–White Women; BM–Black Men; BW–Black Women; AM–Asian Men; AW–Asian Women]

c. Information Technology (IT) Specialist: In the IT Specialist (GS-2210) occupational series, trends reveal that representation of Hispanics and Whites have been substantially below the OCLF rate across the five year period from FY 2013 through FY 2017, while Blacks and Asians have been represented consistently well above the OCLF rate in that same time period. (See Table 15)

Table 15Information Technology Specialist Series Trends
by Race/Ethnicity and Gender Percentages

| Fiscal Year | HM | HW | WM | WW | BM | BW | AM | AW |
|-------------|-------|-------|--------|--------|--------|-------|--------|-------|
| FY 2013 | 1.60% | 0.00% | 44.68% | 14.36% | 14.89% | 7.45% | 10.64% | 4.79% |
| FY 2014 | 1.46% | 0.49% | 44.39% | 12.20% | 14.15% | 7.80% | 12.68% | 4.88% |
| FY 2015 | 2.17% | 0.87% | 43.04% | 11.74% | 14.78% | 6.96% | 13.91% | 4.78% |
| FY 2016 | 3.32% | 1.87% | 36.90% | 12.55% | 13.28% | 7.01% | 16.97% | 5.54% |
| FY 2017 | 3.19% | 1.42% | 36.52% | 11.70% | 12.41% | 6.74% | 18.09% | 6.74% |
| OCLF | 5.39% | 2.17% | 52.21% | 20.89% | 6.61% | 4.50% | 5.14% | 1.55% |

[Key: **Blue** color denotes that the percentage is below the OCLF; HM–Hispanic Men; HW–Hispanic Women; WM–White Men; WW–White Women; BM–Black Men; BW–Black Women; AM–Asian Men; AW–Asian Women]

d. Financial Analyst: Trends within the Financial Analyst (GS-1160) occupational series across a five year period from FY 2013 through FY 2017 reveal a consistently lower than expected participation rate for Hispanics women, White men, and Asian men and women when compared to their OCLF participation rate. (See Table 16)

Table 16

Financial Analyst Series Trends
by Race/Ethnicity and Gender Percentages

| Fiscal Year | HM | HW | WM | WW | BM | BW | AM | AW |
|-------------|-------|-------|--------|--------|--------|--------|-------|-------|
| FY 2013 | 4.26% | 0.00% | 40.43% | 27.66% | 8.51% | 10.64% | 6.38% | 2.13% |
| FY 2014 | 4.26% | 0.00% | 48.94% | 25.53% | 2.13% | 10.64% | 4.26% | 4.26% |
| FY 2015 | 3.70% | 0.00% | 48.15% | 25.93% | 3.70% | 9.26% | 1.85% | 5.56% |
| FY 2016 | 3.39% | 0.00% | 40.68% | 27.12% | 6.78% | 15.25% | 1.69% | 3.39% |
| FY 2017 | 3.33% | 0.00% | 40.00% | 23.33% | 10.00% | 13.33% | 3.33% | 3.33% |
| OCLF | 3.10% | 1.97% | 53.98% | 22.01% | 3.55% | 3.96% | 6.14% | 4.40% |

[Key: **Blue** color denotes that the percentage is below the OCLF; HM–Hispanic Men; HW–Hispanic Women; WM–White Men; WW–White Women; BM–Black Men; BW–Black Women; AM–Asian Men; AW–Asian Women]

e. Intelligence Analyst: Trends within the Intelligence Analyst (GS-0132) occupational series across a five year period from FY 2013 through FY 2017 reveal a consistently lower than expected representation of Hispanics, White women, Blacks, and Asian women compared to their respective OCLF representation. However, in FY 2017, representation of Asian men was above the respective OCLF representation. (See Table 17)

Table 17

Intelligence Analyst Series Trends
by Race/Ethnicity and Gender Percentages

| Fiscal Year | HM | HW | WM | WW | BM | BW | AM | AW |
|-------------|-------|-------|--------|--------|-------|--------|-------|-------|
| FY 2012 | 1.83% | 0.00% | 62.39% | 32.11% | 0.00% | 0.92% | 1.83% | 0.92% |
| FY 2013 | 2.86% | 0.00% | 62.86% | 31.43% | 0.00% | 0.95% | 0.95% | 0.95% |
| FY 2014 | 2.68% | 0.00% | 61.61% | 31.25% | 0.00% | 2.68% | 0.89% | 0.89% |
| FY 2015 | 0.93% | 0.93% | 63.89% | 25.93% | 0.00% | 2.78% | 2.78% | 2.78% |
| FY 2016 | 2.43% | 2.22% | 39.23% | 24.82% | 7.44% | 13.89% | 5.70% | 3.22% |
| FY 2017 | 2.08% | 0.00% | 60.42% | 26.04% | 2.08% | 3.13% | 3.13% | 1.04% |
| OCLF | 2.81% | 3.36% | 38.77% | 40.68% | 4.16% | 4.59% | 1.52% | 2.30% |

[Key: **Blue** color denotes that the percentage is below the OCLF; HM–Hispanic Men; HW–Hispanic Women; WM–White Men; WW–White Women; BM–Black Men; BW–Black Women; AM–Asian Men; AW–Asian Women]

STUDENT EMPLOYMENT

Internships 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. Treasury Departmental Offices offers three opportunities for student internships: an unpaid student volunteer internship program, the Pathways Program that provides paid internships, and a long-standing outreach effort to recruit diverse groups of students for paid internships through partnerships with minority-serving organizations and academic institutions. This latter effort is known as the Treasury Scholars Program, aiming to further expand the diversity of highly qualified candidates interested in internships in the Treasury Departmental Offices.

In FY 2017, there were 222 student interns who served in Treasury Departmental Offices: 11 percent Asian (24), 16 percent Black (36), 5 percent Hispanic (12), and 68 percent White (150). The greatest proportion of all of the 222 total student

interns in Treasury Departmental Offices came through the Volunteer program. 27 percent (52) of the 195 Volunteer program students were racial or ethnic minority students: 10 percent (20) Asian, 12 percent Black (24), 4 percent (8) Hispanic; 74 percent were White (143). The Treasury Scholars program accounted for 19 percent (14 of 72) of the placements of minority interns. The Pathways program included 13 interns of which 46 percent (6 of 13) were minority students. [Table 18]

Table 18

FY 2017 Treasury Departmental Offices Student Employment

| Student programs | Asian | % | Black | % | Hispanic | % | White | % | Total |
|-------------------|-------|-----|-------|-----|----------|-----|-------|-----|-------|
| Volunteer | 20 | 10% | 24 | 12% | 8 | 4% | 143 | 74% | 195 |
| Treasury Scholars | 1 | 7% | 10 | 72% | 3 | 21% | 0 | 0% | 14 |
| Pathways | 3 | 23% | 2 | 15% | 1 | 8% | 7 | 54% | 13 |
| Total | 24 | 11% | 36 | 16% | 12 | 5% | 150 | 68% | 222 |

NEW IQ INCLUSION QUOTIENT

The Federal Employee Viewpoint Survey (FEVS) is a government-wide tool that measures employee 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. The Office of Personnel Management (OPM) recently developed the Inclusive Environment Assessment, consisting of a subset of 20 questions derived from a rigorous statistical factor analysis. These 20 questions clustered around five factors, regarded as behavioral habits: fairness, open mindedness, cooperation, supportiveness, and empowerment. Scores can be derived for each of these factors to comprise the New IQ Inclusion Quotient.

The most recent survey was administered by the OPM from April through June 2017. Overall scores below 65 percent on the New IQ Index are regarded as areas of challenge. Treasury Departmental Offices has an overall Diversity and Inclusion Index score of 64.66 percent in FY 2017, a 0.6 percent increase from the score of 64.03 percent in FY 2016. By comparison, the overall New IQ Index scores Treasury-wide and government-wide are 59.88 percent and 61.88, respectively.

For the specific factors associated with inclusion, Treasury Departmental Offices scores were: 55.40 percent - fairness, 64.25 percent - open mindedness, 61.50 percent - cooperation 81.40 percent - supportiveness, and 60.75 percent - empowerment. Treasury Departmental Offices' scores on four of the five factors are higher than those in FY 2016, with the exception of empowerment. [Table 19]

Table 19

FY 2017 Comparison to Government-wide, Treasury-wide and Departmental Offices Scores on the Inclusive Environment Index

| Behaviors | Gov | Treasury | DO |
|-----------------|-------|----------|-------|
| Fairness | 46.86 | 50.40 | 55.40 |
| Open-mindedness | 59.43 | 60.50 | 64.25 |
| Cooperativeness | 56.95 | 60.00 | 61.50 |
| Supportiveness | 76.74 | 81.00 | 81.40 |
| Empowerment | 59.43 | 57.50 | 60.75 |
| Average | 59.88 | 61.88 | 64.66 |

INITIATIVES & ACCOMPLISHMENTS

ACCOUNTABILITY

Leadership Monitoring: Steven T. Mnuchin was confirmed by the United States Senate on February 13, 2017 to serve as the 77th Secretary of the Treasury. Secretary Mnuchin issued a Diversity and Inclusion Commitment Statement on November 17, 2017 that was disseminated to all Treasury employees and invited employees to display their own statement of commitment with a personalized Diversity and Inclusion Certificate. This statement was made separate from the mandatory annual equal employment opportunity (EEO) policy statement issued, thus making a clear distinction between strategic diversity management and EEO compliance. In his statement, he set his expectations for the shared values of all Treasury employees, as follows:

"We are committed to diversity, inclusion, and dignity for all people. We value the many ways people are different, including their social identity, training, experiences, and interest. We contribute to a workplace environment within Treasury where all people feel their unique talents, ideas, perspectives, and contributions are valued, respected and fully utilized."

SES Performance Plans: To establish accountability relative to workforce diversity and inclusion, the Leading People performance element on which all SES level Treasury employees are evaluated includes the following criteria:

"Recruits, retains, and develops the talent needed to achieve a high quality, diverse workforce that reflects the nation, with the skills needed to accomplish organizational performance objectives while supporting workforce diversity, workplace inclusion, and equal employment policies and programs."

Throughout Treasury, the Leading People performance element, which is one of the four Executive Core Qualifications for senior executives in the federal government, is weighted twice as high as the other three elements rated, i.e., Leading Change, Business Acumen, and Building Coalitions. This higher value accounts for the diversity component of the Leading People element in addition to other leadership characteristics.

Diversity and Inclusion performance elements have been drafted for the performance plans of all managers, supervisors, and employees in Treasury Departmental Offices. The Diversity and Inclusion Critical Element will account for at least 10% of the total weight for employees and for supervisors.

The Diversity and Inclusion element must at a minimum contain language that requires the supervisor/manager to:

- Advance the goals of the Treasury Diversity and Inclusion Strategic Plan;
- Effectively and collaboratively work with employees, senior leaders, customers, peers, and stakeholders from diverse backgrounds;
- Regularly exhibit behaviors that demonstrate respect and professional courtesy towards others within the workplace, by maintaining fair and impartial delivery of programs, work products, and services; and,
- Consistently demonstrate respect for employees within the workplace and interact in a manner that demonstrates professional courtesy and does not include harassing or bullying behaviors.
- The Diversity and Inclusion element must at a minimum contain language that requires all other employees to:
- Participate in creating and maintaining an inclusive work environment; and,

- Interact with peers, supervisors, customers and stakeholders from all backgrounds in a manner that demonstrates professional courtesy and does not include harassing or bullying behaviors toward any group of employees.

These new performance elements are anticipated to be finalized before the end of FY 2018.

Inclusive Diversity Strategic Plan for Fiscal Years FY 2017 – 2020: In FY 2017, the Office of Civil Rights and Diversity (OCD) developed an Inclusive Diversity Strategic Plan. This plan requires Treasury Bureaus, including Departmental Offices, to establish a new implementation plan for carrying out the strategic objectives outlined. The Inclusive Diversity Strategic Plan is designed to assist the Department in attaining a diverse workforce by ensuring that,

1. Recruitment policies are sufficiently broad to afford maximum flexibility and enable recruitment of well-qualified candidates from a wide variety of sources;
2. Internal barriers do not impede the hiring, promotion, or retention of any candidate or employee because of his or her race, gender, national origin, age, color, religion, disability, sexual orientation, parental status, protected genetic information, or any other non-merit factor;
3. The Department develops a culture of inclusiveness, where every employee is given the opportunity to contribute; and
4. Managers and leaders are accountable for the success of this initiative.

The OMWI, Office of Equal Employment Opportunity (DO/EEO), and Office of Human Resources (OHR) collaborated to produce a plan that holds agency leadership accountable for results in diversity efforts, ensuring those efforts are not only aligned with mission needs, but are also effective, efficient, and merit-based.

Leadership Monitoring: Racial/ethnic and gender representation and employee perceptions about inclusion within the Treasury Departmental Offices are reported to the senior leadership in quarterly performance reviews of each of the program and policy offices.

OUTREACH

Social Media Employment Outreach: Through applicant flow analysis, it was determined that more targeted recruitment could be beneficial to increasing the numbers of highly qualified minority and women applicants for upper and senior level employment opportunities. Toward that end, OMWI initiated the use of social media to push job announcements to specific multicultural groups. In prior years, OMWI effectively used the LinkedIn online community to post selected positions to the most relevant groups.

In FY 2015, OMWI launched a three-year contractual arrangement with the Professional Diversity Network (PDN), the nation's leading relationship recruitment network for diverse talent with over five million registered users. This arrangement extended throughout FY 2017. With the Professional Diversity Network, OMWI has a more expansive social media reach to relevant network groups. All Treasury Departmental Offices position vacancy announcements that are posted on USAjobs.gov are sent to multiple networks of potential job seekers from diverse backgrounds. The objective of this service is to promote diversity of the applicant pools for Treasury Departmental Offices positions. The top views for Treasury Departmental Offices have come through the following PDN networks: Women's Career Channel (women professionals), Black Career Network (African American professionals), Military 2 Career (veterans), Asian Career Channel (Asian professionals), iHispano (Hispanic professionals), ProAble (persons with disabilities), and OutPro (LGBTQ professionals).

Internship Outreach: Treasury Departmental Offices has had long standing partnerships with existing external internship programs that attract diverse and highly qualified students. OMWI established the Treasury Scholars Program in 2012, as a paid internship program in collaboration with minority student serving organizations, such as the National Association for Equal Opportunity in Higher Education, Hispanic Association of Colleges and Universities National

Internship Program, the Washington Center, the International Leadership Foundation, and the Congressional Hispanic Caucus Institute, and others. However, because of the proliferation in recent years of several other organizations with similar capabilities, it became impossible to justify continued sole source contracting with specific organizations.

In FY 2015, OMWI issued a competitive solicitation for such organizations to become part of a five-year Blanket Purchase Agreement for the Treasury Scholars Program. Three organizations responded to the solicitation to support the Treasury Scholars Program: INROADS, the Hispanic Association of Colleges and Universities National Internship Program, and the Washington Center. In FY 2017, OMWI offered paid internships to 14 students via the Treasury Scholars Program. These students were placed in 6 different policy and program offices throughout Treasury Departmental Offices. Students came from leading colleges and universities, including Howard University, a Historically Black University.

QUANTITATIVE AND QUALITATIVE ANALYSIS

Diversity in the Hiring Process: Applicant flow analysis was reviewed to determine the percentage of minority and women candidates participating at various stages of the hiring process. Through this analysis, OMWI provides each major office with a visual representation showing the aggregated flow of all applicants, qualified applicants, best qualified applicants and selections, comparing men versus women and minority versus non-minority applicants. The purpose of this monitoring is to identify disparities at each hiring stage.

Representational Diversity: OMWI conducts quantitative “deep dive” analysis of the workforce demography for each of the major policy and program offices that includes:

1. Overall representation by race, gender, disability and veteran status
2. Representation in the major occupations
3. Demography of direct hires
4. Demography of applicants
5. Perceptions of the workplace environment
6. Exit surveys and the reasons for leaving
7. Performance ratings by race and gender

In follow-up to briefings with the offices on these analyses, OMWI works with each of the program and policy offices to review any disparities in representation and areas of concern pertaining to workplace culture to determine the potential sources of problem areas and strategies to address them.

Inclusion Index: The Office of Personnel Management developed the Inclusive Environment Assessment (New IQ) index tool for use by federal agencies to assess factors within the workplace that are closely associated an inclusive environment. Using the New IQ inclusion index tool, OMWI began providing individual policy and program offices within Treasury Department Offices with a qualitative measure of employee perceptions of their workplace environment. So, beyond the data representative of workforce diversity by race and gender, this measure, derived from a qualitative survey, provides the extent to which the workplace culture is perceived as inclusive.

INCLUSIVE DIVERSITY AWARENESS AND TRAINING

The & Council: In FY 2017, OMWI established an employee resource group, called The & Council, within Treasury Departmental Offices to advance and leverage diversity within the organizational culture and workforce by increasing workforce engagement, performance, diversity, and inclusion. The & Council, a single entity that focuses on the interests of various groups, serves as an innovative alternative to the traditional model of having separate Special Emphasis Program Managers (SEPMs) for each of the different special emphasis groups. Though this approach is untraditional within federal agencies, this model is used successfully in private sector settings. Treasury Departmental Offices strives to exhibit leadership in developing new standards of practice for diversity and inclusion. This approach provides a good faith effort to comply with EEO Special Emphasis Program requirements, while also welcoming unique perspectives on the culture within Departmental Offices.

Members in The & Council serve as an idea factory to infuse cultural intelligence into workplace matters pertaining to diversity and inclusion. In August 2017, OMWI issued an invitation seeking a diverse array of DO employees at all levels who can bring a broad range of perspectives to shape inclusive diversity efforts. Membership in The & Council is voluntary, but has already surpassed 60 members and continues to grow, representing a diverse microcosm of perspectives in the workforce: White; Black; Hispanic, Asian/Pacific Islander; American Indian; Alaska Native; women; lesbian, gay, bisexual and transgender (LGBT); Persons with Disabilities; age 40+; and early career employees. The Assistant Secretary for Management (ASM) serves as the Executive Sponsor for The & Council. The first meeting was held in the first quarter of FY 2018, where members received training on topics of diversity and inclusion and members began to organize within the designated operational structure.

Multi-tiered Diversity and Inclusion Training: Since FY 2013, a series of multi-level training in diversity and inclusion, with a focus on unconscious bias, has been offered for senior leaders, managers and supervisors, as well as all other employees. The aim of this training is cultural transformation of the workplace by creating a cadre of like-minded diversity and inclusion champions who can serve as catalysts to changing management behaviors and a more inclusive workplace environment.



In FY 2017, special emphasis was placed on training staff from offices that experienced special challenges with regard to workforce diversity and perceptions of inclusion. Dr. Steve Robbins, an internationally recognized consultant in diversity and inclusion, has been engaged by OMWI for the past four years to provide intensive training in the neuroscience of unconscious bias. In total, he has conducted 11 sessions for Treasury Departmental Offices employees, three of which were held in FY 2017 for approximately 150 participants. One of the three sessions conducted was held exclusively for the staff of the Office of Financial Research and the Office of Undersecretary for International Affairs. Additionally, separate sessions were held for senior executives and all other employees. OMWI has subsequently acquired the license to a video series created by Dr. Robbins that will make much of his training content in an on-demand form and available to all Treasury employees.

In addition, two programs were conducted to promote LGBT awareness. A screening of the documentary, “Uniquely Nasty: The Federal Government’s War on Gays,” was held, which chronicled the ban on LGBT employees within the federal government from the 1940’s through the 1970’s. The documentary screening was followed by a frank panel discussion with the producer and individuals featured in the film. The second program, entitled “Pride at Work,” was a panel presentation of senior Treasury leaders at different career stages who discussed their personal experiences being LGBT in the federal workplace. Approximately 80 employees participated in these two programs. Not only did these programs increase awareness, as intended, they led to greater interest among Treasury employees in participation in LGBT and other employee affinity groups.

OMWI also promoted a program about fostering synergy between women of color and White women in the workplace. The cross-racial conflict inherent in female relationships that can exist in the workplace and other settings is a rarely acknowledged or discussed issue. This program was promoted in concert with Cook Ross and Associates, which provided this topic as a Webinar. Registration and participation data provided by Cook Ross showed that this topic generated considerable interest from Treasury employees.

Further in FY 2017, Treasury’s Executive Institute (TEI) established a curriculum and hosted diversity and inclusion training sessions for Departmental Offices employees and managers at the GS14 through SES levels. These sessions included the following seminars:

- SES: How to Get There and Succeed Once There
- Managing Conflict: A Problem Solving Approach
- The NextGen Leader
- A Key to Being Culturally Competent
- Harvard Business Simulations: Managing Difficult Conversations
- Engaging with Honor: Building a Culture of Courageous Accountability
- Moving Beyond Diversity: The Case for Inclusive Leadership
- Engaging Employees: Cultivating Your Organizational Culture
- Permission to Speak Freely: How the Best Leaders Cultivate a Culture of Candor
- Leveraging the Power of Diversity to Achieve Breakthroughs
- A Winning Culture in Government
- The Harvard Business Review Way of Resolving Conflict
- We Can’t Talk About That at Work! How to Talk about Race, Religion, Politics, and Other Polarizing Topics

- Inviting Innovation
- Earning It: Hard-Won Lessons from Trailblazing Women at the Top of the Business World
- Leader to Leader: Exploring Success
- Empowerment: Why Me?

In addition to live presentations, Treasury also offers training “on demand” via its online learning system that is accessible to all employees. There is currently a one-hour interactive video presentation on unconscious bias by Howard Ross, of the Cook Ross firm. Licenses for additional videos have been secured, including, Defeating Unconscious Bias and Anyone Can Be An Ally, which addresses bias pertaining to the LGBT community.

ECONOMIC EMPOWERMENT

Financial Literacy: Treasury leads the Financial Literacy and Education Commission (FLEC), comprising 23 federal government entities. The FLEC plays a central role in the federal government’s efforts to enhance financial literacy, financial capability, and individual financial well-being. The FLEC coordinates its members’ diverse financial education activities for Americans, including families, children, youth, students, service members and their families, and financially vulnerable populations. The FLEC members have pursued a variety of financial literacy and education approaches to provide information, instruction, and guidance to help American households meet their financial goals. The FLEC provides a platform for its member agencies to collaborate and share those approaches, as well as ideas, research findings, and experiences that inform financial education policies and practices. Through the FLEC’s efforts, federal financial education support and services can be more effective and coordinated. FLEC also manages the MyMoney.gov website that serves as the one-stop shop for federal financial literacy and education programs. The Office of Consumer Policy, within the Domestic Finance Office, provides expertise and primary support to the FLEC and has the primary responsibility for programming pertaining to financial inclusion, literacy, and policies that address the economic realities of everyday Americans. The FLEC is chaired by the Secretary of the Treasury and the vice chair is the Director of the Consumer Financial Protections Bureau.

Community Development Financial Institutions Fund: Access to affordable financial products and services is a staple of economically sound communities. Yet, at least one quarter of American households do not have bank accounts or rely on costly payday lenders and check-cashing outlets. In recent years, the lack of access to capital investments for small businesses and other critical community development projects has also led to increased need for alternative and reliable sources of financing. Mission-driven organizations called Community Development Financial Institutions (CDFIs) fill these gaps by offering affordable financial products and services that meet the unique needs of economically underserved communities. Through awards and trainings, Treasury’s Community Development Financial Institutions Program (CDFI Program) invests in and builds the capacity of CDFIs, empowering them to grow, achieve organizational sustainability, and contribute to the revitalization of their communities.

Since its creation in 1994, the CDFI Fund has awarded over \$1.8 billion in Financial Assistance and Technical Assistance awards through the CDFI Program. Through Healthy Food Financing Initiative Financial Assistance (HFFI-FA), the CDFI Fund has provided \$142 million in awards to CDFIs improving the access to healthy food options in low-income communities. In FY 2017, 265 organizations received more than \$171 million in awards; 224 Financial Assistance and 41 Technical Assistance awards were made. Recipients of the awards included 178 loan funds, 55 credit unions, 27 depository institutions/holding companies, and 5 venture capital funds. The FY 2017 CDFI program and the Native American CDFI Assistance program had the largest pool of awardees in the history of the CDFI Fund, representing a diverse array of organization types and community investment strategies, serving a broad spectrum of communities. The Consolidated Appropriations Act for Fiscal Year (FY) 2017 required that 10 percent of the funds awarded by the

CDFI Fund under the appropriation “shall be used for awards that support investments that serve populations living in” Persistent Poverty Counties (PPCs). PPCs are defined as counties where 20 percent or more of the population has lived in poverty over the past 30 years. These counties can be found in the United States in both rural and urban areas. For the FY 2017 round, 90 CDFIs received \$19.4 million in awards specifically for investments in PPCs, which is in addition to the work that CDFIs already do in PPCs. Historically, past CDFI Program awardees have invested more than \$640 million in PPCs.

Small Business Lending Fund: Established by the Small Business Jobs Act of 2010 (the Act), the Small Business Lending Fund (SBLF) is a dedicated fund designed to provide capital to qualified community banks and community development loan funds (CDLFs) in order to encourage small business lending. The purpose of the SBLF is to encourage Main Street banks and small businesses to work together, help create jobs, and promote economic growth in communities across the nation. The Act defines “small business lending” as business loans that are (i) \$10 million or less in amount to businesses with \$50 million or less in revenue and (ii) included in one of the following categories:

- Commercial and industrial loans
- Owner-occupied nonfarm, nonresidential real estate loans (“owner-occupied commercial real estate”)
- Loans to finance agricultural production and other loans to farmers (“agricultural production”)
- Loans secured by farmland (“farmland”)

Treasury invested over \$4.0 billion in 332 institutions through the SBLF program. These amounts include investments of \$3.9 billion in 281 community banks and \$104 million in 51 DLFs. Collectively, these institutions operate in over 3,000 locations across 47 states and the District of Columbia. Through FY 2017, institutions participating in SBLF have made important progress in increasing their small business lending, helping to support small businesses and local economies across the nation. Since the program’s inception, the total increase in small business lending reported by current and former SBLF participants is \$18.9 billion over the 2010 baseline of approximately \$35 billion.

Increases in small business lending are widespread among remaining SBLF participants. Through FY 2017, all currently participating community banks and 42 of the 46 CDLFs (or 91 percent) have increased their small business lending. In addition, 52 of the 56 current SBLF participants (or 93 percent) have increased their small business lending by 10 percent or more.

Treasury does not collect racial/ethnic or gender information on the SBLF participant’s borrowers. However, in its most recent survey of SBLF participants for the year ended June 30, 2014, 92 percent of participants reported engaging in outreach or advertising activities targeting women, veterans, or minority communities. In total, 83 percent of SBLF participants reported that they are members of, or participate in, community organizations and/or trade associations that target women, veterans, or minority communities; 59 percent reported using paid advertisement or notices in print, radio, or electronic media to target women, veterans, or minority communities; and, 52 percent indicated that they distributed marketing materials targeting women, veterans, or minority communities. In aggregate, participants reported expenditures of \$15.4 million associated with small business-related outreach activities and allocated approximately \$5.0 million (32 percent) to activities targeting women, veterans, or minority communities.

CHALLENGES

Treasury Departmental Offices is committed to adopting leading edge strategies to secure a high performing workforce drawn from a diverse pool of candidates. The most pressing challenges to implementing the workforce diversity provisions of Dodd-Frank Act § 342 have been hiring constraints, retention rates, underrepresentation in specific racial/ethnic and gender categories, and perceptions of the workplace culture.

First, during FY 2017 the White House instituted a hiring freeze across the federal government on January 23, 2017, with only a few exceptions for positions related to national security. After the government-wide freeze was lifted on April 12, 2017, Treasury maintained the hiring freeze agency-wide, including Treasury Departmental Offices. Therefore, there was only limited hiring during the last three quarters of the fiscal year, constraining prospects to further impact workforce diversity. In fact, compared to prior years, a notably smaller percentage of women and black employees, in particular, were hired in FY 2017 (Refer to Table 8).

Second, hiring constraints were confounded by retention rates during FY 2017. In FY 2016, the percentage of women hired was greater than the percentage that separated from Treasury, resulting in a positive net attrition (3 percent). In 2017, the reverse was true for women, resulting in a negative net attrition (-3 percent). In FY 2016, the overall rate of hiring of minorities (42 percent) exceeded minority attrition (32 percent), resulting in a positive net attrition of 10 percent. In FY 2017, the separation rate of minorities (36 percent) was the highest in five years and hiring rate of minorities (36 percent) was considerably lower than the prior year (42 percent), resulting in a neutral net attrition (0 percent). For both race/ethnicity and gender, the challenge must be to reverse the negative and neutral trajectories.



Third, in 2017, overall representation of Hispanics in the Treasury Departmental Offices workforce is below all four benchmarks (FWF, TWF, CLF, and DO/RCLF). Hispanic representation is below their benchmark (overall Treasury Departmental Offices workforce) for positions at senior management levels (GS14 and GS15) and senior executive (SES) levels. Further, there is an underrepresentation of Hispanics compared to the Occupational Civilian Labor Force (OCLF) of 4 of the 5 mission critical occupations (with the exceptions being General Attorney for Hispanic women and Financial Analyst for Hispanic men. Confounding these issues, the separation rate of Hispanics in FY 2017 (7 percent) was the highest in five years and their hire rate (7 percent) resulted in a net attrition of 0 percent.

Similarly, the representation of women is not only below their benchmark (overall Treasury Departmental Offices workforce) at GS15 and SES levels, there was an 8 percent decrease in the representation of women at the senior executive (SES) level in FY 2017 compared to FY 2016. There is comparable underrepresentation of Black employees in GS14, GS15, and SES positions and Asian employees in GS15 and SES positions. For all of these disparities, the continuing challenge is to identify and eliminate barriers that may be imposing on this underrepresentation.

Fourth, it is evident from the government-wide scores derived from the OPM New IQ inclusion quotient tool that workplace inclusion is challenging across federal agencies. Treasury Departmental Offices has consistently scored higher than the Treasury-wide (61.88 percent in FY 2017) and government-wide (59.88 in FY 2017) inclusion quotient scores. And, there has been a progressive increase in the Treasury Departmental Offices overall inclusion score from 61.9 percent in FY 2015 to 64.3 percent in FY 2016, and 64.66 percent in FY 2017. The FY 2017 score is only 0.34 percent short of the 65 percent that the Office of Personnel Management regards as acceptable. The new challenge is to continue the momentum of creating an overall workplace environment that is perceived by employees as being inclusive. Part of that challenge will be to mitigating underlying causes for perceptions pertaining to workplace fairness. This particular component of the OPM New IQ inclusion quotient has been consistently below the 65 percent score (55.40 in FY 2017).





CONCLUSIONS AND FISCAL YEAR 2018 PLANS

BUSINESS DIVERSITY AND INCLUSION

Despite reductions in overall Treasury-wide procurement budget in recent years and without mandated contracting goals for other than small businesses, the commitment to minority-owned or women-owned business (MWOB) utilization within Treasury Departmental Offices remained strong. In FY 2017, more than one-third (35 percent) of contract dollars totaling \$106 million went to either minority-owned or women-owned businesses (MWOB) and represented the highest levels in 5 years. Although there are no goals for MWOB contracting, the congressionally mandated small business goals can serve as useful benchmarks to gauge performance. The Treasury Departmental Offices MWOB contracting performance of 35 percent is on par with the congressionally mandated small business goal established for Treasury, which was 35 percent in FY 2017. Similarly, contracting with minority-owned businesses was at 25 percent in FY 2017, which is well above the congressionally mandated goal of 5 percent for contracting with small disadvantaged businesses (and are largely minority-owned). Further, contracting with women-owned businesses was at 24 percent in FY 2017, which also is well above the congressionally mandated goal of 5 percent for contracting with small women-owned businesses. It is also important to note that MWOB contracting is not limited to less prominent business categories. There is strong MWOB representation among contracts in five of the Treasury Departmental Offices top seven industry codes.

OMWI will strive to support efforts that will not only maintain, but improve upon, this performance. Specific efforts that will be undertaken in FY 2018 include the following:

Accountability: OMWI will continue to monitor and develop regular reports on the utilization of minority and women owned businesses by each of the Bureaus. Such reports will provide ongoing tracking of progress for use by the acquisition community and leadership, including the quarterly performance reviews conducted by senior leadership. Additionally, OMWI will continue to explore the use of new metrics and benchmarks to increase understanding of possible barriers and aspirational standards for business diversity and inclusion.

MWOB Utilization: For seven consecutive years, Treasury Departmental Offices has met or exceeded aggressive goals in contracting with small disadvantaged businesses and women owned small businesses. In addition, contracting with minority owned and women owned businesses of all sizes has been well above government benchmarks. In FY 2018, Treasury will continue to strive for small business goal attainment by continuing to employ the strategies that have proven successful for Treasury since FY 2011, including targeted outreach, enhanced leadership accountability, new policies, new tools and resources, and increased intra-agency communication.

OMWI will be further building the capacity within Treasury Departmental Offices to reach out to minority-owned businesses by leveraging the resources of the Minority Business Development Agency (MBDA) in the Department of Commerce. Through an interagency agreement, Treasury Departmental Offices and MBDA, market research of prospective businesses and vendor education about prospective opportunities will be enhanced.

Financial Agent Authority (Non-FAR): Treasury will maintain active engagement and relationship building with industry stakeholder groups that represent minority-owned and women-owned financial services firms and minority and women professionals. This open dialogue and engagement will support diverse participation in future program opportunities that may arise under the Treasury financial agent authority. Treasury will continue to ensure that requests for proposals (RFP) or other solicitation processes are fair and will encourage meaningful participation 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 minority-owned and women-owned businesses. In addition to public posting on the Federal Business Opportunities web-site, Treasury will continue to conduct regular vendor outreach sessions and presentations at conferences and events conducted by industry organizations and federal agencies, such as:

- U.S. Women Chamber of Commerce (USWCC)
- U.S. Hispanic Chamber of Commerce (USHCC)
- U.S. Black Chambers (USBC)
- National Minority Supplier Development Council (NMSDC)
- Minority Business Development Agency (MBDA)
- The Women's Business Enterprise National Council (WBENC)
- National Association of Securities Professionals (NASP)



WORKFORCE DIVERSITY AND INCLUSION

Overall, the workforce demography within Treasury Departmental Offices is diverse, but can be described by the following characteristics:

- The representation of women is below that of three of the four workforce benchmarks.
- Blacks and Asians are represented at or above at least three of the four workforce benchmarks.
- Hispanic representation is below all four workforce benchmarks. However, the percentage of Hispanics hired was equal to the number who separated in FY 2017, resulting in a neutral net attrition rate.
- Women and racial/ethnic minority groups are disproportionately represented in lower grade level positions.
- Gender and racial/ethnic disparities exist at the GS13-15 and SES levels and within all mission critical occupations, i.e., economists, general attorney, information technology, financial analyst, and intelligence analyst.
- Compared to prior years, employee perceptions of inclusion within the Treasury Departmental Offices workplace environment have increased, but the overall score still was slightly below the score of 65 that the Office of Personnel Management regards as acceptable. However, perceptions among Treasury Departmental Offices employees regarding workplace inclusion on all five factors and overall are higher than those of the Treasury-wide and federal government-wide workforces.

OMWI will continue to lead efforts to increase workplace diversity at the higher levels, i.e., GS-13-15 and SES, and in mission critical occupations. Programs will be continued to train a critical mass of employees who can bring about social transformation toward a greater culture of inclusion within the workplace. Specific programs and activities that will be undertaken in the area of workforce diversity and inclusion in FY 2018 include the following:

Accountability: OMWI, in collaboration with the Office of Civil Rights and Diversity, will continue to monitor and develop regular reports on the racial/ethnic and gender demography of the workforce across Treasury Departmental Offices and within the major policy and program offices to identify areas of disparity. Such reports will provide ongoing tracking for use by the policy and program offices and leadership, including the quarterly performance reviews conducted by senior leadership. Additionally, OMWI will continue to explore the use of new metrics and benchmarks to increase understanding of possible barriers and establish aspirational standards for workplace diversity and inclusion.

In collaboration with the Treasury Human Capital Office and the Office of Civil Rights and Diversity, OMWI will support efforts to implement the specific performance elements for diversity and inclusion for supervisors, managers, and all other employees.

Workplace Culture: OMWI will continue to conduct programming to promote a greater culture of inclusion within Treasury Departmental Offices for the senior leadership, managers and supervisors, and all other employees through various methods. The aim is to produce an overall cultural transformation within Treasury Departmental Offices and to increase the number of employees throughout the various policy and program offices who have common mindset and core knowledge regarding workplace inclusion.

Recruitment/Hiring/Outreach: OMWI will continue to use social media outreach efforts to increase the number of minority professionals who are made aware of all position announcements, particularly upper management, senior executive, and mission-critical occupation positions in Treasury Departmental Offices. The hiring rates of women and Black employees will continue to be tracked to determine strategies to reverse the negative trajectory for women and to sustain or raise the neutral trajectory for Black employees. Special efforts will be undertaken to identify and mitigate barriers that may be imposing on the underrepresentation of the hiring and retention of Hispanics. OMWI will continue to utilize its blanket purchase agreement contract vehicle to access recruitment services from organizations and institutions that serve minority students for internships to increase the diversity of interns within Treasury Departmental Offices.

