

Federal Housing Finance Agency
Office of Inspector General



FHFA Regularly Analyzed Agency Workforce Data and Assessed Trends in Hiring, Awards, And Promotions

Compliance Review • COM-2024-004 • March 14, 2024



COM-2024-004

March 14, 2024

Executive Summary

In 2014, nine members of the U.S. House of Representatives asked the Inspectors General at seven financial regulators, including FHFA, to review diversity and related workplace issues at their agencies to determine whether any personnel practices were discriminatory or otherwise disadvantaged minorities from obtaining senior management positions.

As a result of this request, our 2015 evaluation analyzed workforce and diversity data available from FHFA for the period of 2011-2013, and we identified statistically significant differences in bonuses and awards. We recommended that FHFA “[r]egularly analyze Agency workforce data and assess trends in hiring, awards, and promotions.” FHFA agreed with the recommendation.

In response to our recommendation, FHFA engaged the U.S. Office of Personnel Management (OPM) to perform an Equal Employment Opportunity (EEO) analysis of data regarding the Agency’s 2015 employee performance ratings, performance-based bonus distributions, and awards (awards). FHFA analyzed its performance ratings, awards, and bonuses for the years 2016 and 2017 and confirmed that it planned to do so for 2018 and 2019. We closed the recommendation on March 25, 2020, based on the Agency’s corrective actions.

We initiated this compliance review to assess whether FHFA regularly analyzed workforce data and assessed trends in hiring, awards, and promotions from April 1, 2020, through April 1, 2023 (the review period). We found that it did so. During the review period, FHFA analyzed workforce data and assessed trends in hiring and promotions, and reported its results in its *OMWI Annual Report to Congress*. We also found that FHFA analyzed hiring, awards, and promotions data and reported its results to the U.S. Equal Employment Opportunity Commission (EEOC) as required. Additionally, working with OPM, FHFA has performed analyses to identify and implement ways to enhance hiring, awards, and promotions.

This report was prepared by Kristopher Brash Dixon, Program Analyst, and Karen Van Horn, Senior Investigative Counsel. We appreciate the cooperation of FHFA staff, as well as the assistance of all those who contributed to this report’s preparation.



COM-2024-004

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This report has been distributed to Congress, the Office of Management and Budget, and others and will be posted on our website, www.fhfaoig.gov.

/s/

Brian W. Baker

Deputy Inspector General

Office of Compliance

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ABBREVIATIONS

Agency or FHFA	Federal Housing Finance Agency
Awards	Performance-Based Bonuses and Awards
EEO	Equal Employment Opportunity
EEOC	U.S. Equal Employment Opportunity Commission
MD-715	Management Directive 715
OEOF	FHFA Office of Equal Opportunity and Fairness
OIG	FHFA Office of Inspector General
OMWI	FHFA Office of Minority and Women Inclusion
OPM	U.S. Office of Personnel Management
Review Period	April 1, 2020, through April 1, 2023

BACKGROUND

Women and Minorities in FHFA’s Workforce

On March 24, 2014, nine members of the U.S. House of Representatives asked OIG to assess FHFA’s internal operations to determine whether any of the Agency’s personnel practices were discriminatory or otherwise disadvantaged minorities from obtaining senior management positions. The Representatives referred to a U.S. Government Accountability Office report that highlighted trends in representation of minorities and women in senior management positions in the financial services industry and at federal financial regulators.¹ Based on this request, OIG conducted an evaluation.

OIG’s 2015 Evaluation Identified a Statistically Significant Difference in Awards Made to Certain Senior Employees

OIG analyzed workforce and diversity data from FHFA for the period of 2011-2013. In analyzing FHFA data on monetary bonuses² awarded to senior level employees at the EL-15 level, we found statistically significant differences between awards given in 2013 to White employees and those given to minority employees. The average bonus for White EL-15-level employees in 2013 was nearly \$5,700 while the average bonus for minority EL-15 employees was about \$4,100, or approximately 27% less.³

We recommended that FHFA “[r]egularly analyze Agency workforce data and assess trends in hiring, awards, and promotions.”⁴ FHFA agreed with the recommendation.

FHFA’s Corrective Actions

On March 31, 2016, FHFA submitted a closure memorandum for this recommendation, which included a draft FHFA request to OPM for an EEO analysis of the Agency’s 2015 employee performance rating, performance-based bonus distributions, and awards data. FHFA also told OIG that, in 2018 and 2019, FHFA and OPM analyzed the Agency’s performance ratings, awards, and bonuses for 2016 and 2017. On February 19, 2020, the Agency gave OIG

¹ The members referred to [Trends and Practices in the Financial Services Industry and Agencies after the Recent Financial Crisis](#) (April 2013) (GAO-13-238).

² Under FHFA’s performance-based compensation system, annual performance bonuses are calculated as a percentage of an employee’s salary. Non-cash awards, such as additional hours of annual leave and on-the-spot cash awards, can be made at a supervisor’s discretion throughout the year.

³ OIG’s evaluation also made other findings that are beyond this compliance review’s scope.

⁴ We also made three other recommendations that are beyond the scope of this compliance review.

summaries of these EEO analyses. FHFA also confirmed that an OPM review of the Agency’s 2019 awards was planned for 2020.

We closed the recommendation on March 25, 2020, based upon the Agency’s production of these analyses.

FINDINGS

We initiated this compliance review to assess whether FHFA continued to regularly analyze workforce data and assess trends in hiring, performance awards, and promotions during the review period, which was April 1, 2020, through April 1, 2023. To make our assessments, we reviewed FHFA documentation and interviewed FHFA officials from the three Agency offices that share responsibility for the analysis of workforce data and assessment of trends in hiring, performance awards, and promotions: (1) the Office of Human Resources Management; (2) the Office of Minority and Women Inclusion (OMWI); and (3) the Office of Equal Opportunity and Fairness (OEOF). We found that during the review period, FHFA regularly analyzed Agency workforce data and assessed trends in hiring, awards, and promotions.

FHFA Regularly Analyzed Agency Workforce Data and Assessed Trends in Hiring, Awards, and Promotions

FHFA Partnered with OPM to Analyze Data and Assess Trends

After we closed our recommendation in 2020, FHFA took a further step toward “analyz[ing] [Agency] workforce data and assess[ing] trends in hiring, awards, and promotions” by contracting with OPM to perform those analyses. Together, they reviewed previous Agency analyses regarding performance management, awards, recruitment and hiring barriers, and salaries. Based upon this joint work, OPM made multiple recommendations to FHFA to “positively impact minority and other protected populations[.]”⁵ FHFA is taking steps to address OPM’s recommendations.⁶

⁵ OPM recommended that FHFA: (1) continue outreach efforts to support diversity in recruitment; (2) develop clear procedures to ensure equitable hiring and compensation; (3) create opportunity for internal advancement; (4) standardize aspects of performance management; (5) improve the performance-based bonus process; and (6) develop award guidance.

⁶ To address these recommendations, FHFA: (1) developed a plan with goals for recruitment and career development; (2) established contracts regarding executive and diversity recruitment so they can reach a broader applicant pool; (3) began issuing annual guidance regarding the recommended ranges for awards and analyzes the data for consistency; (4) is currently undertaking a compensation study that is focused on

OMWI Analyzed and Reported Hiring and Promotions Data Only

OMWI “reviews workforce data and gauges progress over time using multi-year trends with demographic data for the federal sector” as benchmark comparisons. We found that they did so during the review period. Prior to our 2015 evaluation, FHFA reported workforce demographics in its *OMWI Annual Report to Congress* but did not include analysis of hiring and promotions.⁷ The *OMWI Annual Report to Congress* now includes FHFA’s analysis of workforce data including hiring and promotions. As discussed below, OEOF addresses awards data.

OEOF Analyzed and Reported Hiring, Awards, and Promotions Data

OEOF reports to the EEOC the results of its analysis of hiring, awards,⁸ and promotions data in its annual Management Directive 715 (MD-715) report, which provides a roadmap for creating effective EEO programs.⁹ Our review found that OEOF analyzed hiring, awards, and promotion data by various demographics, including gender, race, ethnicity, and disability status. For example, OEOF reviewed FHFA demographic data and is prioritizing areas of underrepresentation to research and address potential barriers to recruitment.

The EEOC assesses FHFA’s compliance with its regulations and management directives as part of its oversight responsibility for federal agency EEO programs. In 2022, EEOC identified both successes and challenges in FHFA’s efforts regarding persons with disabilities. Among the successes were FHFA’s development of a comprehensive plan to identify and hire applicants with disabilities and also their identification of triggers¹⁰ for people with

reviewing the pay structure and writing policies that are fair and equitable, and good for recruiting and retention; and (5) drafted an awards policy that is currently under review.

⁷ Under the Dodd-Frank Wall Street Reform and Consumer Protection Act, OMWI is required to submit an annual report to Congress including “the challenges the agency may face in hiring qualified minority and women employees and contracting with qualified minority-owned and women-owned businesses.” See the Dodd-Frank Wall Street Reform and Consumer Protection Act, Section 342, Pub. L. No. 111-203, 111th Congress, 12 U.S.C. § 5452(a) and (e).

⁸ FHFA is required to report on its analysis of awards in the MD-715 report.

⁹ The EEOC provides leadership and guidance to other federal agencies on all aspects of the federal government's equal employment opportunity program. Among other things, it monitors and evaluates federal agencies' EEO-related programs. See <https://www.eeoc.gov/overview>. The MD-715 report is a non-public document that is submitted to the EEOC on a fiscal year basis. The MD-715 is the policy guidance the EEOC provides to federal agencies for their use in establishing and maintaining effective programs of equal employment opportunity under Section 717 of Title VII of the Civil Rights Act of 1964, as amended, 42 U.S.C. § 2000e *et seq.*, and Section 501 of the Rehabilitation Act of 1973, as amended, 29 U.S.C. § 791 *et seq.*

¹⁰ The EEOC defines a trigger as “a trend, disparity, or anomaly that suggests the need for further inquiry into a particular policy, practice, procedure, or condition.”

disabilities involving time-off awards and cash awards. Among the challenges was FHFA’s failure to ensure that people with disabilities have sufficient opportunities for advancement.¹¹

OEOF houses the Agency’s EEO function and works to ensure that FHFA complies with EEO laws and regulations. In 2022, OEOF hired an industrial organizational psychologist to perform ongoing barrier analysis of hiring, promotion, and award data.¹² The psychologist performs this annual analysis based on multiple data sets and in accordance with EEOC guidance to determine which groups may be underrepresented with respect to hiring, promotion, and awards.¹³

The annual analysis found that FHFA employed fewer Hispanics than would be expected based upon the relevant civilian labor force data. Consequently, OEOF has been focusing largely on Hispanics to satisfy relevant EEOC directives regarding Hispanic representation in the federal workforce, and on people with disabilities to meet federal disability hiring goals. OEOF’s focus on recruitment will continue; however, they reported that they plan to begin assessing awards this year.

CONCLUSIONS

During our review period, FHFA regularly performed analysis of workforce data and assessed trends in hiring, awards, and promotions. Much of the Agency’s analysis regarding hiring and promotions was and continues to be reported in the *OMWI Annual Report to Congress*. While information pertaining to awards, as detailed above, is not included in OMWI’s published reports, we found that the Agency has analyzed award data and has included it in its MD-715 reports submitted directly to the EEOC. Additionally, based on recommendations from analysis they performed with OPM, FHFA is implementing initiatives intended to impact hiring, awards, and promotions.

¹¹ The EEOC identified other successes and challenges that relate to areas beyond the scope of this report.

¹² The EEOC defines barrier analysis as “an investigation of anomalies, or triggers, found in an agency’s employment-related policies, procedures, practices, and conditions. The goal of the investigation is to identify the root cause(s) of those anomalies and developing plans for eliminating the barriers.”

¹³ The psychologist also uses benchmark data, government-wide data, civilian labor force data, and historical data.

OBJECTIVE, SCOPE, AND METHODOLOGY

We initiated this compliance review in November 2023 to determine whether FHFA regularly analyzed workforce data and assessed trends in hiring, performance awards, and promotions during the review period of April 1, 2020, through April 1, 2023. To accomplish these objectives, we reviewed Agency documentation and interviewed Agency officials.

We conducted our compliance review from November 2023 through January 2024 under the authority of the Inspector General Act of 1978, as amended, and in accordance with the *Quality Standards for Inspection and Evaluation* (December 2020), which were promulgated by the Council of the Inspectors General on Integrity and Efficiency.

We provided a draft of this report to FHFA for its review and comment.

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