



# Audit Report



OIG-15-017

Review of OCC's Personnel Practices

December 1, 2014

Office of  
Inspector General

Department of the Treasury

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## Abbreviations

ADR	alternative dispute resolution
Dodd-Frank	Dodd-Frank Wall Street Reform and Consumer Protection Act
EEO	equal employment opportunity
MD-715	Management Directive 715 Federal Agency Annual EEO Program Report
NCLF	National Civilian Labor Force
OCC	Office of the Comptroller of the Currency
OCLF	Occupational Civilian Labor Force
OIG	Office of Inspector General
OMWI	Office of Minority and Women Inclusion
OTS	Office of Thrift Supervision



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*The Department of the Treasury  
Office of Inspector General*

December 1, 2014

Thomas J. Curry  
Comptroller of the Currency

This report presents the results of our review of the Office of the Comptroller of the Currency (OCC) personnel practices. We performed this review at the request of the Ranking and other Members of the House Committee on Financial Services.<sup>1</sup> The request letter is provided as Appendix 1.

Consistent with the Congressional request, our objective was to assess OCC's personnel practices and other efforts to increase agency diversity, create a workplace free of systemic discrimination, and provide equal opportunity for minorities and women to obtain senior management positions. To accomplish this objective, we analyzed OCC data on diversity and performance management and recognition, equal employment opportunity (EEO) complaints and employee satisfaction surveys; reviewed related OCC documentation; and interviewed OCC Human Resources and Office of Minority and Women Inclusion (OMWI) officials. Also, a contractor completed statistical analyses on OCC performance appraisal data. See Appendix 2 for more details about our audit scope and methodology.

In brief, we found that OCC tracks diversity levels and has taken steps to increase diversity in its workforce that has resulted in OCC employing minorities and females at a rate generally equivalent to nationwide participation rates. Additionally, OCC's OMWI has made

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<sup>1</sup> The Offices of Inspector General (OIGs) of the Federal Deposit Insurance Corporation, Board of Governors of the Federal Reserve System and Consumer Financial Protection Bureau, Federal Housing Finance Agency, National Credit Union Association, and Securities and Exchange Commission received similar requests to review their respective agencies' practices. The results of the companion reviews will be issued under separate cover by the OIG office responsible for the work.

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efforts to increase diversity across the workforce by participating in outreach programs and supporting employee network groups. These efforts maintain ongoing relationships that provide perspective on diversity at OCC and assist with the development of programs and activities to bolster OCC's recruitment, career-development, and retention efforts.

However, participation of minorities and women in OCC supervisory and senior-level positions currently falls below their workforce participation rates across the entire organization. Although their participation in these positions has increased, we believe that further increases in the participation of minorities and women in these positions going forward will be slow because of the limited number of supervisory and senior-level positions, the infrequency of position openings, and the internal hiring to meet specialized skill requirements.

We are recommending that OCC continue its efforts to increase participation of minorities and women in supervisory and senior-level positions, consistent with applicable law.

In a written response, which is included as Appendix 4, OCC agreed with the recommendation and stated that it remains committed to ensuring a diverse and inclusive work environment. We consider OCC's commitment to ensuring a diverse and inclusive work environment to be responsive to our recommendation.

## **Background**

OCC charters, regulates, and supervises all national banks and federal savings associations, as well as federal branches and agencies of foreign banks. As of September 2013, OCC supervised 1,808 banking institutions (1,245 national banks, 515 federal savings associations, and 48 federal branches of foreign banks in the United States) and has approximately 3,900 employees in locations throughout the United States.

Section 342 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank) required eight agencies, including OCC, and each Federal Reserve Bank to establish an OMWI to be responsible for all matters of the agency relating to diversity in management, employment, and business activities. According to

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Dodd-Frank, each agency must take affirmative steps to seek diversity in the workforce of the agency at all levels.

OCC compares its workforce participation and hiring rates<sup>2</sup> to the relevant census civilian labor force when completing the Management Directive 715 Federal Agency Annual EEO Program Report (MD-715).<sup>3</sup> The MD-715 is a report required by the Equal Employment Opportunity Commission. These comparisons are reported in workforce data tables showing promotions, hires, separations and grade level. The MD-715 also includes two trend analyses: (1) workforce data tables and (2) participation of females and minorities in supervisor roles and senior-level position feeder groups. Employment data for trends and statistics are obtained from the U.S. Department of Agriculture's National Finance Center; the Office of Personnel Management's Human Capital Management System, which interfaces with Treasury's HR Connect and Workforce Analytics; and OCC's Business Objects/Data Marts.

## Results of Audit

### OCC Diversity and Hiring Practices

OCC's total workforce increased from fiscal year 2011 through fiscal year 2013.

- Fiscal year 2011 – 3,737 employees (3,560 permanent)
- Fiscal year 2012 – 3,823 employees (3,678 permanent)
- Fiscal year 2013 – 3,971 employees (3,919 permanent)

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<sup>2</sup> The participation rate is the percentage of a particular group participating in an occupational category or a grade. The participation rate of a particular group in an occupational category or grade should be compared to that group's participation rate in the agency's total workforce. An OCC official told us that hiring rate represents the number of hires of a particular group (such as, Hispanics) compared to the total number of people hired.

<sup>3</sup> The MD-715 is the policy guidance that the Equal Employment Opportunity Commission 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 (Title VII), 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.* The MD-715 provides a roadmap for creating effective equal employment opportunity programs for all federal employees as required by Title VII and the Rehabilitation Act of 1973.

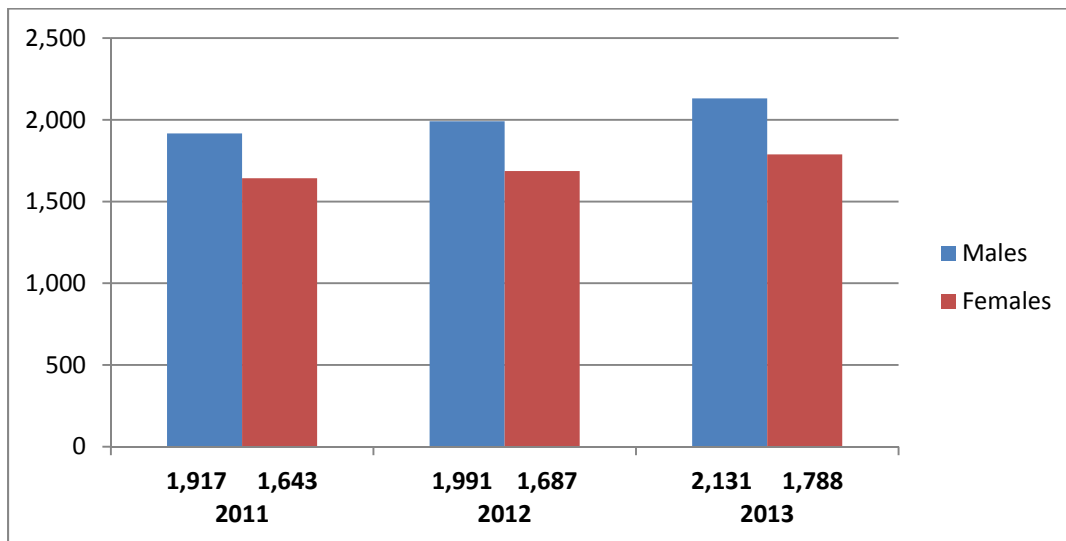
For details of OCC's permanent-employee workforce by ethnicity and gender during fiscal year 2011 through 2013, see Figure 1. Figure 2 shows gender totals for the same time period.

**Figure 1. OCC Permanent Workforce, by Ethnicity and Gender, Fiscal Year 2011 through Fiscal Year 2013**

	2011	2012	2013
White (M)	1,481	1,521	1,586
White (F)	1,022	1,036	1,075
Black (M)	193	198	230
Black (F)	384	392	423
Hispanic (M)	103	118	135
Hispanic (F)	98	112	125
Asian (M)	107	119	152
Asian (F)	105	110	136
Native Hawaiian/Pacific Islander (M)	2	1	1
Native Hawaiian/Pacific Islander (F)	3	3	4
American Indian or Alaskan Native (M)	17	17	22
American Indian or Alaskan Native (F)	12	12	17
2 or more races (M)	14	17	5
2 or more races (F)	19	22	8
<b>Total Employees</b>	<b>3,560</b>	<b>3,678</b>	<b>3,919</b>

Source: Fiscal Year 2011/2012 MD-715 Table A1, Fiscal Year 2012/2013 MD-715 Table A1, and Fiscal Year 2013/2014 MD-715 Table A1.

**Figure 2. OCC Permanent Workforce, by Gender,  
Fiscal Year 2011 through Fiscal Year 2013**



Source: Fiscal Year 2011/2012 MD-715 Table A1, Fiscal Year 2012/2013 MD-715 Table A1, and Fiscal Year 2013/2014 MD-715 Table A1.

### OCC Increased Diversity Within Its Workforce

OCC has taken steps to increase diversity in its workforce resulting in employment of minorities and females at a rate generally equivalent to the National Civilian Labor Force (NCLF).<sup>4</sup> Female participation generally remained stable over the last 3 years at 45.6 percent. During fiscal year 2013, participation for minorities increased from 30.5 percent to 32.1 percent. Given the limited timeframe covered by our review (fiscal year 2011 through fiscal year 2013), it is reasonable that there was not significant change in diversity levels at OCC.

#### ***Increasing Participation of Hispanics***

Hispanic employees represent a growing segment of OCC's permanent workforce, with participation increasing from 5.7 percent in fiscal year 2011 to 6.6 percent in fiscal year 2013. Generally, however, this participation remains below the NCLF of 10 percent. In fiscal year 2011, hiring of Hispanics lagged the national and Occupational Civilian

<sup>4</sup> The National Civilian Labor Force data is derived from the 2010 census reflecting persons 16 years of age or older who were employed or were actively seeking employment - adjusted for citizenship, excluding those in the Armed Services. The census data is used for benchmark comparisons when reviewing OCC's workforce demographics.



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Labor Forces (OCLF).<sup>5</sup> OCC hired Hispanic employees in fiscal year 2012 at rates greater than the OCLF percentages and in fiscal year 2013 at rates greater than the OCLF/NCLF comparisons.

***Increasing Participation of Female Bank Examiners***

In fiscal year 2011, the overall participation of female examiners in the workforce declined and was below the OCLF. Participation increased slightly from 38.7 percent in fiscal year 2011 to 38.8 percent in fiscal year 2012 and then to 39.2 percent in fiscal year 2013, but was below the 2013 OCLF of 45.3 percent.

In fiscal year 2011, the hiring rate increased, but in fiscal year 2012, it declined by 5.5 percent and then again by 0.9 percent in fiscal year 2013.

***Increasing Participation of Females and Minorities in Supervisor Roles and Senior-Level Positions***

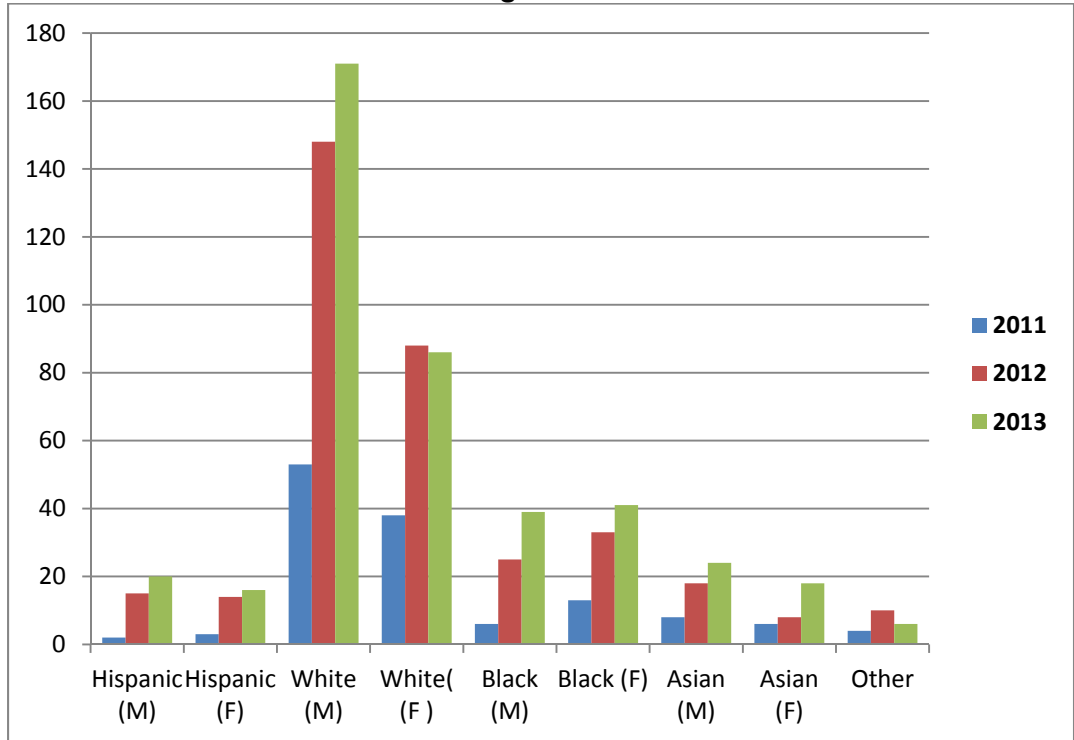
In fiscal year 2012, OCC conducted a review analyzing the participation of women and minorities in senior-level positions, finding that women filled 29.2 percent of those roles and minorities filled 14.6 percent. In fiscal year 2013, although female and minority participation increased, their representation in senior-level positions remained below their participation rates. Women held 37.4 percent of supervisor positions and 32.6 percent of senior level positions compared with their workforce participation rate of 45.6 percent. Minorities held 23.4 percent of supervisory positions and 14.2 percent of senior-level positions—also below their overall workforce participation rate of 32.1 percent.

For OCC hiring, by ethnicity and gender during fiscal year 2011 through 2013, see Figure 3.

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<sup>5</sup> The Occupational Civilian Labor Force term describes the use of civilian labor force data for specific occupational groups that are mission-related and heavily populated relative to other occupations within the agency. Major occupational groups within the OCC include bank examiners, attorneys, and economists.

**Figure 3. OCC Hiring, by Ethnicity and Gender,  
Fiscal Year 2011 through Fiscal Year 2013**



Note: "Other" employees comprise Native Hawaiians and other Pacific Islanders, American Indians or Alaska Natives, and people of two or more races. These employees were combined into an "other" category because of their small populations.

Source: Fiscal Year 2011/2012 MD-715 Table A8, Fiscal Year 2012/2013 MD-715 Table A8, and Fiscal Year 2013/2014 MD-715 Table A8.

### OCC Job Announcements and Hiring Campaigns

Our review of OCC data on job announcements for all positions found the following regarding the vacancies *announced* during fiscal year 2011 through 2013:

- 87.6 percent were advertised externally.
- 53.4 percent and 42.6 percent of those who applied were male and female, respectively. 4 percent did not identify a gender.
- Individuals who applied, self-identified themselves as:
  - Non-Hispanic (83.2 percent).
  - Hispanic (7.4 percent).
  - Unidentified (9.4 percent).

- 
- individuals who applied to the announcements identified their race as:
    - White (39.2 percent).
    - African-American (36.6 percent).
    - Asian (10.7 percent). Two or more races (3.2 percent).
    - American Indian or Alaskan Native (2.3 percent).
    - Native Hawaiian or Other Pacific Islander (0.4 percent).
    - Unidentified (7.6 percent).

We found the following regarding the vacancies *filled* during fiscal year 2011 through 2013:

- 70.9 percent were advertised externally.
- 57.7 percent were filled by males and 37 percent were filled by females. 5.3 percent did not identify a gender.
- individuals hired identified themselves as:
  - Non-Hispanic (85.1 percent).
  - Hispanic (6.6 percent).
  - Unidentified (8.3 percent).
- individuals hired identified their race as:
  - White (68.6 percent).
  - African-American (12.2 percent).
  - Asian (7.8 percent).
  - Two or more races (1.2 percent).
  - American Indian or Alaskan Native (1.1 percent).
  - Native Hawaiian or Other Pacific Islander (0.05 percent).
  - Unidentified (9.1 percent).

In hiring campaigns for entry-level bank examiners conducted during fiscal year 2011 through 2013, all positions were advertised externally and a majority of the individuals hired identified their race as White. Figure 4 provides semiannual demographic information for people hired.

**Figure 4. Semiannual Hiring Demographics, Fiscal Year 2011 through 2013**

<b>Fall 2010</b>	<b>Spring 2011</b>
36 selected (5 female, 13.9 percent):	66 selected (28 female, 42.4 percent):
<ul style="list-style-type: none"> <li>• 28 White (77.8 percent)</li> <li>• 4 Asian (11.1 percent)</li> <li>• 2 African-American (5.6 percent)</li> <li>• 2 Hispanic (5.6 percent)</li> </ul>	<ul style="list-style-type: none"> <li>• 52 White (78.8 percent)</li> <li>• 7 African-American (10.6 percent)</li> <li>• 5 Asian (7.6 percent)</li> <li>• 1 Hispanic (1.5 percent)</li> <li>• 1 reported as two or more races (1.5 percent)</li> </ul>
<b>Fall 2011</b>	<b>Spring 2012</b>
31 selected (12 female, 38.7 percent):	133 selected (55 female, 41.4 percent):
<ul style="list-style-type: none"> <li>• 24 White (77.4 percent)</li> <li>• 3 African-American (9.7 percent)</li> <li>• 3 Hispanic (9.7 percent)</li> <li>• 1 Asian (3.2 percent)</li> </ul>	<ul style="list-style-type: none"> <li>• 100 White (75.2 percent)</li> <li>• 15 African-American (11.3 percent)</li> <li>• 8 Hispanic (6.0 percent)</li> <li>• 6 Asian (4.5 percent)</li> <li>• 4 reported as two or more races (3.0 percent)</li> </ul>
<b>Fall 2012</b>	<b>Spring 2013</b>
56 selected (19 female, 33.9 percent):	132 selected (49 female, 37.1 percent):
<ul style="list-style-type: none"> <li>• 38 White (67.9 percent)</li> <li>• 9 African-American (16.1 percent)</li> <li>• 4 Hispanic (7.1 percent)</li> <li>• 3 Asian (5.4 percent)</li> <li>• 1 Native American (1.8 percent)</li> <li>• 1 reported as two or more races (1.8 percent)</li> </ul>	<ul style="list-style-type: none"> <li>• 87 White (65.9 percent)</li> <li>• 18 African-American (13.6 percent)</li> <li>• 13 Hispanic (9.8 percent)</li> <li>• 10 Asian (7.6 percent)</li> <li>• 3 reported as two or more races (2.3 percent)</li> <li>• 1 Native American (0.8 percent)</li> </ul>

**OCC Conducts Reviews to Improve Recruitment, Career Development, and Retention**

OCC conducts an annual review of its strategic human capital management and planning to improve the recruitment, career development, and retention of its workforce (*OCC's EEO Special Emphasis Activities Annual Report*, a component of the MD-715). The fiscal year 2012 report identified no barriers to equal opportunity in human resources operations. However, the review made general observations about the pattern of poorly written resumes submitted by many individuals, in particular by females and minorities, applying for senior-level positions. The lack of details in resumes regarding experiences and qualifications kept individuals from meeting minimum

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requirements. To address this situation, the human resources office created a quick-reference guide (*Office of Management At-A-Glance*) with tips on how employees can ensure their resumes have sufficient details to demonstrate their ability to meet all job requirements.

OCC personnel told us that they are committed to providing employees with additional educational resources to help them apply for jobs/promotions. OCC personnel also told us that they have made process improvements, such as:

- advertising vacancy announcements on Web sites that can reach a larger cross section of people—including social network sites like Twitter, LinkedIn, Facebook, and the OCC Alumni Page—and professional organizations, such as American Banker, E-Financial, Quant Finance Jobs, JOBS PHD's, Jobs for Economists, Analytic Brain, and Legal Times, and
- developing standardized processes, including (1) templates for vacancy announcements to assist in promoting consistency among human resources officials in recruiting and hiring within the Bank Supervision units and (2) crediting plans to provide greater transparency with customers

OCC's annual review also found that females and minorities generally participate in career development programs internal to the agency at rates comparable to their workforce participation. However, females and minorities generally participate at rates below their workforce participation in both external career development programs and internal leadership courses.

### OCC Has Programs for Developing Senior Leaders

OCC has several programs in place to develop employees for senior-level positions. Within Bank Supervision, Leader TRACK and EXCEL provide leadership and developmental opportunities to examiners. OCC also launched the "Leading" initiative to strengthen its focus on developing the leadership skills of OCC employees. In 2013, a Leadership Developmental Advisory Board (including the OCC OMWI Executive Director as a member) was established to provide ongoing guidance for agency leadership development.

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## Office of Minority and Women Inclusion

According to Dodd-Frank, OMWI has responsibility for ensuring that OCC takes affirmative steps to seek diversity in the workforce at all levels as is consistent with applicable law. Additionally, Dodd-Frank requires OMWI to submit an annual report to Congress on (1) the success achieved and challenges faced by OCC in operating minority and women outreach programs; (2) the challenges the agency may face in hiring qualified minority and women employees and contracting with qualified minority-owned and women-owned businesses; and (3) any other information, findings, conclusions, and recommendations for legislative or OCC action determined to be appropriate.

OMWI has made efforts to increase diversity throughout the workforce by participating in outreach programs and supporting employee network groups. OCC's outreach programs maintain ongoing relationships with minority professional organizations and colleges and universities with large populations of minority and female students. In fiscal year 2013, OCC sponsored its third annual National Diversity Internship Program with three student employment groups: the Hispanic Association of Colleges and Universities; Washington Internships for Native Students; and INROADS, a nonprofit organization that trains and develops minority students for professional careers in business and industry. OCC contracted for 25 interns under the National Diversity Internship Program in 2013. In addition, OCC hired 29 students through the federal Pathways internship program, and all groups shown below exceeded their NCLFs:

- 44.8 percent were female (13 of 29 hired students).
- 58.6 percent were minorities (17 of 29 hired students), including 6 Asian, 8 Black, and 3 Hispanic students

OMWI supports six agency-sponsored employee network groups:

- Network of Asian Pacific Americans
- Coalition of African-American Regulatory Employees
- Gay, Lesbian, and Straight Alliance

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- Hispanic Organization for Leadership and Advancement
  - The Women's Network
  - Generational Crossroads

The employee network groups provide their perspectives on diversity at OCC and develop programs and activities to assist in OCC's recruitment, career development, and retention efforts. According to an OCC official, approximately 33 percent (1,290) of OCC employees are members of at least one of these groups.

OCC added the following metrics to its *2013 OMWI Annual Report* (under the Workforce Diversity section) to better measure the progress and outcome of its programs and activities:

- **Participation in Supervisor Positions, by Race/Ethnicity and Gender**, comparing workforce participation rates
- **Senior-Level Positions and Feeder Grades**, comparing fiscal year 2012 and fiscal year 2013, with ratio changes
- **Changes from 2000 to 2010 Civilian Labor Force, by Race/Ethnicity and Gender**, overall and by mission-critical occupations
- **Workforce Profile by Race/Ethnicity and Gender**, comparing fiscal year 2012 and fiscal year 2013 to the NCLF
- **5-Year Profile Trend of Hispanic Males and Hispanic Females**, males and females profiled separately, within each major mission-critical occupation, by hires, separations, and workforce participation

According to an OCC OMWI official, the limited number of senior-level positions, the infrequency of position openings, and the internal hiring conducted to meet specialized skill requirements pose a challenge in resolving the low participation of women and minorities in senior-level positions. Although progress is being made, it is a slow process that will require time and attention. In addition, the *2013 OMWI Annual Report* noted that retention of female bank examiners will continue to be a challenge because of retirement eligibility.

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## Complaints and Grievances

We reviewed OCC's complaint and grievance processes and related data to gauge whether this information suggested disparities in race, ethnicity, or gender. OCC's OMWI manages the EEO pre-complaint process and the alternative dispute resolution (ADR) process.<sup>6</sup> OMWI is responsible for overseeing allegations of discrimination covered by EEO laws or related Executive Orders, and responding to allegations of harassment or hostile work environment, which may be raised by employees independent of the EEO complaint process. Employees and applicants wishing to pursue an EEO complaint must contact OMWI to officially initiate the EEO pre-complaint process.

EEO procedures are communicated to OCC employees in several ways:

- new-employee orientation
- No FEAR Act training—required for all new employees within 60 days of their report date and retaken every 2 years (current requirement is in 2014)<sup>7</sup>
- Comptroller's annual EEO policy statement (issued annually in compliance with MD-715)—displayed in the OCC's headquarters, district, and field offices
- Detailed information and brochures about the EEO complaint process and Policy and Procedures Manuals (PPMs)—available to all employees on OCCNet<sup>8</sup>
- mandatory training for new managers/supervisors—includes management responsibilities

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<sup>6</sup> The OCC's Alternative Dispute Resolution Program resolves disputes for all OCC employees through informal, voluntary, consensus-building techniques. The program allows participants to make informed and uncoerced decisions to foster a work environment in which conflicts are settled quickly and at the lowest possible organizational level.

<sup>7</sup> The Notification and Federal Employee Antidiscrimination and Retaliation Act of 2002 (No FEAR Act) requires that federal agencies be accountable for violations of antidiscrimination and whistleblower protection laws and requires that each federal agency post quarterly on its public Web site, certain statistical data relating to federal sector equal employment opportunity complaints filed with such agency.

<sup>8</sup> OCCNet is OCC's intranet, accessible only to OCC employees.



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OMWI enters the complaint data into the Department of the Treasury's EEO database, "i-Complaints," which is used to generate the annual 462 report to the Equal Employment Opportunity Commission, and the quarterly No FEAR Act report. OCC processes only EEO pre-complaints<sup>9</sup>, entering data for the pre-complaint stage into "i-Complaints." The OMWI EEO team reviews OCC's 462 report before it is certified by the OMWI Director for electronic submission to the EEOC. All formal complaints are processed at the Department of the Treasury level, where department-level staff enters data for such complaints in "i-Complaints".

Our review of all OCC prepared pre-complaint and formal complaint data for each fiscal year found the following as the most common basis for pre-complaints:<sup>10</sup>

- fiscal year 2011 (total of 12 initiated)—gender, age, race, disability (physical)
- fiscal year 2012 (total of 17 initiated)—gender, race, reprisal, disability
- fiscal year 2013 (total of 21 initiated)—race, reprisal, gender

The most common issues<sup>11</sup> for pre-complaints were:

- fiscal year 2011—harassment (non-sexual), promotion/non-selection, directed reassignment
- fiscal year 2012—harassment (non-sexual), evaluation/appraisal, promotion/non-selection, termination
- fiscal year 2013—promotion/non-selection, harassment (non-sexual), termination, assignment of duties

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<sup>9</sup> Federal employees and job applicants are required to go through a pre-complaint process before filing a formal EEO complaint. The purpose of the pre-complaint process is to conduct a basic inquiry and to seek resolution, not to decide if discrimination occurred. If a resolution is not reached, a notice of the right to file a formal complaint is issued. All formal complaints are filed with the Treasury Complaint Mega Center, which investigates all complaints that are accepted.

<sup>10</sup> An EEO complaint must tie the issue to an illegal discriminatory **basis** (that is, discrimination based on race, color, national origin, sex, religion, age, disability, protected genetic information, or retaliation.)

<sup>11</sup> An EEO complaint must identify an **issue** (that is, the specific employment practice or policy alleged to be discriminatory). The issue should consist of an adverse employment action causing the individual an injury.

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The most common EEO basis for allegations of discrimination for formal complaints were:

- fiscal year 2011 (total of 3 filed)—physical disability, gender
- fiscal year 2012 (total of 12 filed)—reprisal, gender, disability, race
- fiscal year 2013 (total of 17 filed)—race, reprisal, gender

The most common EEO issues of discrimination for formal complaints were:

- fiscal year 2011—harassment, pay, performance evaluations
- fiscal year 2012—harassment, non-selection, termination, appraisal
- fiscal year 2013—non-selection, harassment, termination, assignment of duties, appraisal

Although OMWI manages the EEO pre-complaint and ADR processes, OCC's Office of Human Capital—Labor and Employee Relations manages the grievance processes. An OCC official provided the following numbers of filed grievances related to employment discrimination/unfair practices (we note that OCC had between approximately 3,600 and 3,900 employees during this time period):

- fiscal year 2011—2 out of 6 filed grievances
- fiscal year 2012—2 out of 9 filed grievances
- fiscal year 2013—3 out of 14 filed grievances

OCC's fiscal year 2012 annual review determined that there were no patterns or trends observed in the EEO/ADR program data to suggest potential barriers or any connection to the disparity of females and minorities in higher grade levels. As part of the MD-715, a review of the Labor and Employees Relations program did not reveal any data patterns or impediments in related policies, procedures, practices, and conditions that could impact job assignments, developmental opportunities, training, fair/inclusive treatment, and promotions.

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## Employee Surveys

We reviewed the responses to the Federal Employee Viewpoint Surveys for OCC for 2011 through 2013,<sup>12</sup> OCC Exit Surveys<sup>13</sup> for fiscal years 2011 through 2013, and the 2013 OCC Engagement Survey to gauge employee satisfaction with diversity and employment opportunity within OCC. The surveys showed that the majority of employees at OCC were satisfied with regard to agency diversity and employment opportunity.

- Federal Employee Viewpoint Surveys – the percentage of positive responses was higher, to every question, than negative or neutral responses.
- OCC Exit Surveys – questions regarding supervisory actions relevant to diversity and inclusion received higher positive responses than negative or neutral responses.
- 2013 OCC Engagement Survey – conducted by an independent contractor, this survey found that, in general, employees were highly engaged and felt satisfied with their jobs. The survey also reported that OCC consider focusing on providing career development opportunities to maintain high levels of engagement in the workforce and reduce the risk of turnover.

## Analysis of Performance Ratings

Separate analyses were conducted by a contractor on OCC's overall performance ratings administered from fiscal year 2011 through fiscal year 2013. These analyses were conducted to detect potential performance-rating differences based on gender, race/ethnicity, age, pay-band level, supervisory status, and bargaining unit status. See Appendix 3 for the contractor's report.

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<sup>12</sup> The Federal Employee Viewpoint Survey is administered by the Office of Personnel Management to measure 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 how they are responding to those challenges.

<sup>13</sup> The OCC Exit Survey asks separating employees about their work experience and the extent to which various employment factors may have affected their decisions to leave OCC. Survey respondents are permanent employees who voluntarily separated from OCC.

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The contractor found for the most recent performance period analyzed, fiscal year 2013, that there was statistically significant gender, race/ethnicity, and age differences in performance ratings. For gender, all statistically significant differences were in favor of female employees. For age, all statistically significant differences were in favor of older employees. For race/ethnicity, Whites received statistically significant higher ratings than both African Americans and Hispanics at a variety of levels of analysis, including the NB5-NB7 pay-band level and jobs non-supervisory in nature. The contractor noted that the size of the difference in performance ratings between Whites and African Americans was smaller than those normally found in studies of performance appraisal differences. There were no statistically significant differences between Whites and Asians nor between Whites and American Indians/Alaskan Natives. Additionally, sample sizes were too small to confidently interpret any statistically significant differences between Whites and Native Hawaiians/Pacific Islanders.

Across all three performance years, the statistically significant gender, race/ethnicity, or age differences on performance ratings across the overall workforce were largely driven by statistically significant differences at the non-supervisory level of analysis. Additionally, non-bargaining unit employees received higher ratings than did bargaining unit employees.<sup>14</sup>

The contractor noted in its report that the different units of analysis (such as supervisors and bargaining unit status) were likely correlated with each other and, therefore, may have been analyzing similar information. The contractor also wrote that statistically significant group differences did not necessarily indicate discrimination by themselves. Differences in performance ratings could have been due to a wide variety of explanations, which could include actual differences in performance, regional differences in ratings, job family differences in ratings (for example, supervisors in certain fields were

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<sup>14</sup> According to OCC officials, performance differences between the OCC's bargaining unit and non-bargaining unit employees may reflect differences in their age and supervisory status. At the end of fiscal year 2013, only 60 percent of bargaining-unit employees were age 40 or older, compared with 84 percent of non-bargaining unit employees, and 504 of the 818 non-bargaining-unit employees (62 percent) were in non-supervisory positions.

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more strict or lenient than supervisors in other fields), or some combination of all these factors.

## Recommendation

We recommend that the Comptroller of the Currency continue efforts to increase participation of minorities and women in supervisory and senior-level positions, consistent with applicable law.

### Management Response

OCC agreed with the recommendation and stated that it remains committed to ensuring a diverse and inclusive work environment.

### OIG Comment

OCC's commitment is responsive to our recommendation.

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We appreciate the courtesies and cooperation provided to our staff during the audit. If you wish to discuss the report, you may contact me at (202) 927-0384 or Andrew Morgan, Audit Manager, at (202) 927-8121. Major contributors to this report are listed in appendix 5.

Jeffrey Dye /s/  
Audit Director

Appendix 1  
Request to Treasury OIG for Report on OCC Personnel Practices

JEB HENSARLING, TX, CHAIRMAN

United States House of Representatives  
Committee on Financial Services  
Washington, D.C. 20515

MAXINE WATERS, CA, RANKING  
MEMBER

March 24, 2014

Inspector General Eric M. Thorson  
U.S. Department of the Treasury  
Office of Inspector General  
1500 Pennsylvania Avenue, N.W.  
Room 4436,  
Washington, DC 20220

Dear Inspector General Thorson:

We write to request that the Office of the Inspector General (OIG) for the U.S. Treasury Department review the agency's internal operations to determine whether any personnel practices have created a discriminatory workplace or otherwise systematically disadvantaged minorities from obtaining senior management positions.

Section 342 of the Dodd-Frank Wall Street Reform and Consumer Protection Act established an Office of Minority and Women Inclusion (OMWI) at most of the federal financial regulatory agencies, responsible for matters relating to diversity in management, employment, and business activities. Despite this statutory mandate, the Government Accountability Office (GAO) concluded in a report released last year that management-level representation of minorities and women among federal financial agencies and Federal Reserve Banks has not changed substantially from 2007 through 2011. In fact, across all federal financial regulators, agency representation of minorities was as low as 6 percent and dropped as low as zero percent at one of the Reserve Banks. In light of these findings and the concerns raised by employee performance evaluations at the Consumer Financial Protection Bureau (CFPB), we believe the OIG should work in cooperation with Treasury's OMWI Director to assess current personnel practices and make recommendations necessary to ensure full compliance with the law.

The 2013 GAO report, entitled "Trends and Practices in the Financial Industry and Agencies after the Recent Financial Crisis," documented the extremely poor representation of women and minorities in leadership positions within the financial services industry and among federal financial regulators. According to GAO, industry representation of minorities in 2011 was higher in lower-level management positions – approximately 20 percent – as compared to about 11 percent of senior-level manager positions.

While public attention is currently and justifiably focused on the CFPB, the most recent OMWI reports suggest the disparities impeding internal upward mobility for minorities may be endemic throughout all the agencies regulating the financial services industry. According to the Treasury Department's 2013 OMWI report, among its senior executive management, 86 percent are white men, compared to 7 percent Black men, 4 percent Hispanic men, and 3 percent Asian men. Among the agency's GS-15 employees, which serves as a pipeline to senior level management, white men are once again overrepresented at 86 percent, compared to 6 percent Black men, 2 percent Hispanic men, and 6 percent Asian men.

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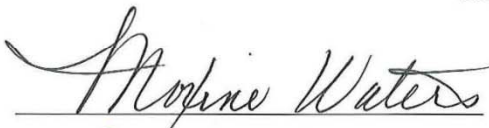
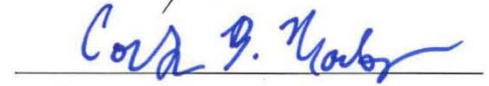



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At the Federal Reserve, white men represent 50 percent of executive senior level managers, compared to just 28.7 percent represented by white women. Along ethnic categories, black and Hispanic men represent, respectively, roughly 5 percent and 1 percent of executive senior level managers. Black women represent roughly 6 percent and Hispanic women represent nearly 2 percent of senior managers.

According to the most recent information from the GAO, at the National Credit Union Administration (NCUA), whites represent 88 percent of senior level management positions, compared to 4 percent represented by blacks and 4 percent by Hispanics. At the Office of the Comptroller of the Currency (OCC), whites represent 82 percent of senior level managers, compared to 9 percent black and 5 percent Hispanic. Whites represent 89 percent of senior level management positions at the Securities and Exchange Commission, compared to 2 percent black and 5 percent Hispanic. Minorities appear to fair best at the Federal Housing Finance Agency, where whites represent 76 percent of senior level management positions, compared to 16 percent black and 8 percent Hispanic. However, more comprehensive analysis is still needed from the agency to fully assess the racial and gender employment of minorities in senior positions beyond the GAO's limited information.

Accordingly, we request that the OIG examine any employee complaints, formal or informal, related to personnel practices, workplace policies and the findings from any employee satisfaction surveys, whether conducted by the Treasury or an outside entity. If the OIG identifies any individuals or groups of individuals who have exhibited discriminatory behaviors or patterns of unfair or unequal treatment, we ask that the OIG provide recommendations about appropriate actions, including remedial training or removal from employment with the agency. Furthermore, we request that the OIG assess the agency's OMWI operations, and ensure corrective actions are taken within the agency with regard to employee compensation, rating systems, retention, and promotion of women and minorities.

Sincerely,

  
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Consistent with the Congressional request, our objective was to assess the Office of the Comptroller of the Currency (OCC) personnel practices and other efforts to increase agency diversity, create a workplace free of systemic discrimination, and provide equal opportunity for minorities and women to obtain senior management positions.

To accomplish these objectives, we took the following actions:

- interviewed OCC personnel including the Deputy Comptroller for Human Capital regarding diversity levels and performance management and recognition results and reviewed relevant OCC policy and procedure documents
- reviewed relevant OCC Office of Minority and Women Inclusion (OMWI) policies, procedures, and reports and interviewed the Executive Director of OMWI regarding her role and involvement in (a) assessing the impact of the agency's personnel policies on minorities and women and (b) efforts to increase diversity throughout the agency and within senior management positions
- used a contractor engaged by the Federal Deposit Insurance Corporation Office of Inspector General to perform statistical significant tests on OCC performance appraisal data as follows:
  - by gender and race/ethnicity in the following ways: agency-wide, senior management, middle management, all other employees, bargaining unit employee, and non-bargaining unit employee
  - agency-wide by employees who are 40 years of age or older to those employees under 40 years of age, and
  - agency-wide by bargaining unit and non-bargaining unit

The data used by the contractor and its tests was a listing of OCC employee performance appraisal results we obtained during the audit. This listing included a unique employee identifier code, the employee's gender, race/ethnicity, age, pay grade, performance rating, whether a supervisor or not, and whether a bargaining unit member or not, among other things. Before providing the list to the contractor, we performed certain tests of the reliability of the data. We applied statistical sampling to select a sample of 52 of the 4,620 unique employee identifier codes provided by OCC. We verified the information provided by OCC



by comparing the information of the 52 employees in our sample to OCC records. (To determine our sample size, we incorporated missing identifier codes, indicated as temporary employees, into our population of 4,465 which increased the sampling frame to 4,620. We used a 90 percent confidence level with a 5 percent sample precision and an expected error rate of 5 percent.) We also reviewed the 52 sampled employee's age, gender, race, grade, salary, and summary performance rating to determine if each employee retained the same gender, race, grade, base salary, adjusted base salary and summary performance rating and if the age progressed each year

We also used a software tool to determine the existence of any anomalies in the employee data provided by OCC. (This testing was done prior to providing the performance appraisal results to the contractor.) We performed a review of each employee's unique identifier, age, gender, race, grade, base salary, adjusted base salary, supervisory position, summary performance rating, bargaining unit status, business unit, duty station location, location district, reporting district, merit increase amount, merit bonus amount, OCC years of service, the Office of Thrift Supervision (OTS) years of service, OTS transfer status, promotion status, separation status, and reporting official identifier to determine if any data was missing; not recorded in the proper format or outside of pre-determined boundaries, such as "under the age of 18"; or whether merit increases and/or bonuses were awarded to employees who did not meet the minimum summary performance rating requirement.

- reviewed OCC reports related to agency diversity required to be published or otherwise made available
- reviewed OCC information on employees hired and expressions of interest<sup>15</sup> and selections during fiscal year 2011 through fiscal year 2013
- reviewed OCC information on the number of equal employment opportunity (EEO) complaints and grievances to identify trends and to determine if the information suggests

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<sup>15</sup> Expressions of interest are job postings that allow current permanent OCC employees to apply for lateral reassignments to positions in other geographic locations within the agency. Selections from an expression of interest posting are permanent reassignments.

the existence of disparities based on race, gender, or other factors

- reviewed employee-satisfaction survey results for fiscal year 2011 through fiscal year 2013 to determine the level of employee satisfaction related to agency diversity and employment opportunity

We performed our audit fieldwork from April through October 2014.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

# An Analysis of Gender, Race, and Age Differences in Performance Ratings of OCC Employees: FY 2011- FY 2013

September 29, 2014

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## Executive Summary

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On March 24, 2014, members of the United States House of Representatives Committee on Financial Services sent letters requesting that the Offices of Inspector Generals (OIGs) for seven financial regulatory agencies perform work to determine whether agency internal operations and personnel practices are systematically disadvantaging minorities and women from obtaining senior management positions. The Office of the Comptroller of the Currency (OCC) was one of these agencies.

The OIGs initiated individual assignments with a general overall objective to assess agency personnel operations and other efforts to increase agency diversity, create a workplace free of systematic discrimination, and provide equal opportunity for minorities and women to obtain senior management positions. One element of the work was for each OIG to assemble agency wide performance appraisal data to identify performance ratings distributions by gender, race/ethnicity, age and bargaining unit status (where applicable). This report presents the methodology and results of the analyses conducted for the Treasury OIG.

Separate analyses were conducted for OCC overall performance ratings administered in FY 2011, FY 2012, and FY 2013. These analyses were conducted to detect potential performance rating differences based on gender, race/ethnicity, age, and bargaining unit status. Both statistical significance tests (e.g., t-tests) and effect sizes (e.g., d-scores) were evaluated to determine whether differences were meaningful. Standard social science criteria (e.g., alpha = .05) were used to interpret statistical significance, and effect sizes were compared to typical results found in the personnel selection research literature.

In summarizing the results of the most recent performance period analyzed, FY 2013, there are statistically significant gender, race/ethnicity, and age differences in performance ratings. For gender, all statistically significant differences were in favor of female employees. For age, all statistically significant differences were in favor of older employees.

For race/ethnicity, Whites received statistically significant higher ratings than both African Americans and Hispanics at a variety of levels of analysis, including the NB5-NB7 pay-band level and jobs non-supervisory in nature. There were no statistically significant differences between Whites and Asians nor between Whites and American Indians/Alaskan Natives. Additionally, sample sizes were too small to confidently interpret any statistically significant differences between Whites and Native Hawaiians/Pacific Islanders.

Across all three performance years, the statistically significant gender, race/ethnicity, or age differences on performance ratings across the overall workforce are largely driven by statistically significant differences at the NB5-NB7 or non-supervisory level of analysis. Additionally, non-bargaining unit employees received higher ratings than did bargaining unit employees.

It is important to note that the different units of analysis examined in this report are likely correlated with each other and, therefore, may be analyzing similar information. Additionally, statistically significant group differences do not necessarily indicate discrimination by

themselves. Differences in performance ratings could be due to a wide variety of explanations. This report concludes with a number of measures that an agency can take to assess performance rating system content and process.

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## Introduction

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### Project Background

On March 24, 2014, members of the United States House of Representatives Committee on Financial Services sent letters requesting that the Offices of Inspector General (OIGs) for seven financial regulatory agencies perform work to determine whether agency internal operations and personnel practices are systematically disadvantaging minorities and women from obtaining senior management positions.<sup>1</sup> The agencies include the following:

- Federal Deposit Insurance Corporation (FDIC)
- Board of Governors of the Federal Reserve System (FRB)
- Consumer Financial Protection Bureau (CFPB)
- Office of the Comptroller of the Currency (OCC)
- Federal Housing Finance Agency (FHFA)
- National Credit Union Administration (NCUA)
- Securities and Exchange Commission (SEC)

The OIGs initiated individual assignments with a general overall objective to assess agency personnel operations and other efforts to increase agency diversity, create a workplace free of systematic discrimination, and provide equal opportunity for minorities and women to obtain senior management positions. One element of the work was for each OIG to assemble agency wide performance appraisal data to identify performance ratings distributions by gender, race/ethnicity, age and bargaining unit status (applicable to all agencies except the FRB and FHFA). The FDIC Office of Inspector General (FDIC OIG) offered to engage and fund an independent contractor to perform statistical analyses of the performance appraisal results for each agency to determine whether there are statistically significant disparities between groups of interest. DCI Consulting Group was selected to conduct these analyses for each of the agencies except for the Securities and Exchange Commission (SEC).

This report presents the methodology and results of the analyses conducted for the Treasury OIG.

### The OCC Performance Rating System

The performance management program at OCC serves as the basis for determining “pay-for-performance” amounts provided to employees. These increases take two forms: *merit increases*, which affect employees’ base salary and growth over time, and *supplemental lump sum payments (merit bonuses)*, which are one-time, discrete performance awards. Both of these annual compensation programs are directly tied to, and dependent upon, an employee’s performance rating, meaning that the higher the rating, the higher the increase in compensation; however, only

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<sup>1</sup> See the Appendix for a copy of this letter.



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employees receiving an overall summary rating of Level 3 or Level 4 are eligible for the merit-based increases.

The OCC uses a standardized overall performance rating framework for all employees. That said, the number of critical skill elements and objectives included for evaluation will vary by position.<sup>2</sup> All performance evaluations will result in a summary rating based on individual ratings of critical skill elements and objectives. The end result of the evaluation process is a summary rating of Level 1, Level 2, Level 3, or Level 4. The lowest rating is Level 1 and the highest rating is Level 4.<sup>3</sup> The ratings analyzed for this report are the final summary rating of Level 1 through Level 4.

As shown in Table 1, *nearly* 100% of the OCC employees are rated at a Level 3 or 4. From FY 2011 to FY 2012, there was a shift to higher proportions of Level 3 ratings, decreasing the percentage of Level 4 ratings. This trend continued into FY 2013.

Table 1. Distribution of Performance Ratings

Overall Rating	Count			Percent		
	FY 2011	FY 2012	FY 2013	FY 2011	FY 2012	FY 2013
Level 1	1	2	1	0.03%	0.06%	0.03%
Level 2	8	16	19	0.24%	0.45%	0.51%
Level 3	2312	2664	2835	68.24%	75.47%	75.66%
Level 4	1067	848	892	31.49%	24.02%	23.81%

<sup>2</sup> As the number of sub-dimensions rated may vary by position, a more fine grained analysis (by position) may produce results that are more useful.

<sup>3</sup> Please see the OCCs Policies and Procedures Manual (PPM 3110-28 (REV)) for details on the performance management program and how summary performance ratings are assigned.

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## Method

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### Initial Dataset

Treasury OIG provided DCI with data for three years: 2011, 2012, and 2013. The performance time periods targeted in this report correspond with the OCC's fiscal years and are defined as:

FY 2011: October 1, 2010 through September 30, 2011 (12 months)

FY 2012: October 1, 2011 through September 30, 2012 (12 months)

FY 2013: October 1, 2012 through September 30, 2013 (12 months)

Information for each year included:

- Summary Performance Rating
- Unique Employee Identifier
- Age
- Gender
- Race/National Origin (ERI Code and Description)
- Pay-band Level
- Supervisory Status
- Bargaining Unit Eligibility
- Performance Year
- Business Unit
- Duty Station Location
- Location District
- Reporting District
- Base Salary
- Adjusted Base Salary
- Merit Increase Amount
- Merit Bonus Amount
- OCC Tenure
- OTS Tenure
- OTS Transfer Status
- Promotions during performance year
- Separation Status
- Direct Report Employee Identifier

The dataset for each year included employees<sup>4</sup> who were on the OCC payroll for that year. An employee identifier code<sup>5</sup> rather than employee name and number was included in the dataset.

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<sup>4</sup>Note that temporary employees were not included in the analyses; they were removed, by the OCC, prior to sending the data to DCI.

### Data Cleaning

The first step in the data cleaning process was to remove employees in the dataset who did not receive a performance rating. Employees with no performance rating primarily fell into three categories: 1) the employee was not on board long enough to receive a performance rating, 2) the employee retired during the performance year, or 3) the employee had significant non-work time during the performance year. As shown in Table 2, 169 employees were removed in FY 2013, 148 in FY 2012, and 172 in FY 2011 due to no performance rating. All employees in the final dataset had complete records (i.e., all employees had gender, race/ethnicity, and age demographic information).<sup>6</sup>

**Table 2. Number of Employees in the Analysis**

Year	# in Initial Dataset	# Missing Ratings	# in Final Dataset
FY 2011	3560	172	3388
FY 2012	3678	148	3530
FY 2013	3916	169	3747

### Race/Ethnicity Grouping

The next step was to place employees into race/ethnicity, bargaining unit, and age groups. Employees who listed only one race/ethnicity (e.g., White, Asian) were placed into that race/ethnicity category while those listing more than one race/ethnicity (e.g., Asian and White) were placed into the category of “Two or more”.<sup>7</sup> Employees who did not identify their race/ethnicity, or who belonged to a race/ethnicity category with fewer than five employees, were included in the gender and age analyses but were omitted from the race/ethnicity analyses. Table 3 shows the race/ethnicity groupings, based on EEO race/ethnicity categories and agreed upon by the agency.

<sup>5</sup> This unique identifier was created by the OCC for this dataset and is not the employee’s OCC employee ID number.

<sup>6</sup> Prior to data cleaning, one individual did not have race/ethnicity identified. However, this individual was missing a performance rating and was removed from the dataset prior to analysis through the data cleaning process.

<sup>7</sup> As shown in Table 3, the exception to this was that any employees identifying themselves as Hispanic, regardless of whether they listed any other races, were counted as Hispanic rather than “Two or More.”

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Table 3. Race/Ethnicity From Dataset and Race/Ethnicity Analysis Groups

Race/Ethnicity Analysis Grouping	Race/Ethnicity Categories in Dataset
White, Non-Hispanic (White)	<ul style="list-style-type: none"> <li>• White</li> </ul>
Asian (Asian)	<ul style="list-style-type: none"> <li>• Asian</li> </ul>
Black or African American (African American)	<ul style="list-style-type: none"> <li>• Black or African American</li> </ul>
Hispanic or Latino (Hispanic)	<ul style="list-style-type: none"> <li>• Hispanic/Latino</li> <li>• Hispanic/Latino, American Indian or Alaskan Native</li> <li>• Hispanic/Latino, American Indian or Alaskan Native, Black or African American</li> <li>• Hispanic/Latino, American Indian or Alaskan Native, White</li> <li>• Hispanic/Latino, Asian</li> <li>• Hispanic/Latino, Asian, Native Hawaiian or Other Pacific Islander</li> <li>• Hispanic/Latino, Asian, Native Hawaiian or Other Pacific Islander, White</li> <li>• Hispanic/Latino, Black or African American</li> <li>• Hispanic/Latino, Black or African American, White</li> <li>• Hispanic/Latino, Native Hawaiian or Other Pacific Islander</li> <li>• Hispanic/Latino, White</li> </ul>
Native Hawaiian or Other Pacific Islander (Native Hawaiian)	<ul style="list-style-type: none"> <li>• Native Hawaiian or Other Pacific Islander</li> </ul>
American Indian or Alaskan Native (American Indian)	<ul style="list-style-type: none"> <li>• American Indian or Alaskan Native</li> </ul>
Two or more races	<ul style="list-style-type: none"> <li>• American Indian or Alaskan Native, Black or African American</li> <li>• American Indian or Alaskan Native, White</li> <li>• American Indian or Alaskan Native, Asian</li> <li>• American Indian or Alaskan Native, Asian, White</li> <li>• Asian, Black or African American</li> <li>• Asian, Native Hawaiian or Other Pacific Islander</li> <li>• Asian, White</li> <li>• Black or African American, White</li> </ul>

Bargaining Unit

To compare the ratings of employees covered under a bargaining unit versus those not covered under a bargaining unit, we created a variable called bargaining unit status and placed employees into one of two classifications:

- Covered under a bargaining unit (BU)
- Not covered under a bargaining unit (NBU)

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All OCC employees, including supervisors<sup>8</sup>, were included in the analyses. It is important to keep in mind that we did not have data regarding which employees were actually union members; only whether they were covered under a bargaining unit.

### Age Grouping

The final step in the data preparation process was to assign each employee to an age group. On the basis of age, employees were placed into one of two categories: under 40 or 40 and over. These categories were chosen to be consistent with the Age Discrimination in Employment Act (ADEA). The category placement was based on the employee's age on the first day of the performance period for each of the three years. Table 4 depicts the race/ethnicity, gender, and age breakdown for each of the three years.

Table 4. Number of Employees by Gender, Race/Ethnicity, and Age

Demographic Group	Year		
	FY 2011	FY 2012	FY 2013
TOTAL	3388	3530	3747
Gender			
Female	1558	1624	1711
Male	1830	1906	2036
Race/Ethnicity			
American Indian/Alaskan Native	28	27	28
Asian	203	221	253
Black or African American	545	561	613
Hispanic	196	223	241
Native Hawaiian/Pacific Islander	5	4	6
Two or more	29	34	43
Unspecified	0	0	0
White	2382	2460	2563
Age			
Under 40	957	1100	1275
40 and over	2431	2430	2472

### Data Integrity

To ensure the integrity of the data classifications, two consultants reviewed the initial dataset and independently placed employees into the various categories previously discussed. Any discrepancies between the two categorization attempts were researched and resolved. To ensure

<sup>8</sup>Ninety-nine percent of supervisors in the dataset were categorized as 'not covered under a bargaining unit' (NBU), which aligns with our understanding that supervisory positions, by definition, will not be covered by a bargaining unit according to 5 U.S.C. Section 7112.

the accuracy of the statistical analyses, the analyses were conducted twice by separate consultants using different analysis programs (i.e., SAS, SPSS, Excel, or HR Equator). These separate analyses yielded identical results.

### Data Analysis Methodology

The OIGs for each agency agreed that the analyses would be conducted at two levels for all agencies: Overall (i.e., all employees for each target year) and by bargaining unit status (i.e. BU v. NBU). Each agency then determined other levels of analysis that made sense for the agency. The Treasury OIG asked that analyses also be conducted by pay-band level (i.e., Sr Exec = NB8-NB9, Mid Mgmt = NB5-NB7, Other = NB1-NB4) and by supervisory status.

To compare the differences in the mean performance ratings across gender, race/ethnicity, age, and bargaining unit status, tests of both statistical significance and practical significance were used.<sup>9</sup> Tests of statistical significance indicate the probability that the group difference could have been due to chance. A statistically significant result does not imply that a difference is good or bad or that it is large or small. Instead it simply indicates that the observed difference is probably not due to chance. In contrast, tests of practical significance provide an indication of the size of the difference.

To determine if the group differences were statistically significant, t-tests were used.<sup>10</sup> DCI used two-tailed tests, which assess rating differences in both directions (e.g., differences that favor males as well as differences that favor females) and an alpha level of .05. Both standards are common in social science research. An alpha level of .05 indicates that the probability of a false positive (i.e., a statistically significant result that is incorrect) is 5 percent. This threshold for identifying a statistically significant difference generally corresponds to a t-value of 1.96 (although this value may vary slightly depending on sample size). Any t-value highlighted in the results tables was statistically significant at an alpha level of .05.

To determine practical significance, two measures were used: the percent differences between the two groups and d-scores. A d-score indicates the size of the difference in terms of standard deviations. That is, a d of 1.0 indicates that the two groups differed by a full standard deviation (a large effect) whereas a d of 0.10 indicates that the two groups differed by a tenth of a standard deviation (a small effect).

<sup>9</sup> Statistical analyses were only conducted when comparisons included 5 or more employees in each group. This decision was based on professional judgment. Small sample results are often non-representative, unstable and can change substantially with small changes in the data. Samples too small for analyses are labeled n/a in results tables.

<sup>10</sup> For each comparison, we tested the assumption of equal variances between the two groups. If this test indicated unequal variances, a t-test for unequal variances was used (Welch's t-test). If the Welch's t-test changed the significance interpretation from that of the initial Student's t-test, the Welch's t-test value was listed in the table.

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Table 5 will be helpful in interpreting the d-scores observed for the OCC. The table summarizes a combination of d-scores obtained in a meta-analysis<sup>11</sup> by Roth, Huffcutt, and Bobko (2003)<sup>12</sup> on racial differences, a meta-analysis by McKay and McDaniel (2006)<sup>13</sup> on White-Black differences, a meta-analysis by Roth, Purvis, and Bobko (2012)<sup>14</sup> on gender differences, as well as internal research conducted by DCI. Thus, Table 5 represents the gender and race/ethnicity differences that are “typically found” in studies of performance appraisal differences. There have been no meta-analyses comparing performance ratings of employees over and under 40, nor for additional race/ethnicity comparison pairings (i.e., White – Native Hawaiian/Pacific Islander or White – American Indian/Alaskan Native) or employee bargaining statuses.

Table 5. “Typical” D-Scores Found in Performance Rating Studies

Comparison	Level of Analysis	
	Company Wide	By Title
Male – Female	-0.07	-0.08
White – Black	0.34	0.22
White – Hispanic	0.14	0.07
White – Asian	0.08	0.00

Note: Negative d-scores indicate females have higher ratings than males. D-scores computed by title reflect average performance differences between protected class subgroups within specific titles, rather than company-wide. Thus, analyses conducted by title are conducted at a finer level of analysis than are analyses conducted company-wide, such that employees are more similar to one another in each cross-section of employees that are analyzed.

<sup>11</sup> A meta-analysis is a study that statistically combines the results of all previous studies conducted on a topic. These studies combine data over time (e.g., some source studies date back to the 1960s) and from a variety of jobs (e.g., blue collar and white collar) in different settings (e.g., private, public and military) to identify “typical” findings. In this context, the results of a meta-analysis are a series of effect sizes (d-scores) that provide a single source summary of previous research. Interested readers should refer to the references below for more information related to specific studies.

<sup>12</sup> Roth, P. L., Huffcutt, A. I., & Bobko, P. (2003). Ethnic group differences in measures of job performance: A meta-analysis. *Journal of Applied Psychology, 88*(4), 694-706.

<sup>13</sup> McKay, P. F., & McDaniel, M. A. (2006). A reexamination of Black-White mean differences in work performance: More data, more moderators. *Journal of Applied Psychology, 91*(3), 538-554.

<sup>14</sup> Roth, P. L., Purvis, K. L., & Bobko, P. (2012). A meta-analysis of gender group differences for measures of job performance in field studies. *Journal of Management, 38*(2), 719-739.

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## Analysis Results

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### Gender

Table 6 presents the results of performance rating differences between females and males. There were statistically significant gender differences in the overall performance ratings administered in FY 2013 where females were rated higher than males at a statistically significant level. The effect size (i.e., the d-statistic) for the statistically significant finding ( $d = -0.09$ ) is similar to the effect sizes normally seen for gender ( $d = -0.07$ ) and is considered small in magnitude. No statistically significant differences were found in the overall performance ratings administered in FY 2011 or FY 2012 for females and males.

Statistically significant gender differences in performance ratings were identified when analyzing the other unit of analysis (i.e., pay-band level, supervisory status, or bargaining unit status) in each of the performance years. All of the statistically significant gender differences indicated that females received higher ratings than males *and* effect sizes were largely similar to (with a few exceptions) the  $-0.07$  effect size normally found in female to male comparisons of performance ratings. The results are outlined in more detail below with the d-statistics for each of the statistically significant differences in parentheses:

FY 2011:

- NB1-NB4 ( $d = -0.17$ )

FY 2012:

- NB1-NB4 ( $d = -0.24$ )
- NB5-NB7 ( $d = -0.09$ )
- Non-supervisors ( $d = -0.09$ )

FY 2013:

- NB1-NB4 ( $d = -0.30$ )
- NB5-NB7 ( $d = -0.11$ )
- Non-supervisors ( $d = -0.13$ )
- Bargaining unit ( $d = -0.09$ )

In analyzing the trend across the three performance years, the size of the gender differences, as well as the number of units of analysis (e.g., pay-band level, supervisory status) where differences were statistically significant, increased from year to year.



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Table 6. Analysis Results - Gender Comparison

Year/Unit of Analysis	Count		Avg Rating		Statistics		
	M	F	M	F	t-value	% diff	d
<b>FY 2013</b>							
<b>Overall</b>	2036	1711	3.21	3.25	-2.88	-1.3	-0.09
<b>Level</b>							
Sr Exec (NB8-NB9)	32	15	3.69	3.80	-0.72	-3.0	-0.22
Mid Mgmt (NB5-NB7)	1545	1091	3.25	3.30	-2.72	-1.5	-0.11
Other (NB1-NB4)	459	605	3.06	3.16	-4.79	-3.2	-0.30
<b>Supervisory Status</b>							
Supervisor	193	113	3.48	3.45	0.42	0.7	0.05
Non-Supervisor	1843	1598	3.19	3.24	-3.80	-1.7	-0.13
<b>Bargaining Unit Status</b>							
Yes	1633	1321	3.16	3.20	-2.51	-1.2	-0.09
No	403	390	3.41	3.44	-0.61	-0.6	-0.04
<b>FY 2012</b>							
<b>Overall</b>	1906	1624	3.22	3.25	-1.70	-0.8	-0.06
<b>Level</b>							
Sr Exec (NB8-NB9)	33	14	3.79	3.86	-0.54	-1.8	-0.17
Mid Mgmt (NB5-NB7)	1490	1012	3.25	3.29	-2.10	-1.2	-0.09
Other (NB1-NB4)	383	598	3.08	3.17	-3.74	-2.8	-0.24
<b>Supervisory Status</b>							
Supervisor	194	110	3.46	3.43	0.52	0.9	0.06
Non-Supervisor	1712	1514	3.20	3.24	-2.59	-1.2	-0.09
<b>Bargaining Unit Status</b>							
Yes	1530	1264	3.18	3.20	-1.35	-0.7	-0.05
No	376	360	3.40	3.42	-0.41	-0.4	-0.03
<b>FY 2011</b>							
<b>Overall</b>	1830	1558	3.32	3.30	0.96	0.5	0.03
<b>Level</b>							
Sr Exec (NB8-NB9)	31	14	3.71	3.86	-1.06	-3.8	-0.34
Mid Mgmt (NB5-NB7)	1437	978	3.36	3.36	0.01	0.0	0.00
Other (NB1-NB4)	362	566	3.13	3.19	-2.55	-2.1	-0.17
<b>Supervisory Status</b>							
Supervisor	180	99	3.58	3.55	0.61	1.1	0.08
Non-Supervisor	1650	1459	3.29	3.29	0.19	0.1	0.01
<b>Bargaining Unit Status</b>							
Yes	1462	1233	3.26	3.26	0.20	0.1	0.01
No	368	325	3.55	3.48	1.88	2.1	0.14

Note: Negative t-values indicate women received higher ratings than men  
t-values highlighted in orange indicate that the t-value is statistically significant favoring women  
t-values highlighted in gray indicate that the t-value is statistically significant favoring men

## Race/Ethnicity

### White to African-American Comparison

As shown in Table 7, there were statistically significant differences between performance ratings of Whites and African Americans and the results are largely consistent across years. In each year, the performance ratings of Whites were higher than those of African Americans at a statistically significant level. Specifically, the following levels of analysis produced statistically significant differences across all three years: (a) overall workforce, (b) NB5-NB7, (c) non-supervisors, (d) bargaining unit status, and (e) non-bargaining unit status. Additionally, in FY 2012, Whites in NB1-NB4 positions received higher performance ratings, at a statistically significant level, than African Americans ( $d = 0.18$ ).

The effect sizes for the statistically significant findings were smaller than the 0.34 normally found in White to African American comparisons of performance ratings. The range of the  $d$ -statistics for the statistically significant differences across years are below:

- Overall workforce (0.22 to 0.28)
- NB5-NB7 (0.21 to 0.27)
- Non-supervisors (0.21 to 0.26)
- Bargaining unit (0.26 to 0.29)
- Non-bargaining unit (0.19 to 0.26)

In analyzing the trend across the three performance years, the size of the race/ethnicity differences decreased in magnitude from year to year. The exception is for NB1-NB4 positions; FY 2012 was the only year this race/ethnicity difference was statistically significant.

### White to Hispanic Comparison

Table 8 presents the results of performance rating differences between Whites and Hispanics. There were statistically significant race/ethnicity differences in the overall performance ratings administered in FY 2011 and FY 2013 where Whites were rated higher than Hispanics at a statistically significant level. The effect sizes for the statistically significant findings (i.e., 0.21 and 0.17, for FY 2011 and FY 2013, respectively) are slightly larger than the effect sizes normally seen for White-Hispanic performance differences ( $d = 0.14$ ). No statistically significant differences were found in the overall performance ratings administered in FY 2012.

Statistically significant race/ethnicity differences in performance ratings were also identified when analyzing the other units of analysis (i.e., pay-band level, supervisory status, or bargaining unit status) in FY 2011 and FY 2013. All of the statistically significant performance differences indicated that White employees were rated higher than Hispanic employees *and* effect sizes were generally larger than the 0.14 effect size normally found in White-Hispanic comparisons of

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Table 7. Analysis Results - Race: White to African American Comparison

Year/Unit of Analysis	Count		Avg Rating		Statistics		
	W	AA	W	AA	t-value	% diff	d
<b>FY 2013</b>							
<b>Overall</b>	2563	613	3.26	3.16	4.95	3.1	0.22
<b>Level</b>							
Sr Exec (NB8-NB9)	40	6	3.73	3.83	-0.50	-2.8	-0.22
Mid Mgmt (NB5-NB7)	1904	341	3.29	3.19	3.59	3.0	0.21
Other (NB1-NB4)	619	266	3.13	3.10	1.06	0.9	0.08
<b>Supervisory Status</b>							
Supervisor	231	33	3.50	3.42	0.78	2.1	0.14
Non-Supervisor	2332	580	3.23	3.14	4.51	2.8	0.21
<b>Bargaining Unit Status</b>							
Yes	1996	470	3.20	3.10	4.98	3.3	0.26
No	567	143	3.45	3.36	1.99	2.8	0.19
<b>FY 2012</b>							
<b>Overall</b>	2460	561	3.26	3.14	5.79	3.8	0.27
<b>Level</b>							
Sr Exec (NB8-NB9)	40	6	3.83	3.67	0.90	4.3	0.39
Mid Mgmt (NB5-NB7)	1848	313	3.28	3.17	3.89	3.4	0.24
Other (NB1-NB4)	572	242	3.15	3.09	2.38	2.2	0.18
<b>Supervisory Status</b>							
Supervisor	238	33	3.47	3.33	1.42	4.0	0.26
Non-Supervisor	2222	528	3.24	3.13	5.26	3.5	0.25
<b>Bargaining Unit Status</b>							
Yes	1921	440	3.21	3.09	5.52	3.8	0.29
No	539	121	3.44	3.32	2.31	3.5	0.23
<b>FY 2011</b>							
<b>Overall</b>	2382	545	3.35	3.21	5.91	4.1	0.28
<b>Level</b>							
Sr Exec (NB8-NB9)	37	6	3.78	3.67	0.62	3.2	0.27
Mid Mgmt (NB5-NB7)	1813	307	3.38	3.25	4.30	3.9	0.27
Other (NB1-NB4)	532	232	3.19	3.15	1.31	1.3	0.10
<b>Supervisory Status</b>							
Supervisor	225	27	3.59	3.48	1.04	3.0	0.21
Non-Supervisor	2157	518	3.32	3.20	5.35	3.8	0.26
<b>Bargaining Unit Status</b>							
Yes	1867	431	3.29	3.16	5.46	4.1	0.29
No	515	114	3.54	3.41	2.50	3.8	0.26

Note: Negative t-values indicate African Americans received higher ratings than Whites  
t-values highlighted in orange indicate that the t-value is statistically significant favoring African Americans  
t-values highlighted in gray indicate that the t-value is statistically significant favoring Whites

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Table 8. Analysis Results - Race: White to Hispanic Comparison

Year/Unit of Analysis	Count		Avg Rating		Statistics		
	W	H	W	H	t-value	% diff	d
<b>FY 2013</b>							
<b>Overall</b>	2563	241	3.26	3.18	2.52	2.4	0.17
<b>Level</b>							
Sr Exec (NB8-NB9)	40	1	3.73	n/a	n/a	n/a	n/a
Mid Mgmt (NB5-NB7)	1904	148	3.29	3.20	2.22	2.7	0.19
Other (NB1-NB4)	619	92	3.13	3.15	-0.59	-0.7	-0.07
<b>Supervisory Status</b>							
Supervisor	231	21	3.50	3.24	2.26	8.0	0.52
Non-Supervisor	2332	220	3.23	3.18	2.03	1.8	0.13
<b>Bargaining Unit Status</b>							
Yes	1996	201	3.20	3.15	1.78	1.7	0.13
No	567	40	3.45	3.35	1.21	3.0	0.20
<b>FY 2012</b>							
<b>Overall</b>	2460	223	3.26	3.23	0.85	0.8	0.06
<b>Level</b>							
Sr Exec (NB8-NB9)	40	1	3.83	n/a	n/a	n/a	n/a
Mid Mgmt (NB5-NB7)	1848	133	3.28	3.25	0.78	1.0	0.07
Other (NB1-NB4)	572	89	3.15	3.20	-1.14	-1.5	-0.13
<b>Supervisory Status</b>							
Supervisor	238	17	3.47	3.47	-0.03	-0.1	-0.01
Non-Supervisor	2222	206	3.24	3.21	0.76	0.7	0.06
<b>Bargaining Unit Status</b>							
Yes	1921	185	3.21	3.20	0.29	0.3	0.02
No	539	38	3.44	3.39	0.52	1.3	0.09
<b>FY 2011</b>							
<b>Overall</b>	2382	196	3.35	3.24	2.84	3.1	0.21
<b>Level</b>							
Sr Exec (NB8-NB9)	37	1	3.78	n/a	n/a	n/a	n/a
Mid Mgmt (NB5-NB7)	1813	113	3.38	3.33	1.16	1.6	0.11
Other (NB1-NB4)	532	82	3.19	3.13	1.17	1.7	0.14
<b>Supervisory Status</b>							
Supervisor	225	14	3.59	3.50	0.64	2.5	0.18
Non-Supervisor	2157	182	3.32	3.23	2.63	2.9	0.20
<b>Bargaining Unit Status</b>							
Yes	1867	163	3.29	3.20	2.55	3.0	0.21
No	515	33	3.54	3.48	0.63	1.6	0.11

Note: Negative t-values indicate Hispanics received higher ratings than Whites  
t-values highlighted in orange indicate that the t-value is statistically significant favoring Hispanics  
t-values highlighted in gray indicate that the t-value is statistically significant favoring Whites

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performance ratings. The results are outlined in more detail below with the d-statistics for each of the statistically significant differences in parentheses:

FY 2011:

- Non-supervisor (d = 0.20)
- Bargaining unit (d = 0.21)

FY 2013:

- NB5-NB7 (d = 0.19)
- Supervisor (d = 0.52)<sup>15</sup>
- Non-supervisor (d = 0.13)

#### White to Asian Comparison

As shown in Table 9, there were no statistically significant overall performance rating differences between Whites and Asians across all three years. In fact, regardless of how the workforce was divided (i.e., pay-band levels, supervisory status, or bargaining unit status) there were no statistically significant differences in any of the three performance years.

It should be noted, however, that there were not enough Asians at the NB8-NB9 pay-band level, in any of the three performance years, to test for statistically significant race/ethnicity differences. Only one Asian employee was in a NB8-NB9 position in FY 2011.

#### White to American Indian/Alaskan Native Comparison

Table 10 presents the results of performance rating differences between Whites and American Indians/Alaskan Natives. There were no statistically significant overall performance rating differences across any of the performance years (i.e., FY 2011, FY 2012, or FY 2013). Furthermore, no additional units of analysis (i.e., pay-band levels, supervisory status, or bargaining unit status) identified any statistically significant race/ethnicity differences in performance ratings for FY 2011 or FY 2012.

Whites in non-bargaining unit positions received higher performance ratings than American Indians/Alaskan Natives at a statistically significant level (d=0.89) in FY 2013. This effect size should be interpreted with caution as only five American Indians/Alaskan Natives were included in the analysis.

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<sup>15</sup> This effect size was the largest in White-Hispanic comparisons. We suggest that this result be interpreted with caution as a small number of Hispanic supervisors (i.e., 21) were included in the analysis.

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Table 9. Analysis Results - Race: White to Asian Comparison

Year/Unit of Analysis	Count		Avg Rating		Statistics		
	W	A	W	A	t-value	% diff	d
<b>FY 2013</b>							
<b>Overall</b>	2563	253	3.26	3.23	0.98	0.9	0.06
<b>Level</b>							
Sr Exec (NB8-NB9)	40	0	3.73	n/a	n/a	n/a	n/a
Mid Mgmt (NB5-NB7)	1904	194	3.29	3.27	0.63	0.7	0.05
Other (NB1-NB4)	619	59	3.13	3.10	0.59	0.9	0.08
<b>Supervisory Status</b>							
Supervisor	231	17	3.50	3.41	0.67	2.5	0.17
Non-Supervisor	2332	236	3.23	3.22	0.61	0.6	0.04
<b>Bargaining Unit Status</b>							
Yes	1996	221	3.20	3.20	-0.01	0.0	0.00
No	567	32	3.45	3.41	0.47	1.3	0.09
<b>FY 2012</b>							
<b>Overall</b>	2460	221	3.26	3.22	1.21	1.2	0.09
<b>Level</b>							
Sr Exec (NB8-NB9)	40	0	3.83	n/a	n/a	n/a	n/a
Mid Mgmt (NB5-NB7)	1848	169	3.28	3.27	0.38	0.4	0.03
Other (NB1-NB4)	572	52	3.15	3.08	1.48	2.5	0.21
<b>Supervisory Status</b>							
Supervisor	238	13	3.47	3.38	0.56	2.4	0.16
Non-Supervisor	2222	208	3.24	3.21	0.83	0.8	0.06
<b>Bargaining Unit Status</b>							
Yes	1921	191	3.21	3.20	0.16	0.2	0.01
No	539	30	3.44	3.33	1.11	3.2	0.21
<b>FY 2011</b>							
<b>Overall</b>	2382	203	3.35	3.29	1.71	1.8	0.12
<b>Level</b>							
Sr Exec (NB8-NB9)	37	1	3.78	n/a	n/a	n/a	n/a
Mid Mgmt (NB5-NB7)	1813	142	3.38	3.33	1.20	1.5	0.10
Other (NB1-NB4)	532	60	3.19	3.17	0.40	0.7	0.05
<b>Supervisory Status</b>							
Supervisor	225	12	3.59	3.58	0.02	0.1	0.01
Non-Supervisor	2157	191	3.32	3.27	1.50	1.6	0.11
<b>Bargaining Unit Status</b>							
Yes	1867	178	3.29	3.25	1.22	1.3	0.10
No	515	25	3.54	3.56	-0.18	-0.5	-0.04

Note: Negative t-values indicate Asians received higher ratings than Whites  
t-values highlighted in orange indicate that the t-value is statistically significant favoring Asians  
t-values highlighted in gray indicate that the t-value is statistically significant favoring Whites

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Table 10. Analysis Results - Race: White to American Indian/Alaskan Native Comparison

Year/Unit of Analysis	Count		Avg Rating		Statistics		
	W	AI	W	AI	t-value	% diff	d
<b>FY 2013</b>							
<b>Overall</b>	2563	28	3.26	3.14	1.35	3.7	0.26
<b>Level</b>							
Sr Exec (NB8-NB9)	40	0	3.73	n/a	n/a	n/a	n/a
Mid Mgmt (NB5-NB7)	1904	24	3.29	3.17	1.30	3.9	0.27
Other (NB1-NB4)	619	4	3.13	n/a	n/a	n/a	n/a
<b>Supervisory Status</b>							
Supervisor	231	1	3.50	n/a	n/a	n/a	n/a
Non-Supervisor	2332	27	3.23	3.15	1.02	2.7	0.20
<b>Bargaining Unit Status</b>							
Yes	1996	23	3.20	3.17	0.34	0.9	0.07
No	567	5	3.45	3.00	1.99	15.0	0.89
<b>FY 2012</b>							
<b>Overall</b>	2460	27	3.26	3.11	1.71	4.8	0.33
<b>Level</b>							
Sr Exec (NB8-NB9)	40	0	3.83	n/a	n/a	n/a	n/a
Mid Mgmt (NB5-NB7)	1848	23	3.28	3.13	1.55	4.8	0.33
Other (NB1-NB4)	572	4	3.15	n/a	n/a	n/a	n/a
<b>Supervisory Status</b>							
Supervisor	238	1	3.47	n/a	n/a	n/a	n/a
Non-Supervisor	2222	26	3.24	3.12	1.42	3.9	0.28
<b>Bargaining Unit Status</b>							
Yes	1921	22	3.21	3.09	1.32	3.8	0.28
No	539	5	3.44	3.20	1.04	7.5	0.47
<b>FY 2011</b>							
<b>Overall</b>	2382	28	3.35	3.21	1.44	4.1	0.27
<b>Level</b>							
Sr Exec (NB8-NB9)	37	0	3.78	n/a	n/a	n/a	n/a
Mid Mgmt (NB5-NB7)	1813	24	3.38	3.25	1.32	4.1	0.27
Other (NB1-NB4)	532	4	3.19	n/a	n/a	n/a	n/a
<b>Supervisory Status</b>							
Supervisor	225	1	3.59	n/a	n/a	n/a	n/a
Non-Supervisor	2157	27	3.32	3.22	1.08	3.0	0.21
<b>Bargaining Unit Status</b>							
Yes	1867	24	3.29	3.21	0.88	2.6	0.18
No	515	4	3.54	n/a	n/a	n/a	n/a

Note: Negative t-values indicate American Indians received higher ratings than Whites  
t-values highlighted in orange indicate that the t-value is statistically significant favoring American Indians  
t-values highlighted in gray indicate that the t-value is statistically significant favoring Whites

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Note, that small sample sizes prevented examination of performance ratings in NB8-NB9, NB1-NB4, and supervisor positions across all three years. Additionally, there were too few individuals to report on non-bargaining unit positions in FY 2011.

#### White to Native Hawaiian/Pacific Islander Comparison

As shown in Table 11, many analyses were not conducted for White-Native Hawaiian/Pacific Islander performance differences, as there were generally too few Native Hawaiian/Pacific Islanders in the workforce.<sup>16</sup> For FY 2011, analyses could only be conducted for the overall workforce and non-supervisors. For FY 2013, analyses could only be conducted for the overall workforce, non-supervisors, and bargaining unit employees. No analyses were conducted for FY 2012 due to small sample sizes.

There were statistically significant race/ethnicity differences in performance ratings that were identified for FY 2011 and FY 2013. The statistically significant race/ethnicity differences in performance ratings indicated that White employees were rated higher than Native Hawaiian/Pacific Islander employees. The results are outlined in more detail below with the d-statistics for each of the statistically significant differences in parentheses:

FY 2011:

- Overall (d = 0.72)
- Non-supervisor (d = 0.68)

FY 2013:

- Non-supervisor (d = 0.54)
- Bargaining unit (d = 0.49)

It is important to note that these results should be interpreted with caution as no more than six Native Hawaiians/Pacific Islanders were included in any of the individual analyses.

#### Age

Table 12 presents the results of performance rating differences between employees 40 and over and employees under 40. There were statistically significant age differences in the overall performance ratings administered in FY 2011, FY 2012, and FY 2013 where older employees (40 and over) were rated higher than younger employees (under 40) at a statistically significant level. This is a finding that makes some sense, given that older employees probably have more experience than younger employees, but the direction of this statistically significant difference is not what DCI typically observes in these types of analyses. The effect size for the statistically significant findings were -0.32,-0.22, and -0.18 for FY 2011, FY 2012, and FY 2013.

<sup>16</sup> A minimum of five individuals was needed in each group in order to conduct an analysis of performance differences.



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Table 11. Analysis Results - Race: White to Native Hawaiian/Pacific Islander Comparison

Year/Unit of Analysis	Count		Avg Rating		Statistics		
	W	NH	W	NH	t-value	% diff	d
<b>FY 2013</b>							
<b>Overall</b>	2563	6	3.26	3.17	0.50	2.9	0.20
<b>Level</b>							
Sr Exec (NB8-NB9)	40	0	3.73	n/a	n/a	n/a	n/a
Mid Mgmt (NB5-NB7)	1904	2	3.29	n/a	n/a	n/a	n/a
Other (NB1-NB4)	619	4	3.13	n/a	n/a	n/a	n/a
<b>Supervisory Status</b>							
Supervisor	231	1	3.50	n/a	n/a	n/a	n/a
Non-Supervisor	2332	5	3.23	3.00	26.02	7.8	0.54
<b>Bargaining Unit Status</b>							
Yes	1996	5	3.20	3.00	21.90	6.8	0.49
No	567	1	3.45	n/a	n/a	n/a	n/a
<b>FY 2012</b>							
<b>Overall</b>	2460	4	3.26	n/a	n/a	n/a	n/a
<b>Level</b>							
Sr Exec (NB8-NB9)	40	0	3.83	n/a	n/a	n/a	n/a
Mid Mgmt (NB5-NB7)	1848	1	3.28	n/a	n/a	n/a	n/a
Other (NB1-NB4)	572	3	3.15	n/a	n/a	n/a	n/a
<b>Supervisory Status</b>							
Supervisor	238	0	3.47	n/a	n/a	n/a	n/a
Non-Supervisor	2222	4	3.24	n/a	n/a	n/a	n/a
<b>Bargaining Unit Status</b>							
Yes	1921	4	3.21	n/a	n/a	n/a	n/a
No	539	0	3.44	n/a	n/a	n/a	n/a
<b>FY 2011</b>							
<b>Overall</b>	2382	5	3.35	3.00	35.22	11.5	0.72
<b>Level</b>							
Sr Exec (NB8-NB9)	37	0	3.78	n/a	n/a	n/a	n/a
Mid Mgmt (NB5-NB7)	1813	1	3.38	n/a	n/a	n/a	n/a
Other (NB1-NB4)	532	4	3.19	n/a	n/a	n/a	n/a
<b>Supervisory Status</b>							
Supervisor	225	0	3.59	n/a	n/a	n/a	n/a
Non-Supervisor	2157	5	3.32	3.00	31.64	10.7	0.68
<b>Bargaining Unit Status</b>							
Yes	1867	4	3.29	n/a	n/a	n/a	n/a
No	515	1	3.54	n/a	n/a	n/a	n/a

Note: Negative t-values indicate Native Hawaiians received higher ratings than Whites  
t-values highlighted in orange indicate that the t-value is statistically significant favoring Native Hawaiians  
t-values highlighted in gray indicate that the t-value is statistically significant favoring Whites

Appendix 3  
 DCI Consulting Report: An Analysis of Gender, Race, and Age Differences in  
 Performance Ratings of OCC Employees: FY 2011 – FY 2013

Table 12. Analysis Results - Age Comparison

Year/Unit of Analysis	Count		Avg Rating		Statistics		
	<40	≥40	<40	≥40	t-value	% diff	d
<b>FY 2013</b>							
<b>Overall</b>	1275	2472	3.18	3.26	-5.19	-2.4	-0.18
<b>Level</b>							
Sr Exec (NB8-NB9)	1	46	n/a	3.72	n/a	n/a	n/a
Mid Mgmt (NB5-NB7)	576	2060	3.29	3.26	1.23	0.8	0.06
Other (NB1-NB4)	698	366	3.09	3.17	-3.77	-2.7	-0.24
<b>Supervisory Status</b>							
Supervisor	13	293	3.54	3.46	0.52	2.1	0.15
Non-Supervisor	1262	2179	3.18	3.23	-3.60	-1.7	-0.13
<b>Bargaining Unit Status</b>							
Yes	1153	1801	3.16	3.20	-2.67	-1.3	-0.10
No	122	671	3.42	3.43	-0.17	-0.2	-0.02
<b>FY 2012</b>							
<b>Overall</b>	1100	2430	3.17	3.27	-6.17	-3.0	-0.22
<b>Level</b>							
Sr Exec (NB8-NB9)	1	46	n/a	3.80	n/a	n/a	n/a
Mid Mgmt (NB5-NB7)	469	2033	3.27	3.26	0.21	0.1	0.01
Other (NB1-NB4)	630	351	3.09	3.21	-5.02	-3.8	-0.33
<b>Supervisory Status</b>							
Supervisor	11	293	3.36	3.45	-0.56	-2.5	-0.17
Non-Supervisor	1089	2137	3.17	3.24	-4.70	-2.3	-0.17
<b>Bargaining Unit Status</b>							
Yes	1014	1780	3.15	3.21	-3.44	-1.7	-0.14
No	86	650	3.34	3.42	-1.46	-2.5	-0.17
<b>FY 2011</b>							
<b>Overall</b>	957	2431	3.21	3.35	-8.32	-4.4	-0.32
<b>Level</b>							
Sr Exec (NB8-NB9)	1	44	n/a	3.75	n/a	n/a	n/a
Mid Mgmt (NB5-NB7)	379	2036	3.33	3.36	-1.40	-1.1	-0.08
Other (NB1-NB4)	577	351	3.12	3.24	-4.34	-3.5	-0.29
<b>Supervisory Status</b>							
Supervisor	8	271	3.75	3.56	1.04	5.2	0.37
Non-Supervisor	949	2160	3.20	3.33	-7.08	-3.8	-0.28
<b>Bargaining Unit Status</b>							
Yes	893	1802	3.18	3.30	-6.27	-3.5	-0.26
No	64	629	3.52	3.52	0.01	0.0	0.00

Note: Negative t-values indicate those 40 years of age or older received higher ratings than those younger than 40 years of age  
 t-values highlighted in orange indicate that the t-value is statistically significant favoring those 40 years of age or older  
 t-values highlighted in gray indicate that the t-value is statistically significant favoring those younger than 40 years of age

Statistically significant age differences in performance ratings were also identified when analyzing the other units of analysis (i.e., pay-band level, supervisory status, and bargaining unit status) across each of the performance years. Each of the statistically significant age differences indicated that older employees were rated higher than younger employees. The range of the d-statistics for the statistically significant differences across years are provided below:

- NB1-NB4 (-0.24 to -0.33)
- Non-supervisors (-0.13 to -0.28)
- Bargaining unit (-0.10 to -0.26)

No results are reported for NB8-NB9, for any year, given the lack of younger individuals in those positions.

In analyzing the trend across the three performance years, the size of the age differences generally decreased in magnitude from year to year.

### Bargaining Unit Status

As shown in Table 13, there were statistically significant bargaining unit status differences in the overall performance ratings administered in FY 2011, FY 2012, and FY 2013 where employees in non-bargaining positions were rated higher than employees in bargaining unit positions at a statistically significant level. The effect sizes for the statistically significant findings were 0.56, 0.52, and 0.58 for FY 2011, FY 2012, and FY 2013.

Statistically significant bargaining unit differences in performance ratings were also identified when analyzing two other units of analysis (i.e., pay-band level and supervisory status) across each of the performance years. Each of the statistically significant differences indicated that employees in non-bargaining positions received higher ratings than employees in bargaining unit positions. The effect sizes for the statistically significant findings are provided below:

- NB5-NB7 (0.36 to 0.43)
- NB1-NB4 (0.67 to 0.83)
- Non-supervisors (0.49 to 0.52)

No results are reported for NB8-NB9 and supervisors due to small sample sizes. These small sample sizes are to be expected given that supervisory roles are often not eligible for coverage under a bargaining unit.

In analyzing the trend across the three performance years, the size of the statistically significant differences is largely the same across all three years. Though, some of the units of analysis had smaller effect sizes in FY 2012, compared to FY 2011 and FY 2013.

Appendix 3  
 DCI Consulting Report: An Analysis of Gender, Race, and Age Differences in  
 Performance Ratings of OCC Employees: FY 2011 – FY 2013

Table 13. Analysis Results - Bargaining Unit Comparison

Year/Unit of Analysis	Count		Avg Rating		Statistics		
	NBU	BU	NBU	BU	t-value	% diff	d
<b>FY 2013</b>							
Overall	793	2954	3.42	3.18	14.38	7.7	0.58
<b>Level</b>							
Sr Exec (NB8-NB9)	47	0	3.72	n/a	n/a	n/a	n/a
Mid Mgmt (NB5-NB7)	693	1943	3.41	3.22	9.76	6.0	0.43
Other (NB1-NB4)	53	1011	3.34	3.11	4.75	7.5	0.67
<b>Supervisory Status</b>							
Supervisor	306	0	3.47	n/a	n/a	n/a	n/a
Non-Supervisor	487	2954	3.40	3.18	10.69	6.8	0.52
<b>FY 2012</b>							
Overall	736	2794	3.41	3.19	12.60	7.0	0.52
<b>Level</b>							
Sr Exec (NB8-NB9)	47	0	3.81	n/a	n/a	n/a	n/a
Mid Mgmt (NB5-NB7)	647	1855	3.38	3.22	7.99	5.1	0.36
Other (NB1-NB4)	42	939	3.40	3.12	4.90	9.0	0.77
<b>Supervisory Status</b>							
Supervisor	303	1	3.45	n/a	n/a	n/a	n/a
Non-Supervisor	433	2793	3.39	3.19	9.22	6.3	0.48
<b>FY 2011</b>							
Overall	693	2695	3.52	3.26	13.07	7.8	0.56
<b>Level</b>							
Sr Exec (NB8-NB9)	45	0	3.76	n/a	n/a	n/a	n/a
Mid Mgmt (NB5-NB7)	608	1807	3.50	3.31	8.44	5.7	0.40
Other (NB1-NB4)	40	888	3.48	3.15	5.11	10.2	0.83
<b>Supervisory Status</b>							
Supervisor	277	2	3.57	n/a	n/a	n/a	n/a
Non-Supervisor	416	2693	3.48	3.26	9.25	6.8	0.49

Note: Negative t-values indicate employees in a bargaining unit received higher ratings than employees not in a bargaining unit  
 t-values highlighted in orange indicate that the t-value is statistically significant favoring employees in a bargaining unit  
 t-values highlighted in gray indicate that the t-value is statistically significant favoring employees not in a bargaining unit

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## Conclusions and Discussion

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This report summarized the methodology and results of analyses related to subgroup differences on overall performance ratings administered in FY 2011, FY 2012, and FY 2013 at OCC. These analyses were conducted to detect potential performance rating differences based on gender, race/ethnicity age and bargaining status. Analyses were conducted at a variety of levels of analysis. Both statistical significance tests (e.g., t-tests) and effect sizes (e.g., d-scores) were evaluated to determine whether differences were meaningful. Standard social science criteria (e.g.,  $\alpha = .05$ ) were used to interpret statistical significance, and effect sizes were compared to typical results found in the personnel selection research literature.

In summarizing the results of the most recent performance period analyzed, FY 2013, there are statistically significant gender, race/ethnicity, and age differences. For gender, all statistically significant differences were in favor of female employees. For age, all statistically significant differences were in favor of older employees. The effect sizes found for the gender analyses were largely similar to those normally found in female to male comparisons of performance ratings ( $d = -0.07$ ) and the effect sizes found for the age analyses were generally small in magnitude.

For race/ethnicity, statistically significant performance differences were found such that Whites were rated higher than African Americans across the overall workforce. The driving factors behind this result were the statistically significant race/ethnicity differences on the following units of analysis: NB5-NB7 pay-band level, non-supervisory positions, and bargaining status (both BU and NBU).<sup>17</sup> That being said, the effect sizes for the race/ethnicity differences were smaller than those normally found in White-African American comparisons of performance ratings ( $d = 0.34$ ).

Statistically significant performance differences were also found such that Whites were rated higher than Hispanics across the overall workforce. The driving factors behind this result were the statistically significant race/ethnicity differences on NB5-NB7 and non-supervisory positions. Although a statistically significant race/ethnicity difference was also identified for supervisory positions, the sample size for this comparison was too small to confidently interpret the results. The effect sizes for the statistically significant White-Hispanic differences were larger than normally found in these types of studies (i.e., generally larger than  $d = 0.14$ ).

There were no statistically significant differences between Whites and Asians, regardless of the unit of analysis. Similarly, few statistically significant differences were found between Whites and American Indians/Alaskan Natives and Whites and Native Hawaiians/Pacific Islanders. Although analyses of these two groups did produce five statistically significant race/ethnicity differences, the sample sizes were too small in these analyses to confidently interpret the results.

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<sup>17</sup> The White-African American analysis was the only comparison that identified statistically significant differences in both bargaining unit and non-bargaining unit positions across all three years, favoring Whites.

In looking at the two earlier years, FY 2011 and FY 2012, the findings are generally consistent with those for FY 2013. In other words, the statistically significant gender, race/ethnicity, or age differences on performance ratings across the overall workforce are largely driven by statistically significant differences at the NB5-NB7 or non-supervisory level of analysis. The notable exceptions to this overall trend are the analyses for gender and White-Hispanic differences in performance ratings.

In terms of bargaining unit differences, there were statistically significant differences for all three years between employees covered and not covered under a bargaining agreement. Non-bargaining unit employees had higher ratings than covered employees.

It is important to note that the different units of analysis examined in this report are likely correlated with each other and, therefore, may be analyzing similar information. For example, employees in NB1-NB4 jobs are likely to be in non-supervisory positions. If so, results indicating statistically significant race/ethnicity differences in performance ratings for employees in NB1-NB4 jobs may also indicate significant differences in performance ratings for employees in non-supervisory positions. This could be due to the fact that these analyses may be examining the same individuals.

### Interpreting Statistically Significant Findings

It is important to understand that a statistically significant difference in ratings based on gender, race/ethnicity, age, or bargaining unit does not necessarily indicate that discrimination is occurring. Such group differences could be due to actual differences in performance, regional differences in ratings, job family differences in ratings (i.e., supervisors in certain fields are more strict or lenient than supervisors in other fields) or some combination of all these factors.

To investigate whether any group differences are due to actual differences in performance or other factors rather than to discrimination, a number of measures could be taken to assess an agency's performance rating system process and content. These include verification that:

- The performance appraisal dimensions are job related;
- The performance appraisal system is adequately structured;
- Supervisors making the performance evaluations receive training;
- There is a system in place for management to review supervisors' performance ratings to determine if there are any patterns (e.g., racial or gender differences) that need to be reviewed;
- There is an appeal process for employees who believe their performance ratings are not accurate;
- There is a standardized, objective system for making employment decisions (e.g., merit increases, promotions) on the basis of the performance ratings; and

- There is a well-developed feedback system through which employees can receive information about their performance that will promote their future development and enable them to improve job performance.

### Potential Future Analyses

As described above, in cases where statistically significant differences exist, we generally recommend that the performance appraisal system be evaluated along job-related and due process dimensions. Job-relatedness issues focus on how accurately the elements of the performance appraisal system reflect what actually is important for successful performance. In addition, a number of follow up analyses may be useful for interpreting results and gaining a clearer understanding of what factors may be driving those findings.

First, the analyses for this report were conducted at overall, three pay-band levels: NB8-NB9, NB5-NB7, and NB1-NB4, supervisory status, and bargaining unit status units of analysis. It might be useful to conduct further analyses by more granular strata as steps within pay-bands, region or location, and job title. In some instances results may be further explained by more nuanced analyses at more granular levels.

Second, examining the interaction between the race/ethnicity and gender of the employee and the race/ethnicity and gender of the supervisor might also provide some insight into the statistically significant group differences. In some instances rater-ratee interactions may further explain results.

Third, because the analyses in this report focused on the overall rating, it might be informative to look at group differences in the skill element and objective ratings, to determine whether a particular element or objective could be driving results.

Fourth, it may be useful to analyze tangible employment outcomes that are directly or indirectly linked to performance ratings. For example, merit raises, bonuses and promotion decisions could all be analyzed across the protected groups discussed in this report. This set of analyses could provide a broader perspective on equal employment opportunity outcomes across groups.

Appendix I  
Letter from Congress



Appendix 3  
DCI Consulting Report: An Analysis of Gender, Race, and Age Differences in  
Performance Ratings of OCC Employees: FY 2011 – FY 2013

JEB HENSARLING, TX, CHAIRMAN

United States House of Representatives  
Committee on Financial Services  
Washington, D.C. 20515

MAXINE WATERS, CA, RANKING  
MEMBER

March 24, 2014

Inspector General Eric M. Thorson  
U.S. Department of the Treasury  
Office of Inspector General  
1500 Pennsylvania Avenue, N.W.  
Room 4436,  
Washington, DC 20220

Dear Inspector General Thorson:

We write to request that the Office of the Inspector General (OIG) for the U.S. Treasury Department review the agency's internal operations to determine whether any personnel practices have created a discriminatory workplace or otherwise systematically disadvantaged minorities from obtaining senior management positions.

Section 342 of the Dodd-Frank Wall Street Reform and Consumer Protection Act established an Office of Minority and Women Inclusion (OMWI) at most of the federal financial regulatory agencies, responsible for matters relating to diversity in management, employment, and business activities. Despite this statutory mandate, the Government Accountability Office (GAO) concluded in a report released last year that management-level representation of minorities and women among federal financial agencies and Federal Reserve Banks has not changed substantially from 2007 through 2011. In fact, across all federal financial regulators, agency representation of minorities was as low as 6 percent and dropped as low as zero percent at one of the Reserve Banks. In light of these findings and the concerns raised by employee performance evaluations at the Consumer Financial Protection Bureau (CFPB), we believe the OIG should work in cooperation with Treasury's OMWI Director to assess current personnel practices and make recommendations necessary to ensure full compliance with the law.

The 2013 GAO report, entitled "Trends and Practices in the Financial Industry and Agencies after the Recent Financial Crisis," documented the extremely poor representation of women and minorities in leadership positions within the financial services industry and among federal financial regulators. According to GAO, industry representation of minorities in 2011 was higher in lower-level management positions – approximately 20 percent – as compared to about 11 percent of senior-level manager positions.

While public attention is currently and justifiably focused on the CFPB, the most recent OMWI reports suggest the disparities impeding internal upward mobility for minorities may be endemic throughout all the agencies regulating the financial services industry. According to the Treasury Department's 2013 OMWI report, among its senior executive management, 86 percent are white men, compared to 7 percent Black men, 4 percent Hispanic men, and 3 percent Asian men. Among the agency's GS-15 employees, which serves as a pipeline to senior level management, white men are once again overrepresented at 86 percent, compared to 6 percent Black men, 2 percent Hispanic men, and 6 percent Asian men.

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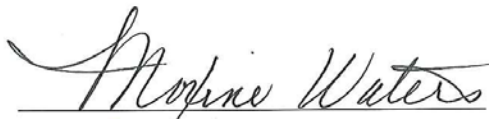
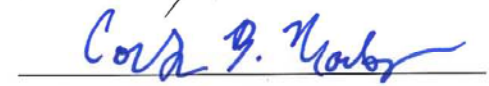



Inspector General Eric M. Thorson  
Page Two  
March 24, 2014





At the Federal Reserve, white men represent 50 percent of executive senior level managers, compared to just 28.7 percent represented by white women. Along ethnic categories, black and Hispanic men represent, respectively, roughly 5 percent and 1 percent of executive senior level managers. Black women represent roughly 6 percent and Hispanic women represent nearly 2 percent of senior managers.

According to the most recent information from the GAO, at the National Credit Union Administration (NCUA), whites represent 88 percent of senior level management positions, compared to 4 percent represented by blacks and 4 percent by Hispanics. At the Office of the Comptroller of the Currency (OCC), whites represent 82 percent of senior level managers, compared to 9 percent black and 5 percent Hispanic. Whites represent 89 percent of senior level management positions at the Securities and Exchange Commission, compared to 2 percent black and 5 percent Hispanic. Minorities appear to fair best at the Federal Housing Finance Agency, where whites represent 76 percent of senior level management positions, compared to 16 percent black and 8 percent Hispanic. However, more comprehensive analysis is still needed from the agency to fully assess the racial and gender employment of minorities in senior positions beyond the GAO's limited information.

Accordingly, we request that the OIG examine any employee complaints, formal or informal, related to personnel practices, workplace policies and the findings from any employee satisfaction surveys, whether conducted by the Treasury or an outside entity. If the OIG identifies any individuals or groups of individuals who have exhibited discriminatory behaviors or patterns of unfair or unequal treatment, we ask that the OIG provide recommendations about appropriate actions, including remedial training or removal from employment with the agency. Furthermore, we request that the OIG assess the agency's OMWI operations, and ensure corrective actions are taken within the agency with regard to employee compensation, rating systems, retention, and promotion of women and minorities.

Sincerely,

  
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Office of the Comptroller of the Currency

Washington, DC 20219

November 24, 2014

Jeffrey Dye  
Audit Director  
Office of Inspector General  
Department of the Treasury  
Washington, DC 20220

Subject: Response to Draft Report

Dear Mr. Dye:

The Office of the Comptroller of the Currency (OCC) reviewed Treasury Office of Inspector General (OIG) draft review report titled "Review of OCC's Personnel Practices." The OIG objective was to assess OCC's personnel practices and other efforts to increase agency diversity, create a workplace free of systemic discrimination, and provide equal opportunity for minorities and women to obtain senior management positions.

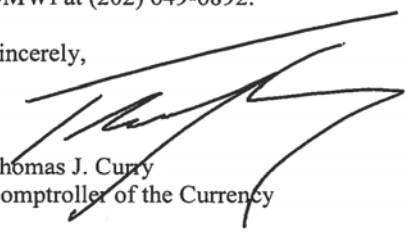
The OIG concluded that the OCC tracks diversity levels and has taken steps to increase diversity in its workforce that have resulted in the OCC employing minorities and females at a rate generally equivalent to nationwide participation rates. Additionally, the OIG found that the OCC's Office of Minority and Women Inclusion (OMWI) has made efforts to increase diversity across the workforce by participating in outreach programs and supporting employee network groups. The OIG noted, however, that while participation rates of minorities and women in the OCC supervisory and senior-level positions have increased, they currently fall below their workforce participation rates.

In the report, the OIG recommended that the OCC continue its efforts to increase participation of minorities and women in supervisory and senior-level positions. The OCC agrees with the recommendation and remains committed to ensuring a diverse and inclusive work environment.

Appendix 4  
Management Comments

If you need additional information, please contact me or Joyce Cofield, Executive Director for OMWI at (202) 649-6892.

Sincerely,



Thomas J. Curry  
Comptroller of the Currency

Appendix 5  
Major Contributors To This Report

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**Department of the Treasury**

Deputy Secretary  
Office of Strategic Planning and Performance Management  
Office of the Deputy Chief Financial Officer, Risk and Control  
Group

**Office of the Comptroller of the Currency**

Comptroller of the Currency  
Liaison Officer

**Office of Management and Budget**

OIG Budget Examiner

**U.S. House of Representatives**

Chairman and Ranking Member, Committee on Financial Services