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**OFFICE OF MINORITY AND WOMEN INCLUSION**

**ANNUAL REPORT**

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**As Required by Section 342(e) of the  
Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010**



**This is a report prepared by the Staff of the Office of Minority and Women Inclusion of the U.S. Securities and Exchange Commission. The Commission has expressed no view regarding the analysis, findings, or conclusions contained herein.**

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**April 10, 2012**

## **I. INTRODUCTION**

The Office of Minority and Women Inclusion (“OMWI”) of the U.S. Securities and Exchange Commission (the “SEC” or the “Commission”) submits this report pursuant to Section 342(e) of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the “Dodd-Frank Act”).

Section 342(e) mandates the submission by OMWI to Congress of an annual report that includes the following:

1. a statement of the total amounts paid to contractors during the reporting period;
2. the percentage of the amounts paid to contractors that were paid to minority-owned and women-owned businesses;
3. the successes achieved and challenges faced by the agency in operating minority and women outreach programs;
4. the challenges the agency may face in hiring qualified minority and women employees and contracting with qualified minority-owned and women-owned businesses; and,
5. any other information, findings, conclusions, and recommendations for legislative or agency action, as the OMWI Director determines appropriate.<sup>1</sup>

Unless otherwise noted, this report covers Section 342-related activities at the SEC from the establishment of OMWI in July 2011 through the fiscal year ended September 30, 2011.

## **II. ESTABLISHMENT OF OMWI AT THE SEC**

Section 342 of the Dodd-Frank Act (“Section 342”) requires the SEC to establish an Office of Minority and Women Inclusion to be responsible for “all matters of the agency relating to diversity in management, employment, and business activities.”<sup>2</sup> The SEC formally established its Office of Minority and Women Inclusion in July 2011, when the House and Senate Appropriations Committees approved the SEC’s reprogramming request to create the office. The SEC began the hiring process for a permanent OMWI Director soon thereafter and announced the selection of the permanent OMWI Director in December 2011. The permanent OMWI Director officially joined the office in January 2012.

Among many duties, the OMWI Director is responsible for developing standards for equal employment opportunity and diversity of the workforce and senior management of the SEC, the increased participation of minority-owned and women-owned businesses in the SEC’s programs and contracts, and assessing the diversity policies and practices of entities regulated by

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<sup>1</sup> Section 342(e).

<sup>2</sup> Section 342(a)(1)(A).

the SEC.<sup>3</sup> The OMWI Director also is required to advise the Chairman of the Commission on the impact of the SEC's policies and regulations on minority-owned and women-owned businesses.<sup>4</sup>

### **III. IMPLEMENTATION OF SECTION 342**

#### **A. Contracting With Minority-Owned and Women-Owned Businesses**

Section 342(e)(1) and (2) requires the SEC to report the total amount paid to contractors during the reporting period, as well as the amounts and related percentages paid to minority-owned and women-owned businesses. During FY 2011, the SEC awarded \$228 million to contractors. Of this \$228 million, the SEC awarded \$38.38 million (16.8%) to minority-owned businesses and \$15.69 million (6.9%) to women-owned businesses. This represents an increase in dollars paid to minority- and women-owned businesses when compared to FY 2010 and FY 2009 data. In 2010, the SEC awarded a total of \$223 million dollars to contractors; of that, 10% was paid to minority-owned businesses and 12% was to women-owned businesses. This represented an increase from FY 2009.<sup>5</sup>

Section 342(e)(3) also requires the SEC to report the successes achieved and challenges faced in operating minority and women outreach programs. Since the establishment of the OMWI office in July 2011, the SEC has focused on proactively increasing the awareness of the SEC's contracting needs within the minority-owned and women-owned business communities.

Our successes in operating minority and women outreach programs included the following:

- In FY 2011, the SEC exceeded all U.S. Small Business Administration-defined socioeconomic goals for the number of contracts awarded to small businesses, with the exception of the 3% goal for those businesses located in Historically Underutilized Business Zones.
- OMWI sponsored and attended conferences and participated in business matchmaking sessions to increase the interaction between minority and women suppliers and the SEC, including the national conferences for the following organizations: the Minority Corporate Counsel Association, the National Association of Minority and Women-Owned Law Firms, the United States Hispanic Chamber of Commerce, the National Minority Supplier Development Council, and FraserNet Power Networking.

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<sup>3</sup> Section 342(b)(2)(A)-(C).

<sup>4</sup> Section 342(b)(3).

<sup>5</sup> In 2009, the SEC awarded a total of \$151 million to contractors; \$14 million to minority-owned businesses and \$10 million to women-owned businesses.

- OMWI created a dedicated email address, telephone line, and brochure to facilitate communication and outreach to the minority-owned and women-owned business communities. As a result, many minority-owned and women-owned businesses are contacting OMWI directly to learn more about the SEC’s contracting needs.
- OMWI hosts a monthly “Vendor Outreach Day” at the SEC for small, minority-owned, and women-owned businesses to learn about the SEC’s contracting needs and to present their services to OMWI’s Supplier Diversity Officer and other key SEC personnel. Since August 2011, OMWI has seen over fifty (50) vendors.

OMWI is actively involved in the agency’s acquisition review process to advocate for the inclusion of a diversity component in the competitive process.

Our challenges in operating minority and women outreach programs included the following:

- In FY 2011, OMWI had limited staff as the office was newly created and was unable to provide in-depth technical assistance to minority-owned and women-owned businesses. In FY 2012, we are in the process of hiring more staff and will have the resources to provide businesses seeking contracts with the SEC with a comprehensive overview of the contracting process from the proposal phase to the contract award phase, including an overview of the process of bidding on a requirement.

#### B. Employment of Minorities and Women at the SEC

Section 342(e)(4) requires the SEC to report on challenges it may face in hiring qualified minority and women employees and contracting with qualified minority-owned and women-owned businesses.<sup>6</sup> As of the end of FY 2011, there were 3,826 employees in the SEC’s workforce, of which 1,204 employees (31.5%) were minorities and 1,839 employees (48.1%) were women. Of the 1,204 minority employees and 1,839 women employees, respectively, 440 minorities (36.5%) and 843 women (45.8%) were employed in the major SEC occupations of attorneys, accountants, and compliance examiners. Of the 1,129 supervisory and management positions, a total of 178 minorities (15.8%) and 332 women (29.4%) were in these positions. The SEC is taking proactive steps to increase the recruitment of underrepresented demographic groups at the agency in the major occupations of attorneys, accountants, and compliance examiners. In addition, the SEC continues to evaluate ways to address the underrepresentation of minorities and women in supervisory and management positions.

The SEC is working toward a unified agency approach to recruitment and hiring that incorporates a comprehensive understanding of the value of workforce diversity. To increase awareness of the agency’s workforce diversity challenges, OMWI began meeting with the

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<sup>6</sup> Our challenges in contracting with qualified minority-owned and women-owned businesses are discussed under Section III.A of this report.

leadership and hiring managers of each division and office to review employee demographic data and to discuss methods to enhance the SEC's recruitment and hiring efforts to include a wider pool of diverse applicants. The OMWI Director continues to convene these meetings in an ongoing effort to improve the agency's workforce diversity.

OMWI actively partnered with the SEC's Office of Human Resources to enhance the SEC's diversity recruiting efforts, particularly for the recruitment of attorneys, accountants, managers, and senior officers. In addition, OMWI collaborated with the Office of Human Resources to initiate the development of a system to track candidates that submitted resumes to the agency or agency representatives at outreach events and through referrals.

OMWI also worked with the SEC's Office of Equal Employment Opportunity to host regular meetings in Washington D.C. with the local chapter leaders of many national minority professional organizations, including the Association of Latino Professionals in Finance and Accounting, the National Black MBA Association, and the Hispanic National Bar Association, to disseminate information about SEC employment opportunities to their members and networks. To increase the reach of our recruitment and hiring efforts, OMWI will continue to strategically leverage and expand these partnerships and alliances to include more organizations and their local chapter affiliates in our regional office locations. It is too early to assess the impact of these partnerships and alliances as most were initiated during FY 2011.

Under the leadership of the recently appointed permanent OMWI Director, the SEC is developing an agency-wide diversity and inclusion strategic plan that incorporates the requirements of Section 342, the August 2011 White House Diversity and Inclusion Executive Order, and the Government-Wide Diversity and Inclusion Strategic Plan. This strategic plan will focus on the recruitment, hiring, mentoring, career development, promotion, and retention of diverse employees. Moreover, the strategic plan will include standards that will allow the SEC to self-assess its ongoing diversity and inclusion efforts. The plan is expected to be completed by May 1, 2012.

### C. Other Information, Findings, Conclusions, and Recommendations

Section 342(e)(5) requires the SEC to report any other information, findings, conclusions, and recommendations for legislative or agency action, as the OMWI Director determines appropriate. Beginning in early 2011, the SEC staff, along with the directors and representatives from the other OMWI agencies,<sup>7</sup> participated in interagency meetings to develop comprehensive approaches to implementing the requirements of Section 342. These meetings were also used to draft proposed language for the written statement on the fair inclusion of women and minorities

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<sup>7</sup> Section 342(g)(1).

in contracting activities<sup>8</sup> and to discuss appropriate standards for assessing the diversity policies and practices of the entities regulated by each agency.<sup>9</sup> Given that several OMWI agencies may concurrently regulate certain entities, a primary focus of the interagency group was to avoid the establishment of conflicting diversity standards upon these regulated entities. In early 2012, the OMWI directors held a joint roundtable with financial industry groups and trade organizations to foster a meaningful, informed dialogue regarding the development of standards for assessing the diversity policies and practices of regulated entities. The OMWI directors continue to convene these interagency meetings and roundtables on an as-needed basis.

In addition, several trade groups, regulated entities, and minority professional organizations have requested informal meetings with our OMWI Director. Our OMWI Director meets with representatives of these groups and, to the extent necessary, facilitates their introduction to the other OMWI directors.

#### **IV. FOR FURTHER INFORMATION**

Should you require any further information regarding this report, please contact Pamela Gibbs, Director, Office of Minority and Women Inclusion, at (202) 551-6046 or Julie Davis, Deputy Director, Office of Legislative and Intergovernmental Affairs, at (202) 551-2233.

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<sup>8</sup> Section 342(c)(2).

<sup>9</sup> Section 342(b)(2)(C).