TO: Sheila Clark  
FROM: Kathryn Medina, Senior Vice President  
OMWI Director  
SUBJECT: Federal Reserve Bank of Chicago’s 2019 EEO Performance Report & 2020 Diversity and Inclusion (D&I) Strategic Plan

Enclosed please find the Federal Reserve Bank of Chicago’s (Bank or FRBC) 2019 EEO Performance Report, including a narrative component, a statistical data section, and additional information in the form of appendices.

The narrative component of the report contains the Bank’s highlights of performance in the EEO and D&I arenas during this past year, with a focus on the Bank’s ongoing D&I initiatives, accomplishments, as well as challenges encountered and actions undertaken to address such challenges.

Individual sections describe the Bank’s activity in the areas of Minority and Women Employment (including Workforce Demographics, Recruitment; and Training and Development); and Supplier Diversity.

The statistical data section of the report includes detailed information about the diversity of the Bank’s workforce, including a headcount representation summary, workforce and utilization analyses and several EEO reports. Finally, as requested, the report includes the FRBC’s 2020 EEO Diversity Plan, including D&I areas of focus and objectives.

We hope you find the report informative. Should you have any questions, please contact me at 312-322-4355.

Enclosure

Copy: Charlie Evans  
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# Table of Contents

TABLE OF CONTENTS ............................................................................................................................ 2

EXECUTIVE SUMMARY .......................................................................................................................... 3

FRBC OVERVIEW .................................................................................................................................... 4  
  D&I Framework ......................................................................................................................................................... 4  
  Seventh District Employee Engagement ................................................................................................................... 7  
  Senior Leadership Commitment ............................................................................................................................... 7  
  Learning and Development (L&D) ............................................................................................................................. 8  
  2020 D&I Strategic Plan ............................................................................................................................................ 9

ALIGNMENT WITH SYSTEM DIVERSITY & INCLUSION EFFORTS ........................................................ 10  
  Conference of First Vice Presidents D&I Work Streams .......................................................................................... 10  
  System Leadership Initiative ................................................................................................................................... 10  
  Financial Services Pipeline (FSP) Initiative .................................................................................................................. 11

MINORITY & WOMEN EMPLOYMENT ................................................................................................ 12  
  Workforce Demographics Summary .......................................................................................................................... 12  
  Addressing Underutilized Job Groups ...................................................................................................................... 12  
  Diversity Recruiting ................................................................................................................................................. 14  
  Hiring Analysis .......................................................................................................................................................... 14  
  Employee Support Network Groups ........................................................................................................................... 15

MINORITY AND WOMEN-OWNED BUSINESSES – SUPPLIER DIVERSITY ........................................... 17  
  W/MBE Spend ......................................................................................................................................................... 19  
  Challenges ............................................................................................................................................................. 20
Executive Summary

The Federal Reserve Bank of Chicago experienced a year of significant transition and growth for D&I in 2019. While progress has been made in many areas, such as cultural inclusion, training and development, and strategic recruiting and sourcing, we have also faced challenges with the turnover of our D&I leadership and our ability to effectively measure and report our D&I data. As we reflect on our progress to date, much of our success lies in the consistent and deliberate focus on improving our Bank’s diversity, as well as our collective efforts to shift our culture toward greater inclusion, by leveraging our leadership, D&I team, the Employee Support Network Groups (ESNGs) and D&I champions across the Bank.

Over 2019, the entire D&I team and structure changed. With the departure of our Chief Diversity Officer, Kathryn Medina, our Senior Vice President and Executive Committee member, assumed the role of OMWI Director. At the same time, we gained significant D&I expertise with the addition of two experienced D&I Managers and a Senior Project Manager, all hired externally. We also transferred the Supplier Diversity Manager to People & Culture from his previous position in Finance, reporting directly to the Kathryn Medina.

These changes created the opportunity for us to structurally integrate D&I within People & Culture, underscoring how it is woven into the way we recruit, onboard, reward, develop, spend, measure, consult and communicate.

Within our new structure, Talent Acquisition (TA) and its continued focus on targeted outreach and sourcing gains a tremendous advantage by having the D&I Manager of Strategic Partnerships report directly to the Assistant Vice President for Talent Management. With both functions working in an integrated model supporting holistic talent management, our ability to source and recruit from an increasingly diverse pipeline is strengthened.

Likewise, our alignment of Supplier Diversity within People & Culture creates an opportunity for better internal consulting and influencing of business decisions and outcomes (diversity spend). Through the work of the System OMWI Council, our efforts are no longer siloed between the various OMWI work streams. Centralizing our OMWI and D&I efforts creates both greater efficiency and broader opportunity.

The Bank’s movement toward D&I integration is starting within our People & Culture function, where we can create a focused effort in the areas described above, as well as learning and development, employee engagement and people analytics.

Over the next year, we will refine our 2019-2021 strategic plan to focus on integration of D&I across the Bank. Our Executive Committee, D&I team, and stakeholders will all play a significant role in defining that path forward, as well as moving us along our D&I maturity toward complete integration.
FRBC Overview

The Bank’s D&I Framework establishes the strategic direction of D&I in the Seventh District. The Framework identifies three key priorities (culture, talent and community) under which all D&I work at the Bank aligns. Established in 2016, the Framework was refreshed for a 2018-2020 outlook to ensure the Bank continued building on the progress it had made and pursued a D&I direction that best supports the employees and communities of the Seventh District.

Culture

The D&I team has focused its efforts on creating a culture that allows for curiosity and transparency. In 2017, the Bank launched a series of events called “Courageous Conversations.” These were group discussions that encouraged employees to have an open dialogue on topics that are important to them. These conversations were intended to promote inclusion, understanding and positive action by creating a safe space to build awareness of other’s experiences and perspectives. Often times, these experiences and perspectives are related to differences in background, ethnicity, culture, and overall identity.

Since beginning courageous conversations, the Bank has hosted dialogues ranging from small conversations within teams, departments and Employee Support Network Groups (ESNGs) to Bank-wide and industry conversations with external partners. We started our courageous conversations journey with a Bank-wide gathering lead by the President and First Vice President in the wake of violence in Charlottesville. Over the past year, we have built upon the strong foundation of our relationships with external partners through the Financial Services Pipeline Initiative (FSP) and our ESNGs. FSP sponsored An Efficacy Experience for leaders in the financial services industry which led to the need for a courageous conversation around race and advocacy. This was held at the Bank and led by Supervision and Regulation (S&R). S&R has taken this work a step further in hosting a series called “FedTalks,” which address a range of topics including race, gender and inclusion. The business area’s leadership have also participated in courageous conversations focusing on power and privilege.

In 2019, the Chicago Fed brought Dr. Sukhvinder S. Obhi to the Bank for three separate engagements. Dr. Obhi’s research and focus is a different approach to traditional diversity and inclusion training, centered on power and the social effects of exclusion. His research compliments traditional diversity training, using an approach that focuses on the effective use of power to transform the working environment and reinforce social competencies for inclusion.

The theme of storytelling was an important element of the culture work at the Bank in 2019. People & Culture hosted a storytelling workshop focused on Diversity, Equity and Inclusion to help all of our people practitioners overcome hidden biases, identify equitable practices and support our customers in their crafting compelling stories. The Bank came together for a storytelling workshop that provided a framework for all of us to be inclusive leaders.
Toastmasters, Spectrum and other ESNGs have also engaged in storytelling to foster inclusion and bring colleagues together.

Lastly, in early 2019, the Bank received two significant public recognitions around its culture efforts. First, the Bank scored 100% on the Human Rights Campaign (HRC) Foundation’s 2019 Corporate Equality Index (CEI) for work done throughout the Bank in partnership with the ESNG Spectrum. The CEI is an important tool for signaling our commitment to LGBTQ inclusion to current and prospective employees. The Bank was also named by the National Association for Female Executives (NAFE) as a top company for Executive Women for our focus in female leadership development along with the benefits and culture to support them.

Throughout our successes in the Culture space over the past year, the importance of providing employees the opportunities to explore, learn and share together has been paramount. These will continue to play an important role in our D&I culture efforts as the Bank moves forward.

**Talent**

The talent pillar of the Framework focuses on the reduction of parity gaps in hiring, promoting and retaining talent. People & Culture has been very intentional in 2019 in the Bank’s diversity recruiting efforts, supporting people leaders’ new leadership competencies, and ensuring all employees across the Bank have access to development and growth opportunities.

TA made intentional shifts to focus on local and school recruiting opportunities for available positions at the Bank. The team has also developed pipelines for future roles for students and mid-career professionals as job openings become available. They have done this in partnership with FSP and leveraging the Intern Career Conference, LinkedIn and affinity groups on local college/university campuses. This has resulted in a more diverse talent pipeline and expanded the applicant pool for minorities. This year, TA partnered with Women in IT on the second Future Leaders conference aimed at underrepresented 17 to 23 year olds interested in pursuing careers in IT who could consider the Bank as a future employer. Leaders in Economic Research continue to work with TA to expand their applicant pool and attract more women and minorities. The Research Assistant program has shown to be an effective way to bring minority talent into the Department. They have also partnered with the Sadie Collective and are planning an on-site conference in 2020 focusing on attracting and supporting black female economists. More information on the diversity recruiting strategy and outcomes can be found in the Workforce Demographics section of this report.

The retention efforts focused on women and minority talent have been significant in 2019. As mentioned in last year’s report, the Leading Inclusively competency was launched in 2018. This year, the learning framework was revamped to include diversity and inclusion objectives in each course designed to support people leaders on their journey to inclusive leadership. A new Intro to D&I course was launched in response to the need for more direction around the competency. As stated previously, ESNGs continue to play a critical role in our retention efforts providing
employees opportunities to engage, learn and develop together in and outside of the Bank. Retention has been a focus at the highest levels of leadership. The report will expound on the District Leadership Council’s (DLC) commitment to inclusion and ESNs. Business Units across the Bank also continued the work following the Mercer workforce analysis to create D&I scorecards and high priority initiatives (HPI) that identify hiring and promoting opportunities for women and minorities.

Promoting women and minorities across the Bank has and will continue to be an important focus and essential component of the People Strategy. There continues to be an upward trend of women and minorities in leadership levels, but there is room for improvement at the officer level. As a result, the D&I team leverages current partnerships to provide professional support and development to women, minority and entry level talent.

Community

The D&I team seeks to build relationships and leverage key strategic community partners that support the talent needs and mission of the Bank, including high school minority outreach; talent growth in the financial services sector; and increased utilization of minority-women owned business enterprises (M/WBEs). Over the last year, the Bank has expanded its partnership with HACE (the Hispanic Alliance for Career Enhancement) and in October 2019 hosted “Mujeres de HACE,” a three-day professional and leadership development program aimed at empowering high-potential Latinas. Thirty participants attended sessions hosted at the Bank to learn about network building, brand development, financial planning, negotiation skills, work-life balance and leadership style discovery. Two Bank employees were nominated for the program and attended, furthering our mission to provide professional development opportunities to Latinx employees.

The Financial Services Pipeline (FSP) Initiative is a critical piece of the Bank’s work in the community. In June 2019, the Bank participated in the Corporate Inclusion Institute (CII), a nine-month long development program that provided a platform for the Bank to send high-potential talent to advance their careers in the industry. The Bank was represented by a Fellow, a Corporate Guide, a Direct Manager, and an Executive Sponsor as roles in the cohort. In July 2019, the Bank hosted over 180 attendees from the greater Chicagoland area with representation from member firms of the FSP and strategic partners including Year Up, Chicago Scholars, HACE, and Econ Council. In April 2019, FSP piloted the FSP Employee Resource Group (ERG) Roundtable to discuss best practices around diverse talent development and retention, extending the reach of ERGs, and cultural competencies. Please reference the FSP section for more information on events and conferences.

Year Up is a one-year intensive training program, featuring six months of skills training and a six month internship at corporate partners. There are currently three Year Up interns working at the Bank. Over the next year, the D&I team will expand the program with the goal of at least six to 10 interns at the Bank in 2020-2021. In May 2019, the Bank hosted the annual Year Up Mock
Networking Event where roughly 150 students had the opportunity to network and cultivate relationships with Bank employees.

**Seventh District Employee Engagement**

During 2019, People & Culture created the *Employee Engagement Hub*, a resource on our Inside7 intranet site available to all employees at the Bank. The site was designed to keep engagement discussions among employees and leadership going year round and to build more transparency regarding the Bank’s engagement survey results. Each month the Engagement Hub features a different topic along with four key information points, including:

1. *Survey Says* – a look at 2018 engagement survey scores featuring results by various subgroups (e.g. gender, generation, minority/non-minority, job role, etc.);
2. *Connecting the Dots* – Bank efforts and initiatives that address the featured engagement topic;
3. *Engaging Perspectives* – a short poll with questions seeking feedback from employees; and
4. *Conversation Starter* – a list of discussion questions and simple action items leaders can use to help facilitate engagement discussions with employees. Topics featured so far on the Engagement Hub include: innovation, inclusion, openness and trust, evolving our skills, negative behaviors in the workplace, and power and inclusion.

The Bank will conduct its next employee engagement survey during the first quarter of 2020. Teams across People & Culture will continue its practice of reviewing survey results data across gender and ethnicity and forming solutions to address gaps related to engagement with these groups.

**Senior Leadership Commitment**

The commitment to D&I at the Bank starts at the top, with leadership actively engaged in the promotion of D&I policies and practices within the organization. In addition to their internal commitment to D&I, many leaders at the Bank participate in external outreach and community engagement efforts.

The Bank and its senior leaders also continued to actively support the FSP. The FSP is led by a Steering Committee co-chaired by Kathryn Medina, Senior Vice President at the FRBC, Melissa Donaldson, Vice President, Chief Diversity Officer, Wintrust Bank and Cedric D. Thurman, Chief Diversity Officer, Federal Home Loan Bank of Chicago. The Bank’s Courtney Hollins is the Initiative’s Senior Project Manager and Dina Carr is the D&I Manager of Strategic Partnerships.

Last year, the District Leadership Council (DLC), an oversight body of Seventh District Vice Presidents, created a subgroup on inclusive leadership in direct response to DLC’s high priority initiative (HPI). They have been dedicated to the support and exposure of ESNGs. This year, they partnered to craft an ESNG value statement which articulates the business case for ESNGs at the Bank. Additionally, this leadership team supported Ellen Bromagen, our First Vice President, in
drafting a letter of support to managers of ESNG leaders to affirm their commitment to their employees and to include their work in midyear and end of year performance reviews.

**Learning and Development (L&D)**

In 2019, the Bank continued its efforts in support of its strategic priority to evolve our skills and expertise to position us for future success by refreshing its learning and development framework. The new learning and development framework is a competency-based framework comprised of skill development offerings, experiential learning opportunities, and self-driven career planning resources and tools. At its core, this framework incorporates D&I every learning opportunity and training delivery. In support of the Bank’s strategic priority to advance an inclusive culture, inclusion will continue to be a foundation of the L&D framework as the three foundational paths of skill building, career planning, and exploring and connecting continue to grow.

From September 2018 to August 2019, the following courses were offered: Conversations Matter for People Leaders, Enhancing Your Performance Conversation for People Leaders, Enhancing Your Performance Conversation for Staff, Giving and Receiving Feedback, Planning for Success at the Bank for People Leaders, Planning for Success at the Bank for Staff, Introduction to D&I for People Leaders, and Introduction to D&I for Staff. Total attendance for these courses was 174 employees; of whom 84 were minorities and 109 females. Total participation increased by roughly 3% with 32 additional minority employees and 43 additional female employees represented in this participation group in comparison to the previous year.

D&I concepts and principles have been infused into all learning objectives for L&D offerings by People & Culture and the FRBC leadership support group, Leaders Aiming to Support and Strengthen Others (LASSO). In September 2019, LASSO provided the District’s people leaders with an opportunity to build their leading inclusively competency behaviors at their third annual Grassroots Conference. The conference featured speakers and activities to help participants learn how to broaden their perspective and better understand how to lead diverse teams through an inclusionary lens. Following the conference, participants were able to apply lessons learned to their day-to-day work and foster a deeper understanding of their team’s experiences and perspectives.

In conjunction with the efforts described above, work also progressed on the design of a dynamic L&D content management system called 7DEV. This online tool was created with the employee experience in mind, developed to be an intuitive repository inclusive of all L&D content, resources, and events with a goal to simplify how our Bank users access learning information. 7DEV usage analytics will be evaluated routinely for enhancements that align with the evolving needs of the organization.
2020 D&I Strategic Plan

The 2020 D&I Strategic Plan is a continuation of the refreshed D&I Framework that builds out specific objectives within the goal areas of culture, talent and community. With the full integration of the D&I team into People & Culture, this provides an exciting opportunity for more collaboration and alignment in the execution of the People Strategy. The goals, objectives and metrics aligned will guide all D&I efforts in 2020.

Culture efforts in 2020 will focus on courage, commitment and collaboration. These efforts include the need for a D&I curriculum that is housed on the 7Dev learning platform, safe spaces to discuss diversity, inclusion and equity at the Bank and a formal Council to support the implementation of D&I goals across the business.

Talent efforts in 2020 will focus on addressing hiring opportunities for mid-career minorities and promotions into underutilized jobs groups (Officers and Senior Examiners). TA will continue recruiting top talent for the Bank, but emphasis will be placed on the internal development and promotion of women and minorities in core functions. These efforts include hiring and promoting guidelines that promote equitable practices and the development of a new Rotation Program for female and minority managers.

Community and partnership efforts in 2020 will focus on utilization and awareness of current and new partnerships that meet critical talent gaps for women and minorities. In the next year, more partners will be added to the portfolio that will support recruiting and development needs of African American talent. Additionally, a framework and communication strategy will be developed to hold leaders accountable for participation and utilization of the partners that exist to support employees.

**Culture Goal: Advance an inclusive culture to build a great place to work.**
- C.1: Create an inclusive work environment
- C.2: Develop acumen, skills, and competencies
- C.3: Increase D&I Capacity building and accountability (People and Culture and bank-wide)

**Talent Goal: Build and strengthen a diverse workforce that reflects the communities we serve.**
- T.1: Reduce parity gaps in Hiring talent
- T.2: Reduce parity gaps in Promoting talent
- T.3: Reduce parity gaps in Retaining talent
- T.4: Engage with and hold leaders accountable for meeting D&I goals

**Community Goal: Build relationships and leverage key partnerships that support talent needs and mission of the Bank.**
- P.1: Enhance current partnerships and leverage new partnerships that support talent needs
- P.2: Supplier Diversity: Increase diverse spend by 5% by 2021
P.3: Drive awareness and communication about community and supplier diversity initiatives

Alignment with System Diversity & Inclusion Efforts

**Conference of First Vice Presidents D&I Work Streams**

The Bank continues to take an active role in participating in efforts underway with the Conference of First Vice Presidents (CFVP) and through the groups that report both into the CFVP and Conference on Human Resources (COHR): OMWI Council and the Subcommittee on Human Resources (SOHR), respectively.

In recent years, the CFVP has devoted a significant portion of its time on the D&I needs of the Reserve Banks. In 2019, the CFVP workgroup “Workforce of the Future” was very active. Its objective is to “promote workforce and development efforts that improve both the strength and diversity of the System’s talent pipeline to meet current and future business needs.” Ellen Bromagen is a member of this workgroup and is supported by Kathryn Medina, the Bank’s SOHR member and OMWI Director. Kathryn co-leads the SOHR workgroup “Risks & Trends,” which supports the CFVP Workforce of the Future high priority initiative (HPI).

Additionally, this year, the Bank contributed to FR System efforts through the Workforce D&I Group, which supports the initiatives of both the SOHR and the OMWI Council. The workgroup produced a new approach to coordinate efforts to recruit diverse candidates for the betterment of the collective FR System. It is expected that this approach will reduce the amount of administrative burden on those coordinating, while also ensuring the right decision makers are involved in sourcing for diverse candidates.

Lastly, the Bank contributed to efforts on the OMWI Council’s tiger teams who prepared cultural aids for First Vice Presidents and Bank leaders to utilize when making decisions on hiring new officers, as well as making procurement decisions. These are efforts put forth by the OMWI Council and endorsed by the CFVP to help ensure candidate pools and contract sourcing are diverse.

**System Leadership Initiative**

The System Leadership Initiative (SLI), led by the Seventh District, is a leader in the System to influence and deliver experiences that enrich the development and engagement of leaders in the Federal Reserve System. SLI continued to offer immersive experiences and networking opportunities for the System’s high potential talent. Minority and female participation in these conferences is tracked to ensure that this important development opportunity is reaching a diverse pool of leaders and their participation in the conferences is strong at both the local and System levels. The Senior Leadership Conference had 58% female and 33% minority representation, while the Thrive Conference had 63% female and 39% minority representation.
The System Leadership Exchange (SLE) Program affords an important additional avenue to support career development for professionals across the System. As of September 2019, 59 opportunities had been offered and filled by participants. Program participation is 52% female and 31% minority. Most Reserve Banks both hosted assignments and offered up participants. Overall, minority and female participation continues to be favorable as a result of increased and more transparent marketing of program postings.

Financial Services Pipeline (FSP) Initiative

In 2019, the Bank continued its support of this flagship diversity initiative that leverages a group of Chicago-based financial services companies to support the advancement of African-Americans and Latinos within the financial services industry. In July, the Chicago Fed hosted over 160 interns joined by business leaders from approximately 17 Chicago-area financial services firms and several non-profit organizations for the Sixth Annual FSP Initiative’s Summer Intern Career Conference. The Intern Career Conference is part of the collaborative effort to increase the representation of Latinos and African-Americans, at all levels, within the Chicago-area financial services industry and increase cultural competency within the sector. The focus and theme of the conference was “The Role of Authorship” where interns were encouraged to think about how to build their professional story. The conference was designed with this framework in mind to provide interns in the industry with tangible, transferable skills through panel discussions including soliciting feedback, honing on professional and personal values, and utilizing the power of networking through LinkedIn.

Conversations and offerings at the event focused on promoting and explaining the many jobs and roles available in the financial services industry, as well as the diverse backgrounds of the professionals in these positions. Additionally, during the conference, interns and students had the opportunity to participate in a speed networking session with financial service professionals from all levels to network and discuss the best ways to achieve career goals. Following the conference, attendees were surveyed and over 70% shared that the conference had an impact on their interest in pursuing a career in the financial services industry.

In late 2018, the FSP hosted their Fifth Annual Summit where the theme was “Cultural Mind Shifting.” Speakers and presenters discussed how individual and collective mindsets impact an employee’s learning experience in the workplace and performance. Highlights at the Summit included diving into metrics and insights into the workforce of the future; exploring strategies to engage legal teams in diversity initiatives; and discussing accountable solutions and ideas to increase inclusion and diversity in financial services. Nokihomis Willis, former Senior Vice President of People and Culture, and Daniel G. Sullivan, Executive Vice President and Director of Research, joined the panel to discuss the future of work along with FSP’s research partner Mercer. The Summit was attended by over 120 leaders from the member firms as well as representatives from community-based organizations and colleges/universities. See Appendix for more details.
Minority & Women Employment

Workforce Demographics Summary

Overall minority representation slightly shifted up in this reporting period from 39% to 40%. We have found more success with our female hiring and promoting across the Bank. Female representation remained consistent at 46% Bank-wide and 20% identifying as minority female. Additionally, gender parity at the Officer level has been reached. Overall, that parity is up from last year’s 46%. We have exceeded the market in gender representation at the Officer level however female representation decreased slightly to 25% (from 29% in 2018) at the Knowledge Leaders level.

We continue to focus closely on minority representation at the Officer and Knowledge Leader job levels. Minorities make up 40% of the Bank-wide population, but only 18% of Knowledge Leaders and 21% of Officers identify as minorities. The vast majority of minority talent are in the staff job level. Within the highest levels of leadership (Officers), minority females represent twice the number of minority males.

The supplemental EEO1 report shows that the majority of minorities Bank-wide fall under Administrative Support Workers and Service Workers (such as LEU) at the staff level. While we have strong minority representation overall, we find that the majority are not in leadership or professional series roles according to EEO categories. Further a supplemental analysis of the largest Business Unit, Supervision & Regulation (S&R), found minority representation was 10% less than the Bank’s overall average (30% vs 41.2%).

Data shows that African Americans are the largest minority group at the Bank (16.4%), followed by and Hispanic/Latino (11.7%), and Asian Americans (11.2%). However, these groups are not equally represented across all business units. The majority of African Americans in the Bank work in S&R (25%), Cash (14.45%) and Law Enforcement Unit (LEU) (13.67%). The majority of Hispanic/Latinos work in S&R (23.63%), Cash (12.64%) and LEU (12.09%). The majority of Asian Americans work in S&R (27.59%), Customer Relations Support Office (CRSO 16.67%) and Information Technology (IT 11.49%). The pattern that emerges is that minorities have greater representation in support functions while non-minorities have greater representation in core business functions. This is important because core business units have a greater concentration of advancement opportunities, leadership roles, and the highest paying roles. Further investigation would be required to determine if there is a choice disparity or selection disparity, and what could be done to address the disparity in role type.

Addressing Underutilized Job Groups

In 2019, the TA team made targeted efforts to close gaps between the District’s market availability and the Bank’s representation of females and minorities in specific job groups such as the examiners, technology professionals, Officers and Knowledge Leaders. These job groups are
more challenging to fill with diverse talent through the standard recruiting methods. Additional outreach and sourcing to passive candidates, developing “hot job alerts” through social media, and engaging in new career fair events and outreach contributed to our progress in several job groups. The opportunity in 2019 continues to be to focus on developing micro targeted sourcing strategies to close gaps between the District’s market availability and the Bank.

Specific data on these job fields can be found in the Utilization/Availability Analysis in the appendix. The high level trends include:

- Female and minority technology professionals in particular reflected a continued improvement over previous years.
- Female representation at the Officer level matches market availability, though minority representation is a persistent challenge. However, Knowledge Leaders female representation is below market availability, which is traditionally filled with internal talent.
- Minority representation at the Officer level is below market availability. These roles are also traditionally filled with internal talent that have years of experience and expertise. It continues to be challenging to find external talent that meets the required qualifications.
- The Economist and Examiner positions remain an area of focus, specifically with minority populations.

While much progress has been made towards closing the gaps between the District’s market availability and the Bank’s representation of females and minorities, there is room for improvement. Three job groups internally did not closely reflect the market availability: Officer and Examiners-Upper Level in terms of minority representation and Administrative Support Operations in terms of female representation. The Officer group has parity with the market for female representation at 48% internal and 48% market availability, however internal minority representation is 21% in comparison to 33% market availability. Analysis of the individual ethnicities does not show a particular ethnicity to be significantly under represented, rather the difference is in aggregate at the minority grouping. The manager population which is the primary pipeline for future officers has strong diversity representation for females (48.7%) which is above market (40.6%), and minority representation is at market (35.4% internal and 35.5% market).

For the Examiners-Upper Level, there is a significant difference from market availability for African Americans and Hispanic/Latinos in particular. The majority of individuals promoted out of the Examiners-Mid Level job group, which has above market representation for both females and minorities, are often hired into the Examiners-Upper Level. We have identified misalignment with the feeder levels and a lack of internal movement of minorities into upper levels.

In the Administrative Support Operations group, there is a below market representation of females. This group is primarily made up of cash processing roles at both the Chicago office and
Detroit Branch. Internal female representation, is 35.2% while market representation is 59.8%. Minority representation is well above market representation with 78.9% internal and 46.7% market availability.

**Diversity Recruiting**

This year, the TA team sought to improve our conference outcomes through engagement, marketing and outreach through several strategically important forums. The team focused on more local, targeted events and branding opportunities to increase our brand awareness and increase our pipeline more aligned with our hiring needs. Our strategy involved increasing our collegiate relationships and building a professional network that is targeted to our immediate and long term hiring needs and diversity gaps. Additionally, the team participated and hosted several local diversity recruiting events including: Future Leaders Conference focusing on minorities in IT, three HACE partnership related events, including the HACE webinar, HACE Career Summit, and University Network Leadership Day, Chicago State Career Fair that focused on minorities in business. We hosted minority policy students from University Of Chicago, and conducted informational conference calls with the historically black colleges and universities community.

In addition, the team partnered with several of the ESNGs in diversity recruiting and outreach. The team worked with the Asian American Affinity Group (AAAG), who hosted business students from University of Illinois; Black Impact Group (BIG) at their Night at the Museum which focused on minority students in IT; and Spectrum at the Center on Halsted Career Fair a LGBTQ career fair. As a result of these efforts we added approximately 174 profiles to our pipeline, of which, eight have been interviewed, with four offers and three hires as of now. We will continue to use this pipeline of candidates for our upcoming Intern recruiting and current openings.

The Bank also hired a total of 52 summer interns in 2019. There were a total of 23 (44%) minority interns and a total of 12 (23%) female interns. Of the 52 summer interns, 8 interns were converted to contractors and/or full-time regular employees, 2 of which were minority and one female.

One of the greatest challenges to hiring diverse talent continues to be specialized skills requirements, which often come from years of job experience. These requirements limit the number of readily available potential qualified candidates in the marketplace. Individuals with these specialized skills are in high demand in the labor market, making it difficult for the Bank to compete for diverse talent to fill the roles.

**Hiring Analysis**

The applicant to hire process continues to be evaluated in regard to gender and minority parity by Talent Acquisition leadership. Increasing partnership with People Analytics has led to more robust reporting capabilities and working with Diversity and Inclusion and other team has allowed for greater context to be considered.
During last year’s reporting period, more males applied to roles across the Bank than females (59% vs 38%). However, the gender gap closes across each stage and results in more females being hired than males (50% vs 49%). The data shows that African American males and females apply to the Bank at equal rates. The rate of decline for the minority and majority group are comparable throughout the hiring process. From the Hiring Manager Review (HMR) to the 1\textsuperscript{st} Interview, a larger percentage of Asians are referred to the next stage than African American’s. After the 1\textsuperscript{st} Interview to Offer and Hire, the African American rate surpasses Asians.

The data does not show overwhelming evidence of bias in the hiring process, but the Bank identifies areas of opportunity in attracting more women and minorities. This year, along with six other Reserve Banks, the FRBC pursued a software solution to address language in job postings. TapRecruit is an editing software that will allow recruiters and hiring managers to edit the language of job descriptions to be more inclusive of all genders, ethnic backgrounds and reduce bias. The goal is to attract more talent to the Bank by eliminating bias in the language including listed qualifications, preferences, complex language and highlighting the inclusive culture, benefits and why the Bank is an employer of choice. This is particularly relevant for roles across Information Technology and Supervision & Regulation.

In 2020 the People Analytics team is scheduled to conduct a deeper analysis on what types of jobs women and minorities are applying to and how to increase attractiveness across core functions of the Bank. Overall, the hiring process appears to produce equitable results due to the targeted recruiting efforts from TA. The Bank will continue to explore ways to diversify the applicant pool for core functional roles while prioritizing retention and promotion efforts.

**Employee Support Network Groups**

The Bank’s eight diversity-oriented affinity groups, known as Employee Support Network Groups (ESNGs) offer support to employees by providing continued education through events that focus on professional development and cultural awareness. They also help foster community within the Bank by celebrating their group’s diversity, as well as externally in the community by partnering with our community partners (with a focus on volunteerism in financial literacy and mentoring of high school students). The ESNGs also support the Bank’s D&I efforts regarding recruitment, engagement, development, and retention of diverse people, in partnership with professional associations.

In 2019, the ESNGs continued to grow and mature, creating greater engagement among its members and allies, and delivering greater impact through intentional planning and programming. Driving these efforts is the D&I Culture & Inclusion team, who manages the ESNG program. This team ensures that all groups are creating strategic plans, and that their annual goals and planning are aligned with the D&I framework’s three focus areas (culture, talent and community).
In late 2019, the D&I team mapped out a plan for the strategic planning process aimed at providing the ESNGs with new tools and enhanced support. Specifically, the D&I team facilitated a half-day session where all ESNGs and key stakeholders across the Bank were brought together to plan, learn and collaborate with each other.

In addition to above, the D&I team has continued the guidance of the “ESNG Strategic Outlook” plan that was created in 2018. This plan is a multi-year approach to guide the strategic direction and the evolution of the ESNGs. The goal of this strategic outlook is to develop ESNGs and their board members as sought-after, trusted and fully leveraged business partners that contribute to the Bank’s strategy, culture and performance.

Over the course of the past year, all of our ESNGs were active in celebrating their heritage, their members and the diversity of the Bank. Some of their highlights included:

**AAAG (Asian American Affinity Group)** hosted several events and conversations to increase the awareness of the Asian-American experience, cultural differences and heritage celebrations. They partnered with the TA team to visit University of Illinois-Urbana Champaign to speak with the Pan-Asian student group, Ascend, on campus to promote Bank internships. AAAG also provided a professional development opportunity for Asian-Americans at the Bank by bringing an Asian executive to facilitate a workshop on personal branding, leadership, and taking ownership of ones’ career through authentic storytelling.

**BIG (Black Impact Group)** went through a logo and name rebrand to reflect the group’s evolution toward an impactful strategic business partner. BIG hosted their annual “Business Leaders of Color Reception: Being a Grade-A-Leader,” which provided insights on being authentic at work. They attended various events to help build our talent pipeline, including campus visits, and a professional development and networking session with students from the Greenwood Project, an organization that provides diverse students with career opportunities in the financial service industry. Lastly, BIG hosted its first internal cultural buffet and art gallery on Juneteenth.

In 2019, the group formally known as the Latino Resource Association (LRA), rebranded its name and logo to **Conexión (Connection)** emphasizing their efforts in connecting people of all backgrounds to build community and culture awareness at the Bank. This year, they hosted quarterly cafecito (coffee) chats and a lunch and learn on cultural appropriation. Conexión has continued focusing on the recruitment and development of their community members through their partnership with HACE. Through their participation in HACE’s annual summit and career fair in April and their university leadership programs, the Bank was able to hire two employees and a summer intern.

**FRoG (Family Resource Group)** celebrated its first year as a formal ESNG. In the past year, FRoG’s programming has focused on providing resources for all families at any stage of their lives at the Bank. FRoG hosted monthly community circles to create a forum and address the unique needs of Bank employees, including: supporting employees with special needs family members;
supporting employees experiencing grief; providing a community for first-time parenting; and teaching how to support loved ones who have mental illness. FRoG partners closely with the Benefits team to identify Bank benefits that employees can leverage in these situations.

**GEN (Generation Empowerment Network)** hosted several events focused on bridging the understanding across different generations. They hosted a lunch and learn around leveraging and leading a multi-generational workplace. Employees walked away with tips on how to support each other despite our generational differences. This ESNG has also focused its efforts on celebrating our differences by creating forums for employees across the Bank from all generational backgrounds to share their stories through Ted-talk like events and panels.

**Spectrum**, the Bank’s LGBTQ-focused ESNG, held multiple events in 2019 to foster awareness about the LGBTQ community and to increase ally support. As part of Money Smart Week, the Seventh District’s annual financial literacy program, Spectrum organized a public event: “Understanding Your Rights as an LGBTQ.” This event demonstrated the Bank’s support to the LGBTQ community and provided the public with information on LGBTQ rights for Illinois consumers. During Pride Month, Spectrum hosted a lunch and learn on gender policing that focused on educating employees on understanding how gender norms are learned and reinforced, and the impact that it can have on LGBTQ employees. In December 2018, Spectrum hosted its first LGBTQ 101 training in the District’s Des Moines office as a result of increased interest from employees on this topic.

The **VSG (Veterans Support Group)** focused its efforts in 2019 in hosting two events aimed to increase awareness of the veteran experience and provide resources for veterans at the Bank. During PTSD Awareness Month in June, the VSG invited subject matter experts to share information on what veterans experience and how workplaces can support veteran employees. Additionally, this group partnered with the benefits team and external experts who spoke on resources and benefits offered by the Veterans Affairs (VA).

In 2019, **WIN (Women’s Impact Network)** focused on addressing current events and conversations. During Women History Month, programming included an event on the #MeToo Movement. Through informal “WIN Chats,” the group prioritized building community through conversation between women and male allies. Lastly, WIN provided developmental and leadership opportunities for women employees, such as a session that shared networking tips and the importance of leveraging professional and personal networks for career growth.

**Minority and Women-Owned Businesses – Supplier Diversity**

D&I continues to evolve with the integration of the Bank’s Supplier Diversity function (previously housed under Finance). This move emphasizes the Bank’s commitment to promoting diverse and inclusive workplace practices and will strengthen the connection and coordination of our supplier diversity work with other diversity outreach efforts.
Our 2019 performance was based on our Supplier Diversity goals established in 2018 that centered around three primary goals: 1) Industry Impact, 2) Business Optimization, and 3) Professional Development.

**Industry Impact - Connecting Businesses with Strategic Partners and Procurement Opportunities**

Supplier Diversity serves to cultivate opportunities and enhance the capacity of diverse organizations in the Seventh District. We accomplished this through:

- Continued participation in National and Regional Conferences with our strategic partners;
- Enhanced programming at our annual Business Smart Week;
- Continued opportunities for our Tier 1 diverse vendors to network with industry decision makers, business owners and Bank leadership; and
- Sustained conversations with our Board of Directors to help us identify the critical needs of diverse vendors and offer solutions.

The Bank’s annual signature Supplier Diversity initiative Business Smart Week (BSW) continues to grow. BSW is a technical assistance program designed to provide minority and women-owned small business enterprises (M/WBEs) with information and tools to better manage their businesses. In 2019 BSW went national and had 554 attendees compared to 450 attendees in 2018. In 2019, Business Smart Week included the Federal Reserve Banks in Chicago, San Francisco, New York, Dallas and Kansas City.

In partnership with the Women’s Business Development Center and the Illinois LGBTQ Chamber of Commerce, 2019 BSW offered workshops that focused on “Smart Growth Strategies for Diverse Businesses.” The Chicago Minority Supplier Development Council offered workshops on the “Power of Teaming” at the MBE 2 MBE Exchange and the National Veteran Business Development Council headquartered in Detroit participated in the 4th Annual Federal Reserve Bank of Chicago 1-on-1 Matchmaker for veteran-owned businesses. BSW provides the Bank, as a convener of experts, the opportunity to inform, discuss and offer solutions to these businesses. These seminars address the barriers to success in a challenging economy and the BSW Initiative has served more than 2200 attendees since 2014.

**Goal 2- Connecting Businesses with Procurement and Mentorship Opportunities**

At BSW, attendees were invited to attend Supply Chain Integration meetings which matched qualified MBE suppliers with corporations to discuss pre-defined needs of each company. Each supplier met with a Buyer/Procurement Representative to explore possible synergies between the two companies.
This year the Supplier Diversity program hosted a Detroit Lenders Summit in partnership with the Michigan Small Business Administration. This event was dedicated to business owners and gave them an opportunity to pitch their business to lenders and have meetings to discuss funding options. The lenders also gave businesses tips on pitching their business to lenders in order to secure funding.

On July 18, the Bank hosted more than 100 attendees at the Fourth Annual Federal Reserve National Veteran Business Development Council (NVBDC) Matchmaker event. Participants learned about the benefits of getting certified and tips on how certification can open doors to grow your business.

The Bank has supported the NVBDC over the years and in September, our Supplier Diversity Program Manager Mark Hands was voted by the NVBDC Board of Directors a 2019 Corporate Veteran Champion for his work in convening experts to help veteran owned businesses grow their business.

**Goal 3 - Connecting Business Owners and Executives to Professional Development Opportunities**

Bank staff have also supported our Strategic Partners by serving on the Chicago Minority Supplier Development Council (CMSDC) and Women’s Business Development Center (WBDC) Certification Committees that certify M/WBE businesses. Corporations seek strong M/WBEs that are certified from agencies with strong certification processes to add to their supply chains.

CMSDC records show that 39 new MBEs were certified in 2019 and 452 were recertified...In addition, WBDC records year-to-date show that the Certification Committee certified 255 and recertified 1171 year-to-date 2019 compared to 362 new WBEs and recertified 1541 in 2018.

**W/MBE Spend**

The FRBC’s M/WBE spend continues to trend upward. As of June 2019, the FRBC’s preliminary M/WBE spend was $7.8 million or 23.5 percent of $30.9 million of total reportable spend. To compare this with previous years, see the below table.

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>%</th>
<th>2017</th>
<th>%</th>
<th>2016</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Spend</td>
<td>$55,401,044</td>
<td>100.0%</td>
<td>$65,501,492</td>
<td>100.0%</td>
<td>$66,604,617</td>
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<td>Minority-owned</td>
<td>$11,672,719</td>
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<td>$7,854,606</td>
<td>12.0%</td>
<td>$5,151,460</td>
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<tr>
<td>Women-owned</td>
<td>$1,147,192</td>
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<td>$1,295,919</td>
<td>2.0%</td>
<td>$1,590107</td>
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<tr>
<td>Both Min. &amp; Women-owned</td>
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<td>23.0%</td>
<td>$9,150,525</td>
<td>14.0%</td>
<td>$6,741,567</td>
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<tr>
<td>All Other</td>
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<td>77.0%</td>
<td>$56,350,967</td>
<td>86.0%</td>
<td>$59,863,049</td>
<td>89.9%</td>
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</table>

The Bank continues to record and monitor Tier 2 spend opportunities with M/WBE suppliers. Tier 2 suppliers enter into a contract with a prime supplier to provide goods and services in
support of the prime’s contract with the FRBC. Examples of our Tier 2 suppliers can best be seen in our general contractor and office supply contracts.

In 2018, Bank’s general contractor spent approximately $2.2 million on 23 projects and generated $267,884 in Tier 2 spend compared to $11.6 million on 11 projects, which generated $1.3 million in Tier 2 M/WBE spend from the FRBC’s general contractor.

In addition, the Bank captured $4,093 in Tier 2 spend from Office Depot in 2018 compared to $11,000 from Office Max/Depot in 2017. When Tier 1 and Tier 2 are added together, the FRBC’s reportable spend with M/WBEs totals $13.1 million or 23.6% of total reportable spend in 2018 compared to $10.45 million or 15.9% of total reportable spend in 2017.

**Challenges**

The Bank’s Supplier Diversity program is challenged by ensuring that the FR System and OMWI priorities are in alignment with local efforts to balance opportunities to local vendors with the savings and/or efficiencies of national agreements. The trend of having fewer suppliers and the potential of raising the non-competitive bid threshold could have a negative impact on the development of diverse suppliers.

Additionally, the current technological environment makes reporting and analytics a challenge as information is available on a quarterly basis. Once implemented, the System-wide enterprise resource planning platform will provide improved analytics that can assist us in making more strategic sourcing decisions.