

Federal Reserve Bank of Chicago

OUR MISSION

The fundamental mission of the Federal Reserve System is to foster the stability, integrity, and efficiency of the nation's monetary, financial, and payment systems so as to promote optimal macro-economic performance. To this end, the Federal Reserve Bank of Chicago participates in the formulation and implementation of national monetary policy, supervises and regulates financial institutions and foreign bank branches, and provides financial services to depository institutions and the U.S. government.

OUR VISION

We serve the public interest by fostering a strong economy and promoting financial stability. We accomplish this with talented and innovative people working within a collaborative and inclusive culture.

OUR STRATEGIES

The Bank's strategic plan outlines the strategies that the Seventh District has implemented to support its mission and vision. The current Bank strategies are:

Policy and Stability

Deepen our understanding of key economic and financial issues in order to strengthen our impact on policy and improve financial stability. Anticipate and respond to rapidly changing developments in financial markets, banking industry practices and supervision, payment systems, and the economic challenges faced by consumers and communities.

Payments

Promote the integrity, efficiency and accessibility of U.S. payment and settlement systems by influencing and contributing to sound public policymaking and by developing advanced electronic payment methods that create business value through our national network.

Relationships

Enrich our relationships with critical stakeholders to better understand their needs and partner to achieve common goals.

People

Foster an innovative and collaborative work environment that encourages diversity of thought. Recruit and develop the highly skilled, talented, and motivated people required to achieve our vision and goals.

DIVERSITY AND INCLUSION POLICY

The Federal Reserve Bank of Chicago values and encourages a diverse and inclusive work environment where employees are respected and given opportunities to perform to their fullest potential. We recognize and respect differences that are in keeping with our core values of integrity, respect, responsibility and excellence. The Bank aspires to become a higher performing organization by leveraging the diverse backgrounds, experiences, styles, approaches and perspectives of its employees.

The Bank's commitment to a diverse and inclusive environment is embedded in our vision, core values, Corporate Social Responsibility framework and Equal Employment Opportunity policies. We further this commitment by proactively recruiting diverse staff, creating opportunities to build a diverse and inclusive workforce at all levels of the organization, and regularly monitoring our progress. The Bank provides opportunities for learning, training, and development for all employees, as well as programs targeted to address particular needs and interests, including open and inclusive membership in professional and diversity support groups. All Bank employees are responsible for embracing diversity and inclusion.

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2012 Annual Report to Congress

MARCH 2013

MEMBERS OF THE 113TH CONGRESS:

It is our pleasure to submit the Federal Reserve Bank of Chicago's 2012 Office of Minority and Women Inclusion (OMWI) Report to Congress. The progress outlined in the report reaffirms our ongoing commitment to diversity and inclusion and demonstrates our continued interest in promoting these important objectives.

As always, the Bank is committed to promoting diversity and inclusion in:

- Hiring and developing staff.
- Purchasing products and services from women- and minority-owned businesses, as well as providing them technical assistance and advocating on their behalf.
- Providing financial education throughout the Midwestern states represented by the Federal Reserve Bank of Chicago.

This report outlines our progress in these areas, much of which exceeds the mandates of the Dodd-Frank Act. Our numerous community and business partners continue to be instrumental to our success, and many of their contributions are included in this report.

We hope you find the report interesting and informative. Looking ahead, we pledge to build on the accomplishments outlined here and continue improving diversity and inclusion efforts in all areas of Bank operations.



Charles L. Evans
President and Chief Executive Officer



Gordon Werkema
First Vice President and Chief Operating Officer



Valerie J. Van Meter
Senior Vice President, EEO Officer and OMWI Director



From left: Gordon Werkema, Valerie Van Meter, and Charles Evans.

Executive Summary

The Federal Reserve Bank of Chicago (FRBC) – also known as the Chicago Fed – serves the Seventh Federal Reserve District (one of 12), a large and diverse region that includes all of Iowa and most of Illinois, Indiana, Michigan and Wisconsin. The District’s head office is located in Chicago, and additional offices are situated in Detroit and Des Moines.

Throughout 2012, the Bank continued building upon ongoing efforts and refining and executing a strategic plan and initiatives in support of diversity and inclusion (D&I). Working collaboratively with the Bank’s Corporate Social Responsibility Council and Management Committee, the Office of Diversity and Inclusion established, monitored and reported on 2012 Bank-wide and departmental D&I objectives.

The Bank’s Board of Directors, Management Committee, and other senior leaders played a key role in providing guidance and leadership to the Bank’s efforts around minority and women inclusion. In 2012, to support the Bank’s mission and vision, the Chicago Fed made an investment to provide D&I education to all people leaders in the organization. Participation in this initiative was made a Bank-wide D&I objective in 2012, and was closely monitored. All members of the Bank’s Management Committee engaged collectively in a series of dialogues on D&I, and feedback from these sessions was incorporated into a leadership training session called “Driving Results through an Inclusion Culture.” This training consisted of a one-day workshop for all people leaders (officers, managers and supervisors). Ninety-six percent of them attended the session in 2012.

Additionally, the Bank’s senior leaders continued their active participation in a number of external outreach and community engagement efforts. Senior leaders of the Bank continued serving as board members in organizations aligned with the Bank’s D&I objectives, such as Chicago United as well as Junior Achievement of Chicago and Southeastern Michigan, among others. They also continued sponsoring the Bank’s diversity-oriented affinity groups, known as Employees Support Network Groups (ESNGs).

MINORITY AND WOMEN EMPLOYMENT

The Federal Reserve Bank of Chicago continued to promote diversity and inclusion within its workforce in 2012, aiming to create a workplace that embraces diversity of background and thought. The Bank established and tracked D&I objectives in this area to ensure that in-person interview pools for Tier 2 and Tier 3 positions included both female and minority applicants. As of December 31, 2012 the Bank had met these objectives 83% and 84% of the time respectively.

As of December 31, 2012 the Federal Reserve Bank of Chicago’s total staff level was 1,436 (not including “extra help”), an increase of 5 percent from the 1,366 regular help employees working for the Bank as of December 31, 2011. Overall female percentage representation remained the same in 2012 at 46 percent — a significant improvement after several years of experiencing a steady decline in female percentage representation — and overall minority representation remained about the same compared with last year’s report, at 39 percent. Black/African-American employees represented 19 percent of the workforce; Hispanic/Latinos, 10 percent; and Asians, 8 percent. Other minorities represented 1 percent of the total.

The Bank’s Officials and Managers group, which includes the higher tiers of the organization, was 43 percent female and 25 percent minority in 2012, an increase from 40 percent and 21 percent respectively in 2011. Within the Professionals category, female representation remained the same as 2011, at 47 percent, while the representation of minorities increased from 33 percent in 2011 to 35 percent in 2012. A year-to-year comparison of the Bank’s overall minority representation in several high-level job groups continued showing noteworthy increases from 2011 to 2012, including Supervisors (from 35 to 41 percent), Managers (from 21 to 26 percent), and Upper Level Technology Professionals (from 36 to 39 percent), among others. Female representation grew in several upper level job groups from 2011 to 2012, including Supervisors (from 29 to 39 percent) and Upper Level Examiners (from 30 to 33 percent), to name a few.

Since 2007, the Federal Reserve System has collaborated to implement and execute the strategic national diversity recruiting and advertising efforts across all 12 Reserve Banks, the Board of Governors, and the Federal Reserve Information Technology group. The System collectively attended five national diversity conferences to recruit potential candidates: National Urban League, National Black MBA Association, National Society of Hispanic MBA’s, Association of Latino Professionals in Finance and Accounting, and Thurgood Marshall College Fund Leadership and Recruitment Fair.

In recognition of all these efforts, the Federal Reserve System was acknowledged by the *Black EOE Journal*, *Hispanic Network Magazine*, and *Professional Woman’s Multi-Cultural Magazine* as one of the top 10 employers committed to diversity and inclusion among financial institutions in 2012. Also, the Chicago Fed received in 2012 the Urban Empowerment Corporate Partner Award from the national nonprofit organization Year Up for its work providing internship opportunities in the Bank’s IT department to minority students.

MINORITY- AND WOMEN-OWNED BUSINESSES (M/WBES)

Throughout 2012, procurement or business units included at least one MBE and one WBE (when available) on 100 percent of all formal and informal bids. A significant number of contracts were awarded to M/WBES; seventy-three of them were invited to bid on the Chicago Fed's 26 bids. Fifty-two M/WBES responded, of which 15 (five MBEs and ten WBEs) were awarded contracts, representing 58 percent of all the Bank's bids (versus 53 percent in 2011).

The Bank spent \$59,056,645 in 2012 in reportable expenditures via contracts. Of those reportable expenses, the total amount of dollars paid to M/WBES was \$4.19 million (approximately 7.1 percent of total reportable expenses), of which MBEs comprised \$1.94 million (approximately 3.3 percent of total), and WBEs comprised \$2.24 million (or 3.8 percent of total). The breakdown of MBE spending by ethnicity was as follows:

- Hispanic/Latino-owned: \$356,570 (0.6 percent of total reportable expenses)
- African-American/Black-owned: \$873,590 (1.5 percent)
- Asian-owned: \$670,450 (1.1 percent)
- Other minority-owned: \$42,248 (0.1 percent).

The spend with African-American/Black-owned businesses increased \$174,740, or 25 percent, to \$873,590, compared with \$698,850 in 2011. Spend with Asian-owned businesses was virtually flat at \$670,450 in 2012, compared with \$675,760 in 2011. Lastly, \$356,570 was spent with Hispanic/Latino-owned businesses, compared with \$1,324,730 in 2011, a decline due to the completion of facility improvements at the Detroit Branch.

The Chicago Fed continued participating in events targeting M/WBES, both at the national and at the local levels. For example, the Bank coordinated the Federal Reserve System's first-time participation in the Women's Business Enterprise National Council Business Conference in Orlando, Florida, and participated in the 40th anniversary of the National Minority Supplier Development Council's Conference in Denver, Colorado. Locally, the Bank continued strengthening relationships with numerous organizations, including the Chicago and the Michigan Minority Supplier Development Councils and the Women's Business Development Center. The Bank also participated in the 45th Chicago Business Opportunity Fair, among many other events. Several technical assistance and capacity building opportunities for M/WBES were sponsored throughout the year.

The Bank piloted in 2012 a Good Faith Efforts (GFE) Determination procedure, including a GFE questionnaire, to ensure an objective and consistent process to determine whether suppliers had failed to engage in good faith efforts to include minorities and women in their workforce. Additionally, fair inclusion-related language has been added to all procurement contracts.

FINANCIAL LITERACY AND COMMUNITY OUTREACH

In 2012, the Bank enhanced its outreach strategy in order to offer additional financial literacy and mentoring opportunities to students in inner-city high schools, girls' high schools, and high schools with majority-minority populations. With the help of the Bank's employee support network groups, the number of

volunteers tripled. This allowed more students to interact with Federal Reserve employees. In Chicago and Detroit, the Bank partnered with the local chapters of international nonprofit Junior Achievement to offer financial literacy workshops, college and career preparation seminars, one-on-one and small group speed-mentoring opportunities, and other educational activities. In addition to these on-site events, Bank volunteers went to Chicago high schools located in majority-minority communities to teach students personal finance based on JA's curriculum and share their experiences as Fed employees. A Bank resource largely utilized by high school students is the Money Museum, located at the Chicago headquarters. Close to 7,000 high school students from more than 200 high schools from across the District visited the museum in 2012. Key majority-minority high school partners included Chicago-based Schurz and Young Women Leadership Charter School and Detroit-based Golightly and Hamtramck. Additionally, the Chicago Fed entered into an agreement with the Corporate Work Study Program (CWSP) at Cristo Rey High School, a nationally renowned majority-minority educational institution. Four students are working part-time at the Chicago Fed headquarters in several departments including Accounting, Finance, Procurement and Statistics, thus gaining first-hand experience and exposure to the workings of a large financial institution.

Apart from partnering with organizations providing direct services to high school students, the Bank is also supporting systemic changes to ensure more and better teaching of economics and finance in high schools. In 2012, the Bank joined the Chicago Public School steering committee charged with revamping the social science curriculum (Social Science 3.0.) and developing a financial literacy module to be implemented in all city high schools within the next four years.

In addition, Money Smart Week (MSW), a series of free classes and activities designed to help consumers better manage their personal finances, continued its expansion throughout the Seventh District in 2012. MSW included more than 400 partner organizations and offered more than 800 free seminars and activities (an increase of 6% from 2011) throughout the Chicago metropolitan area. In 2012, 28,837 people participated, including 11,932 adults and 16,905 youth. Of the 2,812 adult participants who completed surveys, 59.9 percent were female, and 41.6 percent were minorities. The Detroit Branch also held a well-attended MSW in April.

Overview

Building on the foundation laid in 2011, the second Federal Reserve Bank of Chicago Office of Minority and Women Inclusion (OMWI) Annual Report to Congress offers a comprehensive summary of the Bank's accomplishments, challenges and opportunities as they relate to minority and women employment; inclusion of minority and women-owned businesses (M/WBEs) in contracts; and financial literacy and community outreach activities. The Report covers the period from January 1 through December 31, 2012.

This Overview section of the Report describes the local and national environments in which the Bank operates as they relate to its efforts to include women and minorities in its workforce, its vendor pool, and its financial literacy outreach activities. The section describes the overall demographic profile of the Midwest and its population centers and job markets closest to the Bank's offices. The section also looks at current economic conditions and trends in the Seventh Federal Reserve District and considers key issues related to human capital, business environment, and financial literacy as they affect women and minorities (especially those living and working in the District's largest metropolitan areas, Chicago and Detroit). In addition, the Overview also describes ongoing activities associated with the establishment of the OMWI mandated by the Dodd-Frank Act of 2010 (DFA).

BASIC FACTS ABOUT THE FEDERAL RESERVE BANK OF CHICAGO

The Federal Reserve Bank of Chicago (FRBC) — also known as the Chicago Fed — is one of 12 regional Reserve Banks across the United States that, together with the Board of Governors in Washington, D.C., serves as the central bank for the United States. The Federal Reserve Bank of Chicago serves the Seventh Federal Reserve District, a large and diverse region that includes all of Iowa and most of Illinois, Indiana, Michigan and Wisconsin (see map). The Seventh District has a large national share of many key economic sectors. It comprises a considerable part of the nation's manufacturing base, (including capital goods and consumer durables), agricultural production, and food processing. The District also has a significant and growing concentration of financial and business services, with more individual banks than any other Federal Reserve District.

The District's head office is located in Chicago, where 1,264 employees worked as of December 31, 2012. The Bank's Detroit Branch has 123 employees. In addition, 49 employees (mainly bank examiners) worked from a Des Moines location.¹ Like the other eleven Federal Reserve Banks and the Board of Governors,

the Chicago Fed contributes towards fulfilling the dual mandate of the Federal Reserve System: promoting maximum employment and ensuring price stability.

The Bank also provides strong support to maintaining a safe and sound financial system through the activities of its Supervision & Regulation (S&R) Department. It is the Chicago Fed's largest, with 523 employees as of December 31, 2012 and it supervises more than 800 bank holding companies, closely 150 state member banks and since the adoption of the DFA, savings and loans holding companies. In addition to this supervisory role, the Bank provides currency and coin services and other services to financial institutions located in the Seventh District. The Chicago Fed also produces high-quality economic analysis and promotes community development and financial literacy initiatives focused on numerous economic sectors and communities across the District, always with the goal of promoting economic growth.

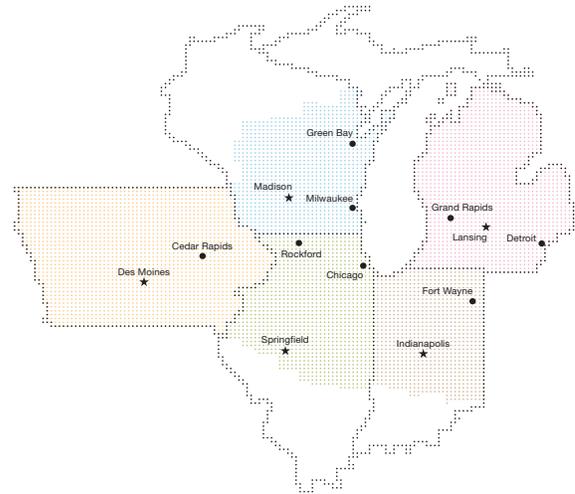
Aside from its work within the Seventh District, the Chicago Fed leads a variety of Federal Reserve System-wide functions throughout the country, in partnership with the other eleven Reserve Banks and the Board of Governors. The Customer Relations and Support Office (CRSO) operates from the Chicago Fed and has a strategic leadership role within the Federal Reserve System. The CRSO manages the nationwide electronic payments and information delivery network "FedLine[®]," which transacts, on average, over 74 million payments daily valued at more than \$3.9 trillion. It also leads national sales and marketing strategies associated with \$0.5 billion in annual revenue and provides customer set-up and support for over 100,000 users.

The Chicago Fed's Information Technology department is responsible for providing a centralized shared service for management of the Federal Reserve System's web content. The Bank also has responsibility for developing and maintaining the Federal Reserve System's centralized cost accounting and budgeting applications.

The S&R Department leads the technical and risk training efforts with its "Supervision Technology Risks: Educate, Analyze and Manage" (STREAM Lab), a System-wide initiative focused on educating examiners and IT practitioners in a classroom and hands-on training environment. The S&R Department also manages the Federal Reserve System's Wholesale Credit Risk Center, whose mission is to generate analytics-driven supervision and insight around wholesale lending for the Federal Reserve System, identify emerging risks, and deliver on broader supervisory responsibilities under DFA and other new mandates.

FEDERAL RESERVE BANK OF CHICAGO

The Seventh District is among the most populous of the 12 Reserve Bank Districts, making up one-eighth of the nation's population. Our district is an economically diverse region that includes all of Iowa and most of Illinois, Indiana, Michigan and Wisconsin. The Seventh District has a large national share of many important economic sectors.



As described in the next section of this report, the Chicago Fed also oversees and coordinates the participation of the Federal Reserve System in national diversity recruitment and supplier diversity conferences, as well as the System Leadership Initiative, which designs and executes training aimed at developing and maintaining strong senior leadership within the Federal Reserve System. More information about the Federal Reserve Bank of Chicago can be found at www.chicagofed.org.

THE SEVENTH DISTRICT: CONSIDERATIONS REGARDING DEMOGRAPHY, HUMAN CAPITAL AND BUSINESS ENVIRONMENT AS THEY RELATE TO WOMEN AND MINORITIES

The Seventh District is one of the most demographically diverse regions in the nation. It includes metropolitan areas such as Chicago, Detroit, Indianapolis, and Milwaukee, with large and/or growing populations of Latinos, African-Americans, and Asians. A key trend identified by the most recent 2010 Census

and related to minorities is the increase of the Black and Latino populations in the Midwest,² 7 percent and 49 percent respectively since 2000.³ In comparison, the overall population of the Midwest grew by 4 percent over the same period. At the same time, several inner cities in the District have experienced significant declines in their African-American population, such as Chicago, which lost more than 180,000 African-American residents during the 2000-2010 decade. The city of Detroit's population, the majority of which is African-American, shrunk 25 percent during the same period. Similar to other regions, the socioeconomic conditions of many Latinos and African-Americans in the Midwest are below the average. A recent report showed that 23 percent of Latinos and 31 percent of African-Americans in Illinois are living at or below poverty levels, versus 11 percent of Whites.⁴

The tables below summarize the numbers and percentages of females and largest minority groups in states included (fully or

TABLE 1.
Seventh District Total population and percentages of females and largest minority groups by state (2010)

	Total population	Female	%	Hispanic or Latino	%	Black or African-American	%	Asian	%	Two or more races	%
ILLINOIS	12,830,632	6,543,622	51	2,027,240	16	1,860,442	15	590,209	5	295,105	2
MICHIGAN	9,883,640	5,030,773	51	434,880	4	1,403,477	14	237,207	2	227,324	2
INDIANA	6,483,802	3,293,771	51	389,028	6	590,026	9	103,741	2	129,676	2
WISCONSIN	5,686,986	2,866,241	50	335,532	6	358,280	6	130,801	2	102,366	2
IOWA	3,046,355	1,538,409	51	152,318	5	88,344	3	51,788	2	54,834	2
TOTAL	37,931,415	19,272,817	51	3,338,998	9	4,300,569	11	1,113,746	3	809,304	2

Source: U.S. Census Bureau, American FactFinder, Census 2010

TABLE 2.
Seventh District Total population and percentages of females and largest minority groups in metro areas with Federal Reserve Bank offices (2009)

	Total population	Female	%	Hispanic or Latino	%	Black or African-American	%	Asian	%	Two or more races	%
CHICAGO	9,580,609	4,868,494	51	1,902,323	20	1,683,203	18	514,135	5	172,240	2
DETROIT	4,403,437	2,255,868	51	168,214	4	1,002,212	23	146,306	3	69,110	2
DES MOINES	562,993	286,875	51	34,769	6	22,181	4	13,512	2	12,854	2

Source: U.S. Census Bureau, American FactFinder, American Community Survey Demographic and Housing Estimates: 2009

TABLE 3.
Seventh District Graduation rates of Black, Latino and non-Latino White students, and gaps between majority and minority students (2009-2010 cohort)

	High school graduation rates			Gap	
	Black	Latino	White, non-Latino	White, non-Latino/Black	White, non-Latino/Latino
ILLINOIS	47%	59%	81%	34%	22%
INDIANA	49%	70%	80%	31%	11%
IOWA	41%	*	90%	49%	—
MICHIGAN	54%	58%	80%	25%	22%
WISCONSIN	55%	68%	92%	38%	25%

Numbers rounded to the nearest whole number. * Indicates inadequate data for analysis.

Source: "The Urgency of Now", Schott Foundation for Public Education (2012)

partially) in the Seventh District and in key metropolitan areas where Chicago Fed offices are located.

The status of minority human capital in our region shows significant gaps in educational attainment in the Latino and African-American communities, which have a direct effect on the ability of members of these communities to obtain advanced degrees and well-paid jobs, especially in the banking/finance sector and other highly specialized industries. Illinois and Michigan, the states with the largest numbers of minorities in the Seventh District, show low high school graduation rates for Latinos and African-Americans in comparison with those of White students. The gaps are even greater in the states with lower proportions of minority populations, like Iowa or Wisconsin, as Table 3 shows.⁵

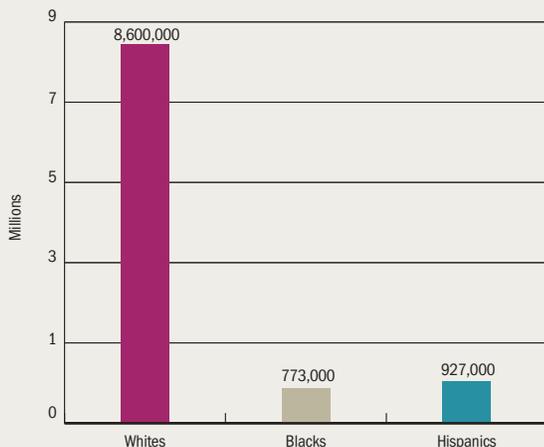
These regional numbers are consistent with national trends in educational attainment. As a reflection of these gaps, in states like Illinois, only an estimated 20 percent of African-Americans

and 10 percent of Latinos aged 25 or older hold a bachelor's or higher degree.⁶

Employers in many industries, including finance and banking, require bachelor's degrees for entry-level positions, and higher degrees and specialized qualifications for many jobs. Recent numbers, nevertheless, show an even greater disparity in the number of candidates with bachelor's degrees and a major in business, depending on their ethnicity: in 2009, there were 773,000 candidates of Hispanic background and 927,000 of Black background in the United States, versus 8.6 million of non-Hispanic, White descent (see Chart 1).⁷

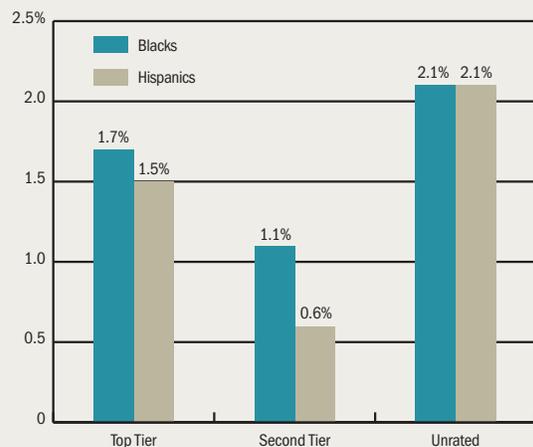
Due to the nature of its work, the Chicago Fed hires a significant number of individuals holding a master of business administration (MBA) degree. However, the percentage of minorities (excluding Asian Americans) with such a degree is disproportionately low. In 2012, in part to gauge the Bank's record against the broader business marketplace, the Fed embarked upon a collaborative effort with Chicago United, an organization dedicated to promoting multiracial leadership in business, and to advancing equity in economic opportunity. The overarching purpose of the study was to reveal the degree of diversity within business leadership, to build awareness of disproportionate representation, and to help promote inclusion in the Chicago metropolitan area businesses. Deborah Baldwin, Assistant Vice President of Diversity and Inclusion, and Maude Toussaint-Comeau, Senior Business Economist, represented the Bank in developing the Chicago United 2012 Corporate Diversity Profile. Research provided by the Chicago Fed showed that African-Americans/Blacks represented 4.9 percent and Latinos 4.2 percent of all students entering an MBA program in 2011. The majority of them attended non-elite universities.⁸ Nevertheless, Dr. Toussaint-Comeau's research shows that the percentage of

CHART 1.
United States Number of non-Hispanic Whites, Hispanics, and Blacks with a bachelor's degree and a major in business (2009)



Source: U.S. Census Bureau (2012)

CHART 2.
United States Percentage of African-Americans/Blacks and Hispanics/Latinos entering MBA programs: top-tier, second-tier, and unrated (2011)



Source: Chicago United Corporate Diversity Profile (2012), based on Bloomberg Businessweek data analyzed by the FRBC.

Latinos and African-Americans/Blacks who choose business as their major is higher than the proportion of Whites who study business, suggesting that if the number of MBA degrees conferred upon minorities is low, it is not for lack of interest in the field. More likely, lower representation of these minorities in business leadership roles stems from less access to support and resources through their educational journey, and beyond.

The enrollment rate for women in the top ten MBA programs in the nation is roughly 34 percent, only three points higher than ten years ago. Overall, the women's share of MBAs earned in the U.S. in 2010–2011 was 37 percent.⁹

The Chicago Fed also hires individuals based on their professional backgrounds. Yet, according to the Bureau of Labor Statistics, some of the fields more aligned with the Bank's business, such as accounting, audit and IT, show ample differences between Whites and Asians, on one hand, and Latinos and African-Americans, on the other. For example, out of the 1.7 million accountants and auditors who were employed in 2011, 79.5 percent were White and 10.3 percent were Asian, versus 8.5 percent African-American or Black and 7.6 percent Latino or Hispanic. And out of the 3.6 million professionals who worked in computer and mathematical occupations in 2011, 75 percent were White and 17 percent Asian, versus 6.9 percent African-American or Black and 5.7 percent Latino or Hispanic.¹⁰ A significant gender gap also exists in the supply of talent for IT positions. The Computing Research Association estimated that in 2011 only 13 percent of U.S. and Canadian graduates in computer science, computer engineering and information earning bachelor's degrees were women. In the same fields, the percentage of master's degrees going to women was 30 percent, and the percentage of PhDs, 20 percent.¹¹ The National Center for Women in Information Technology has been documenting a steady decline during the past decade in the number of female students interested in pursuing IT careers.¹² According to the Bureau of Labor Statistics, women represent only 30 percent of management positions in the computing and IT field. At lower levels, the percentage is even smaller: an overall 26 percent of IT and computing professionals are women, and in certain jobs in high demand in the financial sector, such as network and computer systems administrators, women represent barely 17 percent of all positions.¹³

These human capital shortages affect not only recruitment based on academic credentials and professional background, it is also difficult for companies in the financial services industry to find seasoned professionals when hiring for leadership positions. As noted in the Chicago Fed's OMWI 2011 Annual Report to Congress, a national study commissioned in 2010 by U.S. Senator Robert Menendez found that only 21 percent of executive team members in financial services corporations were women, and only 8 percent were minorities. Women of color represented a meager one percent of executives in financial services, and both African Americans and Latinos represented less than three percent of executive teams.¹⁴ Furthermore, data shows that the executive teams of the top four accounting firms in the country include only 3.5 percent of Blacks/African-Americans and a similar percentage of Hispanics/Latinos.¹⁵ In addition, the above-mentioned Chicago

United 2012 Corporate Diversity Report found that overall, the boards of directors of the top 50 companies in the Chicago metropolitan area included only 6.5 percent of Black/African-American members and 3 percent of Hispanic/Latino members. The numbers are even lower when it comes to C-suite executives in those companies (CEOs and those reporting directly to them): only 2 percent of them are Black/African-American and 1 percent is Hispanic/Latino.¹⁶

These challenging regional numbers and national trends suggest that the pool of women and minorities qualified to work in an increasingly complex sector requiring higher education for many entry-level jobs and specialized qualifications for most mid-level and senior positions, is very limited. Since the vast majority of jobs available at the Chicago Fed (especially, but not limited to, bank examiners, economists and information security positions) require at a minimum, a college degree and often highly specialized qualifications, a fierce competition exists among Chicago and Detroit-based organizations in the financial sector for such scarce diverse talent.

As stated in the Chicago Fed's OMWI 2011 Annual Report to Congress, the business environment related to minority and women-owned business enterprises (M/WBEs) in the Seventh District is both challenging and promising. The most recent data for Illinois, provided by the Office of Advocacy of the Small Business Administration, showed that between 2002 and 2007, the number of women-owned companies grew by more than 20 percent to 343,151, representing around 30 percent of all businesses. The number of African-American-owned companies in the state grew approximately 55 percent to 106,679, representing almost 10 percent of enterprises. And Hispanic-owned companies grew 43 percent to 56,552, representing 5 percent of total businesses in Illinois.¹⁷ In 2007, the two major cities in our District, Chicago and Detroit, occupied the second and fourth places nationally in the number of African American-owned companies, with 58,631 (or 3.1 percent of total companies) and 32,490 (or 1.7 percent) respectively.¹⁸ However, these numbers predate the financial crisis and recession which started in 2008 and whose consequences are still felt in our economy. Although minority and women-owned businesses continue to be the fastest growing segment of new U.S. companies, it is fair to assume that the crisis has probably taken a toll on many of them.

Experts acknowledge that a number of opportunities exist for women and minority-owned businesses to thrive: there is a growing number of minorities; advocacy in support of M/WBEs has expanded, led to a great extent by the public and non-profit sectors; there is a growing demand for supplier diversity, led mainly by private companies; and a growing pool of equity capital is available for M/WBEs. Yet, challenges also exist: a weak economy, marked by tight credit markets and corporate cutbacks, increasing global competition, M/WBEs with small leadership teams and a lack of understanding of the corporate marketplace are all factors limiting or impeding the success of these companies, especially small businesses.¹⁹ In addition, the multiple and complex certification processes M/WBEs must go through to authenticate their status

TABLE 4.
Seventh District Personal finance and economic education in high-school curricula (2011)

Seventh District States	IL	IN	IA	MI	WI
Personal Finance course required to be taken	YES	NO	NO	NO	NO
Student testing of personal finance required	NO	NO	NO	NO	NO
Economic education course required to be taken	NO	YES	NO	YES	NO
Student testing of economic education required	NO	NO	NO	YES	YES

Source: Council for Economic Education (2012)

(along with its associated costs) increase the challenges to organizations that are often thinly staffed and have limited capacity.

In particular, access to capital has become one of the most challenging obstacles for M/WBEs to start, continue, or grow their economic activity. Recent research shows that MBEs receive lower loan amounts, pay higher borrowing costs, and are denied loans more often than their White-owned counterparts. This is especially true for MBEs based in minority neighborhoods.²⁰

Regarding financial literacy among Seventh District consumers, there is a clear need for improvement. Latinos and African-Americans in particular have been hit the hardest by the foreclosure crisis, and have been victims of discriminatory and predatory lending and mortgage fraud at a higher rate than non-minority borrowers. Research shows that Latinos and African Americans were three times more likely to receive a higher cost, sub-prime loan than non-Hispanic White borrowers, given equal credit scores, debt-to-income ratios, and other objective factors.²¹

The foreclosure crisis has significantly driven down home values in communities of color and has led to higher proportions of homeowners with negative equity in these communities: a recent report shows that such proportion is over 40 percent in African-American and Latino communities, versus 25 percent for all homeowners.²² An increased demand for financial literacy related to loan modifications, short sales and credit, as well as for counseling on loan fraud and modification scams, has ensued, with a special focus on workshops and one-on-one counseling targeting the Latino and African American communities.

In addition, unemployment rates in the most populated states of our District were above the national average of 7.8 percent as of December 2012. In Illinois, the rate stood at 8.7 percent; in Michigan, at 8.9 percent.²³ Again, minorities have been hit hardest by unemployment, with Blacks in the Chicago metropolitan area reaching unemployment rates close to 20 percent (or 2.5 times the unemployment rate of Whites) and Hispanics well over 11 percent (or 1.5 times the rate for Whites).²⁴ Such statistics have increased the demand for financial literacy regarding bankruptcy, budgeting and benefits in minority communities.

Financial literacy on basic banking services is also necessary in communities of color: the latest National Federal Deposit Insurance Corporation Survey in the U.S. shows that 54% of Blacks and 44% of Hispanics were underbanked or unbanked, versus 18% of non-Hispanic Whites.²⁵

Nevertheless, school curricula are not responsive to this dire need. In the Seventh District, states requiring these courses to be taken and testing students on these subjects, as noted in Table 4, are the exception.²⁶

CHART 3.
FRBC OMWI Organizational Chart as of Dec. 31, 2012

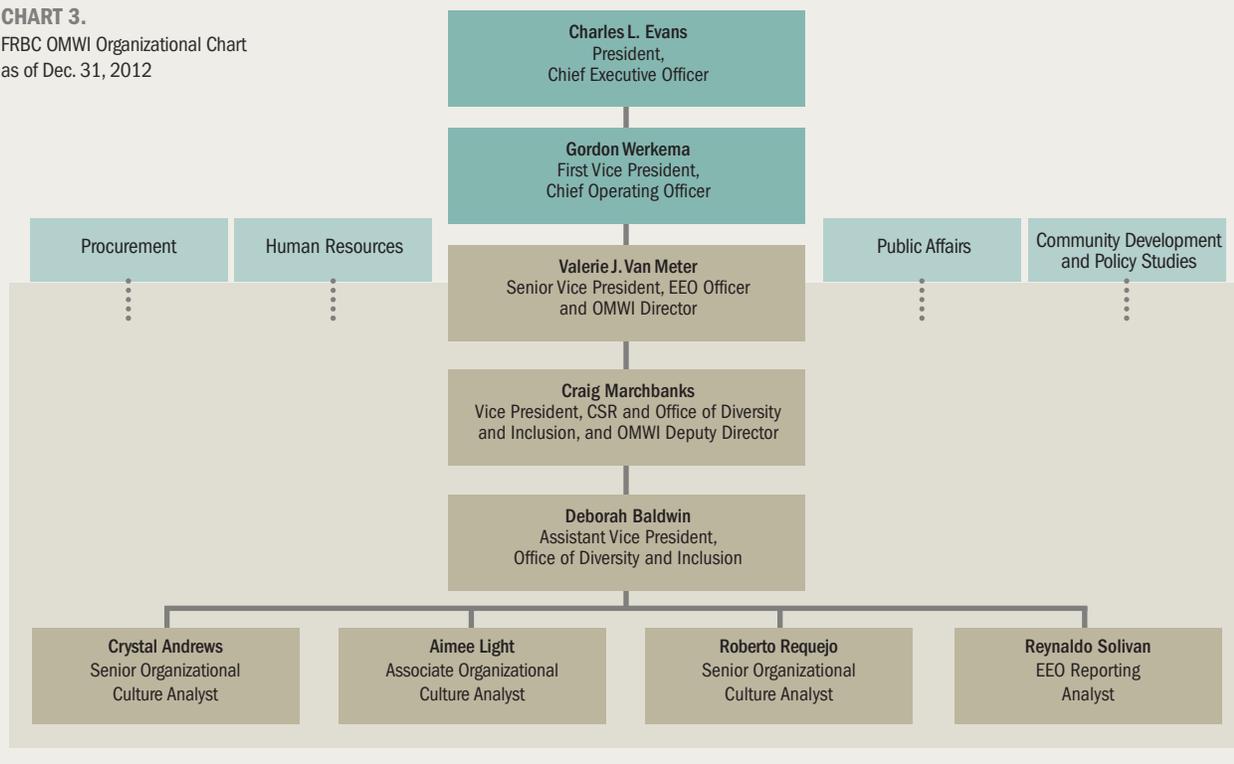
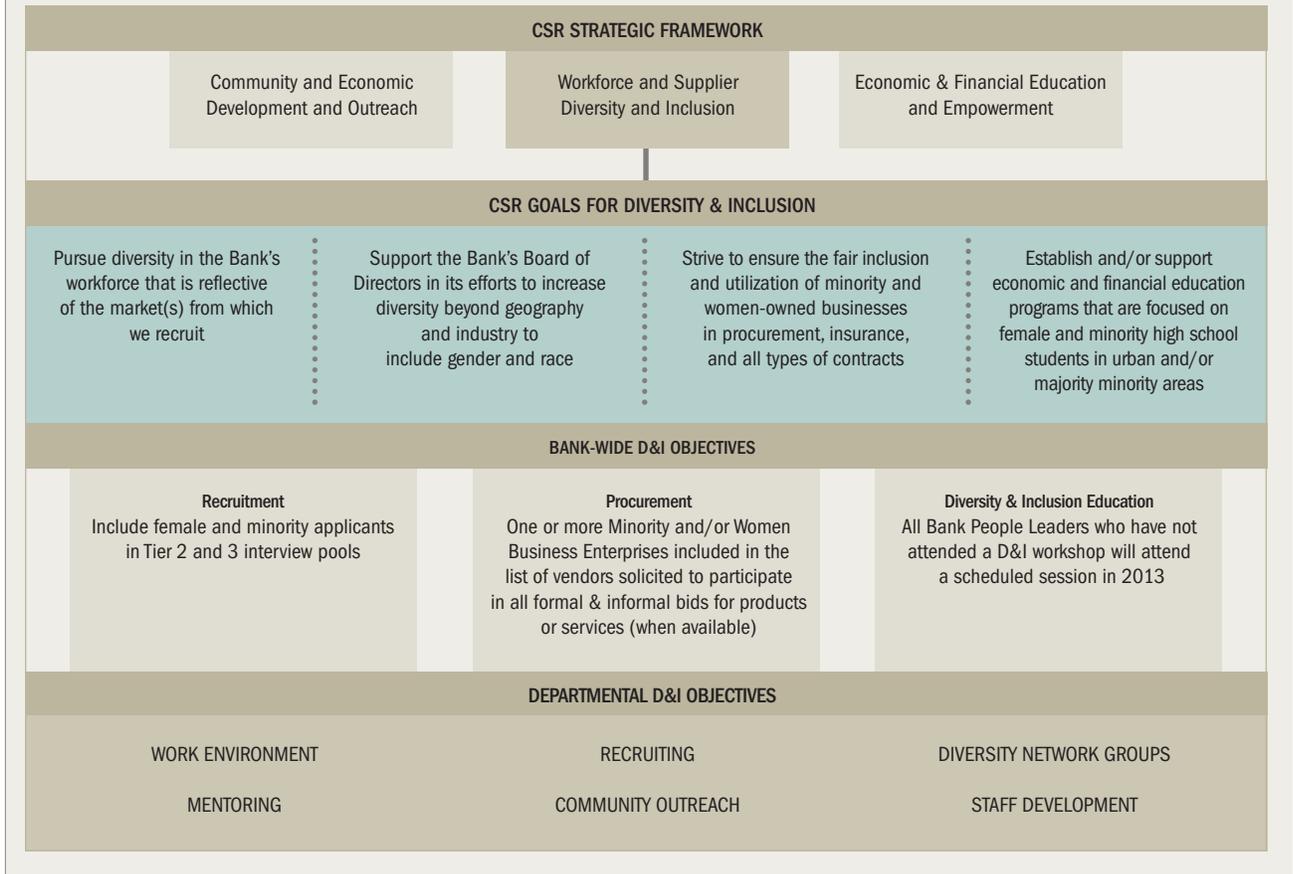


CHART 4.
FRBC 2013 CSR Strategic Framework, D&I Goals and Objectives



THE FEDERAL RESERVE BANK OF CHICAGO'S APPROACH TO DIVERSITY AND INCLUSION (D&I)

As described in its previous OMWI Annual Report to Congress, in 2011, the Federal Reserve Bank of Chicago took advantage of the opportunity presented by Section 342 of the Wall Street Reform and Consumer Protection Act of 2010 or Dodd-Frank Act (DFA), to better coordinate and enhance its initiatives around diversity and inclusion (D&I). As required by the Act, the Bank established its Office of Minority and Women Inclusion under the name Office of Diversity and Inclusion (ODI). The broader scope reflected in the name of the Office represented the Bank's comprehensive approach to D&I which, while focusing on women and minorities, devotes considerable efforts to promoting inclusion of the LGBT community, veterans, and other groups. Reporting to the Bank's Chief Operating Officer Gordon Werkema, the ODI is led by Senior Vice President and OMWI Director Valerie Van Meter, and has been staffed in 2011 and 2012 by recruiting externally and internally (see Chart 3). A valuable addition to the ODI in 2011 was Assistant Vice President Deborah Baldwin, a professional with more than 15 years of experience in D&I. In 2012, the Office appointed Craig Marchbanks as its Vice President and Deputy OMWI Director. Mr. Marchbanks joined the Federal Reserve Bank of Chicago in 2008 as an Assistant Vice

President in the Supervision & Regulation Department, after working for the Federal Reserve Board of Governors in Washington, D.C. While Mr. Marchbanks has worked primarily in risk management during his professional career, he has also led community-based volunteer organizations and has held positions on an education foundation and other non-profit boards. As it does when recruiting for all positions, the Bank continued to keep diversity in mind when assembling the ODI team, which, apart from including female and male staff, also includes members of the African-American, Latino and LGBT communities.

Like many leading financial firms and corporations, and parallel to the creation of the ODI, the Bank established a cross-departmental Corporate Social Responsibility (CSR) Council in 2011, comprised of senior leadership and co-led by First Vice President Gordon Werkema and Senior Vice President and OMWI Director Valerie Van Meter. The Council has developed a CSR strategic framework incorporating all relevant activities in the areas of diversity and inclusion, supplier diversity, financial literacy, economic education, community development and policy studies, regional economic outreach, environmentalism, and volunteerism. The Council meets regularly to discuss best practices and how each area's activities support the strategic direction of the CSR framework.

TABLE 5.
FRBC 2012 Bank-wide D&I Objectives and Results

RECRUITMENT	Results
1. Ensure that in-person interview pools for Tier 2 and Tier 3 positions include female applicants	<i>Effective rating, with 108 out of 130 pools of interviews for Tier 2 and 3 positions (or 83%), including one or more female candidates</i>
2. Ensure that in-person interview pools for Tier 2 and Tier 3 positions include minority applicants	<i>Effective rating, with 109 out of 130 pools of interviews for Tier 2 and 3 positions (or 84%), including one or more candidates of minority background</i>
PROCUREMENT	
3. One or more Minority Business Enterprises (MBEs) are included in the list of vendors solicited to participate in all formal or informal bids for products or services (when available)	<i>Outstanding rating, with 100% of formal and informal bids including at least one MBE supplier when available</i>
4. One or more Women Business Enterprises (WBEs) are included in the list of vendors solicited to participate in all formal or informal bids for products or services (when available)	<i>Outstanding rating, with 100% of formal and informal bids including at least one WBE supplier when available</i>
D&I EDUCATION	
5. Management Committee's participation in a D&I Executive Alignment series by year-end	<i>Outstanding rating, with 100% of MC members having completed three sessions</i>
6. All People Leaders (Officers, Managers and Supervisors) classified as of January 1st, 2012, will attend a one-day D&I training session by year-end	<i>Commendable rating, with 96% having completed their training as of Dec. 31, 2012</i>

The Bank's Office of Diversity and Inclusion continued building upon the Bank's ongoing efforts and assisting the Bank's leadership with refining and executing a strategic plan and initiatives in support of D&I. Working collaboratively with the Bank's Corporate Social Responsibility Council and Management Committee, the Office established, monitored, and reported on 2012 Bank-wide and departmental D&I objectives. In addition, 2013 D&I goals were established. These goals crystallized into 2013 Bank-wide D&I objectives in the areas of recruitment, procurement and D&I education, as well as into a number of departmental D&I objectives. Chart 4 summarizes the relationships between the CSR Strategic Framework, its D&I goals, and the Bank-wide and departmental D&I objectives.

The Chicago Fed's Bank-wide D&I objectives were revamped in 2012 to include more precise measures of progress under each objective, to be reported quarterly. Target measures have been established based on the quantitative success rates in each category. As of December 31, 2012, the Bank-wide D&I objectives and ratings were as summarized in Table 5.

For the past four years, the Bank has established both Bank-wide and departmental D&I objectives. Annually, each department is asked to identify one or two department objectives, along with the corresponding rating definitions (Effective, Commendable, and Outstanding) to be used in measuring quarterly progress and year-end success against each objective. The department D&I objectives are intended to support the Bank's commitment to promoting diversity and inclusion and include some of the industry's best practices. For example, the IT department of the Bank adopted as a D&I objective the diversification of its hiring panels to include females and/or minorities when interviewing for all pipeline development positions. This practice is considered an industry best practice and has been used in the Bank's selection process for officer positions. In fact, D&I expert Andrés Tapia

wrote an article praising the efforts of the Federal Reserve of Chicago to look for diverse senior talent within the organization and enlist a diverse cross-section of leaders to serve in its hiring panels (rather than leaving hiring decisions solely to the discretion of one person).²⁷

In addition to monitoring D&I objectives, the Bank performs a thorough Workforce Analysis covering all of its departments and department leaders meet regularly to share information and address challenges. Information regarding the Workforce Analysis and other tools to monitor women and minority representation in the Bank's workforce are provided in the next section.

LEADERSHIP COMMITMENT TO DIVERSITY AND INCLUSION

The current Chicago and Detroit Boards of Directors represent diverse backgrounds and interests (including commercial banks, agriculture, commerce, industry, services, labor and consumers), and have played a key role in providing guidance and leadership to the Bank's efforts around minority and women inclusion. As of Dec. 31, 2012, the Chicago Board, comprised of eight members, included two female directors; one of whom is a minority. Of the eight members of the Detroit Board, three are women — one minority — and one is a minority male.

Members of the Board of Directors' Human Resources and Governance Committee receive quarterly status updates on D&I at the Bank, and offer valuable input, including sharing best practices from their organizations. The Committee also monitors the progress of D&I objectives, which is also regularly shared with the Management Committee and the Board of Directors at large.

In relation to staff, the commitment to diversity and inclusion at the Chicago Fed starts at the top, with Bank leadership actively engaged in the promotion of D&I policies and practices. In 2012, to support the Bank's mission and vision and as a commitment to

A Director's Perspective

When I joined the Chicago Fed board of directors three years ago, there was an acknowledgement that we needed to improve diversity at the board and staff levels. But we were also debating about the business case for diversity and inclusion. I'm proud to say that today at the Chicago Fed, diversity in itself is the business case. This transformation has led to a constant effort to expand and deepen diversity and inclusion within the Bank, which has materialized, for instance in the recruitment of three minorities to our Chicago and Detroit boards during my current term. Still, this is a journey that will never be finished: new challenges will arise and will need to be addressed creatively as they occur. For instance, at the staffing level, recognizing the challenges to fill executive positions with diverse candidates, the Bank has decided to make a long-term investment in junior staff with high potential. Recruiting, retaining and cultivating a substantially diverse pool of individuals today will bear enormous fruits 10 and 15 years from now, when the baby boom generation is fully into retirement and their positions need to be filled. This is a demonstration that diversity really starts at the top and that change occurs in an organization when its board, its president and its senior staff are committed to it.

About the Chicago Fed's role in the community, we must start recognizing that the Seventh District can only be as successful as the least of its residents, and that economic success is about building a kind of prosperity that is broadly shared.



Terry Mazany

When I look at the impact of the foreclosure crisis in communities of color and see people whose home has today the same value that their parents' had 20 years ago, I realize that we, as a Bank, must go beyond financial literacy — which must still be a

priority — and look at where the new pathways are to create wealth in this economy. What is the economic data telling us about the status and trends in communities of color? How do we support small, minority- or female-owned business? What opportunities for wealth creation can we offer to those who have lost their home and with it, their main asset?

An understanding of and commitment to diversity and inclusion on the part of the Chicago Fed is vital to help answer these questions by connecting and supporting the departments and business areas of the Bank: Research, Community Development, Procurement.... And it is our role and responsibility, as directors and senior leaders of the Bank, to ensure that the Chicago Fed promotes diversity and inclusion not only inside the Bank, but also within the entire District.

Terry Mazany

President and CEO of The Chicago Community Trust and Class B Director of the Board of the Federal Reserve Bank of Chicago

the Chicago and Detroit Boards of Directors, the Chicago Fed made an investment to provide D&I education to all leadership.

Throughout the year, the members of the Bank's Management Committee (MC) engaged collectively in a series of three 2-hour dialogues on D&I facilitated by an independent consulting firm recognized among the top ten pioneers in the industry. Feedback from these sessions was incorporated into a leadership training session: "Driving Results through an Inclusion Culture." This training consisted of a one-day workshop for all people leaders (officers, managers and supervisors) classified as such as of January 1, 2012, and was offered throughout the second half of the year. A member of the Management Committee introduced each session. The workshop incorporated various learning methodologies, including group discussions and interactive activities to facilitate the participants' direct application of workshop lessons to the Bank's Leadership Competencies.

The workshop was designed to:

- Increase awareness of diversity, inclusion and cultural competence and their impact on the business
- Increase understanding of how cultural backgrounds can create assumptions, biases, and stereotypes that impact employee contributions, team dynamics and business objectives

- Explore ways in which subtle and unconscious behaviors create barriers to diversity and inclusion
- Clarify the need for personal and organizational commitment to diversity and inclusion.

Senior leadership commitment to D&I was evidenced not only through the above-mentioned engagement in training and educational activities, but also in the development and monitoring of D&I objectives.

Additionally, the Bank's senior leaders also continued their active participation in a number of external outreach and community engagement efforts, as well as sponsorship of internal Employee Support Network Groups (ESNGs), devoted to promoting D&I. For example, First Vice President Gordon Werkema continued serving as vice chair of the Board of Directors of Chicago United, a nonprofit organization made up of racially diverse executives dedicated to closing the gap between race and business leadership. A number of Bank leaders also serve as members of the Chicago United Leaders Council.

The engagement of senior leadership in Chicago United's activities supports the goals of both organizations to connect a diverse talent pipeline with opportunities in the financial and economic fields. As an example of such engagement, Senior VP and



Rick Waddell, Chairman and CEO of Northern Trust and member of the Chicago Fed Board of Directors (center), and Bank staff at the annual “Changing the Color of Leadership” conference sponsored Chicago United. Senior Vice President and OMWI Director Valerie Van Meter (third from left) was one of the panelists.

OMWI Director Valerie Van Meter was one of the panelists at the Chicago United ninth annual “Changing the Color of Leadership” conference. The conference is a forum for business leaders, diversity professionals, and minority business owners throughout the Chicago region to discuss D&I strategies.

As previously mentioned, Chicago United published its “Corporate Diversity Profile” in 2012, a bi-annual survey that measures racial diversity specifically in the leadership ranks of large corporations, on corporate boards and in executive level management. This serves as a benchmark for corporations to measure their progress in this arena. Staff from the Chicago Fed’s Community Development and Policy Studies division assisted Chicago United in its research efforts by conducting an analysis aimed at increasing diversity at the executive and managerial levels. Findings from the Profile have been incorporated in this Report.

Earlier this year, Valerie Van Meter was a panelist at Boardroom Bound’s second annual Chairman Awards, dedicated to “Celebrating Inclusive Best Practices in the Corporate Boardroom.” Boardroom Bound is a nationally acclaimed nonprofit that has established a Director Candidate Pipeline from which over 40 companies have selected talent for seats on their corporate advisory, and private and publicly traded boards (both in the U.S. and abroad). At the event, Van Meter spoke as part of the panel “How Increasing Boardroom Diversity Can Lead Innovative Investment in the Small Business Community.” She was also a panelist at the 2012 Inclusion Forum “Healing and Strengthening Chicago Through Diversity & Inclusion” hosted by Target and Diversity Best Practices (DBP) Consulting in June. The panel, moderated by DBP Consulting CEO Andrés Tapia, was titled “Creating Economic Value through Diversity and Inclusion.”

Additionally, Van Meter participated in September in the “I Wish I Had Known” panel of the Women Connect Conference, sponsored by the University of Chicago Booth Graduate School of Business, a yearly event attracting alumnae and potential recruits

to the school. Van Meter was also recognized as the corporate honoree at a Chicago State University event saluting women in the fields of business and community involvement for her passion to include women and minorities in the fields of banking and finance.

Van Meter, along with Senior Vice President Robert Wiley continued serving on the boards of Junior Achievement (JA) of Chicago and Southeastern Michigan, respectively. JA is one of the world’s largest organizations devoted to financial literacy, mentoring and career preparation for children and youth. Van Meter also joined the Honorary Board of Advisors to the national nonprofit Student Veterans of America (SVA). SVA is the only organization in America solely dedicated to helping military veterans excel in higher education and after graduation. With chapters on more than 700 campuses nationwide, SVA’s peer-support network works to empower thousands of student veterans to graduate with market-valued degrees.

In his previous capacity as a leader in the Supervision & Regulation Department, Vice President Craig Marchbanks participated in the panel “Successfully Managing a ‘Non-Traditional’ Career Transition in Financial Services” during the 23rd Annual Pension and Financial Services Conference of the National Association of Securities Professionals (NASP), sharing with the audience his journey from the corporate world to the Fed.

In January, Assistant Vice President Deborah Baldwin moderated a diversity and inclusion panel discussion cosponsored with the National Association of African Americans in Human Resources. Approximately 100 professionals from the local HR community attended. The event was also offered as a webinar to a national audience. Baldwin was also a panelist in the 12th Annual Diversity Career Fair for Chicago, Cook County and Illinois, sponsored by the Diversity Recruiters Network on November 7, 2012. Her session, “Empowering Champions: Diversity in Leadership” covered best practices and lessons learned to increase diversity in senior positions.

Other engagements of senior leaders with organizations promoting D&I include Craig Marchbanks’ participation as an advisory board member to the Business & Finance Cluster Program of Chicago Public Schools. Jeffrey Marcus (former Vice President of Accounting and Procurement and current General Auditor) served as a member on the Chief Procurement Officers Advisory Council to the President of the Chicago Minority Supplier Development Council (CMSDC). Mark Hands, Supplier Diversity Manager, participated on the advisory board of the CMSDC and as a representative of the Bank on the National Minority Supplier Development Council (NMSDC) Financial Services Roundtable for Supplier Diversity, serving also on its Benchmarking Committee. Several senior leaders also sponsor the Bank’s employee support network groups (ESNGs), as described in the next section.

The following sections delve into the three key areas where the Federal Reserve Bank of Chicago expends most of its efforts to promote diversity and inclusion in alignment with its Corporate Social Responsibility Framework and Sec. 342 of the Dodd-Frank Act. These areas are: Minority and Women Employment, Minority and Women-Owned Businesses, and Financial Literacy and Community Outreach.

Minority and Women Employment

The Federal Reserve Bank of Chicago continued to promote diversity and inclusion within its workforce in 2012, aiming to create a workplace that is supportive of people with a diversity of thought and of different backgrounds. To that end, the Bank closely monitored the demographics of its workforce, with special attention to gender, race and ethnicity. The Bank also expanded its emphasis on attracting diverse talent to the Bank, both within the District and as the coordinator of the Federal Reserve System's Diversity Recruitment Strategy. Training and development opportunities targeting retention and professional growth were offered to staff, with a focus on offerings customized to the perspectives of women and minorities. Diversity-oriented affinity groups, known as Employee Support Network Groups (ESNGs) within the Bank, played a key role in creating a workplace where women, racial and ethnic minorities, and members of the LGBT community, are supported in their professional and personal development, in their efforts to educate Bank staff about their respective communities, and in their volunteer work in partnership with nonprofit organizations.

The Bank established and tracked D&I objectives to ensure that in-person interview pools for Tier 2 and Tier 3 positions included both female and minority applicants. As of December 31, 2012 the Bank met the objectives 83% and 84% of the time, respectively.

DATA AND TRACKING

The Bank collects a variety of demographic data about its workforce, which are studied and interpreted using several analytic frameworks. The Bank looks at the demographic breakdown of its key positions according to the Equal Employment Opportunity Commission (EEOC) categories and makes comparisons between the demographics of the Bank's own job categories versus the availability of female and minority candidates in the job markets for such categories. These analyses provide a snapshot of its workforce demographic breakdown, along with an assessment of the rate at which female and minorities qualified for different Bank jobs are being utilized.

To foster management accountability, and as mentioned in the Overview section, the Bank's OMWI Director (and formally as EEO Officer) has, over the past several years, conducted annual Workforce Analysis meetings with senior management of the Bank's various departments. At each meeting, leaders reviewed workforce

demographics and employment actions in order to identify trends and opportunities and address potential areas of concern. Each department also committed to specific actions for the upcoming year that would further the achievement of the Bank's D&I objectives. The information contained in the following subsections, focused on staffing representation, reflects findings and data extracted from the Bank's Workforce Analysis and EEO reports. As mentioned above, in order to elaborate its analyses, the Bank utilizes both the job categories established by the EEOC and the Chicago Fed's own job classification. Both analyses are shown separately for clarity and transparency.

STAFFING REPRESENTATION: EEOC JOB CATEGORIES

The Bank's staffing representation as of August 31, 2012, which is based upon EEOC job categories, is included in the Appendix (including staff classified as "extra help"²⁸).

As of December 31, 2012 the Federal Reserve Bank of Chicago's total staff level was 1,436 (not including "extra help"), an increase of 5 percent from the 1,366 regular help employees working for the Bank as of December 31, 2011. Overall female percentage representation remained the same in 2012 at 46 percent — a significant improvement after several years of experiencing a steady decline in female percentage representation — and overall minority representation remained about the same compared to last year's report at 39 percent. Black/African-American employees represented 19 percent of the workforce with Hispanic/Latinos at 10 percent and Asians at 8 percent. Other minorities represented 1 percent of the total.²⁹

The majority of the Bank's positions fall into three EEO-1 Job Groups or Categories: Officials and Managers, Professionals, and Administrative Support.³⁰ As reported in 2011, the "Professionals" category continues to be the largest, comprising about 59 percent of the Bank's workforce. Officials and Managers now represent 20 percent of the positions in the Bank, a slight increase compared to about 19 percent in 2011. The Administrative Support category currently comprises about 13 percent of the Bank's workforce compared to 14 percent in 2011. While the trend of EEO-1 job categories shifting to a higher percentage of managerial and professional jobs in the Bank continues, the representation of minorities in both job groups also increased. Female representation increased in the Officials and Managers category and remained the same in the Professionals category.

The Officials and Managers group was 43 percent female and 25 percent minority in 2012, an increase from 40 percent and 21 percent respectively in 2011. Percentage representation in 2012 within Officials and Managers by race/ethnicity was: 13 percent Black/African-American (an increase from 12 percent in 2011), 6 percent Hispanic/Latino (an increase from 5 percent in 2011), and 6 percent Asian (an increase from 4 percent in 2011).

Within the Professionals category, female representation remained the same as 2011, at 47 percent, while the representation of minorities increased from 33 percent in 2011 to 35 percent in 2012. Currently, the Professionals category is 13 percent Black/African American (same as in 2011), 10 percent Hispanic/Latino (an increase from 9 percent in 2011), and 11 percent Asian (an increase from 10 percent in 2011).

The Administrative Support category was 67 percent female and 71 percent minority in 2012, representing a slight decrease in percentage representation in both demographics from 68 and 72 percent respectively in 2011). Minority representation within the Administrative Support EEO-1 job category is 49 percent Black/African-American (a decrease from 51 percent in 2011), 15 percent Hispanic/Latino (an increase from 13 percent in 2011), and 5 percent Asian (a decrease from 7 percent in 2011).

STAFFING REPRESENTATION: INTERNAL JOB GROUPS OF THE FEDERAL RESERVE BANK OF CHICAGO

In order to properly assess women and minority representation in the Bank’s workforce, the Chicago Fed does not compare the demographic breakdown of its internal job groups with that of the general population. Due to the specialized skills and higher-level education requirements needed to fill the majority of the jobs within the Bank, the overall demographic breakdown of the general population does not provide an appropriate proxy of the candidate pools from which the Bank would be able to recruit. As a result, the Chicago Fed considers the labor market availability of the workforce in each of the Bank’s job groups by comparing the demographics of our internal job groups against the demographics of the job market for existing, comparable job groups locally or nationally (depending on the geographic scope of recruitment used for each job group), and using the most recent data provided by the U.S. Census Bureau.³¹ Through this exercise, the Bank determines the availability of professionals in each job group and position, compared with its labor force numbers, and determines whether certain demographic groups show a shortfall in representation.

The most recent analysis assessed more than 700 employees in the upper-level job groups of the organization, including Officers, Managers, Supervisors, Senior Professionals and other upper-level job groups. Although there are some exceptions, the analysis revealed that, in 2012, in comparison with the availability of women and minorities in the labor force for these particular job groups, the Bank has made gains from prior years in the overall representation of women and minorities. A year-to-year comparison of the Bank’s overall minority representation in several high-level job groups to the labor market availability continues showing noteworthy increases from 2011 to 2012, including Supervisors

(from 35 to 41 percent), Managers (from 21 to 26 percent), Upper Level Technology Professionals (from 36 to 39 percent), Officers (from 16 to 18 percent in 2012), and Upper Level Administrative Professionals (from 29 to 31 percent). Female representation grew in the following upper-level job groups from 2011 to 2012: Supervisors (from 29 to 39 percent), Upper Level Examiners (from 30 to 33 percent), Managers (from 41 to 43 percent), Officers (from 43 to 44 percent), and Upper Level Economists (from 37 to 38 percent).

The only exceptions are a shortage in the representation of minorities in Upper Level Examiner positions, of females in Upper Level technology professional positions, and of both females and minorities in Senior Professional positions. Although senior management is firmly committed to addressing these gaps, ongoing challenges are expected due to the highly technical requirements of these jobs, as described in the previous section.

Bridging the gap in the representation of minorities in Upper Level Examiner positions in the short term is a challenge, due in part to the Federal Reserve System’s requirement for examiner credentialing, which takes several years. To address this issue, the Bank is focusing on promoting diversity in the Entry Level Examiners’ job group, which has seen an increase in minority representation from 29 percent to 33 percent over the past year, and can serve as a pipeline for the upper-level group. This considerable focus by the Bank’s management also resulted in an improvement in minority representation compared to the labor market availability in the Upper Level Examiners group. The gap decreased from 13 percent in 2011 to 10 percent in 2012. In order to address this challenge, the Supervision and Regulation Department is requiring all high potential women and minorities to have individual development plans designed to ensure that they have the knowledge, skills and experience to access those higher-level positions. With a sustained effort on development and retention, this gap in minority representation of Upper Level Examiners is expected to continually diminish over time.

CHART 5.
FRBC Workforce demographics: Race/ethnicity and gender as of Dec. 31, 2012

Total number of employees= 1,436
- Male = 54%
- Female = 46%

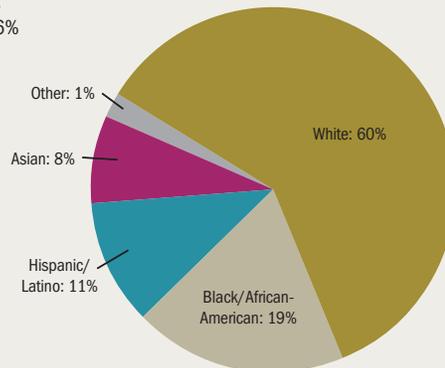
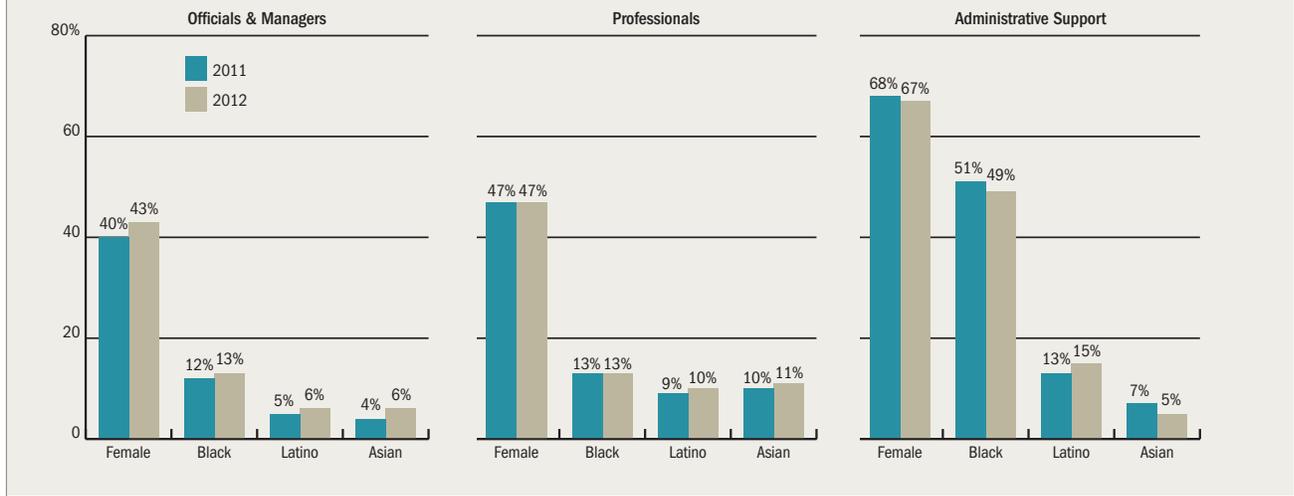


CHART 6.

FRBC EEOC selected categories: Percentages of females and largest minority groups as of Dec. 31, 2012



Another challenge faced by the Bank is the recruitment of female professionals for IT positions, which is the result of a significant gender gap that still exists in the supply of talent for IT positions as mentioned in the Overview section. Our analysis indicates that the shortfall in female representation compared to the labor market availability increased for the Upper Level Technology Professionals job group, however, the Bank's female percentage representation in this job group remained the same at 21%.

This year's analysis also shows a shortfall of minority and female representation in the Senior Professionals group, a challenge likely to continue going forward as this job group is made up of the very highest level of technical experts in the Bank in areas such as economics, information technology, and banking regulation.

With respect to hires and promotions, the total number of hires decreased from 180 in 2011 to 169 in 2012, while the number of promotions increased to 202 in 2012 from 188 in the prior year. The percentage of female hires increased substantially from 39 percent in 2011 to 52 percent in 2012, and the percentage of minority hires increased from 41 percent in the previous year to 43 percent in 2012.

Similar to last year's report, females comprised 43 percent of overall promotions, while the percentage of minority promotions increased from 32 percent in 2011 to 35 percent in 2012.

The total number of separations (voluntary and involuntary) decreased from the prior year. The percentage representation of females in the termination statistics decreased from 50 percent in 2011 to 46 percent during this reporting period. The percentage representation of minorities in separations decreased from 44 percent in 2011 to 31 percent in 2012.

PROMOTING AN INCLUSIVE WORK ENVIRONMENT THROUGH AFFINITY GROUPS

The Bank's diversity-oriented affinity groups, known as Diversity Employee Support Network Groups (ESNGs), are

coordinated by the ODI through the work of Senior Organizational Culture Analyst Crystal Andrews. These ESNGs are resources to share and promote the common interests of employees with a set of characteristics and an identity that is unique and reflective of their life experiences and cultural norms. They offer support for continuing education and professional development and celebrate their particular history and heritage while educating the Bank staff about them. The Diversity ESNGs also provide opportunities for employee involvement in internal and external events held in partnership with civic organizations (with a focus on volunteerism in financial literacy and mentoring of high school students). The Bank's ESNGs also support the Chicago Fed's D&I efforts regarding recruitment, engagement, staff development and retention in partnership with professional associations.

The first Diversity ESNG was formed in 2002. The number of these groups has grown over the years and as of December 31, 2012, the Bank's diversity-related ESNGs included:

- African American Association for Personal and Professional Growth (APPG)
- Asian American Affinity Group (AAAG)
- Latino Resource Association (LRA)
- Seventh District Friends of Lesbians And Gays (7FLAG)
- Women's Impact Network (WIN)

Several senior leaders serve as sponsors of the Bank's Diversity ESNGs: as of December 31, 2012, they included Vice President and OMWI Deputy Director Craig Marchbanks (APPG); Assistant Vice President, Finance, Bogdan "Bob" Acamovic (AAAG); Senior Vice President, CRSO, Sean Rodriguez (LRA); Senior Vice President and Detroit Branch Manager Bob Wiley (7FLAG); and Senior Vice President and General Counsel Liz Knospe (WIN).

In 2012, the ODI continued and intensified its work with members of the ESNG community to strengthen their impact, influence and effectiveness. After conducting an assessment of all of



Orim Graves (first from left), Executive Director of the National Association of Securities Professionals (NASP), and Patricia Coffey, Associate Director of Admissions at the University of Chicago Booth School of Business (center), at a career symposium co-sponsored by NASP and the Chicago Fed and held at the Bank's headquarters.

the groups, the ODI developed a customized Strategic Alignment Workshops series, guided by the following goals:

- Assist the CSR Council and the ODI to achieve its goals and objectives.
- Further develop the ESNGs into strategic business partners to assist with employee recruitment, engagement and retention.
- Strengthen the impact, influence and effectiveness of ESNGs.

All diversity-oriented ESNGs completed their Strategic Alignment Workshops in 2012 and identified areas of opportunity in three main areas: 1) employee engagement, with a focus on community building among colleagues, promoting cultural/heritage/special interest awareness, and contributing to impact the Bank's culture; 2) talent development, including learning and development opportunities, targeted professional development offerings, and support of HR initiatives (i.e. diversity recruiting); and 3) community development, understood as partnerships with Bank-sponsored economic/financial education programs, participation in volunteer activities, and support of supplier diversity initiatives. Additionally, the ODI hosted an "ESNG Summit" and other cross-group opportunities to encourage collaboration with leadership from all ESNGs, including executive sponsors, coming together to learn about each other's work.

Diversity ESNGs have been very active throughout 2012. APPG sponsored a "Women of Color Real Talk" panel discussion, which featured Barbara Lumpkin, Deputy CEO at Chicago Public Schools; Cheryl Jackson, Vice President of Government Affairs and Corporate Development for AAR Corp.; and Stephanie Neely, City of Chicago Treasurer. The panelists shared their insights on their roles and professional contributions as public servants, along with their strategies for sustained career growth and success. APPG also hosted its fifth-annual "Business Leaders of Color Panel" discussion and networking reception,

featuring Gwendolyn L. Butler, President and Chief Operating Officer, Capri Capital Partners, LLC; Will Lucas of Lucas Consulting; and Theodore I. Yi, Co-Managing Partner of Quarles & Brady, LLP – Chicago Office. The theme of the panel was "How to Win at Work."

AAAG sponsored a "Life Management-Leadership Seminar" in partnership with WIN. The groups invited Francis Mesina, Agency Director with MetLife, to speak about life management from a leadership perspective. The group also invited Angie Chin, a former Bank officer and now a general director at General Motors, to speak about her professional journey. During her tenure at the Bank, Ms. Chin was the first Asian American appointed to an officer position.

LRA planned a series of panels on how to navigate the Fed: one from the perspective of senior leaders, another from that of middle management, and a final panel focusing on the point of view of individual contributors. During the first panel, dedicated to senior leadership perspectives, Chicago Fed employees heard senior Bank leaders Gordon Werkema, Bob Wiley and Val Van Meter share their leadership journeys, lessons learned from challenges, and experiences that have made an impact in the way they have led others.

7FLAG coordinated the event "What it Means to be a Straight Ally" and the seminar "The Cost of Living Without Equality." Speaker Elizabeth Lindsay-Ryan, consultant and professor at DePaul University, presented information on the real dollar costs of being gay, how the Bank and other organizations are taking steps to resolve these inequalities, and what more can be done to level the field.

WIN organized "The Fed View," a panel of women leaders from around the System, including Federal Reserve Bank of Kansas City President Esther George and Federal Reserve Bank of Chicago Executive Vice President Cathy Lemieux, who shared their thoughts on a range of topics, from finding your passion to taking risks. Additionally, WIN invited Dr. Sue Stanek to speak about "The Key to Empowered Women." A panel of female leaders from across the Bank was invited to share their insights on transitioning into a people leadership role, the evolution of such roles, and the differences between being a people leader at the Fed versus other organizations.

One of the most visible Bank-wide acknowledgments of the value of workplace diversity is the celebration of cultural and heritage months. ESNGs play a key role in providing content and activities to these celebrations. They include: Black History Month (February), Women's History Month (March), Asian American and Pacific Islander Heritage Month (May), LGBT Pride Month (June), and Hispanic Heritage Month (mid-September to mid-October). During October, the Bank collectively celebrates Diversity Month to promote diversity of thought and culture by sponsoring events, external speakers and activities open to all employees. A Veterans' Day celebration is held in November to honor Chicago Fed employees who have served in the military and/or have family members who have served or are currently serving in the U.S. armed forces.

ATTRACTING DIVERSE TALENT

The Federal Reserve Bank of Chicago coordinates the Federal Reserve System's Diversity Recruitment Strategy, and the Bank takes its own proactive and innovative approach to attracting diverse talent to its headquarters and branches. Senior Diversity Recruiter Meredith Morales, Recruiting Manager Cheryl Hillman, and HR Vice President Nokihomis Willis coordinate both efforts.

Since 2007, the Federal Reserve System has collaborated to implement and execute the strategic national diversity recruiting and advertising efforts across all 12 Reserve Banks, the Board of Governors, and the Federal Reserve Information Technology (FRIT) group. The System Diversity Recruiting Strategy uses a collaborative and cost-effective approach toward participation in five national, diversity-focused conferences and several regional conferences. Diversity advertising via online, print and social media vehicles aligns with the conference presence to position the Fed as an employer of choice.

The System collectively attended five national diversity conferences to recruit potential candidates: National Urban League, National Black MBA Association (NBMBA), National Society of Hispanic MBA's (NSHMBA), Association of Latino Professionals in Finance and Accounting (ALPFA), and the Thurgood Marshall College Fund Leadership and Recruitment Fair. Regional diversity conferences included participation at Atlanta University Consortium (AUC), National Association of Asian American Professionals, Hispanic Consortium for Colleges and Universities, Black Data Processors Association, and LGBT Out for Work. Additionally, the Federal Reserve Bank of Chicago hosted the 10th anniversary of Women of ALPFA and the kick-off reception of NBMBA's 2012 National Conference at its headquarters. Several staff members also attended this year's National Summit on Women and Information Technology, held in Chicago.

Working closely with these nationally recognized organizations on recruitment helps Districts make successful diverse hires and improves brand recognition of the Federal Reserve System as a diverse employer. In order to proactively source talent, the System screened over 1,000 resumes, interviewed more than 60 candidates via phone and onsite interviews, and utilized Twitter to advertise opportunities and increase visibility, resulting in 9 hires System-wide as of this report's writing. Additionally, more than 20 Federal Reserve System employees served as career management coaches by volunteering to assist over 500 job seekers at the NSHMBA conference with resume review, career coaching, and mock interviews. The Federal Reserve System also had an opportunity to feature three of its Latino executives in a NSHMBA e-newsletter, highlighting the Fed's success stories as a diverse employer.

In recognition of all these efforts, the Federal Reserve System was acknowledged by *Black EOE Journal*, *Hispanic Network Magazine* and *Professional Woman's Multi-Cultural Magazine* as among the top 10 employers committed to diversity and inclusion among financial institutions in 2012.

In 2012, the Federal Reserve Bank of Chicago hosted or participated in a variety of local recruiting events, such as a "Lunch

and Learn" co-sponsored with the local chapter of the National Association of African Americans in HR (NAAAHR), a reception for the Young Professionals of Chicago, and the career fair of the Hispanic Alliance for Career Enhancement (HACE). Staff attended a career fair and panels by Right Management, a unit of Manpower – the world's largest provider of outplacement services. The bank co-sponsored and hosted the National Association of Securities Professionals (NASP) 2012 Mentors Luncheon and Career Symposium. NASP is an association of minority and women professionals in the securities industry. The well-attended event, aimed at college students and young professionals interested in a career in the financial services industry, featured a mini career fair, panel and workshops, all aimed at developing the next generation of diverse talent through exposure to career paths and job opportunities. Human Resources Vice President Nokihomis Willis kicked off the event and Valerie Van Meter interviewed Ariel Investments President Melody Hobson.

The Bank also continued its strong relationships with several local universities and partnered in career fairs and other recruitment events with DePaul University and Chicago State University. In 2012, Supervision and Regulation staff forged a relationship with Women in Listed Derivatives (WILD), The Posse Foundation (a nationwide college access and youth leadership development program for high school students), and NASP to assist with targeted sourcing for specialty positions. The department plans to devote additional time and effort to develop relationships more fully and optimize these resources in 2013.

In addition to these events, the Chicago Fed advertised open positions in a variety of publications, web sites and social media targeting women and minorities, including NSHMBA's magazine, e-newsletter and e-blasts; *NBMBA's magazine*; *Professional Woman's Multi Cultural Magazine*; *Hispanic Network Magazine*; and *Black EOE Journal*, among others. Other entry points of diverse candidates included the Indeed.com job board, and the Bank's own web site, www.chicagofed.org.

In 2012, the Chicago Fed hired 64 college interns, of which 30 were women and at least 21 were minorities (four interns chose not to disclose race/ethnicity). Offers for full-time employment were extended to six of them, and all of them accepted. A collaboration among the Chicago Fed and minority-owned financial firms Ariel Investments and Loop Capital also started this summer. Summer interns of the three organizations shared educational programs such as an Economic Research panel at the Fed and a luncheon with senior leadership of the Bank, including

The Federal Reserve System was acknowledged by the Black EOE Journal, Hispanic Network Magazine, and Professional Woman's Multi-Cultural Magazine in their 2012 lists of top 10 financial institution employers committed to diversity and inclusion.



Members of the Bank's Women Impact Network (WIN) volunteer their time and professional experience at a mentoring day at the Chicago Fed. The mentoring day benefited high school students from local nonprofit Girls in the Game.

President and CEO Charles Evans and First Vice President and COO Gordon Werkema, as well as Loop Capital founder and CEO James Reynolds.

The Bank received in 2012 the Urban Empowerment Corporate Partner Award from Year Up, a nonprofit with offices in cities across the country whose mission is to provide urban young adults with the skills, experience and support that will empower them to reach their potential through professional careers and higher education. The Chicago Fed partners with Year Up to recruit interns for the Bank's IT department. The award was granted as a result of the significant improvements that Year Up saw in the Fed interns' technical and soft skills, the quality of the projects that the interns were exposed to, and the advice provided to Year Up, which has helped improve its intern program. In 2012, the program provided opportunities for two interns to gain professional experience working in the IT department. At the end of their internships, the two interns continued their employment with the Bank as contract workers.

RETAINING AND DEVELOPING WOMEN AND MINORITIES

In 2012, the Federal Reserve Bank of Chicago completed a review of development programs available for women and minorities, including those currently offered, as well as others that the Bank has not used in the past, and selected a number of programs that will be supported going forward given developmental needs and talent review results.

Two officer orientation sessions were offered, successfully matching new officers with mentors as part of the "Officer Buddy" program. Twelve participants, five of them women and five minorities, attended these sessions. Also, a "Transition to Management" program was designed and delivered, focusing on the delegation and transition plans for new managers within the Bank. This program was held twice in 2012 and attended by 27 participants (12 women and 10 minorities).

The Chicago Fed continued its Coaching Program in 2012. This program focuses on individualized professional development

for those at the executive level. Participants of this program work with an external executive coach on their individual developmental needs. Ongoing involvement includes 21 participants, of which 14 are women, and five are minorities. It also continued its Bank-wide Mentoring Program, with ongoing participation of 25 women and 16 minorities. The Bank also supported the Seventh District's participation in the System-wide Finance Mentoring Program. This program focuses on cross-district support and relationships within the Federal Reserve finance community. Seventh District participation includes one mentee and one mentor (one participant is a woman).

A Bank-wide Leadership Recognition event for people leaders who had made notable accomplishments in talent management, professional development, self-development or leadership competence, was held in 2012. Of the 47 participants, 29 were women and 17 were minorities.

The Bank's HR department also began a major initiative in 2012 to innovate and update the Bank's Succession Management Framework. The Bank's ODI worked in partnership with HR, and as a result diversity and inclusion has been woven throughout both the Bank's updated leadership competencies, as well as within the succession management and calibration processes. In addition, a cross-functional group of Vice Presidents was used to calibrate the Assistant Vice President and pipeline talent review results, also integrating D&I filters into their work.

These continued efforts to grow and diversify talent at the officer level have produced positive results. Leadership changes to support succession management included role or responsibility changes for 13 officers, eight of which were women and three of which were minorities. Functional responsibilities were reallocated at the management committee level to create several opportunities that resulted in a number of promotions to highly visible positions intended to provide the development and exposure necessary to move into senior leadership positions. There were also eight new officers appointed in 2012 as a result of strategic development. Of these, three were minorities and four were females.

On behalf of the Federal Reserve System, the Chicago Fed coordinates the System Leadership Exchange (SLE) to help provide more open access and participation in leadership job exchanges/projects across Districts and with the Board of Governors. A primary goal of this initiative is to support the development and exposure of a broad group of Federal Reserve staff to the career opportunities that are available across the organization. As more Leadership Exchange opportunities are offered and effectively communicated, the active participation of minority and female staff has improved steadily year-over-year. In 2012, 22 people participated, with 77 percent of the opportunities filled by women, and 32 percent filled by minorities. This reflects a continued positive trend from 2011 when participation rates of women and minorities were 59 percent and 24 percent respectively.

The District also has System-wide responsibility for the System Leadership Initiative (SLI), which incorporates the development and delivery of the Federal Reserve executive leadership development program. Conferences are coordinated to support the development of a broader group of senior leaders in the Federal Reserve System.

A core element of these conferences is diversity of participants, speakers and experiences. In 2012, SLI continued several offerings, including the newest conference, Thrive, to reach a more diverse group of managers in earlier stages of their careers with the purpose of developing, engaging and retaining them as key talent. Throughout the year, 249 people participated across three conferences. The SLI Thrive conference was offered to 88 managers and junior level officers with a participation rate of 49 percent women and 22 percent minorities, a slight increase in participation from the 2011 conference. Many of the sessions are broadcast live or videotaped to reach a broader group of staff across the Federal Reserve System. The agenda of speakers has included diverse resources and perspectives on leadership from recognized experts such as Linda Hill of the Harvard Business School, Eboo Patel of Interfaith Youth Core, Geoffrey Canada of The Harlem Children's Zone, and Andrés Tapia of Diversity Best Practices, along with the Federal Reserve's own senior leaders.

CHALLENGES

Some challenges related to recruitment events stem from the fact that the Chicago Fed hires for very specific positions, which requires a precise matching of candidates to job openings. Since events are held on specific dates, one of the greatest challenges the Bank faces at all recruitment events (diversity-oriented or not) is "right timing." Bank recruiters meet high-quality candidates at both active and passive events but they do not always have the right skill set needed for the jobs open at that precise moment. In some instances, the candidate has the right skill set, but is enrolled in a full-time graduate program. Due to the immediate need to fill the Bank's positions, managers cannot often afford to delay hiring to accommodate a candidate's calendar. In addition to this challenge, the quality of recruitment events is irregular and depends greatly on the capacity and ability of the partner organization to attract talent. The Bank evaluates events on an ongoing basis to decide whether the event or partnership should be continued or not.

Specific challenges that affected recruitment and advancement for positions in Supervision and Regulation included: difficulties in finding diverse candidates for openings in the Des Moines branch; problems in identifying minority and female candidates for niche jobs, such as those in risk management or financial market utilities; and the need for more sustained efforts to obtain commissioned status.

NEXT STEPS

The Bank is committed to increasing its workforce diversity, which is reflected by its progress from prior years. Nevertheless, the Bank recognizes the need for continued focus on commitments and efforts, in alignment with both the Bank's objectives and Dodd-Frank's OMWI requirements. The Bank's ODI and its Management Committee will continue to monitor and oversee the Bank's 2013 workforce demographics and Bank-wide and departmental D&I objectives. The results will be reported quarterly to the Bank's Management Committee, Corporate Social Responsibility Council and the Board of Directors.

Progress towards meeting the Bank-wide objectives requires continued contributions from all areas of the Bank. Each Bank department will adopt one or more D&I objectives in 2013 to support the Bank's commitment to promoting diversity and inclusion in hiring, developing and retaining staff; purchasing products and services from minority- and women-owned business enterprises; providing and promoting financial education in the communities we serve; and increasing inclusionary behaviors in the workplace. With the assistance of an external vendor, the ODI will offer diversity awareness and inclusion training for newly appointed leaders and those leaders who were unable to attend training in 2012. The ODI also plans to expand D&I education resources offered to employees.

In addition, further work to create alignment between ESNGs and the Bank's CSR strategies is planned. To facilitate ESNG leadership development, a three-part Leadership and Influence course will be offered to ESNG leaders to give them the opportunity to discover and analyze factors that shape their own leadership style and refine their leadership and persuasion skills. The CSR Council plans to execute a pilot program designed to assess the alignment of current and prospective external partnerships with the Bank's CSR D&I framework and objectives. Upon successful completion of the pilot phase, the program is projected to expand to other areas of the CSR framework. The Bank will also continue to coordinate the Federal Reserve System's diversity recruitment efforts and actively recruit for the District at both national and local job fairs focused on women and minorities. As a result of an overall assessment of 2012 recruitment events and campus participation, the Bank's Human Resources department will also continue in-house minority and women recruitment events, including new opportunities aligned with functional areas of the Bank such as Digital Divas and Black Data Processing Associates, as well as with Seventh District universities such as the University of Michigan's Gerald R. Ford School of Public Policy.

Overall minority representation at the Chicago Fed increased in several high level job groups in 2012, including Supervisors, Managers Upper Level Technology Professionals, Officers, and Upper Level Administrative Professionals. Female representation grew in the Supervisors' Managers, Officers, and Upper Level Economists job groups.

Minority and Women-Owned Businesses

The Federal Reserve Bank of Chicago recognizes the importance of a diverse supplier base and is committed to building meaningful business opportunities for minority- and women-owned business enterprises (M/WBEs). The Bank has a thorough and robust Supplier Diversity Program, with detailed policies and procedures aligned with the provisions of Section 342 of the DFA. Accordingly, it is the Chicago Fed's policy to provide M/WBE suppliers equal opportunity to compete for acquisitions through a competitive bid process. By ensuring M/WBE supplier inclusion in its acquisition and contracting process, the Federal Reserve Bank of Chicago helps promote economic and community development in the Seventh District and drives positive business results for the Bank, fostering competition and innovation while advancing diversity and inclusion strategies.

The Federal Reserve Bank of Chicago's commitment to supplier diversity continued growing in depth and breadth throughout 2012. The Bank made considerable progress in procurement/supplier diversity, with the primary goal of increasing participation of minority and women-owned businesses in contracts with the Bank.

The Bank's commitment to supplier diversity is evidenced by the fact that two of the six quarterly monitored Bank-wide D&I objectives are directly related to increasing opportunities for engagement of M/WBEs in the Bank's purchasing of goods and services. Throughout 2012, Procurement or business units included at least one MBE and one WBE (when available) on 100 percent of all formal and informal bids. A significant number of contracts were awarded to M/WBEs: in 2012, 73 M/WBEs were invited to bid on the Chicago Fed's 26 bids. Fifty-two M/WBEs responded, of which 15 (five MBEs and ten WBEs) were awarded contracts, representing 58 percent of all the Bank's bids (versus 53 percent in 2011).

In 2012, the Federal Reserve Bank of Chicago organized its supplier diversity work around five objectives:

1. Increase the FRBC and Federal Reserve System's presence in the supplier diversity community locally and nationally
2. Increase procurement opportunities made available to M/WBE sources locally and System-wide
3. Continue to assist with the implementation of the Dodd-Frank Act
4. Increase Bank staff awareness of the benefits of supplier diversity
5. Assist in collecting appropriate information for reporting on supplier diversity efforts

The Bank spent \$59,056,645 in 2012 in reportable expenditures³² via contracts in 15 primary categories. These categories are determined by the United Nations Standard Products and Services Code (UNSPSC), as summarized in Table 6.

Of those reportable expenses, the total amount of dollars paid by the Federal Reserve Bank of Chicago to M/WBEs was \$4.19 million (approximately 7.1 percent of total reportable expenses), of which minority-owned businesses comprised \$1.94 million (approximately 3.3 percent of total) and women-owned businesses comprised \$2.24 million (or 3.8 percent of total). The breakdown of MBE spending by ethnicity was as follows:³³

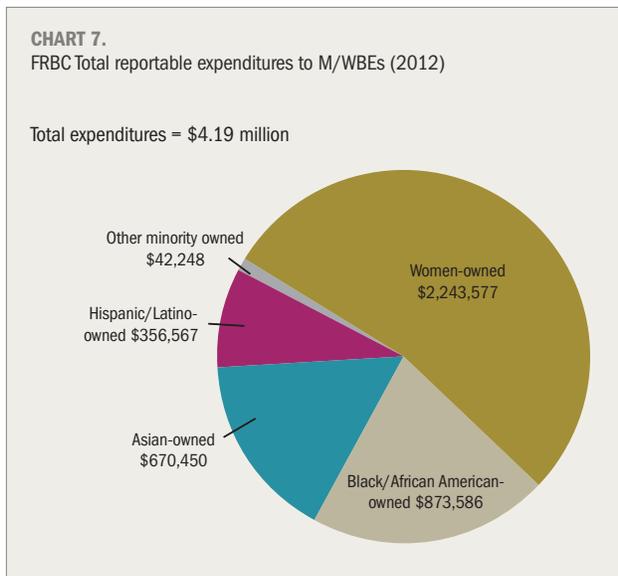
- Hispanic/Latino-owned businesses: \$356,570 (0.6 percent of total reportable expenses)
- African-American/Black-owned businesses: \$873,590 (1.5 percent)
- Asian-owned businesses: \$670,450 (1.1 percent)
- Other minority-owned businesses: \$42,248 (0.1 percent)

The top four MBE firms by contract volume in 2012 were:

1. Computer Resource Solutions - \$558,057 (auxiliary staffing services - African American)
2. Ideal Contracting, LLC - \$331,214 (general contractor - Hispanic)

TABLE 6.
FRBC Reportable expenditures, percentages (2012)

Building, Construction and Maintenance Services	28%
Management, Business Professionals and Administrative Services	14%
IT, Broadcasting and Telecommunications	11%
Unclassified	7%
Travel, Food, Lodging and Entertainment	7%
Transportation, Storage and Mail Services	6%
All Other Category Spend	6%
Furniture and Furnishings	5%
Public Utilities and Public Sector Related Services	4%
Engineering, Research and Technology Based Services	4%
Industrial Cleaning Services	3%
Office Equipment and Accessories and Supplies	2%
Material Handling and Conditioning and Storage Machinery	1%
Financial and Insurance Services	1%
Printing and Photographic and Audio and Visual Equipment	1%
Total	100%



3. Saggezza - \$211,152 (global technology solutions consulting - Asian)
4. VIVA USA - \$210,972 (auxiliary staffing services - Asian)

The top four WBE firms by contract volume during the same period were:

1. Instant Technology - \$462,430 (auxiliary staffing services)
2. Make Corporation - \$313,307 (auxiliary staffing services)
3. Emily Nixon & Associates - \$301,401 (consulting services)
4. OEC Business Interiors - \$271,532 (office furniture dealer)

Year-to-year comparisons show that the Federal Reserve Bank of Chicago's reportable spend with M/WBE suppliers decreased slightly by \$130,000, from \$4.32 million (or 8.4 percent of total reportable spending) in 2011 to \$4.19 million (or 7.1 percent of total reportable spending) in 2012. This decrease was largely due to the completion of the facility improvements in the Bank's Detroit Branch where approximately \$1 million less was spent with general contractor Ideal Contracting, LLC. While the Bank's total percentage of reportable Tier 1 spend to M/WBEs decreased by 1.3 percent in 2012, its overall percentage spend to M/WBEs increased to 9.2 percent, as a result of the Bank's starting to track and monitor Tier 2 spend with its general contractor for the Chicago facility.

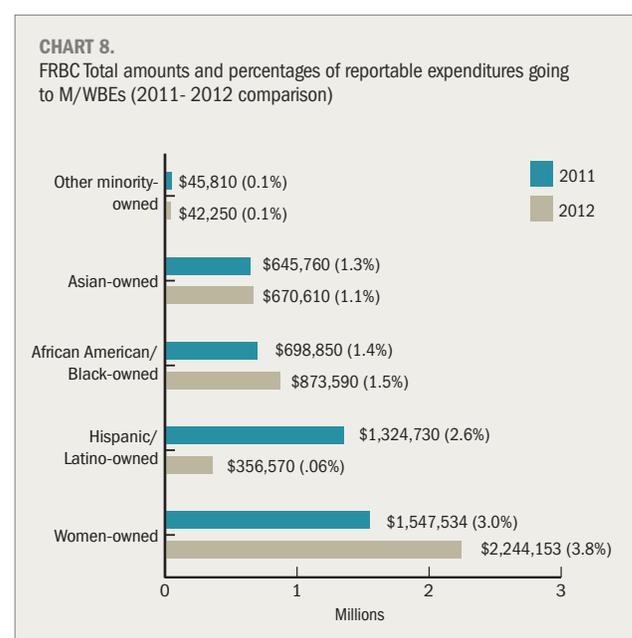
In 2012, the Federal Reserve Bank of Chicago's spend with African-American/Black-owned businesses increased \$174,740 or 25 percent to \$873,590, compared to \$698,850 in 2011. The Bank's spend with Asian-owned businesses was virtually flat at \$670,450 in 2012, compared to \$675,760 in 2011. Lastly, the Bank spent \$356,570 with Hispanic/Latino-owned businesses compared to \$1,324,730 in 2011, due to the completion of facility improvements at the Detroit Branch.

The Bank's spend with WBEs increased \$670,000, or 43 percent, to \$2.24 million in 2012 compared to \$1.57 million in 2011. This increase was primarily due to the use of auxiliary staffing services and furniture and furnishings for a new Business Continuity Office.

INCREASING THE FEDERAL RESERVE BANK OF CHICAGO AND FEDERAL RESERVE SYSTEM'S PRESENCE IN THE SUPPLIER DIVERSITY COMMUNITY LOCALLY AND NATIONALLY

The Chicago Fed helped increase the Federal Reserve's presence in the supplier diversity community nationally by working with the Cleveland Fed, the Board of Governors, and the National Procurement Office and Senior Procurement Officers, in order to coordinate the development of an expanded national outreach strategy. The Chicago Fed coordinated the Federal Reserve System's first-time participation in the Women's Business Enterprise National Council (WBENC) Business Conference in Orlando, Florida, held in June. Also in October, and for the sixth consecutive year, the Federal Reserve System participated in the 40th anniversary of the National Minority Supplier Development Council's (NMSDC) Conference in Denver, Colorado. Federal Reserve representatives captured information from more than 100 vendors at the NMSDC conference. In addition to attending the Business Opportunity Fair, the Federal Reserve Bank of Kansas City-Denver Branch hosted an MBE Symposium and Reception sponsored by the Financial Services Roundtable for Supplier Diversity at the NMSDC Annual Conference. More than 150 MBEs attended the Symposium's panel discussion moderated by Bill Cooper, Vice President and OMWI Deputy Director of the Richmond Fed Office of Diversity and Inclusion. The panel discussion included topics relative to supply chain expectations, strategic sourcing growth areas and capacity building.

With respect to its District outreach, the Chicago Fed partnered with the U.S. Small Business Administration (SBA) and the Illinois Institute for Entrepreneur Education by hosting the Young Entrepreneur Summit (YES) on March 30, 2012. The YES, launched by the White House, is designed to connect young and aspiring entrepreneurs with SBA officials, local business advisors and resources to help them start or grow their own small business.



The Bank also partnered with the Minority Business Development Agency (MBDA) and the Association for Corporate Growth on two workshops: the CEO Peer Advisory Program, and the “No Man’s Land” Workshop - Too Big to Be Small, Too Small to Be Big.” These workshops gave insights to M/WBE suppliers on how to grow their business. Also, the Chicago Fed attended the National Minority Supplier Development Council (NMSDC) Awards Summit in New York City on May 23, 2012 to network with M/WBE firms from across the country.

Supplier Diversity Program Manager Mark Hands spoke at the Federal Reserve Bank of Atlanta’s Business Opportunity Fair in Jacksonville, Florida. He also attended the 49th Annual Small Business Week Luncheon hosted by the SBA.

The Chicago Fed hosted the Federation of Women Contractors’ Procurement Symposium on August 15. The symposium attendees included

prime contractors; sub-contractors; minority, women and disadvantaged contractors; government officials; and others interested in government procurement. Procurement officers from the city, county, state and federal governments were on hand to discuss their diversity programs and the proper utilization of M/WBE subcontractors and suppliers for credit.

For the first time, the Chicago Fed attended

the 33rd Annual Convention of the United States Hispanic Chamber of Commerce, an organization that has championed and fostered growth of Hispanic-owned businesses of all sizes. The conference brought businesses from all sectors together to exchange ideas and solutions for the benefit of businesses and consumers alike.

In its efforts to increase local presence and visibility, the Federal Reserve Bank of Chicago continued to expand its relationship with the Chicago Minority Supplier Development Council (Chicago MSDC) by hosting Chicago MSDC’s 2012 Board of Directors meetings. Mark Hands, manager of the Bank’s Supplier Diversity Program, serves as an advisor to the Chicago MSDC Board of Directors. Jeffrey Marcus, Vice President of Accounting and Procurement, was appointed a member of the Chief Procurement Officer Advisory Committee. The Chicago Fed hosted the Chicago MSDC 2012 “MBE to MBE Trade Fair” on July 18, whose main goal is to encourage MBEs to do business with each other. Over 120 MBEs attended the Trade Fair and five deals occurred on that day between them. Supplier diversity expert Reggie Williams of Procurement Resources, Inc., facilitated an “MBE to MBE Exchange” session.

Chicago Fed staff attended the Michigan Minority Supplier Development Council Procurement Conference in Detroit for the second consecutive year. The Michigan MSDC gives the Chicago Fed access to more than 300 M/WBE firms in the Detroit area.

Additionally, the Chicago Fed participated in the 45th Chicago Business Opportunity Fair for the sixth consecutive year. For the first time, Bank staff presented a workshop at the fair called “New Strategies for a New Economy - How to Set Your Business Apart.” This workshop was the second in a series facilitated by nationally renowned M/WBE expert and consultant Ralph Moore, in collaboration with the Chicago MSDC, Women’s Business Development Center, Chicago United and Chicago Fed. More than 80 M/WBE firms attended the session.

The Chicago Fed continued to seek new partnerships throughout the M/WBE community by establishing contacts with organizations like the Hispanic American Construction Industry Association (HACIA), and the Women’s Business Enterprise National Council (WBENC) - Great Lakes (Detroit), becoming a member of the latter and gaining additional presence in the Detroit business community.

The Bank recently became a member of the Illinois Hispanic Chamber of Commerce (IHCC), which provides access to more than 1,200 MBE businesses. The Chicago Fed hosted the IHCC’s “Coaching for Growth” program, designed to provide technical assistance to M/WBE leaders and help them grow their firms. The Chicago Fed, for the first time, exhibited at the IHCC Business Expo on August 2 at Chicago’s Navy Pier and participated in one-on-one “matchmaking sessions” where Bank staff connected with M/WBE firms.

In August, and for the second straight year, the Bank hosted the Turner School of Construction Management Graduation Event. Turner Construction is a member of the Chicago MSDC Board of Directors that conducts a free seven-week training program for M/WBE businesses every year. The program provides tools to local women- and minority-owned businesses, while offering them an opportunity to develop strategic business skills.

The Federal Reserve Bank of Chicago developed and hosted a new technical assistance workshop in collaboration with the WBDC and X10 Solutions (a WBE firm). X10 Solutions facilitated a workshop titled “The Missing Piece,” which provided businesses with a self-assessment tool kit to understand how to fit into the corporate supply chain. The Chicago Fed also hosted a booth at the 26th Anniversary Entrepreneurial Women’s Conference in Chicago at McCormick Place on September 20 for the second consecutive year. The event was an opportunity to network with other majority organizations and to participate in one-on-one meetings with potential WBE Suppliers.

At the end of the summer, the Chicago Fed participated in the sixth annual Diversity MBA Business Leaders Forum and Awards Gala where Supplier Diversity Program Manager Mark Hands was recognized by *Diversity MBA Magazine* as one of the top 100 Emerging Leaders under 50. The Business Leaders Forum connects industry thought leaders with emerging leaders to discuss strategies for corporations to sustain their diversity journey.

Fifty-eight percent of the Chicago Fed's procurement contracts were awarded to minority or woman-owned business enterprises (M/WBE) in 2012. Throughout the year, the Chicago Fed's Procurement or business units included at least one MBE and one WBE (when available) on 100 percent of all formal and informal bids.



Owners of Minority Business Enterprises (MBEs) network during the “MBE to MBE Exchange” sponsored by the Chicago Minority Supplier Development Council and the Chicago Fed. The event was held at the Bank’s headquarters and encouraged MBEs to do business with one another.

In October, The Federal Reserve Bank of Chicago participated in Allstate’s fifth annual in-house Supplier Diversity Exchange, an event that provides an opportunity for businesses owned by minorities, women, veterans and members of the lesbian, gay, bisexual or transgender community to build relationships with Allstate and its prime suppliers. Launched in 2008, the Exchange offers business owners a forum for guidance, networking and personal one-on-one time with Allstate key influencers involved with purchasing products and services. While attendance at this event does not guarantee business with Allstate, more than 95 suppliers have had the opportunity to compete for a bid and 54 have won business since the program began.

In November, the Bank and the Chicago MSDC hosted a Supplier Diversity Roundtable designed to address today’s challenges to M/WBEs with new solutions. The technical assistance session generated dialogue that provided corporate supplier diversity professionals an understanding of emerging trends and solutions for sustaining supplier diversity in an economic downturn. The topics explored included second tier supplier diversity solutions, supplier diversity and sustainability, mentorship and capacity building, strategic sourcing, and best practices to generate stakeholder support. Reggie Williams of Procurement Resources, Inc. was the facilitator of the session. The Chicago Fed and the Chicago MSDC also hosted a Diversity and Inclusion Roundtable facilitated by Diversity MBA, Inc. The purpose of the meeting, held in December, was to discuss issues affecting professionals in corporate America that affect the company’s ability to attract, develop and retain talent. In addition, there was a facilitated dialogue that provided thought leadership for developing strategies to fill the gap of sustainability in the corporate culture.

INCREASING PROCUREMENT OPPORTUNITIES MADE AVAILABLE TO M/WBE SOURCES LOCALLY AND SYSTEM-WIDE

The Federal Reserve Bank of Chicago continues to strive to include at least one MBE and one WBE on every bid opportunity

if a supplier is available. As previously mentioned, throughout 2012, the Federal Reserve Bank has met these objectives 100 percent of the time, with the Bank achieving outstanding ratings throughout 2012. During this period the Bank had 26 bid opportunities and M/WBEs were awarded 15 contracts.

In addition to its continued focus on Tier 1 opportunities, the Chicago Fed began a pilot with its general contractor, Executive Construction, Inc. (ECI), to seek and report Tier 2 spend opportunities with M/WBE suppliers. In 2012, the Bank spent \$10,119,817 on 14 projects including the relocation of its Business Continuity Office (BCO). These projects generated \$1,256,940 in Tier 2 spend or 12.4 percent of the total spend with ECI. As a stand alone project, the BCO cost totaled \$3,611,486 and generated an overall Tier 2 spend of \$1,043,421 or 28.9 percent of total spend. When Tier 1 and Tier 2 spend is added together, total M/WBE spend equals \$5.45 million or 9.2 percent of verified total reportable spend.

IMPLEMENTING THE DODD-FRANK ACT – GOOD FAITH EFFORTS

Under Section 342 of the Dodd-Frank Act, the OMWI Director must determine whether the Agency’s suppliers have engaged in good faith efforts (GFE) to include minorities and women in their workforce and subcontracting activities. The Bank piloted in 2012 a GFE Determination procedure, including a GFE Questionnaire, to ensure an objective and consistent process to determine whether suppliers had failed to engage in good faith efforts to include minorities and women in their workforce. Additionally, fair inclusion-related language has been added to all procurement contracts.

INCREASING BANK STAFF AWARENESS OF THE BENEFITS OF SUPPLIER DIVERSITY

The Supplier Diversity Program outreach strategy included overview presentations by Supplier Diversity Program Manager Mark Hands to the Bank’s diversity ESNGs and the Detroit Branch leadership. Hands, in collaboration with the Bank’s Internal Communications group, also prepared several internal articles covering the Chicago Fed’s participation in various supplier diversity events. In addition, a section on Supplier Diversity has been added to the orientation session that new employees receive when they start at the Bank.

On September 20, 2012, the Federal Reserve Bank of Chicago held, for the first time, a sponsors table at the Women’s Business Development Center’s 26th Annual Entrepreneur Business Conference. Attendees included members from several affinity groups of the Bank, including the African American Association for Personal and Professional Growth (APPG), Latino Resource Association (LRA) and Women’s Impact Network (WIN).

SUPPORTING SMALL BUSINESSES AND M/WBES THROUGH RESEARCH AND POLICY

The Community Development and Policy Studies (CDPS) Division, part of the Research Department, produced research programs relevant to small businesses and M/WBEs. These programs are within the scope of CDPS’ mission of promoting economic

development in the Seventh District, which includes working with small and minority- and women-owned businesses.

In the spring of 2012, CDPS staff co-sponsored the first of the two-part workshop “Maximizing Small Business Banking Relationships.” The seminar targeted minority small businesses that have annual revenues of less than \$3 million and have been in operation for no more than five years. The purpose of the program was to help small business owners better understand their financial statements and tax returns in order to have more effective conversations with financial institutions. Part two of the workshop focused on understanding and utilizing financial statements and provided best approaches and presentation methods for discussing financial needs with lenders.

CDPS also hosted “An Economy Built to Last Starts with Faith and Community Organizations,” a roundtable discussion on job creation and economic development. The guest speaker was

the Honorable Marie C. Johns, Deputy Administrator at the U.S. SBA. The other co-sponsors were the White House Business Council and the U.S. SBA.

The May 2012 edition of *Profitwise News and Views* presented a summary of the 2011 Development Banking Conference organized by the National Community Investment Fund “Mission and Profit: Raising the Bar.” The

featured article was “Small Business Access to Capital: Alternative Resources Bridging the Gap,” by CDPS staff members Robin Newberger and Susan Longworth. It presented a look behind the recent sharp decline in bank lending to small businesses to gain an understanding of alternative sources of financing that entrepreneurs are using to meet their credit needs in the current, constrained lending environment.

In September, the Bank hosted and staff members moderated a panel for Chicago United in which participants in the “Five Forward” program discussed an interim report and lessons learned to date from their participation in this initiative. “Five Forward” is a program through which large corporations and institutions pledge to establish relationships with five minority-owned businesses for five years and track the revenue growth for the minority firms that results from those relationships. Also in September, the release of the CDPS Small Business Survey was coordinated through the City of Chicago Department of Housing and Economic Development.

Finally, CDPS staff completed a white paper that analyzed access to credit for small businesses in the Detroit metro area. The study included a comprehensive analysis of the business climate in Detroit that stemmed from data analyses and extensive fieldwork

that included interviews and focus groups with business owners and bankers. The authors of the study developed a gap analysis technique, offering a tool that showed underbanked places in the city of Detroit and its surrounding counties where there may be room to expand bank financing to small businesses. Moreover, CDPS organized a symposium at the Bank’s Detroit Branch in October to share the results of the study and to discuss how to increase the flow of funds and leverage resources for small businesses. The Federal Reserve Bank of Chicago, the Michigan Bankers Association, and the New Economy Initiative sponsored this program. At the symposium, bankers, funders, researchers, regulators and business owners debated the economic, financial and regulatory issues that affect the supply of and demand for bank credit for small businesses.

CHALLENGES

Some of the challenges associated with supplier diversity that were identified in 2011 continued in 2012; however, the Procurement team worked to proactively address them. For instance, the problems that small competing companies, many of them M/WBEs, encounter when trying to differentiate from each other, were discussed in the previously mentioned workshop “The New Strategies for the New Economy - Strategies to Set Yourself Apart” co-sponsored by the Chicago Fed during the Chicago Business Opportunity Fair. The workshop, attended by more than 80 participants, was specifically designed for M/WBE businesses to discuss how companies can distinguish themselves to successfully compete and win contracts.

Another challenge identified last year — the fact that contracting opportunities managed by the Chicago Fed are somewhat limited as many purchases of goods and services are handled by the National Procurement Office — is being addressed through the adoption of a more proactive and long-term approach. The Procurement department is currently facilitating pipeline meetings with the Bank’s business units to identify upcoming acquisitions within the next two years. This forward-looking approach is intended to give Procurement and the business units enough lead time to properly source excellent District-based and nationwide M/WBE suppliers.

Additional challenges in 2012 include the relatively small number and size of Federal Reserve Bank of Chicago bid opportunities, which does not foster growth and scalability for M/WBE firms, the increased requirements to do business with the Bank (e.g. the acceptance of fair inclusion contract language adds complexity to the renewal process) and the significant differences between the actual capacity of certain M/WBEs to deliver goods and services needed by the Bank and that stated in their responses to Bank-issued RFPs. Another challenge faced during 2012 was the unwillingness of certain vendors to accept the fair inclusion language contained in Bank contracts and the lengthy process that other vendors followed to accept such language. For example, in one instance, it took 12 months to receive a fair inclusion language amendment to a long-standing contract for which the Bank had no alternative vendor.

For his work engaging minority and women-owned business enterprises (M/WBEs) in the Chicago Fed’s business, Supplier Diversity Program Manager Mark Hands was recognized by Diversity MBA Magazine in 2012 as one of its top 100 Emerging Leaders under 50.

The Bank's Procurement team will continue working closely with Federal Reserve System and Chicago Fed stakeholders, along with nonprofit, public and private sector partners and experts, in order to address these challenges and will continue providing technical assistance and capacity building opportunities to M/WBEs. In particular, the Chicago Fed is especially interested in understanding why some M/WBEs do not bid on certain procurement opportunities when invited, and in establishing consistent and fair criteria when evaluating the responses to its Good Faith Efforts Questionnaire.

NEXT STEPS

During 2013, the Chicago Fed's Procurement team will review Seventh District budget documents with the Bank's business units to develop a pipeline of upcoming sourcing opportunities in 2014 and 2015. Additionally, the Bank will help establish a Federal Reserve System Supplier Diversity Workgroup to address supplier diversity challenges across all Districts, and will work with the National Procurement Office to establish a diverse pool of supplier diversity consultant contracts to support supplier diversity efforts and address challenges across Districts.

The Chicago Fed will also work to expand its Tier 2 efforts beyond the industry categories that currently have the infrastructure to capture Tier 2 M/WBE spend data. The construction, office supply and food service industry categories have been capturing Tier 2 data for many years and have the infrastructure in place to produce verifiable periodic reports. Going forward, the Bank will work with its suppliers to determine their capacity to provide Tier 2 data on a regular basis and assess the challenges of each industry category in moving Tier 2 efforts forward.



Supplier diversity expert Ralph Moore (left to right), Chicago Fed's Supplier Diversity Program Manager Mark Hands, Chicago MSDC President Shelia Hill Morgan, and Chicago United President Gloria Castillo participate in the "How to Set Your Business Apart" panel during the Chicago Business Opportunity Fair (CBOF).

Financial Literacy and Community Outreach

WORKING WITH HIGH SCHOOL STUDENTS

Throughout 2012, the Chicago Fed's Office of Diversity and Inclusion has strengthened its partnership with the Bank's Public Affairs Department, which manages the majority of the Bank's financial literacy and economic education programs. Through this partnership, the Bank has enhanced its outreach strategy in order to offer additional financial literacy and mentoring opportunities to students in inner-city high schools, girls' high schools, and high schools with majority-minority populations, per the requirements of the Dodd-Frank Act.

In Chicago and Detroit, the Bank partnered with the local chapters of international nonprofit Junior Achievement (JA) to offer financial literacy workshops, college and career preparation seminars, one-on-one and small group speed-mentoring opportunities, and other educational activities. Chicago-based programs are managed by ODI Senior Analyst Roberto Requejo and include different types of events. Some of them are one-day sessions where students from different high schools are invited to the Bank, such as:

- "JA in a Day," held on February 15, which brought together close to 75 high school students from majority-African American Percy Julian HS, majority-Latino Carl Schurz HS and the Young Women's Leadership Charter School (YWLCS), the only all-girls high school in the Chicago Public Schools system.
- "Yo Lo Hice, You Can Too!," held on March 23, which targeted students of majority-Latino public high schools in Chicago, including Benito Juarez, Schurz, and Eric Solorio, bringing together close to 95 high-schoolers from different grades. This event was co-sponsored by the Bank's Latino Resource Association.
- "I Did It, You Can Too!," held on September 11, where around 90 students from majority-African American Christ the King Jesuit High School, and YWLCS attended, as well as students from the majority-minority Chicago High School of Agricultural Science. This event was co-sponsored by the Bank's African American Association for Personal and Professional Growth and held in coordination with a System-wide initiative connected to Congressional Black Caucus youth programming.

In addition to these JA events, the Bank's Women's Impact Network offered job-shadowing and mentoring events to high school students who attend the Young Women's Leadership Charter School and to teenagers engaged in the local nonprofit Girls in the Game. In total, more than 20 girls were connected to female Bank professionals.

All on-site events included a visit to the Bank's Money Museum and a segment in the agenda where students learned about working at the Federal Reserve Bank of Chicago.

In addition to these on-site events, Bank volunteers went to Chicago high schools located in majority-minority communities to teach students personal finance based on JA's curriculum and to share their experiences as Fed employees. The high schools included Schurz, ASPIRA, Benito Juarez, and the Austin Business and Entrepreneurship Academy (ABEA). Several volunteers from Supervision and Regulation with experience in human resources attended "You Are Hired!," an event sponsored by JA in Chicago where hundreds of high school students of minority background were offered training in the areas of business etiquette, networking and other skills oriented toward career preparation.

Members of the Bank's ODI and the Procurement departments visited Schurz High School in April for a tour and presentation of the school-based enterprise Bulldog Built Magnet Company. This enterprise is a joint venture between Schurz, local manufacturer CDI Corporation, and Urban School Foundation, providing hands-on experience to students interested in learning how to develop and operate a profitable manufacturing business making magnets, pins and other promotional products. The company is operated by students at the school and is intended to generate revenues for after-school activities and enrich the academic curriculum on entrepreneurship at Schurz. The visit from Bank staff was intended to connect the products of this small, student-led business with the needs of Bank departments and has led to a purchasing order.

The Bank partnered with the Congressional Hispanic Caucus Institute in October for an event at Northeastern Illinois University where close to 150 high school students were offered workshops in college and financial planning and leadership development. Several Bank volunteers had the opportunity to interact with students during a speed-mentoring exercise. The event brought together 18 high schools from the city and nearby suburbs with majority or significant Latino population, including ASPIRA, Benito Juarez, Schurz, CICS Ralph Ellison, Edwin G. Foreman, Solorio, Health Sciences Career Academy, J. Sterling Morton East, John Hancock, Jones, Marine Math & Science, Senn, Richards, Lozano, Spry Community Links, Theodore Roosevelt, University of Illinois — Chicago College Prep, and Hector P. Garcia.



Assistant Examiner Ruben Trujillo participates in a speed-mentoring activity hosted by the Bank as part of the “Yo Lo Hice, You Can Too” event targeting majority-Latino high schools. It was co-sponsored by Junior Achievement and the Bank’s Latino Resource Association.

In total, more than 100 volunteers from the Bank participated in these Chicago-based events as teachers and mentors, more than tripling the amount of 2011 volunteers, advancing simultaneously the Bank’s efforts in the financial literacy and volunteerism arenas, all part of the Bank’s Corporate Social Responsibility agenda.

In 2012, the Chicago Fed entered into an agreement with the Corporate Work Study Program (CWSP) at Cristo Rey Jesuit High School, a nationally renowned majority-Latino educational institution. Through the CWSP, four students of different grades are working part-time at the Chicago Fed headquarters in several departments including Accounting, Finance, Procurement and Statistics, thus gaining first-hand experience and exposure to the workings of a large financial institution. All students are minorities, and each of them has been assigned a supervisor and a mentor.

The Bank also continued providing in-kind support to the Young Men’s Educational Network (YMEN), an organization based in North Lawndale (a majority African-American community in Chicago) promoting responsible leadership and service to the larger community through a comprehensive college preparatory program, entrepreneurial training, and a long-term mentoring network. The organization’s leaders, youth, and external speakers met at the Federal Reserve Bank of Chicago as part of the programming to develop young entrepreneurs.

The Bank’s Public Affairs department continued its support of Youth About Business (YAB), a national organization that reaches over 750 high school students with transformative programming aimed at developing diverse future business leaders. Economic Outreach Specialist Cindy Ivanac-Lillig provided technical expertise at YAB’s summer business camp and joined its advisory board. Additionally, the Bank supported Econ After School, a Chicago Public Schools (CPS) program designed to expose underserved high school students to downtown Chicago businesses and industries. All participating schools have majority-minority populations. The kickoff, with more than 60 students in attendance, was held at the Chicago Fed in the fall of 2012.

Ivanac-Lillig also serves on the steering committee of the “Bank On Chicago” campaign. The campaign is led by the City of Chicago Treasurer’s Office and targets several distinct underserved neighborhoods in Chicago, promoting affordable and accessible entry-level banking products such as checking and savings accounts. The Chicago Fed jointly hosted a community and bank partners meeting in the fall of 2012.

Apart from partnering with initiatives and organizations providing direct services to high school students, the Bank is also supporting systemic changes to ensure more and better teaching of economics and finance in high schools. In 2012, the Bank joined the CPS steering committee charged with revamping the social science curriculum (Social Science 3.0.) and developing a financial literacy module to be implemented in all city high schools within the next four years. At the completion of the project, all city high schools in Chicago are expected to have a separate senior-level financial literacy class. The Chicago Fed hosted a forum of civic and community partners in support of the Social Science 3.0. initiative and hosted training on teaching economic education and financial literacy for teachers of a subset of high schools participating in this project.

Additionally, ODI Vice President Craig Marchbanks and Cindy Ivanac-Lillig serve on the Advisory Board for the Business and Finance Clusters of the CPS and have provided content and evaluated senior projects for the graduating class of 2012. The FRBC sponsored the CPS’ Academies of Finance graduation in June and sent several Bank volunteers to help students write their personal statements to apply for college at an event sponsored by CPS in late 2012 at Roosevelt University. This served close to 180 students from ABEA, Curie, Corliss, Harlan, Julian, Richards, Schurz, Simeon, Sullivan, Westinghouse, and Whitney Young, all of which are majority-minority high schools.

A Bank resource largely utilized by high school students is the Money Museum, located at the Chicago headquarters. Close to 7,000 high school students from more than 200 high schools from across the District visited the Museum in 2012. The Bank offers high schools guided tours, including a presentation about the functions and responsibilities of the Federal Reserve System and the Chicago Fed, detailed information about the Money Museum’s historical currency collection, a short video about the operations of the Chicago Fed, and a question-and-answers session following the video.

In Detroit, Senior Associate Economist Martin Lavelle manages outreach to high schools. Lavelle volunteered as a teacher in the classroom as part of “JA Be Entrepreneurial,” a series of sessions recommended for students in grades 9 through 12 that

More than 100 Chicago Fed employees taught and mentored high school students in 2012, more than tripling the amount of 2011 volunteers, and advancing the Bank’s efforts in the area of financial literacy.



Jessica Lynch of the Bank's Central Bank Services Department provides assistance to a Chicago Public Schools (CPS) student preparing a personal statement as part of the college admissions process. The event was hosted by CPS and Roosevelt University.

describes the essential components of a business plan, challenging students to start an entrepreneurial venture while still in high school. The Detroit Branch offered this program to majority-minority Hamtramck High School.

In addition to JA programming, the Detroit Branch staff partnered with several majority-African American high schools to provide students with information about the Bank, personal finance, access to college, and other relevant matters. The branch partnered with JA to offer a job-shadowing day to students of Cody High School and the Golightly Academy of Finance. Detroit staff also gave presentations to students of Golightly and to members of JA of Southeastern Michigan on job requirements and qualifications for careers in the Supervision and Regulation and the Community Development and Policy Studies divisions of the FRBC. During the Golightly Career and Technical Center Scholarship/Mentor Night, students were provided information about scholarships and financial aid from representatives of universities and colleges, and student mentors met their mentees and their parents. Bank staff also shared information regarding work experiences prior to becoming employed at the Chicago Fed.

Detroit staff members also delivered a presentation on "Federal Reserve Functions & Purposes" for high school students at Spring Arbor University and on "Student Loan Debt" at Westwood New Tech High School. They also hosted an event in coordination with the Congressional Black Caucus and the other Reserve Banks in the System targeting high school students from Plymouth Educational Academy High School. The event addressed college and job market preparation and student loan debt. A Financial Football game was sponsored by the Detroit Branch at Warren De LaSalle HS and at Flint's International Academy.

In terms of outreach to teachers, 240 educators attended three separate "Teacher Night at the Fed" workshops hosted by

the Detroit Branch. These workshops offered teachers opportunities to network and learn innovative ways of explaining the workings of the economic system to their students.

EXPANDING MONEY SMART WEEK

In 2012, Money Smart Week (MSW), a series of free classes and activities designed to help consumers better manage their personal finances, continued its expansion throughout the Seventh District. Held in the month of April, and led by Manager of Outreach Programs Alejo Torres, MSW included more than 400 partner organizations and offered more than 800 free seminars and activities (an increase of 6% from 2011) throughout the Chicago metropolitan area. This year, 28,837 people participated, including 11,932 adults and 16,905 youth. Of the 2,812 adult participants who completed surveys, 59.9% were female and 41.6% were minorities. The Detroit Branch held its ninth-annual Money Smart Week in April 2012 as well. More than 200 events were offered to residents throughout Michigan, with the support of more than 70 partner organizations. In total, 11,380 people participated, including 3,527 adults and 7,853 youth. Money Smart Week Iowa also continued programming in 2012 in Central Iowa, the Cedar Rapids/Iowa City Corridor and the Quad Cities.

Money Smart Week Chicago facilitated a large variety of educational opportunities to minority youth through the Chicago Fed's partnerships with Chicago Public Schools (CPS) and the Chicago Public Library. CPS, in partnership with Money Savvy Generation, hosted events for students at majority-minority schools to teach financial literacy in fifth grade classes. In total, more than 8,000 students were reached through this single outreach program. Also, Visa partnered with the Federal Reserve Bank of Chicago to host a Financial Football event for 30 high school students. Students moved down the football field and scored by answering financial questions correctly. In attendance as coaches and "lifelines" were the Chicago Bears' Lance Briggs and Illinois Representative Robert Dold.

During Money Smart Week Chicago there were 21 events for "Saving & Planning for College." Major topics included financial aid help and advice, and paying for college. Key partners were public libraries and local universities. A variety of financial literacy activities for children were offered, including an essay contest challenging kids to determine when is it wise to borrow money, as well as 51 events under the "Kids and Money" rubric. The kids and money programs incorporated topics including saving, going green, and spending wisely. Partners included Junior Achievement, public libraries, large banks and credit unions. Additionally, there were eight events under the topic "Money Management for Women," covering family budgeting, financial security and events for single mothers. Major contributors were Thrivent Financial for Lutherans and other nonprofit groups.

In Detroit, several youth contests were held during MSW including an essay contest for middle school students and a separate essay contest for Detroit area high schools. The major sponsors for these events were banks, Junior Achievement, and a faith-based credit counseling organization. The Chicago Fed partnered with



Former NFL player Levar Fisher shares his life experiences related to career and financial decisions with students of majority African-American high schools at an event called “I Did It, You Can Too.” It was hosted at the Bank’s headquarters and co-sponsored by Junior Achievement and the Bank’s African American Association for Personal and Professional Growth.

Ford Credit to bring financial success classes throughout metro Detroit and reached 1,345 students. Additionally, a number of events on the benefits of saving and spending wisely were held with the coordination of a regional bank, reaching over 4,000 kids across the state.

LEVERAGING THE BANK’S RESEARCH DEPARTMENT TO ENGAGE WOMEN AND MINORITIES

The Economic Research Department of the Federal Reserve Bank of Chicago continued its support of the PhD Project, a national nonprofit dedicated to increasing the number of African American, Latino and Native American business school faculty by supporting minorities who pursue PhD degrees in the areas of accounting, finance, information systems, management, and marketing. Senior Economist and Economic Advisor Rich Rosen provided a well-received keynote titled “Large Banks and Regulatory Reform in the Aftermath of the Financial Crisis” at the PhD Project’s Financial Doctoral Student Association Conference. The Bank continued supporting a visitor program with the PhD Project through which the Bank covers the travel expenses of up to two visitors. The visitors met with 15 of the department’s economists to discuss research and presented their work at a seminar for feedback and discussion.

In 2012, special efforts were made by economists to support the longer-term success of the current and past American Economic Association fellows. One of the fellows from 2011 came from the University of California Berkeley to present a seminar on her research paper titled “Gradual Information Diffusion in the Stock Market: Evidence from U.S. Multinational Firms.” The seminar provided an opportunity to collect a wealth of feedback to improve the author’s research. The seminar visit also fostered a longer-term relationship, with the fellow and a Senior Economist now working

on a joint research project. A 2009 fellow visited the Bank for an extended period in 2012. This visit provided her with an opportunity to collect feedback on her research, respond with changes, and collect a next level of feedback. From June through August, the Bank hosted two new summer fellows, and made mentoring arrangements for both. During their visit, they presented their research on multiple occasions (via both informal and formal seminars) and received feedback from the staff. A Senior Economist is now working on joint research with each of the fellows. All fellows were minorities or females.

Senior Economist Lisa Barrow presented the research paper “Paying for Performance: The Education Impacts of a Community College Scholarship Program for Low-Income Adults” at a session sponsored by the American Economic Association Committee on the Status of Minority Groups in the Economics Profession (AEA CSMGEP) in July. She also spoke in October about the state of the economy for low-income women at an event held by Chicago-based non-profit Women Employed.

CHALLENGES

Some of the challenges identified in the previous Report have been addressed in 2012. For instance, with the help of the Bank’s Employee Support Network Groups the number of volunteers was tripled in order to provide more opportunities for high school students to interact with Federal Reserve employees. The great variety of approaches (and lack thereof) to promoting financial literacy and economic education that exists in schools throughout the Seventh District continues to be a challenge when trying to replicate or scale up a more standardized curriculum. The current Social Science 3.0. project led by Chicago Public Schools is a promising endeavor in the direction of creating a common framework and helping coordinate all the partners interested in promoting these subjects in schools.

NEXT STEPS

In 2013, the Chicago Fed will continue deepening its relationship with Chicago Public Schools and with some of the District’s high-schools oriented towards business, entrepreneurship and leadership development, such as Austin Business and Entrepreneurship Academy, Schurz, and Young Women’s Leadership Charter School. The Bank will also strengthen its network of nonprofit partners in the field of financial literacy and economic education for youth and will find avenues for coordination of efforts among organizations. Recruitment and training of volunteers will continue, with a focus on leveraging the Bank’s ESNGs and offering staff the tools to better support students seeking financial aid and college preparation. And a number of mentoring programs for high-school students will be evaluated in order to find viable options for Bank staff.

Acknowledgments

The Federal Reserve Bank of Chicago would like to acknowledge the following partners for their support in advancing diversity and inclusion in the areas of employment, procurement, and financial literacy, among others. Due to space limitations we are unable to list all of our partners, including hundreds of organizations engaged in Money Smart Week. We are equally thankful to those organizations omitted on this list.

Allstate	Diversity Best Practices	Manpower	Student Veterans of America
American Economic Association	Diversity Recruiters Network	Michigan Bankers Association	Thurgood Marshall College Fund
Association for Corporate Growth	Emily Nixon & Associates	Michigan Minority Supplier Development Council	Turner School of Construction Management
Association for Latino Professionals in Finance and Accounting	Executive Construction, Inc.	Minority Business Development Agency - U.S. Department of Commerce	United States Hispanic Chamber of Commerce
Ariel Investments	Federation of Women Contractors	Ralph G. Moore and Associates	University of Chicago
Atlanta University Consortium	Flint's International Academy	National Association of African Americans in HR	University of Illinois
Austin Business & Entrepreneurship Academy	Girls in the Game	National Association of Asian American Professionals	University of Michigan
Black Data Processing Associates	Golightly Academy of Finance	National Association of Securities Professionals	U.S. Small Business Administration
Black EOE Journal	Hamtramck High School	National Black MBA Association	VIVA USA, Inc.
Boardroom Bound	The Harlem Children's Zone	National Community Investment Fund	Warren De LaSalle High School
Bulldog Built Magnet Company	Harvard University	National Minority Supplier Development Council	Westwood New Tech High School
Capri Capital Partners, LLC	Hispanic Alliance for Career Enhancement	National Society of Hispanic MBAs	White House Business Council
The Chicago Community Trust	Hispanic American Construction Industry Association	National Urban League	Women Employed
Chicago High School of Agricultural Science	Hispanic Consortium for Colleges and Universities	New Economy Initiative	Women in Listed Derivatives
Chicago Minority Supplier Development Council	Hispanic Network Magazine	Northern Trust	Women's Business Development Center
Chicago State University	Ideal Contracting, LLC	OEC Business Interiors	Women's Business Enterprise National Council
Chicago Public Schools	Illinois Hispanic Chamber of Commerce	The PhD Project	Young Men's Educations Network
Chicago United	Illinois Institute for Entrepreneur Education	Plymouth Educational Academy High School	Young Women's Leadership Charter School
City of Chicago Department of Housing and Economic Development	Instant Technology	The Posse Foundation	Young Professionals of Chicago
City of Chicago Treasurer's Office	Interfaith Youth Core	Procurement Resources, Inc.	Youth About Business
Cody High School	Benito Juarez High School	Professional Woman's Multi-Cultural Magazine	X10 Solutions
Computer Resource Solutions	Junior Achievement of Chicago	Quarles & Brady, LLP	Year Up
Congressional Black Caucus	Junior Achievement of Southeastern Michigan	Saggezza	
Congressional Hispanic Caucus Institute	Percy Julian High School	Carl Schurz High School	
Cristo Rey and Christ the King Jesuit High Schools	The Kaleidoscope Group, LLC	Eric Solorio High School	
DePaul University	LGBT Out for Work	Spring Arbor University	
Diversity MBA	Loop Capital		
Digital Divas	Lucas Consulting		
	Make Corporation		

For more information about Money Smart Week and its partners please visit www.moneysmartweek.org.

FRBC 2012 EEO-1 Consolidated Report

JOB CATEGORIES	HISPANIC OR LATINO		NOT-HISPANIC OR LATINO										OVERALL TOTALS
	MALE	FEMALE	***** MALE *****					***** FEMALE *****					
			WHITE	BLACK OR AFRICAN AMERICAN	NATIVE HAWAIIAN OR PACIFIC ISLANDER	ASIAN	AMERICAN INDIAN OR ALASKAN NATIVE	TWO OR MORE RACES	WHITE	BLACK OR AFRICAN AMERICAN	NATIVE HAWAIIAN OR PACIFIC ISLANDER	ASIAN	
EXECUTIVE/SR OFFICIALS & MGRS	9	8	5	18	12	4	88	16	1	4	7	1	280
FIRST/MID OFFICIALS & MGRS	41	40	311	46	48	4	240	65	40	5	840	0	
PROFESSIONALS													5
TECHNICIANS													0
SALES WORKERS			4		0		1						5
ADMINISTRATIVE SUPPORT	17	14	37	30	13	2	61	76	15	0	266	0	
CRAFT WORKERS	3		15		1		1						20
OPERATIVES													0
LABORERS & HELPERS													0
SERVICE WORKERS	16	4	26	25	0	0	6	9					86
TOTAL	86	66	519	119	74	0	401	167	62	0	1507	6	

FRBC 2012 Year-end Consolidated Report

JOB CATEGORIES	HISPANIC OR LATINO		NOT-HISPANIC OR LATINO										OVERALL TOTALS
	MALE	FEMALE	***** MALE *****					***** FEMALE *****					
			WHITE	BLACK OR AFRICAN AMERICAN	NATIVE HAWAIIAN OR PACIFIC ISLANDER	ASIAN	AMERICAN INDIAN OR ALASKAN NATIVE	TWO OR MORE RACES	WHITE	BLACK OR AFRICAN AMERICAN	NATIVE HAWAIIAN OR PACIFIC ISLANDER	ASIAN	
EXECUTIVE/SR OFFICIALS & MGRS	9	8	6	18	11	3	85	18	7	1	279	1	
FIRST/MID OFFICIALS & MGRS	42	41	312	50	49	3	245	63	43	5	853	5	
PROFESSIONALS													
TECHNICIANS													
SALES WORKERS			4				1						
ADMINISTRATIVE SUPPORT	14	14	13	23	8	1	41	67	2		184	2	
CRAFT WORKERS	3		15		1		1						
OPERATIVES													
LABORERS & HELPERS													
SERVICE WORKERS	16	3	24	25			7	9					
TOTAL	84	66	496	116	69	0	384	158	52	0	1436	6	

* Report does not include extra-help. For more information, please see endnote 28.

Endnotes

- ¹ These numbers do not include “extra-help employees.” See Endnote 28 for definition.
- ² The U.S. Census Bureau definition of the Midwest includes the entire jurisdiction of the 7th District, and also states located in other Districts such as Kansas, Missouri, Nebraska, North Dakota, Ohio, and South Dakota, and portions of Illinois, Indiana, Michigan and Wisconsin not covered by our District.
- ³ See Rastogi, S., Johnson, T.D., Hoeffel, E.M., and Drewery, M.P. Jr., September 2011, “The Black Population: 2010,” U.S. Census Bureau (brief), September, available at <http://www.census.gov/prod/cen2010/briefs/c2010br-06.pdf>; and Ennis, S.R., Rios-Vargas, M., and Albert, N.G., May 2011, “The Hispanic Population: 2010,” U.S. Census Bureau (brief), available at <http://www.census.gov/prod/cen2010/briefs/c2010br-04.pdf>.
- ⁴ Heartland Alliance, January 2013, “Illinois’ 33%: Report on Illinois Poverty.” Available at <http://www.heartlandalliance.org/research/annual-poverty-report/>
- ⁵ Schott Foundation for Public Education, 2012, “The Urgency of Now. Schott 50 State Report on Public Education and Black Males 2012.” Available at <http://blackboysreport.org/urgency-of-now.pdf>
- ⁶ The Chicago Community Trust, “Educational Attainment Gap in the Chicago Region,” PowerPoint presentation compiled from county-level data from Profiles of Illinois, 2008, Grey House Publishing.
- ⁷ U.S. Census Bureau, February 2012, “Field of Bachelor’s degree in the United States: 2009.” Available at <http://www.census.gov/prod/2012pubs/acs-18.pdf>
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- ²⁹ All percentages have been rounded up.
- ³⁰ The analysis presented is focused on the following EEO-1 job categories in the Seventh District: Executive/Senior Level Officials & Managers and First/Mid Level Officials & Managers; Professionals; and Administrative Support. The following EEO-1 job categories have been excluded from this analysis: Sales Worker (5 total Bank employees); Craft Workers (20 total Bank employees); and Service Workers (84 total Bank employees). Currently, we have no Bank employees in the following EEO-1 job categories: Technicians, Operatives, and Laborers & Helpers.
- ³¹ The most recent information applicable to our 2012 Workforce Analysis dates back to the U.S. Census 2000.
- ³² “Reportable expenditures” and “Reportable spending” include all amounts paid to third party contractors for goods and services. They exclude inter-System payments; government payments (any fees identified as taxes, payments to cities, counties, state or federal government entities including the U.S. Postal Service); employee payroll and reimbursements; legal settlements (excluding attorneys’ fees); payments to international banks; payments to charities; association memberships, dues and fees; payment network fees; rent (applied specifically against building occupancy payments not for miscellaneous or unidentified payments placed in Rent GL accounts); and utilities .
- ³³ Ethnicity classifications are based on data provided by Dun & Bradstreet Inc.’s Supplier Risk Manager product. The Asian Pacific American and Sub-Continent Asian American classifications have been combined into “Asian.”

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