



Federal Reserve Bank of Chicago
Office of Minority and Women Inclusion

2013 Annual Report to Congress

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 macroeconomic 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.

CONTENTS

Executive Summary	2
Overview	4
Minority and Women Employment	16
Minority- and Women-Owned Businesses	24
Financial Literacy and Community Outreach	29
Acknowledgments	35
Appendix	36
Endnotes	37

2013 Annual Report to Congress

MARCH 2014

MEMBERS OF THE 113TH CONGRESS:

It is our pleasure to submit the Federal Reserve Bank of Chicago's 2013 Office of Minority and Women Inclusion (OMWI) Report to Congress. As always, the Bank is committed to promoting diversity and inclusion, and we continue to make progress in the important areas of hiring and developing staff, purchasing products and services from women- and minority-owned businesses, providing technical assistance and advocating on behalf of these businesses, and providing financial education throughout the Seventh Federal Reserve District. This report highlights our continued progress in meeting these important objectives, and it's important to note that in many areas our progress exceeds the requirements of the Dodd-Frank Act.

We have also included in this report our numerous community and business partners, who have contributed greatly to our success. We look forward to enhancing these partnerships, as we move forward promoting diversity and inclusion. We hope you find the report interesting and informative.



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

During 2013, the Federal Reserve Bank of Chicago (FRBC) continued advancing its diversity and inclusion (D&I) strategies through the work of its Office of Diversity and Inclusion (ODI), now in its third year of existence. The ODI has been established as a support office to all the Bank departments, with special partnerships developed with Human Resources, Procurement, and Public Affairs. In addition to collaborating with internal stakeholders, the ODI works with an array of public, private and non-profit partners, aspiring to become a community partner of choice for organizations advancing D&I in the Seventh District. The Bank's Corporate Social Responsibility (CSR) Council, comprised of leaders from key Bank departments, along with the Bank's Board of Directors (BOD) and Executive Committee (EC), provided guidance and leadership to the ODI efforts.

The FRBC continued tracking in 2013 the Bank-wide D&I objectives, first established in 2008, which are reported on a quarterly basis to the EC and the Bank's BOD. Effective, Commendable and Outstanding targets have been established based on the quantitative success rates in each category. As of December 31, 2013, the Bank-wide D&I objectives and ratings are as follows:

Recruitment:

1. Ensure that in-person interview pools for Tier 2 and Tier 3 positions include female applicants: **Effective** rating, with 121 out of 139 pools of interviews for Tier 2 and 3 positions (or 87 percent) including one or more female candidates.



Susan Collins (center right), dean of the Gerald R. Ford School of Public Policy at the University of Michigan and member of the FRBC Detroit Board of Directors, visited with students of the Public Policy and International Affairs program at the FRBC Detroit Branch.

2. Ensure that in-person interview pools for Tier 2 and Tier 3 positions include minority applicants: **Effective** rating, with 118 out of 139 pools of interviews for Tier 2 and 3 positions (or 85 percent) including one or more candidates of minority background.

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): **Outstanding** rating, with 100 percent of formal and informal bids including at least one MBE supplier when available. The Bank awarded contracts to three MBE suppliers in 2013.
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): **Outstanding** rating, with 100 percent of formal and informal bids including at least one WBE supplier when available. The Bank awarded contracts to six WBE suppliers in 2013.

D&I Education:

5. All Bank People Leaders (PL) hired or appointed after January 1, 2012 and those classified as PLs prior to that date who have not attended a Driving Results Through an Inclusive Culture workshop were required to attend a scheduled session in 2013. **Commendable** rating, with 91 percent of all required People Leaders having attended a workshop.

As of December 31, 2013, the Federal Reserve Bank of Chicago's total staff level was 1,479 (not including "extra help"), an increase of 3 percent from the 1,436 regular help employees working for the Bank as of December 31, 2012. Overall female percentage representation remained unchanged in 2013 at 46 percent — this 'steady state' is seen as positive 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 (no change from 2012); Hispanic/Latinos, 11 percent (a 1 percent increase from 2012); and Asians, 8 percent (no change from 2012). Other minorities represented 1 percent of the total (no change from 2012).

The Bank's Officials and Managers category, which includes the higher tiers of the organization, was 46 percent female and 26 percent minority in 2013 (an increase from 43 for females and 25 percent for minorities in 2012). Within the Professionals category, female representation experienced a slight decrease, standing at 45 percent (from 47 percent in 2012), while the



Bank Latino Resource Association members Francisco Robles (center) and Johanna Perez (back) speak to high school students during “Yo Lo Hice, You Can Too,” a financial literacy event targeting majority-Latino high schools hosted by the Bank in March.

representation of minorities was 36 percent (an increase from 35 percent in 2012).

A year-to-year comparison of the Bank’s overall minority representation in several high-level job groups continues to show increases from 2012 to 2013, including Officers (from 18 to 19 percent), Supervisors (from 41 to 42 percent), Upper Level Economists (from 19 to 21 percent), and Upper Level Examiners (from 23 to 24 percent). The most significant change in minority representation within the Bank’s upper level job groups was with Upper Level Analysts, which increased from 35 percent minority representation in 2012 to 40 percent in 2013. Female representation grew from 2012 to 2013 with Officers (from 44 to 45 percent), Managers (from 43 to 46 percent), and Upper Level Economists (from 38 to 45 percent). The most significant change in female representation within the Bank’s upper level job groups was with Supervisors, which increased by nine percentage points going from 39 percent in 2012 to 48 percent female representation in 2013.

During 2013, the Chicago Fed continued coordinating the presence of the Federal Reserve System (FRS) in several national recruitment events, including those sponsored by the National Association of Black Accountants (NABA), ALPFA (formerly the Association of Latino Professionals in Finance and Accounting), and the National Black MBA Association (NBMBA), to name a few. Leading this effort ensured the visibility of the different FRS Banks and the Board of Governors (BOG) in key diversity recruitment events directly connected to banking and finance careers. In recognition of its diversity and inclusion efforts, the Federal Reserve was acknowledged by *Professional Woman’s Magazine* as a “Top Employer” in 2013.

The Procurement department continued expanding the visibility of the Chicago Fed throughout the District by hosting or participating in a variety of vendor fairs, events and conferences, such as those sponsored by the National Minority Supplier Diversity Council (NMSDC), the Chicago and Michigan MSDCs,

and the Chicago Business Opportunity Fair, to name a few. The Bank’s Supplier Diversity Manager, Mark Hands, was recognized by the Chicago Minority Supplier Development Council with the 2013 Anders C. Rasmussen Jr. Award, and by the U.S. Small Business Administration (SBA) with the 2013 Illinois SBA Minority Small Business Champion Award.

In 2013, the Bank spent \$51,070,099 in reportable expenditures, of which \$3.07 million (or 6 percent) were paid to M/WBEs, a decrease in comparison with 2012, when \$4.19 million (approximately 7.1 percent of total reportable expenses) were allocated to M/WBEs. This decrease was largely due to the expiration of several MBE Auxiliary Staffing Services contracts, fewer projects available for contracting in the Bank’s Detroit Branch, and the completion of purchases related to the Bank’s Business Continuity Office.

Of the \$3.07 million paid to M/WBEs, minority-owned businesses comprised \$662,770 (approximately 1.3 percent of total reportable spend) and women-owned businesses comprised \$2.40 million (approximately 4.7 percent of total). The dollars spent with African-American/Black-owned businesses decreased to \$191,511 compared to \$873,590 in 2012, and the Bank’s spend with Asian-owned businesses decreased to \$231,807 compared to \$670,610 in 2012. Lastly, the Bank spent \$88,671 with Hispanic/Latino-owned businesses compared to \$356,570 in 2012. In contrast, the Bank’s spend with WBEs increased to \$2.40 million in 2013, compared to \$2.24 million in 2012. This increase was primarily due to the use of Auxiliary Staffing Services.

Throughout 2013, the Bank continued expanding its participation in financial literacy programs targeting majority-minority and all-girls high schools, with events held in Chicago and Detroit reaching over 1,400 students and leveraging more than 100 Bank volunteers who acted as teachers and mentors. The Bank’s ODI strengthened its partnerships with nonprofits serving minority and female high school students, such as the Junior Achievement chapters of Chicago and Southeastern Michigan, the Posse Foundation, the Chicago Scholars Foundation, and the Economic Awareness Council. Numerous high schools were served, including Juarez, Schurz, and Young Women’s Leadership Charter School in Chicago, and Hamtramck, Cody and Southeastern in Detroit, to name a few. Also in 2013, the Bank expanded its agreement with the Corporate Work Study Program at Cristo Rey and Christ the King high schools to provide eight part-time interns to the Chicago Fed throughout the 2013-2014 school year.

Overview

Building on similar updates in 2011 and 2012, the Federal Reserve Bank of Chicago's (FRBC) third annual Office of Minority and Women Inclusion (OMWI) 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, 2013.

This Overview section of the Report describes the Chicago Fed's roles and the local and national contexts in which the Bank operates as it relates to our efforts to include women and minorities in the workforce, our vendor pool, and our 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, and considers key issues related to human capital, business environment, and financial literacy as they affect women and minorities in the District (especially those living and working in our largest metropolitan areas — Chicago and Detroit). In addition, the Overview also describes the overall approach of the Bank's diversity and inclusion efforts, the ongoing activities associated with the establishment of the OMWI mandated by the Dodd-Frank Act (DFA), and the commitment of the Bank's leadership to promoting a diverse and inclusive culture within and outside of the Bank.

BACKGROUND ABOUT THE FEDERAL RESERVE BANK OF CHICAGO

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., serve as the central bank for the country. The FRBC 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 important economic sectors, comprising a considerable portion of the nation's manufacturing base, which includes capital goods and consumer durables, as well as agricultural production and food processing. The District also has a significant and growing concentration of financial and business services, having more individual banks than any other Federal Reserve District.

The District's head office is located in Chicago, where 1,297 employees worked as of December 31, 2013. A branch office exists in Detroit with 129 employees. In addition, 53 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 (FRS): promoting maximum employment and ensuring price stability. Supervision & Regulation (S&R), the Chicago Fed's largest department with 522 employees as of December 31, 2013, supervises more than 800 bank holding companies, over 150 state member banks and, since the adoption of the DFA, savings and loan holding companies. In addition to this supervisory role, the Bank provides currency and coin processing, and other financial 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 sustainable economic growth.

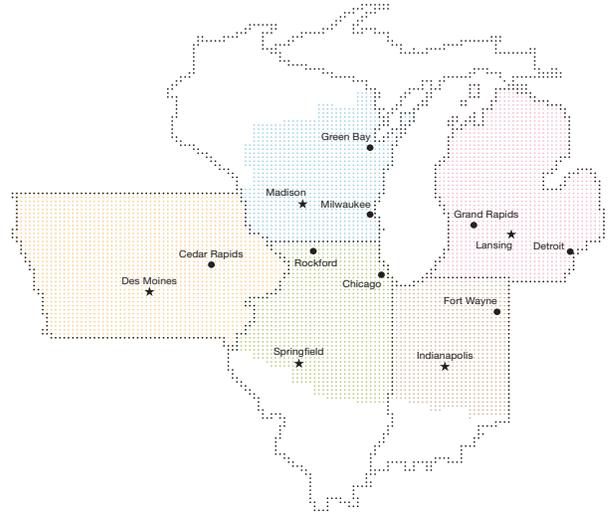
Aside from serving the public in the Seventh District, the Chicago Fed leads a variety of Federal Reserve System-wide functions throughout the country, in partnership with the other eleven Districts and the Board of Governors. The Customer Relations and Support Office (CRSO) has a strategic leadership role within the FRS: managing the nationwide electronic payments and information delivery network ("FedLine[®]") transacting, on average, over 72 million payments daily valued at more than \$3.9 trillion; leading national sales and marketing strategies associated with \$400 million in annual revenue; and providing customer set-up and support for over 100,000 users.

The Chicago Fed's Information Technology department is responsible for providing centralized shared service for management of the Federal Reserve System's web content, including overseeing the System-wide operations of the centralized application. 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 System's Wholesale Credit Risk Center, whose mission is to generate analytics-driven supervision and insight around wholesale lending for the FRS, 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 Bank also oversees and coordinates the Federal Reserve System's participation 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. More information about the Federal Reserve Bank of Chicago can be found at www.chicagofed.org

THE SEVENTH DISTRICT: DEMOGRAPHY, HUMAN CAPITAL AND BUSINESS ENVIRONMENT RELATED TO WOMEN AND MINORITIES

From the point of view of demographics, the Seventh District is one of the most diverse in the nation, including several metropolitan areas with large and/or growing populations of Latinos, African-Americans, and Asians, such as Chicago, Detroit, Indianapolis, and Milwaukee. A key trend related to minorities identified by the Census of 2010 is the increase of the Black and Latino

populations in the Midwest², 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, decreased 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 numbers and percentages of females and the largest minority groups in states included (fully or partially) in the Seventh District, and in key metropolitan areas where Chicago Fed offices are located.

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	%
ILLINOIS	12,830,632	6,538,356	51	2,027,578	16	1,866,414	15	586,934	5
MICHIGAN	9,883,640	5,035,526	51	436,358	4	1,400,362	14	238,199	2
INDIANA	6,483,802	3,294,065	51	389,707	6	591,397	9	102,474	2
WISCONSIN	5,686,986	2,864,586	50	336,056	6	359,148	6	129,234	2
IOWA	3,046,355	1,538,036	51	151,544	5	89,148	3	53,094	2
TOTAL	37,931,415	19,270,569	51	3,341,243	9	4,306,469	11	1,109,935	3

Source: U.S. Census Bureau

TABLE 2.

Seventh District Total population and percentages of females (2009) and largest minority groups (2010) in metro areas with Federal Reserve Bank offices

	Total population	Female	%	Hispanic or Latino	%	Black or African-American	%	Asian	%
CHICAGO	9,461,105	4,868,494	51	1,957,080	21	1,613,644	17	528,832	6
DETROIT	4,296,250	2,255,868	53	168,065	4	972,689	23	141,351	3
DES MOINES	569,633	286,875	51	38,004	7	26,508	5	17,387	3

Source: U.S. Census Bureau, and Brown University and Russel Sage Foundation US2010

TABLE 3.
Seventh District Graduation rates of Black, Latino and non-Latino White students, and gaps between majority and minority students (2010-2011 cohort)

	High school graduation rates			Gap	
	Black	Latino	White, non-Latino	White, non-Latino/Black	White, non-Latino/Latino
ILLINOIS	74%	77%	89%	15%	12%
INDIANA	75%	81%	88%	13%	7%
IOWA	73%	75%	90%	17%	15%
MICHIGAN	57%	63%	80%	23%	17%
WISCONSIN	64%	72%	91%	27%	19%

Source: U.S. Dept. of Education

Our region shows significant gaps in educational opportunity and 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 financial sector and other highly specialized industries. In 2013, the U.S. Department of Education released provisional school-level graduation rates for the 2010-11 school year, using for the first time common measures for reporting high school graduation rates among states. All states in the Seventh District show low high school graduation rates for Latinos and African-Americans in comparison with those of White students, with Michigan and Wisconsin showing the largest gaps (see Table 3).⁵

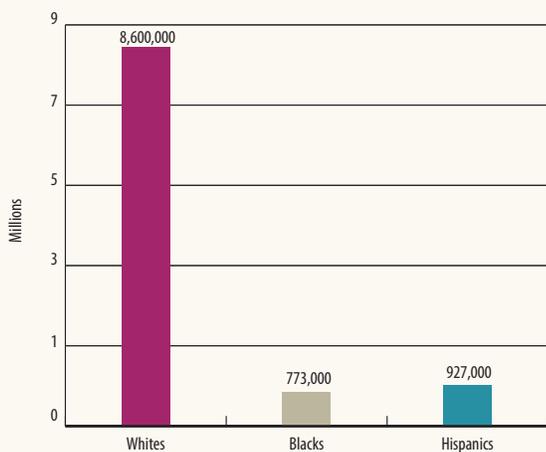
These regional numbers are consistent with national trends in educational attainment, and closely connected to the limited opportunities of African Americans and Latinos to access and finish higher education. For example, a 2011 study of undergraduate students in Illinois-based public universities showed

that 56.1 percent of enrolled students were White, 14.6 percent Black, and 12 percent Latino. Furthermore, 70.5 percent of students receiving a degree were White, 9.3 percent were Black and 6.6 percent were Latino.⁶ 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.⁷

Employers in most industries, including finance and banking, require bachelor's degrees even for entry-level positions, and higher degrees and specialized qualifications for many jobs. Recent numbers, nevertheless, show significant differences in the number of candidates with degrees and a major in business, depending on their ethnicity: In 2009, there were 773,000 candidates of Latino background and 927,000 of African-American background in the United States, compared with 8.6 million of non-Hispanic, White descent (see Chart 1).⁸

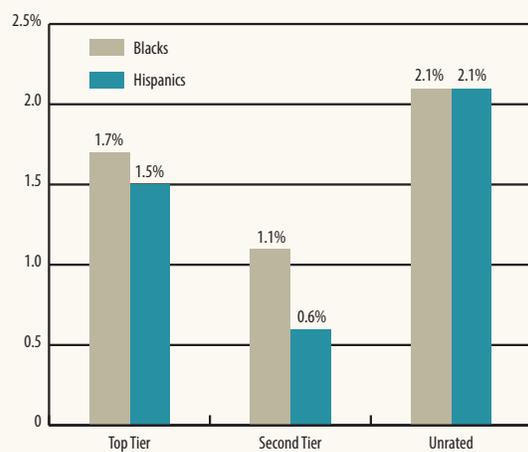
Due to the nature of its work, and as highlighted in prior OMWI Reports to Congress, the Chicago Fed hires a significant number of individuals holding a Master of Business Administration (MBA) degree, yet the percentage of minorities (excluding Asian Americans) with such degree is disproportionately low when compared with Whites. In 2012, the FRBC embarked upon a collaborative effort with Chicago United, the premier local non-profit promoting multiracial leadership in business to advance parity in economic opportunity, in order to study how this issue affects the Chicago metropolitan area. Deborah Baldwin, Associate 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 represented 4.9 percent and Latinos 4.2 percent of all students entering an MBA program

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 2012 Corporate Diversity Profile, based on Bloomberg Businessweek data analyzed by the FRBC.

in 2011. The majority of them went to unrated schools.⁹ (See Chart 2). Nevertheless, Dr. Toussaint-Comeau's research shows that the percentage at which Latinos and African-Americans choose business as their major is higher than that of Whites, strongly suggesting that if the number of MBA degrees conferred upon minorities is low it is not for lack of interest in the field on the part of minorities but, more likely, due to a reduced access to support and resources throughout their educational journey.

The enrollment rate of women in MBA programs is still rather low. Roughly 36 percent percent of students enrolled in MBA programs were women in the 2011-2012 year.¹⁰

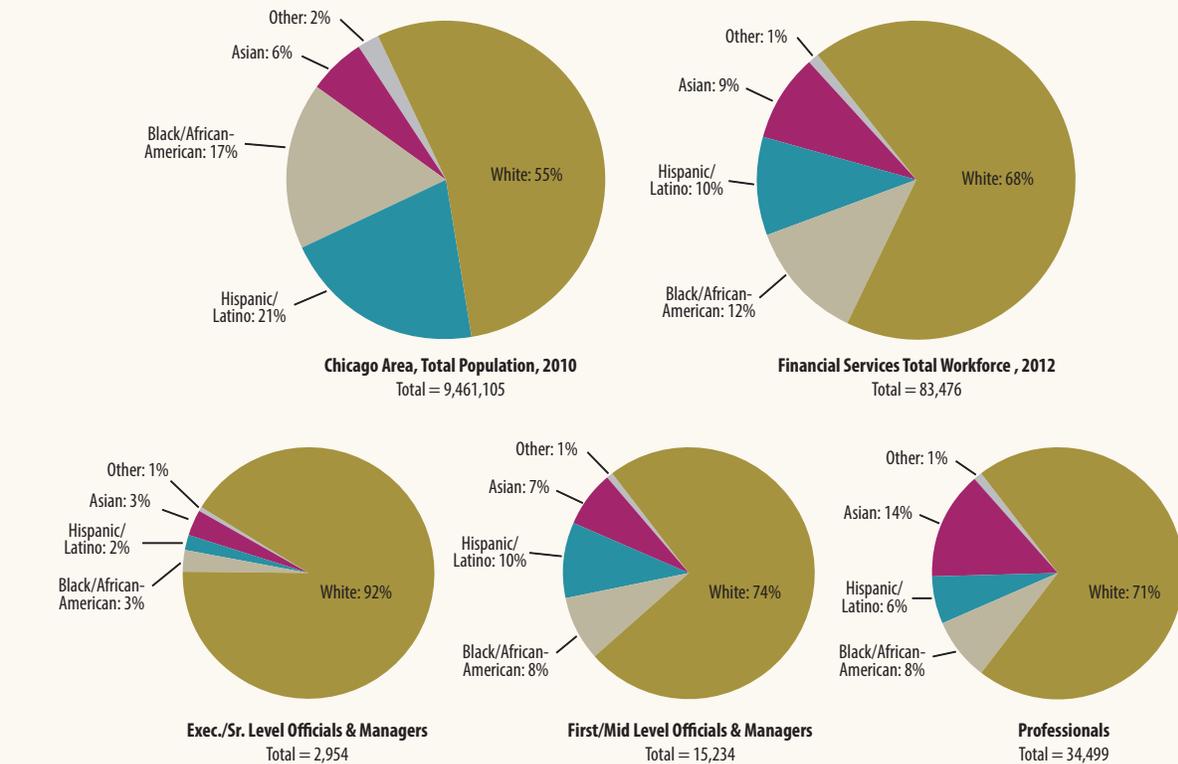
The Chicago Fed hires individuals based on their professional backgrounds. Yet, again, according to the Bureau of Labor Statistics, some of the fields more aligned with the Bank's business, such as accounting, audit, and information security, show ample differences at entry-levels between Whites and Asians, on one hand, and Latinos and African-Americans, on the other. For example, out of the 1.8 million accountants and auditors who were employed in 2012, 76 percent were White and 12 percent were Asians, versus 10 percent African-American or Black and 7 percent Latino or Hispanic. Out of the 89,000 financial analysts who worked in 2012, 84 percent were White and 9 percent Asian, versus 4 percent African-American or Black and 6 percent Latino or Hispanic. Furthermore, out of the

52,000 information security analysts, 73 percent were White and 14 percent Asian, versus 12 percent African American or Black and 4 percent Latino or Hispanic. Similar or larger gaps exist at the management levels of these and other occupations closely related to the financial sector.¹¹

As pointed out in previous OMWI Reports to Congress, a significant gender gap also exists in the supply of talent for IT and computing positions. The Computing Research Association estimated that in 2011 only 13 percent of graduates who earned a bachelor's degree in computer science, computer engineering and information technology in the U.S. and Canada 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.¹² And 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 careers in IT.¹³ 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 high-demand jobs in the financial sector, such as network and computer systems administrators, women represent barely 17 percent of all positions.¹⁴

CHART 3.

Chicago metropolitan area demographics total population (2010) vs. financial services industry and selected job categories (2012)



Source: Brown University and Russel Sage Foundation US2010, and Equal Employment Opportunity Commission (2012)

An analysis of data from the Equal Employment Opportunity Commission (EEOC) published by the Government Accountability Office (GAO) in 2010 showed that, overall, only 10 percent of males and 19 percent of females working in the financial sector were people of color. According to the study, in 2008 non-Hispanic Whites held 90 percent of senior positions, African-Americans held 2.8 percent, Hispanics 3 percent, and Asians 3.5 percent.¹⁵ These numbers were consistent with a national study commissioned the same year by U.S. Senator Robert Menendez, which found that only 8 percent of executive team members in financial services corporations were minorities. Both African-Americans and Latinos represented less than three percent of such teams. And women of color represented a meager one percent of executives.¹⁶

A more recent GAO report published in 2013¹⁷ found that management-level representation of minorities in the financial services industry and among federal financial agencies and Federal Reserve Banks had not changed substantially from 2007 through 2011. Industry representation of minorities in 2011 was higher in lower-level management positions – about 20 percent – compared to about 11 percent of senior-level manager positions. Officials stated that the main challenge to improving diversity was identifying candidates, noting that minorities and women are often underrepresented in both internal and external candidate pools.

Low representation of minorities in the financial services industry is especially evident in the Chicago metropolitan area. While in 2010 the overall population was 55 percent White, 17 percent of Black, 21 percent Hispanic, and 6 percent Asian, data released by the EEOC shows that the financial services workforce in the Chicago region is 68 percent White, 12 percent Black, 10 percent Hispanic, and 9 percent Asian. The differences in representation are even more evident at the highest levels of financial organizations (C-suites), where 92 percent of executives are White, 3 percent Black, 2 percent Hispanic and 3 percent Asian according the same EEOC report. Chart 3 summarizes these gaps.

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 and significant experience for most mid-level and senior positions, is very limited. Since the vast majority of jobs available at the Chicago Fed require, at a minimum, a college degree and often highly specialized qualifications (especially, but not limited to, bank examiners, economists and information security positions), a fierce competition exists among organizations in the financial sector for such scarce diverse talent. The Human Resources department of the Chicago Fed has taken into consideration the characteristics of the Seventh District labor markets and the conditions of its human capital described above to develop its recruitment, talent development and retention strategies. More information can be found in the “Minority and Women Employment” section of this Report.

As pointed out in the Chicago Fed’s OMWI 2011 and 2012 Annual Reports 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. In addition, Latino-owned companies grew 43 percent to 56,552, representing 5 percent of total businesses in Illinois.¹⁸ The two major cities in our District, Chicago and Detroit, occupied in 2007 the second and fourth places nationally in the number of Black-owned companies, with 58,631 (or 3.1 percent of total companies) and 32,490 (or 1.7 percent) respectively.¹⁹ 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, especially MBEs, as data shows that the Great Recession significantly widened the wealth gap between Whites and Blacks and between Whites and Latinos nation-wide. From 2005 to 2010 the ratio between White and Black net worth expanded from 12 to 22, and from 12 to 15 for Latinos. As of 2010, median household net worths were \$110,729 for Whites, \$4,955 for Blacks, and \$7,424 for Latinos.²⁰

In Illinois, a recent study on Hispanic-owned businesses showed that most are small and young enterprises. More than 80 percent of them were funded via personal savings, through credit cards or by borrowing from friends and/or relatives. Nearly half of them have no major government procurement-related certifications. And while 70 percent of Hispanic-owned companies in Illinois had worked with the government, only 10 percent have done so at the federal level. Hispanic business owners identified team building and management, project management, internet marketing, marketing strategies, and cost and pricing analysis as their top five training needs.²¹

Experts acknowledge that a number of opportunities exist for women and minority-owned businesses to thrive. For example, 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 slow economic recovery, 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.²² In addition, the multiple and complex certification processes M/WBEs must go through to authenticate their status (along

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)

with 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 business 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.²³

The Chicago Fed Procurement department and supplier diversity experts have built on this information to design their strategic plan, training sessions, and technical assistance and capacity building events. More information can be found in the “Minority and Women-Owned Businesses” section of this Report.

As it relates to financial literacy among Seventh District consumers, there is a clear need for improvements, especially among minorities. As seen above, Latinos and African-Americans in particular have been hit the hardest by the Great Recession, as victims of the foreclosure crisis, 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 White borrowers, given equal credit scores, debt-to-income ratios, and other objective factors.²⁴ The foreclosure crisis has significantly driven down home values in communities of color and has led to higher proportions of underwater borrowers in these communities. Research published in 2012 showed that although 25 percent of homes in Chicago were underwater, the proportion in African-American and Latino communities was over 40 percent.²⁵ An increased demand for financial literacy related to loan modifications, short sales and credit counseling, as well as 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 well above the national average of 6.7 percent as of December 2013. In Illinois, the rate stood at 8.6 percent; in Michigan, at 8.4 percent.²⁶ Again, minorities are being hit hardest by unemployment, with African-Americans reaching jobless rates of 12.1 percent and Latinos of 8.4 percent versus 5.7 for Whites, nationwide.²⁷ Such statistics have increased the demand for financial literacy regarding bankruptcy, budgeting and benefits in minority communities.

Financial literacy is also necessary for basic banking services targeting people of color. The latest National Federal Deposit Insurance Corporation (FDIC) Survey in the U.S. shows that 54 percent of African-Americans and 44 percent of Latinos were underbanked or unbanked, versus 18 percent of non-Hispanic Whites.²⁸

Nevertheless, school curricula are not responsive to this dire need. In the Seventh District, states requiring that financial education courses be taken and students tested on these subjects, as noted in Table 4, were the exception according to the latest report of the Council for Economic Education.²⁹

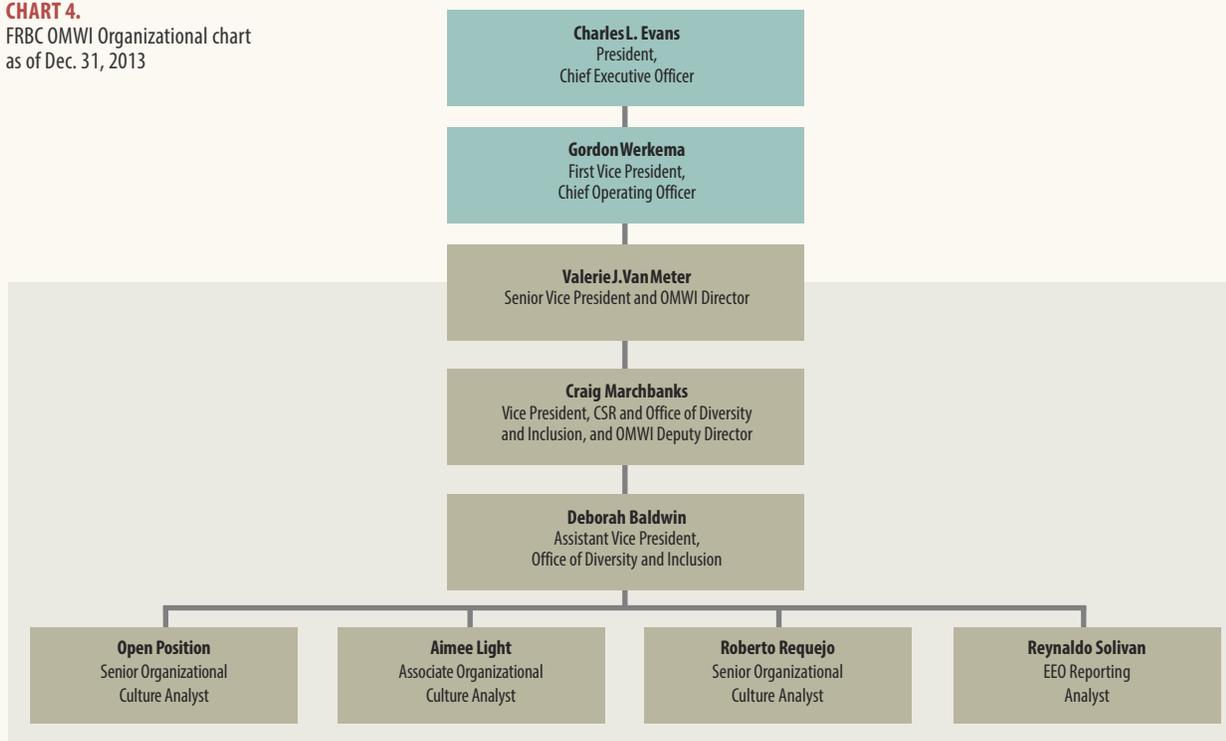
In stark contrast with the above, a recent survey of high school students sponsored by Discover showed that seniors believe personal finance and money management (along with math) are the most critical skills for personal success, with 83 percent stating that they’d be very interested in learning more about managing their personal finances. According to the survey, the students “struggled to answer basic financial knowledge questions” with 65 percent not knowing whether cancelling credit cards would hurt their credit score, and 52 percent acknowledging that they didn’t know what their college tuition would be.³⁰ When looking at race and ethnicity, young adults of White background show better knowledge of finance than African-Americans and Latinos: When administered three questions on finance (one about interest rates, one about inflation, and one about risk diversification), young Whites answered correctly in larger proportions than Blacks and Latinos. In particular, the gap was 18.7 percent between Whites and Blacks, and 16 percent between Whites and Latinos for the question about inflation.³¹

The Chicago Fed’s Office of Diversity and Inclusion, in partnership with the Research and Public Affairs departments, develops programing for high school students, young adults and teachers in order to address the above deficits. More information can be found in the “Financial Literacy and Community Outreach” section of this Report.

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

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, in 2011 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 represents 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 under-represented groups. Reporting to the Bank’s First Vice President and Chief Operating Officer Gordon Werkema, the ODI is led by Senior Vice President and OMWI Director Valerie Van Meter, and has been staffed by recruiting externally and

CHART 4.
FRBC OMWI Organizational chart
as of Dec. 31, 2013



internally (see Chart 4). In 2012, Craig Marchbanks, formerly with the Bank's Supervision & Regulation (S&R) department, joined the Office as its Vice President and Deputy OMWI Director. Marchbanks also manages the Bank's Corporate Social Responsibility (CSR) efforts. As it does when recruiting for all positions, the Bank has kept diversity in mind when assembling the ODI team, which, apart from including female and male staff, also includes members of the African-American, Latino, foreign-born, and LGBT communities.

Like many leading financial firms and corporations, and parallel to the creation of the ODI, the Bank established in 2011 a cross-departmental CSR Council, 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 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 identify collaborative opportunities/activities to support the strategic direction of the CSR framework, which is organized along four pillars:

1. Workforce and Supplier Diversity and Inclusion
2. Economic and Financial Education and Empowerment
3. Community and Economic Development and Outreach
4. Environmental Sustainability

Building on this framework, the Federal Reserve Bank of Chicago endorsed four CSR D&I goals for 2013, which in turn

informed the Bank-wide D&I Objectives and the Departmental D&I Objectives. These CSR D&I goals included:

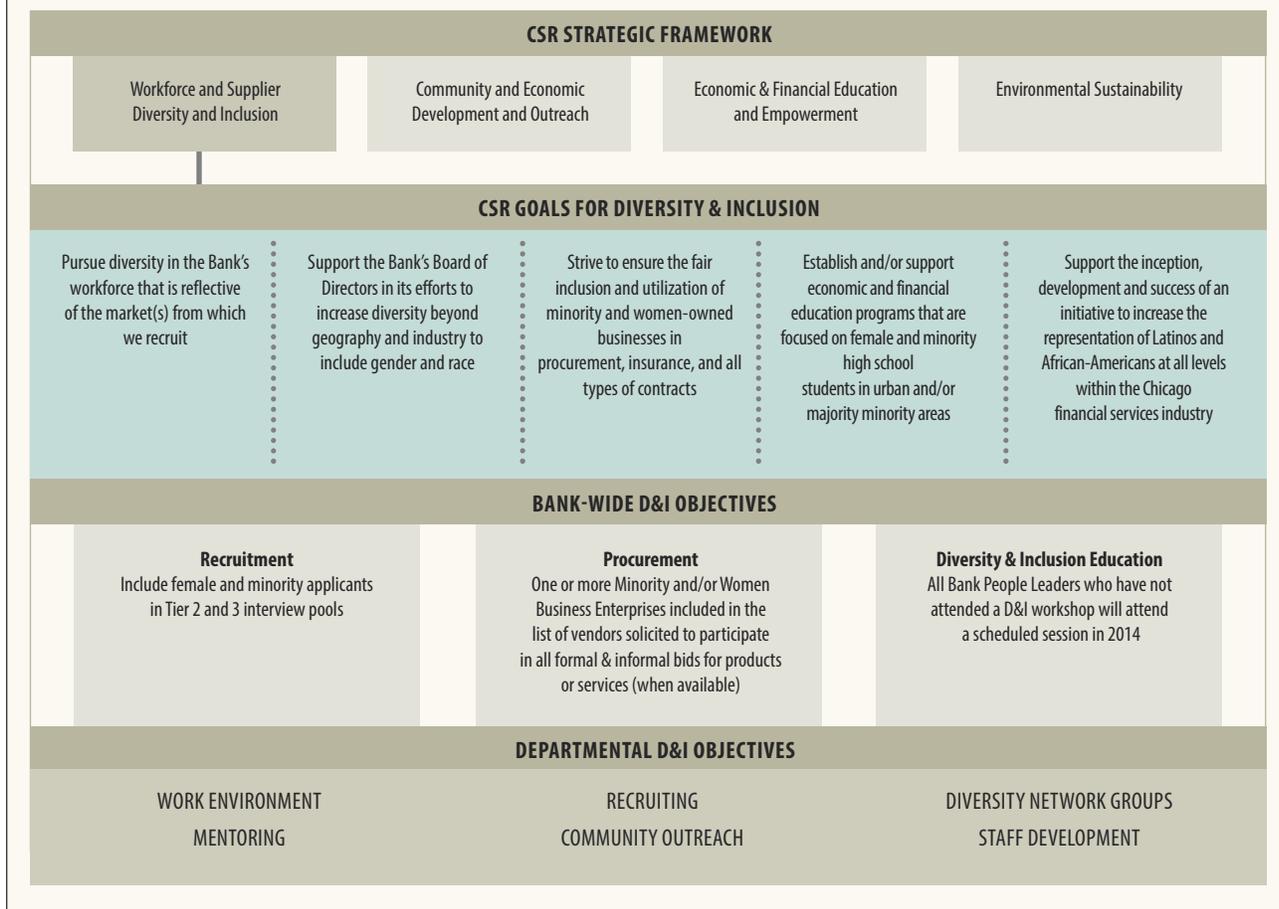
1. Pursue diversity in the Bank's workforce that is reflective of the market(s) from which we recruit
2. Support the Bank's Board of Directors in its efforts to increase diversity beyond geography and industry to include gender and race
3. Strive to ensure the fair inclusion and utilization of minority and women-owned businesses in procurement, insurance, and all types of contracts
4. Establish and/or support economic and financial education programs that are focused on female and minority high school students in urban and/or majority minority areas

The CSR Council also endorsed a new D&I goal for 2014:

5. Support the inception, development and success of an initiative to increase the representation of Latinos and African-Americans at all levels within the Chicago financial services industry.

Working collaboratively with the Bank's CSR Council and the Executive Committee, the ODI monitored, and reported on 2013 Bank-wide and departmental D&I Objectives intended to further the CSR and D&I goals. In addition, Bank-wide 2014 D&I Goals were established. These goals crystallized into 2014 Bank-wide D&I Objectives in the areas of Recruitment, Procurement and D&I Education. The Bank took steps in early 2014 to further strengthen its Departmental D&I Objectives by encouraging departments to identify new goals and/or strengthen target measures associated with existing ones. Chart 5 summarizes the relationships between the CSR Strategic

CHART 5.
FRBC 2014 CSR Strategic Framework, D&I Goals and Objectives



Framework, its D&I Goals, and the Bank-wide and Departmental D&I Objectives.

Effective, Commendable and Outstanding targets have been established, based on the quantitative success rates for each Objective. Table 5 summarizes the Bank-wide D&I objectives and ratings as of December 31, 2013.

In addition to Bank-wide D&I Objectives, the FRBC is also developing a new set of 2014 Departmental D&I Objectives, with corresponding targets and measures of success, to be reported also on a quarterly basis. The Bank's ODI collaborated with Bank departments to compile a list of potential objectives and enhance target definitions. The sample objectives were intended to support the CSR D&I Objectives and the Bank's commitment to promoting diversity and inclusion in:

- Hiring, developing and retaining staff.
- Purchasing products and services from M/WBES.
- Providing and promoting financial education in the communities we serve.
- Increasing inclusionary behaviors to maximize the engagement and contributions from all staff.

The samples included cross-Bank departmental objectives which were shared more broadly and offered some examples of

industry best practices in the areas of diverse recruitment, staff development, mentoring, greater leadership participation in initiatives led by Employee Support Network Groups, community outreach, and procurement practices.

All departments met their annual targets, with 18 of the 23 Departmental D&I Objectives showing Outstanding ratings, four of them showing Commendable ratings, and one showing an Effective rating as of Dec. 31, 2013. In addition to monitoring D&I Objectives, the Bank conducts Workforce Analysis meetings with 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 is provided in the section "Minority and Women Employment."

LEADERSHIP COMMITMENT TO DIVERSITY AND INCLUSION

The current Chicago and Detroit Boards of Directors represent diverse background 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 December 31, 2013, the Chicago Board, comprised

TABLE 5.
FRBC 2013 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	Effective rating, with 121 out of 139 (87%) of Tier 2 and Tier 3 interview pools included one or more female applicants
2. Ensure that in-person interview pools for Tier 2 and Tier 3 positions include minority applicants	Effective rating, with 118 out of 139 (85%) of Tier 2 and Tier 3 interview pools included one or more minority applicants
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)	Outstanding rating, with 100% of formal and informal bids including at least one MBE supplier when available
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)	Outstanding rating, with 100% of formal and informal bids including at least one WBE supplier when available
D&I EDUCATION	
5. All People Leaders (PLs), i.e. Officers, Managers and Supervisors, hired or appointed after January 1, 2012 and those classified as PLs prior to that date who have not attended a Driving Results Through and Inclusive Culture workshop will attend a scheduled session in 2013	Commendable rating, with 91% of all required People Leaders having attended their training as of Dec. 31, 2013

of eight members, included three minorities, of which one was a female. Of the seven members of the Detroit Board, four are women —two of them minorities — 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 Executive Committee (EC) and the Board of Directors at large.

As it refers to staff, the commitment to diversity and inclusion at the FRBC starts at the top, with Bank leadership actively engaged in the promotion of D&I policies and practices. To support the Bank’s mission and vision and as a commitment to the Chicago and Detroit Boards of Directors, the Chicago Fed has made an investment to provide D&I education to every leader. In 2012, all EC members participated in a series of three, 2-hour Diversity and Inclusion Executive Alignment discussions structured around three themes:

- *Define*, helping EC members define what the Bank’s commitment to D&I really means
- *Declare*, i.e., ensure that all members understand and can comfortably verbalize the agreed-upon definitions of D&I commitment and success, based on the first session
- *Demonstrate*, by providing model behaviors for EC members that can be used on a daily basis to demonstrate commitment.

Feedback from these sessions was incorporated into a leaders training workshop entitled *Driving Results Through an Inclusion Culture*, which was conducted during the second half of 2012. This training consisted of a one-day workshop for all people leaders classified as such as of January 1, 2012, and was offered to groups of up to 30 leaders per session. The sessions continued

to be offered and required of incoming people leaders throughout 2013. Since piloting these workshops in 2012, a total of 307 people leaders have attended a workshop.

Each *Driving Results Through an Inclusion Culture* session is introduced by a member of the EC and facilitated by independent consultants. The workshop incorporates various learning methodologies, including group discussions and interactive activities used to facilitate the participants’ direct application of the workshop to the Bank’s Leadership Competencies. The workshop is designed to:

- Increase awareness of diversity, inclusion and cultural competence and their impact on the business
- Increase understanding of how cultural background 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 D&I
- Clarify the need for personal and organizational commitment to D&I

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. The Bank’s senior leaders continued their active participation in a number of external outreach and community engagement efforts and in their sponsorship of internal Employee Network Support 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. Senior leaders Valerie Van Meter and Deborah Baldwin, Assistant Vice President – ODI, and Jeremiah Boyle, Managing Director –

Economic Development, also serve as Chicago United Leaders Council members. The organization publishes the Chicago United Corporate Diversity Profile, a bi-annual survey that measures racial diversity specifically in the leadership ranks of large corporations, on corporate boards and in executive level management, which serves as a benchmark for corporations to measure their progress in this arena. Staff from the Bank's Research department assisted Chicago United in this effort. In November, Chicago United named Valerie Van Meter as one of its 2013 Business Leaders of Color. Through this award, the organization acknowledges demonstrated leaders who have achieved professional success through a track record of balanced decision making, a range of experiences that reflect flexibility and an ability to transcend narrow experiences, and a respect for diverse points of view and varied ways to approach issues and topics.

Valerie Van Meter and 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 is also a member of the Honorary Board of Advisors to national nonprofit Student Veterans of America (SVA). SVA is the only organization in America solely dedicated to helping military veterans excel in higher education. 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. Wiley is also a Trustee of the Michigan Council on Economic Education.

In late 2012, Van Meter spoke at the 28th Annual DuSable Conference, *The Politics of Business: Navigating Workplace and Industry Politics*, sponsored by the African American MBA Association at the University of Chicago Booth School of Business. The DuSable Conference was started in 1985 by African American students who believed that, as one of the elite schools in the world, the University of Chicago needed to have a conference focused on the interests of African-Americans and other people of color.

As part of Women's History Month, Valerie Van Meter spoke to an audience convened by the Niagara Foundation about *Breaking Through the Concrete Ceiling: Promoting the Development of Women and Diverse Talent in the Financial Services Industry*. During her speech, Van Meter discussed some of the challenges confronting females and minorities in the financial services sector, as well as progress made. Her presentation focused on best practices used at the Bank to foster a diverse and inclusive environment and challenges encountered.

In June, Valerie Van Meter was a panelist at the Urban Financial Services Coalition 39th International Summit. Van Meter, along with OMWI Directors of the Federal Reserve Banks of Kansas City and Atlanta, and the Director of Diversity and Inclusion of the Board of Governors Sheila Clark, discussed how minority financial professionals and business owners can leverage the power of the OMWIs. Additionally, Van Meter participated in a Diversity Officers Roundtable in September,



Senior Vice President and OMWI Director Valerie Van Meter (second from right) was named a 2013 Business Leader of Color by Chicago United, the premier organization devoted to advancing diversity in corporate leadership in the Chicago area.

presented by Chicago United and hosted by Bank of America on *Impacting Organizational Change: Lessons from the Field*. The event consisted of a facilitated dialogue between Van Meter and Ernst & Young Midwest Director of People (Human Resources) Warren M. Smith.

The 2013 edition of the Chicago Women in Business' (CWIB) Fall Conference & Networking event included Valerie Van Meter as a keynote speaker. CWIB's mission is to connect and provide support to the women in the full-time program at the University of Chicago's Booth School of Business, through networking events, lunch speaker series, partnerships with other organizations, mentoring programs, and social events. The theme of the conference was *Success Redefined: Defining Success in a Personal Way*.

Other senior leaders are also engaged in boards advancing issues related to diversity and inclusion. For example, Vice President and Director of Regional Research Bill Testa chairs the board of trustees of Econ Illinois, an organization created in 1951 to help K-12 schools integrate the teaching of economics and personal finance across the curriculum at all grade levels. In October, he received the Richard S. Peterson Award from the organization in recognition of more than 16 years of service to the organization and advocacy for economic and personal finance education in Illinois.

In addition to these leaders' commitment, Vice President of Corporate Social Responsibility and Diversity and Inclusion Craig Marchbanks is a member of the advisory board of the Chicago Public Schools' Career and Technical Education /Business and Finance Cluster; and Mark Hands, Supplier Diversity Program Manager, is an executive board member of the Chicago Minority Supplier Development Council (CMSDC) and a member of the Financial Services Roundtable for Supplier Diversity (FSRSD). Several senior leaders also sponsor the Bank's Employee Support Network Groups, as described in the next section.

Project in Focus

As discussed earlier in this Report, during 2012, the Bank's Executive Committee (EC) members participated in a series of diversity and inclusion discussions facilitated by the Bank's external D&I training partner. As an action item to these discussions, the EC decided to pilot the recently released "Diversity Toolkit," produced by Chicago United. The toolkit is divided into six sections representing areas of talent management that are pivotal to increasing diversity within senior leadership.³² Within each talent management area, a number of best practices were aligned along a continuum for survey participants to select where their respective area of the organization fell. Each member of the EC completed the survey and, based upon the combined results, the category chosen to base the action item upon was "Succession Management." Given the fact that the Bank had recently made a number of strategic promotions and assignments, a joint initiative in this area was viewed as a way to promote diversity, while at the same time, supporting high-potential leaders in the Bank's pipeline. The EC members agreed to participate in a joint initiative combining elements of mentorship and sponsorship programs. Newly promoted Vice Presidents and Senior Vice Presidents were paired with an EC member, with the exclusion of the President and First Vice President of the Bank, whose role was to conduct separate quarterly group discussions with the mentees. The 2013 program was managed by Special Assistant



In 2013, the Chicago Fed piloted the "Diversity Toolkit" included in the Chicago United 2012 Corporate Diversity Profile

Fed's balance sheet, as well as various external events with their EC mentors, including Chicago United's Business Leaders of Color reception and dinner. Based upon the extremely positive responses of both EC members and their mentees, at the conclusion of the program it was decided to repeat the program again in 2014, going deeper into the organization and expanding the number of mentees participating.

In addition to this joint initiative, each EC member also made a personal commitment to diversity and inclusion by selecting two or three cultural competencies to incorporate in his or her individual 2013 performance management plan. To encourage accountability, each member shared his or her individual objective with the rest of the EC members.

to the President and First Vice President Sandra Ruiz, with ODI providing guidance and tools such as a Program Discussion Guide that included discussion questions to support one-on-one and group conversations. A third-party contractor served as facilitator during joint EC discussions. In order to increase group accountability, each EC member had some of his or her performance pay tied to the successful completion of all program objectives by all EC members.

The cohort of mentees also attended Board of Directors' meetings, presentations on Federal Open Market Committee preparations and on the

The Seventh District's Board of Directors has also contributed to the Bank's D&I efforts. In particular, members of the Governance and Human Resources 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 progress and challenges in the D&I objectives, which are also shared with EC and the Board of Directors quarterly. At the invitation of Board of Directors member Jeff Joerres, Chairman and CEO of Manpower Group, Valerie Van Meter, Craig Marchbanks and members of the Human Resources department visited Manpower headquarters in Milwaukee to learn more about how the organization has integrated Corporate Social Responsibility and Diversity & Inclusion within its organizational framework.

The Boards of Directors of Chicago and Detroit have been especially supportive of a new project started in late 2013, the

Financial Services Pipeline (FSP) Initiative. Understanding that the lack of diversity in the financial services sector has a negative impact in the competitiveness, inclusion, and equity of the Chicago region, and in the organizational cultures and "bottom lines" of financial services organizations, in 2013 a group of financial institutions headquartered in Chicago decided to join forces with the Chicago Fed and The Chicago Community Trust – the region's community foundation— to address this challenge. Financial institutions participating in the FSP Initiative as of the writing of this Report include Ariel Capital Management, BMO Harris Bank, Holland Capital Management, Loop Capital, Northern Trust, and Urban Partnership Bank. The Initiative is governed by a CEO Leadership Council and a Steering Committee, including representatives of the above-mentioned institutions. Charles Evans, President and CEO of the FRBC is a member of the CEO Leadership Council and Valerie Van

Meter, Senior Vice President and OMWI Director co-chairs the Steering Committee. Members of the FRBC Boards of Directors participating in the CEO Leadership Council include William Farrow of Urban Partnership Bank, Terry Mazany of The Chicago Community Trust, and Rick Waddell of Northern Trust. Susan Collins, Dean of the University of Michigan's Gerald R. Ford School of Public Policy and member of the Detroit Board of Directors, is serving in an advisory role.

Members of the Financial Services Pipeline Initiative recognize the fact that, although each of the organizations is making significant efforts aimed at increasing diversity within their respective firm, the overall numbers of Latinos and African-Americans in the industry have not changed, to a great degree, over a decade or more. They have determined that targeted and collaborative efforts, focused on all phases of the talent pipeline, may produce more sustainable and robust outcomes. The stated goals of the FSP Initiative include:

- Increasing the representation of Latinos and African Americans, at all levels, within the Chicago area financial services industry, and
- Improving the overall cultural competency within the Chicago area financial services industry.

The Initiative's approach to enhancing and expanding diversity and inclusion of Latinos and African Americans within the talent pipeline is multi-phased. Intervention and support should start in early childhood and encompass the individuals' educational, professional and leadership development experiences,

covering elementary, middle and high school years, and higher education stages (including attainment of undergraduate and graduate degrees, as well as internships). Programming should also encompass the journey from entry-level employee to senior leadership roles within the industry.

In order to provide a platform to collaborate, coordinate resources, and develop solutions, members of the FSP Initiative plan to:

- Come together periodically to share information and explore strategies for making more effective investments to increase diversity and inclusion in the industry.
- Work in concert with each other, using each organization's resources more efficiently by better aligning them.
- Establish a pooled fund from which grant dollars and program-related investments could be disbursed on behalf of the entire collaborative.

During 2014, the FSP Initiative will conduct research, with a focus on action-oriented recommendations, on how to address some of the main goals established.

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/Community Outreach.

Minority and Women Employment

The Federal Reserve Bank of Chicago continued to promote diversity and inclusion within its workforce in 2013, aiming to create a workplace that is embracing and supportive of people of different backgrounds and diversity of thought. To that end, the Bank monitored closely the demographics of its workforce, with special attention paid 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, members of the LGBT community, and veterans 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 as they relate to ensuring that in-person interview pools for Tier 2 and Tier 3 positions included both female and minority applicants. As of December 31, 2013 the Bank met the objectives 87 percent and 85 percent of the time, respectively.

DATA AND TRACKING

The Bank collects a variety of data about the demographics of 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, also known as EEO-1 categories, and makes comparisons between the demographics of the Bank's own job groups versus the availability of female and minority candidates in the job markets for such groups. These analyses provide the Bank a snapshot of its workforce demographic breakdown. They also provide an assessment of the rate at which female and minorities qualified for different Bank jobs are being utilized.

In order 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. The scope of each meeting includes reviewing workforce demographics and employment actions in order to identify trends and opportunities and address potential areas of concern. This information is then used by each department to identify specific actions as department objectives 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 explained above, in order to elaborate its analyses, the Bank utilizes both the job categories established by the Equal Employment Opportunity Commission (EEOC) and the Chicago Fed's own job groups. Both analyses are shown separately for clarity and transparency.

STAFFING REPRESENTATION: EEO-1 JOB CATEGORIES

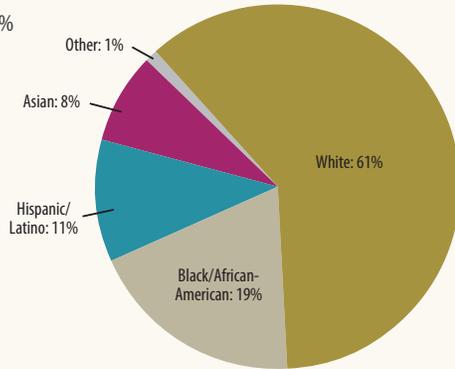
The Bank's staffing representation as of August 31, 2013, which is based upon EEO-1 job categories, is included in the Appendix (including staff classified as "extra help"³³).

As of December 31, 2013 the Federal Reserve Bank of Chicago's total staff level was 1,479 (not including "extra help"), an increase of 3 percent from the 1,436 regular help employees working for the Bank as of December 31, 2012. Overall female percentage representation remained unchanged in 2013 at 46 percent— this 'steady state' is seen as positive 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 (no change from 2012); Hispanic/Latinos, 11 percent (a 1 percent increase from 2012), and Asians, 8 percent (no change from 2012). Other minorities represented 1 percent of the total (no changes from 2012). See Chart 6.

The majority of the Bank's positions fall into three EEO-1 Job Categories: Officials and Managers; Professionals; and Administrative Support.³⁴ The Professionals category continues to be the largest, comprising about 58 percent of the Bank's workforce (a slight decrease from 59 percent in 2012). Officials and Managers now represent 21 percent of the positions in the Bank, (a 1 percent increase compared to 20 percent in 2012). The Administrative Support category continues to decline and currently

CHART 6.
FRBC Workforce demographics: Race/ethnicity and gender as of Dec. 31, 2013

Total number of employees = 1,479
- Male = 54%
- Female = 46%



comprises 12 percent of the Bank’s workforce (a slight decrease, compared to 13 percent in 2012 and 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 categories also increased. Female representation increased in the Officials and Managers category and slightly decreased in the Professionals category.

The Officials and Managers group was 46 percent female and 26 percent minority in 2013, (an increase from 43 percent for females and 25 percent for minorities in 2012). Percentage representation in 2013 within Officials and Managers by race/ethnicity was: 12 percent Black/African-American (a slight decrease from 13 percent in 2012), 8 percent Hispanic/Latino (an increase from 6 percent in 2012), and 5 percent Asian (a slight decrease from 6 percent in 2012).

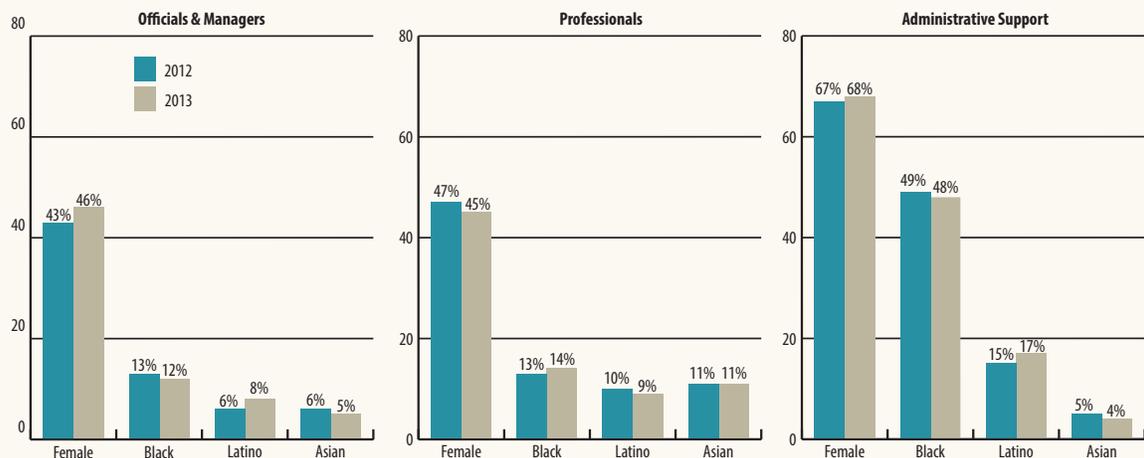
In 2013, female percentage representation experienced a slight decrease within the Professionals category, which now stands at 45 percent (from 47 percent in 2012); while the representation of minorities was 36 percent (an increase from 35 percent in 2012 and 33 percent in 2011). Currently, the Professionals category is 14 percent Black/African-American (compared to 13 percent in 2012), 9 percent Hispanic/Latino (a slight decrease from 10 percent in 2012), and 11 percent Asian (same as 2012).

The Administrative Support category was 68 percent female in 2013, representing a slight increase in percentage representation from 67 percent in 2012; while percentage representation for minorities in this category remained the same as in 2012 at 71 percent. See Chart 7 for a year-to-year comparison of female and minority representation in these job categories.

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

In order to properly assess the representation of women and minorities 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 FRBC takes into consideration the labor market availability of the workforce in each of the Bank’s job groups by performing an analysis 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.³⁵ Through this exercise, the Bank determines the availability of professionals in each job

CHART 7.
FRBC EEO-1 selected categories: Percentages of females and largest minority groups as of Dec. 31 (2012-2013)



group and position, compared to the labor force numbers and determines whether certain demographic groups show a shortfall in representation.

The most recent of these analyses was performed looking at over 800 employees in the upper level job groups of the organization,³⁶ including Officers, Managers, Supervisors, Knowledge Leaders and other upper-level job groups. Although there are some exceptions, the analysis revealed that in 2013, 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 continues showing increases from 2012 to 2013, including Officers (from 18 to 19 percent); Supervisors (from 41 to 42 percent); Upper Level Economists (from 19 to 21 percent), and Upper Level Examiners (from 23 to 24 percent). In 2013, our analysis shows that the most significant change in minority representation within the Bank's upper level job groups was in the Upper Level Analysts, which increased from 35 percent in 2012 to 40 percent minority representation in 2013. Similar to other higher-level job groups in the Bank, this group is comprised of jobs that require higher levels of analytical expertise and proficiency and often serves as a potential pipeline for managerial positions, such as supervisors and managers.

During this reporting period, female representation grew in the following upper level job groups from 2012 to 2013: Officers (from 44 to 45 percent); Managers (from 43 to 46 percent); and Upper Level Economists (from 38 to 45 percent). The most significant change in female representation within the Bank's upper level job groups was with Supervisors, which increased by nine percentage points going from 39 percent in 2012 to 48 percent female representation in 2013. On the other hand, there was a decrease by six percentage points in female representation in the Knowledge Leaders job group, going from 19 percent in 2012 to 13 percent in 2013. Both female and minority representation in the remaining higher level job groups in the Bank, not mentioned on this Report, either remained the same or showed no noteworthy change during this reporting period.

The Bank also continues to focus on promoting diversity in the entry level examiners' job group, which in 2013 was comprised of 36 percent minority representation, and serves as a pipeline for the upper level group. This considerable focus by the Bank's management also resulted in a continued increase of minority representation compared to the labor market availability in the upper level examiners group. In contrast to 2012 when a shortage of minority representation in the Upper Level Examiners job group was reported, the 2013 analysis shows an increase by one percentage point in minority representation in the Bank for this job group. When the Bank's minority representation in the Upper Level Examiners job group is compared to the current labor market availability, it shows that there is no longer a gap between the Bank's minority representation in

this job group and the labor market availability. With a sustained effort on development and retention, minority representation of upper level examiners is expected to continue increasing over time.

A continuing 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. While the number of females in the Upper Level Technology Professionals remained the same, percentage representation in the Bank decreased by one percentage point between 2012 and 2013. However, when the Bank's female representation in the Upper Level Technology Professionals Job Group is compared to the current labor market availability, it shows that the shortfall previously reported decreased by one percentage point. Although senior management is firmly committed to addressing these gaps, ongoing challenges are expected due to the highly technical requirements of these jobs and the limited pool of candidates.

This year's analysis also shows a continued shortfall of minority and female representation in the Knowledge Leaders Job 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 bank supervision with specific expertise required.

With respect to hires, the total number decreased from 169 in 2012 to 145 in 2013³⁷. The percentage of total female hires decreased going from 52 percent in 2012 to 39 percent in 2013. The percentage of female hires in the Officer/Knowledge Leader Tier (OFCR/KL Tier) was 33 percent. Of the total female hires in the Bank's Tier 3 (higher level professionals, supervisors, and managers), 52 percent were minority females. The percentage of total minority hires decreased from 43 percent in the previous year to 41 percent in 2013. The percentage of minority hires for both the OFCR/KL Tier and Tier 3 was 35 percent.

The number of promotions in the Seventh District decreased to 171 in 2013 from 202 in the prior year. Females comprised 51 percent of the overall promotions (a significant increase from 43 percent in 2012). The percentages of female promotions in the OFCR/KL Tier and Tier 3 were 50 percent each. The percentage of minority promotions also increased from 35 percent in 2012 to 39 percent in 2013. The percentages of minority promotions in the OFCR/KL Tier and Tier 3 were 29 and 32 percent, respectively.

The total number of separations (voluntary and involuntary) decreased from 103 in the prior year to 86 in 2013. For the second year in a row, the Bank experienced a high number of employees exiting due to retirement. Of the 86 separations in 2013, 22 percent were due to retirement. Of these, 42 percent were females. The Bank also had nine employees leaving to work for other Federal Reserve Banks. The percentage representation of females in the separation statistics decreased from 46 percent in 2012 to 37 percent during this reporting period. However, the percentage representation of minorities in the separations statistics increased from 31 percent in 2012 to 40 percent in 2013.



Bank employees Valentino Cuba (left to right), Justin McPhee, Ruben Trujillo, Pete Baker and Colin Neier founded the Veterans Support Group in late 2013.

The overall turnover rate for minorities during this reporting period was 6 percent, which is the same as the Bank's turnover rate. The overall turnover rate for females during this reporting period was 5 percent.

PROMOTING AN INCLUSIVE WORK ENVIRONMENT THROUGH AFFINITY GROUPS

The Bank's diversity-oriented affinity groups, known as Employee Support Network Groups (ESNGs) are coordinated by the ODI. ESNGs are resources to share and promote the common interests of employees with a set of characteristics and 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 heritage while educating the Bank staff about it. The ESNGs also provide opportunities for employee involvement in internal and external events held in partnership with civic organizations (with a focus on financial literacy for, 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 several professional associations.

The first diversity ESNG was formed in 2002, and the number of these groups has grown over the years. As of December 31, 2013, the Bank had six diversity-related ESNGs, which 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)
- Veterans Support Group (VSG) – created in 2013

Several senior leaders serve as executive sponsors of the Bank's Diversity ESNGs: as of December 31, 2013, they include Vice President and OMWI Deputy Director Craig Marchbanks (APPG); Assistant Vice President Bogdan "Bob" Acamovic

(AAAG); Senior Vice President Sean Rodriguez (LRA); Vice President Kelly Emery (7FLAG); Senior Vice President and General Counsel Liz Knospe (WIN); and Senior Vice President and OMWI Director Valerie Van Meter (VSG).

The ODI continued to intensify its work with members of the ESNG communities to strengthen their impact, influence and effectiveness. In 2012, the ODI developed a series of customized Strategic Alignment Workshops for ESNG leaders where three main focus areas were identified:

1. Employee engagement, with a focus on community building among colleagues, promoting cultural/heritage/special interest awareness, and contributing to impact the Bank's organizational culture
2. Talent development, including learning and development opportunities, targeted professional development offerings, and support of HR initiatives (i.e. diversity recruiting)
3. Community development, understood as partnerships with Bank-sponsored economic/financial education programs, participation in volunteer activities, and support of supplier diversity initiatives

In 2013, ESNGs were able to utilize the knowledge that was gained from the Strategic Alignment Workshop series and an ESNG Summit to identify metrics in order to track and support the efficiency and effectiveness of the groups through the use of a planning matrix that included the three ESNG focus areas. Each planning matrix outlined the action, objective, cost, business case, desired outcome and measurement of success for any initiative or activity the particular ESNG engaged in. Also, during the process each ESNG enhanced its mission and vision statements.

During the 2nd Quarter of 2013, the ODI sponsored an ESNG leadership training pilot, based on S&R's *Leadership and Influence* course. The training was designed to give ESNG leaders the opportunity to discover and analyze factors that shape their own leadership style and refine their leadership and persuasion skills. The course included three sessions facilitated by S&R Knowledge Leader Karen Whalen-Ward. Sixteen ESNG executive team members participated in the training.

The ODI also created sample job descriptions for key ESNG roles such as president/chair, vice president, secretary, events coordinator, and sponsor. The descriptions highlighted principal duties and responsibilities for each role and linked the skills associated with the positions to the Bank's leadership competencies. ESNG leaders can use the job descriptions during their performance management goal-setting and development discussions with their business unit leaders in order to articulate the skills and competences demonstrated.

For three consecutive years, select ESNG leaders had the opportunity to attend the National & Affinity Leadership Congress (NALC) conference, which focuses on training employee resource group leaders. Attendees gained knowledge on organizational structure, program ideas, strategies and tools to improve their respective groups. In October, the Bank held its first ESNG Fair, coordinated by WIN and APPG. The fair showcased the groups'



HR Assistant Vice President Althea Lee coaches a job candidate during the National Society of Hispanic MBAs Career Fair in October.

diversity and promoted the ESG functions and programs among Bank staff, offering an opportunity for recruitment of new members.

One of the most visible Bank-wide acknowledgments of the value of workplace diversity is the celebration of cultural and heritage months. ESGs play a key role in providing content and activities for 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), Hispanic Heritage Month (mid-September to mid-October), and Veteran's Day (November). 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.

The Bank's ESGs have been very active throughout 2013. APPG members collaborated with the National Black MBA Association to host their Graduate School of Business Reception. The speaker for this event was Dr. Randall Pinkett, the only African-American to win *The Apprentice*, a television show on NBC. Dr. Pinkett spoke about how professionals can take their career to the next level and continue to pursue their dreams. APPG also partnered with Karen Hunt Ahmed, Assistant Professor of Finance and Management at DePaul University, to offer a session on Islamic finance.

APPG also held its sixth annual Business Leaders of Color (BLC) Panel Discussion. The discussions were moderated by WGN-TV's Gaynor Hall and comprised of distinguished BLC award recipients including Billy Dexter, Managing Director and Partner at Heidrick & Struggles International; Brenda Russell, Director & Client Relations Executive at PricewaterhouseCoopers; and Hugo Chaviano, Senior Partner, Sanchez, Daniels & Hoffman LLP. During the discussion, panelists shared their personal and professional insights, advice, and success strategies.

AAAG collaborated with the National Association of Asian American Professionals and associated sponsors in the area to celebrate Asian American and Pacific Islander Heritage Month.

The goal of the event was to connect with Asian leaders who have helped shape the future. It consisted of presentations about growth and leadership along with entertainment, including Taiko drummers, a Wu Shu martial arts demonstration, and networking events. Several companies participated, including Accenture, Allstate, AON, BMO, Deloitte, KPMG, and Northern Trust.

AAAG also hosted a *Diwali - The Festival of Lights* celebration, during which Bank employees had the opportunity to learn more about this holiday. Participants enjoyed an engaging presentation that provided insight into the history and meaning of Diwali as well as Indian dance demonstrations.

LRA hosted a speaker series and invited a professor from DePaul University to talk about cultivating creativity and innovation in the workplace. Fred Martin, Customer Relations and Support Office (CRSO) Assistant Vice President, kicked off the event by sharing his personal experiences on fostering creativity within the CRSO and on the importance of embracing innovation at the Bank. Attendees learned strategies on how to enhance creativity to effectively identify opportunities for problem-solving. LRA also hosted a celebration of Puerto Rican heritage featuring the island's rich cuisine and a special presentation on its culture, music and history. More than 80 Bank employees attended this first installment of the series *The Many Faces of Latin America* to learn more about the diverse Hispanic cultures that make up the fabric of America.

LRA also organized a Latino-inspired ballroom dance exhibition where Bank employees enjoyed a special performance by the Fred Astaire Dance Studio and enjoyed a lunch buffet with dishes from Spain and different Latin-American countries. In addition, LRA partnered with APPG to host an art display where two local artists, Rafael Alejandro Alvarado and Janeen Kern, showed their paintings and spoke about how their art is inspired by their own cultures and experiences as Latinos.

7FLAG coordinated the event *Profiles in Success: Leaders in the LGBT Community*. Bank members were able to hear from representatives from a local law firm, Accenture, and the Federal Reserve Bank of Chicago, about their experiences as LGBT professionals. 7FLAG members also coordinated their second annual Lunchtime Supper Club where participants enjoyed an hour of engaging conversation on LGBT issues and networking.

WIN partnered with Bridge, the Bank's ESG devoted to promote professional and leadership development, to create a four-part series on the book *Lean In* by Sheryl Sandberg. *Lean In* examines why progress towards gender parity in leadership appears to have stalled, even though women have made significant advances in education and other arenas, and offers ways to increase female participation in leadership roles. Each session in the series was moderated by a Bridge and/or WIN member and featured Bank leaders who shared their stories in the context of the book. Bank leaders engaging in this initiative included Executive Committee members Senior Vice President and General Counsel Liz Knospe, S&R Executive Vice President Cathy Lemieux, and Senior Vice President and OMWI Director Valerie Van Meter.

WIN also organized a reception where participants were able to network with women leaders within the Bank. In this event, participants were able to build connections and hear leaders' success stories and challenges. These leaders also provided support to the participants through networking, mentorship and advocacy. WIN also developed a series, *Wellness in Bite Size Pieces* with guest speaker Carol Wagner, to discuss eating habits that can be changed. The series also offered alternatives that are achievable and sustainable with a significant impact on overall well-being.

A Veterans Day celebration was also 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. Each year this event is planned by Bank military veterans and supporters. Shortly after this year's celebration, and as a result of planning and the interest of many Bank employees, a new ESNG called the Veterans Support Group (VSG) was formalized. The VSG's mission is to unite Bank employees – including those who are military veterans, reserve service members, and the families and supporters of these groups – and to promote, preserve and bring awareness to the life experiences, skills and talents of those who have served in the United States Armed Forces.

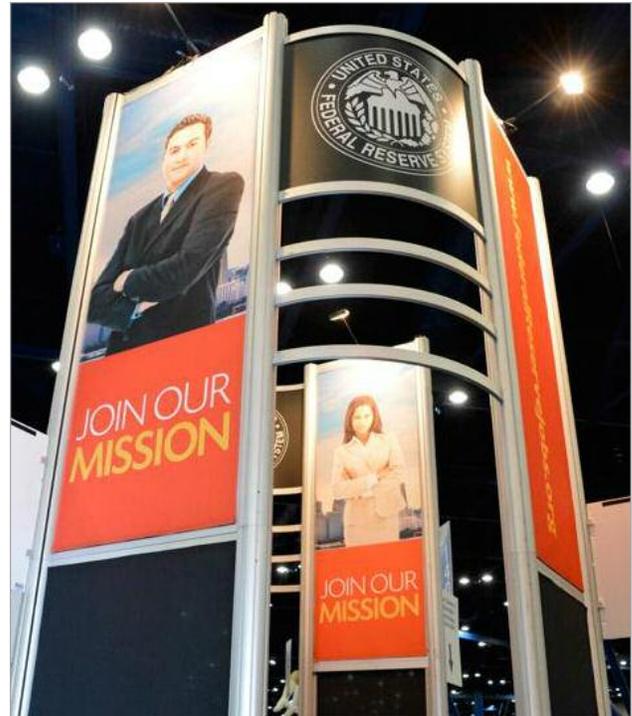
ATTRACTING DIVERSE TALENT

The Federal Reserve Bank of Chicago has established Bank-wide D&I objectives in the area of recruitment to ensure that in-person interview pools for Tier 2 and Tier 3 positions include both minority and female applicants. As of December 31, 2013, the rating is "Effective" in both instances, with 121 out of 139 pools (or 87 percent) having at least one female candidate, and 118 out of 139 pools (or 85 percent) having at least one minority candidate.

In 2013, the recruiting team created a new hiring plan that streamlines and ensures that the hiring experience is efficient and consistent. The plan includes a standardized engagement process that outlines the complete hiring process and identifies key roles and responsibilities, to enhance the recruiting experience.

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) unit. National and local efforts were coordinated in 2013 by Senior Diversity Recruiter Meredith Morales, Human Resources (HR) Manager Cheryl Hillman, HR Assistant Vice President Althea Lee, and HR Vice President Nokihomis Willis.

The System Diversity Recruiting strategy uses a collaborative and cost-effective approach toward participation in six national, diversity-focused conferences and several regional conferences. Diversity advertising via online, print and social media vehicles is aligned with a presence at conferences to position the Fed as an employer of choice. In 2013, the HR and CRSO departments of the Bank worked together to identify and contract with a W/MBE, Flowers Communications Group, to develop



In 2013, the HR and CRSO departments of the Bank worked together to identify and contract with a W/MBE, Flowers Communications Group, to develop new branding, messaging and visuals for the System's diversity recruitment and supplier diversity efforts.

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In recognition of these efforts, the Federal Reserve System was once again named in *Professional Woman's Magazine* list of 2013 top employers. In addition to this, *Diversity/Careers in Engineering & Information Technology* featured two Federal Reserve employees in its October/November edition. The featured article highlighted the employees' technical career track and accomplishments.

As of December 31, 2013, the System had collectively attended six planned national diversity conferences to recruit potential candidates:

- National Association of Black Accountants' (NABA) on June 5-8.
- ALPFA's (formerly known as the Association of Latino Professionals Finance and Accounting's) on August 3-7.
- National Black MBA Association's (NBMBA), September 10-14.
- National Society of Hispanic MBA's Career Fair on October 7-12 – during which System staff conducted the workshop *Embracing Change: Navigating the Financial Services Frontier*.
- Society of Hispanic Engineers Career Fair from October 30 to November 3 – during which staff offered the workshop *Emerging Technologies* and the leadership development session *Motivating Tomorrow's Leaders Today*.
- Thurgood Marshall College Fund Career Fair on November 8.

A smaller System team attended the National Association of Asian MBAs Conference; two Women in Engineering and

Science (WISE) events (a panel discussion on November 7 and a Mentoring and Career Exploration Session on November 19); and a Human Resource Management Association of Chicago panel discussion on *The War for Talent* on October 11.

In 2013, the Federal Reserve Bank of Chicago also hosted or participated in a variety of local recruiting and career focused events, such as the Posse Foundation (a youth leadership development program) career fair held in January. The Bank co-hosted a business reception with the Bank's African American Association for Personal and Professional Growth (APPG) in conjunction with the Chicago chapter of the NBMBA in February. In March, Human Resources staff participated in the *Hiring Our Heroes* Veterans career fair – a program of the U.S. Chamber of Commerce Foundation – and in the Economic Awareness Council Career Day – which targets high school students.

The Bank also collaborated in the Recruitment arena with the Chicago Scholars Foundation. The organization assists talented, under-resourced high school students to overcome barriers to attend college and succeed in it. This is done via seminars, workshops, and mentoring. Staff from the Bank's HR department and the ODI attended *First Look: The Chicago Scholars Career Conference* in June and had the opportunity to interview candidates from the program and collect résumés. The Bank also attended the NBMBA Chicago Chapter's career fair in August, and hosted the second annual ALPFA Executive Summit and an ALPFA membership "lunch and learn" event in September. Recruiting staff attended recruiter panels coordinated by Right Management, a unit of Manpower – the world's largest provider of outplacement services. This was an opportunity to showcase the Fed to outplaced professionals. Additionally, the Bank partnered in career fairs, professional development sessions, and other recruitment opportunities with the University of Chicago, DePaul and Northwestern universities, and Lake Forest College.

During the 4th quarter, the Bank's Customer Relations and Support Office (CRSO) conducted recruiting activities with the University of Illinois at Chicago (UIC) and DePaul University to build the pipeline of women in technology and increase gender diversity in technology positions within the CRSO. In partnership with Human Resources and Information Technology departments, the CRSO hosted a "Women in Technology" panel event with UIC students on October 22. This provided an informal environment for female Bank employees in technology to discuss their careers, answer questions, and provide guidance to the students. On November 7, the CRSO participated in a technology job fair at DePaul University which resulted in hiring one female intern. One week later, Vice President Tracy Harrington and Knowledge Leader Kathrine Kielma were guest speakers at UIC for a group of over two dozen women in science, engineering, and math fields to discuss the value of mentoring for women in technology.

Openings for positions were publicized both internally and externally via the FRBC networks and those of organizations, such as ALPFA's. The Bank also used a variety of web sites hosted by local and national organizations to generate pools of diverse applicants.

Also in 2013, the FRBC hired 56 college interns, of which 23 (or 41 percent) were women and 24 (or 43 percent) were minorities. Offers for full-time employment were extended to six of the interns (three females and one minority). All of them were accepted.

TRAINING AND DEVELOPMENT

Throughout 2013, the Bank continued efforts related to its Bank-wide talent management strategy, in order to strengthen talent and continue to improve the Seventh District's succession plan. These efforts included: defining on-the-job "stretch" assignments, rotational opportunities to broaden Bank-wide exposure, and increased business acumen. These opportunities were available to all People Leaders within the Bank.

The Bank continued sponsorship of its Executive Coaching Program. This program focuses on individualized professional development for management-level staff. Participants of this program work with an external executive coach on their individual developmental needs. Ongoing participation includes 40 participants, of which 24 (or 60 percent) are women, and 10 (or 25 percent) are minorities.

Based on positive feedback from newly promoted officers, the Officer Orientation program continued during 2013. Sessions successfully matched new and mentoring officers as part of the Officer Buddy program. These sessions were attended by five participants, three of them women and one a minority. Also, along with the Transition to Management program, a "just-in-time" new manager orientation was designed and delivered, focusing on the basics that newly promoted people leaders within the Bank need to know to effectively do their jobs upon promotion. Both programs were held during 2013 and attended by 43 participants, of which 23 (or 53 percent) were women and 17 (or 40 percent) were minorities.

The FRBC continued its Bank-wide Mentoring Program, which focuses on supporting employees in establishing mentoring relationships with other successful employees in the Bank. Ongoing participation includes 49 employees, of which 31 (or 63 percent) are women and 21 (or 43 percent) are minorities. The Bank also introduced a formal Leadership Mentoring program, designed to support key pipeline talent in developing leadership competencies and progressing to new leadership levels. Participants are selected and matched with an officer to focus on specific areas of development. Participants include 16 mentor/mentee pairs. Eleven mentees are women and four are minorities.

The Chicago Fed manages for the Federal Reserve System the System Leadership Initiative (SLI), under the direction of Assistant Vice President Deirdre Gehant. The SLI is a leadership development program for the System's high potential leaders sponsored by the Reserve Bank Presidents. In 2013, three conferences were offered at each of the leadership tiers. Given the reach and impact of the Initiative, the System OMWI directors and SLI advisory group collaborated to expand the content and discussion of diversity and inclusion topics in the leadership conferences. Conference content in this area was expanded, with 2013 speakers including experts in the field such as Scott Page

TABLE 6.
FRS Participation of women and minorities in the System Leadership Initiative (by management tier) and in the Leadership Exchange Program (2013)

	System Leadership Initiative			Leadership Exchange Program
	Managers / New Officers	Assistant Vice Presidents	Senior Vice Presidents	
FEMALE	53%	42%	45%	50%
MINORITY	16%	19%	17%	34%

of the University of Michigan, Gloria Castillo of Chicago United, Doug Harris of Kaleidoscope Group, and Dr. Rohini Anand of Sodexo. Additionally, SLI requested that the other external speakers and FRS senior leaders incorporate the importance of diversity and inclusion into their presentations. OMWI directors were involved in piloting a follow-up program with their local conference participants to further discuss application of the diversity and inclusion content. This proved successful and will be expanded in 2014. Minority and female participation in the conferences is tracked to assure that the SLI is reaching a diverse pool of leaders. Participation of minorities and women in SLI conferences has been comparable or better than their rate of representation within leadership levels across the System.

The System's Leadership Exchange Program affords an important avenue to support career development for professionals across the System. Thirty-five assignments were offered and completed by 32 participants in 2013. Every Bank offered and/or hosted assignments. Minority and female participation continues to grow thanks to increased marketing about the opportunities. Table 6 summarizes female and minority participation in the SLI and in the Leadership Exchange Program.

CHALLENGES

A number of challenges were identified relative to diversity recruitment, especially via events. For example, candidates that are available and qualified for other positions do not always fit the requirements for the positions that are open at the time Bank staff attend conferences and job fairs. Additionally, the geographic

location of some events can present challenges for qualified candidates who are not able to relocate. Also, some conferences offer strong entry-level talent, but lack candidates with the required years of experience for many open positions.

Qualified candidates from the conferences that do well in the interview process sometimes present a challenge in terms of compensation, as their salary expectations exceed the amounts that the Chicago Fed is able to pay according to its existing pay scale. Finally, some candidates at conferences are one year away from completing their MBA, while the Bank's recruitment process is "real time" and does not always accommodate hiring for future projected needs.

NEXT STEPS

A System Diversity Recruitment strategy update will be implemented, and specific measures will be established to determine the success and effectiveness of the update. The Chicago Fed will continue to lead the System diversity participation at national diversity recruiting conferences. The Bank will also implement short- and long-term recruiting and social media recommendations and related success strategies, in an effort to maximize the impact of System level advertising and diversity recruiting efforts. As it relates to participation in career conferences and job fairs, the strategy will focus on identifying female and minority candidates, building a pipeline of diverse talent, and branding the Federal Reserve System on a national level. The CRSO will continue partnering with universities to provide job shadow days for students to meet with technology professionals and gain a better understanding of the day-to-day work and business environment.

Moving into 2014, the FRBC will continue to focus on local talent development initiatives by defining on-the-job "stretch" assignments, rotational opportunities to broaden Bank-wide exposure and increased Bank-wide acumen. Also, the Chicago Fed will continue its leadership within the Financial Services Pipeline (FSP) Initiative, working with the group to complete its research program for 2014, which will be presented in November at a summit hosted by the Bank. Additional short-term projects will also be carried out, such as a full-day career symposium, where summer interns, from FSP member organizations, will be able to learn about career paths in the financial services sector.

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 or 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 Dodd-Frank Act. 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 2013, with a 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 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 2013, Procurement or business units included at least one MBE (when available) and one WBE (when available) on 100 percent of all formal and informal bids. In 2013, 31 M/WBEs were invited to bid on the Chicago Fed's 19 bids. Eighteen responded, of which nine (three MBEs and six WBEs) were awarded contracts, representing 47 percent of all the Bank's bids (versus 58 percent in 2012).

By comparison, 73 M/WBEs were invited to bid on the Chicago Fed's 26 bids in 2012. 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. While the number of bids fluctuates from year-to-year, the Bank continued to have strong results when M/WBEs responded to Bank bids. Over the last two years, 24 M/WBEs have been awarded contracts on 45 Bank bids.

In 2013, the FRBC organized its Supplier Diversity work around four objectives:

1. Continuing a proactive outreach strategy to increase the Bank's and System's presence in the supplier diversity community, locally and nationally.
2. Providing procurement opportunities to M/WBE sources locally and System-wide.
3. Collaborating with the OMWI Council to expand the Bank's national conference presence.
4. Assisting in collecting appropriate information for reporting on Supplier Diversity efforts.

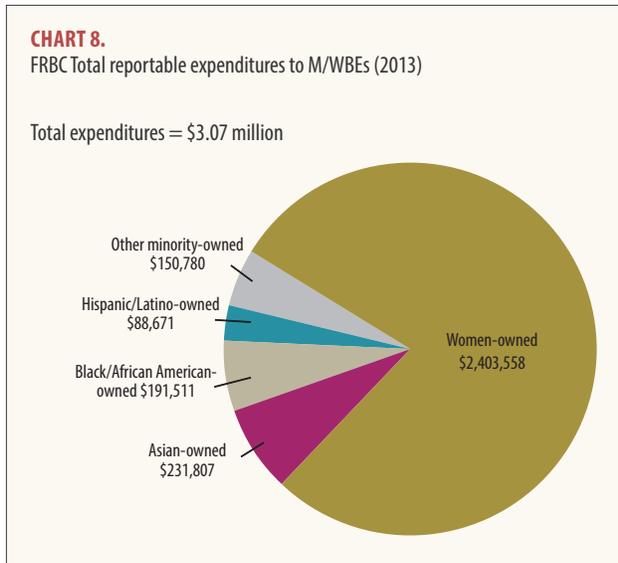
CONTINUING A PROACTIVE OUTREACH STRATEGY TO INCREASE THE BANK'S AND THE SYSTEM'S PRESENCE IN THE SUPPLIER DIVERSITY COMMUNITY, LOCALLY AND NATIONALLY

The Federal Reserve Bank of Chicago helped increase the System's presence in the supplier diversity community nationally by coordinating the development of an expanded FRS national outreach strategy. As discussed earlier, the Chicago Fed led the System's OMWI branding efforts in the areas of diversity recruiting and supplier diversity, with new messaging and visuals launched in the 3rd Quarter of 2013.

During the 1st Quarter of 2013, the Chicago Fed continued to support minority businesses through participation in Black History Month programs sponsored by Roosevelt University and Exelon Corporation. The Bank continued to host the Illinois Hispanic Chamber of Commerce in its *Coaching for Growth*

TABLE 7.
FRBC Reportable expenditures, percentages (2013)

Building, Construction and Maintenance Services	31%
IT, Broadcasting and Telecommunications	10%
Management, Business Professionals and Admin. Services	8%
Travel, Food, Lodging and Entertainment	8%
Unclassified (UNSPSC)	7%
Transportation, Storage and Mail Services	6%
All Other Category Spend	6%
Engineering, Research and Technology-Based Services	5%
Financial and Insurance Services	4%
Industrial Cleaning Services	4%
Office Equipment and Accessories and Supplies	3%
Furniture and Furnishings	2%
Public Utilities and Public Sector-Related Services	2%
Material Handling and Conditioning and Storage Machinery	2%
Printing and Photographic and Audio and Visual Equipment	2%
Total	100%



(C4G) series. C4G is designed to provide entrepreneurs with business growth strategies and promote job creation through their participation in a six-month direct one-on-one business coaching program and a series of group workshops. The Chicago Fed also continued to support the Women's Business Development Center (WBDC) by hosting a workshop designed to give insights on what it really takes to win government contracts.

Additional activity in the 1st Quarter of 2013 included hosting for the first time an Intergovernmental Small Business Forum, sponsored by the Illinois Transportation and Transit Roundtable. The forum brought together representatives of the City of Chicago, Metra and the Illinois Tollway to discuss contracting opportunities for minority and women-owned businesses. Furthermore, in March, the Detroit Branch of the Chicago Fed hosted the Michigan Minority Supplier Diversity Council (MSDC) 1st Quarter meeting. This meeting of corporate members gave the Fed an opportunity to meet M/WBEs and corporations in the Detroit area.

During the 2nd Quarter of 2013, the Bank participated in the 46th Chicago Business Opportunity Fair (CBOF). This event gave the Chicago Fed access to hundreds of businesses in the area. During this event Supplier Diversity Program Manager Mark Hands received the prestigious Anders C. Rasmussen Award from the Chicago MSDC for being a strong advocate for M/WBE businesses in Chicago. The Chicago Fed also hosted the WBDC's Bankers Breakfast. This meeting was an opportunity for the WBDC to introduce its member organizations to financial institutions.

Between April 30 and May 2, the Chicago Fed attended the Michigan MSDC Procurement Fair in Detroit. The fair gives the Chicago Fed access to hundreds of businesses in the Detroit area. Also in May, the Detroit Branch of the Chicago Fed hosted for the first time the Women's Business Enterprise Council (WBEC) — Great Lakes Corporate Luncheon. On May 22, the Chicago Fed attended the National MSDC Awards Salute in New York for the third consecutive year.

Bank representatives attended the Small Business Administration (SBA) 50th Annual Illinois Small Business Week Luncheon in June. During the luncheon Supplier Diversity Program Manager Mark Hands was presented with the 2013 Illinois Minority Business Champion of the Year Award for being an advocate for small businesses. Also in the 2nd Quarter, the Chicago Fed participated for the second consecutive year in the Women's Business Enterprise National Council (WBENC) Annual Conference. This event gives the Bank access to hundreds of WBEs.

During the 3rd Quarter, the Chicago Fed hosted, for the second consecutive year, the Chicago MSDC MBE 2 MBE Exchange. The exchange provided information on How to Do Business with the "Gaming Industry" and an opportunity for MBEs to network and discuss opportunities with each other. Also, the Bank hosted in August, for the third consecutive year, the Turner Construction Graduation Ceremony. Turner Construction has an eight-week training course that provides technical assistance to start-up firms in the construction industry. Also in August, the Chicago Fed participated for the first time in the Office Max Business Opportunity Exchange in Naperville, Illinois. The exchange was an opportunity for corporations and M/WBEs to network. Reggie Williams, an MBE representative from Procurement Resources, Inc.; facilitated the workshop Trends that Impact Supplier Diversity Success. Additionally, the Chicago Fed participated, for the third consecutive year, in the Illinois Hispanic Chamber of Commerce Business Opportunity Fair, attended by more than 2,000 people. The Bank was able to participate in several one-on-one matchmaking sessions with M/WBE suppliers.

During the month of September, the Chicago Fed participated in the 2013 Technology Innovation Summit Kick-Off at the Chicago MSDC offices. The Summit is an effort to highlight best practices for innovation in government technology. The Bank also participated, for the second consecutive year, in the United States Hispanic Chamber of Commerce (USHCC) Annual Conference. This conference is another opportunity to network and share relevant and actionable ways for Hispanic entrepreneurs to build their businesses and connect with new corporate and government partners. On September 19 and 20, the Chicago Fed, for the second consecutive year, participated in the *Diversity MBA Magazine* Annual Leadership Conference and Awards Gala. The Conference offered leadership development and business-to-business networking opportunities. Finally, the Bank participated in the WBDC Annual Women's Entrepreneurial Conference held in Chicago on September 26. This conference gave the Bank access to hundreds of WBEs and opportunities for matchmaking sessions.

The 4th Quarter of 2013 was very active in terms of outreach. On October 10, the Bank participated in Allstate's Sixth Annual Supplier Diversity Exchange. The purpose of this event is to provide an opportunity for businesses owned by minorities, women, veterans and members of the LGBT community to build relationships with Allstate and its prime suppliers. The Bank also participated in the Technology Innovation Summit organized the

same day by the Chicago MSDC. The summit highlighted best practices for deploying technological innovations, benchmarking operational excellence and spurring economic revitalization. Also in October, and for the seventh consecutive year, the Federal Reserve System participated in the National MSDC Conference in San Antonio, Texas.

In November, the Chicago Fed hosted the SBA Michigan Emerging Leaders Initiative Graduation Ceremony at the Detroit Branch. The program provides training and technical assistance to emerging businesses in the Michigan area. In mid-December, the Bank participated in an Illinois Hispanic Chamber of Commerce panel discussion on the impact of Hispanic businesses on the Illinois economy.

PROVIDING PROCUREMENT OPPORTUNITIES TO M/WBE SOURCES LOCALLY AND SYSTEM-WIDE

In 2013, the Bank spent \$51,070,099 in 2013 in reportable expenditures³⁸ via contracts in 15 primary categories, a 16 percent decrease from the \$59,056,645 spent in 2012. The majority of the decrease was due to the completion of several large construction projects, including a Business Continuity Office, which significantly reduced the expenditures related to “Building, Construction and Maintenance Services” and “Furniture and Furnishings”. A list of all 15 categories as determined by the United Nations Standard Products and Services Code (UNSPSC), and their corresponding percentage of reportable expenditures, can be found in Table 7.

In 2013, the Bank spent \$51,070,099 in reportable expenditures, of which \$3.07 million (or 6 percent) was paid to M/WBEs, a decrease in comparison with 2012, when \$4.19 million (approximately 7.1 percent of total reportable expenses) was allocated to M/WBEs. This decrease was largely due to the expiration of several MBE Auxiliary Staffing Services contracts, fewer projects available for contracting in the Bank’s Detroit Branch, and the completion of purchases related to the Bank’s Business Continuity Office.

Of the \$3.07 million paid to M/WBEs, minority-owned businesses comprised \$662,770 (approximately 1.3 percent of total reportable spend), and women-owned businesses comprised \$2.40 million (approximately 4.7 percent of total). The dollars spent with African-American /Black-owned businesses decreased to \$191,511 compared to \$873,590 in 2012, and the Bank’s spend with Asian-owned businesses decreased to \$231,807 compared to \$670,610 in 2012. Lastly, the Bank spent \$88,671 with Hispanic/Latino-owned businesses compared to \$356,570 in 2012. In contrast, the Bank’s spend with WBEs increased to \$2.40 million in 2013, compared to \$2.24 million in 2012. This increase was primarily due to the use of Auxiliary Staffing Services. See Chart 8.

The breakdown of MBE spending by ethnicity was as follows:³⁹

- Hispanic/Latino-owned businesses: \$88,671 (0.2 percent of total reportable expenses)
- African-American/Black-owned businesses: \$191,511 (0.4 percent)
- Asian-owned businesses: \$231,807 (0.5 percent)

- Other minority-owned businesses: \$150,780 (0.3 percent)

The top four MBE firms by contract volume in 2013 were:

1. Control Group Companies — \$108,725 (Cash Bags and Accessories — Asian)
2. Ideal Contracting, LLC — \$86,872 (General Contractor — Hispanic)
3. Kaleidoscope Group — \$76,159 (Consulting Services — African-American)
4. Advantech Solutions — \$51,741 (Auxiliary Staffing Services — Asian)

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

1. Instant Technology - \$1,177,622 (Auxiliary Staffing Services)
2. Emily Nixon & Associates - \$262,799 (Consulting Services)
3. Allen Visual Systems - \$140,245 (Audio Visual System Services)
4. Make Corporation - \$103,912 (Auxiliary Staffing Services)

In 2013 the Bank continued to track and monitor Tier 2 spend opportunities with M/WBE suppliers. The Bank spent \$7,564,577 on six projects, which generated \$766,221 in Tier 2 spend (or 10.1 percent of the total reportable spend) to its Chicago General Contractor Executive Construction, Inc. (ECI). In addition, the Bank captured \$309,938 in Tier 2 spend from Sodexo and \$14,371 from OfficeMax in 2013. When Tier 1 and Tier 2 spend are added together, total M/WBE spend equals \$4.16 million (or 8.1 percent of verified total reportable spend) compared to \$5.45 million (or 9.2 percent) in 2012.

COLLABORATING WITH THE OMWI COUNCIL TO EXPAND THE BANK’S NATIONAL CONFERENCE PRESENCE

On June 25-27, 2013 the Federal Reserve System participated in the Women’s Business Enterprise National Council (WBENC) Conference and Business Fair. Sixteen representatives from the 12 Federal Reserve Banks worked a booth at the conference and gathered information from over 70 vendors. During the fair, the Federal Reserve System was able to introduce its new national website, which is available for suppliers to register and research procurement opportunities throughout the System. The Chicago Fed coordinated the development of the national website, working collaboratively with the Customer Relations and Support Office, the National Procurement Office and the OMWI Council to successfully launch it.

As previously mentioned, the Federal Reserve System participated in the 2013 National MSDC Annual Conference and Business Opportunity Fair. The Conference and Business Opportunity Fair was held October 27-30 in San Antonio, Texas. To deepen their national conference participation, the OMWI Council Supplier Diversity Workgroup and the Federal Reserve System Supplier Diversity Workgroup sponsored a one-hour workshop facilitated by Reggie Williams of Procurement Resources, Inc. on *Key Trends Impacting Supplier Diversity Success*. Attendees of the workshop included members of the Financial Services Roundtable for Supplier Diversity (FSRSD) and Federal Reserve System employees attending the National MSDC conference. In addition, Reggie Williams served as a panelist at the FSRSD MBE Symposium and provided insightful information

on the *Changing Landscape of Supply Chain Management* to more than 200 MBEs. Sponsoring these activities at the National MSDC Conference underscores the partnership between the Federal Reserve Banks and the diverse small business community. The goals of the workshop were to provide tools and resources via professional networking and the sharing of best practices to small, minority- and women-owned firms, in order to foster their growth and development.

ASSISTING IN COLLECTING APPROPRIATE INFORMATION FOR REPORTING ON SUPPLIER DIVERSITY EFFORTS

The Federal Reserve System has established a Supplier Diversity Workgroup, chaired by the Chicago Fed, which will develop supplier diversity sourcing processes and capacity building strategies to assist the FRS in finding vendors able to provide quality products and services at the best overall value. The 2013 Supplier Diversity Sourcing process included a reportable spend analysis framework by category, recurring spend and one-time transactions. This capacity building framework assists the Federal Reserve System in facilitating, producing and advancing opportunities for diverse suppliers to successfully participate in the full assortment of contracting opportunities available throughout the System.

SUPPORTING SMALL BUSINESSES AND MBES THROUGH RESEARCH AND POLICY-ORIENTED CONFERENCES

The FRBC Community Development and Policy Studies (CDPS) division continued supporting research and policy development in connection with M/WBEs in 2013. In the 1st Quarter, staff planned and designed a next-steps strategy for its *Detroit*

Small Business Project. This included developing a web presence, which was launched in December 2013; analyzing credit union data; and conducting case studies. Staff also investigated opportunities to present findings and helped convene a working group of bankers and other funders to follow up on specific recommendations offered at a conference held in late 2012. As part of the project, staff developed and conducted a poll of Detroit minority small business owners. The poll is being used to identify the community resources that business owners use, the barriers to using these resources, and the primary needs of these businesses. Information gathered will be shared in a report to inform policymakers and service providers that serve minority business owners.

Diversity and inclusion, and its role in a community's economic vitality, were discussed during interviews of community leaders for CDPS' *Industrial Cities Initiative* (ICI). The discussions were held in all ten cities profiled for this project. Community leaders interviewed on this topic stated that diversity and inclusion, in some communities, extends beyond racial minorities to include immigrant populations. Recognizing the importance of diversity and inclusion is an important first step for some communities, while others have moved beyond recognition and begun to implement strategies. The CDPS division documented its findings from interviews and plans to share best practices with leaders from other communities. An ICI monograph was produced in December.

During the 2nd Quarter of 2013, CDPS staff co-sponsored a two-part small business workshop series in Detroit titled *Maximizing Small Business Banking Relationships*. The workshop targeted minority-owned small businesses that have annual

Awards and Recognition

2013 Anders C. Rasmussen Jr. Award

In April of 2013, Federal Reserve Bank of Chicago Supplier Diversity Program Manager Mark Hands received the Anders C. Rasmussen Jr. Award from the Chicago Minority Supplier Development Council. The award is presented to individuals who have served as catalysts within their organizations for engagement of minority-owned businesses.

2013 Illinois SBA Minority Small Business Champion Award

Each year the Illinois District Office of the U.S. Small Business Administration honors small businesses and small business advocates for contributions to Illinois' economy and society. Nominated by the Women's Business Development Center and the Chicago Minority Supplier Development Council, Federal Reserve Bank of Chicago Supplier Diversity Manager Mark Hands was awarded this honor in 2013 for having designed, developed and organized a high-level series of workshops that provide CEOs from small businesses (many of them M/WBEs) an opportunity to examine the changing business landscape and obtain insights that can change and benefit their future business strategies.



FRBC Supplier Diversity Program Manager Mark Hands (center) receives the 2013 Anders C. Rasmussen Jr. Award for his efforts advancing supplier diversity. Also pictured are Amy Cabrera-Goddard of UBM Facility Services, Inc. (left) and Joyce Johnson of Anchor Staffing, Inc., both MBE firms and members of Chicago MSDC.

revenues of less than \$3 million and have been in operation for five years or less. Part 1 of the series focused on helping small business owners better understand their financial statements and tax returns in order to have more effective conversations with financial institutions. Part 2 continued the discussion of understanding and utilizing financial statements and also provided best practices and presentation methods for discussing financial needs with lenders. In addition, staff took this opportunity to begin distribution of the above-mentioned poll of small business owners.

In Des Moines, Iowa, the FRBC and several external partners co-sponsored a luncheon in May to discuss the findings of a two-year planning process involving community members and bankers interested in establishing efficient and sound means to finance micro-businesses owned by women, minorities and disabled adults living in poverty. The Solidarity Program is modeled after the peer-lending program of Grameen America, founded by 2006 Nobel Peace Prize Laureate Dr. Muhammad Yunus. The purpose of the meeting was to begin discussions on investment opportunities. The 25 attendees at the meeting included 17 leaders from local banks and credit unions who can participate in the program as investors.

In the 3rd Quarter, staff presented results of a Chicago small business sentiment poll at a local organization's meeting. The findings were released in the August issue of the FRBC *Profitwise News and Views* publication. This information was also presented at a session of the National Community Development Academic Conference held in Washington, D.C., in April.

During the 4th Quarter, CDPS staff conducted interviews with small business owners at various stages of development in order to augment findings regarding the indicators of small business health. This was part of a collaborative project with the Federal Reserve Bank of San Francisco, Pepperdine University and Fundwell, Inc. The CDPS division also co-sponsored a conference with the Association for Enterprise Opportunity (AEO) on microbusiness development. Attendees came from all five states within the Seventh District to discuss lending solutions and advisory services for small businesses. Additionally, CDPS co-sponsored a conference with the U.S. Department of the Treasury in Detroit. The topic focused on the alignment of federal resources available for small business and community development in Detroit with the local strategies that are in place to revitalize communities — particularly low- and moderate-income and minority communities — in the city of Detroit.

CHALLENGES

The Procurement team continued working to proactively address recurring challenges associated with Supplier Diversity identified in previous reports. For example, the barriers and limitations that small companies, many of them M/WBEs, encounter when trying to access capital, networks or business opportunities — and the challenges they face when trying to differentiate from one another — continued to be addressed by Bank staff and partners in workshops and technical assistance

sessions hosted and sponsored by the FRBC. In addition to these challenges, pointed out in previous reports, W/MBEs have also identified new areas for improvement and challenges, such as the need to better enforce the Community Reinvestment Act, the problems caused by utilizing conventional lending standards when dealing with M/WBEs, and the need for greater support and technical assistance with money/cash flow management.

Contracting opportunities managed by the Chicago Fed are somewhat limited, as some purchases of goods and services are handled by the National Procurement Office. This challenge continued to be addressed through a proactive, long-term approach by 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 M/WBE suppliers on a District and also on a national basis.

Other ongoing challenges in 2013 included the relatively small number 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 FRBC (e.g. the acceptance of fair inclusion contract language adds complexity to the contract process); and the fact that many M/WBEs over-commit themselves relative to their limited capabilities in their RFPs. The Bank's Procurement team will continue working closely with System and Chicago Fed stakeholders — along with non-profit, public and private sector partners and experts — to address these challenges and will continue providing technical assistance and capacity building opportunities to M/WBEs.

NEXT STEPS

In 2014, the Chicago Fed will build upon the efforts made in 2013 to facilitate, produce and advance opportunities for M/WBEs to successfully participate in the full assortment of contracting opportunities available in the Federal Reserve System. The goals include: increasing capacity of M/WBEs, increasing M/WBE availability/representation in underutilized categories, increasing M/WBE participation in FRS procurement opportunities and awards, promoting strategic alliances, and elevating FRS involvement in the supplier diversity industry.

The Chicago Fed will continue to enhance the Federal Reserve System's presence at national supplier diversity conferences. In addition, the Bank will develop match-making opportunities at Federal Reserve contracting events and workshops to provide technical assistance to M/WBE suppliers. Proactive outreach and participation in business and trade organization activities convey the FRBC's commitment to supplier diversity, and the Bank will continue to participate in such events locally, regionally and nationally.

Financial Literacy and Community Outreach

WORKING WITH HIGH SCHOOL STUDENTS AND BEYOND

Throughout 2013, the Office of Diversity and Inclusion (ODI) of the Chicago Fed 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. The Bank's Employee Support Network Groups have become a key source of volunteers for outreach, providing invaluable guidance in designing events and selecting majority-minority high schools to be targeted. In addition to these internal partnerships, the Bank has also developed relationships with academic, governmental and nonprofit organizations serving high school students in the Chicago and Detroit areas. Through these partnerships, the Bank has strengthened its outreach strategies in order to offer financial literacy and mentoring opportunities to students in majority-minority or majority-female high schools, as required by the Dodd-Frank Act.

Chicago-based programs were managed by ODI Senior Analyst Roberto Requejo. In Detroit, Senior Associate Economist Martin Lavelle oversaw outreach activities to high schools. In addition to the students reached through this programming (described below), the Bank's Money Museum hosted close to 6,000 high school students for tours and visits in 2013.

Both in Chicago and Detroit, the Bank partners 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. Some of them are one-day sessions where students from different high schools are invited to the Bank, such as *Yo Lo Hice (I Did It)*, *You Can Too*, an event hosted in March targeting majority-Latino high schools. For this event, the ODI partnered with the Bank's Latino Resource Association (LRA), which provided more than 20 volunteers. The session brought in over 90 students from four high schools, who learned about the Fed's mission, toured the Money Museum, participated in speed-mentoring with Bank staff and attended workshops on financial aid.

Given the strengthened partnership between JA and the ODI, the Bank piloted a new event in 2013, *Dress4Success*, targeting female high school students. In October, the ODI collaborated with the Bank's Women's Impact Network (WIN), Junior Achievement of Chicago, and DePaul University's Fast Forward to host students from three majority-minority high schools:

Schurz, Cristo Rey and Christ the King. The half-day session brought 25 female high school students to the Bank to network and to participate in workshops led by the Illinois Student Assistance Commission (ISAC) and College Greenlight about financing college. In addition, personal branding consultant and author Tamika Nurse, of It Girl Industries, offered students advice on appropriate dress attire for job interviews, and tips to build an affordable professional wardrobe. The students finished the day at the Ann Taylor Loft store with a fashion show that applied the day's lessons about budgeting and dressing professionally. The students were able to shop at discounted prices using gift cards that were provided through a fundraiser sponsored by DePaul students and WIN members.

In addition to the events hosted at the Bank, staff supported JA initiatives by volunteering at a variety of outreach events held at Chicago majority-minority high schools including Carl Schurz, Benito Juarez, Roberto Clemente, Kelly, Muchin College Prep, Uplift and others, impacting over 700 students. In the classrooms, Bank staff discussed the work of the Fed and their specific jobs to trigger the interest of the students in pursuing a career in finance. Several of these sessions were developed as part of *El Futuro*, a high school outreach program of the local nonprofit Hispanic Alliance for Career Enhancement (HACE). The program



In partnership with Junior Achievement of Chicago and students from DePaul University, the Bank hosted female students from Schurz and other high schools for a Dress for Success event in October, which included a trip to Ann Taylor Loft.



Students from majority-minority high schools spent an evening at the Fed as part of an event hosted by the Office of Diversity and Inclusion to introduce the INROADS College Links program. The program focused on providing mentoring, exposure to careers, and support related to attending college.

is based on JA's curriculum and designed to expose Latino students to professionals. Similarly, the Bank participated in an *ALPFA Cares* event at North Grand High School, where ALPFA and JA partnered to place professionals in the classrooms.

Through 2013, the ODI also partnered with the Chicago Scholars Foundation to fulfill its commitment to financial literacy and mentoring opportunities for high school students. In June, the Bank hosted high school students and their mentors for *Scholarship Saturday*, a half-day event where students were introduced to different forms of financial aid and online resources. Students had an opportunity to learn about College Greenlight, a free website that addresses the needs of low and moderate-income students in search of scholarships and provides support to high schools, community-based organizations, parents and students throughout the college search and admissions process.

A key partner of the Bank in its efforts to promote financial literacy, economic education, and careers in finance among high school students is the Chicago Public Schools (CPS). The Chicago Fed works closely with two CPS departments: Career and Technical Education (CTE) and the Department of Literacy – Social Science Instruction. The CTE department manages programming for a number of schools where students receive special orientation and curriculum towards specific careers. The Bank worked closely with the staff assigned to the high school cluster focused on business and finance careers, with three Chicago Fed representatives (Vice President and Deputy OMWI Director Craig Marchbanks, Economic Outreach Specialist Cindy Ivanac-Lillig and Senior Analyst Roberto Requejo) being part of the CTE cluster advisory board. Students in business and finance-oriented high schools participated in a yearly essay contest about youth unemployment with Chicago staff members acting as judges. Winners were named program valedictorian and salutatorian and received college scholarships from an area financial institution. Throughout the year, the Bank provided

volunteers, as needed, to facilitate CTE programming, including interviews with students in search of internships and guidance in writing personal statements for college applications. The Chicago Fed hosted the program's graduation ceremony for these high schools in May, with over 70 students attending.

The Bank strengthened in 2013 its relationships with some of these business and finance-focused high schools. For example, members of the Bank's ODI and the Procurement department visited Schurz High School in 2012 to tour its school-based enterprise Bulldog Built Magnet (BBM). The endeavor resulted in Bank departments and ESNGs using BBM for button and magnet purchases in 2013. The company is operated by students at the school and is intended to provide them with a first-hand entrepreneurial experience. Schurz students visited the Chicago Fed throughout 2013 to benefit from educational programming.

The relationship of the Chicago Fed with the CPS' Department of Literacy-Social Science is connected to the school district's Global Citizenship Initiative (GCI). The GCI is a multi-partner project comprised of three core components: civic and financial literacy instruction, student leadership and governance, and the planning, development, and implementation of the K-12 Social Science 3.0 Framework, which will integrate service-learning, civic action, and financial literacy strategies. GCI components are aligned to Common Core State Standards and national economic and financial literacy standards. GCI provides CPS schools with professional development and curriculum and supports school implementation strategies. In 2013, the Bank sponsored a meeting of the GCI partners including nonprofits and foundations, as well as professional development sessions for teachers of the high schools participating in the pilot phase of the initiative. Outreach Specialist Cindy Ivanac-Lillig was one of the instructors in these professional development sessions, and Roberto Requejo attended meetings of teachers to present the menu of educational options for students available at the Chicago Fed, from field trips to one-day sessions.

The Bank's Women's Impact Network (WIN) strengthened its partnership with the Young Women's Leadership Charter School (YWLCS), a high school devoted to preparing young girls for college and careers in science, technology, engineering and mathematics (STEM). WIN committed members to the school's mentoring program and to one-on-one mentoring events at the Bank. Throughout the school year, WIN members hosted and attended YWLCS events serving as role models and mentors for the students. A Bank staff member participated on the school's board of directors. WIN hosted also a variety of events with nonprofits that work with female high school students, such as Girl Forward and Girls in the Game. During these events, the girls had the opportunity to learn about the Fed and interact with staff.

In April, the ODI and the Bank's Public Affairs Department hosted an event during Money Smart Week (MSW), *Your Money, Your Dreams*, in order to assist high school students and their families navigate the college funding process. In partnership with JA of Chicago, INROADS, Illinois Student Assistance Commission (ISAC), and the Economic Awareness Council (EAC) the event covered topics ranging from budgeting, the

Free Application for Federal Student Aid (FAFSA), and college readiness. More than 80 people attended.

Throughout 2013, the ODI continued developing its relationship with the EAC, an organization whose mission is to provide financial literacy to children and youth. In addition to participating with EAC in *Your Money, Your Dreams*, the ODI and the Bank's S&R department sent volunteers to a variety of events, such as the annual EAC Conference, and hosted field trips for EAC students to the Bank's Money Museum. The combined efforts impacted over 100 students from a variety of majority-minority high schools, including Austin Business and Entrepreneurship Academy, Gage Park, Chicago Talent Development, Michele Clark, Chicago High School for the Arts, King College Prep, South Shore International College Preparatory, Noble Street Charter, and Payton College Preparatory. In October, the ODI partnered with the EAC and enlisted volunteers from the Asian American Affinity Group (AAAG) and African American Association for Personal and Professional Growth (APPG) to organize a half-day event for more than 35 West Town Academy students. The event consisted of a Money Museum tour and panel discussion in which speakers shared their stories and backgrounds while offering advice to the students about navigating college. The day closed with a presentation by representatives from ISAC and College Greenlight.

Another vital partner of the Chicago Fed in 2013 was the National Society of Hispanic MBAs Chicago (NSHMBA Chicago). The Bank's Latino Resource Association hosted NSHMBA Chicago's Summer Enrichment Program (SEP) for a group of over 30 high school students who were in the final part of a four-week business and college prep course. During their visit, students learned about the Bank at the Money Museum and connected with more than 20 Bank employees through a panel discussion and speed mentoring session, during which staff discussed their personal journeys to college and the world of work.

In July, over 30 students from the Posse Foundation benefited from an event held at the Bank, where they attended presentations and listened to a panel of Bank staff, all geared towards encouraging students to earn graduate degrees and study abroad. Posse identifies, recruits and trains public high school students with extraordinary academic and leadership potential and sends them in supportive, multicultural teams of ten students to top colleges and universities across the country. Posse's 48 college and university partners award Posse Scholars four-year, full-tuition leadership scholarships. Earlier in the year, the Bank hosted national and local representatives of INROADS in an event where the College Links program (a mentoring pilot targeting minority students in Chicago and Washington, D.C.) was launched. More than 60 parents and students attended the informational session.

Part of the Bank's commitment to financial literacy and outreach is ensuring that Bank volunteers are prepared to offer guidance and support. Through the ODI's relationship with the State agency Illinois Student Assistance Commission (ISAC), 12 Bank volunteers were trained and certified in ISAC's Financial Aid Certification Program. Bank employees attended weekly

workshops for four weeks followed by certification exams, which allowed them to help students navigate the FAFSA, and understand and compare different letters of acceptance from colleges, among other topics.

Overall, 2013 was a record year for the Bank: More than 100 volunteers participated in Chicago-based events as teachers, mentors and presenters, impacting over 1,400 students from majority-minority and all-girls schools located throughout the city. Their involvement simultaneously advanced the Bank's Corporate Social Responsibility strategies in the areas of financial literacy and volunteerism.

Due to the success of the Cristo Rey Jesuit High School Corporate Work Study Program (CWSP) in the 2012-2013 school year, the Bank continued its agreement with the Program and expanded its intern pool. For 2013-2014, the Bank recruited high school student-workers from Cristo Rey (a majority Latino high school) and Christ the King (majority African-American) CWSPs. Through this renowned national program, eight students from different grades are working part-time at the Chicago Fed headquarters in several business areas, including Accounts Payable, Central Bank Services, Facilities, the Office of Diversity and Inclusion, and Supervision and Regulation. Students gain first-hand experience and exposure while the Bank has an opportunity to attract young talent to the world of finance. Staff from the Chicago Fed's Central Bank Services and Human Resources Departments collaborated with the CWSP by providing professional development workshops to student-workers on topics such as business etiquette and Microsoft Office basics during the CWSP Summer Business Institute.

The Bank's Public Affairs department continued its support of organizations and programs targeting majority-minority and all-girls high schools, as well as their educators. Economic Outreach Specialist Cindy Ivanac-Lillig is a member of nonprofit organization Illinois Jump\$tart Coalition. As such, Ivanac-Lillig supported the creation of a Preceptorship program, which brings together financial literacy champions and raises awareness of resource needs in Chicago and statewide. The mission of the Illinois Jump\$tart Coalition is to be a catalyst for enhancing the financial capability of young people through advocacy, collaboration and communication among key stakeholders. In order to achieve this mission the organization raises awareness on the importance of financial capability; promotes the adoption and implementation of effective financial education standards in Illinois; enhances the professional development of Illinois educators; and is a trusted resource for financial education information in Illinois.

Ivanac-Lillig also serves on the steering committee of the *Bank On Chicago* campaign, led by the City of Chicago Treasurer's Office to provide several underserved neighborhoods in Chicago more affordable and accessible entry-level banking products, such as checking and savings accounts. She also represents the Bank on the advisory board of Youth About Business, a national organization that reaches over 750 high school students with transformative programming aimed at developing diverse future business leaders. Ivanac-Lillig wrote a blog entry, *Evolving Internet Solutions*

TABLE 8.
FRBC Summary of selected 2013 high school outreach events

Date	Event	Majority-Minority High Schools	Number of Students	Event Description
February 19	College Links Night in Chicago , in partnership with INROADS, Inc.	Chicago Bulls College Prep, Simeon Career Academy, Urban Prep Academics-Englewood and others	40	High school juniors with an interest in business and STEM programs learned about the INROADS- College Links program from interns, alumni, corporate partners, and staff
March 19	Yo Lo Hice, You Can Too , in partnership with Junior Achievement of Chicago and FRBC's Latino Resource Association	Cristo Rey Jesuit, Juarez, Kelly, and Schurz	100	Students from majority-Latino high schools participated in speed networking with FRBC employees and listened to presentations about financial aid, college planning and budgeting
April 27	Your Money, Your Dreams , in partnership with Chicago Fed's Public Affairs Department, Economic Awareness Council, INROADS, Inc. and Junior Achievement of Chicago	Morgan Park, Noble-Muchin College Prep, Prosser Career Academy and others	80	High school students and parents gained knowledge about financial literacy through interactive workshops and panels focusing on planning for college
June 8	Scholarship Saturday , in partnership with Chicago Scholars and College Greenlight	Noble Network, Schurz, Young Women Leadership Charter School and 40+ others	75	High school students learned about financial aid for college, including scholarships available through College Greenlight database
July 27	Summer Enrichment Program , in partnership with National Society of Hispanic MBAs and FRBC's Latino Resource Association	Eisenhower, Farragut Career Academy, Morton East and others	35	Students learned about the role of the Chicago Fed in the US economy, gained knowledge about financial aid for college and shared business plans with FRBC employees
August 16	Girl Forward at the Fed , in partnership with Girl Forward and the FRBC's Supervision and Regulation Department	Mather, Northtown, Roosevelt and others	14	Young women listened to a panel and participated in speed mentoring session with Chicago Fed female employees
October 24	Dress4Success , in partnership with DePaul University's Fast Fwd, Junior Achievement of Chicago and FRBC's Women's Impact Network	Cristo Rey Jesuit, Christ the King and Schurz	21	Young women participated in speed mentoring with FRBC employees and learned about professional attire and personal branding
October 30	A Day at the Bank , in partnership with Economic Awareness Council and FRBC's African American Association for Personal and Professional Growth and Asian American Affinity Group	West Town Academy	42	High school students learned about Chicago Fed employees' career paths and gained knowledge on financial aid for college
*All events hosted at the FRBC headquarter's			407	

for Students, posted on marginalthoughts.org discussing electronic solutions for college aid and college choice. The blog targets educators and students between the ages of 9 and 16. The blog had over 16,000 unique visitors during 2013.

In May, the Bank held an evening reception dinner for the National Conference on Teaching and Research on Economic Education, including approximately 125 educators, during which Senior Vice President Spencer Krane provided a keynote speech. During the summer and fall, Ivanac-Lillig presented *The Role of the Fed and Current Policy* to a during a workshop of the University of Illinois at Chicago (UIC) Center for Economic Education. Seventy-five percent of educators in attendance were from majority-minority high schools. She also presented at different

workshops held as part of Indiana's Financial Literacy Conference (in partnership with the Consumer Financial Protection Bureau), Detroit's Economic Bootcamp (held in conjunction with the Michigan Council on Econ Ed), and Indiana's Economic Workshop for High School Educators. All these workshops included educators from majority-minority high schools. The Bank also co-sponsored and hosted a three-day workshop on the Euro with three educators attending from majority-minority schools in Chicago and Flint, Michigan.

On October 23, the Chicago Fed held a desktop learning event as part of the Federal Reserve System's Financial Education Day. Three webinars geared toward educators were presented. Thirty educators registered for the event and received an array

of classroom-ready tools and lesson plans on financial and economic literacy. In addition, one of the webinars was hosted by external partners ISAC and College Greenlight.

In Detroit, outreach to high schools is overseen by Senior Associate Economist Martin Lavelle. Lavelle is a member of the Michigan Jump\$tart Coalition board, and participates regularly in coalition meetings. In February, a *JA Job Shadowing Day* was held at the Detroit Branch for majority-minority high schools Cody and Southeastern, benefitting approximately 50 students and four teachers, who learned about different Federal Reserve job functions. In April, the Branch hosted a *Fed Challenge* in which 40 students from grades 9-12 took part in a simulated Federal Open Market Committee meeting. The students worked in teams to analyze the U.S. economy, present a short-term economic forecast, and make a monetary policy presentation. After the teams' 15-minute presentations, they then defended their points of view before a panel of Fed economists.

Detroit Branch staff volunteered as teachers in the classroom as part of *JA Be Entrepreneurial*, a series of sessions recommended for students in grades 9 through 12. The sessions describe 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 in September to a majority-minority high school, Hamtramck, reaching 30 students. During the 2nd Quarter, Lavelle made a presentation on *Federal Reserve Functions & Purposes* for Jackson Christian High School, with close to 40 students in attendance.

The Detroit Branch continued hosting *Teacher Night at the Fed* events where economics and personal finance teachers were offered continuing education credit through the Michigan Council on Economic Education. More than 200 teachers attended three programs in 2013. In March, more than 50 teachers learned about how to integrate supply and demand lessons in their classes. In June, the Branch hosted an *Economic Boot Camp for Teachers and Educators* that featured online resources to teach personal finance as well as the many offerings on the Federal Reserve's Economic Education website, www.federalreserveeducation.org. And in November, approximately 90 teachers came to learn more about the Federal Reserve System and the economy through a video conference with Chairman Bernanke.

In line with the October 23 Federal Reserve System's Financial Education Day, the Detroit Branch offered a day-long workshop in partnership with Common Sense Economics and the Michigan Council on Economic Education engaging 25 teachers in interactive Federal Reserve Education webinars. In December, the Detroit Branch hosted over 50 teachers at the Jump\$tart Teacher Conference designed to train them on teaching personal finance to their students. This level of outreach to students and teachers on the part of the Detroit Branch is considered significant, given its total staff of only 129 employees.

EXPANDING MONEY SMART WEEK

Money Smart Week (MSW) is a series of free classes and activities designed to help consumers better manage their personal finances, launched in 2002. It continued its expansion in 2013

throughout the Seventh District. Held in the month of April, MSW is led by the Federal Reserve Bank of Chicago's Manager of Outreach Programs Alejo Torres. Data extrapolated from MSW attendance surveys shows that in 2013, 60 percent of MSW participants were women and 24 percent minorities. Close to 63,000 participants were youth.

MSW 2013 included more than 500 partner organizations and offered more than 900 free seminars and activities throughout the Chicago metropolitan area. In Chicago, the Bank, in partnership with Chicago Public Schools and Money Savvy Generation, provided financial literacy education to over 13,246 kids in 278 classrooms in 84 majority-minority schools. The Chicago Fed partnered with majority-minority high school Lindblom Math and Science Academy for a "Rube Goldberg" project involving approximately 20 students. The students worked on the project after school and during spring break, and made two field trips to the Chicago Fed. The Bank also partnered with Lindblom and Theodore Roosevelt (also a majority-minority high school) for a Financial Football event with former Chicago Bears player Dick Butkus and Visa representatives. There were 50 events on *Saving & Planning for College* in the Chicago area, including topics such as financial aid help and advice, and paying for college.

In Michigan, the Chicago Fed partnered with Ford Credit to bring financial success classes throughout metro Detroit reaching 465 students. And 200 bankers reached another 12,336 Wisconsin students during *Teach Children to Save Day*.

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

The Bank's Research Department participated in several activities geared towards minority undergraduate and graduate students, especially during the summer. In July, Assistant Vice President Loretta Ardaugh spoke to a group of students at the American Economic Association's (AEA's) Summer Mentoring Program and Undergraduate Economics Camp. Both programs target minority students pursuing or considering PhDs in Economics. The intent of the visit and presentation was primarily to identify opportunities for the Bank to support the AEA's efforts and to foster interest in an internship position at the Bank for a PhD student in the summer of 2014. As a result of this activity, a participant in the economics camp was recruited as an intern by the finance group of the Research Department. This internship advanced the candidate's math and programming skills and allowed her to be well positioned to apply for associate economist positions at the Bank. Another PhD student nearing completion of academic work presented research on monetary policy at the Bank. The student benefitted from the feedback of staff to improve his paper, which should result in better hiring prospects.

The Department also established an internship position for candidates from the Mentoring Program of the AEA Committee on the Status of Minorities in the Economics Profession, and offered two summer fellowships to participants in the AEA Committee on the Status of Women in the Economics Profession



Senior Associate Economist Martin Lavelle (second from left) of the Detroit Branch discusses the Federal Reserve and careers at the Bank with University of Michigan students before facilitating a mock meeting of the Federal Open Market Committee.

Summer Program. Female and minority summer fellows from previous years continued working with Fed staff as they advanced in their economic research careers. They enjoyed access to Research department staff, presented the results of their research to Bank researchers for feedback, and, in one case, co-authored a research project with Chicago Fed Senior Economist Mariacristina DeNardi.

Also in July, the Detroit Branch hosted a visit with students from the 2013 Public Policy and International Affairs (PPIA) program of the University of Michigan's Gerald R. Ford School of Public Policy. During this session, approximately 20 students of minority background learned more about the Fed, the economy, and potential career paths, and participated in a mock FOMC meeting. Gerald R. Ford School faculty members present at the event included Dean and Detroit Branch Board of Directors member Susan Collins. Senior Vice President and OMWI Director Valerie Van Meter and Senior Associate Economist Martin Lavelle were speakers.

The Bank continued working with the PhD Project in 2013. The organization helps African-Americans, Hispanic-Americans and Native Americans attain their business PhD, become business professors and mentor the next generation. Senior Economist Richard Rosen attended the Finance Doctoral Students Association (FDSA) meeting of the PhD Project on June 16-17, 2013. Rosen participated in a panel with Laura Starks, a professor at the University of Texas, discussing the steps and challenges in preparing quality research. He presented information to PhD students and young faculty on how to establish a research career including how to prepare studies for publication. In the session, Rosen also talked about the general issues faced by "newly-minted" PhDs in academic and Federal Reserve jobs. Senior Economist Leslie McGranahan worked with the PhD Project to identify two visitors from the Project's network, with the first visit occurring in October. During her visit, the researcher presented her work during a brown bag seminar to obtain feedback from Bank staff, and met

one-on-one with several Bank researchers. A former PhD Project participant also visited the Bank and received ongoing feedback from Senior Vice President David Marshall.

Vice President Anna Paulson is part of a working group studying the potential for collaboration between the Federal Reserve System and the Khan Academy to further the System's financial education goals, including a specific focus on women and minorities. The Khan Academy is a non-profit educational website created in 2006 by educator Salman Khan, a graduate of MIT and Harvard Business School. Its mission is to provide "a free world-class education for anyone anywhere." Finally, for the second year, the Bank hosted the Annual Symposium of Women in Listed Derivatives (WILD) Chicago, held in October.

CHALLENGES

Some of the challenges identified in the previous Report have been addressed in 2013. For instance, with the help of the Bank's Employee Support Network Groups the number of volunteers tripled between 2011 and 2013, providing more opportunities for high school students to interact with Bank employees. The great variety of approaches to financial literacy and economic education that exist in schools throughout the Seventh District continues to be a challenge when trying to develop a more standardized curriculum. The current Social Science 3.0. project led by Chicago Public Schools is a promising endeavor towards creating a common framework and helping coordinate all the partners interested in promoting these subjects in schools.

Still, challenges remain. The multiplicity of educational structures and legislative mandates in the five-state region covered by the Chicago Fed limits replicability of programming and strains limited internal resources. There is also a need for more rigorous evaluations and research on existing financial literacy interventions and the associated outcomes in high schools. In addition, measuring impact is difficult since many of the expected outcomes are a function of behavior, and not simply of knowledge transfer.

NEXT STEPS

In 2014, the Chicago Fed will continue deepening its relationship with nonprofit and educational organizations in order to expand its network of partners in the field of financial literacy and economic education for youth. Some activities have been well received by teachers and students alike, such as speed mentoring opportunities with Bank professionals, or workshops on access to college and careers. They will be continued and enhanced. Right-on-time information will be included in activities with high schoolers in order to assist them in their journey to college, with a focus on financial aid and budgeting. The number of Bank volunteers, as well as their skills, is expected to continue growing as the Bank develops its volunteerism strategy as part of its Corporate Social Responsibility plan. ESNs will continue to be critical to build a robust base of volunteers, and additional outreach will be made to staff who are not members of these groups but have an interest in promoting financial literacy and career preparation for high school students.

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.

<i>Advantech Solutions</i>	<i>Girl Forward</i>	<i>National Association of Asian MBAs</i>	<i>University of Michigan</i>
<i>Allen Visual Systems</i>	<i>Girls in the Game</i>	<i>National Association of Black Accountants</i>	<i>University of Michigan's Gerald R. Ford School of Public Policy</i>
<i>Allstate</i>	<i>Hispanic Alliance for Career Enhancement</i>	<i>National Black MBA Association</i>	<i>Urban Financial Services Coalition</i>
<i>ALPFA</i>	<i>Holland Capital Management</i>	<i>National Minority Supplier Diversity Council</i>	<i>Urban Partnership Bank</i>
<i>American Economic Association</i>	<i>Human Resource Management Association of Chicago</i>	<i>National Society of Hispanic MBAs</i>	<i>Women in Listed Derivatives</i>
<i>Ariel Capital Management</i>	<i>Ideal Contracting, LLC</i>	<i>Niagara Foundation</i>	<i>Women in Science and Engineering</i>
<i>BMO Harris Bank</i>	<i>Illinois Hispanic Chamber of Commerce</i>	<i>Northern Trust</i>	<i>Women's Business Enterprise Council - Great Lakes</i>
<i>Carl Schurz High School</i>	<i>Illinois Jump\$tart Coalition</i>	<i>Northwestern University</i>	<i>Women's Business Enterprise National Council</i>
<i>The Chicago Community Trust</i>	<i>Illinois Student Assistance Commission</i>	<i>PhD Project</i>	<i>Women's Business Development Center</i>
<i>Chicago Minority Supplier Development Council</i>	<i>INROADS</i>	<i>Posse Foundation</i>	<i>Young Women's Leadership Charter School</i>
<i>Chicago Public Schools</i>	<i>Instant Technology</i>	<i>Procurement Resources, Inc.</i>	<i>Youth About Business</i>
<i>Chicago Scholars Foundation</i>	<i>It Girl Industries</i>	<i>Professional Woman's Magazine</i>	
<i>Chicago United</i>	<i>Junior Achievement of Chicago</i>	<i>Right Management</i>	
<i>Chicago Women in Business</i>	<i>Junior Achievement of Southeastern Michigan</i>	<i>Society of Hispanic Professional Engineers</i>	<i>For more information about Money Smart Week and its partners please visit www.moneysmartweek.org.</i>
<i>City of Chicago Treasurer's Office</i>	<i>Kaleidoscope Group</i>	<i>Student Veterans of America</i>	
<i>College Greenlight</i>	<i>Khan Academy</i>	<i>Thurgood Marshall College Fund</i>	
<i>Control Group Companies</i>	<i>Lake Forest College</i>	<i>Turner Construction</i>	
<i>Cristo Rey Jesuit High School Corporate Work Study Program</i>	<i>Loop Capital</i>	<i>U.S. Chamber of Commerce Foundation</i>	
<i>DePaul University</i>	<i>Make Corporation</i>	<i>U.S. Small Business Administration – Illinois</i>	
<i>Diversity/Careers Magazine</i>	<i>Manpower</i>	<i>U.S. Small Business Administration – Michigan</i>	
<i>Econ Illinois</i>	<i>Michigan Council on Economic Education</i>	<i>United States Hispanic Chamber of Commerce</i>	
<i>Economic Awareness Council</i>	<i>Michigan Jump\$tart Coalition</i>	<i>University of Chicago Booth School of Business</i>	
<i>Emily Nixon & Associates</i>	<i>Michigan Minority Supplier Diversity Council</i>	<i>University of Illinois at Chicago Center for Economic Education</i>	
<i>Financial Services Roundtable for Supplier Diversity</i>	<i>Money Savvy Generation</i>		
<i>Flowers Communications Group</i>	<i>National Association of Asian American Professionals</i>		
<i>Ford Credit</i>			

FRBC 2013 EEO-1 Consolidated Report

2013 EEO-1 DATA (8/16/13 - 8/31/13)	HISPANIC OR LATINO		NOT-HISPANIC OR LATINO										OVERALL TOTALS			
	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		AMERICAN INDIAN OR ALASKAN NATIVE	TWO OR MORE RACES	
EXECUTIVE/SR OFFICIALS & MGRS			6						4	1						11
FIRST/MID OFFICIALS & MGRS	9	10	129	18		10			94	19		7			1	297
PROFESSIONALS	42	41	323	53		50			242	68		48			4	876
TECHNICIANS																0
SALES WORKERS			3			0			1							4
ADMINISTRATIVE SUPPORT	18	19	36	26	1	12		1	55	70		6			0	244
CRAFT WORKERS	3		15			1			1							20
OPERATIVES																0
LABORERS & HELPERS																0
SERVICE WORKERS	17	4	25	25		0		6	403	167		0			5	86
TOTAL	89	74	537	122	1	73	1	5	403	167	0	61	0		5	1538

FRBC 2013 Year-end Consolidated Report

2013 EEO DATA AS OF 12/31/13	HISPANIC OR LATINO		NOT-HISPANIC OR LATINO										OVERALL TOTALS			
	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		AMERICAN INDIAN OR ALASKAN NATIVE	TWO OR MORE RACES	
EXECUTIVE/SR OFFICIALS & MGRS			6						4	1						11
FIRST/MID OFFICIALS & MGRS	12	14	126	17		10			98	20		6			1	304
PROFESSIONALS	41	39	321	53		53			236	66		45			4	864
TECHNICIANS																0
SALES WORKERS			4						2							6
ADMINISTRATIVE SUPPORT	14	18	12	23	1	7		1	41	66		1				184
CRAFT WORKERS	3		15	1		1			1							21
OPERATIVES																0
LABORERS & HELPERS																0
SERVICE WORKERS	18	3	30	26				3	385	162		52			5	89
TOTAL	88	74	514	120	1	71	2	5	385	162	0	52	0		5	1479

* Report does not include extra-help. For more information, please see endnote 33.

Endnotes

- ¹ These numbers do not include “extra-help employees.” See Endnote 33.
- ² The U.S. Census Bureau definition of the Midwest includes the entire jurisdiction of the Seventh District, plus 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.
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- ¹⁶ Menendez, U.S. Senator Robert. “Corporate Diversity Report.” August 2010. Available at <http://www.menendez.senate.gov/imo/media/doc/CorporateDiversityReport2.pdf>
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- ³² Chicago United. See Endnote 9.
- ³³ An extra-help employee is a Bank employee who: a) is expected to work less than 780 hours per calendar year; or b) is hired to work on an as-needed basis and whose scheduled hours may fluctuate; or c) is hired to work on a project of defined scope and duration; or d) is hired due to an unusual and temporary increase in business activity; or e) is hired as an intern; or f) is hired to replace temporarily a regular-help employee unable to work for some reason; or g) participates in another retirement plan (other than the Bank’s Retirement Plan) to which his/her employer makes contributions on his/her behalf pursuant to a collective bargaining agreement or otherwise.)
- ³⁴ The analysis presented focuses on the following EEO-1 job categories. Executive/Senior Level Officials & Managers and First/Mid Level Officials & Managers; Professionals; and Administrative Support. The following EEO-1 job categories have been excluded: Sales Worker (6 total Bank employees); Craft Workers (21 total Bank employees); and Service Workers (89 total Bank employees). Currently, we have no Bank employees in the following categories: Technicians, Operatives, and Laborers & Helpers.
- ³⁵ The most recent information applicable to our 2013 Workforce Analysis was based on 2010 US Census figures contained in the 2010 EEO Tabulation Files for the Bank’s reasonable recruitment areas. Seventh District recruitment areas are: Chicago, Des Moines, and Detroit. For some positions, U.S. Recruitment Area is used. The 2010 Tabulation Files are based on the American Community Survey conducted by the U.S. Census Bureau.
- ³⁶ For reporting purposes, tiers have been created to show hierarchy and distinguish between officers, higher level jobs, intermediate levels jobs, and entry level jobs. Tier 1 are positions such as administrative and clerical, entry level professional and service/trades. Tier 2 are executive level administrative positions and entry-level professionals. Tier 3 are higher level professionals, supervisors and managers. Officers/Knowledge Leaders include all officers, Associate Vice Presidents and above, and individuals above the manager level who have key responsibilities or impact in a specialty focused area and who do not have direct, ongoing people leadership responsibility. Knowledge Leaders (KLS) were formerly known as Senior Professionals. In 2013, the Seventh District implemented a new leadership structure that eliminated the Senior Professional role and classified executive managers in this job group as either Officers or KLS.
- ³⁷ For consistency purposes, the Seventh District used the time period from October 1, 2012 through September 30, 2013 for the hires, promotions and separations statistics presented on this report. The same time period for the promotions statistics was used for other recent reports presented to the Federal Reserve Board of Governors and to the Seventh District Board of Directors. Historically, activity in the Seventh District in promotions is minimal during the last quarter of the year and may not yield significant statistical changes.
- ³⁸ “Reportable expenses” 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.
- ³⁹ 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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