



Report to the Congress on the Office of Minority and Women Inclusion

March 2016

FEDERAL RESERVE BANK OF CHICAGO



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

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Executive Summary

During 2015, the Federal Reserve Bank of Chicago continued advancing its diversity and inclusion (D&I) strategies through the work of its Office of Diversity and Inclusion (ODI), now in its fifth year of existence. The ODI is a support office to all Bank departments having special partnerships with Human Resources, Procurement, and Public Affairs. In addition to collaborating with internal stakeholders, the ODI works with an array of public, private and nonprofit partners, aspiring to become a community partner of choice for organizations advancing D&I in the Seventh Federal Reserve District. The ODI focus areas are workforce diversity, supplier diversity, and financial literacy and outreach to majority-minority and all-girl high schools. The FRBC'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, leading to significant achievements in the following areas:

Minority and Women Employment

- In 2015, the Bank's overall minority representation increased by one percentage point.
- The FRBC employed 47 college interns, of whom 46 percent were females and 38 percent were minorities.
- The Chicago Fed's Human Resources department continued to coordinate the Federal Reserve System's Diversity Recruitment strategy by participating in several key national conferences, such as those hosted by the National Black MBA Association (NBM-BAA) and the National Society of Hispanic MBAs (NSHMBA).
- The Chicago Fed continued efforts to achieve its Bank-wide D&I objective, ensuring that in-person interview pools for Tier 2 and Tier 3 positions included both female and minority applicants. As of December 31, 2015, the Bank met these objectives 88 percent and 80 percent of the time, respectively.

Minority- and Women- Owned Businesses

- The Bank spent about \$6.04 million with M/WBEs, or 10 percent of its total reportable spend, compared to 2014 with \$4.67 million, or 9 percent.
- The FRBC successfully hosted its second Business Smart Week Initiative, a technical assistance conference serving 250 participants in Chicago and Detroit.
- The Bank continued to partner with nonprofit organizations to increase the participation of minority- and women- owned businesses in procurement opportunities throughout the Seventh District.
- Through a partnership with the Bank's Customer Relations and Support Office, the Chicago Fed continued to enhance and coordinate the Federal Reserve System's presence at national supplier diversity conferences.

Financial Literacy and Community Outreach

- More than 200 volunteers from the FRBC participated in Chicago-based events as teachers, mentors and presenters, impacting over 3,500 students from majority-minority and all-girls schools located throughout the city.
- The FRBC provided part-time positions to 11 high school interns through a partnership with the Corporate Work Study Program at majority-minority Cristo Rey and Christ the King high schools.
- The Detroit Branch continued hosting *Teacher Night at the Fed* events, with more than 120 teachers attending and learning more ways to teach economics to students.

In addition to the 2015 accomplishments highlighted in the Executive Summary, the FRBC had many others relating to workforce diversity, supplier diversity, and financial literacy that are described throughout the report.

Introduction

In 2011, the Chicago Fed chose to broaden the scope mandated by Section 342 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the Dodd-Frank Act) to better coordinate and enhance its diversity and inclusion (D&I) initiatives. As required by the Dodd-Frank Act, the Bank established its Office of Minority and Women Inclusion (OMWI) under the name “Office of Diversity and Inclusion” (ODI). 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 recently appointed First Vice President and Chief Operating Officer Ellen Bromagen, Senior Vice President and OMWI Director Valerie Van Meter and Assistant Vice President and Deputy OMWI Director Roberto Requejo lead the ODI.

Now in its fifth year of existence, the Chicago Fed’s ODI coordinates and supports the Bank in meeting its goals to be recognized as an employer of choice, a valued business partner, and a trusted community stakeholder that integrates diversity and inclusion within all its business strategies. The ODI has helped refine and implement the Bank’s D&I Policy.

Throughout the year, the FRBC tracked Bank-wide and departmental D&I objectives, which are reported on a quarterly basis to the Executive Committee and to the members of the Board of Directors’ Governance and Human Resources Committee. Effective, Commendable and Outstanding targets for each objective have been established based on quantitative success rates in each category.

In addition to Bank-wide D&I objectives, the FRBC also tracked departmental D&I objectives, with corresponding targets and measures of success, also reported on a quarterly basis. The department objectives were intended to support the 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

Objectives were developed based upon industry best practices in the areas of diverse recruitment, staff development, mentoring, work environment, D&I education, intercultural development, greater leadership participation in initiatives led by Employee Support Network Groups, community outreach events, and supplier diversity practices. Each department was requested to identify one or more D&I objective for 2015. All departments met their annual targets. Fourteen of the 22 departmental D&I objectives obtained outstanding ratings, five commendable, and three effective ratings as of December 31, 2015.

In 2014, the Federal Reserve Bank of Chicago started to use the Intercultural Development Inventory (IDI), a tool that helps organizations and individuals assess and enhance their skills related to cultural competency and inclusion. Toward that end, Senior Vice President and OMWI Director Valerie Van Meter and Assistant Vice President of the ODI and Deputy OMWI Director Roberto Requejo became certified Qualified Administrators for the IDI. Several departments and leadership groups, including the Bank’s Executive Committee participated in the IDI. In 2015, EEO Reporting Analyst Reynaldo Solivan and Organizational Culture Analyst Jonathan Philipp also became Qualified Administrators for the IDI in order to meet the needs for increased IDI participation. During these IDI sessions, each department was provided with a group feedback session, where each business unit learned where its collective team fell on the monocultural-to-multicultural continuum. All participants were offered a one-on-one confidential session with a Qualified Administrator to review their individual assessments. Those who participated

in these sessions were provided an individual development plan, along with coaching, to further advance their multicultural competency.

In 2015, the Bank launched a series of listening tours with employees located in Chicago, Detroit and Des Moines, including night-shifts and employees working remotely. The listening tours were launched to engage employees and leaders in discussions about internal branding and performance related to the Office of Diversity and Inclusion, Corporate Social Responsibility, and diversity and inclusion activities. The listening tours were also intended to directionally gauge inclusion at each level within the Bank. About 400 randomly selected individuals at the staff, supervisor, manager, and officer levels participated in the 39 listening tour sessions.

Based on the lessons learned from these listening tours, the ODI launched a new pilot focused on inclusion in the workplace. Several departments including

Internal Audit, the Customer Relations and Support Office (CRSO), Information Technology (IT), and Central Bank Services (CBS) took part in this pilot. Each department took a different approach based on their business needs, but all focused on specific inclusion behaviors in the workplace. The departments were presented with a list of inclusion behaviors and were asked to select one or two to focus on. Some departments allowed the staff to select the inclusion behavior(s) via a survey, while other leadership teams selected the inclusion behavior(s) for the department based on past employee engagement surveys and feedback. With the consultation of ODI, the departments developed action plans to improve both the leadership's and staff's ability to understand and display the selected inclusion behavior(s). The success of the pilots will be monitored by surveying staff on their perception of the leadership's inclusive behavior. The initial feedback on these pilots has been positive from both staff and leadership.

Minority and Women Employment

The Federal Reserve Bank of Chicago continued to promote diversity and inclusion within its workforce in 2015, aiming to further enhance a workplace that embraces and supports people of different backgrounds, as well as diversity of thought. To that end, the Bank closely monitored the demographics of its workforce, with special attention to gender, race and ethnicity. The Bank also expanded its emphasis on attracting diverse talent to the Bank, both within the District and as the coordinator of the Federal Reserve System's diversity recruitment strategy. Training and development opportunities targeting retention and professional growth were offered to staff, with a focus on offerings customized to the perspectives of women and minorities. Diversity-oriented affinity groups, known as Employee Support Network Groups (ESNGs) within the Bank, played a key role in creating a workplace where women, racial and ethnic minorities, members of the LGBT community, employees from different generations, and veterans are supported in their professional and personal development, in efforts to educate Bank staff about their respective communities, and in volunteer work in partnership with nonprofit organizations.

The Chicago Fed also continued its Bank-wide recruitment D&I objectives, ensuring that in-person interview pools for Tier 2 and Tier 3 positions included both female and minority applicants. As of December 31, 2015, the Bank met these objectives 88 percent and 80 percent of the time, respectively.

Staffing Representation: EEOC Job Categories

As of December 31, 2015, the Federal Reserve Bank of Chicago's total staff level was 1,501 (not including extra help¹), an increase of one percent from the 1,492 regular help employees working for the Bank as of December 31, 2014. Overall the Bank's female percentage representation declined by one percentage point to 45 percent in 2015. Overall minority representation increased by one percentage point to 40 percent, compared with last year's report at 39 percent. Black/African-American employees represented 17 percent of

Table 1. Federal Reserve Bank of Chicago reported total workforce demographics, 2014 and 2015

	2014	2015	Change (number)
Male	803	821	18
Female	689	680	-9
Non-Minority	905	906	1
Minority	587	595	8
Total Employees	1492	1501	9

the Bank's workforce (a decrease from 2014), Hispanic/Latinos 12 percent (an increase from 2014), and Asians ten percent (also an increase from 2014). Other minorities represented one percent of the total (no change from 2014). See Table 1.

The majority of the Bank's positions fall into three EEOC job groups or categories: Officials and Managers; Professionals; and Administrative Support.² The Officials and Managers category represents 21 percent of the positions in the Bank (a slight decrease from 2014). The Professionals category continues to be the largest, comprising about 61 percent of the Bank's workforce (an increase from 60 percent in 2014). The Administrative Support category represents 11 percent of the Bank's workforce (no change from 2014).

The Bank's Officials and Managers category, which includes the higher tiers of the organization, was 45 percent female and 27 percent minority in 2015 (a slight decrease of one percentage point from 2014 for females and no change for minorities). Percentage representation in 2015 within Officials and Managers by race/ethnicity was 10 percent Black/African-American (a decrease by two percentage points from 2014), nine percent Hispanic/Latino (no change from 2014), and seven percent Asian (an increase by one percentage point from 2014).

In 2015, female percentage representation experienced a decrease within the Professionals category, at 45 percent (from 46 percent in 2014). The representation of minorities was 37 percent (an increase from 36 percent in 2014). The Professionals category is 14 percent Black/African-American (a slight increase compared with 13 percent in 2014), 10 percent Hispanic/Latino (no change from 2014), and 12 percent Asian (no change from 2014).

The Administrative Support category was 66 percent female in 2015 (a slight decrease compared with 67 percent in 2014), while percentage representation for minorities in this category also decreased marginally to 71 percent from 72 percent in 2014. The Administrative Support category is 46 percent Black/African-American, 19 percent Hispanic/Latino, and six percent Asian (see Table 2).

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 considers the labor market availability of the workforce in each of the Bank's job groups. Then it analyzes the demographics of such 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) using the most recent data provided by the U.S. Census Bureau.³ Through this exercise, the Bank determines the availability of professionals in each job group and position, compared with 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 more than 800 employees in the upper-level job groups of the organization, including Officers, Managers, Supervisors, Knowledge Leaders⁴ and other

Table 2. Federal Reserve Bank of Chicago workforce profile 2014, selected data

	EEO-1 categories									
	Exec. Sr. Level		1st/Mid. Level Manager		Professionals		Admin. Support Workers		Service Workers	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Male	6	54.5%	166	53.5%	481	54.0%	57	33.5%	70	83.3%
Female	5	45.5%	144	46.5%	410	46.0%	113	66.5%	14	16.7%
Non-minority	10	90.9%	223	71.9%	570	64.0%	48	28.2%	32	38.1%
Minority	1	9.1%	87	28.1%	321	36.0%	122	71.8%	52	61.9%
Total Employees	11	100.0%	310	100.0%	891	100.0%	170	100.0%	84	100.0%

Table 3. Federal Reserve Bank of Chicago workforce profile 2015, selected data

	EEO-1 categories									
	Exec. Sr. Level		1st/Mid. Level Manager		Professionals		Admin. Support Workers		Service Workers	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Male	6	50.0%	169	54.7%	499	54.7%	54	34.0%	71	84.5%
Female	6	50.0%	140	45.3%	413	45.3%	105	66.0%	13	15.5%
Non-minority	11	91.7%	223	72.2%	573	62.8%	46	28.9%	33	39.3%
Minority	1	8.3%	86	27.8%	339	37.2%	113	71.1%	51	60.7%
Total Employees	12	100.0%	309	100.0%	912	100.0%	159	100.0%	84	100.0%

upper-level job groups. Although there are exceptions, the analysis revealed that in 2015, in comparison with the availability of women and minorities in the labor force, the Bank made gains from prior years in the representation of women and minorities for some of these upper-level job groups.

In regard to female representation, the Bank closed the gap between Bank representation and the labor market availability in the Supervisor and Knowledge Leader job groups. The Supervisor job group was 15 percent above market availability, which is a substantial increase from nine percent below market availability in 2011. The Knowledge Leader job group gap was closed from five percent below market availability in 2011 to three percent above in 2015.

Both these job groups also saw improvement in regard to minority representation. The Supervisor job group was 18 percent above market availability in 2015, a five percentage point increase from 2011. The Knowledge Leader job group was four percent below market availability in 2015, compared to seven percent below in 2014, although there is still more progress to be made. Additionally in 2015, the minority representation gap in the Upper Level Examiners Job Group was closed, compared to 13 percent below market availability in 2011.

Diversity Recruiting

The Chicago Fed's Human Resources and Internal Communications (HRIC) department coordinates the Federal Reserve System's diversity recruitment strategy, and leads a complementary effort to attract diverse talent to staff its Chicago headquarters, Detroit Branch and Des Moines office. Human Resources Manager Cheryl Hillman, Assistant Vice President Althea Lee, and Vice President Nokihomis Willis coordinated both sets of efforts in 2015.

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

During 2015, the System collectively attended the following six national diversity conferences: Equal Opportunity Publications (EOP) STEM Diversity Career Fair and Expo, Association of Latino Professionals in Finance and Accounting (ALPFA), National Black MBA Association (NBMBAA), National Society of Hispanic MBAs (NSHMBA), and the Thurgood Marshall College Fund Leadership and recruitment fair (TMCF). Working closely with these nationally recognized organizations supports diverse hires and creates awareness of the Federal Reserve System among prospective employees. In order to proactively source talent, the System collected more than 449 resumes, sent over 40 resumes to hiring managers, and conducted six face-to-face interviews. There are several candidates still in the interview process with offers expected to be extended at a later date.

At the NSHMBA conference, the System participated in a Professional Development workshop. Juan Miranda, Supervision Manager at the Federal Reserve Bank of Chicago, presented "Becoming a Strategic Leader – Effective Skills Needed to Think and Manage Successfully." In addition, Fed employees volunteered as career coaches during the NSHMBA conference.

At the ALPFA conference, the System participated in a Professional Development workshop. Christina Juvier, Vice President of Human Resources at the Federal Reserve Bank of New York, participated in the "Women of ALPFA" panel discussion on the Latino's role as financial and wellness decision makers in the family.

The Federal Reserve System was highlighted in an advertisement that was featured in both the *Hispanic Network Magazine* and *Professional Woman's Magazine*. These magazines were distributed at the 2015 National Society of Hispanic MBA conference, as well as the National Black MBA Association conference.

In addition to the System-wide diversity recruiting efforts, The Federal Reserve Bank of Chicago participated in a variety of local recruiting and career-focused events. The Bank provided volunteers to partner with the Posse Foundation, a college access and youth development program, to conduct mock interviews with students and participate in a networking event. The Bank participated in the Chicago Scholars career fair, and the University of Illinois diversity career fair.

Table 4. University career fairs and recruiting outreach initiatives utilized by FRBC in 2015

University of Chicago
DePaul University
Northwestern University
Loyola University

The Bank partnered in career fairs, professional development sessions, and other recruitment opportunities with the University of Chicago, DePaul University, Northwestern University and Loyola University. In 2015, the FRBC hired 47 college interns, of which 22 (46 percent) were females and 18 (38 percent) were minorities.

Training And Development

In 2015, the Chicago Fed reinforced its efforts to support the Bank-wide talent management strategy by continuing Leadership by Design workshops and seminars 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 increasing Bank-wide acumen.

This year, the Bank developed a Conversations Matter course in collaboration with the Office of Diversity and Inclusion and an external vendor for instructional design and facilitation. The course dovetails with the Leadership by Design philosophy and is especially timely given changes to the Bank's performance management cycle, rating scale, and competency model roll-out. The workshop teaches leaders how to balance employee and organization needs, give and receive feedback, provide advice, and deliver tough messages. The course design is highly interactive and provides practice opportunities for participants to refine the delivery of crucial messages. This class was attended by 82 employees, of which 44 were minorities and 53 females.

In addition to the Conversations Matter course, the Bank continued to offer the following programs and courses: Leadership Mentoring, Bank-Wide Mentoring, Internal Consulting, Leader Coach, Change Leadership, Transition to Management, Q5 Career Development Workshop, and Writing Constructive Feedback. Of the 200 Bank employees who participated, 86 were minorities and 121 were females.

The Bank's Talent Review initiative is a major undertaking that provides data to inform our leadership

development and succession management programs. People Leaders at the officer and manager level are assessed with respect to the Bank's five leadership competencies; readiness for movement to various types of roles; development priorities identified by leadership; and self-reported career interests, work experiences and background.

Similar to the performance management process, managers rate the people leaders directly reporting to them, and calibrations are conducted by business unit leadership. During 2015, higher level cross-functional calibrations were conducted by the District Leadership Council for assistant vice presidents and by the Executive Committee for vice presidents and non-Executive Committee senior vice presidents. Human Resources facilitated the discussions and provided support from both analytical and technological perspectives.

System Leadership Initiative

The System Leadership Initiative (SLI) is a leadership development program for the Federal Reserve System's key talent, sponsored by the presidents of the Federal Reserve Banks. The Chicago Fed manages the SLI under the direction of Assistant Vice Presidents Deirdre Gehant and Karan Gartner. In 2015, two conferences were offered at the emerging and mid-level leadership tiers. As the leadership conferences reach a broad pipeline of talent across the System, the System OMWI directors and SLI staff continued to collaborate to expand the content and discussion of diversity and inclusion topics. External speakers and System senior leaders incorporated discussions and examples on the importance of diversity and inclusion into their presentations. Several OMWI directors were also leaders-in-residence at the conferences, serving as mentors to emerging leaders.

Minority and female participation in the conferences is strong and comparable to representation at these levels across the System. The Thrive Conference (which targets managers and new officers) was held in April, with attendance reaching 49 percent female and 27 percent minority. The Senior Leadership Conference also had favorable attendance levels with 44 percent female and 13 percent minority attendance.

The System Leadership Exchange Program affords an important additional avenue to support career development for professionals across the Fed System through offering exchange assignments. In 2015, 41 assignments were offered and completed by participants, of which 53 percent were females and 32 percent were minorities.

Successes

As mentioned above, in regard to female representation, the Bank closed the gap between Bank representation and labor market availability in the Supervisor and Knowledge Leader job groups. The Supervisor job group was 15 percent above market availability, which is a substantial increase from nine percent below market availability in 2011. The Knowledge Leader job group gap was closed from five percent below market availability in 2011 to three percent above in 2015.

Both these job groups also saw improvement in regard to minority representation. The Supervisors job group was 18 percent above market availability in 2015, a five percentage point increase from 2011. Additionally in 2015, the minority representation gap for the Upper Level Examiners job group was fully closed, compared to being 13 percent below market availability in 2011.

In 2015, the Recruiting department made targeted efforts to close the underutilization gaps for Entry Level Economists, Entry Level Technology Professionals, and Upper Level Technology Professionals. Since these job groups were more challenging to fill with diverse talent through the standard recruiting methods, unique initiatives were created to increase successful outcomes. For Entry Level Economists, targeted outreach occurred at approximately 30 colleges and universities that have specific course curricula that support this field of study. Since the Entry Level Technology Professional jobs require particular technical skills, targeted recruiting occurred at majority-female universities. The lack of females in entry level technology jobs affects the availability of females for upper-level technology jobs. To better target Upper Level Technology Professionals, Recruiting expanded its marketing via job boards and social media. This included targeted ads with Women in Technology International. The expanded marketing helped attract new applicants.

Diversity Employee Support Network Groups

The Bank's diversity-oriented affinity groups, known as diversity Employee Support Network Groups (ESNGs), are coordinated by the ODI. The groups offer support for continuing education and professional development, and celebrate their particular histories and heritages while educating the Bank staff about their community. The diversity ESNGs also provide opportunities for employee involvement in internal and external events held in partnership with civic organizations (with a focus on volunteerism in financial literacy and mentoring of high school students). The Bank's ESNGs also support

the Chicago Fed's D&I efforts regarding recruitment, engagement, development, and retention, in partnership with professional associations.

The first diversity ESNG was formed in 2002. The number of these groups has grown over the years, and as of December 31, 2015 the Bank had seven diversity-related ESNGs, which included:

- African American Association for Personal and Professional Growth (APPG)
- Asian American Affinity Group (AAAG)
- Generational Empowerment Network (GEN)
- Latino Resource Association (LRA)
- Spectrum
- Veterans Support Group (VSG)
- Women's Impact Network (WIN)

Several senior leaders serve as executive sponsors of the Bank's Diversity ESNGs: as of December 31, 2015, these include Craig Marchbanks, Knowledge Leader (APPG); Alpesh Patel, Assistant Vice President (AAAG); Emily Greenwald, Vice President (GEN); Sean Rodriguez, Senior Vice President (LRA); Kelly Emery, Vice President (Spectrum); Julie Williams, Senior Vice President (WIN); and Fred Martin, Assistant Vice President (VSG).

The ODI continued to intensify its work with members of the ESNG community to strengthen their impact, influence and effectiveness. Employee Support Network Groups give members the opportunity to interact with one another and contribute to the Bank's performance and work environment. In 2015, ODI guided the ESNGs to create strategic plans with four main focus areas:

- Community outreach
- Cultural competency and awareness
- Professional development
- Strategic sourcing

In 2015, the ODI worked with ESNGs to further define the functions of key ESNG roles such as president/chair, vice president, secretary, events coordinator, and sponsor. With job descriptions having been defined and written for these leadership positions, executive teams can now develop goals and initiatives with clear synergies to the Bank's leadership competencies. ESNG

leaders can also articulate the universal skills and competencies demonstrated through these experiences in their performance management goal setting, and during developmental discussions with their management.

Financial Services Pipeline (FSP) Initiative

The ODI continued to support the Financial Services Pipeline (FSP) Initiative, which was founded in 2013 as a joint initiative with The Chicago Community Trust and 15 Chicago-based financial institutions to address the lack of diversity in the financial institutions of the Chicago region. Significant accomplishments in 2015 included the release of a comprehensive research report on diversity and inclusion in the Chicago region's financial services sector, as well as launching an interactive website, www.fspchicago.org. FSP also hosted a Summer Intern Career Conference, providing an opportunity for over 150 young, diverse college students to interact with seasoned professionals and learn about the varied career opportunities within the financial services industry. Additionally, the FSP hosted the Second Annual Summit, at which 120 executives and professionals from banking, human resources, diversity and inclusion, community development, and philanthropy gathered to discuss the released report's implications for collective and individual actions. For more information on the efforts of the FSP, please see Appendix A.

Challenges

The Bank continues to experience challenges in expanding female and minority representation, especially at the Officials and Managers category. In 2015, the percentage representation of women and African-Americans at these levels decreased from 2014, and remained static for Latinos. In the Professionals category, which frequently serves as a pipeline for leadership positions, female percentage representation declined and Latino percentage representation remained unchanged compared to 2014. While female representation in both the Officials and Managers and the Professionals groups remains strong at 45 percent, African-Americans and Latinos have a more limited percentage representation.

While progress has been made toward closing the gaps in underutilized job groups, challenges are especially prevalent for Upper Level Technology Professionals and Knowledge Leaders. Many of these positions are traditionally filled with internal talent that have years of experience and expertise. As a result, it is challenging to find external talent that meets the technical qualifications while being willing to accept public sector salaries. Creating more diverse pools in the entry level

job groups will allow for a bigger pool of diverse talent over time for these upper level positions.

The challenges facing the Bank in its efforts to increase the diversity of staff, especially at more senior levels within the organization, are varied and complex. With respect to recruitment, the timing of the FRBC's participation in diversity recruitment and career conferences does not always align with the timing of open positions, and due to the need to serve as good stewards of the public's funds, the Bank does not typically hire in anticipation of future open positions. In addition, openings for entry-level roles are not in abundance, and it has become increasingly difficult to compete for diverse talent in the mid-level, more specialized roles for which the Bank often seeks candidates.

Another challenge is to ensure the retention of the Bank's diverse staff. A number of factors, including the Bank staff's regulatory experience and expertise, their extensive training, and the often lucrative private-sector salaries available to them, negatively impact the FRBC's ability to retain and develop staff to assume even higher management levels within the Chicago Fed. The need to focus on the retention of diverse staff is heightened by the increasing number of employees eligible for retirement in the coming years, which could also have a negative impact on the Bank's representation of females and minorities. The Bank continues to face common challenges identified in prior years as it relates to the development of talent already in the organization. Limited upward mobility is a key concern, particularly at the leadership level.

Next Steps

The Chicago Fed will continue to lead the System's participation at national diversity recruiting conferences and will implement short- and long-term recruiting recommendations and related success measures in an effort to maximize the impact of System-level advertising and diversity recruiting. The System's participation in such conferences will focus on identifying female and minority candidates, building a pipeline of diverse talent, and branding the Federal Reserve System on a national level. In order to maximize the outcomes of these events, the strategy will focus on pre-screenings, on-site interviews, and networking geared toward critical open positions.

Throughout 2016, the FRBC will continue to focus on local talent development initiatives, defining on-the-job stretch assignments, and offering rotational opportunities

to broaden Bank-wide exposure and increase Bank-wide acumen. The Chicago Fed also plans to better utilize its ESNGs for strategic sourcing efforts through their networks and events.

During the fourth quarter, a working group comprised of District Leadership Council members, the Bank's EEO Officer, as well as key Human Resources and Supplier Diversity stakeholders was formed to develop a long-term diversity and inclusion strategy for the Bank. This working group is chaired by Roberto Requejo and supported by the ODI staff. The Working Group developed a three-year plan for the Bank including new Bank-wide D&I goals which are:

- We will consistently demonstrate inclusive competencies.
- We will progressively close parity gaps in our talent pipeline.
- We will actively support the work of our Diversity and Inclusion strategic partners.

With the implementation of the new three-year D&I Strategic Plan it is expected that a focus on an even more inclusive culture, paired with the application of a D&I lens to all Human Resources processes, will significantly enhance the Bank's capacity to hire, retain, and develop women and minorities.

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. In 2015, the Federal Reserve Bank of Chicago focused its efforts on more directly linking the supplier diversity program to the Bank's business strategy, structure, and culture.

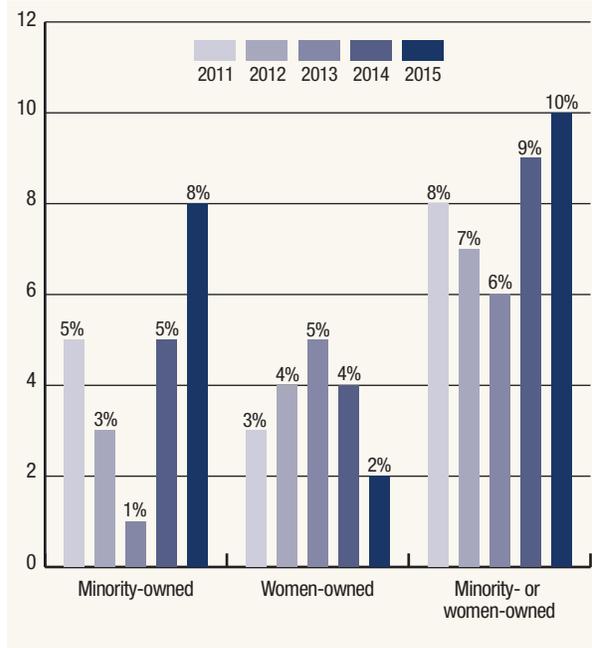
In 2015, the Chicago Fed had five primary supplier diversity goals:

- Continue to lead the Federal Reserve System Supplier Diversity efforts and build on our proactive outreach strategy that conveys our commitment to supplier diversity locally and nationally.
- Expand capacity building workshops for diverse suppliers through Business Smart Week.
- Integrate Supplier Diversity with the Procurement function and business units throughout the Bank.
- Conduct an in-depth spend analytics review.
- Create more challenging targets for our Bank-wide objectives.

Contract Spend And Opportunities For Minority- And Women-Owned Businesses

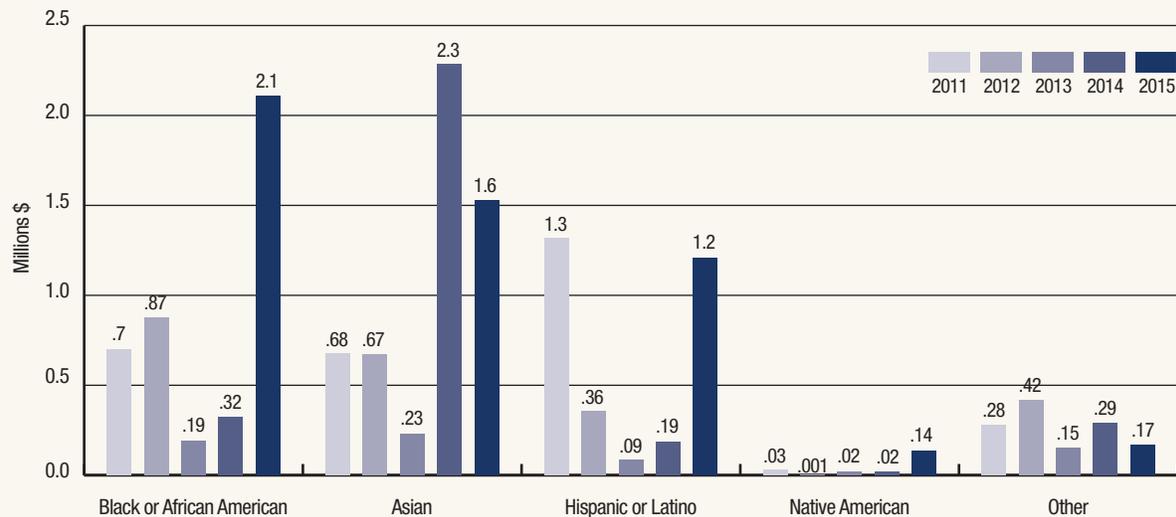
In 2015, the Federal Reserve Bank of Chicago had a total reportable spend⁵ for goods and services in the

Figure 1. Percent of contract dollars awarded to minority- or women-owned businesses, 2011-2015



amount of \$60 million. Of this total, \$6 million, or 10.1 percent, was paid to M/WBEs. Of the \$6 million paid to M/WBEs, minority-owned businesses represented \$4.9 million and women-owned businesses totaled \$1.1 million. In total, 28 M/WBEs were included in 21 total bid events – 54 percent responded to the bid event, resulting in five awards.

Through the implementation of the Supplier Diversity Program strategy and networking with M/WBEs, Procurement and Supplier Diversity have made positive strides in increasing opportunities for those firms to do business with the Federal Reserve Bank of Chicago. Over the last two years, the Federal Reserve Bank of Chicago has increased its percentage of spend with M/WBEs to 10 percent in 2015, the highest level in the past five years (see figure 1). Spend with minority and

Figure 2. Value of contracts awarded to minority-owned businesses, by demographic, 2011-2015

women owned businesses are tracked by ethnicity. The classifications are African-American or Black, Asian, Hispanic, Native American, and other (see figure 2).

The Bank also continues to record and monitor Tier 2 spend opportunities with M/WBE suppliers. The Bank spent \$7.5 million on ten projects, which generated \$468,650 in Tier 2 spend with the Bank's Chicago general contractor, Executive Construction, Inc. (ECI), an MBE. In addition, the Bank captured \$720,611 in Tier 2 M/WBE spend from Sodexo, Inc. in 2015. When Tier 1 and Tier 2 spend are added together, the Bank's reportable spend with M/WBEs totals \$6.76 million, or 11.3 percent of total reportable spend.

The Bank increased its spend with M/WBEs in 2015 through a number of different efforts throughout the Bank. New Supplier Diversity Bank-wide objectives were developed in collaboration with Procurement and the Office of Diversity and Inclusion. These new measures set higher goals for including M/WBEs in the procurement sourcing process, emphasizing the importance of greater inclusion in the procurement process for all business units of the Bank. Additionally, the Chicago Fed completed a Data Optimization Project in 2015, which converted raw spend data into actionable spend intelligence. This exercise allowed the Bank to collect data on highly visible factors and uncover potential M/WBE utilization opportunities.

The Chicago Fed also began implementation of Enterprise Procurement Information Center (EPIC), a sourcing request tracking tool and a database of pre-qualified suppliers, in various categories of spend, including M/WBEs, which can be accessed online for any acquisition of \$10,000 or more. This will help in identifying opportunities early in the process and give more time to identify M/WBEs that can meet the criteria of The Chicago Fed's bid events, which in turn will increase opportunities for minority and women-owned businesses and improve the Bank's business relationship with diverse suppliers.

Successes

In addition to increasing its M/WBE spend to its highest level in five years the Bank also had additional success in its Supplier Diversity program. The Federal Reserve Bank of Chicago significantly expanded its second annual Business Smart Week initiative, designed to provide Minority- and Women-owned small business enterprises with information and tools to better manage their businesses. Business Smart Week was held in Chicago and Detroit and hosted more than 250 participants in 2015, compared to 140 in 2014.

The Chicago Fed also coordinated the Federal Reserve System's presence at national supplier diversity conferences. On June 23-25, 2015 the Federal Reserve System participated in the Women's Business Enterprise National Council (WBENC) Conference and Business Fair in

Table 5. Supplier diversity outreach activities, 2015

Chicago Business Opportunity Fair 48 (CBOF48)
Illinois Hispanic Chamber of Commerce Business Expo
Women's Business Development Center Entrepreneurial Women's Conference
Michigan Procurement Conference – Detroit
Board of Governors Business Expo
Women Business Enterprise National Conference Summit & Salute – Baltimore
Women Business Enterprise National Conference National Conference – Austin
National Minority Supplier Development Council National Conference
Illinois Hispanic Chamber of Commerce – United States Department of Transportation (USDOT) Small Business Transportation Resource Center Retreat
Women's Business Development Center Bankers Breakfast
Michigan Minority Supplier Development Council – General Motors GM Leadership Development Forum
Chicago Minority Supplier Development Supplier Development Council Procurement Luncheon
Financial Services Roundtable for Supplier Diversity
Turner Construction Graduation
Business Smart Week (Chicago and Detroit)

Austin, Texas. Twenty representatives from the 12 Federal Reserve Banks worked the booth at the conference and gathered information from over 80 suppliers.

The Federal Reserve System also participated in the 2015 National Minority Supplier Development Council (NMSDC) Annual Conference and Business Fair held on October 23-26, in San Diego, CA, and gathered information from over 65 suppliers.

In addition to enhancing its booth presence, the Federal Reserve System once again participated in one-on-one match-making opportunities for M/WBE suppliers and made Federal Reserve decision makers accessible to the diverse business community.

The Federal Reserve Bank of Chicago hosted or participated in numerous Supplier Diversity events in 2015, listed in table 5, to increase awareness of the Federal Reserve System in the M/WBE community and to identify future vendors.

Challenges

Contracting opportunities managed by the Chicago Fed continue to be somewhat limited as some purchases of goods and services are handled by the Federal Reserve System's National Procurement Office. This challenge is proactively addressed through participation in Procurement-led Acquisition Review meetings with the Bank's business units to discuss the current status of contracts and understand future contracting needs. This best

practice will help Procurement get ahead of sourcing events and thus have more opportunities to provide quality M/WBE firms for sourcing events.

Next Steps

In 2016, our goal is to continue to work toward making supplier diversity an integral part of the overall procurement process, as opposed to a separate program, initiative, or fiscal year priority. Better integrating supplier diversity into the sourcing process will increase opportunities for minority- and women-owned businesses and improve the Bank's business relationship with diverse suppliers.

To help Bank employees better understand that increasing the diversity of the Bank's suppliers is consistent with, and an important component of, the Fed's mission to promote economic stability, the Supplier Diversity program will facilitate a series of educational and awareness sessions in 2016.

Additional key actions for 2016 will include:

- Fully implement EPIC to better integrate Supplier Diversity into the procurement function
- Upgrade the Procurement/Supplier Diversity program management dashboard providing meaningful metrics and identifying new procurement opportunities
- Develop and execute Bank-wide Procurement and Supplier Diversity educational/awareness strategies
- Expand capacity building programs through the Business Smart Week initiative by including other Federal Reserve Banks
- Elevate the Federal Reserve System's presence at national conferences by facilitating workshops or providing economic updates

Financial Literacy and Community Outreach

During 2015, the Office of Diversity and Inclusion continued strengthening its partnerships with academic, governmental and nonprofit organizations in order to serve majority-minority and all-girls high schools in the Chicago and Detroit areas. The vast majority of the programming is executed by more than 150 volunteers from the Bank. Chicago-based high school programs are managed by ODI and the Public Affairs and Economic Research departments. In Detroit, Business Economist Martin Lavelle helps to lead the Branch's effort to reach high school and college students through various outreach programs. In 2015, the FRBC participated in numerous community and System outreach events and programs. Examples are listed below:

Junior Achievement

This year, the Chicago Fed celebrated Junior Achievement of Chicago's (JA) 75th anniversary by participating in volunteer efforts to reach JA's goal of impacting 525,000 students for the 2014-2015 school year. For the week of the anniversary, JA planned a region-wide volunteer event that reached 38,652 students in 1,672 classrooms in 76 schools. The Federal Reserve Bank of Chicago contributed to the goal by impacting over 2,300 high school students in 14 high schools and 136 classrooms. During the rest of the year, the Bank continued using JA's curriculum to deliver sessions on financial literacy and college and career preparation to high school students from minority backgrounds in Chicago and Detroit.

Corporate Work Study Program

Due to the success of the Cristo Rey Jesuit High School Corporate Work Study Program (CWSP) in prior school years, the Bank continued its agreement and expanded its intern pool from nine to eleven student workers in 2015. Through this renowned national program, African-American and Latino high school students work part-time at the Chicago Fed headquarters in key business areas including Accounts Payable, Central Bank Services, Information Technology, Facilities Management, 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.

In addition, 29 Bank volunteers from the Latino Resource Association (LRA) and the Women's Impact Network (WIN) participated in CWSP's Summer Business Institute for the incoming freshmen from Cristo Rey and Christ the King High Schools. Chicago Fed volunteers taught classes to give the students an introduction to corporate etiquette and to expectations in the workplace. Over 400 students attended the classes.

Young Women's Leadership Charter School

The Bank's Women's Impact Network continued to expand and strengthen its partnership with the Young Women's Leadership Charter School, a high school devoted to preparing females for college and careers in science, technology, engineering and mathematics (STEM). WIN members continued their participation in the school's mentoring program and in several one-on-one mentoring events held throughout the year.

Additionally, 60 students from a ninth grade class from Young Woman's Leadership Charter School, all of whom have a technology class as part of their curriculum, participated in a case study facilitated by 30 Bank volunteers. Organized by WIN, African American Association for Personal and Professional Growth, and Junior Achievement, the activity helped students understand the various career paths that are available in information technology and taught students how to protect themselves and their personal information from cyber bullies.

National Society of Hispanic MBAs (NSHMBA)

The Bank's Latino Resource Association continued to partner with NSHMBA by hosting a session of the Summer Enrichment Program (SEP) at the Bank. SEP is a summer program that organizes corporate and college tours in addition to offering courses in business, college prep, communications, networking, and financial literacy. On July 2, 44 students from majority-minority high schools came to the Bank for a half-day program that included networking with Bank leaders and staff,

financial literacy workshops, and a visit to the Bank's Money Museum.

Financial Literacy Day

In celebration of Diversity Month, and in support of the Federal Reserve System's Financial Literacy Day on October 21, the ODI partnered with the Bank's Veterans Support Group (VSG) and Junior Achievement to volunteer at the Phoenix Military Academy. Chicago Fed volunteers taught financial literacy classes to about 350 students in 14 classes using Junior Achievement's curriculum.

Austin Polytechnical Academy Mentorship Initiative

The Office of Diversity and Inclusion, in partnership with APPG and JA, collaborated with Austin Polytechnical Academy to develop a mentoring program for 16 students for the 2015-2016 school year. The focus of the program is to provide the students with consistent role models outside of their family structures while they attend JA workshops centered on financial literacy, economics, self-awareness, and professional development.

Economic Awareness Council

The Bank partnered with the Economic Awareness Council (EAC) to provide financial literacy and college and career preparation programming to students from majority-minority high schools. EAC's programs provide skills-based training on basic financial education concepts, such as banking, saving, budgeting, credit, investing and career development. On February 25, Chicago Fed volunteers attended the EAC Conference to discuss career preparation and useful skills in college and the workplace with 150 high school students. On May 8, forty students came to the Chicago Fed to celebrate their EAC program graduation and learn about the Bank. On May 27, thirty-five high school students learned from Chicago Fed staff about the importance of financial education, behavior change and peer motivation. EAC gave students the opportunity to create their own budget, set saving goals and make a financial plan. Finally, on December 9, Bank volunteers participated in a College Statement Review event. The volunteers reviewed essays from 30 high school students and completed a review form to provide detailed, constructive feedback.

Math x Economics

In July, Loretta Ardaugh, Research Department Assistant Vice President, organized the second *Math x Economics* program at the Federal Reserve Bank of Chicago. The program is based on similar programs offered by the Board of Governors of the Federal Reserve System, the Federal Reserve Banks of New

York and Kansas City, and the El Paso Branch of the Federal Reserve Bank of Dallas. The goal of this day-long program is to inform minority high school students who excel in math about opportunities in economics at the PhD level. Presenters included a Public Affairs staff member and a PhD Economic Research staff member.

Teacher Night at the Fed- Detroit

In addition to other outreach efforts, the Detroit branch continued hosting its Teacher Night at the Fed programs where economics and personal finance teachers were offered continuing education credit through the Michigan Council on Economic Education. This year's programs focused on opportunity cost, economic development, and consumer spending. More than 120 teachers attended and learned about new ways to teach economics to students.

Money Museum

The Money Museum is located at the Chicago Fed head office building and features interactive displays designed to boost the public's financial literacy and knowledge of the Federal Reserve System. The museum is operated by the Bank's Public Affairs Department and 18 Fed employees volunteer to give short presentations to visitors through the Bank's Fed Ambassador program. In addition to the thousands of guests that visit the Money Museum each year, the Public Affairs department creates targeted programs for high school students. These programs include a tour of the Money Museum with presentations explaining the role of a central bank, the responsibilities of the Federal Reserve System, and the history of currency and banking in the United States.

Money Smart Week

In 2015, Money Smart Week (MSW), a series of free classes and activities designed to help consumers better manage their personal finances, continued its expansion throughout the Seventh District. Held in the month of April, MSW is led by Federal Reserve Bank of Chicago Manager of Outreach Programs Alejo Torres. Data derived from MSW attendance surveys shows that in 2015, 66 percent of MSW participants were women and 34 percent minorities. Close to 10,068 high school students attended a variety of Money Smart Week events.

In Detroit, the Chicago Fed partnered with several financial institutions and nonprofits to reach 6,470 youths through Money Smart Week events. Among adult participants, 72 percent were female and 68 percent were minorities.

Appendix A: Financial Services Pipeline (FSP) Initiative

Recognizing that lack of diversity has a negative impact on the competitiveness and equity of the Chicago region, and on the organizational cultures and financial firms' "bottom lines," a group of Chicago-based financial institutions joined forces with the Federal Reserve Bank of Chicago and The Chicago Community Trust—the region's community foundation—to form the Financial Services Pipeline (FSP) Initiative in 2013. Founding members of the FSP include Ariel Investments, BMO Harris Bank, the Federal Reserve Bank of Chicago, Holland Capital Management, Loop Capital, Northern Trust, and Urban Partnership Bank; with Bank of America, CME Group, Madison Dearborn Partners, Mesriow Financial, U.S. Bank, and Wintrust joining in 2014. New members that joined in 2015 included JPMorgan Chase, Federal Home Loan Bank of Chicago, and The PrivateBank.

The FSP Initiative is governed by a CEO Leadership Council co-chaired by Terry Mazany, President and CEO of The Chicago Community Trust; Rick Waddell, Chairman and CEO of Northern Trust; and Monica Walker, CEO and CIO of Holland Capital Management. It is also governed by a Steering Committee co-chaired by Valerie Van Meter, Senior Vice President and OMWI Director at the FRBC, and May Pelz, Director of Data Governance and Analytics at The Chicago Community Trust. Assistant Vice President and Deputy OMWI Director Roberto Requejo and Senior Project Manager Jia-Shin Osiel of the Chicago Fed manage the Initiative. Two key goals of the FSP Initiative are:

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

The Initiative's goals are to be achieved in three phases. Phase one, "Formation," took place throughout 2013 and part of 2014, and entailed establishing the groundwork for the Initiative, recruiting a number of firms into

the effort, and issuing an RFP for consulting services. FSP Initiative Steering Committee members selected Mercer, a global human capital consulting firm, to undertake research to inform the Initiative's action plan. Phase two, "Research and Action Planning," started in late 2014 and continued throughout 2015. It entailed conducting relevant research and developing an action plan based on key findings to address the FSP Initiative's goals, as well as on metrics to gauge success. Phase three, "Implementation," will consist of executing the different actions designed during Phase two by pooling resources and partnering with other organizations, when needed, starting in 2016.

Mercer's research on behalf of FSP commenced with a series of interviews with experts and leaders in human resources and diversity and inclusion from the different FSP member organizations. Research continued with the development of an aggregated Internal Labor Market (ILM) map, including data on hires, promotions and exits from members of the Initiative, as well as projections for expected representation of African-Americans and Latinos in the local financial industry within the next five years. Additionally, Mercer administered a survey to almost 10,000 leaders and professionals working at FSP member organizations in order to learn about the construction of their professional identities as members of the financial sector, their experiences in the industry, and their ideas on how to enhance diversity and inclusion in the sector. All these research components along with a literature review and a program scan will inform the development of a robust action plan by the FSP Steering Committee.

On October 30, 2015, the Financial Services Pipeline (FSP) Initiative released the comprehensive report on diversity and inclusion in the Chicago region's financial services sector during its second annual Summit, attended by 120 leaders from FSP institutions. "Bridging the Diversity Gap: Building African-American and Latino Talent Pipelines for the Financial Services

Industry in Chicago” (visit www.fspchicago.org to read the full report) indicates that if current rates of hiring, promotion and attrition persist, the representation of African-Americans and Latinos in the sector’s leadership will decline over the next five years.

“Bridging the Diversity Gap” aggregates the findings and presents suggestions for future actions from the sector. Key findings from the research include:

- Based on data provided by participating organizations, the representation of African-Americans and Latinos in positions of leadership in the industry is on course to decline.
- A choke point exists in the promotion of African-American and Latino talent into Senior Management/Executive level positions. African-Americans and Latinos experience favorable rates of promotion into managerial-level positions in the industry, but few advance out of those levels and into more senior positions with their current employers. The data indicate that African-Americans and Latinos are more likely to enter Senior Management/Executive positions by being hired into them rather than by being promoted into them.
- Retention of African-American and Latino talent is a major challenge. In general, employers report higher rates of attrition of African-American and Latino employees compared to rates for others and notably higher rates of attrition exist where the observed choke point of advancement exists, out of the Managers level.
- The Professional career level offers significant opportunity for launching successful careers in financial services for African-Americans and Latinos. African-Americans and Latinos experience higher rates of career advancement out of the Professional career level relative to others. They also report, relative to whites, more favorable work experiences and more positive views of the industry and its reputation.
- Early exposure to the industry contributes to its attractiveness to African-Americans and Latinos as a place to work. African-Americans’ and Latinos’ interest in working in financial services often crystallizes during the high school years, compared to college years for whites. Internships and co-op programs were cited as some of the ways of generating early exposure and interest.
- Once employed within the financial services industry, African-Americans and Latinos report distinctive experiences in, and perceptions of, the industry. For example:
 - Opportunities for career advancement are very important to both African-Americans and Latinos and are the most important influences of their intention to work in the industry. However, the two groups differ in what they feel they need for continued advancement. Both see support from managers and senior leaders as critical to advancement opportunities, but African-Americans are more likely to cite additional education as essential to continued advancement, whereas Latinos are more likely to cite additional experience.
 - Fairness with regard to access to opportunities, the distribution of rewards, and the application of employer policies are important to all groups. The experience of fairness by African-Americans and Latinos is less positive than that of whites.
 - African-Americans and Latinos are less likely than whites to feel there is a racially and ethnically diverse mix of role models in their organizations and are less likely to perceive a leadership commitment to D&I.
 - Overall, African-Americans report relatively higher levels of job insecurity. At the most senior career level, intentions to leave the industry are more prevalent among African-Americans and Latinos compared to whites.

The report presents recommendations for individual employers and for the industry as a whole to address diversity and inclusion gaps in the sector. The report recommends that individual employers work to fill senior leadership from within, reduce attrition, and hire African-American and Latino talent at the professional career level. The report also encourages demonstration of commitment to diversity and inclusion by top leadership, as well as actions to ensure fairness. Collectively, the industry needs to build community relations to create early awareness of opportunities in the financial services sector, giving African-Americans and Latinos early positive exposure to the sector. According to the report, it would also benefit the sector to identify diverse talent with skills transferable to the sector, allowing recruiters to target talent from other industries, and to expand industry recruitment efforts of new graduates, widening the number and types of university sources of talent. Together, these actions would enlarge the pool of talent for recruitment into the industry.

The FSP has committed to a set of ongoing initiatives that will work to sustain its inclusion efforts. Annually, the FSP will continue to host a Summit, bringing together valued partners and potential stakeholders to inform them of the

Initiative's progress and provide a forum for input. The FSP will also continue to host an Intern Career Conference each summer, as a part of collaborative efforts to increase the diverse representation of African-Americans and Latinos in the financial services industry. To measure progress, the FSP will complete an index of member firms annually, which will offer a snapshot of racial/ethnic diversity within Chicago metropolitan region's financial sector. These ongoing programs will supplement the strategic planning projects. The Steering Committee is currently determining other strategic initiatives that can address the research findings and help to meet its long-term objectives.

Appendix B: Employer Information Report EEO-1

Employer Information Report EEO-1 Federal Reserve Bank of Chicago, 2015 Employer Information Report

Occupational Categories	Total Employees			Race/Ethnicity													
				Hispanic or Latino		Non-Hispanic or Latino											
	White		Black or African American			Asian		Native Hawaiian or Other Pacific Islander		American Indian or Alaska Native		Two or More Races					
	All	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
1.1 Exec. Sr. Officials and Managers																	
By total	12	6	6	0	0	6	5	0	1	0	0	0	0	0	0	0	0
By percent	100%	50.0%	50.0%	0.0%	0.0%	50.0%	41.7%	0.0%	8.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
1.2 First Mid. Level																	
By total	309	169	140	16	14	128	95	12	19	13	10	0	0	0	0	0	2
By percent	100%	54.7%	45.3%	5.2%	4.5%	41.4%	30.7%	3.9%	6.1%	4.2%	3.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.6%
Official & Managers Total																	
By total	321	175	146	16	14	134	100	12	20	13	10	0	0	0	0	0	2
By percent	100%	54.5%	45.5%	5.0%	4.4%	41.7%	31.2%	3.7%	6.2%	4.0%	3.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.6%
2. Professionals																	
By total	912	499	413	48	44	329	244	55	71	61	50	1	0	1	0	4	4
By percent	100%	54.7%	45.3%	5.3%	4.8%	36.1%	26.8%	6.0%	7.8%	6.7%	5.5%	0.1%	0.0%	0.1%	0.0%	0.4%	0.4%
3. Technicians																	
By total	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
By percent	0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
4. Sales Workers																	
By total	5	3	2	0	0	3	2	0	0	0	0	0	0	0	0	0	0
By percent	100%	60.0%	40.0%	0.0%	0.0%	60.0%	40.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
5. Admin Support Workers																	
By total	159	54	105	13	17	11	35	23	50	6	3	0	0	0	0	1	0
By percent	100%	34.0%	66.0%	8.2%	10.7%	6.9%	22.0%	14.5%	31.4%	3.8%	1.9%	0.0%	0.0%	0.0%	0.0%	0.6%	0.0%
6. Craft Workers																	
By total	20	19	1	3	0	14	1	0	0	2	0	0	0	0	0	0	0
By percent	100%	95.0%	5.0%	15.0%	0.0%	70.0%	5.0%	0.0%	0.0%	10.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
7. Operatives																	
By total	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
By percent	0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
8. Laborers and Helpers																	
By total	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
By percent	0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
9. Service Workers																	
By total	84	71	13	19	3	30	3	22	7	0	0	0	0	0	0	0	0
By percent	100%	84.5%	15.5%	22.6%	3.6%	35.7%	3.6%	26.2%	8.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total Workers																	
By total	1501	821	680	99	78	521	385	112	148	82	63	1	0	1	0	5	6
By percent	100%	54.7%	45.3%	6.6%	5.2%	34.7%	25.6%	7.5%	9.9%	5.5%	4.2%	0.1%	0.0%	0.1%	0.0%	0.3%	0.4%

Appendix C: 2015 Standard Core Measures

2015 Standard Core Measures		
Topics	Measures	Metrics
Management Representation	Top 2 EEO-1 Categories – Sr. Execs & Mid-Lvl Mgrs	321
	% Women	45.5%
	% Minorities	27.1%
Hiring Statistics	Total External Hires	167
	% Women	44%
	% Minorities	47%
Interns	Total Interns	47
	% Women	46.8%
	% Minorities	38.3%
M/WBE Expenditures	Total Spend (in millions)	\$6,035,132.87
	% WBE	1.9%
	% MBE	8.1%
Financial Education	# of Events	32
	# of Students attended	3,781
	# of Educators attended	140
	# of Students reached	10,500

Appendix D: Procurement Spend, Four-Year Trend

Procurement Spend, Four-Year Trend

	Fiscal Year/Calendar Year							
	2015		2014		2013		2012	
	\$	%	\$	%	\$	%	\$	%
Total reportable spend ¹	\$59,999,842.52		\$51,214,219.08		\$51,070,099.99		\$59,056,645.19	
Minority-owned ²	\$4,888,520.99	8.1%	\$2,827,654.90	5.5%	\$662,769.85	1.3%	\$1,942,851.45	3.3%
Women-owned ³	\$1,146,611.88	1.9%	\$1,840,892.33	3.6%	\$2,403,558.29	4.7%	\$2,243,577.48	3.8%
Total minority-owned and women-owned ⁴	\$6,035,132.87	10.1%	\$4,668,547.23	9.1%	\$3,066,328.14	6.0%	\$4,186,428.93	7.1%

¹ Reportable spend: All amounts paid to third party contractors (i.e., not inter-Fed payments, not government payments, not payments to tenants that rent space, etc.) for goods, services, and software. Definition taken from final System legal opinion on reportable spend dated May 26, 2011.

² Minority-owned: All minority-owned businesses, including minority female-owned companies

³ Women-owned: Caucasian women-owned businesses only

⁴ Total minority-owned and women-owned: Total of previous two lines

Endnotes

¹An 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.

²The analysis presented is focused on the following EEO-1 job categories in the 7th District: Executive/Senior Level Officials & Managers and First/Mid-Level Officials & Managers; Professionals; and Administrative Support. The following EEO-1 job categories have been excluded from this analysis: Sales Worker (5 total Bank employees); Craft Workers (20 total Bank employees); and Service Workers (84 total Bank employees). Currently, we have no Bank employees in the following EEO-1 job categories: Technicians, Operatives, and Laborers & Helpers.

³The most recent information applicable to our 2015 Workforce Analysis was based on 2010 US Census figures contained in the 2010 EEO Tabulation Files for the Bank's reasonable recruitment areas (7th District recruitment areas are: Chicago, Des Moines, and Detroit, and for some positions, US Recruitment Area is used). The 2010 Tabulation Files are based on the American Community Survey conducted by the US Census Bureau.

⁴Knowledge Leaders (KL) – Formerly known as Senior Professionals (SP). In 2013, the 7th District implemented a new leadership structure that eliminated the Senior Professional role and classified executive managers in this job group as either Officers or Knowledge Leaders. The Knowledge Leaders 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. Individuals in this job group are also considered “individual contributors” and are expected to exercise leadership by using extensive technical knowledge and critical thinking skills to significantly influence strategy and policy development at both the business and industry level.

⁵“Reportable expenditures” 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.

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