



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

March 2018

FEDERAL RESERVE BANK OF CHICAGO



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

March 2018

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 designated financial institutions, 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

Conduct high-quality research and analysis that informs public policy in pursuit of improved economic outcomes and greater financial stability. Anticipate and respond to developments in financial markets and institutions, payment systems, and the economic challenges faced by workers, businesses, consumers and communities.

Financial Stability

Promote the stability of banking and financial markets by:

- Identifying, analyzing and addressing risks impacting the financial system.
- Conducting effective macro and micro prudential supervision.
- Protecting consumers of financial services and ensuring equal access to credit.
- Ensuring market liquidity through condition monitoring and prudent and timely lending.

Payments

Foster the integrity, efficiency and accessibility of U.S. payment systems.

- Partner with System entities to execute the Financial Services' Strategic Plan by leveraging customer

relationships, market research and product development expertise.

- Utilize our research expertise and industry relationships to address strategic payments issues end-to-end and serve as a catalyst for change.
- Provide a secure and resilient FedLine network.
- Maintain confidence in the nation's currency through efficient operations, uninterrupted currency supply and strong counterfeit-currency detection.

Relationships

Invest in relationships through collaboration to create shared value with internal and external stakeholders.

- Gather and deliver information relevant to our mission regarding the economy, financial institutions, payments and the community.

People

Recruit, retain and develop the highly skilled staff and leaders required to achieve our mission. Foster a collaborative, challenging and inclusive environment that promotes a workforce diverse in thought, background and perspective.

Risk & Control Environment

Achieve operational excellence in a risk-focused environment.

- Identify, evaluate and manage risks appropriately.
- Safeguard our people, information and assets.
- Maintain strong controls in our operations and processes.

Our Core Values

Our values make us what we are. Through them, we make a promise to each other that all our work will reflect who we are as a team.

Integrity

We are honest, fair, courageous and independent in order to maintain strong public confidence in our Bank and in the Federal Reserve System.

Respect

We value diverse talents and perspectives and empower one another to advance our mission.

Responsibility

We are accountable for our individual and collective actions and honor our commitments to the public and one another.

Excellence

We strive to achieve the highest level of performance in pursuit of our mission.

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.

Contents

Executive Summary	6
Introduction	8
Minority and Women Employment	11
Minority-and Women-Owned Businesses	23
Financial Literacy and Community Outreach	27
Appendix A: Financial Services Pipeline (FSP) Initiative	30
Appendix B: Employer Information Report EEO-1	32
Appendix C: 2016 OMWI Core Metrics	33
Appendix D: Procurement Spend, Four-Year Trend	34
Endnotes	35

Executive Summary

During 2017, the Federal Reserve Bank of Chicago (the FRBC and the Bank) continued advancing its diversity and inclusion (D&I) strategies through the work of its Office of Diversity and Inclusion (ODI), now in its seventh year of existence. Recently integrated with the District's Human Resources and Internal Communications functions under the umbrella of the People & Culture Department, the ODI is recognized as a valued support function and has developed collaborative partnerships with Supplier Diversity, Public Affairs and other functional areas of People & Culture. 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. In addition, the ODI partners with our seven employee resource groups and the Volunteer Council (VC) to progress the FRBC's diversity and inclusion objectives both within the Bank and the local community. The VC, which was formed in 2014, complements the Bank's commitment to Corporate Social Responsibility and our volunteer efforts in the Seventh District.

The FRBC's 2016-18 D&I Strategic Plan, launched in 2016, continued to guide the Bank's direction this year, with an ongoing focus on culture, talent pipeline, and community and branding. Efforts continued to further embed D&I into the organization's overall people practices and business performance while building a culture that encourages diversity of thought, collaboration and open dialogue.

Moreover, the Bank's collective efforts led to significant achievements in the following key areas:

Minority and Women Employment

- As of December 31, 2017, representation of females in all high-level job groups in the Bank is above the market availability.

- Both headcount and percentage representation of females and minorities in the Officials and Managers internal job groups increased in 2017.
- The Bank employed 46 college interns, of which females represented 48 percent, and 43 percent were minorities.
- The Bank's People & Culture department continued to coordinate the Federal Reserve System's Diversity Recruitment Conference strategy. In 2017, the Bank participated in several key national conferences, including the Power of Performance Leadership at the Next Level Conference sponsored by the National Black MBA Association (NBMBA) and Prospanica (formerly known as the National Society of Hispanic MBAs (NSHMBA)); and the Grace Hopper Celebration of Women in Computing Conference sponsored by the Anita Borg Institute.
- The District continued its active leadership of the Financial Services Pipeline (FSP) Initiative, a coalition of firms working to increase career progressions and representations of African-Americans and Latinos in Chicago's financial services sector. FSP membership includes approximately 18 firms, and the coalition conducted its annual Intern Career Conference – hosting over 100 interns and students – as well as its annual FSP Summit.

Minority-and Women-Owned Business

- The Bank spent approximately \$9.1 million with Minority-and Women-Owned Business Enterprises (M/WBEs), (14 percent of its total reportable spending), an increase of \$2.4 million compared to 2016.
- The Bank successfully hosted its fourth Business Smart Week Initiative, a technical assistance conference serving 452 participants in Chicago and Detroit. Participants included a significant number of M/WBEs.
- The Bank continued to partner with nonprofit organizations to increase minority- and women-owned businesses' participation 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:

- Volunteers from the Bank impacted more than 100 high school classrooms, serving as teachers, mentors and presenters at majority-minority and all-girl schools located throughout Chicago.
- Nine high school interns are working part-time jobs in seven different Bank departments through a partnership with the Corporate Work Study Program at majority-minority Cristo Rey and Christ the King High Schools. The FRBC expanded the program to the Detroit branch in 2017, where four students from Detroit Cristo Rey High School began working at the start of the 2017-2018 school year.
- More than 175 teachers attended the sixth year of the Teacher Night at the Fed program at the FRBC's Detroit branch.

In addition to the 2017 accomplishments highlighted in this executive summary, the Bank had many others relating to workforce diversity, supplier diversity, and financial literacy that are described throughout this report.

Introduction

In 2011, the Bank expanded its approach to achieving 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 Lesbian, Gay, Bisexual, and Transgendered (LGBT) community; veterans; and other under-represented groups. Reporting to First Vice President and Chief Operating Officer Ellen Bromagen, Senior Vice President and OMWI Director Nokihomis Willis leads the ODI, along with Human Resources and Internal Communications integrated under the umbrella of the FRBC’s People & Culture Department. Aligning HR, Internal Communications and the ODI under Nokihomis Willis’ executive leadership portfolio provides the structural support for integrating diversity and inclusion into all aspects of the FRBC’s human capital and talent management processes. In addition, the integration of the three functions under one umbrella provides continued collaboration with the Bank’s leadership teams on the implementation and oversight of D&I strategies from the full employee life-cycle perspective.

Now in its seventh year of existence, the ODI coordinates and supports the Bank in meeting its goal of being recognized as a great place to work, a valued business partner, and a trusted community stakeholder that integrates diversity and inclusion within all its business strategies. As part of the ongoing efforts toward achieving these goals, including the Bank’s commitment to better integrate D&I within the business, processes and culture, the Bank made significant progress in 2017.

Approach to Diversity and Inclusion (D&I)

During the third and fourth quarters of 2015, the ODI convened a D&I Working Group comprised of District Leadership Council (DLC) members and other key stakeholders to develop a Bank-wide, three-year (2016 through 2018) Strategic Plan for Diversity and Inclusion. The D&I Working Group was sponsored by President Charlie Evans and First Vice President Ellen Bromagen.

In 2017, the D&I Strategic Plan continued to guide the Bank’s direction, with an ongoing focus on culture, talent pipeline, and community & branding. Efforts continued to further embed D&I into the organization’s overall people practices and business performance while building a culture that encourages diversity of thought, collaboration and open dialogue.

The D&I Working Group reconvened toward the end of 2017 to consider the next stage of the current D&I Strategic Plan. The Workgroup is currently assessing the current state of the 2016-2018 D&I Strategic Plan, and will provide input and recommendations in crafting the overall D&I multi-year framework to replace the current plan, ensuring a clear, simplified business integration that supports measurable and sustainable progress. The D&I Working Group is in the initial stages of this work, targeting a final draft in the early 2018 timeframe.

From a Bank-wide perspective, diversity-oriented affinity groups, or Employee Support Network Groups (ESNGs), continued to play an important role in shaping the Bank’s culture and D&I awareness by providing valuable insights to Bank leadership, such as focus group data that provided additional context about the experiences of specific communities within the Bank. ESNGs had the opportunity to engage with Bank leaders through targeted meetings and presentations. The Silo-Busting Initiative, part of the “Collaboration Initiatives” introduced in early 2016, continued to provide opportunities for employees to participate on

projects, initiatives or other work in areas outside of their own department. Projects in 2017 varied in nature and spanned offices, branches and departments. They continued to nurture a more collaborative culture, breaking down silos and supporting inclusion, knowledge sharing, staff development and exposure.

Over the course of the year, the People & Culture department created and began executing on a strategic roadmap that is, in part, aimed at integrating diversity and inclusion into the FRBC's talent management systems and processes as one means of driving toward greater inclusion.

Members of the People & Culture department partnered to review and assess workforce analysis data with Business Units (BUs) across the Bank. This partnership provided an opportunity to present targeted, holistic consulting regarding development and retention of diverse talent and provided a different lens to understand trends, opportunities and potential areas requiring greater focus.

To further support these efforts, the People & Culture department created an internal Talent Analytics & Insight Team, which will be implementing new metrics including an internal dashboard to share with key FRBC stakeholders. The team will perform talent analytics reporting—focused on discovering meaningful patterns in talent data. In addition, the team will engage management from across the FRBC to identify key talent areas where workforce analytics need to be applied and prioritized.

Employee Engagement Survey

In 2016, the Bank conducted an employee engagement survey to:

- Measure and understand employee engagement (retention).
- Gauge inclusive behavior by leadership and within work units (diversity & inclusion).
- Assess demonstration of the Bank's leadership competencies (leadership performance).
- Provide leadership team members feedback designed to enhance their effectiveness (leadership feedback).

The survey was designed in part to measure inclusion within the FRBC. To that end, a D&I index was created and included questions from the Financial Services Pipeline Initiative (FSP)¹ to assess the Bank's retention drivers for various subgroups of our employee population.

During March 2017, the Bank conducted a pulse survey focusing on: 1) risk orientation; 2) performance management; and 3) the organization's commitment to diversity and inclusion. The survey included 18 closed-ended questions and one open-ended question and was intended to provide Bank leadership with a midpoint check in on departmental action planning efforts prior to a 2018 full survey implementation. Pulse survey results reflected impressive gains toward improving "openness and trust" at the Bank, a key driver of employee satisfaction and an important component of a healthy work environment for all employees. Comments from the survey reflected employee satisfaction with efforts to improve and enhance diversity and inclusion at the Bank.

In 2018, the Bank plans to implement another full engagement survey, which will allow us to more fully assess progress made toward our D&I efforts, including allowing us to compare progress since the 2016 survey. Consistent with the previous survey, the 2018 engagement survey will include a D&I Index and questions from surveys conducted as part of the FSP Initiative.

New Leadership Competency Model

In 2017, the Bank continued work on its initiative to refresh the leadership competency model by soliciting feedback from a wide range of stakeholders, including the Executive Committee (EC), District Leadership Council (DLC), Bank leaders at all levels, and staff. Bank leadership was educated on the new competencies at the final 2017 Leadership Forum in November. Attendees were encouraged to collaborate on the creation of examples that demonstrate how Bank leaders can put the new leadership competencies into practice. The new leadership competencies took effect in 2018 and serve as a guide to help hold leaders accountable for demonstrating inclusive behaviors that support our culture. The new leadership competencies are:

Thinking Strategically	Thinks about issues and navigates relationships to advance the Bank's goals; Leads with the future in mind.
Leading Inclusively	Leverages diverse talents, positively impacts culture and engagement, and encourages development for all employees.
Growing Intentionally	Demonstrates self-awareness and continuous development by seeking out feedback and modifying behavior.

Benefits of the new leadership competency model include:

- **Enhanced focus on inclusion.** As a Bank, we are continuing to prioritize inclusion in our processes and practices. Specifically identifying inclusion as a key competency of our leadership further renews our commitment to an inclusive work environment.
- **Streamlined competencies.** Shifting from five to three competencies streamlines the process, adding clarity and focus.
- **Action-based language.** Updating how our competencies are worded moves action to the forefront, making it easier to model behaviors.
- **Better alignment with individual contributor competencies.** Aligning these leadership competencies with the individual contributor competencies makes it easier for those who aspire to people leadership.

D&I Training Assessment

During 2017, the Bank partnered with Cook Ross Inc.² to find opportunities to further cultural competency across the Bank. This included assessing the D&I acumen of the entire People & Culture department, and recommendations to build the D&I capabilities of all team

members, including leaders, within the department. The two-phased approach started in August 2017.

As part of the first phase, Cook Ross conducted an assessment of the People & Culture team to identify gaps and/or key skills needed to be an effective business partner in championing the D&I goals of the FRBC. The objective was to identify areas of alignment and opportunities to strengthen skills that can support implementation of D&I initiatives across the FRBC.

The second phase, launched in September 2017, consisted of executing an assessment to identify gaps in current, enterprise-wide D&I learning. This included an assessment of the past and current state of D&I training in the FRBC and resulted in recommendations around a D&I learning framework that aligns with the FRBC's current and future diversity and inclusion goals.

These recommendations are currently being assessed as part of the Bank's larger efforts to build a new organization-wide learning framework that will include and embed D&I-focused training as part of its overall suite of offerings.

Minority and Women Employment

Promoting Diversity and Inclusion within the Bank's Workforce

The Bank continued to promote diversity and inclusion within its workforce in 2017, 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. While there was an increase in the number of open positions, the U.S. government's January 23 order to freeze all federal civilian hiring impacted the Bank's ability to recruit and retain workers in 2017.

Staffing Representation: EEOC Job Categories

As of December 31, 2017, the Federal Reserve Bank of Chicago's total regular help staff level was 1,529, a slight decrease of one percent from the 1,545 regular help employees working for the Bank as of December 31, 2016. In 2017, the Bank's female representation increased by one percentage point, to 46 percent. Overall minority representation decreased by one percentage point to 39 percent. Black/African-American employees represented 17 percent of the Bank's workforce (it has remained unchanged since 2015), Hispanic/Latinos 11 percent (a decrease of one percentage point), and Asians ten percent (no change from 2016). Other minorities represented one percent of the Bank's total headcount (no change from 2016). See **Table 1**.

The majority of the Bank's positions fall into three EEOC job groups or categories: Officials and Managers (top two EEOC job categories combined), Professionals, and Administrative Support.³ The Officials and Managers category represents 21 percent of the positions in the Bank (no change from 2016). The Professionals category continues to be the largest, comprising about 61 percent of the Bank's workforce (a slight decrease from 62 percent in 2016). The Administrative Support category represents 10 percent of the Bank's workforce (no change from 2016).

The Bank's Officials and Managers category, which includes the higher tiers of the organization, was 46 percent female and 28 percent minority in 2017 (no change from 2016). Percentage representation within Officials and Managers by race/ethnicity has remained unchanged since 2015. Black/African-Americans represented 10 percent of the Bank's Officials and Managers category, Hispanic/Latinos nine percent, and Asians seven percent.

In 2017, female representation slightly increased within the Professionals category by one percentage point to 46 percent. Minority representation in this category was 37 percent, a slight decrease from 38 percent in 2016. Representation within the Professionals category by race/ethnicity was 13 percent Black/African-American (a slight decrease from 14 percent in 2016), 10 percent Hispanic/Latino (no change from 2016), and 13 percent Asian (no change from 2016).

The Administrative Support category was 67 percent female in 2017 (no change from 2016), while representation for minorities in this category slightly increased to 70 percent from 69 percent in 2016. The Administrative Support category was 46 percent Black/African-American (an increase from 44 percent in 2016), 17

Table 1. Federal Reserve Bank of Chicago reported total workforce demographics, 2016 and 2017

	2016	2017	Change (number)
Male	849	831	-18
Female	696	698	2
Non-Minority	930	929	-1
Minority	615	600	-15
Total Employees	1545	1529	-16

percent Hispanic/Latino (a slight decrease from 18 percent in 2016), and five percent Asian (a slight decrease from six percent in 2016). See **Table 2** and **Table 3**.

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 FRBC 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 Bank 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.⁴

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 approximately 900 employees in the upper-level job groups of the organization, including Officers, Managers, Economists, Analysts, Technology Professionals, and other upper-level job groups. Although there are exceptions, the analysis revealed that in 2017 the Bank made gains from prior years in the representation of women and minorities for some of these upper-level job groups in comparison with the availability of women and minorities in the labor force.

In regard to female representation, and for the first time, the Bank has closed the gap between its representation and the labor market availability (LMA) in all upper level job groups, including the Upper-Level Technology Professionals. As previously reported, this has been a challenge for the Bank due to the significant gender gap that still exists in the supply of talent.

Table 2. Federal Reserve Bank of Chicago workforce profile 2016, 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	46.2%	169	53.8%	531	55.3%	49	33.1%	70	84.3%
Female	7	53.8%	145	46.2%	429	44.7%	99	66.9%	13	15.7%
Non-minority	11	84.6%	226	72.0%	598	62.3%	46	31.1%	28	33.7%
Minority	2	15.4%	88	28.0%	362	37.7%	102	68.9%	55	66.3%
Total Employees	13	100.0%	314	100.0%	960	100.0%	148	100.0%	83	100.0%

Table 3. Federal Reserve Bank of Chicago workforce profile 2017, 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	7	46.7%	169	54.0%	510	54.3%	49	32.9%	73	83.9%
Female	8	53.3%	144	46.0%	429	45.7%	100	67.1%	14	16.1%
Non-minority	13	86.7%	224	71.6%	596	63.5%	45	30.2%	30	34.5%
Minority	2	13.3%	89	28.4%	343	36.5%	104	69.8%	57	65.5%
Total Employees	15	100.0%	313	100.0%	939	100.0%	149	100.0%	87	100.0%

In 2017, the Bank's female representation in the Officers internal job group continues to be 11 percentage points higher than the LMA of women in the Bank's reasonable recruitment areas who are qualified for employment for this particular job group⁵. Additionally, the Managers, and the Upper-Level Administrative Professionals job groups also saw improvements in female representation compared to the LMA in 2017. The Upper-Level Administrative Professionals group includes jobs requiring higher levels of expertise and employees in this job group are individual contributors with senior level experience.

Minority representation increased in the Upper-Level Administrative Professionals job group, and is currently 14 percentage points higher than the LMA of minorities in the Bank's reasonable recruitment areas who are qualified for employment for this particular job group⁶. Not only did the group grow in representation, it also increased in headcount during this reporting period. Minority percentage representation also increased in the Managers job group, and is currently eight percentage points higher than the LMA of minorities in the Bank's reasonable recruitment areas. There was also a slight increase in minority percentage representation in the Officers job group in 2017.

Diversity Recruiting

Diversity recruiting efforts were essential as the Bank continued to make significant gains and close the gaps between the Bank's female and minority representation and the LMA of both groups in the Bank's reasonable recruitment areas. In addition, the Bank continued to expand its emphasis on attracting diverse talent as the coordinator of the Federal Reserve System's diversity recruiting conference strategy.

The Bank's People & Culture department coordinates the Federal Reserve System's diversity recruiting conference strategy and leads complementary efforts to attract diverse talent to staff its Chicago headquarters, Detroit Branch and Des Moines office. Assistant Vice President Amy Kiernan coordinated these efforts in 2017 with strategic oversight from Vice President Kathryn Medina and Senior Vice President Nokihomis Willis.

Since 2007, the Federal Reserve System (the "System") has collaborated to develop and execute strategic national diversity recruiting conference participation and advertising efforts across all Reserve Banks, the Board of Governors and Federal Reserve Information Technology (FRIT). The System's diversity recruiting

conference strategy uses a collaborative and cost-effective approach toward participation in several 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 2017, the System collectively attended the following two national diversity conferences: the Power of Performance Leadership at the Next Level Conference sponsored by the National Black MBA Association (NBMBA) and Prospanica, (formerly known as the National Society of Hispanic MBAs (NSHMBA)); and the Grace Hopper Celebration of Women in Computing Conference sponsored by the Anita Borg Institute. Working closely with these nationally recognized organizations supports and creates marketing and branding awareness of the System among prospective employees. In order to proactively source talent, the System participated in job postings with the NBMBA and created four pipeline requisitions that allowed participants to express their interest in location and positions. At the conferences, more than 430 resumes were collected, and approximately 52 resumes were sent to hiring managers, resulting in 22 face-to-face interviews. Three offers were extended and two candidates accepted. Additionally, there are approximately 87 resumes in the pipeline for potential future job openings.

The System also expanded outreach through enhanced advertisement and social media opportunities. In 2017, the System was highlighted in an advertisement that was featured in the *Black EOE Journal*, *Hispanic Network Magazine*, *Professional Woman's Magazine*, *Diversity in STEAM Magazine*, and *Diversity Woman Magazine*. These magazines were distributed at the 2017 NBMBA and Prospanica Joint Conference, Grace Hopper Celebration of Women in Computing, the National Association of Women MBAs (NAWMB) Conference, Diversity Women's Leadership Conference, and several other conferences the System did not participate in. In 2017, the System expanded its outreach to include social media. The System presence at the conferences and employment opportunities through the Federal Reserve Talent Network were promoted through various channels, including LinkedIn, Twitter, Facebook, and in partnership with the publications listed previously and their social media channels.

In addition to the System-wide diversity recruiting conference project management efforts, the FRBC participated in a variety of local recruiting and career-focused events.

The Bank also participated in two Year-Up events, several events with the Hispanic Alliance for Career Enhancement (HACE), the Society for Asian Scientists and Engineers (SASE) Annual Conference and Career Fair, the National Association of Women MBAs (NAWMBA) Conference and Career Fair, Tech Week, and at a Lesbian, Gay, Bisexual, and Transgendered (LGBT) community career fairs.

The Bank participated in career fairs, professional development sessions, and other recruitment opportunities with the Financial Services Pipeline (FSP) Initiative, the University of Chicago, the University of Michigan, the University of Northern Iowa, and Tennessee State University. The Bank also hired a total of 46 summer interns in 2017, of which 43 percent were minority interns and 48 percent were female interns. One intern was converted to a full-time regular employee. See **Table 4**.

Minority and Women Employment – Successes

As mentioned earlier, the Bank has closed the gap between its female representation and the labor market availability (LMA) in all upper-level job groups, including the Upper-Level Technology Professionals job group. The Bank's female representation in the Officers internal job group remains strong at 11 percentage points higher than the LMA. There were also improvements in female representation compared to the LMA in the Managers, and the Upper-Level Administrative Professionals job groups.

For minority representation there was an increase in the Upper-Level Administrative Professionals job group, which is currently 14 percentage points higher than the LMA. Minority percentage representation also increased in the Managers job group, and is currently eight percentage points higher than minorities in the LMA. There was also a slight increase in minority percentage representation in the Officers job group in 2017.

Minority and Women Employment – Challenges

The Bank continues to experience challenges in expanding female and minority representation, especially in the Officials and Managers category. In 2017, the overall percentage representation of females and minorities at these levels remained unchanged compared to 2016 while the percentage of representation by race/ethnicity in the same category has remained unchanged since 2015. In the Professionals category, which frequently serves as a pipeline for leadership positions, female representation slightly increased by one percentage point,

while minority representation slightly decreased also by one percentage point compared to 2016. Female representation in both the Officials and Managers and the Professionals categories continues to be relatively strong with both at 46 percent. For African-Americans and Latinos, however, percentage representation either decreased or remained unchanged during this reporting period in both job categories.

While progress has been made toward closing the gaps in underutilized job groups, challenges are especially prevalent for minority representation in the Officers job group and for both minorities and females in the Knowledge Leaders⁷ internal job groups. Since many of these positions are traditionally filled with internal talent that has years of experience and expertise, it is challenging to find external talent that meets the qualifications. Creating more diverse pools in entry-level job groups may 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 the more senior levels within the organization, are varied and complex. With respect to recruitment, the timing of the Bank'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 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 experienced, 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 and variable/bonus pay available to them, negatively impact the Bank's ability to retain and develop staff to assume even higher management levels. 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.

Table 4. University career fairs and recruiting outreach initiatives utilized by FRBC in 2017

The University of Chicago
The University of Northern Iowa
Tennessee State University
The University of Michigan

Minority and Women Employment – Next Steps

The Bank 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 continue to focus on identifying female and minority candidates, building a pipeline of diverse talent, and marketing and branding the 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.

In 2017, the Recruiting department made targeted efforts to close the underutilization gaps for female and minorities, and made significant progress in closing current gaps by increasing marketing efforts through career fairs and recruiting at various universities. Focus continues on the minority representation in the Upper-Level Analysts, and Upper-Level Examiner positions, as the gap between the Bank's minority representation and the LMA increased significantly in 2017 in these two internal job groups. As previously mentioned, while there was a slight increase in the number of open positions within the job groups, the hiring freeze had an impact on our ability to fill these roles within the year. Further, there were several openings across these job groups that did not have women and/or minority applicants. The Bank will continue to review its strategies and seek to identify new initiatives, with specific focus on the Bank's strategic partnerships and employee support network groups for strategic sourcing efforts

Training and Development

In addition to diversity recruiting efforts, the Bank continued offering training and development opportunities targeting retention and professional growth of staff.

In 2017, the Bank continued to focus on local talent development initiatives to meet the diverse and chang-

ing needs of the Bank. The Bank-wide talent management strategy was reinforced by continuing Leadership by Design workshops and seminars to develop talent internally. These efforts also included on-the-job stretch assignments, rotational opportunities to broaden Bank-wide exposure, and increasing Bank-wide business acumen. The following development courses were offered in 2017: Conversations Matter for People Leaders, Conversations Matter for Individual Contributors, Leadership Mentoring Program, Bank-Wide Mentoring Program, Internal Consulting, Leader Coach, Change Leadership, Transition to Management, and Writing Constructive Feedback. A total of 135 Bank employees attended these courses, of whom 67 were minorities and 79 females.

The Bank launched an initiative to establish a comprehensive learning and development framework in support of the strategy to develop great talent at all levels. Key objectives include:

- Using a competency-based approach to the framework.
- Focusing on the needs of all employees at different levels of their careers.
- Providing different vehicles for development (mix of on-the-job, classroom/online training, knowledge sharing, etc.).
- Ensuring that key skills and competencies that support creation of an inclusive work environment are addressed.

The project team⁸ engaged a vendor in late 2017 to assist with the design of the framework and end-user platform. Implementation of the framework will occur in 2018-2019. Cook Ross, a company that provides inclusive leadership and culture consulting, has been engaged to identify development opportunities around D&I competence that will be addressed as the learning and development framework is built.

Succession Planning/Talent Review

The Bank's Talent Review initiative is a major undertaking that provides data to inform various leadership development programs. People leaders at the Officer and Manager level are assessed with respect to the Bank's leadership competencies; readiness for movement to various types of roles; development priorities identified by leadership; and self-reported career interests, work experiences and background. The talent review process is used to gather information for use in succession planning. Frequently, through the natural course of the review, potential successors are discussed, as well as actions required to prepare successors for a

successful transition to a new role if selected. People & Culture’s facilitation of the discussion helps ensure that such topics are addressed and noted, that development needs are acted upon in coordination with the business units, and that the diversity of our internal talent pools is considered.

The last Bank-wide Officer Talent Review was completed in 2017 (following our Bank-wide Pipeline Talent Review in 2016). This assessment included individual readiness for increased responsibility and potential flight risk to enhance the discussion around development needs and focus on opportunities that support talent mobility.

In 2017, the Bank launched an initiative to refresh the Bank’s Talent Succession Philosophy and Framework to ensure it is current and aligned to the Bank’s People Strategy for having a robust, diverse talent pipeline. The Bank’s People Strategy captures the overall intent to “promote a workforce diverse in thought, background, and perspective.”⁹ The Talent Succession Philosophy and Framework is being designed with a diversity lens in mind.

The project team assigned to this initiative has engaged the Office of Diversity and Inclusion Team (ODI) and District Leadership Council (DLC) for input during the design and development of the Succession Philosophy and Framework to ensure that the results meet the Bank’s business and talent needs. Work completed in 2017 included a current state analysis, research of best practices and current trends, and gap analysis. The project team¹⁰ will socialize the proposed framework with the DLC and Executive Committee (EC) in 2018. The key objectives of this refresh are to:

- Support continuity at the leadership level.
- Ensure we have current and future talent in order to fill critical roles.
- Foster a culture of leader development, engagement, and career advancement.
- Build a flexible, scalable framework to support the succession management process.

System Leadership Initiative

Similar to the objectives of the Bank’s Training and Development and Succession Planning efforts, the System Leadership Initiative promotes the development of leaders across the System. In addition, it helps coordinate exchange opportunities that contribute to development at all levels of the organization.

These diverse learning experiences complement local leadership development programs.

The System Leadership Initiative (SLI) is an executive development strategy for the Federal Reserve System’s key talent, sponsored by the Conference of Presidents (COP) of the Federal Reserve Banks. The FRBC manages SLI for the System. In 2017, three conferences were offered, two at the emerging leadership level and one for senior leadership. As the leadership conferences reach a broad pipeline of talent across the System, the Office of Minority and Women Inclusion (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.

In 2017, minority and female participation in the conferences was strong and comparable to representation at these levels across the System. The first Thrive conference in 2017 had attendance of 49 percent female and 42 percent minority, and the second Thrive conference had 53 percent female and 26 percent minority attendees.

Additionally, SLI continues to engage in three-year contracts to have access to diverse and varied speakers. Feedback from participants acknowledges the inclusive focus of the conferences and efforts to highlight the topic of diversity and inclusion in the System. The multiyear contracting assists in broadening the range and diversity of speakers.

The System Leadership Exchange program (SLE) offers an important additional avenue to support career development for professionals across the System through offering exchange assignments. Twenty-three exchange assignments were completed by participants, of which 50 percent were females and 50 percent were minorities. In 2017, marketing and communications efforts continued to help SLI reach a broader, more diverse group of leaders.

In 2017, SLI offered Continuing Professional Education (CPE) credits for all three conferences. In total, 39 conference participants were awarded CPE credits.

The 2017 Senior Leadership Conference (SLC) piloted a new partnership with the National Aeronautics and Space Administration (NASA), to offer participants a unique experience of a similar organization’s challenges and

opportunities. The conference was held in Houston, Texas with many sessions on-site at NASA's Johnson Space Center and Space Center Houston and had a favorable attendance with 44 percent female and 26 percent minority.

A challenge specific to 2017 for SLI was the impact the hiring freeze had on the Exchange Program. Due to the hiring freeze, the goal of offered exchanges was not met. The System goal was 42, but only 32 exchanges were offered and 23 of those were completed in 2017. Although challenging, SLI does not expect to face the same challenge in 2018, and it anticipates achieving the goal of 42 or more opportunities across the System.

The greatest challenge SLI continues to face is meeting the strong demand for Thrive conferences. In response to the demand, SLI is offering more sessions and developing content that can be used with leaders outside the formal conferences.

Going forward, SLI will continue to collaborate with the System's OMWI Council and Reserve Banks' leadership to ensure content for conferences supports the System's diversity and inclusion strategies.

Diversity Employee Support Network Groups

In addition to the strategies aforementioned, 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. The Bank supports the ESNGs' efforts to educate Bank staff about their respective communities, and to provide volunteer opportunities in partnership with nonprofit organizations.

The Bank's ESNGs are coordinated by the ODI and provide members the opportunity to interact with each other and contribute to the Bank's performance and work environment. They do this through the context of their cultural, professional, and social experiences. The groups offer support for continuing education and professional development and celebrate their particular histories and heritages while creating community and educating the Bank staff. The diversity ESNGs also provide opportunities for employee involvement in internal and external events held in partnership with non-profit organizations (with a focus on volunteerism in financial literacy and mentoring of high school students). The Bank's ESNGs also support the

District's diversity and inclusion efforts in recruitment, engagement, development, and retention, in partnership with professional associations.

The first diversity ESNG was formed in 2001 and the number of these groups has grown over the years. As of December 31, 2017, the Bank had seven diversity-related ESNGs:

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

Senior leaders serve as executive sponsors of the Bank's Diversity ESNGs. As of December 31, 2017 these were Andre Reynolds, Vice President (APPG); Alpesh Patel, Vice President (AAAG); Emily Greenwald, Vice President (GEN); Matt LaRocco, Vice President (LRA); Joseph Davidson, Vice President (Spectrum); Julie Williams, Senior Vice President (WIN); and Fred Martin, Vice President (VSG).

The ODI continued to intensify its work with members of the ESNG community to strengthen their impact, influence and effectiveness. Strategic plans are designed with three main focus areas:

- Culture.
- Talent Pipeline.
- Community & Branding.

The ODI continues to support ESNGs to bring greater depth to their programming. In 2017, the ODI worked with the ESNGs to further define the efficacy of event planning as it relates to strategic planning, and aligning the missions of the ESNGs with the overall D&I Strategic Plan. ESNG board members were presented with the Bank-wide engagement survey results broken down by demographic identifiers so that strategic planning can address key areas of opportunity within the various sectors of the Bank community. The intention is for ESNGs to be able to help inform the Bank leadership as to the experiences of each group as the ODI determines direction for programming and initiatives, and for the ESNGs to develop their own programming and initiatives to help further the efforts of the Bank.

In 2017, the ESNs successfully conducted a multitude of culture influencing and enriching events and programs. One example of the successes were focus group sessions that were hosted by GEN and WIN that dug deeper into 2016 employee engagement survey data that was shared. The focus group attendees ranged from front-line staff to Officer-level employees and the questions asked fostered additional and more detailed input. Each of the ESNs shared the focus groups feedback with the EC and DLC members in a capstone summary. This helped inform the senior leaders of the outcomes and share potential recommendations for future business initiatives in which ESNs can play an instrumental role in influencing the outcome and cultural behaviors of the organization.

In the latter part of 2017, ESNs continued to focus on internal and external enriching opportunities to further the Bank's D&I journey. In November, APPG hosted its 10th Annual Business Leaders of Color: Releasing the Choking Point panel discussion. During this event, African-American leaders shared their perspectives, insights and recommendations for seasoned and emerging leaders who are looking to gain traction from being "stuck" in middle management to getting promoted to executive-level roles. The event was very successful and demonstrated the openness of the Bank to foster relevant conversations that matter.

For the second year in a row, the FRBC received a 100 percent score on the Human Rights Campaign (HRC) Foundation's 2017 Corporate Equality Index. The Spectrum leadership board in conjunction with the Internal Communications team was instrumental in achieving this high mark.

The main opportunity for many of the ESNs in 2018 is to align with the Bank's strategy relative to creating a Great Place to Work environment. The ESNs over the next few years will be instrumental in the evolution of impact-focused and employee engagement opportunities and experiences that enrich the workplace. The challenge with this will be the prioritization of doing what matters most and continuously staying focused on impact while staying nimble in their approach should a shift be needed to ensure relevance and alignment.

In 2018, all of the ESNs have been charged with beginning to shift to value-centric from volume-based programming and planning. In 2018, there will not be a significant reduction in the number of events and programs, but there will be an increase in courageous and

relevant programming. This will aid in moving toward a workplace that welcomes authentic and courageous dialogue in a safe and welcoming environment.

Additionally, in 2018, the ESNs have begun concerted efforts to host more ESN collaborative events. The impetus for this shift is to create a more dynamic and unified showing across the Bank as well as the ESN communities and to highlight the intersectionality that many topics and conversations pose for the Bank at large. Lastly, the ESN collaborative events are meant to increase overall attendance and participation for the programs and events.

Promoting Diversity and Inclusion – Areas of Focus

As previously mentioned in the introduction of this report, in 2017 the D&I Strategic Plan continued to guide the Bank's direction, with an ongoing focus on culture, talent pipeline, and community and branding. Efforts continued to further embed D&I into the organization's overall people practices and business performance while building a culture that encourages diversity of thought, collaboration and open dialogue.

During the third and fourth quarters of 2015, the ODI convened a D&I Working Group comprised of DLC members and other key stakeholders to develop a Bank-wide, three-year (2016 through 2018) Strategic Plan for Diversity and Inclusion. The D&I Working Group was sponsored by President Charlie Evans and First Vice President Ellen Bromagen.

By 2016, business unit leaders across the FRBC began working closely with consultants from Human Resources & Internal Communications (HRIC), ODI, and Procurement to understand department-level engagement survey results along with workforce analysis and procurement data. Using this information and the FRBC's D&I strategy, each department developed an action plan to address specific areas of opportunity in support of the FRBC's priorities related to the three D&I Strategic Plan's three areas of focus.

Each business unit finalized its action plans, which were shared with the FRBC's EC, the DLC and the FRBC's Board of Directors for transparency and awareness around the collective efforts taking place across the FRBC. These efforts are varied and specific to each business unit. For example, some departments held focus groups with staff to address root issues from engagement survey results and to help foster an inclusive culture. Others actively supported this

year's Supplier Diversity "Business Smart Week," which delivered technical assistance and capacity building programs for minority and women-owned business enterprises (M/WBEs) and provided information and tools to help M/WBEs better manage their businesses.

D&I consultants worked closely with the Bank's business units (BUs) as they executed their action plans throughout the year, partnering with People & Culture colleagues to provide ongoing feedback and consulting. They met with the EC and the DLC during the mid-year and year-end timeframes to discuss the BU's plans and engage in more in-depth discussions assessing D&I successes and challenges across the Bank.

The year-end conversation was followed by an in-person session with an external D&I consultant, who led a hands-on session with the Bank's EC, DLC and People & Culture department, guiding a larger conversation around the Bank's culture and where participants saw opportunities and challenges in the Bank's culture. These efforts will continue as ODI works with colleagues and stakeholders in preparation for the 2018 engagement survey and post-survey next steps.

A detailed summary of the progress as it relates to 2016-18 D&I Strategic Plan's three main areas of focus culture, talent pipeline, and community and branding, is offered as follows:

1. Culture

As previously mentioned, in addition to the initiatives taking place within the BUs, several efforts throughout the year supported the Bank's culture, including the refresh of the Leadership Competencies efforts to create a Bank-wide learning framework with an embedded D&I lens and ongoing Silo-Busting opportunities.

In addition, Bank leadership held several open, informal sessions to encourage open dialogue regarding topics that might be on employees' minds, such as the impact of the hiring freeze or of current events. These sessions were aimed at creating more transparency and trust within the organization, providing opportunities for employees to share their questions and concerns.

In 2017 a mid-year Pulse Survey followed the engagement survey and helped gauge Bank employees' awareness of post-survey efforts. The results indicated that employees generally felt the Bank was doing a better job in creating an environment of openness and trust.

2. Talent Pipeline

From the talent pipeline perspective, business units have implemented a variety of initiatives that speak directly to the opportunities identified within their units related to talent.

For example, some have updated their interview skills training to include unconscious bias content for hiring managers as a way to better prepare them for interviewing candidates. Others have taken their workforce analysis data into consideration and partnered closely with the Talent Acquisition team to ensure qualified diverse candidates are included in the interview pool for all positions.

Furthermore, it's expected that the new People & Culture department's strategic "roadmap," previously mentioned, will support the Talent Pipeline's goals and objectives by providing additional resources, systems and processes as one means of driving towards greater inclusion.

The strategic roadmap focuses on three main objectives:

- Recruiting and developing great talent at all levels.
- Focusing on the needs of our employees, business units and the FRBC at large.
- Developing our People & Culture team to meet our objectives.

Currently, and as part of the Talent Pipeline's goals and objectives, the ODI team is leading and/or supporting the following "roadmap" initiatives:

- Establish a succession philosophy and framework.
- Develop a process to more effectively leverage exit and stay interviews.
- Develop talent analytics and insights strategy.
- Create and implement a new onboarding program.
- Develop quality of hire assessments and metrics.

These efforts are being approached collaboratively, leveraging multiple stakeholders within and outside the People & Culture department to ensure diversity of thought in building out these critical initiatives focused on talent pipeline.

The FRBC continued an already established partnership with Mercer Consulting to produce additional workforce analysis reports including predictive analytics in the form of Internal Labor Market (ILM) Maps, Parity Analysis and Projections. These new workforce

analysis reports provide not only a snapshot of the FRBC current flow of labor, but also a forecast of workforce flow for multiple demographics several years in the future. Also, the reports provide a different way of analyzing workforce demographics by helping FRBC leaders and business units better understand inflows of talent (hiring), development and velocity of talent (promotions), and retention.

In addition, Mercer conducted a Bank-wide workforce diversity analysis to examine workforce diversity within the organization, the results of which were shared with FRBC leaders in the spring. Consultants from ODI, Learning and Organizational Development (L&OD), and Recruiting subsequently partnered with Mercer to present department-specific findings to business unit leaders and engage in discussions around results and opportunities.

3. Community and Branding

ODI has been partnering more closely with the FRBC's Supplier Diversity team, providing strategic communication support as well as other on- and off-site programming support.

ODI also coordinates the FRBC's partnership with the Corporate Work Study Program at majority-minority Cristo Rey and Christ the King high schools. Through the program, corporations, nonprofits, and public sector agencies partner with network schools to utilize talented students who serve as reliable and productive student workers during the school year. Students who work with the FRBC learn about the mission of the Federal Reserve while gaining skills specific to the work of their departments. The FRBC had nine student workers from the Cristo Rey and Christ the King High Schools in Chicago participating during both semesters in 2017. The FRBC expanded the program to Detroit in 2017, where four students from Detroit Cristo Rey High School began working at the start of the 2017-2018 school year. The students are working in Supervision and Regulation, Facilities, Cash, and Hospitality Services, gaining insights into the work of the Federal Reserve.

A Volunteer Policy improvement project is currently being led by the Business Transformation Office in an effort to redesign a more efficient and accessible process

to ultimately increase access and participation across the FRBC in volunteerism. ODI staff are part of the project team.

Moving forward, the D&I Working Group reconvened toward the end of 2017 to consider the next stage of the current D&I Strategic Plan. The Workgroup is currently assessing the current plan and will provide input and recommendations in crafting an overall D&I multi-year framework that will eventually replace the current plan, ensuring a simplified business integration that supports measurable and sustainable progress. The D&I Working Group is in the initial stages of this work, targeting a final draft in the early 2018 timeframe.

Lastly, the FRBC continues its active leadership role in the Financial Services Pipeline (FSP) Initiative, a coalition of firms working to increase career progressions and representations of African Americans and Latinos in Chicago's financial services sector.

Financial Services Pipeline (FSP) Initiative

Since the founding of the Financial Services Pipeline (FSP) Initiative in 2013, the Bank continues to participate in the collaborative of Chicago-based financial services firms to address the lack of diversity in the sector, particularly the relatively low representation of African-Americans and Latinos in the industry. The Bank, collectively with approximately 18 Chicago based financial services institutions in the FSP, made great strides in 2017 toward the goals of the Initiative including the launch of the latest development of the aggregated Internal Labor Market (ILM) map conducted by Mercer, a global human capital consulting firm.

The 2017 ILM map reflects data on hires, promotions and exits from members of the Initiative. The previous ILM analysis, released in 2014, indicated that rates of promotion to management for African-Americans and Latinos were relatively high, but their attrition levels once they arrive in middle management were also high, showing a retention problem for both groups. The new findings in the 2017 ILM analysis show major changes when comparing the analysis from 2014 to 2017. (See **Appendix A: Financial Services Pipeline Initiative for 2017 ILM Research Findings.**)

Challenges



The 2017 ILM analysis, conducted by the FSP research partner, found significant differences since the last report:

- Lower Rates of Promotion: Over the last three years there was a consistent reduction in promotion rates for African-American and Latino talent.
- Finding talent is a Strength: African-American and Latino talent is hired at greater rates, and continues to be a strength.
- Directional Change of Attrition Rate: Since 2014, the gap in attrition rates has narrowed, but rates remain higher for African-American and Latino talent.

In addition to the 2017 ILM, the financial services institutions of the FSP participated in an internal employee experience survey resulting in over 11,500 Chicago-area financial services employee total respondents. The overall employee experience highlights:

Factors Most Influencing Satisfaction with Promotions for Professionals & Above

- Common drivers of satisfaction with promotion opportunities across race/ethnicity include opportunities to develop and utilize skills, and fairness in opportunities and rewards.
- Ratings of fairness in opportunities and distribution of rewards are notably lower for African American and Latino respondents.
- Having a professional champion or sponsor within the company is related to satisfaction with promotion opportunities for white professionals and above.

Factors Most Influencing Professionals & Above to Stay in, or Leave the Financial Services Industry

- Satisfaction with the opportunity to reach long-term career goals, and leadership are drivers of intent to stay in or leave the industry for all three race/ethnicity groups (African-American, Latino and White).
- Work stress and perceptions of the ethics and integrity of co-workers also emerge as significant drivers for Latino and African-American Professionals.

- Satisfaction with promotion opportunities was a unique driver for Latinos.
- Fairness in distribution of rewards was a unique driver for African-Americans.

The Solution



The FSP has three domains along the pipeline: Preparation and Community Presence (Outreach); Recruitment and Hiring; and Development and Retention. Projects within each of the domains are prioritized by the Initiative and focus on increasing awareness of the industry in local communities, building relevant knowledge and competencies that prepare students for eventual work in the industry, expanding sources of recruitment beyond existing colleges, supporting individual development of African-American and Latino hires within the industry, and building culturally competent environments.

The year fostered great progress within the domains and their plans for fulfilling their focus areas of preparation, recruitment and retention. As the initiative works on preparing our future workforce, it began the creation and launch of a geographic landscape, digital toolkit for high-schoolers, and forum for partner organizations, and FSP members. These efforts support the initiatives focus on broadening exposure of young talent to the industry while strengthening competencies to enter the industry and professional levels.

Within recruitment and hiring, the domain surveyed FSP member firms to identify critical areas to address gaps where additional insights were needed to effectively increase professional-level hiring and early exposure through internships. The survey helped drive opportunities for strategic partnerships with organizations around the city that have diverse pipeline talent for the FSP to consider when building their hiring and recruiting recommendations in 2018. Additionally, the Retention and Development domain launched its FSP Employee Resource Group (ERG) Coalition and conducted three professional development sessions and one philanthropic activity with Junior Achievement. ERG Coalition

programs included a career series on executive presence, strategies for improving race relations in the workplace and a workshop on career planning that was conducted in early 2018.

In July 2017, more than 100 interns and students joined business leaders from 18 Chicago-area financial services firms and three non-profit organizations at the Annual FSP Initiative Summer Intern Career Conference, hosted by the Bank. The Career Conference is part of the collaborative effort to increase the representation of Latinos and African-Americans, at all levels, within the Chicago-area financial services industry and increase cultural competency within the sector. The conference included two panel discussions on “Converting an Internship into a Career” and “Positioned for Impact – Finding Your Purpose,” where professionals in the industry gave advice on how to make the best of an internship opportunity, navigate their career and align it with their passion and values. The Career Conference had a positive impact on all attendees.

An intern shared this reflection of the event, “This was my first year attending the FSP Summer Intern Career Conference, and it was empowering to be surrounded by interns, students and successful professionals who look like me. Attending the conference exposed me to exceptional professionals, and it allowed me to develop my network as a young professional. The work FSP is doing in terms of increasing diversity in the financial sector is phenomenal!”

In October 2017, the FSP Initiative hosted the Annual FSP Summit at the Bank where the new CEO Leadership Council co-chair team was introduced via a fire-side chat that highlighted their thoughts on the FSP and the year ahead. Matt Feldman, president and CEO of Federal Home Loan Bank of Chicago; Helene Gayle, president and CEO of the Chicago Community

Trust; and John W. Rogers, Jr, chairman and CEO of Ariel Investments, make up the CEO LC co-chair team. Additionally, more than 120 executives and professionals from the 18 FSP member firms as well as representatives from partner organizations and colleges/universities attended the summit. The Annual Summit focused on sharing the following:

- Latest ILM analysis findings by the Initiative’s research partner, Mercer.
- Specifics regarding FSP projects being launched.
- Existing exemplary practices in member firms.

Retention remains the single most powerful leverage point for increasing representation of African-Americans and Latinos at the highest career levels, with simultaneous changes in attrition, promotion and hiring dynamics yielding the largest increases in representation. FSP member firms focused on retention in 2017 and committed to an initiative within their firm to support this important issue. Several member firm retention initiatives were shared at the Summit to showcase each firm’s commitment on addressing retention within their organization.

Ongoing programs will support the Initiative along with a continued focus on outreach and communication efforts through the FSPChicago.org website and social media vehicles LinkedIn and Twitter (@FSPChicago).

Minority- and Women-Owned Businesses

The Bank 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 Strategy, with detailed policies and procedures aligned with the provisions of Section 342 of the Dodd-Frank Act. Accordingly, it is the Bank'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 Bank 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.

Our Supplier Diversity Program recognizes that diverse businesses invigorate the economy, create sustainable jobs and positively contribute to the FRBC's mission to foster a strong economy.

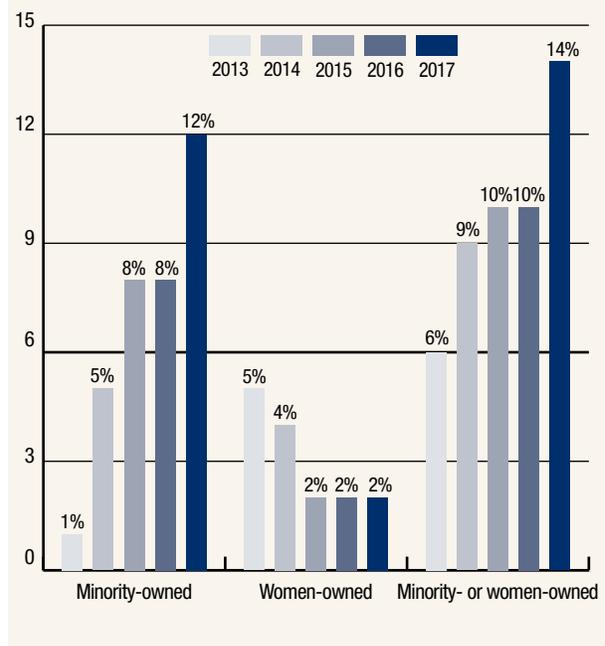
In 2017, the FRBC updated its Supplier Diversity Program Strategy around three primary objectives: 1) industry impact, 2) business optimization, and 3) professional development. The primary goals under these objectives included:

1. Connecting businesses with business partners and procurement opportunities.
2. Connecting businesses with procurement mentorship opportunities.
3. Connecting Bank staff and executives to business owners and professional development opportunities.

Contract Spend and Opportunities for Minority- and Women-Owned Businesses

Overall, the FRBC's M/WBE spend continues to trend upward. The Bank spent \$9.1 million with M/WBEs, or 14 percent of its \$65.5 million in total reportable spend in 2017, compared to \$6.7 million with M/WBEs, or 10

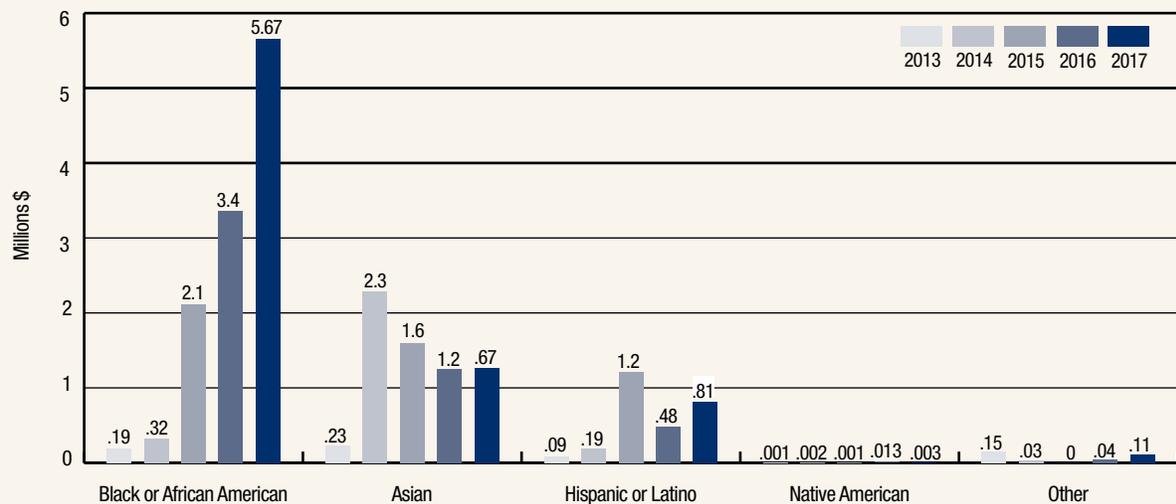
Figure 1. Percent of contract dollars awarded to minority- or women-owned businesses, 2013-2017



percent of \$66.6 million of total reportable spend in 2016. Over the last three years, the FRBC's M/WBE spending has increased¹¹. Much of the 2017 M/WBE reportable spend is concentrated with a few vendors (i.e. Sodexo Magic, Agile-1, and Unicom). Sodexo Magic is a new MBE vendor on-board since the fourth quarter of 2016, and its FRBC spend was nearly \$3.5 million in 2017. **See Figure 1.** Spend with minority- and women-owned businesses are tracked by ethnicity. The classifications are African-American or Black, Asian, Hispanic, Native American, and other. **See Figure 2.**

The FRBC continues to record and monitor its Tier 2 spend opportunities with M/WBE suppliers. A Tier 2-supplier is a supplier that enters into a contract with a prime supplier to provide goods and services in support of the prime's contract with the FRBC. In 2017, the FRBC spent

Figure 2. Value of contracts awarded to minority-owned businesses, by demographic, 2013-2017



\$11.6 million on 11 projects, which generated \$1.3 million in Tier 2 M/WBE spend from the FRBC's general contractor. In addition, the FRBC captured \$11,000.00 in Tier 2 spend from Office Depot in 2017 compared to \$7,000.00 in 2016. When Tier 1 and Tier 2 are added together, the FRBC's reportable spend with M/WBEs totals approximately \$10.5 million or 16 percent of total reportable spend.

To meet the fair inclusion standards set forth by the Dodd-Frank Act, the FRBC requires that at least one MBE and at least one WBE be included on every bid. As a result of the Supplier Diversity and Procurement Office's participation in the Bank's Annual Business Unit Strategic Planning Meetings, we have been able to better understand and anticipate purchasing demands and strategies.

Over the last five years, inclusion metrics for the FRBC were as follows (as of Jan. 24, 2018):

- 89 bids issued.
- 65 MBE and 56 WBE suppliers included in the bidding process.
- 23 MBEs and 27 WBEs responded to the bids.
- 9 MBEs and 13 WBEs were awarded contracts.

Successes

The Bank's spend with M/WBEs has increased each year since 2013 from 6.0 percent to nearly 14 percent in 2017. While percentage spend with M/WBEs is one measure of success, we believe our largest impact comes from our natural role as a convener of experts to inform, discuss and offer solutions to navigate the current economy.

As part of the FRBC supplier diversity vision to connect businesses with strategic partners and cultivate procurement opportunities, we continued our participation in national and regional conferences with our strategic partners and continued to enhance our signature Supplier Diversity Technical Assistance Initiative called Business Smart Week.

Business Smart Week (BSW) provides diverse businesses information and tools to better manage their businesses and the initiative continues to grow. BSW hosted 452 participants in 2017 compared to 380 participants in 2016. BSW's seminars address the barriers to success and it has served more than 1200 attendees since 2014.

As part of BSW, the Bank held a Diverse Supplier Connection Event in Detroit. The event featured Agile-1, the System's Managed Service Provider (MSP), which gave a program overview to 25 M/WBE staffing firms and one-on-one matchmaker meetings with Agile-1 representatives.

Table 5. Supplier diversity outreach activities, 2017

Chicago Business Opportunity Fair 50(CBOF50)- Chicago
Illinois Hispanic Chamber of Commerce Business Conference - Chicago
Women's Business Development Center 31st Anniversary Celebration - Chicago
Michigan Procurement Conference –Detroit
Women's Business Development Center Networking, Procurement and Matchmaking Event - Rosemont
Asian Pacific American Chamber of Commerce East- West Connection – Troy
Women Business Enterprise National Conference National Conference – Las Vegas
National Minority Supplier Development Council National Conference - Detroit
Women's Business Development Center Procurement Technical Assistance Center (PTAC) and Veterans Business Outreach Center (VBOC) Event - Chicago
Women's Business Development Center Bankers Breakfast
National Veteran Business Development Council Federal Reserve Matchmaking Event - Detroit
Chicago Minority Supplier Development Council Procurement Luncheon
Financial Services Roundtable for Supplier Diversity Symposium - Chicago
Turner Construction Graduation - Chicago
Business Smart Week - Chicago and Detroit
Federal Reserve Board of Governors Vendor Outreach Fair (Washington D.C.)
Google Digital Coaches Program - Chicago and Detroit

In an effort to connect diverse businesses with procurement and mentorship opportunities, we reviewed current internal spend programs and policies and implemented new programs including the following:

- Internal Spend Programs & Policies - (i.e. Tier 2, Inclusive Sourcing).
- Federal Reserve System Partnerships – (i.e. National Procurement Office, Senior Procurement Officers, Office of Minority and Women Inclusion, and the Supplier Diversity Work Group).
- Spend Opportunity Matchmaking at One on One Matchmaker Events – (i.e. National Conferences, MBE 2 MBE Exchange).
- Capacity Building Partnerships with our Business Partners (i.e. National Minority Supplier Development Council (NMSDC) and regional affiliates, Women's Business Enterprise National Council (WBENC) and its regional affiliates).

As a result of our review, we launched several new programs in 2017 including: FRBC Buy Diverse Campaign, Supplier Relationship Management Program, and Google Digital Coaches Program.

FRBC Buy Diverse Campaign

On September 28, the FRBC launched a Buy Diverse Campaign in partnership with Office Depot. This new initiative provided our Bank-wide purchasing card (P-Card)¹² holders with the tools to seek diverse vendors for purchases under the Office Depot contract. The Buy Diverse Campaign offers great opportunities to increase our diverse spend as purchases under \$10,000 do not require a bid process.

Supplier Relationship Management Program

The Bank's Supplier Relationship Management program is designed to increase communication between business units and suppliers to identify contract performance issues and future procurement opportunities. Phase 1 of this program launched in 2017 by identifying Critically Important Vendors (CIVs). CIVs are suppliers that would create significant financial, operational, reputational, and/or other risks if they failed to fulfill product, service, or service-level requirements to the Bank.

Phase 2 will launch in 2018 and include periodic meetings between Procurement, the Bank's business units and suppliers to discuss critical issues relative to their contracts.

Google Digital Coaches Program

As part of the three new programs offered in 2017, we partnered with Google to help diverse businesses gain access to the latest technology platforms. The Google Digital Coaches Program teaches small diverse businesses the basic skills of digital marketing and advertising and helps businesses enhance their brand and presence on Google social media platforms and increase business opportunities. Program workshops were held on September 19 at the FRBC Detroit Branch and on September 20, at our headquarters in Chicago. There were 14 attendees in Detroit and 27 attendees in Chicago.

To connect Bank staff and executives to business owners and professional development opportunities, we provided supplier diversity education, training, silo-busting and volunteer opportunities.

The FRBC's Supplier Diversity Manager, Mark Hands, supported the Bank's Business Partnership Program in 2017 by serving on the Chicago Minority Supplier Development Council (CMSDC) Board of Directors as vice chair and by serving on the Women's Business Development Center (WBDC) Advisory Council. This professional development opportunity helps connect

the Bank to M/WBE businesses and serve as value generating partners.

In addition, Bank staff served on the CMSDC and WBDC Certification Committees that certify M/WBE businesses. Corporations seek strong M/WBEs that are certified from agencies with strong certification processes to add to their supply chains.

FRBC staff participated in silo-busting opportunities to enhance their personal development and support our strategic partners. In 2017, three FRBC staff members conducted a peer analysis for the CMSDC to help evaluate and enhance its programs and services to the minority business community relative to its peers.

We also supported our strategic partners by volunteering at and attending local and regional conferences. Staff participated in the CMSDC Business Opportunity Fair held on April 20-21 and the Michigan Minority Supplier Development Council (MMSDC) Procurement Conference held on May 2-4. It is expected that attendance at these events will ultimately help expand our diverse vendor pool.

Supplier diversity is an integral part of the Bank's 2016-18 D&I Strategic Plan. As part of the D&I Strategic Plan, new Bank-wide Procurement goals and metrics have been developed and were implemented in 2017. The new goals and metrics are designed to: continue supporting the growth and utilization of M/WBE firms, focus on the number of M/WBEs included in Bank bids, track the number of M/WBE certified and recertified through FRBC volunteers, and facilitate technical assistance to M/WBE firms.

Challenges

Our challenges continue to focus around our commitment to local economic impact, as well as inclusion and utilization of M/WBEs. The challenge is ensuring that System, OMWI, and FRBC's priorities are in alignment while balancing opportunities to local vendors with the savings and/or efficiencies of national agreements.

To make a local impact, we think our Buy Diverse Campaign¹³ will have a positive impact as we can utilize local diverse vendors for smaller purchases and help diverse businesses increase their capacity.

In 2017, the System Supplier Diversity Workgroup (SDWG) began the work of gathering information to align supplier diversity priorities with OMWI and the Senior Procurement Officer, (SPO) groups with the goal of standardizing reporting and sharing information System-wide.

The SDWG developed work streams that achieved the following:

- Implemented the Supplier Metrics and Analytics Tool (SMART), an analytics project using Tableau to standardize our diversity spend System-wide.
- Conducted an assessment of the current diversity classification validation process to develop a standard System process and incorporate into SMART tool.
- Developed inventory of current and historical Reserve Bank technical assistance activities.
- Launched a Tier 2 pilot in Q4 and developed a template for creating a consolidated view of System Diverse Suppliers among a pilot group.

There are still many issues facing emerging and diverse businesses, but access to capital and opportunities remain a constant problem. The FRBC Supplier Diversity department is planning to establish a national advisory council of well-established M/WBEs to help the FRBC develop impactful initiatives and solutions that will address these issues.

Next Steps

In 2018, the Bank's goal is to develop, lead, collaborate on, and implement strategies to: 1) integrate supplier diversity throughout the System, 2) provide business units and Procurement with the tools to proactively and effectively source diverse suppliers that can be included on bids, and 3) drive management accountability relative to supplier diversity across the District and System.

2018 High-Level Strategic Objectives

- Implement new strategies at the WBENC National Conference in June 2018 and the NMSDC National Conference in October of 2018.
- Develop program Economic Impact Roundtable in 2018 to identify and engage vendors from various spend categories.
- Develop a tool to be used by Business Units and Procurement to identify diverse vendors for procurement opportunities.
- Establish a mechanism to share diverse vendors across Reserve Banks and explore capabilities for regional providers of goods and services.
- Pilot regional opportunities with MBEs and WBEs that are able to serve adjacent Reserve Bank Districts.

Financial Literacy and Community Outreach

During 2017, the Office of Diversity and Inclusion (ODI) continued strengthening its partnerships with academic, governmental and nonprofit organizations in order to serve majority-minority and all-girl high schools in the Chicago and Detroit areas. The vast majority of the programming is executed by more than 109 volunteers from the Bank. Chicago-based high school programs are managed by ODI and the Public Affairs and Economic Research departments. In Detroit, Economic Research helps to lead the Branch's effort to reach high school and college students through various outreach programs. In 2017, the Bank participated in numerous community and System outreach events and programs, including:

Junior Achievement

Bank volunteers continued supporting programs with longstanding nonprofit partner Junior Achievement (JA) of Chicago in 2017. Volunteers use the JA curriculum for financial literacy and college and career preparation program work with hundreds of high school students every year. The biggest single day of volunteering was conducted by the Supervision and Regulation department during its annual staff conference. Volunteers hosted workshops to teach more than 150 high school students about budgeting, financial literacy and personal branding activities.

A JA Job Shadowing Day event was held at the Detroit Branch. Forty students from two Detroit-area high schools listened to Detroit Branch employees offer career advice through their own job search experiences. Students also learned more about different experiences and listened to a presentation that outlined what the fastest-growing careers are projected to be over the next decade.

Corporate Work Study Program

In 2017, the Bank expanded its relationship with the Cristo Rey High School Network's Corporate Work Study Program (CWSP), a nationally renowned program that gives high school students from underserved

communities the opportunity to complete internships in the corporate sector as part of their curriculum. The FRBC had nine student workers from the Cristo Rey and Christ the King High Schools in Chicago participating during both semesters in 2017. The FRBC expanded the program to Detroit in 2017, where four students from Detroit Cristo Rey High School began working at the start of the 2017-2018 school year. Through the new partnership, Detroit students are exposed to and support a broad array of the work conducted at the branch.

During the first semester of the 2017-2018 school year, six students from Christ the King High School and three from Cristo Rey High School worked in seven different business areas in the Bank, including Administrative Services, Finance, Supervision and Regulation, Cash and Central Bank Services. The four students at the Detroit Cristo Rey students worked in Supervision and Regulation, Facilities, Cash and Hospitality Services.

As in past years, FRBC staff further supported the CWSP by participating in the CWSP's Summer Business Institute for incoming freshmen at the two Chicago high schools. A total of 104 freshman from Christ the King and 177 from Cristo Rey participated during the 2017 summer session. The volunteers taught classes on corporate etiquette and workplace expectations. Additionally, the Office of Diversity and Inclusion hosted a total of 29 students during two Business Ethics workshops for Cristo Rey and Christ the King freshmen.

Hispanic Alliance for Career Enhancement (HACE)

In 2017, the Bank began a partnership with HACE that gave the Bank's ODI, Recruiting team and Latino Resource Association (LRA) new opportunities to engage with Latino high school and college students, as well as professionals. In May, the LRA hosted a career preparation workshop for 26 high school students. In June, three Bank representatives attended HACE's Annual High School STEM Career Conference, and spoke about internship and career opportunities in the Bank. More than 400 juniors and seniors from majority-minority high schools attended the event.

Economic Awareness Council

In May 2017, the Bank hosted a gathering to celebrate the success of the Economic Awareness Council's *On the Money* magazine. This magazine is geared towards teens and covers a variety of important financial literacy topics. It is entirely produced by high school students. In addition to hosting the event, the Bank provided the keynote address for approximately 50 guests, including students and family members.

Bank On Chicago

In 2017, the Bank was invited to join the steering committee of the newly reformed Bank On Chicago. It is an initiative geared at enhancing access to banking services for some of the most vulnerable populations in Chicago. The steering committee is being led by the United Way.

Econ Illinois

Several of the Bank's senior leaders are represented on the board of directors of Econ Illinois, the premier professional development organization for economic and personal finance educators in Illinois.

In addition, the Bank hosted Econ Illinois' Personal Finance Challenge (IPFC)¹⁴ finals during the month of April. More than 650 students throughout the state participated in the challenge, which tests students' knowledge and skills of consumer concepts and personal finance skills.

City of Chicago Public Schools (CPS)

The Bank has two members on the Financial Education Partnership Coalition. This coalition's goal is to enhance personal finance education for the more than 400,000 students in the CPS. The coalition has met to discuss curriculum needs and external partnerships. CPS schools all serve majority-minority students.

Teacher Night at the Fed—Detroit

In addition to other outreach efforts, the Detroit Branch hosted its sixth year of Teacher Night, where economics and personal finance teachers were offered continuing education credit through the Michigan Council on Economic Education. This year's programs featured economics and personal finance curriculum for elementary school students as well as information about the economy and entrepreneurship. For the second consecutive year, the Detroit Branch partnered with the Michigan Council on Economic Education, Ford Credit, and the Michigan JumpStart Coalition to provide a two-day

summer conference that included tours of Detroit Labs an entrepreneurial workspace that works on assorted projects including autonomous vehicles, and Third Man Records, the vinyl record-pressing plant and store owned by guitarist Jack White. Also, the conference featured presentations on Detroit's economic history, recognizing the 50th anniversary of the racial uprising that occurred in 1967. More than 175 teachers attended and learned about new ways to teach economics to students.

University of Michigan's Public Policy and International Affairs Summer Institute

The University of Michigan's Public Policy and International Affairs Summer Institute visited the Detroit Branch for the fifth consecutive year. Twenty juniors and seniors learned about different System careers, how the System enforces the Community Reinvestment Act, and community outreach programs that involve the System. Also, the students heard an economic update and gave a monetary policy recommendation, followed by the actual post-FOMC meeting press conference with Chair Janet Yellen.

Money Museum and Visitors Center

Established in 2001, the Money Museum is located at the Bank's head office and features interactive displays explaining the functions of the Federal Reserve System and the history behind United States currency. The museum is operated by the Bank's Public Affairs Department.

In 2017, 42 Bank employees volunteered to speak with over 500 museum audiences through the Bank's Fed Ambassador Program, reaching over 10,000 unique visitors including students, senior citizens and community groups. The museum unveiled a new exhibit on Alexander Hamilton and the first Bank of the United States to educate visitors on this early attempt at central banking. The Money Museum also participated in the Chicago Architecture Foundation's Open House Chicago event, bringing in almost 12,000 visitors to the museum in one weekend.

In addition to the Money Museum at the FRBC, a Visitors Center is located at the FRBC's Detroit Branch. The center underwent renovations in 2017 to better serve the public. The remodeled space presents educational and engaging facts and statistics about the Federal Reserve and local Detroit economy using contemporary design. Large screen monitors allow visitors to select from a menu of videos to better understand the roles and responsibilities of the Federal Reserve, including a video highlighting the FRBC's Detroit Branch

employees. Historical currency from early Michigan banks show visitors what money looked like before Federal Reserve notes circulated.

Money Smart Week

Created by the FRBC in 2002, Money Smart Week® is a public education campaign designed to help consumers better manage their personal finances. The campaign is made possible through the collaboration and coordinated effort of thousands of organizations across the country including businesses, financial institutions, schools, libraries, not-for-profits, government agencies and the media. Programming is offered to all demographics and income levels and covers all facets of personal finance.

In 2017, over 2,470 Money Smart Week Partners conducted more than 3,800 Money Smart Week® events across 46 states that attracted more than 108,500 attendees. Social media played an increasingly important role in outreach with 30,991 consumers reached via Twitter and Facebook. The MSW 2017 campaign also saw an increase in traditional media coverage with 275 print, 146 TV, and 42 radio spots.

Data derived from the Money Smart Week attendance survey shows that nationwide 67 percent of Money Smart Week participants were female, and 32 percent were minorities. The FRBC's Detroit Branch partnered with financial institutions and nonprofits to reach more youth through targeted initiatives like the Money Smart Week Magic Shows (elementary and middle school), Financial Rock Concerts (high school), and GeoCache for College Cache (college). Money Smart Week attendance surveys from the Detroit/Wayne County area show that 72 percent of Money Smart Week participants were female and 44 percent were minorities. Overall, 96 percent of participants surveyed found value in the session they attended, and 83 percent said that they would apply what they learned. Partnering organizations will host their events in 2018 during the week of April 21-28.

Appendix A: Financial Services Pipeline (FSP) Initiative

About the FSP

Recognizing that a lack of diversity has a negative impact on the competitiveness and equity of the Chicago region, as well as on 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. Bank of America, CME Group, Madison Dearborn Partners, Mesirow Financial, U.S. Bank, and Wintrust joined in 2014. In 2017, the FSP member firms totaled approximately 18.

FSP Governance

As of 2017, the FSP Initiative is governed by a CEO Leadership Council, newly co-chaired by John W. Rogers, Jr., Chairman and CEO of Ariel Investments; Matt Feldman, President and CEO of Federal Home Loan Bank of Chicago; and Helene Gayle, President and CEO of the Chicago Community Trust. It is also governed by a Steering Committee co-chaired by Nokihomis Willis, Senior Vice President and OMWI Director at the FRBC; Perika Sampson, Executive Director, Regional Diversity Office at Morgan Stanley; and Matthew Bruce, Executive Director for Chicagoland Workforce Founders Alliance at The Chicago Community Trust. Diversity Manager and FSP Program Manager Jamica Quillin and Senior Business Project Manager Courtney Hollins of the FRBC manage the Initiative.

What is the FSP Initiative?

The FSP Initiative was founded in 2013 as a funder collaborative of Chicago-based financial services firms to address the lack of diversity in the sector, particularly the relatively low representation of African-Americans and Latinos in the industry. Working collectively, the goals of the FSP Initiative are to:

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

The Business Imperative

Retention remains the single most powerful leverage point for increasing representation of African-Americans and Latinos at the highest career levels, with simultaneous changes in attrition, promotion and hiring dynamics yielding the largest increases in representation.

The FSP Initiative selected Mercer, a global human capital consulting firm, as a strategic partner to undertake research to inform the Initiative's action plan. In 2015, the FSP released a comprehensive report on diversity and inclusion in the Chicago region's financial services sector, researched and written by Mercer, "*Bridging the Diversity Gap: Building African-American and Latino Talent Pipelines for the Financial Services Industry in Chicago.*"

In 2017, the FSP participated in an Internal Labor Markets (ILM) analysis as a follow-up to the report released in 2014. The new findings in 2017 ILM analysis show major changes when comparing the analysis from 2014 to 2017:

- Lower Rates of Promotion: Over the last three years there are now consistently lower promotion rates for African-American and Latino talent.
- Finding talent is a Strength: African-American and Latino talent is hired at greater rates, and continues to be a strength.



- Directional Change of Attrition Rate: Since 2014, the gap in attrition rates has narrowed, but rates remain higher for African-American and Latino talent.

In addition to the ILM, this year several member firms conducted an internal employee experience survey resulting in over 11,500 Chicago-area financial services employee total respondents. The overall employee experience highlights:

Differences in Career Advancement Experiences across Groups

- The favorability of career perceptions rises consistently with each higher career level for white males, but not so for other groups.
- Both African-American men and women experience a notable drop in perceptions of fairness around opportunities, as they reach the highest ranks.
- Latina respondents show a consistent drop in career-related satisfaction at senior level management and above.

Factors Most Influencing Satisfaction with Promotions for Professionals & Above

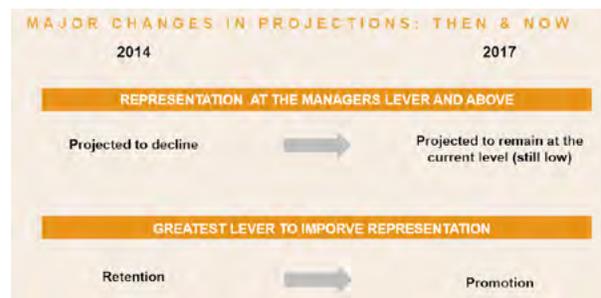
- Common drivers of satisfaction with promotion opportunities across race/ethnicity include opportunities to develop and utilize skills, and fairness in opportunities and rewards.
- Satisfaction with leadership is a unique driver of promotions satisfaction for African-Americans.
- Ratings of fairness in opportunities and distribution of rewards are notably lower for African-American and Latino respondents.
- Having a professional champion or sponsor within the company is related to satisfaction with promotion opportunities for white professionals and above.

Factors Most Influencing Professionals & Above to Stay in, or Leave the Financial Services Industry

- Satisfaction with the opportunity to reach long-term career goals, and leadership are drivers of intent to stay in, or leave the industry for all three race/ethnicity groups (African-American, Latino and White).
- Work stress and perceptions of the ethics and integrity of co-workers also emerge as significant drivers for Latino and African-American Professionals and above this year.

- Satisfaction with promotion opportunities was a unique driver for Latinos.
- Fairness in distribution of rewards was a unique driver for African-Americans.
- As in the 2015 analysis of the full population, whites have unique drivers of relationships with co-workers (rated notably higher than African-American responses), and prestige and status of the industry (rated lower than Latino responses).
- Four of the five drivers of intent to stay or leave for African-American Professionals and above are rated notably lower (at least 5 percentage points lower) than whites.

The financial services industry must increase promotion rates for African-Americans and Latinos, while continuing with retention efforts, to increase representation at higher levels.



The FSP has committed to a set of ongoing initiatives that work to sustain its inclusion efforts. Annually, the FSP continues 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 also hosts an Annual 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 continue to complete an index of member firms annually, which will offer a snapshot of racial/ethnic diversity within the Chicago metropolitan region's financial sector.

These ongoing programs will supplement the strategic planning projects.

Appendix B: Employer Information Report EEO-1

Employer Information Report EEO-1 Federal Reserve Bank of Chicago, 2017 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	15	7	8	1	0	6	7	0	1	0	0	0	0	0	0	0	0
By percent	100%	46.7%	53.3%	6.7%	0.0%	40.0%	46.7%	0.0%	6.7%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
1.2 First Mid. Level																	
By total	313	169	144	12	17	128	96	13	20	15	9	0	0	0	0	1	2
By percent	100%	54.0%	46.0%	3.8%	5.4%	40.9%	31.8%	4.2%	6.4%	4.8%	2.9%	0.0%	0.0%	0.0%	0.0%	0.3%	0.6%
Official & Managers Total																	
By total	328	176	152	13	17	134	103	13	21	15	9	0	0	0	0	1	2
By percent	100%	53.7%	46.3%	4.0%	5.2%	40.9%	31.4%	4.0%	6.4%	4.6%	2.7%	0.0%	0.0%	0.0%	0.0%	0.3%	0.6%
2. Professionals																	
By total	939	510	429	43	50	343	253	51	71	67	52	0	0	1	0	5	3
By percent	100%	55.3%	45.6%	4.6%	5.3%	36.5%	25.8%	5.9%	7.6%	7.2%	5.6%	0.1%	0.0%	0.1%	0.0%	0.4%	0.3%
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	149	49	100	12	14	10	35	20	49	6	2	0	0	0	0	1	0
By percent	100%	32.9%	67.1%	8.1%	9.4%	6.7%	23.5%	13.4%	32.9%	4.0%	1.3%	0.0%	0.0%	0.0%	0.0%	0.7%	0.0%
6. Craft Workers																	
By total	21	20	1	3	0	15	1	0	0	2	0	0	0	0	0	0	0
By percent	100%	95.5%	4.5%	18.2%	0.0%	68.2%	4.5%	0.0%	0.0%	9.1%	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	87	73	14	20	3	27	3	25	8	1	0	0	0	0	0	0	0
By percent	100%	83.9%	16.1%	23.0%	3.4%	31.0%	3.4%	28.7%	9.2%	1.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total Workers																	
By total	1529	831	698	91	84	532	397	109	149	91	63	0	0	1	0	7	5
By percent	100%	54.3%	45.7%	6.0%	5.5%	34.8%	26.0%	7.1%	9.7%	6.0%	4.1%	0.0%	0.0%	0.1%	0.0%	0.5%	0.3%

Appendix C: 2017 OMWI Core Metrics

2017 Standard Core Measures							
Category	Description	Measure	2013	2014	2015	2016	2017
Workforce Diversity	Senior Executives	Total #	11	11	12	14	15
		% Minorities	9%	9%	8%	15%	13%
		% Women	45%	45%	50%	54%	53%
	Mid-Level Managers	Total #	304	310	309	314	313
		% Minorities	26%	28%	28%	28%	28%
		% Women	46%	46%	45%	46%	46%
Professionals	Total #	864	891	912	960	939	
	% Minorities	36%	36%	37%	38%	37%	
Total External Hires	Total #	145	169	167	180	116	
	% Minorities	41%	44%	47%	42%	33%	
	% Women	39%	42%	44%	45%	46%	
Total Interns	Total #	56	52	47	48	46	
	% Minorities	43%	40%	38%	37%	43%	
	% Women	41%	60%	47%	37%	48%	
Overall Bank Turnover Rate	%	6%	9%	11%	8%	9%	
Supplier Diversity	Total Reportable Spend	\$ (millions)	\$51.1	\$51.2	\$60.0	\$66.6	\$65.5
	Total Diverse Spend ¹	\$ (millions)	\$3.1	\$4.7	\$5.8	\$6.7	\$9.2
		%	6.0%	9.1%	9.7%	10.1%	14.0%
	Minority-owned ²	\$ (millions)	\$0.7	\$2.8	\$4.9	\$5.2	\$7.9
		%	1.3%	5.5%	8.2%	7.7%	12.0%
	Minority-owned (men)	\$ (millions)	\$0.3	\$2.4	\$2.8	\$2.4	\$5.2
		%	1.3%	4.6%	4.7%	3.6%	8.0%
	Minority-owned (women)	\$ (millions)	\$1.20	\$0.5	\$2.1	\$2.8	\$2.6
		%	0.7%	0.9%	3.5%	4.2%	4.0%
	Women-owned ²	\$ (millions)	\$2.8	\$2.3	\$3.0	\$4.4	\$3.9
%		5.5%	4.5%	5.0%	6.6%	6.0%	
Women-owned (non-minority)	\$ (millions)	\$2.4	\$1.8	\$0.9	\$1.6	\$1.3	
	%	4.7%	3.6%	1.5%	2.4%	2.0%	
Women-owned (minority)	\$ (millions)	\$0.4	\$0.5	\$2.1	\$2.8	\$2.6	
	%	0.7%	0.9%	3.5%	4.2%	4.0%	

¹Total Diverse Spend = Minority-owned (men) + Minority-owned (women) + Women-owned (non-minority).

²Women-minority numbers are included in both Minority-owned and Women-owned Totals.

		2017
Financial Literacy ¹	Program Type	
	- Teacher centric	
	- Student centric	
	- Hybrid	Hybrid
	Number of Students ²	374
	Number of Educators ³	175
	Number of Students Reached ⁴	28,050.00

¹Measures report only those OMWI students and teachers who participate in or are reached through programs that have a financial literacy focus. OMWI targeted schools are considered to be inner-city, majority-minority, and all-girls high schools.

²Students who attended in-person programs and enrolled in online programs.

³Educators who attended in-person programs and enrolled in online professional development programs.

⁴Students reached through educators using a common multiplier of 75.

Appendix D: Procurement Spend, Four-Year Trend

Procurement Spend, Four-Year Trend								
	Fiscal Year/Calendar Year							
	2017		2016		2015		2014	
	\$	%	\$	%	\$	%	\$	%
Total reportable spend ¹	\$65,501,492.40		\$66,604,617.35		\$59,980,647.24		\$51,214,219.08	
Minority-owned ²	\$ 7,854,606.00	12.0%	\$ 5,151,460.75	7.7%	\$ 4,966,009.69	8.3%	\$ 2,827,654.90	5.5%
Women-owned ³	\$ 1,590,107.14	2.0%	\$ 1,590,107.14	2.4%	\$ 897,061.54	1.5%	\$ 1,840,892.33	3.6%
Total minority-owned and women-owned ⁴	\$ 9,150,525.13	14.0%	\$ 6,741,567.89	10.1%	\$ 5,830,071.23	9.8%	\$ 4,668,547.23	9.1%
Non-minority women ¹								
Asian American	\$ 1,264,793.63	1.9%	\$ 1,537,984.29	2.3%	\$ 2,287,927.75	3.8%	\$ 231,806.56	0.5%
Black American	\$ 5,661,227.95	8.6%	\$ 2,119,638.59	3.2%	\$ 322,489.59	0.5%	\$ 191,511.29	0.4%
Hispanic American	\$ 814,298.90	1.2%	\$ 1,212,116.43	1.8%	\$ 186,726.22	0.3%	\$ 88,671.40	0.2%
Native American	\$ 3,372.63	0.0%	\$ 1,380.38	0.0%	\$ 1,689.41	0.0%	\$ 1,081.16	0.0%
Other minority	\$ 110,911.90	0.2%	\$ 17,401.30	0.0%	\$ 28,821.93	0.0%	\$ 149,699.44	0.3%
	\$ 7,854,606.00		\$ 4,888,520.99		\$ 2,827,654.90		\$ 662,769.85	

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

- ¹ The Financial Services Pipeline (FSP) Initiative is a unique collaborative project organized by Chicago area financial services firms to increase the representation of African-Americans and Latinos in the financial services industry and improve overall cultural competency in this sector.
- ² Cook Ross Inc is a full-service consulting firm providing systems-level interventions by driving inclusive leadership and culture.
- ³ The analysis presented is focused on the following EEO-1 job categories in the Seventh District: Executive/Senior Level Officials & Managers and First/Mid-Level Officials & Managers; Professionals; and Administrative Support. The following EEO-1 job categories have been excluded from this analysis: Sales Worker (5 total Bank employees); Craft Workers (21 total Bank employees); and Service Workers (87 total Bank employees). Currently, we have no Bank employees in the following EEO-1 job categories: Technicians, Operatives, and Laborers & Helpers.)
- ⁴ The most recent information applicable to our 2017 Workforce Analysis was based on 2010 US Census figures included in the 2010 EEO Tabulation Files for the Bank's reasonable recruitment areas (the Bank's 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.
- ⁵ Data is based in the external availability of females as shown in the 2010 US Census figures included in the 2010 EEO Tabulation Files for the Bank's reasonable recruitment areas (the Bank's recruitment areas are: Chicago, Des Moines, Detroit, and the US Recruitment Area for positions such as officers).
- ⁶ Data is based in the external availability of minorities as shown in the 2010 US Census figures included in the 2010 EEO Tabulation Files for the Bank's reasonable recruitment areas (the Bank's recruitment areas are: Chicago, Des Moines, and Detroit for positions such as Administrative Professionals).
- ⁷ Knowledge Leaders (KL)—Formerly known as Senior Professionals (SP). 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 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.
- ⁸ The project team consists of the Bank's Learning and Organizational Development (L&OD), and the D&I teams.
- ⁹ Bank's People Strategy: “Recruit, retain and develop the highly skilled staff and leaders required to achieve our mission. Foster a collaborative, challenging and inclusive environment that promotes a workforce diverse in thought, background and perspective.”
- ¹⁰ The project team consists of the L&OD team, D&I, one representative from Supervision and Regulation (S&R), and one representative from Central Bank Services (CBS).
- ¹¹ From \$5.8 million or 9.7percent in 2015, \$6.7 million or 10.1 percent in 2016, to \$9.1 million or 13.97percent in 2017.
- ¹² Purchasing card (P-Card) is a form of charge card that allows goods and services to be procured without using a traditional purchasing process.
- ¹³ The Buy Diverse Campaign is a collective effort, in partnership with Office Depot, to drive increased spend with diverse-owned (minority, women, veteran, LGBT) businesses. The Buy Diverse Campaign is one of the Seventh District's Supplier Diversity Initiatives in support of our mission to foster a strong economy.
- ¹⁴ The Illinis Personal Finance Challenge (IPFC) provides economic and financial literacy education programs for K-12 schools, for individuals, and for families. It also recognizes students who demonstrate high levels of comprehension and application of personal finance concepts and skills; and educators for outstanding practices in teaching personal finance.

FEDERAL RESERVE BANK
OF CHICAGO

Head Office
230 South LaSalle Street
Chicago, Illinois 60690-0834
312-322-5322

Detroit Branch
1600 East Warren Avenue
Detroit, Michigan 48207-1063
313-964-6880

chicagofed.org