



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

March 2018

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM



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Preface: Implementing the Dodd-Frank Act

The Board of Governors of the Federal Reserve System (Board) is responsible for implementing numerous provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) of 2010. The Dodd-Frank Act requires, among other things, that the Board produce reports to Congress on a number of topics.

The Board maintains a Regulatory Reform website, which provides an overview of regulatory reform

efforts implementing the Dodd-Frank Act and a list of the implementation initiatives completed by the Board as well as the most significant initiatives the Board expects to address in the future. See www.federalreserve.gov/reform.htm for the latest information.

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Overview

The Board of Governors of the Federal Reserve System (Board) is committed to fostering an inclusive workplace and diverse workforce as well as to fostering diversity in our procurement practices and at the institutions we regulate. The Board believes that diverse perspectives inspire the best ideas, decisionmaking, and—ultimately—service to the public. We continue to work toward increasing diversity and inclusion at all levels of the Board; promoting fair inclusion and utilization of minority- and women-owned businesses in the Board’s procurement process; and promoting transparency and awareness of diversity policies and practices at regulated institutions.

About the Federal Reserve

The Federal Reserve System is the central bank of the United States. It performs five general functions to promote the effective operation of the U.S. economy and, more generally, the public interest:

- **Conducts the nation’s monetary policy** to promote maximum employment, stable prices, and moderate long-term interest rates in the U.S. economy.
- **Promotes the stability of the financial system** and seeks to minimize and contain systemic risks through active monitoring and engagement in the U.S. and abroad.
- **Promotes the safety and soundness of individual financial institutions** and monitors their impact on the financial system as a whole.
- **Fosters payment and settlement system safety and efficiency** through services to the banking industry and the U.S. government that facilitate U.S.-dollar transactions and payments.
- **Promotes consumer protection and community development** through consumer-focused supervision and examination, research and analysis of emerging consumer issues and trends, community

economic development activities, and the administration of consumer laws and regulations.

The Board in Washington, D.C., is the governing body of the Federal Reserve System. The Board oversees the operations of the 12 Reserve Banks and shares with them the responsibility for supervising and regulating certain financial institutions and activities. (For more information about the Board and the System, see *Federal Reserve System Purposes & Functions* at www.federalreserve.gov/aboutthefed/pf.htm.)

Office of Diversity and Inclusion and Office of Minority and Women Inclusion

The Board established its Office of Diversity and Inclusion (ODI) in January 2011 to promote diversity and inclusion throughout the agency and in the financial services industry. ODI administers and directs the Board’s Equal Employment Opportunity (EEO) compliance policies and programs and includes the Office of Minority and Women Inclusion (OMWI). ODI works to assess the Board’s diversity policies, programs, and performance to determine progress and increase transparency. ODI’s ongoing efforts to foster an informed dialogue on diversity best practices include participation in Equal Employment Opportunity Commission (EEOC) technical workshops, attendance at conferences and events held by professional organizations, and participation in financial industry groups addressing diversity issues.

The OMWI, created pursuant to [section 342](#) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act), develops standards, procedures, and initiatives to ensure fair inclusion of minorities, women, and minority-owned and women-owned businesses in all activities of the Board,

including workforce diversity, procurement, and assessment of diversity policies and practices of regulated entities. Sheila Clark is the director of both ODI and OMWI at the Board.

More information about diversity and inclusion at the Federal Reserve Board, including the Board's current *Diversity and Inclusion Strategic Plan*, is available at www.federalreserve.gov/aboutthefed/diversityinclusion.htm.

About This Report

As required by the Dodd-Frank Act, the OMWI submits an annual report to the Congress outlining its activities, successes, and challenges. This is the

Board's OMWI report for calendar-year 2017. Each of the Federal Reserve Banks also submits a separate report to the Congress summarizing its OMWI efforts and achievements.

The next sections of this report highlight the Board's progress in these key areas:

- equal employment of minorities and women and diversity and inclusion at the Board
- inclusion of minority-owned and women-owned businesses in the Board's acquisition process
- financial literacy activities aimed at minorities and women
- assessment of the diversity policies and practices of regulated entities

Equal Employment of Minorities and Women and Diversity and Inclusion at the Board

The Board is committed to equal employment opportunity in all aspects of employment, and to fostering diversity and inclusion in the workplace. In support of this commitment, the Board has in place strategic objectives to attract, hire, develop, promote, and retain a highly skilled and diverse workforce.¹ The Board also allocates significant resources to ensure the success of its EEO and diversity and inclusion initiatives, which help enable the Board to compete with other federal agencies and the private sector for talented individuals.

Equal Employment Opportunity

Section 342 of the Dodd-Frank Act charged the Board of Governors with responsibility for developing internal standards for equal employment opportunity and the racial, ethnic, and gender diversity in the workforce and senior management of the agency. The EEO and Diversity Standards were adopted in October 2016 and are posted on the Board's website at www.federalreserve.gov/aboutthefed/diversityinclusion.htm.

The standards for equal employment opportunity at the Board are aligned with the EEOC's Management Directive 715 and Management Directive 110, the Notification and Federal Employee Anti-discrimination and Retaliation Act (No FEAR Act) of 2002, and the Board's Rules Regarding Equal Opportunity (12 CFR part 268). Each of these is summarized below.

1. **Management Directive 715 (MD-715)** contains policy guidance and standards for establishing and maintaining an effective affirmative program for EEO.
2. **Management Directive 110** contains procedures that must be followed when processing complaints of discrimination filed by federal employ-

ees and by applicants for federal employment alleging employment discrimination.

3. The **No FEAR Act** improves accountability for antidiscrimination and whistleblower protection. The Office of Personnel Management has implemented rules regarding the reporting and training requirements under the No FEAR Act.
4. The **Board's Rules Regarding Equal Opportunity** set forth the requirements and procedures relating to the Board's policies to promote equal opportunity.

In order to implement its EEO Program according to these standards, the Board strives to meet the "Essential Elements of a Model EEO Program" as prescribed in MD-715 and the *Governmentwide Diversity and Inclusion Strategic Plan 2016* issued by the Office of Personnel Management and mandated by Presidential Executive Order 13583 issued in 2011. The Board uses the elements of MD-715 as the primary metric to assess the effectiveness of its EEO and diversity programs, policies, and initiatives.

ODI annually reviews workforce data, policies, practices, and programs to identify enhancements and challenges for equal employment opportunity while ensuring that the Board is free of discrimination, harassment, retaliation, or reprisal. In-depth analysis of workforce data equips Board leaders with the information required to create effective changes supporting the fulfillment of the Board's EEO and diversity initiatives. Therefore, ODI commits to developing and using data-driven strategies and forward-thinking diversity and inclusion concepts, models, and theories to leverage the EEO and diversity programs. To ensure the Board is aware of innovative developments and practices, ODI consults with leading national professional and research organizations such as the Society for Human Resource Management, the Federal Interagency Diversity Partnership, Mercer Diversity and Inclusion/U.S. Workforce Opportunity Network, the Conference Board, and the Institute for Corporate Productivity.

¹ See the Board's *Strategic Plan 2016–19* at www.federalreserve.gov/publications/gpra/files/2016-2019-gpra-strategic-plan.pdf.

Information obtained from these resources enables ODI to provide input to management around leading practices and benchmarking against diversity and inclusion programs and activities.

In compliance with the No FEAR Act, all new hires in 2017 were required to complete No FEAR Act training within 60 days of beginning their employment. The No FEAR Act training includes modules on diversity and inclusion, discrimination-free workplace, workplace harassment, lawful hiring, and disability discrimination and accommodation. In 2018, the Board will augment the No FEAR Act training with education and skills training consisting of web-based and classroom formats focusing on diversity, workplace inclusion, civil treatment, harassment and discrimination, equal employment opportunity, unconscious bias, and inclusive leadership.

ODI prepares and submits federally mandated EEO and diversity reports on behalf of the Board, including the Annual EEO Plan and Program Status Report required by EEOC Management Directive 715; the Annual Federal EEO Statistical Report on Discrimination Complaints (EEOC Form 462); and the Annual No Fear Act Report to Congress. The Board also submits its EEO-1 Report, which is published at www.federalreserve.gov/aboutthefed/diversityinclusionrpt.htm. The Board’s 2017 EEO-1 Report is included in [appendix A](#) of this document.

Highlights of the Board’s 2016 and 2017 reported total workforce demographics are shown in [table 1](#). The Board’s total workforce in 2017 was 43 percent minority and 44 percent female. The Board reported a decrease of 21 employees (-.08 percent) in the total workforce for 2017, of which none were minorities. The female workforce grew by 12, and is offset by a decrease of 33 in the male workforce (net decrease of 21 in total workforce).

Table 1. Federal Reserve Board reported total workforce demographics, 2016 and 2017

Demographic	2016	2017	Change (number)
Male	1,558	1,525	-33
Female	1,208	1,220	+12
Non-minority	1,584	1,563	-21
Minority	1,182	1,182	0
Total employees	2,766	2,745	-21

The Board’s EEO-1 Management categories are 1.1 Executive, Sr. Level Officers and Governors (grade FR-00); 1.2 Sr. Level Managers (grades FR-28 through FR-31); and 1.3 1st/Mid. Level Managers. Selected data for EEO-1 categories in 2017 are shown in [table 2](#), and the detailed Employer Information Report EEO-1 is available in [appendix A](#).

The percentage of minorities in the Executive, Sr. Level category increased from 20 percent in 2016 to 21 percent in 2017. The percentage of minorities in the Sr. Level Manager category decreased from 35 percent in 2016 to 33 percent in 2017. The minority representation in the 1st/Mid. Level Manager category saw a decrease of 10 percentage points compared to 2016, from 62 percent minority representation to 52 percent. The decrease at the 1st/Mid. Level category is attributed to six personnel actions: three retirements and the promotion of three 1st/Mid. Level Managers to the Sr. Level Manager category.

The Board continuously reviews and assesses its employment policies, procedures, and practices to ensure EEO compliance and the full utilization of its diverse and talented workforce. As examples, the Board closely monitors applicant pool data; the programs in place to advance and promote employees as well as those related to skill development, succession planning, and compensation equity; and the pipeline

Table 2. Federal Reserve Board workforce profile 2017, selected data

Demographic	EEO-1 categories											
	Exec. Sr. Level		Sr. Level Manager		1st/Mid. Level Manager		Professionals		Admin. Support Workers		Service Workers	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Male	136	59	157	57	47	54	1,005	54	18	17	119	79
Female	94	41	117	43	40	46	852	46	85	83	32	21
Non-minority	182	79	183	67	42	48	1,078	58	13	13	50	33
Minority	48	21	91	33	45	52	779	42	90	87	101	67
Total employees	230	-	274	-	87	-	1,857	-	103	-	151	-

Table 3. Federal Reserve Board hiring statistics, 2017

Demographic	Internal hires		External hires (excluding Interns)		Interns ¹		Total hires	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Male	40	52	114	54	61	55	215	54
Female	37	48	97	46	50	45	184	46
Non-minority	53	69	125	59	59	53	237	59
Minority	24	31	86	41	52	47	162	41
Total	77	–	211	–	111	–	399	–

Note: Includes all open positions filled in 2017.

¹ Interns are temporary employees.

of personnel available for promotions. Results of the Board’s assessments are considered when deciding how to address issues and trends.

In addition to monitoring hiring and promotion, the Board also monitors the retention of women and minorities by job category, level, and grade. In the event there are concerns about retention, ODI works with management to address any issues.

Further, the Board utilizes the administrative-complaint investigation process to identify trends in the workplace that may adversely affect the Board’s employees.

Recruitment and Retention

The Board recognizes that a work environment that attracts and retains top talent is essential to fulfilling its mission. ODI and the Board’s Talent Acquisition and Organizational Development and Learning units collaborate continuously to promote an excellent quality of work life at the Board for all employees.

The Board takes several steps to ensure that minorities and women are represented in the applicant and candidate pools for hires and promotions. In 2017, the Board filled 399 positions (see table 3). Eighty-one percent of the positions, including 111 interns, were filled externally. Forty-eight percent of all positions filled were in the Board’s five major job families: attorney, computer professional, economist, financial analyst, and research assistant. Among external non-intern hires, 41 percent were minorities, a decrease of 1 percentage point from the previous year, and 46 percent were female, an increase of

3 percentage points from the previous year. Among interns, 47 percent were minorities, down 2 percentage points from the previous year.

The Board utilized a variety of sources (see box 1) to attract a diverse pool of well-qualified candidates to fill positions. To complement the Board’s use of traditional recruitment sources such as job boards, employee referrals, publications, search firms, and career fairs, the Board continued to make significant

Box 1. Federal Reserve Board applicant recruitment sources, 2017

- Board website (Careers page)
- Career fairs
- College recruiting
- Community outreach
- Employee referral
- Internal applicant
- Internet Job Board
- JOE (Job Openings for Economists)
- Professional associations
- Professor referral
- Rehire
- Reserve Bank
- Social media (Twitter)
- Temp/contractor
- USA Jobs website

use of social media to attract diverse candidates, including

- ongoing promotion of the Board’s open positions on Twitter;
- contracting with LinkedIn to ensure all Board jobs are posted on that site; and
- contracting with Diversity Advantage Network, a service that disseminates the Board’s job postings to a wide range of diversity and inclusion associations, schools, organizations, and job boards.

In addition, the Board targeted its career opportunities to several diversity groups on LinkedIn during 2017, including the following:

- **African American groups:** National Black MBA Association, Black Enterprise Network, Black Executives Network, National Society of Black Engineers
- **Hispanic groups:** Prospanica, Hispanic Professionals, Latino Professionals, Society of Hispanic Professional Engineers, Hispanic Alliance for Career Enhancement, Association of Latino Professionals for America
- **Veterans groups:** Disabled American Veterans, Jobs for Vets, U.S. Military Veterans Network, Veterans Hired, Wounded Warrior Project
- **Disabled groups:** Disability Advocates, Disabled Resources – Support, DisABLEDperson, Inc.
- **LGBTQA groups:** Gay Business Network, LGBT Networking, LGBT Friendly Professional Network by OUTstanding
- **Women’s groups:** She Codes, Girls Who Code, Society of Women Engineers, Women in Banking and Finance

The Board attended three major diversity and inclusion career fairs in 2017 as well:

- the Association of Latino Professionals for America Career Fair & Expo
- the joint Prospanica/National Black MBA Association Conference & Career Exposition
- the Grace Hopper Celebration of Women in Computing, the largest women in STEM careers fair in the world

Additionally, the Board recruits directly from a number of colleges and universities for both full-time employees and interns (see [box 2](#)).

Box 2. University career fairs and recruiting outreach initiatives utilized by the Board in 2017

- Christopher Newport University
- College of William & Mary
- Florida A&M University
- Florida International University
- George Mason University
- Georgetown University
- George Washington University
- Hampton University
- Howard University
- James Madison University
- Pennsylvania State University
- Rochester Institute of Technology
- Syracuse University
- University of Alabama
- University of Maryland
- University of Miami
- University of Pittsburgh
- University of Virginia
- Vanderbilt University
- Virginia Polytechnic Institute and State University

In 2017, the Board welcomed 111 interns to support its mission while developing talent for the Board’s future workforce.

Nine interns were directly sourced from the Hispanic Association of Colleges and Universities and INROADS. The students came from a wide range of schools across the country, from New York to Texas. In addition, several historically black colleges and universities, such as Howard University, Hampton University, and Morgan State University, were represented among the interns.

Training and Mentoring

In 2017, the Board continued its Executive Coaching program and provided this development opportunity to 110 officers and managers. Of the total, 49 participants (45 percent) were female and 30 (27 percent) were minorities.

In addition, the Board had 16 employees attend the System Leadership Initiative's Thrive conference for manager-level leaders. Of the total, 10 participants (63 percent) were female and 3 (19 percent) were minorities.

Manager Quick Start, an eight-module leadership development program, was offered in 2017, with a total enrollment of 17 managers. Five participants (29 percent) were female and ten (59 percent) were minorities. This program has received consistently high ratings from participants for supporting their development as leaders. Based on the success of Manager Quick Start, the Board launched an Officer Leadership Program in 2016 to provide additional development opportunities for Board officers. The first full cohort of the program was offered in 2017, with a total enrollment of 20 officers. Of the total, nine participants (45 percent) were female and three (15 percent) were minorities. These efforts also support leadership development objectives outlined as part of the "Workforce" Strategic Pillar in the *Board's Strategic Plan 2016–19*.

The Board also offered two sessions of Situational Leadership in 2017. Of the 30 total participants, 13 officers and managers participated in this training program. Of that total, 7 participants (54 percent) were female and 10 participants (77 percent) were minorities.

Additional courses supporting professional and leadership development were provided to employees through the Board's core curriculum. Course offerings focused on several key areas, including emotional intelligence, career development, leading project teams, giving and receiving feedback, interpersonal skills, and conflict resolution.

Course offerings that focused on unconscious bias and generational differences were also offered through the core curriculum to support the Board's diversity and inclusion efforts. In addition to the core curriculum, the Board provided targeted training to support division-specific initiatives related to diversity and inclusion and employee engagement.

To ensure consistency and fairness in evaluating performance, the Board maintains a performance appraisal system supported by using standardized competencies; training for managers and employees about the process; workshops and resources for leaders to ensure performance ratings are used consistently; and an interactive website with tools, guides,

and video training modules to increase understanding of the program.

As a result of feedback from the Board's 2016 Engagement Survey, a Boardwide Mentoring Program was launched to strengthen the Board's internal talent pool and increase cross-divisional collaboration. All Board employees may apply for the Mentoring Program. In 2017, the Board hosted two mentoring cohorts with a total of 34 mentor-mentee pairs. Of the total number of mentees participating in the program, 21 (62 percent) were female and 19 (56 percent) were minorities. Additional cohorts are planned in the coming years.

Diversity and Inclusion at the Board

The Board recognizes that fostering diversity and inclusion requires multiple, integrated, ongoing efforts.

In 2016, the Board published its *Diversity and Inclusion Strategic Plan 2016–19*. The plan details specific objectives and actions that are aligned with the Board's diversity and inclusion and EEO standards in the areas of organizational commitment; workforce diversity; workplace inclusion; supplier diversity; and sustainability. In addition, the plan is a companion document to the *Board's Strategic Plan 2016–19*. Taken together, these plans will enable the Board to successfully recruit, hire, promote, educate, and retain a more diverse workforce as well as foster a culture that encourages collaboration, flexibility, transparency, and fairness—thus enabling individuals to participate to their full potential to make significant contributions toward achieving and maintaining a highly skilled and diverse workforce.

The Board recognizes that collaboration is key for the leaders, stakeholders, and partners who are working toward enhancing diversity, building a culture and climate of inclusion, and having a model EEO program. With this in mind, the ODI director meets with the Chairman of the Board, chief operating officer, chief human capital officer, and senior leadership to discuss priority issues related to EEO, diversity, and inclusion.

In addition, to ensure the Board is supportive of the needs of its workforce, the Board utilizes input from its six Employee Resource Groups (ERGs): the African American ERG; the Asian American Pacific Islander ERG; the ERG for People with Disabilities; the Hispanic ERG; the Lesbian, Gay, Bisexual,

Transgender, Queer, and Allies ERG; and the Women’s ERG. The ERGs serve as a collective voice in providing input to management around diversity and inclusion programs and activities at the Board. In 2017, the ERGs held joint meetings to discuss affinity awareness, best practices, and cross-collaboration; updated their charters to align their missions, goals, and objectives with the Board’s diversity and inclusion framework; and developed operational plans outlining activities focused on strengthening membership and delivering impactful events and initiatives.

ODI assesses the effectiveness of the Board’s progress in accomplishing its strategic diversity and inclusion goals through the collective evaluation of all division Diversity and Inclusion Scorecards. The scorecard is a template for measuring both progress and results against the Board’s diversity and inclusion standards. In 2017, enhancements were implemented to the Diversity and Inclusion Scorecard process, based on feedback solicited from the divisions. In addition, the scorecard elements were changed to better align with the Board’s diversity and inclusion standards. Further, a primary standard objective was set for each scorecard element to allow for continuity across the divisions and to enable the divisions to link their strategies and objectives to the *Diversity and Inclusion Strategic Plan* objectives.

All divisions receive quarterly reports, which include demographic data for the division’s current employees (by race, gender, and grade band) as well as a snapshot of workforce transactions (hires, promotions, and separations). These reports serve as a standard briefing with division management to discuss departmental workforce trends and areas needing specific attention. The divisions, in conjunction with ODI, assess their reports and bridge the information into scorecard actions. The quarterly reports and ODI briefings, coupled with the divisions’ results from the Board’s 2016 engagement survey, provide both quantitative and qualitative information to help divisions better address diversity and inclusion issues.

Further, the Board has undertaken efforts to enhance diversity and inclusion training among staff. In 2017, for example, ODI finalized a basic ordering agreement with leading consulting firms in the diversity and inclusion field to provide consulting services and training on diversity and inclusion program initiatives. This initiative will provide learning opportunities for all levels of Board employees on diversity and

inclusion. Also in 2017, the Board introduced a training workshop for hiring managers called “Effectively Hiring Top Talent without Bias.” The workshop provided hiring managers with strategies to mitigate unconscious bias in the hiring process; highlighted effective interviewing techniques for evaluating candidates fairly and equitably; and covered what questions legally may and may not be asked during interviews. Based on the positive feedback from attendees, the workshop will be offered again in 2018.

Successes

As detailed in earlier sections of this report, the Board continued to enhance and strengthen its efforts to promote diversity and inclusion among its workforce. Successes for 2017 are highlighted below.

Diversity in Official Staff Pipeline and Major Job Family Hires

The Board continues to increase pools for progression to official staff² for minorities and women in pipeline grades FR-27 through FR-31. Minorities in the pipeline grades increased by 6 percent, from 411 in 2016 to 436 in 2017. Similarly, the percentage of women in the official staff pipeline increased by 5 percent, from 474 in 2016 to 499 in 2017. In 2017, there were 17 appointments to the official staff, of which 6 (35 percent) were minorities and 10 (59 percent) were women, an increase of 8 percentage points and 18 percentage points from the previous year, respectively.

The Board’s long-term and short-term outreach and recruitment strategies continue to produce diverse applicant pools for major job families. The number of minorities hired into the attorney job family increased 28 percentage points, from 18 percent in 2016 to 46 percent in 2017 (see [table 4](#)). The number of minorities hired into the economist job family increased 5 percentage points, from 25 percent in 2016 to 30 percent in 2017, and the number of females hired into this category increased 22 percentage points, from 17 percent in 2016 to 39 percent in 2017. The computer professional job family also experienced an increase in hires of minorities and females: the number of minorities increased by 12 percentage points, from 45 percent in 2016 to 57 percent in 2017, and the number of females

² Official staff is equivalent to Senior Executive Service (SES).

Table 4. Federal Reserve Board hires in major job families, 2017

Demographic	Attorney		Computer Prof.		Economist		Financial Analyst		Research Assistant	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Male	8	62	15	54	20	61	23	53	46	61
Female	5	38	13	46	13	39	20	47	30	39
Non-minority	7	54	12	43	23	70	32	74	53	70
Minority	6	46	16	57	10	30	11	26	23	30
Total	13	–	28	–	33	–	43	–	76	–

increased by 7 percentage points, from 39 percent in 2016 to 46 percent in 2017.

Leadership Commitment to Diversity and Inclusion

Ensuring diversity and inclusion at the Board requires a long-term, holistic approach that focuses on doing the utmost to bring people in and provide them paths for success, which in turn, requires having an overall culture and organization that is very focused on diversity and demonstrates its ongoing commitment at all levels, starting with leadership. Board leaders demonstrated their commitment through a variety of means in 2017.

During the year, the Board advanced the Diversity and Economic Inclusion Workgroup, which was established in 2016 to update the Board on diversity and inclusion issues and activities. The workgroup is composed of the OMWI director, division directors, senior staff, and Board members. The workgroup met quarterly in 2017 to discuss progress on a range of activities related to diversity and economic inclusion, such as underrepresentation of minorities among the official staff and continued research on the lack of minorities and women in the economics profession. The workgroup's efforts are ongoing.

In addition, Chair Janet Yellen focused the spotlight on diversity and inclusion: During National Women's History Month (March 2017), she issued a statement on the Board's internal website reinforcing the Board's commitment to equal opportunity and diversity of perspectives and ideas.

Also in 2017, ODI facilitated benchmarking sessions with Board managers and officers to identify diversity and inclusion leading practices related to leadership engagement and sponsored a workshop on inclusive leadership. Through ODI's assessment of the divisions' Diversity and Inclusion Scorecard actions, Board leaders also are adopting and imple-

menting many of the learned strategies to promote diversity and inclusion in their divisions. For example, divisions are discussing diversity and inclusion topics at management meetings; sharing and discussing their division's scorecard with division staff; providing unconscious bias training to staff; and are exploring or have implemented a diversity and inclusion competency in staff performance plans.

Strategic Communication of Diversity and Inclusion

In an effort to bring diversity and inclusion to the forefront externally and internally, the Board used multiple communication channels to disseminate information about its diversity and inclusion strategies and initiatives. The following are a few examples:

- The Board's *Diversity and Inclusion Strategic Plan 2016–19* and its diversity and inclusion standards were posted to the Diversity & Inclusion section of the Board's website (www.federalreserve.gov/aboutthefed/diversityinclusion.htm) in order to provide transparency to the public regarding the Board's diversity and inclusion initiatives and practices, mission, vision, and framework.
- The ODI director was interviewed on the Board's "Employee Life News"—an internal video series for all staff that highlights Board programs, events, and other happenings—to provide an overview of the *Diversity and Inclusion Strategic Plan*.
- The ODI director briefed Board division directors on specific objectives and actions related to the *Diversity and Inclusion Strategic Plan* and their responsibilities for implementing the plan.
- Board divisions used diverse internal communication methods and channels, such as town halls, intranet sites, podcasts, staff meetings, and discussion groups to convey diversity and inclusion messages to employees.

- To promote awareness of the Board’s culture and diversity and inclusion initiatives, all new employees were presented with information on the Board’s *Diversity and Inclusion Strategic Plan* and on the Employee Resource Groups during New Employee Orientation.

Education and Training to Support Diversity and Inclusion

To ensure that Board staff understand the complexity of diversity and in order to effectively promote inclusion and equity in a variety of contexts, the Board in 2017 offered three diversity and inclusion educational courses: “Unconscious Bias Awareness,” “MicroTriggers,” and “Generational Translation.” All staff were eligible to sign up for these formal training sessions through FedLearn, the Board’s online learning management system. In addition, division leaders established opportunities for staff to conduct informal discussions around diversity and inclusion topics and issues in order to promote diverse perspectives aimed at fostering a culture in which a broad range of divergent views are appreciated.

External Outreach and Recruitment Activities Targeting Minority and Women Economists

The Board undertook several significant outreach and recruitment initiatives in 2017 to address diversity in the economics profession.

First and foremost, the Board’s economics divisions continue to collaborate on a variety of diversity and inclusion initiatives to support and encourage increased representation of women and minority groups in the economics profession. These initiatives involve partnerships with outside organizations—such as the Hispanic Heritage Foundation, the Bank of England, the European Central Bank, the Brookings Institution, the National Economic Association, and the American Society of Hispanic Economists—as well as System and internal efforts.

In 2017, the Board continued to collaborate with the American Economic Association (AEA) to address the state of diversity in the economics profession through participation in the Summer Training and Scholarship Program Conference and the Teaching and Research in Economic Education Conference. The Board supported the AEA Summer Training Program, which aims to increase diversity in the eco-

nomics profession by preparing talented undergraduates who are seriously considering PhD programs in economics. More specifically, Board staff from the economic research divisions presented to AEA Summer Program students about job opportunities for research assistants and economists at the Board and the Federal Reserve Banks. As a result of the Board’s outreach and recruitment efforts in 2017, five AEA Summer Program graduates were hired into full-time research assistant positions at the Board.

The Board also organized and hosted a meeting with senior staff at the Brookings Institution, a public policy research organization, to discuss a variety of issues related to diversity and inclusion, such as inclusive leadership, cultural readiness and engagement, recruitment, and career development. This meeting provided thought leadership regarding actions, initiatives, and strategies that senior Board economics staff could undertake to improve diversity within the economics field.

In addition, the Board continued its teaching and mentoring partnership with Howard University’s Department of Economics. Approximately 30 Board economists were involved in the design of the Financial Literacy/R-Programming course offered through Howard and taught by a Board economist. The goals are to build critical skills and knowledge required for postgraduate and professional success in the economics field and establish mentoring relationships between students and Board economists.

In an effort to build the national pipeline of minority economists, the Board and the Federal Reserve Banks have been collaborating on several recruiting and outreach diversity initiatives. One such initiative involved the development of a list of U.S. colleges and universities that award the most undergraduate degrees in economics to underrepresented minority groups. The Board and the Reserve Banks will utilize this resource for future recruitment of minority and women research assistants and summer interns.

Additionally, the Board’s economics divisions have established an Economics Divisions Diversity Council. One of the committee’s high-priority objectives is to address the issue of underrepresentation of minorities and women in the economics profession. And the economics divisions have expanded their recruitment and outreach sources for research assistant and economist job candidate applications in order to increase diversity in the applicant pool. They also require implicit-bias awareness training for

all staff involved in recruiting activities. This strategy has resulted in a 5 percentage point increase in minority economist hires, from 25 percent in 2016 to 30 percent in 2017.

Challenges and Next Steps

Addressing diversity within its workforce continues to be a priority for the Board, and it faces several ongoing challenges.

Increasing Hispanic Representation in Board Workforce

Although the Board continues to work to address the low representation of Hispanics in its workforce, their overall participation rate remains at 5 percent. To address workforce diversity and to further improve Hispanic employment in its major job families, the Board will continue to implement strategies and actions outlined in the *Diversity and Inclusion Strategic Plan*, which include strengthening existing partnerships with external Hispanic organizations and the Board's Hispanic Employees Advisory Committee.

In 2017, the Board employed four summer interns sourced from the Hispanic Association of Colleges and Universities. The Board also participated in two career fairs in its efforts to recruit Hispanics—the Association of Latino Professionals for America Career Fair & Expo and the joint Prospanica/National Black MBA Association Conference & Career Exposition. In addition to continued collaboration with these organizations, the Board maintained ongoing relationships with the Society of Hispanic Professional Engineers and the Hispanic Alliance for Career Enhancement.

Additionally, to address the low representation of African Americans and Hispanics in its economic research assistant job family, the Board will continue to explore new sources for summer intern research assistants, including building partnerships with col-

leges and universities with significant minority student enrollment and enhancing networking with and outreach to professional economics organizations.

Increasing Minority Representation among Official Staff

Although the Board has made progress in increasing the representation of minorities in the pipeline to official staff, it continues to explore ways to identify talent for official staff positions. Targeted recruitment strategies include the use of executive search firms and expansion of outreach and recruitment sources, which have resulted in a more diverse applicant pool. The OMWI director participates in the recruitment process and leadership development programs, as well as reviews and evaluates processes for proposed official staff appointments.

Availability of Minority and Women Economists

The availability of minority and female economists in the national educational and professional pipeline remains persistently low, which creates ongoing recruitment challenges for the Board. Under the purview of the AEA's Committee on the Status of Minority Groups in the Economics Profession, the Board will continue to organize, oversee, and participate in the three programs intended to foster a long-term strategy in the recruitment of minority economists: (1) the Summer Economics Fellows Program; (2) the Summer Training Program; and (3) the Mentoring Program. In order to identify potential research candidates more often, the Board plans to track and engage AEA summer program participants with the goal of converting eligible, high-performing interns to research assistants.

The Board also continues to stimulate an interest in economics and math among minorities and women through its participation in financial literacy programs and educational partnerships with underserved communities (see the "[Financial Literacy Activities](#)" section for details).

Inclusion of Minority-Owned and Women-Owned Businesses

The Board's commitment to supplier diversity has grown extensively over the years. The Board has an active Supplier Diversity Program, with detailed policies and procedures aligned with the provisions of section 342 of the Dodd Frank Act.

The Board is committed to fostering diversity in its procurement process through the inclusion and utilization of minority- and women-owned businesses (M/WOBs) both regionally and nationally. The Board recognizes the vital role that diverse businesses play in contributing to the economic growth and development of the communities they serve. Supporting diverse businesses is an important business objective of the Board and the Federal Reserve System.

Throughout 2017, the Division of Financial Management's Procurement team continued its efforts to identify areas of opportunity for M/WOBs to participate in the Board's acquisition process. Procurement also innovated, expanded, and modernized almost all aspects of its business activities during the year. In response to an overall Procurement review, a revised organizational structure was put in place to align Procurement staff with internal client divisions in order to improve customer service and gain a better understanding of divisions' business and procurement needs. Procurement also undertook a series of business-process improvements to streamline acquisition processes. This included revising acquisition policies and procedures to clarify processes, roles and responsibilities, and expectations for client divisions and the Procurement staff.

During 2017, Procurement enhanced the Board's Supplier Diversity Program in three key ways:

- Implemented an automatic covered company³ set-aside by enhancing its Small and Disadvantaged

³ *Covered company* means a firm qualified as a small business concern under the Small Business Act (15 USC 632) and regulations thereunder, including (1) business concerns that meet the size eligibility standards set forth in 13 CFR 121; (2) small

Business policy. In general, any acquisition for supplies or services that has an anticipated dollar value of at least \$5,000, but not more than \$100,000, is reserved for covered companies and may be sourced using the U.S. General Services Administration's Federal Business Opportunities website (FedBizOpps.gov). In addition, Procurement staff used FedBizOpps to conduct market research, issue Requests for Information (RFI), and post acquisitions that exceeded \$100,000.

- Eliminated the requirement for Board divisions to receive vendor quotes associated with market research on a product. This significantly reduced the risk that a particular vendor had an unfair competitive advantage, and allowed more covered companies to participate in a fair acquisition process. This change also improved collaboration with client divisions and resulted in more open competition.
- Maintained a Tier 2 sourcing program with targeted subcontracting goals. Contracts include subcontracting goals for covered companies based upon the U.S. Small Business Administration's goals (see the "[Tier 2 Program](#)" section for more details).

Contracts Awarded to M/WOBs

The Board is committed to working with, and supporting, companies owned by minorities and women, by creating business opportunities that enable them to become profitable and sustainable enterprises. The Board's objective is to ensure that M/WOBs participate in the Board's acquisition process and that these

business concerns owned and controlled by veterans or service-disabled veterans as defined by 15 USC 632(q); (3) qualified HUBZone small business concerns pursuant to 15 USC 632(p) and 13 CFR 126; (4) socially and economically disadvantaged small business concerns as defined by 15 USC 637 and certified as such under 13 CFR 124; and (5) small business concerns owned and controlled by women as defined by 15 USC 632(n).

Table 5. Contract awards to minority- or women-owned businesses, 2013–17

Demographic	2017		2016		2015		2014		2013	
	Dollars	Percent								
By business type										
Total awards, all businesses	156,986,687	100.00	155,189,977	100.00	214,867,580	100.00	190,643,728	100.00	158,196,516	100.00
Minority-owned ^{1,2}	17,663,074	11.25	17,671,644	11.39	24,128,891	11.23	14,122,354	7.41	6,806,841	4.30
Non-minority women-owned	10,327,487	6.58	12,693,869	8.18	13,332,172	6.20	16,340,738	8.57	11,520,842	7.28
Minority women-owned	0	0.00	0	0.00	0	0.00	0	0.00	2,670,032	1.69
Total minority-owned and women-owned²	27,990,561	17.83	30,365,514	19.57	37,461,063	17.43	30,463,092	15.98	20,997,715	13.27
By demographic group										
American Indian or Alaska Native	102,261	0.07	0	0.00	0	0.00	0	0.00	n.d.	n.d.
Asian American	8,913,998	5.68	6,476,066	4.17	7,428,282	3.46	5,728,722	3.00	n.d.	n.d.
Black or African American	2,653,874	1.69	3,216,920	2.07	1,829,100	0.85	3,222,106	1.69	n.d.	n.d.
Hispanic or Latino	5,482,823	3.49	5,455,102	3.52	13,065,762	6.08	4,506,404	2.36	n.d.	n.d.
Native Hawaiian or other Pacific Islander	388,580	0.25	1,181,906	0.76	1,210,920	0.56	0	0.00	n.d.	n.d.
Other minority ³	121,538	0.08	1,341,650	0.02	594,826	0.28	665,120	0.35	n.d.	n.d.

Note: Awards are contracts awarded between January 1 and December 31. "Percent" columns reflect the percentage of total contracts awarded for the calendar year. Components may not sum to totals and may not yield percentages shown because of rounding.

¹ "Minority-owned" for 2014–17 includes minority women-owned businesses.

² The term *minority* means an individual who falls within one or more of the following race and ethnic categories: Hispanic or Latino, Black or African American, Native Hawaiian or other Pacific Islander, Asian, and American Indian or Alaska Native. The term *minority-owned business* means a business that meets the following criteria: (i) more than 50 percent of the ownership or control is held by one (1) or more minority individuals; and (ii) more than 50 percent of the net profit or loss accrues to one (1) or more minority individuals. The term *women-owned business* means a business that meets the following criteria: (i) more than 50 percent of the ownership or control is held by one (1) or more women; (ii) more than 50 percent of the net profit or loss accrues to one (1) or more women; and (iii) a significant percentage of senior management positions are held by women.

³ *Other minority* means those businesses designating "minority-owned" but not designating Asian American, Black American, Hispanic American, or Native American.

n.d. No data available.

Source: Oracle/MicroStrategy, 2013–17.

diverse firms get the technical assistance they need to be successful in the acquisition process.

During calendar-year 2017, the Board awarded \$156,986,687 worth of contracts for goods and services.⁴ Of this total, \$27,990,561, or 17.83 percent, was awarded to M/WOBs, including \$17,663,074, or 11.25 percent, to minority-owned businesses and \$10,327,487, or 6.58 percent, to non-minority women-owned businesses. The percentage of contract dollars awarded to minority-owned firms was about the same as in 2016. In addition, women-owned business contract dollars awarded decreased slightly compared to 2016.

Five-Year Trend in Awards to Minority Women-Owned Businesses, Minority-Owned Businesses, and Women-Owned Businesses

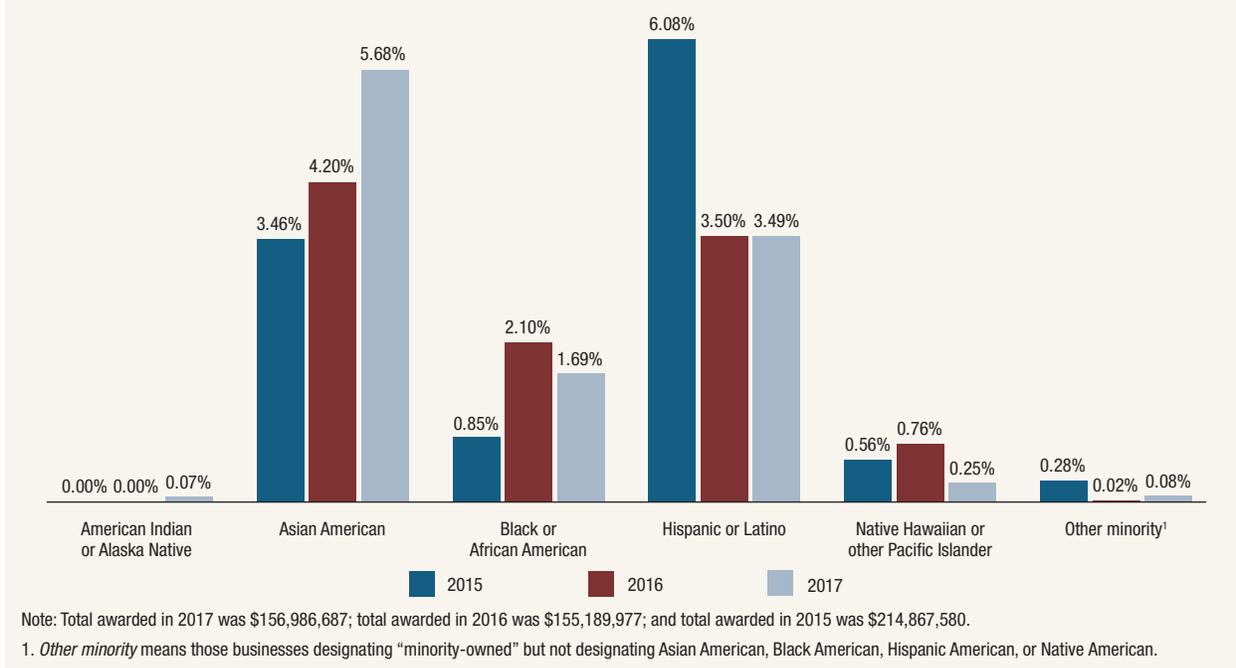
As the Board strives for continuous improvement in supplier diversity, the Procurement team continued to work with client divisions to develop new strategies and strengthen existing initiatives to improve understanding, outreach, and supplier diversity results. The Board's diversity spend over the last five years (2013–17) demonstrates the progress it has made with M/WOBs. Table 5 shows the amounts and percentages of contract dollars awarded to M/WOBs over the past five years.

Trends in Awards by Demographic Group

In addition to reporting the percentage of contract dollars awarded to M/WOBs as required under section 342 of the Dodd-Frank Act, in 2014 the Board began tracking awards to M/WOBs by demographic groups. Specifically, the Board tracks and reports

⁴ This report describes the contracts awarded by the Board for the period January 1, 2017, through December 31, 2017, and includes contracts for the Board's Office of Inspector General as well as the Board's currency program. The dollar amount shown represents the total obligated amount of the contracts rather than the actual amounts paid to contractors.

Figure 1. Percentage of total awards by demographic group, 2015–17



contracts awarded to Asian American, Black or African American, Hispanic or Latino, American Indian or Alaska Native, Native Hawaiian or other Pacific Islanders, and other (nonspecific) minority-owned businesses.⁵ Figure 1 shows the percentage of total contracts awarded to different demographic groups.

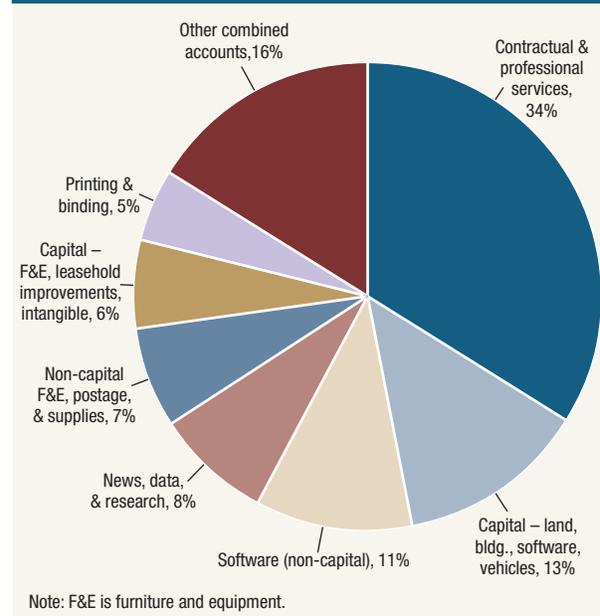
sional services; capital – land, buildings, software, and vehicles; software (non-capital); news, data, and research; non-capital furniture, equipment, postage, and supplies; capital – furniture and equipment, leasehold improvements, and intangible; and printing and binding services.

Trends in Awards by Board Summary Account

From accounting services to construction services, the Board annually spends millions of dollars procuring goods and services. These contracts create economic ripples that promote business growth and job creation and drive market innovation. Through the Board’s Supplier Diversity Program, the practice of contracting with diverse businesses, particularly M/WOBs, capitalizes on the efforts to promote economic development.

To better understand the types of purchases that constitute the majority of its contracting awards, the Board tracks its acquisitions by summary accounting codes. As shown in figure 2, seven accounting codes comprised more than 80 percent of the Board’s contract awards. These included contractual and profes-

Figure 2. Contracts awarded by summary account, 2017



⁵ *Other* represents minority businesses that did not select a demographic group.

Table 6. Contract payments to minority- and women-owned businesses, 2013–17

Demographic	2017		2016		2015		2014		2013	
	Dollars	Percent								
By business type										
Total awards, all businesses	149,460,423	100.00	148,670,418	100.00	154,264,257	100.00	142,278,128	100.00	136,200,452	100.00
Minority-owned ^{1,2}	15,618,616	10.45	16,300,360	10.96	12,833,443	8.32	9,918,863	6.97	5,727,983	4.21
Non-minority women-owned	7,890,796	5.28	8,260,979	5.56	9,755,909	6.32	11,424,820	8.03	4,564,941	3.35
Total minority-owned and women-owned²	23,509,412	15.73	24,561,339	16.52	22,589,352	14.64	21,343,683	15.00	10,292,924	7.56
By demographic group										
American Indian or Alaska Native	87,577	0.06	0	0.00	0	0.00	0	0.00	19,877	0.01
Asian American	8,100,211	5.42	5,075,631	3.41	5,406,022	3.50	3,019,103	2.12	1,740,317	1.28
Black or African American	2,235,793	1.50	2,876,120	1.93	1,122,953	0.73	2,626,233	1.85	325,101	0.24
Hispanic or Latino	4,628,029	3.10	6,204,852	4.17	5,118,261	3.32	3,681,174	2.59	3,490,665	2.56
Native Hawaiian or other Pacific Islander	379,436	0.25	1,215,121	0.82	672,896	0.44	0	0.00	0	0.00
Other minority ³	187,570	0.13	928,633	0.62	513,311	0.33	592,353	0.42	152,023	0.11

Note: Contract payments are the actual funds the Board pays out to contractors for goods and services provided. Data are per calendar year. Components may not sum to totals and may not yield percentages shown because of rounding.

¹ “Minority-owned” includes minority women-owned businesses.

² The term *minority* means an individual who falls within one or more of the following race and ethnic categories: Hispanic or Latino, Black or African American, Native Hawaiian or other Pacific Islander, Asian, and American Indian or Alaska Native. The term *minority-owned business* means a business that meets the following criteria: (i) more than 50 percent of the ownership or control is held by one (1) or more minority individuals; and (ii) more than 50 percent of the net profit or loss accrues to one (1) or more minority individuals. The term *women-owned business* means a business that meets the following criteria: (i) more than 50 percent of the ownership or control is held by one (1) or more women; (ii) more than 50 percent of the net profit or loss accrues to one (1) or more women; and (iii) a significant percentage of senior management positions are held by women.

³ *Other minority* means those businesses designating “minority-owned” but not designating Asian American, Black American, Hispanic American, or Native American.

Source: Oracle/MicroStrategy, 2013–17.

Contract Payments to M/WOBs

Another way to gauge the Board’s progress with M/WOBs is by examining annual payments to contractors. This participation can be best measured through “contract payments.” Contract payments are the funds the Board pays to contractors for goods and services provided. Performance of a contract might not occur within the same year the contract is awarded; thus, payments made during the year in many instances are for goods or services provided under contracts awarded in a previous year. As a result, a direct correlation between the dollar amounts for contract payments and contract awards in a given year cannot be made.

In 2017, the Board paid a total of \$149,460,423 to contractors. Of this total, \$23,509,412, or 15.73 percent, was paid to M/WOBs, including \$15,618,616, or 10.45 percent, to minority-owned businesses and \$7,890,796, or 5.28 percent, to non-minority women-owned businesses. The percentage of contract dollars paid to M/WOBs represents a slight decrease compared to 2016, but remains high in comparison to previous years. Table 6 shows contract payments the Board made to M/WOBs from 2013 through 2017.

(See appendix B for contract payments by the Federal Reserve System, including the Board and Reserve Banks, to M/WOBs in 2016 and 2017.)

Successes

The Board’s commitment to working with M/WOBs in its acquisition process has long been a core business strategy for success. The Board’s Procurement and Supplier Diversity professionals deliver sustainable supplier diversity solutions, thus driving the economic value for the communities we serve.

External Outreach to Build Capacity and Provide Technical Assistance to M/WOBs

During 2017, the Board’s Supplier Diversity Program increased its outreach efforts to regional and national organizations that share its commitment to support programs and services for M/WOBs.

The Procurement team engaged in numerous outreach activities to provide technical assistance, enhance awareness, and respond to questions from potential contractors regarding Board procurement

Box 3. Supplier diversity outreach activities, 2017

- Alliance Mid-Atlantic Small Business Procurement Fair
- American Express OPEN Business Matchmaking Event
- Capital Region Minority Supplier Development Council Matchmaking Event
- Congressional Black Caucus Foundation Annual Legislative Conference
- Federal Procurement Conference (Office of Small and Disadvantaged Business Utilization)
- Federal Reserve Bank of Atlanta – Supplier Diversity Forum
- Federal Reserve Bank of Chicago – Business Smart Week
- Greater Washington Hispanic Chamber of Commerce Business Exposition
- National 8(a) Association Small Business Conference
- National Minority Supplier Development Council
- National Veterans Small Business Engagement Conference
- U.S. Hispanic Chamber of Commerce Conference
- U.S. Hispanic Legislative Summit
- U.S. Pan Asian American Chamber of Commerce CelebrAsian Conference
- U.S. Department of Treasury Industry Day
- U.S. Women’s Chamber of Commerce Conference
- Women’s Business Enterprise National Council Conference & Business Fair
- Women’s Business Enterprise National Council Summit and Salute
- Women’s Business Enterprise National Council Path to Power Conference

opportunities. Specifically, Procurement representatives hosted, led, or were featured speakers at several events that provided specific technical assistance to M/WOBs. Procurement representatives also exhibited and held matchmaking sessions at many other external events. See [box 3](#) for a list of the Board’s supplier diversity outreach activities during the year.

Highlights

• Federal Reserve Board Vendor Outreach Fair

In August 2017, Procurement hosted a vendor outreach fair to provide vendors an opportunity to market their products and services and to collaborate with technical representatives from the Board, the Federal Reserve System, and federal agencies. The overall goal of this signature event was to assist small and diverse businesses by broadening their awareness of and access to business opportunities; facilitate their communication with buyers and key procurement decisionmakers; and provide them with access to capacity-building resources. Chair Janet Yellen, in a video used during the opening ceremony, delivered a special message about the importance of small business to the economy (see the video at www.federalreserve.gov/aboutthefed/procurement/vendor-outreach-fair.htm).

More than 430 companies attended the event, including 370 small business representatives. Several speakers, including many Board staff, contracting officers, and contracting officer representatives, explained the Board’s and Federal Reserve System’s procurement processes and discussed strategies for companies to consider when submitting proposals for contracts. In addition, technical representatives from around the Federal Reserve System and the federal government met with business owners to discuss current contract opportunities, and seminars were offered on such topics as cybersecurity for businesses, the U.S. payment system and small business, and how small businesses can access credit.

• U.S. Department of Treasury Business Matchmaking for ChallengeHER

In October 2017, Board staff participated in the Treasury’s Office of Small Disadvantaged Business Utilization Business Matchmaking Event for ChallengeHER. ChallengeHER is a national initiative to increase government contracting opportunities for women-owned small businesses. ChallengeHER hosts free events serving approximately 18,000 women all across the country. Training includes a variety of federal contracting topics presented by local resources such as Procurement Technical

Assistance Center; matchmaking with agencies and prime contractors; and mentor roundtables allowing the attendees to engage in more in-depth conversation with experts. The Treasury Department partnered with the Small Business Administration, Women Impacting Public Policy, and American Express OPEN to host this event.

- **Federal Agencies Cybersecurity Awareness Technical Assistance Event**

Board staff participated in the April 2017 Cybersecurity Awareness Technical Assistance Event hosted by the Office of the Comptroller of the Currency, the Federal Deposit Insurance Corporation, and the National Credit Union Administration. The event took attendees on a journey through the cybersecurity age and offered insights for businesses on adopting cyberstrategies in today's marketplace. It also explored current trends regarding cybersecurity intrusions into small businesses, suggestions for good "cyber-hygiene," and what to do if a business finds it has been compromised. Event attendees were also able to engage in matchmaking with various agencies. The U.S. Secret Service also participated in this event and later gave its presentation at the Board's Vendor Outreach Fair.

Internal Training and Communication to Support the Supplier Diversity Program

In 2017, the Board continued to identify opportunities to enhance its supplier diversity efforts internally. Procurement continually evaluates its Supplier Diversity Program to identify potential enhancements, and team members meet regularly with internal stakeholders to discuss innovative methods to increase participation of M/WOBs in its business activities. In 2017, the Procurement team continued to use a variety of strategies to support and promote supplier diversity, such as offering training sessions and forums to educate staff (agency-wide) on the importance of supplier diversity, disseminating a quarterly newsletter focused on supplier diversity, and using reporting tools and dashboards to provide stakeholders with additional data to help them manage their diversity spend.

Highlights

- **Division of Financial Management Customer Forum**

The forum provided Board staff with useful information on updated procurement policies and Supplier Diversity Program enhancements. It also

included concurrent breakout sessions on specific subjects to help internal client divisions better manage their acquisition activities and supplier diversity objectives.

- **Procurement Newsletter**

The quarterly newsletter serves as a key vehicle for communicating supplier diversity information to internal stakeholders. It features information on Procurement's major programs and activities as well as on staff training and development. It also shares supplier diversity activities and contracts awarded by vendor classification.

- **Tracking and Reporting Supplier Diversity Results**

In 2017, the Procurement team enhanced its progress-tracking tools to provide client divisions and Procurement staff with more-individualized analysis and follow-up based on program performance as well as with new supplier-selection tools that will help stakeholders identify diverse vendors.

Tier 2 Program

In keeping with the Board's commitment to maximizing the participation of M/WOBs in the acquisition process, Procurement continued to encourage tier 1/prime suppliers to do business with competitive covered companies through its Second-Tier Sourcing Program, which was launched in 2016.⁶ The program seeks to meet the second-tier contracting goals for federal agencies that have been set by the Small Business Administration. These goals include

- 23 percent of prime contracts for small businesses
- 5 percent of prime and subcontracts for women-owned small businesses
- 5 percent of prime and subcontracts for small disadvantaged businesses
- 3 percent of prime and subcontracts for service-disabled veteran-owned small businesses
- 3 percent of prime and subcontracts for HUBZone-certified small businesses

The Board has a policy of providing covered companies with an equitable opportunity to compete, as a contractor or a subcontractor, in its acquisitions. Not only does the Second-Tier Sourcing Program provide additional opportunities for these firms to

⁶ *Second-tier sourcing* is the process of subcontracting suppliers to support a tier 1/prime contractor's fulfillment of a contract. For definition of a covered company, see footnote 3.

participate in the Board's acquisition process, it also strengthens the Board's supply chain.

Next Steps

The Board strives to improve its Supplier Diversity Program by enhancing existing programs and developing new initiatives to support the continued success and growth of M/WOBs. The Board will continue to refine its supplier diversity model to support the requirements of section 342 of the Dodd-Frank Act.

Areas of focus in 2018 include

- expanding internal supplier diversity training for employees;
- enhancing the Board's Tier 2 spend with M/WOBs through outreach and tracking the results of sub-contracting opportunities with prime contractors;
- supporting initiatives that encourage diverse suppliers to consider competing for opportunities in emerging technology; and
- expanding technical assistance by leveraging opportunities with federal financial regulatory agencies and advocacy groups and by hosting vendor events within the Federal Reserve System to help diverse suppliers build capacity as well as the necessary business practices for success and scalable growth.

Financial Literacy Activities

During 2017, the Board participated in community and system outreach events and programs designed to enhance financial literacy for a wide variety of audiences. Examples are listed below.

- Federal Reserve Outreach Program (FedEd):** In 2017, the FedEd Outreach Program continued its efforts to teach personal finance and economics to high school students in the Washington, D.C. area. Thirty research assistants from the Board gave presentations on topics such as saving, borrowing, credit scores, consumer surplus, and the role of the Federal Reserve. Over the past year, FedEd leadership focused on establishing partnerships with more teachers. As a result, FedEd reached 1,003 students from 10 schools in 2017, up from 374 students at 6 area high schools in 2016. In total, FedEd gave 30 in-school presentations and helped students during 6 events held at the Board. Among these engagements were speaker events by Board officers such as Chair Janet Yellen and Vice Chair Stanley Fisher. In addition, two research assistants taught an AP Macroeconomics course for students at Cardozo High School and Benjamin Banneker High School in the District of Columbia.
- Congressional Black Caucus Foundation Annual Legislative Conference:** The Board, representing the Federal Reserve System, sponsored a booth at the foundation's 47th Annual Legislative Conference. The conference was held from September 20–24 in Washington, D.C. Financial education information and materials were distributed to approximately 475 conference attendees.
- Education and training materials distribution:** During 2017, the Board continued to provide financial literacy materials to school systems, local governments, and consumer and financial literacy educators. Approximately 500 education and training materials were distributed.
- Math x Economics:** The Board hosted the sixth annual Math x Economics program on December 4, 2017, for 14 high school students (juniors and seniors) from the Washington, D.C. area who have an interest and aptitude for mathematics. The goals of the program are to introduce economics as a degree of study in college, to help students explore economics as a future career option, and to increase interest and participation of females and minorities in STEM careers.

Attendees participated in interactive activities that introduced them to the field of economics. Economists from the Board's divisions of Research and Statistics, Consumer and Community Affairs, Monetary Affairs, and Supervision and Regulation conducted panel discussions on the relationship between mathematics and research, career paths in economics, and relevant coursework for both mathematics and economics. Research assistants also shared insights into their career choices and what influenced their decisions. The demographic profiles of the student attendees are shown in [table 7](#).

Table 7. Math x Economics program attendee distribution, 2017

Participants	Number	Percent
Female	10	71
Male	4	29
Juniors	8	57
Seniors	6	43
African American	5	35
Hispanic	0	0
Asian	4	29
Pacific Islander	1	7
White	4	29

Diversity Policies and Practices of Regulated Entities

Section 342 of the Dodd-Frank Act required agencies to establish OMWIs and instructed the OMWI director at each agency to develop standards for assessing the diversity policies and practices of the institutions they regulate.⁷

To assist institutions in submitting self-assessment information against policy standards, the Board has provided the electronic Diversity Self-Assessment Template (www.federalreserve.gov/aboutthefed/files/omwi_policy_template.pdf) for the Federal Reserve Board Regulated Entities to submit information in the following areas:

- Organizational Commitment to Diversity and Inclusion
- Workforce Profile and Employment Practices
- Procurement and Business Practices – Supplier Diversity
- Practices to Promote Transparency of Organizational Diversity and Inclusion
- Entity’s Self-Assessment

Regulated institutions can use this fillable template to disclose actions they have taken to meet the standards and submit the completed form electronically. Alternatively, institutions can opt to use their own self-assessment tools rather than the Board’s template.

The Board’s OMWI directly contacted 1,475 institutions regulated by the Board to inform them of the template on the Board’s public website and to request voluntary self-assessment submissions. The Board received 67 submissions, which represents 5 percent of the 1,475 institutions contacted. A breakdown of these responses by institution type is shown in [table 8](#).

⁷ See 80 Fed. Reg. 33016 (June 10, 2015), www.gpo.gov/fdsys/pkg/FR-2015-06-10/pdf/2015-14126.pdf.

Table 8. Number of regulated entity self-assessment submissions, by institution category

Category	Number of institutions
Bank holding companies	19
Financial holding companies	21
Savings and loan holding companies	1
State member banks	26
Total	67

Aggregated Assessment Results

Ninety-one percent of the 67 financial institutions reported having diversity and inclusion officers or equivalents. A lower rate—63 percent—reported having a supplier diversity officer or equivalent. The equivalents’ titles varied from “Corporate Diversity and Inclusion Officer” to “Human Resources Coordinator.” A significant number of the roles and responsibilities for diversity and inclusion also reflected having human resources responsibilities.

Fifty-five (82 percent) of the 67 institutions reported on their boards of directors, resulting in a total number of 643 board members. Among those 55 institutions, 50 (91 percent) reported having women board members, with a total number of 111 (17 percent) women directors, and 24 institutions (44 percent) reported having minority board members, with a total number of 58 (9 percent) minority directors.

The data submission on the workforce profile and procurement spend was insufficient. Therefore, aggregated results could not be determined.

The 67 institutions’ submissions show varying levels of alignment with section 342 Policy Standards.

Two of the 67 institutions ranked among the “2017 DiversityInc Top 50 Companies for Diversity”; four ranked among *Black Enterprise’s* “50 Best Companies for Diversity”; and one ranked among the four “2017 Catalyst Award Winners.”

In regards to section 342 Policy Standards, institutions highlighted a variety of commendable practices—for example:

- providing a detailed description or infographic of the organization’s diversity and inclusion strategy on the organization’s web page;
- utilizing surveys (e.g., Human Rights Campaign Corporate Equality Index and DiversityInc) to benchmark quantitative and qualitative progress measures;
- formalizing strategies to create a culture that values diversity and demonstrates inclusion, including assessing core human resources practices, workforce planning, engagement surveys, and targeted recruitment;
- providing annual EEO training for all employees, both mandatory and self-initiated;
- including an EEO policy statement in the employee handbook as well as a Code of Conduct and channels available to employees and applicants to address issues;
- working with organizations in the markets served by the institutions to share employment opportunities;
- leveraging employee resource groups;
- conducting an annual employee survey to assess engagement;
- diversifying talent pipelines through a mix of proprietary programs and external partners;

- using quantitative and qualitative metrics to track applicants, hires, promotions, and turnovers; and
- utilizing approaches that align diversity and inclusion goals with the organization’s global business strategy, such as
 - attracting, engaging, developing, and retaining a diverse talent workforce,
 - integrating diversity and inclusion within businesses to drive high performance, and
 - leveraging diverse perspectives to advance a culture of inclusion and innovation.

Diversity and inclusion activities requiring priority focus identified by Regulated Entities were as follows:

- outreach to educational institutions serving significant women and minority populations
- participation in conferences, workshops, and other events to attract women and minorities and inform them of employment opportunities
- establishing qualitative and quantitative metrics in the area of supplier diversity
- having an ongoing process to publicize the institution’s procurement opportunities

In the first quarter of 2018, the Board will request self-assessment submissions for calendar-year 2017.

Appendix A: EEO-1 Report for the Board of Governors of the Federal Reserve System for Calendar-Year 2017

Employer Information Report EEO-1																	
Federal Reserve Board, 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. Level Officers, FR-00																	
By total	230	136	94	3	4	113	69	9	12	9	7	0	0	0	0	2	2
By percent	100.00%	59.13%	40.87%	1.30%	1.74%	49.13%	30.00%	3.91%	5.22%	3.91%	3.04%	0.00%	0.00%	0.00%	0.00%	0.87%	0.87%
1.2 Sr. Level Managers, FR-28 through FR-31																	
By total	274	157	117	10	6	110	73	15	29	18	9	0	0	0	0	4	0
By percent	100.00%	57.30%	42.70%	3.65%	2.19%	40.15%	26.64%	5.47%	10.58%	6.57%	3.28%	0.00%	0.00%	0.00%	0.00%	1.46%	0.00%
1.3 1st/Mid. Level Managers																	
By total	87	47	40	3	1	24	18	19	19	1	2	0	0	0	0	0	0
By percent	100.00%	54.02%	45.98%	3.45%	1.15%	27.59%	20.69%	21.84%	21.84%	1.15%	2.30%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Officials and Managers Total																	
By total	591	340	251	16	11	247	160	43	60	28	18	0	0	0	0	6	2
By percent	100.00%	57.53%	42.47%	2.71%	1.86%	41.79%	27.07%	7.28%	10.15%	4.74%	3.05%	0.00%	0.00%	0.00%	0.00%	1.02%	0.34%
2. Professionals																	
By total	1,857	1,005	852	57	41	659	419	88	204	182	167	0	0	0	1	19	20
By percent	100.00%	54.12%	45.88%	3.07%	2.21%	35.49%	22.56%	4.74%	10.99%	9.80%	8.99%	0.00%	0.00%	0.00%	0.05%	1.02%	1.08%
3. Technicians																	
By total	1	1	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0
By percent	100.00%	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
4. Sales Workers																	
By total	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
By percent	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
5. Admin. Support Workers																	
By total	103	18	85	0	2	4	9	13	67	1	3	0	0	0	1	0	3
By percent	100.00%	17.48%	82.52%	0.00%	1.94%	3.88%	8.74%	12.62%	65.05%	0.97%	2.91%	0.00%	0.00%	0.00%	0.97%	0.00%	2.91%
6. Craft Workers																	
By total	32	32	0	0	0	15	0	13	0	4	0	0	0	0	0	0	0
By percent	100.00%	100.00%	0.00%	0.00%	0.00%	46.88%	0.00%	40.63%	0.00%	12.50%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
7. Operatives																	
By total	10	10	0	2	0	0	0	8	0	0	0	0	0	0	0	0	0
By percent	100.00%	100.00%	0.00%	20.00%	0.00%	0.00%	0.00%	80.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
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	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
9. Service Workers																	
By total	151	119	32	11	3	45	5	60	23	2	1	0	0	0	0	1	0
By percent	100.00%	78.81%	21.19%	7.28%	1.99%	29.80%	3.31%	39.74%	15.23%	1.32%	0.66%	0.00%	0.00%	0.00%	0.00%	0.66%	0.00%
Total Workforce																	
By total	2,745	1,525	1,220	86	57	970	593	226	354	217	189	0	0	0	2	26	25
By percent	100.00%	55.56%	44.44%	3.13%	2.08%	35.34%	21.60%	8.23%	12.90%	7.91%	6.89%	0.00%	0.00%	0.00%	0.07%	0.95%	0.91%

Appendix B: Contract Payments to Minority and Women-Owned Businesses by the Federal Reserve Board and Federal Reserve Banks for Calendar-Years 2016 and 2017

Federal Reserve System payments to minority- and women-owned businesses, 2016 and 2017

Dollars in millions

Demographic	2017						2016					
	Federal Reserve Board		Federal Reserve Banks		Federal Reserve System		Federal Reserve Board		Federal Reserve Banks		Federal Reserve System	
	Dollars	Percent	Dollars	Percent	Dollars	Percent	Dollars	Percent	Dollars	Percent	Dollars	Percent
Total reportable spend	149.46	100.00	1,463.05	100.00	1,612.51	100.00	148.67	100.00	1,382.88	100.00	1,531.55	100.00
By business type												
Minority-owned	15.62	10.45	101.97	6.97	117.59	7.29	16.30	10.96	100.49	7.27	116.79	7.63
Non-minority women-owned ^{1,2}	7.89	5.28	28.74	1.96	36.63	2.27	8.26	5.56	31.73	2.29	39.99	2.61
Total minority-owned and women-owned²	23.51	15.73	130.71	8.93	154.22	9.56	24.56	16.52	132.22	9.56	156.78	10.24
By demographic group												
American Indian or Alaska Native	0.09	0.06	0.65	0.04	0.74	0.05	0	0.00	0.53	0.04	0.53	0.03
Asian American	8.10	5.42	34.00	2.32	42.10	2.61	5.08	3.41	37.18	2.69	42.26	2.76
Black or African American	2.23	1.49	59.20	4.05	61.43	3.81	2.88	1.94	57.86	4.18	60.74	3.97
Hispanic or Latino	4.63	3.10	6.31	0.43	10.94	0.68	6.20	4.17	3.77	0.27	9.97	0.65
Native Hawaiian or other Pacific Islander	0.38	0.25	0	0.00	0.38	0.02	1.22	0.82	0	0.00	1.22	0.08
Other minority ³	0.19	0.13	1.81	0.12	2.00	0.12	0.93	0.63	6.30	0.46	7.23	0.47

¹ "Minority-owned" includes minority women-owned businesses.

² The term *minority* means an individual who falls within one or more of the following race and ethnic categories: Hispanic or Latino, Black or African American, Native Hawaiian or other Pacific Islander, Asian, and American Indian or Alaska Native. The term *minority-owned business* means a business that meets the following criteria: (i) more than 50 percent of the ownership or control is held by one (1) or more minority individuals; and (ii) more than 50 percent of the net profit or loss accrues to one (1) or more minority individuals. The term *women-owned business* means a business that meets the following criteria: (i) more than 50 percent of the ownership or control is held by one (1) or more women; (ii) more than 50 percent of the net profit or loss accrues to one (1) or more women; and (iii) a significant percentage of senior management positions are held by women.

³ *Other minority* means those businesses designating "minority-owned" but not designating Asian American, Black American, Hispanic American, or Native American.

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