



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

March 2019

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM





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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 <https://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.

OMWI, created pursuant to section 342 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act),<sup>1</sup> develops standards, procedures, and initiatives to ensure fair inclusion of

<sup>1</sup> See <https://www.gpo.gov/fdsys/pkg/PLAW-111publ203/pdf/PLAW-111publ203.pdf>.

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 <https://www.federalreserve.gov/aboutthefed/diversityinclusion.htm>.

## About This Report

As required by the Dodd-Frank Act, OMWI submits an annual report to the Congress outlining its activities, successes, and challenges. This is the Board's OMWI report for calendar-year 2018. Each Federal Reserve Bank 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

The appendixes of this report provide the Board's Employer Information EEO-1 Report (EEO-1 Report) for 2018 ([appendix A](#)); the combined System data for official staff demographics of the Board and Reserve Banks for 2017–18 ([appendix B](#)); and the total contract payments by the Board and Reserve Banks to minority- and women-owned businesses for 2017–18 ([appendix C](#)).

# 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.<sup>2</sup> 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 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 <https://www.federalreserve.gov/aboutthefed/diversityinclusion.htm>.

The standards for equal employment opportunity at the Board are aligned with the EEOC's Management Directive 715 (MD-715) and Management Directive 110 (MD-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. MD-715 contains policy guidance and standards for establishing and maintaining an effective affirmative program for EEO.<sup>3</sup>
2. MD-110 contains procedures that must be followed when processing complaints of discrimination filed by federal employees and by applicants

<sup>2</sup> See the Board's *Strategic Plan 2016–19* at <https://www.federalreserve.gov/publications/gpra/files/2016-2019-gpra-strategic-plan.pdf>.

<sup>3</sup> See <https://www.eeoc.gov/federal/directives/md715.cfm>.

for federal employment alleging employment discrimination.<sup>4</sup>

3. The No FEAR Act improves accountability for anti-discrimination and whistleblower protection.<sup>5</sup> 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.<sup>6</sup>

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 to assess the effectiveness of its EEO programs, policies, and initiatives.

Utilizing the EEOC MD-715 self-assessment measures and the Board's diversity metrics, ODI annually reviews agency workforce 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. ODI leverages the MD-715 framework to create effective changes that support the fulfillment of the Board's commitment to being a model equitable, diverse, and inclusive workplace.

ODI continues to develop and use data-driven strategies to leverage the EEO and diversity programs. To ensure the Board is aware of innovative developments and practices, ODI continues to consult with

<sup>4</sup> See <https://www.eeoc.gov/federal/directives/md110.cfm>.

<sup>5</sup> See <https://www.gpo.gov/fdsys/pkg/PLAW-107publ174/pdf/PLAW-107publ174.pdf>.

<sup>6</sup> See <https://www.gpo.gov/fdsys/pkg/CFR-2013-title12-vol4/xml/CFR-2013-title12-vol4-part268.xml>.

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

Throughout 2018, ODI continued its efforts to enhance equal employment opportunity, diversity, and inclusion at the Board. In addition, Chair Jerome Powell affirmed the agency's written EEO policy statement, reiterating the Board's commitment to equal employment opportunity and a workplace free of discriminatory harassment and retaliation. Further, Chair Powell publicly expressed his personal commitment to diversity and inclusion in a video posted on the Board's website. The video and transcript can be accessed at <https://www.federalreserve.gov/careers-diversity.htm>.

The Board continues to comply with the requirements of the No FEAR Act. ODI ensures Board employees complete the mandatory No FEAR Act training, which educates employees about their responsibilities to foster a workplace free from discrimination and about identifying and preventing inappropriate workplace behaviors that contribute to discrimination, harassment, or retaliation. In 2018, Board employees received the biennial No FEAR Act training to comply with the regulation's two-year training requirement. The Board's No FEAR Act training includes modules on diversity and inclusion, discrimination-free workplace, workplace harassment, lawful hiring, and disability discrimination and accommodation. In 2019, the Board will augment the No FEAR Act training with education and skills training consisting of web-based and classroom formats that focus on diversity, workplace inclusion, civil treatment, harassment and discrimination, equal employment opportunity, unconscious bias, and inclusive leadership.

In addition to the No FEAR Act training, anti-discrimination and harassment prevention training was provided to Board staff and managers. This training focused on increasing awareness of EEO laws as well as employees' and managers' responsibilities to maintain a workplace free from harassment and discriminatory actions. In 2019, the Board will introduce a civility training program for employ-

ees and managers that focuses on respect, acceptable workplace conduct, and the types of behaviors that contribute to a respectful and inclusive workplace.

The Board took a number of proactive steps to strengthen the agency's anti-harassment initiatives. ODI, in collaboration with its internal strategic partners, updated the agency's discriminatory workplace harassment policy and procedures to align with the EEOC's harassment prevention guidance in establishing a process for addressing allegations of harassment, separate from the Board's administrative EEO complaint process.

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 MD-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 <https://www.federalreserve.gov/aboutthefed/diversityinclusionrpt.htm>. The Board's 2018 EEO-1 Report is included in [appendix A](#) of this document.

Highlights of the Board's 2017 and 2018 reported total workforce demographics are shown in [table 1](#). The Board's total workforce in 2018 was 44 percent minority and 44 percent female. The minority workforce increased by 28 employees, while there was no increase in the non-minority workforce. The female workforce decreased by 5, and was offset by an increase of 33 employees in the male workforce (net increase of 28 employees in the total workforce).

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 2018 are shown in [table 2](#), and the detailed EEO-1 Report is available in [appendix A](#).

**Table 1. Federal Reserve Board reported total workforce demographics, 2017 and 2018**

Demographic	2017	2018	Change (number)
Male	1,525	1,558	+33
Female	1,220	1,215	-5
Non-minority	1,563	1,563	0
Minority	1,182	1,210	+28
<b>Total employees</b>	<b>2,745</b>	<b>2,773</b>	<b>+28</b>

**Table 2. Federal Reserve Board workforce profile 2018, 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	146	59	152	55	57	58	1,021	55	14	14	123	81
Female	101	41	122	45	42	42	833	45	87	86	28	19
Non-minority	193	78	176	64	46	46	1,073	58	11	11	47	31
Minority	54	22	98	36	53	54	781	42	90	89	104	69
<b>Total employees</b>	<b>247</b>	<b>-</b>	<b>274</b>	<b>-</b>	<b>99</b>	<b>-</b>	<b>1,854</b>	<b>-</b>	<b>101</b>	<b>-</b>	<b>151</b>	<b>-</b>

The percentage of minorities in the Executive, Sr. Level Officers and Governors category increased from 21 percent in 2017 to 22 percent in 2018. The percentage of minorities in the Sr. Level Manager category increased from 33 percent in 2017 to 36 percent in 2018. The minority representation in the 1st/Mid. Level Manager category saw an increase of 2 percentage points compared to 2017, from 52 percent minority representation to 54 percent.

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, workforce and succession planning, and compensation equity; and the pipeline 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 overall hiring and promotion, the Board also monitors the hiring, promotion, and retention of women and minorities by job category, level, and grade.

## 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 2018, the Board filled 505 positions (see table 3). Seventy-three percent of the positions, including 116 interns, were filled externally. Fifty-six 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, 40 percent were minorities, a decrease of 1 percentage point from the previous year, and 37 percent were female, a decrease of 9 percentage points from the previous year. Among interns, 41 percent were minorities, down 6 percentage points from the previous year. Female interns increased from 45 percent in 2017 to 47 percent in 2018.

**Table 3. Federal Reserve Board hiring statistics, 2018**

Demographic	Internal hires		External hires (excluding Interns)		Interns <sup>1</sup>		Total hires	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Male	68	50	159	63	62	53	289	57
Female	69	50	93	37	54	47	216	43
Non-minority	73	53	151	60	68	59	292	58
Minority	64	47	101	40	48	41	213	42
<b>Total</b>	<b>137</b>	<b>-</b>	<b>252</b>	<b>-</b>	<b>116</b>	<b>-</b>	<b>505</b>	<b>-</b>

Note: Includes all open positions filled in 2018.

<sup>1</sup> Interns are temporary employees.

### Box 1. Federal Reserve Board applicant recruitment sources, 2018

- Board website (Careers page)
- Career fairs
- College recruiting
- Community outreach
- Employee referral
- Internal applicants
- Internet Job Boards
- JOE (Job Openings for Economists)
- Professional associations
- Professor referral
- Search firms
- Social media (Twitter)
- USA Jobs website

The Board utilized a variety of sources (see [box 1](#)) to attract a diverse pool of well-qualified candidates. To complement its use of traditional recruitment sources such as job boards, employee referrals, publications, search firms, and career fairs, the Board continued to make significant use of social media to attract diverse candidates, including

- ongoing contracting with LinkedIn to ensure all Board jobs are posted on that site;
- ongoing automatic dissemination of all Board positions to major aggregators such as Indeed, Glassdoor, and Google Jobs; and
- ongoing promotion of the Board’s open positions on Twitter.

In addition, the Board targeted its career opportunities to several diversity audiences through a variety of means, including the following:

- ongoing 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, with particular focus on the following communities:
  - minority groups (African American, Hispanic, Asian, Native American, and others)
  - women
  - LGBTQ

—veterans and wounded veterans

—people with disabilities

—seniors

- utilization of job boards and LinkedIn groups associated with 100 Women in Finance, the Women’s Bar Association, Financial Women’s Association, and InHerSight
- attendance at the Service Academy Career Conference career fair to attract members of the Armed Forces transitioning to the civilian workforce
- developing relationships with several agencies that place disabled and veteran workers

The Board also continued to offer the “Effectively Hiring Top Talent without Bias” class to increase partnership and awareness among hiring managers regarding unconscious bias in the hiring process and how to create a positive, inclusive candidate experience. In 2018, 32 managers were trained.

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

In 2018, the Board welcomed 116 interns to support its mission while developing talent for the Board’s future workforce. The Board took several actions to continue to increase diversity among its intern population, including the following:

- continued work to develop relationships with colleges and universities with diverse student populations, such as Florida International University, Vanderbilt University, and University of Michigan
- reorganized campus recruiting function to focus efforts on building a stronger campus presence with historically black colleges and universities, Hispanic-serving institutions, and other geographically dispersed schools utilizing a tiered structure to maximize time and return based on enterprise diversity needs and academic program strength
- began relationship with the National Technical Institute for the Deaf
- participated in the annual Federal Government Statewide Conference hosted by Florida International University, where the Board was one of 22 agencies highlighted for its continued efforts to pursue, attract, and develop a diverse workforce; attended career fair following the symposium
- attended the Scholarship for Service career fair

## Box 2. University career fairs and recruiting outreach initiatives utilized by the Board in 2018

- 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
- Johns Hopkins University
- New York University
- Pennsylvania State University
- Pepperdine University
- Rochester Institute of Technology
- Scholarship for Service Career Fair
- Service Academy Career Conference Career Fair
- Syracuse University
- Tufts University
- University of Alabama
- University of California, Berkeley
- University of Chicago
- University of Maryland
- University of Miami
- University of Michigan
- University of North Carolina
- University of Pittsburgh
- University of Virginia
- Vanderbilt University
- Virginia Polytechnic Institute and State University
- Yale University

- increased all intern pay rates to ensure the Board’s internship program remains competitive and provides earning opportunity to those students who may need additional income to help support their academic pursuits

### Training and Mentoring

In 2018, the Board continued its Executive Coaching Program and provided this development opportunity to 132 officers and managers. Of the total, 67 participants (51 percent) were female and 40 (30 percent) were minorities.

In addition, the Board had 10 employees attend the System Leadership Initiative’s Thrive Conference for manager-level leaders. Of the total, four participants (40 percent) were female and six (60 percent) were minorities. Seven employees attended the System Leadership Initiative’s Trailblazers Conference for mid-level officers. Of the total, four participants (57 percent) were female and two (29 percent) were minorities.

Manager Quick Start, an eight-module leadership development program, was offered in 2018, with a

total enrollment of 45 managers. Twenty-eight participants (62 percent) were female and 13 (29 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 “Leading at the Board” course was offered in 2018 as well, with a total enrollment of 17 officers. Of the total, six participants (35 percent) were female and two (12 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*.

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, situational leadership, giving and receiving feedback, interpersonal skills, and conflict resolution. All staff were eligible to sign up for these formal training sessions through FedLearn, the Board’s online learning management system.

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 2018, the Board hosted two mentoring cohorts with a total of 19 mentor-mentee pairs. Of the total number of mentees participating in the program, 21 (55 percent) were female and 11 (29 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.

The Board continues to implement the *Diversity and Inclusion Strategic Plan 2016–19*, published in 2016. The plan provides the foundation to guide the Board's efforts in creating and sustaining a high-performing workforce that embraces diversity and empowers all employees to achieve their full potential. Further, 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. ODI, in its role of leading the Board's diversity and inclusion efforts, reviews the plan annually to assess progress, create accountability, and make adjustments as needed for each identified strategy.

This year, the Board will update the *Diversity and Inclusion Strategic Plan 2016–19* to establish or revise existing goals and strategies for years 2020–23. The development of this new plan will occur in concert with the development of the Board's *Strategic Plan*, as well as in consultation with Board senior leadership.

Employee Resources Groups (ERGs) play an important role in sourcing and integrating a diverse workforce at the Board. Activities are held to engage and motivate employees, with a focus on inclusion. The Board supports six 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 2018, ERGs initiated the process to secure executive sponsorship to help champion their efforts. ERG leaders enhanced their leadership capabilities by participating in the ERG Leadership Academy workshop sponsored by ODI. ERG leaders also collaborated in hosting a staff town hall with Chair Powell. Discussions focused on key challenges and successes of the Board and strategic actions being developed to achieve the Board's mission through the integration of the workforce talent. ERG descriptions, meetings and events, and contact information are posted on the ERGs' websites to facilitate connections and drive membership. In addition, periodic news items appear on the Board's internal website to highlight ERG activities and increase awareness about the groups among staff.

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. Divisions set their objectives and action measures, which focus on leadership engagement, talent acquisition, talent development, and supplier diversity. The divisions report on their progress every six months and some share their scorecards on division websites. The scorecard is a template for measuring both progress and results against the Board's diversity and inclusion standards.

All divisions receive quarterly reports that include metrics, which 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 2018 engagement survey, provide both quantitative and

**Table 4. Federal Reserve Board hires in major job families, 2018**

Demographic	Attorney		Computer Prof.		Economist		Financial Analyst		Research Assistant	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Male	2	29	50	76	39	74	46	53	41	57
Female	5	71	16	24	14	26	40	47	31	43
Non-minority	5	71	40	61	37	70	53	62	51	71
Minority	2	29	26	39	16	30	33	38	21	29
<b>Total</b>	<b>7</b>	<b>–</b>	<b>66</b>	<b>–</b>	<b>53</b>	<b>–</b>	<b>86</b>	<b>–</b>	<b>72</b>	<b>–</b>

qualitative information to help divisions better address culture and employee engagement challenges and successes.

Further, the Board has undertaken efforts to enhance diversity and inclusion training among staff. In 2018, ODI issued a procurement basic ordering agreement comprised of leading consulting firms in the diversity and inclusion field to provide diversity and inclusion training and consulting. Initial training workshops included “Diversity Starts with I” and “Leading with Conscious Inclusion.” In addition, hiring managers may take the “Effectively Hiring Top Talent without Bias” course.

## 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 2018 are highlighted below.

### Diversity in Official Staff Pipeline and Major Job Family Hires

The Board continues to increase pools for progression to official staff<sup>7</sup> for minorities and women in pipeline grades FR-27 through FR-31. Minorities in the pipeline grades increased by 7 percent, from 436 in 2017 to 465 in 2018. Similarly, the percentage of women in the official staff pipeline increased by 4 percent, from 499 in 2017 to 518 in 2018. In 2018, there were 36 appointments to the official staff, of which 10 (28 percent) were minorities and 16 (44 percent) were women.

The Board’s long-term and short-term outreach and recruitment strategies continue to produce diverse applicant pools for major job families (see [table 4](#)). The percent of minorities hired into the economist

job family remained flat in 2018 at 30 percent; however, the number of minorities hired into this job group increased from 10 in 2017 to 16 in 2018. The computer professional job family increased the number of minority hires by 10, from 16 in 2017, to 26 in 2018; however, the overall percentage decreased from 57 percent in 2017 to 39 percent in 2018. The number of minorities hired into the financial analyst position increased by 12 percentage points, from 26 percent (11) in 2017 to 38 percent (33) in 2018.

### Employee Engagement and Inclusion

The Board is committed to making ongoing improvement to increase employees’ satisfaction and engagement. In 2018, the Board conducted its second biennial employee engagement survey. Eighty-five percent of Board staff participated in the survey. The engagement survey results were shared with Board staff, and results were synthesized and translated into actions aimed at fostering a more positive and inclusive Board culture.

The Board has undertaken many positive steps and enhancements since the first engagement survey in 2016. These efforts include expanding teleworking and alternative work arrangement opportunities to more staff; creating mentoring and leadership development programs; adding a common objective to leaders’ annual performance assessments that addresses engagement and safe-to-speak issues; and the creation of diversity councils to explore efforts to improve diversity in certain job families.

The Board recognizes that having flexible workplace policies and benefits impacts engagement and increases productivity and employee retention. At the end of calendar-year 2018, 1,306 (47 percent) of eligible employees participated in the Board’s telework program.

Meanwhile, the Board Mentoring Program not only helps foster engagement but also supports the

<sup>7</sup> Official staff is equivalent to Senior Executive Service (SES).

Board's *Strategic Plan 2016–19* by encouraging more cross-divisional teamwork, providing developmental opportunities for employees and leaders, and preparing employees to meet the current and future strategic and operational goals of the Board.

The Board also currently provides several leadership development courses. Courses and content are designed around Board core competencies, which have embedded principles of diversity and inclusion. The Board's Learning and Development staff work with ODI to ensure the courses and content integrate these principles in meaningful and actionable ways.

Moreover, the Board in 2018 continued to promote an inclusive environment in which employees have an opportunity to contribute, develop, and meet their career objectives. For example, one initiative is to provide employees with the opportunity to participate in ERGs.

### 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 keenly focused on diversity and demonstrates ongoing commitment at all levels, starting with leadership. Board leaders demonstrated their commitment through a variety of means in 2018. For instance, Chair Powell and other Board members presented at various economic forums and conferences as well as at community events focused on addressing workforce diversity and economic inclusion.

During the year, the Board also advanced the Diversity and Economic Inclusion Workgroup, which was established in 2016 to update the Board on diversity and inclusion issues and activities. The OMWI director participates with division directors, senior staff, and Board members in an internal workstream at the Board established to coordinate economic inclusion and diversity efforts. The workgroup focuses on initiatives not just at the Board but also more broadly throughout the Federal Reserve System. Board members meet regularly with staff to discuss initiatives and progress. In 2018, the workgroup met quarterly to discuss progress on a range of activities related to diversity and economic inclusion, with a priority focus on 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.

### Strategic Communication of Diversity and Inclusion

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

- Chair Powell recorded a video on fostering diversity and inclusion within the Federal Reserve System (see <https://www.federalreserve.gov/aboutthefed/diversityinclusion.htm>).
- Chair Powell hosted a staff town hall event, where diversity and inclusion was part of the discussion.
- The ODI director promoted the Board's diversity and inclusion program through the agency's intranet by highlighting the diversity and inclusion work at the Board, identifying the diversity and inclusion resources available to help support employees with their careers, and identifying how employees could become more involved.
- Board divisions continued to use 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 as well as to increase employee engagement, all new employees are presented with information on the Board's *Diversity and Inclusion Strategic Plan* and on the ERGs during New Employee Orientation.

### Education and Training to Support Diversity and Inclusion

To ensure that Board staff effectively promote diversity and inclusion and equity in a variety of contexts, the Board provided training to support division-specific initiatives related to diversity and inclusion and employee engagement. In 2018, course offerings included "Language of Inclusion in Government," "Recruiting through a Diversity Lens," "MicroTriggers—Subtle Behaviors of Inclusion," "D&I Executive Thinking and Learning Sessions," and "Leading with Conscious Inclusion."

Staff were able to sign up for these formal training sessions through FedLearn, the Board's online learning management system. In addition, division leaders established opportunities for informal discussions around diversity and inclusion topics 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 engaged in several significant outreach and recruitment initiatives in 2018 to address diversity in the economics profession.

The Board's economics divisions (Research and Statistics, Monetary Affairs, International Finance, and Financial Stability) 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 American Economic Association (AEA), 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 2018, the Board collaborated with the AEA in several ways to address the state of diversity in the economics profession, including participating in the AEA's Summer Mentoring Pipeline Conference, the Teaching and Research in Economic Education Conference, and mentoring breakfasts at the AEA annual meeting. The Board supports the AEA Summer Training Program (AEASP), which aims to increase diversity in the economics profession by preparing talented undergraduates who are seriously considering PhD programs in economics. In 2018, Board staff from the economic research divisions met with the AEASP students and participated in a panel discussion about job opportunities for research assistants and summer internships at the Board and the Federal Reserve Banks. As a result of these efforts, four AEASP graduates were hired into full-time research assistant positions at the Board.

The Board also met with senior staff at the Brookings Institution, a public policy research organiza-

tion, 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 staff were involved as instructors, teaching assistants, and research mentors for the Financial Literacy/R-Programming course offered through Howard's economics department. 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 broaden the pipeline of minority and women economists, the Board and the Federal Reserve Banks are collaborating on several recruiting and outreach initiatives. The development of a web portal that describes the work and availability of research assistant positions throughout the Federal Reserve System is one such initiative. The portal, whose address (<https://www.fedeconjobs.org>) is advertised broadly, is meant to raise awareness of the many research assistant job opportunities available at various locations throughout the country. The Board and the Federal Reserve Banks are also collaborating on outreach to several U.S. colleges and universities that have been identified as awarding high numbers of undergraduate degrees in economics to underrepresented minority groups. In addition, in October, the Board hosted "Exploring Careers in Economics," an event which welcomed students in Washington, D.C.—and nationwide via webcast—to discuss career opportunities and diversity in economics and to learn about career paths within the Federal Reserve System.

In 2018, the Division of Research and Statistics hired an outreach specialist with sole responsibility for building the pipeline of minority and women economists by increasing representation in candidate pools for research assistant and internship positions. The specialist collaborates and partners with faculty and career services offices in mentoring and counseling students to encourage greater interest in the field of economics.

In addition, the Board’s Economics Divisions Diversity Council meets regularly to discuss various topics related to diversity and inclusion, including ways to address the issue of underrepresentation of minorities and women in the economics profession. Implicit-bias awareness training is required for all staff involved in recruiting activities.

These efforts have resulted in a significant increase in minority economist external hires within the economics divisions, from one (14 percent) in 2017 to 11 (38 percent) in 2018.

## 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. As part of its efforts to recruit Hispanics, the Board participated in the 2018 Prospanica Conference & Career Expo.

### 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.

To help address problems in the broader profession, Board staff serve on the AEA’s Committee on the Status of Women in the Economics Profession (CSWEP) and the Committee on the Status of Minority Groups in the Economics Profession (CSMGEP) and support the new AEA Committee on Equity, Diversity, and Professional Conduct. In 2018, Board and System staff contributed to the December 2018 issue of CSWEP News, sharing the

committee’s proactive efforts to increase diversity and inclusion among PhD economists.

In addition, the Board co-hosted a conference on gender and career progression with the Bank of England and the European Central Bank in May 2018. The conference highlighted cutting-edge research on the benefits that diversity conveys to organizations, the factors that keep women from advancing in their careers, and interventions that have been shown to increase diversity. Board staff who attended the conference shared the research findings with their colleagues at a widely attended panel discussion.

Under the purview of the AEA’s CSMGEP and CSWEP, 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 AEASP participants with the goal of converting eligible, high-performing interns to research assistants.

Finally, Board staff partnered with staff at the Federal Reserve Board of New York to create an interactive website that highlights the enrollment of women and minority students in economics majors at all colleges and universities in the United States. The website, “Who is Being Trained in Economics? The Race, Ethnicity, and Gender of Economics Majors at U.S. Colleges and Universities,” is available at <https://www.newyorkfed.org/data-and-statistics/data-visualization/diversity-in-economics>. It allows schools to compare themselves with their peers and to identify institutions that are particularly effective in contributing to diversity and inclusion in the economics profession. 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).

### Increasing Minority Representation among Official Staff

Although the Board has made progress in increasing the representation of minorities who are in the pipeline to official staff and are already among the official staff, it continues to explore ways to identify tal-

ent 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, as well as expansion of leadership development

efforts at the Board, which include coaching and job-shadowing. The OMWI director participates in the recruitment process and leadership development programs and also reviews and evaluates processes for proposed official staff appointments.



# Inclusion of Minority-Owned and Women-Owned Businesses

The Board recognizes the value of diverse businesses and is committed to being a champion for minority- and women-owned businesses (M/WOBs). Partnering with M/WOBs helps the Board to promote the effective operation of the U.S. economy and, more generally, to serve the public interest. These partnerships with diverse, experienced, value-driven M/WOBs foster success and allow the Board to create opportunity throughout the communities these businesses serve.

The achievements highlighted in this year's report are the result of continuous efforts by staff in the Division of Financial Management's Procurement Section to (1) execute a Supplier Diversity Program that aligns with key provisions of section 342 of the Dodd-Frank Act, (2) implement enhancements to the Board's Supplier Diversity Program, and (3) increase the efficiency and effectiveness of its program by collaborating with its internal stakeholders to raise the awareness of supplier diversity. Additionally, the Procurement Section's Supplier Diversity Program strategy was implemented in 2018 to complement the Board's overall mission, core activities, and values.

Throughout 2018, the Board strengthened the framework and internal reach of its Supplier Diversity Program by identifying M/WOBs that offer high-quality services and products. In addition, an updated Acquisitions Forecast brochure and division meetings between Procurement staff and other senior leadership advocates helped reveal potential procurement opportunities in key business areas that yielded remarkable results in contracts awarded to M/WOBs. Over the years, the Board has successfully contracted with hundreds of qualified M/WOBs.

Despite its successes in this area, the Board recognizes there is more to be done to further develop and advocate for M/WOBs. The Board will continue to act inclusively and embrace these businesses by providing them access and opportunities in its acquisition process.

## Contracts Awarded to M/WOBs

The Supplier Diversity Program accomplishments for 2018 reflect the Board's continuing commitment to offer opportunities for M/WOBs. In addition, the Board's ongoing support of M/WOBs shows in its 2018 results for contracts awarded. The Board awarded a total of \$449,664,574 in contracts for goods and services.<sup>8</sup> Of this total, \$42,185,047, or 9.4 percent, was awarded to M/WOBs, including \$26,728,169, or 5.9 percent, to minority-owned businesses and \$15,456,878, or 3.4 percent, to women-owned businesses. The total dollar value of contracts awarded to M/WOBs represents an increase of 50.7 percent over the value of contracts awarded to M/WOBs in 2017.

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

The Board is steadfast in its commitment to incorporating minority- and women-owned businesses into its procurement process. The Board's contract awards over the last five years (2014–18) demonstrate the progress it has made in awards to M/WOBs. [Table 5](#) shows the amounts and percentages of contract dollars awarded to M/WOBs compared to the total contract dollars awarded by the Board over the past five years.

<sup>8</sup> This report describes the contracts awarded by the Board for the period January 1, 2018, through December 31, 2018, 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. The substantial increase in total dollars awarded in 2018, compared to 2017, reflects contracts to undertake major renovations of Board facilities.

**Table 5. Contract awards to minority- or women-owned businesses, 2014–18**

Demographic	2018		2017		2016		2015		2014	
	Dollars	Percent								
<b>By business type</b>										
<b>Total awards, all businesses<sup>1</sup></b>	<b>449,664,574</b>	<b>100.00</b>	<b>156,986,687</b>	<b>100.00</b>	<b>155,189,977</b>	<b>100.00</b>	<b>214,867,580</b>	<b>100.00</b>	<b>190,643,728</b>	<b>100.00</b>
Minority-owned <sup>2,3</sup>	26,728,169	5.94	17,663,074	11.25	17,671,644	11.39	24,128,891	11.23	14,122,354	7.41
Non-minority women-owned	15,456,878	3.44	10,327,487	6.58	12,693,869	8.18	13,332,172	6.20	16,340,738	8.57
<b>Total minority-owned and women-owned<sup>2</sup></b>	<b>42,185,047</b>	<b>9.38</b>	<b>27,990,561</b>	<b>17.83</b>	<b>30,365,514</b>	<b>19.57</b>	<b>37,461,063</b>	<b>17.43</b>	<b>30,463,092</b>	<b>15.98</b>
<b>By demographic group</b>										
American Indian or Alaska Native	265,890	0.06	102,261	0.07	0	0.00	0	0.00	0	0.00
Asian American	14,060,994	3.13	8,913,998	5.68	6,476,066	4.17	7,428,282	3.46	5,728,722	3.00
Black or African American	2,848,024	0.63	2,653,874	1.69	3,216,920	2.07	1,829,100	0.85	3,222,106	1.69
Hispanic or Latino	8,915,284	1.98	5,482,823	3.49	5,455,102	3.52	13,065,762	6.08	4,506,404	2.36
Native Hawaiian or other Pacific Islander	388,318	0.09	388,580	0.25	1,181,906	0.76	1,210,920	0.56	0	0.00
Other minority <sup>4</sup>	249,659	0.05	121,538	0.08	33,810	0.02	594,826	0.28	665,120	0.35

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.

<sup>1</sup> The substantial increase in total dollars awarded in 2018, compared to 2017, reflects contracts to undertake major renovations of Board facilities.

<sup>2</sup> “Minority-owned” includes minority women-owned businesses.

<sup>3</sup> The term *minority* means an individual who falls within one or more of the following race and ethnic categories: Hispanic or Latino, 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 or more minority individuals; and (ii) more than 50 percent of the net profit or loss accrues to one 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 or more women; (ii) more than 50 percent of the net profit or loss accrues to one or more women; and (iii) a significant percentage of senior management positions are held by women.

<sup>4</sup> *Other minority* means those businesses designating “minority-owned” but not designating Asian American, African American, Hispanic American, or Native American.

Source: Oracle/MicroStrategy, 2014–18.

## Trends in Contract Dollars Awarded by Demographic Group

In addition to reporting the percentage of contract dollar awards to M/WOBs as required under section 342 of the Dodd-Frank Act, the Board in mid-2014 began tracking awards to minority-owned businesses by demographic groups. This percentage is compared to the total contract dollars awarded by the Board. Specifically, the Board reports contract awards to Asian American, African American, Hispanic or Latino, American Indian or Alaska Native, Native Hawaiian or other Pacific Islander, and other (nonspecific) minority-owned businesses.<sup>9</sup>

Figure 1 shows the percentage of total contracts awarded to different demographic groups for 2015–18. (Full-year data is not available for 2014, so it has not been included in the figure.)

<sup>9</sup> *Other* represents minority businesses that did not select a demographic group.

## Trend in Awards by Board Summary Account

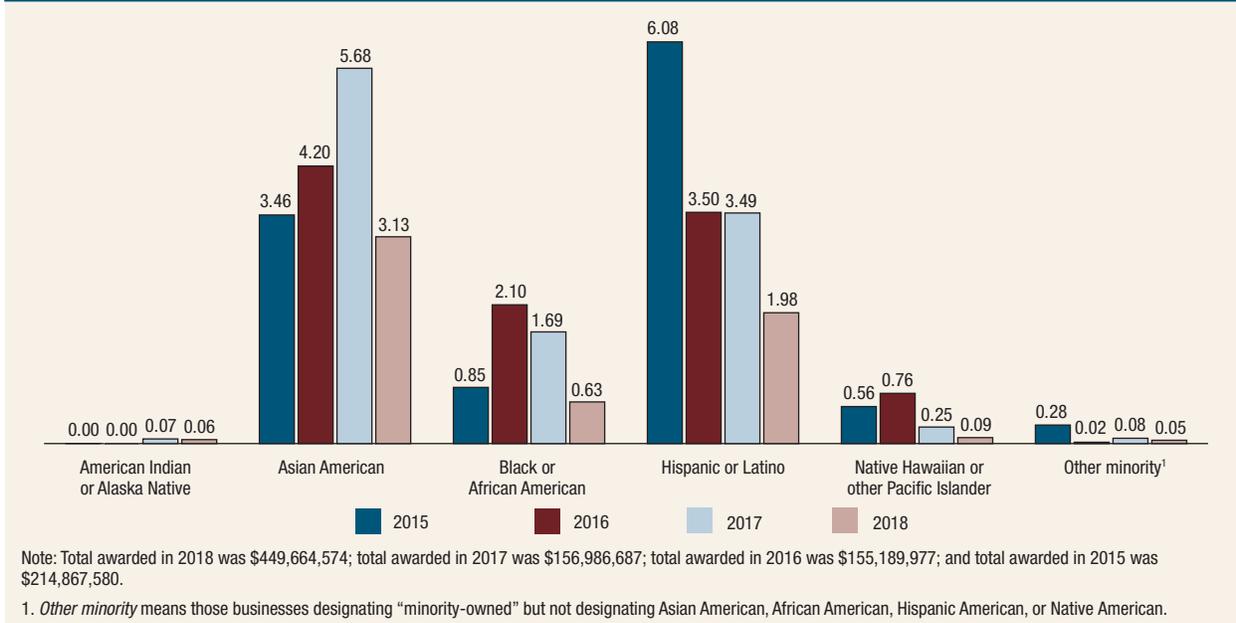
To better understand the types of purchases in which it makes the majority of its contracting awards, the Board tracks its acquisitions by summary account codes. In 2018, capital – land, building, software and vehicles; contractual and professional services; and news, data, and research accounted for more than 80 percent of the Board’s total dollars awarded (See figure 2).

## Contract Payments to M/WOBs

In addition to tracking total contracts awarded to M/WOBs, the Board also tracks contract payments made to M/WOBs during the calendar year. “Contract payments” are the actual funds the Board pays out to contractors for goods and services provided.

In 2018, the Board paid a total of \$220,851,211 to contractors. Of this total, \$30,430,327 or 13.8 per-

**Figure 1. Percentage of contract dollars awarded by demographic group, 2015–18**

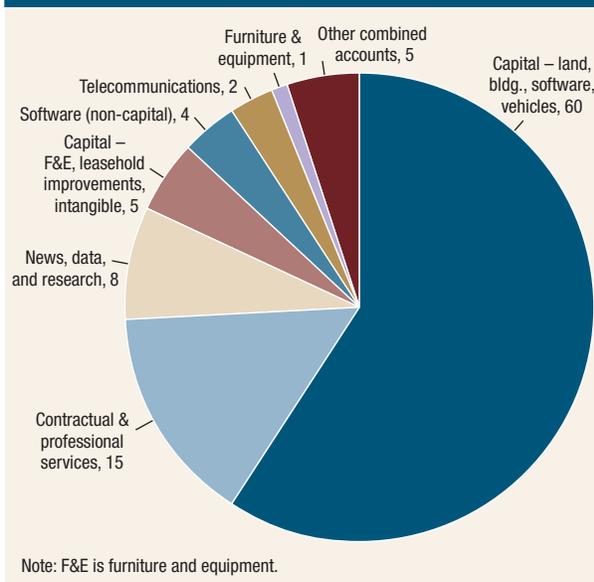


cent, was paid to M/WOBs, including \$21,958,426, or 9.5 percent, to minority-owned businesses and \$8,471,902, or 3.8 percent, to women-owned businesses. The total dollar value of contracts paid to M/WOBs in 2018 represents an increase of 29.4 percent over amounts paid in 2017. Table 6 shows contract payments the Board made to M/WOBs from 2014 through 2018.

## Second-Tier Sourcing Spend

While the Board’s focus in 2018 was to grow its direct spend with M/WOBs, it is important to acknowledge the consistent diverse spend reporting from its Second-Tier Sourcing Program.<sup>10</sup> The program seeks to meet the second-tier contracting goals for federal agencies that have been set by the Small Business Administration.<sup>11</sup>

**Figure 2. Percentage of contracts awarded by summary account, 2018**



As one example of second-tier spend at the Board, M/WOBs had an opportunity to participate in the Martin Renovation Construction Project through subcontracting with Hensel Phelps, the prime construction contractor. For the period January 1, 2018, through December 31, 2018, Hensel Phelps reported total subcontract awards on this project of \$222,386,705. Of this total, \$8,118,184, or 3.7 percent, was awarded to women-owned businesses and \$15,503,594, or 7.0 percent, was awarded to minority-owned businesses. While Hensel Phelps

<sup>10</sup> Second-tier sourcing is the process of subcontracting suppliers to support a tier 1/prime contractor’s fulfillment of a contract.

<sup>11</sup> The Small Business Administration second-tier contracting goals are as follows: 23 percent of prime contracts for small businesses, 5 percent of prime and subprime contracts for women-owned small businesses, 5 percent of prime and subprime contracts for small disadvantaged businesses, 3 percent of prime and subprime contracts for service-disabled veteran-owned small businesses, and 3 percent of prime and subprime contracts for HUBZone-certified small businesses.

**Table 6. Contract payments to minority- and women-owned businesses, 2014–18**

Demographic	2018		2017		2016		2015		2014	
	Dollars	Percent								
<b>By business type</b>										
<b>Total awards, all businesses</b>	<b>220,851,211</b>	<b>100.00</b>	<b>149,460,423</b>	<b>100.00</b>	<b>148,670,418</b>	<b>100.00</b>	<b>154,264,257</b>	<b>100.00</b>	<b>142,278,128</b>	<b>100.00</b>
Minority-owned <sup>1,2</sup>	21,958,426	9.94	15,618,616	10.45	16,300,360	10.96	12,833,443	8.32	9,918,863	6.97
Non-minority women-owned	8,471,902	3.84	7,890,796	5.28	8,260,979	5.56	9,755,909	6.32	11,424,820	8.03
<b>Total minority-owned and women-owned<sup>2</sup></b>	<b>30,430,327</b>	<b>13.78</b>	<b>23,509,412</b>	<b>15.73</b>	<b>24,561,339</b>	<b>16.52</b>	<b>22,589,352</b>	<b>14.64</b>	<b>21,343,683</b>	<b>15.00</b>
<b>By demographic group</b>										
American Indian or Alaska Native	86,115	0.04	87,577	0.06	0	0.00	0	0.00	0	0.00
Asian American	11,418,655	5.17	8,100,211	5.42	5,075,631	3.41	5,406,022	3.50	3,019,103	2.12
Black or African American	2,665,733	1.21	2,235,793	1.50	2,876,120	1.93	1,122,953	0.73	2,626,233	1.85
Hispanic or Latino	7,050,701	3.19	4,628,029	3.10	6,204,852	4.17	5,118,261	3.32	3,681,174	2.59
Native Hawaiian or other Pacific Islander	429,879	0.19	379,436	0.25	1,215,121	0.82	672,896	0.44	0	0.00
Other minority <sup>3</sup>	307,343	0.14	187,570	0.13	928,633	0.62	513,311	0.33	592,353	0.42

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.

<sup>1</sup> "Minority-owned" includes minority women-owned businesses.

<sup>2</sup> The term *minority* means an individual who falls within one or more of the following race and ethnic categories: Hispanic or Latino, 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 or more minority individuals; and (ii) more than 50 percent of the net profit or loss accrues to one 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 or more women; (ii) more than 50 percent of the net profit or loss accrues to one or more women; and (iii) a significant percentage of senior management positions are held by women.

<sup>3</sup> *Other minority* means those businesses designating "minority-owned" but not designating Asian American, African American, Hispanic American, or Native American.

Source: Oracle/MicroStrategy, 2014–18.

contracts awarded to women-owned businesses dipped slightly from the 5 percent target, the Board will continue to encourage women-owned businesses to participate in Hensel Phelps' contracting opportunities. This indirect spend has been beneficial to the Board's overall supplier diversity spend initiatives.

Hensel Phelps has paid its subcontractors a total of \$25,545,042. Of this total \$76,493 or 0.3 percent was paid to women-owned businesses and \$1,801,720, or 7.1 percent, was paid to minority-owned businesses.

## Successes

While contracts awarded to M/WOBs in 2018 remained about the same as in 2017, the dollar value of those contracts awarded increased by 50 percent. The Board continued to expand its presence at business conferences to generate more viable opportunities for M/WOBs to participate in its procurement process. During 2018, the Board engaged in numerous outreach activities to provide technical assistance and enhance awareness regarding navigating the Board's acquisition process. Procurement staff participated in matchmaking, exhibited, and were

featured as speakers at several events to provide technical assistance to M/WOBs and to collaborate and share information with the advocacy groups representing M/WOBs.

The Board's partnerships with local and national business development organizations are critical to its strategic efforts to identify and assist M/WOBs with capacity building and technical assistance. Partnering with these organizations demonstrates the Board's commitment to supplier diversity and helps it better serve diverse communities.

See [box 3](#) for a list of the Board's supplier diversity outreach activities during the year.

Procurement staff also renewed their efforts to identify and develop diverse suppliers and further enhance the Supplier Diversity Program. In particular, staff focused on

- expanding the role of supplier diversity at the Board by building on program strengths and creating positive experiences for internal stakeholders,
- promoting awareness of the Supplier Diversity Program and providing training opportunities for Board staff members,

### Box 3. Supplier diversity outreach activities, 2018

- American Express OPEN Business Matchmaking Event
- 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 Conference
- National Veterans Small Business Engagement Conference
- Smart Contracts – Smart Contracts Technical Assistance Event
- 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
- Veterans In Business National Conference
- Women’s Business Enterprise National Council National Conference & Business Fair
- Women’s Business Enterprise National Council Summit and Salute

- continuing communications efforts with internal stakeholders to educate them about and engage them in meeting supplier diversity goals, and
- providing educational training for Board technical representatives to enhance supplier diversity knowledge and increase technical abilities.

### Highlights

#### Outreach Activities

##### ***Procurement Learning Center Conference***

The Procurement staff participated in the 2018 Procurement Learning Center Conference hosted by the Federal Reserve Bank of Atlanta. The curriculum included presentations, panel discussions, and a case study developed in alignment with the Federal Reserve System’s *Strategic Plan for Procurement* and with skills and competencies essential for the success of a Supplier Diversity Program. Board staff presented a session called “Supplier Diversity Best Practices,” aimed at enhancing attendees’ professional development as well as advancing their understanding of supplier diversity.

##### ***Smart Contracts – Smart Contracts Technical Assistance Event***

In August 2018, the Board, along with other federal financial regulatory agencies and the Minority Business Development Agency Business Center San Antonio, hosted a technical assistance event to pro-

vide M/WOBs an opportunity to meet with federal financial services regulators who make over \$1 billion in annual purchases. More than 300 M/WOBs attended this event, which also provided information about federal contracting and how to write smart and winning proposals.

##### ***Women’s Business Enterprise National Council (WBENC) National Conference***

In June 2018, the Board participated in the WBENC National Conference & Business Fair. The Board shares WBENC’s commitment to expanding women’s business opportunities in the marketplace. WBENC is the largest conference of its kind for women business owners in the United States. The conference features lectures and presentations from today’s thought leaders, engaging panel discussions, one-on-one matchmaker sessions, and a notable business fair. More than 3,000 women-owned businesses attended the conference.

##### ***National Minority Supplier Development Council (NMSDC) National Conference***

In October 2018, the Board’s Procurement staff participated in the NMSDC National Conference. NMSDC provides a nationwide link between corporations and minority-owned businesses. Through its network of 36 regional councils across the country, NMSDC provides increased procurement and business opportunities for minority-owned businesses of all sizes. The conference included a business oppor-

tunity fair, plenary sessions, and workshops. Procurement staff had the opportunity to share information with more than 2,000 minority-owned businesses that attended the Business Opportunity Fair portion of the conference.

### External and Internal Communication

The Board continued to utilize a variety of channels to communicate with external and internal audiences about the Supplier Diversity Program.

In 2018, Chair Powell highlighted the Federal Reserve System's commitment to supplier diversity through his video message supporting diverse businesses and explaining how these businesses help fulfill the Board's mission of promoting a healthy economy. The message is posted on the Board's website and can be accessed at <https://www.federalreserve.gov/aboutthefed/procurement/vendor-outreach-fair.htm>.

Additionally, the Board's website includes a section devoted to doing business with the Board and can be accessed at <https://www.federalreserve.gov/aboutthefed/procurement/about.htm>. In 2018, Procurement staff updated this section with several resources for prospective vendors, including a 2018/2019 Acquisition Forecast; Procurement staff contact information, including email addresses and phone numbers; and information on Board-hosted outreach events. The section also includes a comprehensive set of frequently asked questions as well as tips for winning Board contracts, a supplier registration form, and links to relevant Board procurement policies.

The Board's internal website continued to serve as a centralized supplier diversity resource for employees. In addition to making acquisition policies (including those related to supplier diversity and small and disadvantaged businesses) available to staff, sourcing specialists and stakeholders can source M/WOBs through the Board's online Vendor Management System. In addition, Procurement's quarterly newsletter is distributed widely to the Board's internal stakeholders by email. It continues to be a key

vehicle for sharing program information, as well as recent supplier diversity activities and more, with staff.

### Staff Educational Training

The Procurement Section continued to use multiple channels to engage the Board's employees in the Supplier Diversity Program. In-person training was provided to new technical representatives on their key roles in purchasing goods and services. And the Procurement staff received training on the Supplier Diversity Program performance through an online business intelligence tool, MicroStrategy.

## Looking Ahead/Next Steps

To build on the many accomplishments of its Supplier Diversity Program during 2018, the Board will continue to partner with internal and external sources to develop strategies that help minority- and women-owned vendors build capacity.

The Board is steadfast in its commitment to meet the requirements of section 342 of the Dodd-Frank Act, and will continue to work cross-functionally to develop new—and strengthen existing—strategic initiatives to ensure sustainable supplier diversity results. Furthermore, the Board will continue to expand its diverse supplier base through targeted outreach and by working to strengthen partnerships with key internal stakeholders.

The Procurement Section will refine its supplier diversity strategies to expand opportunities for M/WOBs. Planned program activities in 2019 will include, but are not limited to, the following:

- assisting Board divisions with identifying M/WOBs to participate in their acquisitions
- enhancing the Board's Supplier Diversity Program by implementing the National Minority Supplier Development Council Best Practices
- refining the Supplier Diversity Program to incorporate the best practices and provide solutions to concerns or challenges faced by diverse businesses

# Financial Literacy Activities

During 2018, the Board participated in community and Board 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 2018, 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, in 2018, FedEd reached over 2,500 students from 19 schools, up from 1,003 students at 10 area high schools in 2017. In total in 2018, FedEd gave approximately 40 in-school presentations and hosted students during 9 events held at the Board. These engagements included discussions about economics and the Federal Reserve with participants such as Chair Jerome Powell, the Board's Research and Statistics Division Director David Wilcox, and Swarthmore College Professor Amanda Bayer. In addition, two Federal Reserve research assistants assisted with an AP Macroeconomics course offered to 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 12–15 in Washington, D.C. Financial education information and materials were distributed to approximately 500 conference attendees.
- Education and training materials distribution:** During 2018, 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 3, 2018, for 16 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 and mathematics as a degree of study in college, to help students explore economics and other professions that utilize mathematics disciplines, 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, 2018**

Participants	Number	Percent
Female	4	25
Male	12	75
Juniors	2	12
Seniors	14	88
African American	6	37
Hispanic	0	0
Asian	3	19
Pacific Islander	0	0
White	4	25
Two or more races	3	19



# Diversity Policies and Practices of Regulated Entities

The Dodd-Frank Act requires the establishment of an OMWI within each federal financial regulatory agency to develop standards for assessing the diversity policies and practices of institutions regulated by agencies. In 2018, the Board sent 1,475 letters to institutions requesting submission of their 2017 Diversity and Inclusion Self-Assessment. The Board received 88 submissions, up from 67 submissions received in 2017. The majority of institutions submitting assessments utilized the Board's electronic Diversity Self-Assessment Template, available on the Board's website at [https://www.federalreserve.gov/aboutthefed/files/omwi\\_policy\\_template.pdf](https://www.federalreserve.gov/aboutthefed/files/omwi_policy_template.pdf), to prepare and submit their assessments.

Table 8 shows the number of self-assessment submissions by institution category. Table 9 shows a break-

**Table 8. Number of regulated entity self-assessment submissions, by institution category, 2018**

Category	Number of institutions
Bank holding companies	24
Financial holding companies	36
Intermediate holding companies	2
Savings and loan holding companies	2
State member banks	24
<b>Total</b>	<b>88</b>

**Table 9. Policy standards addressed in regulated entities' Diversity and Inclusion Self-Assessments, 2018**

Standard	Number of institutions	Percentage of institutions
Organizational commitment to diversity and inclusion	64	73
Workforce profile and employment practices	67	76
Procurement and business practices (supplier diversity)	25	28
Practice to promote transparency of diversity and inclusion	32	36
Entities' self-assessment	39	44

down of the 2018 submissions by policy standards addressed in the self-assessments.

Assessment highlights, noted below, reflect some of the promising practices entities are undertaking:

- CEOs commit to and communicate ambitious diversity and inclusion goals.
- Institutions are transparent and willing to share workforce profiles, including total employees, women, minorities, and the number and percentages women and minorities at the executive and senior levels and on boards.
- Talent Acquisition implements diversity and inclusion strategy to build robust internal pipelines and succession benches.
- Regular workforce assessments on recruitment, hiring, retention, development, and engagement practices for racial/ethnic and gender diversity are conducted utilizing diversity and inclusion scorecards, dashboards, and metrics.
- CEO chairs the Enterprise Diversity and Inclusion Council.
- Senior executives serve as advocates and champions for diverse institutions and for diverse businesses, identifying barriers to supplier diversity execution and ensuring the success of supplier diversity initiatives.
- CEO conducts business reviews with direct report, which includes a focus on diversity and inclusion performance, and prompts active dialogue on progress and opportunities.

Diversity and inclusion activities requiring priority focus identified by regulated entities are as follows:

- outreach to educational institutions serving significant women and minority populations
- participating in conferences, workshops, and other events to attract women and minorities and inform them of employment opportunities

- cascading diversity and inclusion goals more broadly
- establishing qualitative and quantitative metrics in the area of supplier diversity
- ensuring diverse suppliers remain competitive in a tightening banking regulatory environment
- finding diverse suppliers with the right scale to service
- having an ongoing process to publicize the institution's procurement opportunities
- providing workforce profile and employment data
- providing procurement and supplier diversity data
- practicing transparency of organizational diversity and inclusion
- monitoring and evaluating diversity and inclusion performance

## Stakeholders Summit

The Board continues to emphasize the importance of institutions' Diversity and Inclusion Self-Assessments and how impactful policies and practices can create and sustain diversity and inclusion in the financial industry.

To that end, the Board's OMWI collaborated with the Federal Deposit Insurance Corporation, Office of the Comptroller of the Currency, National Credit Union Administration, Consumer Financial Protection Bureau, and Securities and Exchange Commission and convened the "Financial Regulatory Agencies' Diversity & Inclusion Summit" on September 13, 2018, hosted at the Federal Reserve Bank of New York. Approximately 100 companies headquartered on the East Coast attended. The primary purpose of the summit was to

- enable institutions to meet the OMWI directors from the federal financial regulatory agencies;
- share updates on the implementation of the Joint Standards for Assessing Diversity Policies and Practices, developed pursuant to Dodd-Frank Act section 342;
- hear insights on leading diversity practices from financial industry organizations and diversity champions in the financial services sector; and
- network with colleagues from the financial services industry.

The federal financial agencies will convene similar meetings in 2019 in Chicago, Dallas, and on the West Coast.

# Appendix A: EEO-1 Report for the Board of Governors of the Federal Reserve System, Calendar-Year 2018

Employer Information Report EEO-1																	
Federal Reserve Board, 2018 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
<b>1.1 Exec., Sr. Level Officers, FR-00</b>																	
By total	247	146	101	4	4	120	73	10	12	10	9	0	0	0	0	2	3
By percent	100.00	59.11	40.89	1.62	1.62	48.58	29.55	4.05	4.86	4.05	3.64	0.00	0.00	0.00	0.00	0.81	1.21
<b>1.2 Sr. Level Managers, FR-28 through FR-31</b>																	
By total	274	152	122	9	6	103	73	16	30	20	12	0	0	0	0	4	1
By percent	100.00	55.47	44.53	3.28	2.19	37.59	26.64	5.84	10.95	7.30	4.38	0.00	0.00	0.00	0.00	1.46	0.36
<b>1.3 1st/Mid. Level Managers</b>																	
By total	99	57	42	4	1	27	19	24	19	2	3	0	0	0	0	0	0
By percent	100.00	57.58	42.42	4.04	1.01	27.27	19.19	24.24	19.19	2.02	3.03	0.00	0.00	0.00	0.00	0.00	0.00
<b>Officials and Managers Total</b>																	
By total	620	355	265	17	11	250	165	50	61	32	24	0	0	0	0	6	4
By percent	100.00	57.26	42.74	2.74	1.77	40.32	26.61	8.06	9.84	5.16	3.87	0.00	0.00	0.00	0.00	0.97	0.65
<b>2. Professionals</b>																	
By total	1,854	1,021	833	60	39	668	405	90	202	185	165	0	0	0	1	18	21
By percent	100.00	55.07	44.93	3.24	2.10	36.03	21.84	4.85	10.90	9.98	8.90	0.00	0.00	0.00	0.05	0.97	1.13
<b>3. Technicians</b>																	
By total	2	1	1	0	0	0	1	1	0	0	0	0	0	0	0	0	0
By percent	100.00	50.00	50.00	0.00	0.00	0.00	50.00	50.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>4. Sales Workers</b>																	
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
<b>5. Admin. Support Workers</b>																	
By total	101	14	87	0	2	2	9	11	68	1	4	0	0	0	1	0	3
By percent	100.00	13.86	86.14	0.00	1.98	1.98	8.91	10.89	67.33	0.99	3.96	0.00	0.00	0.00	0.99	0.00	2.97
<b>6. Craft Workers</b>																	
By total	35	34	1	1	0	15	1	14	0	4	0	0	0	0	0	0	0
By percent	100.00	97.14	2.86	2.86	0.00	42.86	2.86	40.00	0.00	11.43	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>7. Operatives</b>																	
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
<b>8. Laborers and Helpers</b>																	
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
<b>9. Service Workers</b>																	
By total	151	123	28	10	3	44	3	65	21	3	1	0	0	0	0	1	0
By percent	100.00	81.46	18.54	6.62	1.99	29.14	1.99	43.05	13.91	1.99	0.66	0.00	0.00	0.00	0.00	0.66	0.00
<b>Total workforce</b>																	
By total	2,773	1,558	1,215	90	55	979	584	239	352	225	194	0	0	0	2	25	28
By percent	100.00	56.18	43.82	3.25	1.98	35.30	21.06	8.62	12.69	8.11	7.00	0.00	0.00	0.00	0.07	0.90	1.01



# Appendix B: Official Staff Demographics for the Federal Reserve Board and Federal Reserve Banks, Calendar-Years 2017 and 2018

Federal Reserve Board and Banks official staff demographics, 2017 and 2018												
Demographic	2018						2017					
	Federal Reserve Board <sup>1</sup>		Federal Reserve Banks <sup>2</sup>		Federal Reserve System		Federal Reserve Board <sup>1</sup>		Federal Reserve Banks <sup>2</sup>		Federal Reserve System	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Male	143	59	958	58	1,101	58	134	59	979	60	1,113	60
Female	99	41	698	42	797	42	92	41	646	40	738	40
Non-minority	188	78	1,260	76	1,448	76	178	79	1,263	78	1,441	78
Minority	54	22	396	24	450	24	48	21	362	22	410	22
<b>Total officers</b>	<b>242</b>	<b>—</b>	<b>1,656</b>	<b>—</b>	<b>1,898</b>	<b>—</b>	<b>226</b>	<b>—</b>	<b>1,625</b>	<b>—</b>	<b>1,851</b>	<b>—</b>

<sup>1</sup> Excludes governors.  
<sup>2</sup> Includes Presidents and First Vice Presidents.



# Appendix C: Contract Payments to Minority- and Women-Owned Businesses by the Federal Reserve Board and Federal Reserve Banks, Calendar-Years 2017 and 2018

## Federal Reserve System payments to minority- and women-owned businesses, 2017 and 2018

Dollars in millions

Demographic	2018						2017					
	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
<b>Total reportable spend</b>	<b>220.85</b>	<b>100.00</b>	<b>1,497.12</b>	<b>100.00</b>	<b>1,717.97</b>	<b>100.00</b>	<b>149.46</b>	<b>100.00</b>	<b>1,463.05</b>	<b>100.00</b>	<b>1,612.51</b>	<b>100.00</b>
<b>By business type</b>												
Minority-owned <sup>1,2</sup>	21.96	9.94	145.53	9.72	167.49	9.75	15.62	10.45	101.97	6.97	117.59	7.29
Non-minority women-owned	8.47	3.84	29.41	1.96	37.88	2.20	7.89	5.28	28.74	1.96	36.63	2.27
Total minority-owned and women-owned <sup>2</sup>	30.43	13.78	174.94	11.69	205.37	11.95	23.51	15.73	130.71	8.93	154.22	9.56
<b>By demographic group</b>												
American Indian or Alaska Native	0.09	0.04	0.36	0.02	0.45	0.03	0.09	0.06	0.65	0.04	0.74	0.05
Asian American	11.42	5.17	48.80	3.26	60.22	3.51	8.10	5.42	34.00	2.32	42.10	2.61
Black or African American	2.67	1.21	84.60	5.65	87.27	5.08	2.23	1.49	59.20	4.05	61.43	3.81
Hispanic or Latino	7.05	3.19	6.35	0.42	13.40	0.78	4.63	3.10	6.31	0.43	10.94	0.68
Native Hawaiian or other Pacific Islander	0.43	0.19	0	0.00	0.43	0.03	0.38	0.25	0	0.00	0.38	0.02
Other minority <sup>3</sup>	0.31	0.14	5.42	0.36	5.73	0.33	0.19	0.13	1.81	0.12	2.00	0.12

<sup>1</sup> "Minority-owned" includes minority women-owned businesses.

<sup>2</sup> The term *minority* means an individual who falls within one or more of the following race and ethnic categories: Hispanic or Latino, 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 or more minority individuals; and (ii) more than 50 percent of the net profit or loss accrues to one 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 or more women; (ii) more than 50 percent of the net profit or loss accrues to one or more women; and (iii) a significant percentage of senior management positions are held by women.

<sup>3</sup> *Other minority* means those businesses designating "minority-owned" but not designating Asian American, African American, Hispanic American, Hawaiian American, or Native American.

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