



# OMWI

FEDERAL RESERVE BANK OF MINNEAPOLIS  
OFFICE OF MINORITY AND WOMEN INCLUSION  
2015 ANNUAL REPORT TO CONGRESS





REPORT TO THE CONGRESS ON THE

OFFICE OF MINORITY  
AND WOMEN INCLUSION

APRIL 1, 2016

FEDERAL RESERVE BANK OF MINNEAPOLIS

This document contains an annual summary of the actions of the Office of Minority and Women Inclusion with regard to the requirements under Section 342 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010.



April 1, 2016

Members of Congress:

In accordance with Section 342 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, please find enclosed the Federal Reserve Bank of Minneapolis (Bank) 2015 Annual Congressional Report of the Office of Minority and Women Inclusion (OMWI).

This is the fifth annual report submitted to Congress, and the Bank continues to develop and refine its policies and practices to ensure inclusion of minorities, women, and minority-owned and women-owned businesses in all activities. This report outlines the actions taken by the Bank and the OMWI in 2015.

We continue to focus on key initiatives in this critical area, and we look forward to the work ahead. We are committed to ensuring that the Bank is a place where inclusion is embraced and employees are respected and valued.

Sincerely,

Neel Kashkari  
President

Duane A. Carter  
Senior Vice President and  
Director, Office of Minority and Women Inclusion

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## Executive Summary

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Pursuant to Section 342 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (DFA), the Federal Reserve Bank of Minneapolis (Bank) established an Office of Minority and Women Inclusion (OMWI) in January of 2011. The OMWI reports annually to Congress on the actions taken by the Bank. This 2015 report provides current status, including both achievements and challenges; describes the Bank's approach and activities related to the OMWI; and presents a plan for the next steps.

The Bank remains committed to the inclusion of minorities and women in employment, the participation of minority- and women-owned businesses in procurement, and the provision of financial education and outreach activities. The Bank's OMWI serves as a catalyst to reinforce and strengthen this commitment.

The Bank's OMWI is staffed by the director, the deputy director, and the project director. In addition, staff from all functions contribute to the Bank's commitment to business practices that promote opportunity, diversity, and inclusion in employment and procurement activities. These staff members include officers and managers from key areas within the Bank, including Human Resources, Procurement, Community Development, and Regional Outreach. The OMWI's work is also supported in collaboration with three cross-functional working groups: the Executive Corporate Diversity Council (members include the executive leadership team), the Inclusion Task Force (composed of managing officers), and the Employee Diversity Action Council (a group of employees who plan and implement inclusion activities for Bank employees).

### Minority and Women Employment

The Bank's ongoing commitment to diversity and inclusion remains rooted in equal opportunity for all candidates to become employees and all employees to advance within the organization.

Over half of the employees report to a senior vice president who is a minority, a woman, or both. Overall, the Bank's employment demographic profile is com-

parable to the Minneapolis-St. Paul Metropolitan Statistical Area (MSA)<sup>1</sup>, showing that the percentage of minorities in the Minneapolis-St. Paul area is 1 percent higher than the number of Bank employees self-identified as such. Women hold more than half of all positions in the Bank.

In 2015, two key activities related to workforce inclusion took place at the Bank. First, a broad and national search took place to select a new chief executive officer and president. From the search committee's planning phase to the final appointment, the search emphasized the importance of diversity and inclusion at the Bank. Second, senior executives partnered with a cross-section of business line leaders and staff to develop a Bankwide Diversity and Inclusion Strategic Plan. The plan will build commitment to inclusion and emphasize actions needed to enhance the Bank's culture. The implementation of the plan will begin in 2016.

### Minority- and Women-Owned Business Inclusion

The Bank had \$24.2 million in total reportable spend in 2015. Of this spend, the Bank purchased 29 percent from minority- and women-owned businesses. Approximately 91 percent of spend with minority- and women-owned firms is related to information technology support, and this is primarily associated with application development efforts. These projects will conclude within the next few years. Therefore, the Bank continues to work to increase the number of minority- and women-owned businesses invited to participate in procurement opportunities.

The Bank launched its Center for Indian Country Development. The Center's work with Indian Business Alliances in the Ninth District will focus on information and technical resources.

### Financial Literacy

The Bank continued to support financial literacy activities directed toward young minority and female individuals from low-income communities. Pursuant to the

DFA, the goal of these programs is to introduce students to careers in the financial services industry and improve the financial literacy of underserved communities.

Overall, the Bank reached over 900 high school students through 40 events, including presentations, tours, and career exposure activities. The Bank maintained its successful partnerships with urban high schools in the Twin Cities and with two high schools in Helena, Montana. Additionally, the Bank continued its work with partners in the financial services industry to develop opportunities for minorities and young women in high school. This year similar efforts were also directed toward college students.

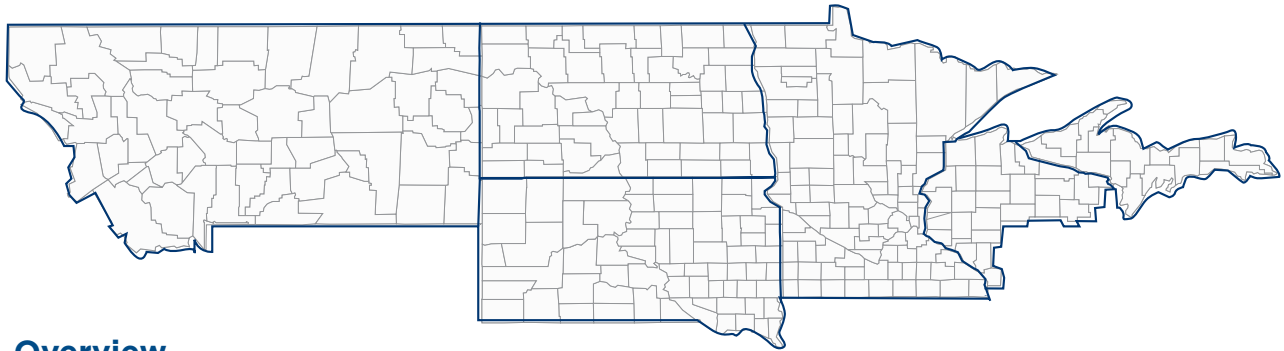
### Regulated Entities

The Federal Reserve Board of Governors' (BOG) annual report to Congress addresses the OMWI provisions for regulated entities. The BOG responds to the implementation of these provisions, since Reserve Banks' involvement in supervisory and regulatory activities is carried out under authority delegated by the BOG. As specified in the DFA, the BOG continued to work with other financial regulators to adopt standards pertaining to regulated entities and their contract practices.

The report that follows further explains the Bank's implementation of the OMWI responsibilities.

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<sup>1</sup> Here and elsewhere in this report, MSA or Minneapolis-St. Paul refers to the 16-county Minneapolis-St. Paul Metropolitan Statistical Area, an area defined by the U.S. Census Bureau to include a common economic zone composed of the central cities and surrounding suburbs. Demographics reflect those of the total population of this area. Data are as of the 2010–2014 American Community Survey of the U.S. Census Bureau.



## Overview

### Ninth Federal Reserve District

The purpose of this overview is to provide background on the Ninth Federal Reserve District (District), the demographics of the Minneapolis-St. Paul area, and the Bank’s core and centralized responsibilities as context for discussion of its OMWI activities.

The Bank, including its branch in Helena, Montana, serves the six states of the District: Minnesota, North and South Dakota, Montana, 26 counties in northwestern Wisconsin, and the Upper Peninsula of Michigan. The District stretches 1,800 miles from east to west and is home to 9.1 million people, including 3.4 million in the Minneapolis-St. Paul area.

Although 12 percent of the nation’s land is in the District, only 3 percent of the nation’s population resides here. In the Minneapolis-St. Paul area, where the Bank’s head office is located, the minority population is 22 percent. As shown in Table 1, the population is 78 percent White, with most of the minority population reflected across Black, Asian, and Hispanic ethnicities.

### Federal Reserve Bank of Minneapolis

The Bank’s core functions are supervision and regulation, monetary policy and public outreach, and operations and internal support. Supervision, Regulation, and Credit monitors and examines financial institutions for safety and soundness and consumer compliance. As a rotating voting member of the Federal Open Market Committee, the Bank’s president serves an important role in establishing the nation’s monetary policy. In this role, the president and his economic team closely monitor regional economic conditions and also gain valuable insight into the state of the economy from local business leaders, bankers, farmers and ranchers, community and

Table 1

### Minneapolis-St. Paul Population by Ethnicity

Ethnicity	Percentages
White	78%
Black or African American	7%
Asian	6%
Hispanic	5%
American Indian or Alaska Native	1%
Two or more races	3%
Some other race	0%
Native Hawaiian or Other Pacific Islander	0%

Source: U.S. Census Bureau, American Community Survey 2010-2014  
Minneapolis-St. Paul MSA

nonprofit groups, labor leaders, and other citizens. In addition to these economic research efforts, the Bank’s outreach plan includes frequent speeches throughout the District, as well as meetings with various constituencies on such issues as housing, economic development, poverty, financial literacy, and the economy.

Operations represent the products and services contracted by financial institutions, and the internal support represents the supporting department activities of the Bank, such as Human Resources, Accounting, and Information Technology. The Bank also has responsibility for several Federal Reserve System (System) centralized functions, including Treasury Retail Securities (TRS), customer call center operations, and staffing for Federal Reserve Automated Clearing House (FedACH) payment processing. The following describes these specific functions.

TRS provides savings bonds and marketable securi-

ties services to the public on behalf of the United States Treasury Bureau of Fiscal Service (BFS). These functions include call center operations that assist individuals with replacement and redemption of savings bonds and access to online accounts associated with TRS. This also includes a working partnership with the BFS to develop the technology necessary to provide enhanced customer support for electronic-based retail securities.

*Centralized call centers* support internal and external customers with access to Federal Reserve services, members of the public with communication channels for concerns and complaints regarding financial institutions, and System employees with help desk support for computer hardware and software applications.

*FedACH* provides financial institutions with electronic exchange of debit and credit transactions and information services through the Automated Clearing House network. These responsibilities include operations processing, application development, and customer support.

**Employment**

The Bank employs 1,071 people, primarily located in Minneapolis. As shown in Table 2 of the next section, 65 percent of Bank employees are in the management and professional group. This group includes bank examiners and information technology professionals, together

totaling 21 percent of all employees. The remaining employees in the Bank are in the operations and administrative group. The operations and administrative group includes call center staff, representing 19 percent of the employee population, which reflects the Bank’s niche within the System as a call center provider.

**Procurement**

The Bank purchases goods and services from external suppliers. In 2015, the total reportable spend was \$24.2 million, with about 56 percent supporting information technology and most of the remainder associated with building and travel.

**Minority and Women Employment**

The Bank is committed to equal opportunity for minorities and women. The Bank strives for a work environment that is inclusive, where diversity is embraced, and where employees are respected and valued. The Bank seeks to attract and retain a diverse workforce within all levels of the organization. The Bank demonstrates its commitment by reinforcing the actions that are consistent with this goal through the practices of equal opportunity and access for employment and advancement.

Table 2 below presents a demographic summary of

Table 2

**Bank Employment by Ethnicity and Gender as of August 2015**

	Black	Asian	Hispanic	American Indian	2 or more races	Subtotal Minority	White	Male	Female	Total
Executive/Sr Level Officials	22%	0%	0%	0%	11%	33%	67%	67%	33%	9
First/Mid Level Officials	5%	3%	3%	1%	1%	12%	88%	54%	46%	188
Professionals	4%	15%	4%	0%	0%	24%	76%	46%	54%	496
<b>Total Management &amp; Professional</b>	<b>5%</b>	<b>11%</b>	<b>3%</b>	<b>0%</b>	<b>1%</b>	<b>21%</b>	<b>79%</b>	<b>49%</b>	<b>51%</b>	<b>693</b>
Administrative Support Workers	11%	6%	5%	1%	1%	25%	75%	26%	74%	207
Technicians	7%	12%	1%	0%	0%	20%	80%	67%	33%	69
Service Workers	5%	7%	2%	3%	0%	17%	83%	91%	9%	58
All Other	2%	7%	7%	0%	0%	16%	84%	70%	30%	44
<b>Total Operations and Administrative</b>	<b>8%</b>	<b>7%</b>	<b>4%</b>	<b>1%</b>	<b>1%</b>	<b>22%</b>	<b>78%</b>	<b>48%</b>	<b>52%</b>	<b>378</b>
<b>Bank</b>	<b>6%</b>	<b>10%</b>	<b>4%</b>	<b>1%</b>	<b>1%</b>	<b>21%</b>	<b>79%</b>	<b>49%</b>	<b>51%</b>	<b>1,071</b>
<b>MSA</b>	<b>7%</b>	<b>6%</b>	<b>5%</b>	<b>1%</b>	<b>3%</b>	<b>22%</b>	<b>78%</b>	<b>49%</b>	<b>51%</b>	

“All Other” includes Craft Workers, Laborers and Helpers, Operatives, and Sales Workers. Totals may not add due to rounding. Full EEO-1 demographic breakdown available in Appendix 2.



Table 3  
**Bank Employment Demographics in Selected Roles and Total Bank 2012 – 2015**

	2012	2013	2014	2015
<b>Executive</b>				
Minority	44%	44%	33%	33%
Women	33%	33%	33%	33%
<b>First/Mid-Level</b>				
Minority	7%	9%	13%	12%
Women	48%	45%	47%	46%
<b>Professionals</b>				
Minority	20%	21%	21%	24%
Women	52%	53%	52%	54%
<b>Total Bank</b>				
<b>Minority</b>	<b>19%</b>	<b>20%</b>	<b>20%</b>	<b>21%</b>
<b>Women</b>	<b>52%</b>	<b>51%</b>	<b>51%</b>	<b>51%</b>

EEO-1 reported data.

the workforce in 2015. Consistent with its commitment to openness and transparency, the Equal Employment Opportunity Report (EEO-1) submitted to the Equal Employment Opportunity Commission is published on the Bank’s public website and updated annually.

**Current**

Overall, Bank minority staffing was slightly less than the demographics of the MSA. While 22 percent of the MSA is minority, 21 percent of Bank employees self-identified as such in 2015. Bank staffing was 51 percent women. These overall percentages of women staff remained the same from 2014 to 2015. The overall percentage of minority staff increased 1 percent over the same period.

First and mid-level managers and professionals are two internal roles that are considered the pipeline to executive leadership. The first and mid-level manager role (mid-level manager) includes the progression from manager to managing officer and is also the role where staff members build and demonstrate the skills required to be part of the Bank’s leadership group. In the mid-level manager role, minority representation decreased to 12 percent in 2015 from 13 percent in 2014, and women decreased to 46 percent in 2015 from 47 percent in 2014. In the professional role, minority representation increased to 24 percent in 2015 from 21 percent in 2014. Women

increased to 54 percent of this role in 2015 from 52 percent in the prior year.

Table 3 presents percentages of minorities and women in the pipeline and leadership roles at the Bank from 2012 through 2015.

Table 3 illustrates an increase from 19 percent total minority employment at the Bank in 2012 to 21 percent in 2015. The overall percentage of women at the Bank has decreased from 52 percent in 2012 to 51 percent in 2015. The Bank’s executive role was 33 percent minority and 33 percent women in 2015, a decrease in minority representation in this category from 44 percent in 2012.

In 2012, women were 48 percent of the mid-level manager role, and in 2015 they were 46 percent of this group. The percentage of minorities in the mid-level manager role has increased from 7 percent in 2012 to 12 percent in 2015. Women were 52 percent of the professional role in 2012 and were 54 percent in 2015; minorities were 20 percent in 2012 and were 24 percent in 2015.

**Support of Inclusion in Employment**

The Bank’s commitment to diversity and inclusion is based on equal opportunity for employment and advancement. Management positions (including officer) and professional positions continue to be posted both internally and externally to ensure that access to employment and advancement at the Bank is an open and transparent process.

In 2015, the Bank appointed a new president, and the selection process is an example of the organization’s commitment to diversity and inclusion in all aspects of its workforce efforts. From the search committee’s planning phase to the final appointment, diversity and inclusion were priorities in the presidential selection process. The search committee was co-chaired by the chair and deputy chair of the Bank’s board of directors.

As part of the Bank’s ongoing strategic planning efforts, leaders reviewed and evaluated the Bank’s approach to diversity and inclusion. Ensuring an inclusive and supportive work environment is critical to the Bank’s mission and future, and strengthens the Bank’s position as an employer of choice for which people are proud to work and grow in their careers.

Pursuant to the strategic review, Bank leadership en-

Table 4

**2015 Bank External Hires in Professional, Mid-level Manager and All Roles**

	Professional				Mid-level Manager				All Roles			
	Women	Men	Total	Percent of Total	Women	Men	Total	Percent of Total	Women	Men	Total	Percent of Total
Minority	11	11	22	41%	0	0	0	0%	17	20	37	35%
Non-Minority	18	14	32	59%	7	5	12	100%	41	29	70	65%
Total	29	25	54		7	5	12		58	49	107	
<b>Percent of Total</b>	<b>54%</b>	<b>46%</b>			<b>58%</b>	<b>42%</b>			<b>54%</b>	<b>46%</b>		

gaged the services of an external diversity consultant to gather employees’ insights and perspectives into how well the Bank was doing in creating an inclusive culture and how it could do better going forward. The feedback was that, although the Bank has made progress in recent years, not all groups feel equally included and able to contribute fully to the work of the organization. Also in 2015, turnover in all minority groups exceeded the Bank-wide average.

These results have served to guide and further refine the focus of the strategic planning efforts that were led by senior leadership. This planning included enlisting a cross-functional team to collaborate in creating a Bank-wide Diversity and Inclusion Strategic Plan. The plan that was developed encompasses a wide array of ideas and establishes the strategies, practices, programs, and policies to support a holistic approach to a diverse and inclusive work environment. Implementation of the plan will begin in 2016.

The Inclusion Task Force, composed of managing officers, continued to meet monthly to discuss effective practices in inclusion, this year focusing on cultural competency and retention strategies for minority professionals and managers. They discussed what works well in leveraging inclusion to support strong business results. These discussions helped to prioritize efforts directed at enhancing inclusion in the pipeline roles to leadership across the Bank. Several Task Force members also participated in drafting the Bankwide Diversity and Inclusion Strategic Plan.

The Bank continues to focus on maintaining or implementing efforts that increase the opportunities for employment of minorities at the Bank and in the pipeline roles of professional and mid-level manager. Results in

external recruiting at the Bank and in the pipeline roles are shown in Table 4.

In 2015, the Bank made 107 external hires. Over half of these hires were in the pipeline roles of professional and mid-level manager. Overall, 35 percent of the Bank’s external hires were minority and 54 percent were women. Generally, the Bank draws employees from commuting distance of its head office and branch, and assesses its success in diversity in part by comparison with the diversity of the community. However, the Bank also attracts and seeks to attract employees from across the country, particularly for specialized and senior positions, and therefore looks to match minority representation of the United States overall for this narrower range of positions. Representation of women in 2015 hires, overall and for professional and mid-level manager, exceeded 50 percent. Hires of minority staff exceeded their representation in the Minneapolis-St. Paul area with the exception of the mid-level manager role, where none of the 12 hires were minority. By contrast, hires of minorities in the professional role exceeded minority representation nationwide.

Hiring managers and Human Resources staff participated in career and job fairs to reach out to minorities and women to recruit for open positions. In 2015, the Bank participated in eight local career fairs and four national career fairs, including the Association of Latino Professionals in Finance and Accounting (ALPFA), the National Black MBA Association (NBMBA), the National Society of Hispanic MBAs (NSHMBA), and the Thurgood Marshall College Fund leadership and recruitment fair (TLCF) (see Appendix 3). One of the local college recruitment fairs was at St. Catherine University, the only women’s university in the Minneapolis-St. Paul metro area.

Networking events also serve as a recruitment tool, and the Bank participated in several during the year, such as the Multicultural Business Networking event. Participation in these fairs and events helps to build the Bank's and the System's brand with potential applicants and supports broader and more diverse candidate pools.

The Bank's recruiting process also includes minority and women participation in internship programs. These programs focus on introducing college and high school students to the financial services industry and potentially engaging interns in employment at the Bank. Table 5 summarizes the participation of women and minorities in the internship program. In 2015, the Bank provided opportunities for 26 interns, 24 of whom were women, minorities, or both. Three interns were hired as full-time employees in 2015.

The Bank has maintained long-term relationships with INROADS, a national internship program focused on developing and placing talented minority college students in business and industry and preparing them for leadership, and HACU, the Hispanic Association of Colleges and Universities. The Bank has employed summer interns from INROADS for more than three decades and 14 interns from HACU since 2007. The Bank has also partnered with the American Economic Association's Minority Scholar Program and has sponsored undergraduate and graduate students in the Research Department.

The Bank continued its partnership with Central High School, an urban public school in St. Paul, Minnesota, with a population that is 64 percent minority. Each year, this partnership gives approximately 25 college-bound students the opportunity to meaningfully engage with the Bank. The goal of the program is to expose students to careers in finance and economics. The centerpiece is a series of five career and finance industry workshops for students taught by Bank employees. At the end of the school year, students can apply for four paid summer internships at the Bank. Since its inception, this program has reached approximately 275 students and provided 47 internships.

The Bank also worked with high school interns through three other initiatives. The Bank's Research Department continued its high school internship program

Table 5

<b>2015 Bank Interns</b>				
	Women	Men	Total	Percent of Total
Minority	11	7	18	<b>69%</b>
Non-Minority	6	2	8	<b>31%</b>
Total	17	9	26	
<b>Percent of Total</b>	<b>65%</b>	<b>35%</b>		

formed in 2013. The program provides an opportunity for students to work directly with a research economist for a year, learning about the practices of economic research and developing critical thinking and analytical skills. In 2015, three students participated in this program, all of whom were either minority or female. The Bank's Public Affairs Department hosted one summer intern who won the Bank's High School Essay Contest by writing an essay that answered the question, *What are the most important influences on economic inequality in the United States?* Finally, one high school intern came to the Bank through the Bank's Native American Youth Internship program.

The Bank's mentoring program plays an important role in supporting diversity at all levels of the organization and supports succession planning by identifying a pool of talented staff with competencies needed for leadership positions. The mentoring program matches an individual contributor or manager with a leader in another area of the organization. The objective of the program is to assist protégés in clarifying their ambitions and building the necessary skills to achieve their goals. It also establishes working partnerships to provide development opportunities for the protégé through coaching and guidance by the mentor. Since the inception of the mentor program in 2001, the Bank has matched 224 individuals with mentors. This cohort is 74 percent women or minority, with 66 percent women and 23 percent minority. In addition, 21 percent of the protégés later became mentors, furthering their own and others' development at the Bank.

The Bank also participates in a year-long external mentoring program for young women who are first-generation college students. This program is facilitated by a local organization called Honoring Women Worldwide. The program's goal is to prepare students to successfully enter the

work world. By working with a variety of organizational leaders to build relationships across cultures, students learn and develop new professional skills to expand their leadership capabilities. The program provides education, support, professional connections, and strategies for students to seek and develop their careers. In 2015, two Bank officers participated in this program and the Bank hosted two workshops for mentors and their protégés.

Tuition reimbursement is a Bank benefit that is extensively used by minority employees. In 2015, 44 percent of program participants were minority against a representation of 21 percent in the Bank's employment. Participation was particularly strong with minority women, who accounted for 27 percent of participants while representing 11 percent of the Bank's employees. The knowledge and credentials gained through participation in this program help position these individuals to further their careers and advance in the organization. The Bank continues to host an annual reception and recognition for new and pending graduates from degree programs. Bank officers attend the event and have an opportunity to meet graduates from departments and positions across the Bank.

Diversity-focused training and cultural awareness are key components of organizational engagement. These efforts are directed toward employees and managers. Ongoing curriculum is supported by Human Resources. The Bank has sponsored the Employee Diversity Action Council for the past 14 years. The Council is composed of 35 members from varying levels and departments across the Bank. Activities range from outings to local cultural activities to hosting Bankwide speakers who address inclusion topics. Members propose and develop Bankwide inclusion activities, lead events, receive inclusion training, and participate in professional development seminars.

The Bank continued to participate in workforce-focused corporate and community partnerships to share best practices in inclusion and to exchange ideas. OMWI and Human Resources staff are active members of the Twin Cities Diversity Roundtable, a group of diversity and inclusion practitioners from local corporations, educational institutions, government, and nonprofit organizations. OMWI staff also continued to participate

in the planning group for the Forum on Workplace Inclusion, the largest diversity and inclusion conference in the country. In 2015, department leaders attended the conference. The purpose of the Forum is to provide a compelling learning experience fostering business and thought leadership in workplace diversity and inclusion.

### Challenges

The Bank's representation of minorities in the mid-level manager role continues to lag behind that of the community it serves. In addition, while the Bank has had success in recruiting minorities in most roles, turnover of minority employees exceeds that of the overall Bank population. Bank attention will be directed toward addressing both of these areas of concern.

### Moving Forward

In 2016, the Bankwide Diversity and Inclusion Strategic Plan will be implemented. Senior leaders, with the active engagement of management and staff throughout the Bank, will provide support to Bank officers for the execution of the specific strategies within the plan to promote diversity and inclusion. These strategies will enhance efforts to attract and retain talented diverse staff.

As part of implementing the strategic plan described above, the Bank will continue to leverage and enhance current programs. This includes developing new strategies and deploying resources to address any newly identified areas of concern.

## Minority- and Women-Owned Business Inclusion

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The Bank is committed to business practices that promote opportunity and diversity in procurement. The Bank ensures that minority- and women-owned businesses have the maximum practicable opportunity to serve as suppliers. In addition, the Bank assesses the suppliers' and their associated subcontractors' commitment to inclusive employment practices.

The Bank's long-standing emphasis on purchasing from small businesses has provided a strong base in working with minority- and women-owned firms, many of which are small businesses. Results for 2015 support



Table 6

### 2015 Bank Reportable Spend and Vendor Count

(Dollars in thousands)

	Total	Subtotal Diverse Minority & Women	Sub-Cont Asian American	Asian Pacific American	Black/African American	Hispanic American	Native American	Unknown Ethnicity	Minority	Women	Small
Reportable Spend	\$24,159	\$6,964	\$1,530	\$742	\$4,182	\$2	\$101	\$0	\$6,556	\$408	\$2,156
Percent of Spend		29%	6%	3%	17%	0%	0%	0%	27%	2%	9%
Vendor Count	1,325	45	2	3	5	3	4	0	17	28	134
Percent of Vendors		3.4%	0.2%	0.2%	0.4%	0.2%	0.3%	0.0%	1.3%	2.1%	10.1%

Totals may not add due to rounding.

this effort. About 38 percent of Bank spend was with vendors classified as minority-owned, women-owned, or small businesses.<sup>2</sup>

Table 6 breaks out the Bank’s 2015 total reportable spend and vendor counts by vendor type, including by ethnicity.

The Bank’s expenditures for goods and services purchased from contractors and subcontractors are considered reportable spend. This includes all vendor payments except those made to or for association membership dues and fees, intercompany transfers, government payments, legal settlements, payment network fees, rent, and utilities.

Table 7 shows the Bank’s reportable spend and how much was with minority- and women-owned firms from 2012 through 2015. Overall spend decreased by 40 percent over the period. This reduction in spending reflects lower requirements for technical resources as technology projects were completed and demand for contract labor, consulting services, and purchased hardware and software dropped commensurately. Expenditures in these areas dominate minority spend, and minority spend remained high throughout the period at 23 percent of all spend in 2012 and 27 percent in 2015. Spend with women-owned firms was 7 percent in 2012 and 2 percent in 2015. Additional information about the Bank’s spend from 2012 to 2015 can be found in Appendix 4.

Table 7

### Bank Reportable Spend and Vendor Count 2012 – 2015

(Dollars in millions)

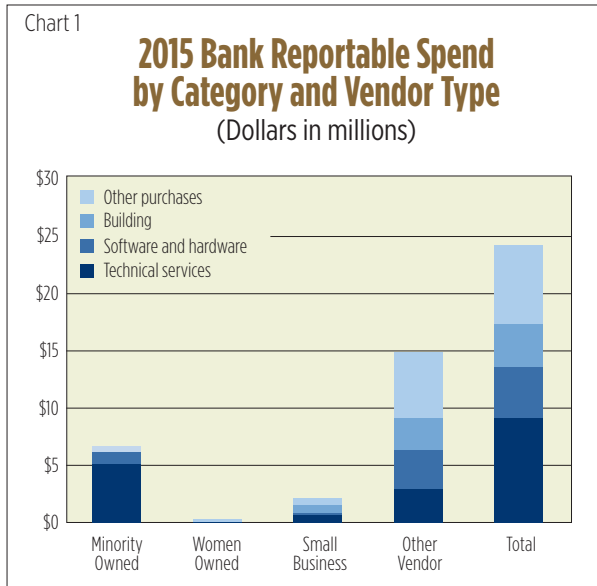
	2012	2013	2014	2015
<b>Minority-owned Enterprises</b>				
Reportable Spend	\$9.1	\$8.4	\$10.1	\$6.6
Percent of Spend	23%	25%	33%	27%
Vendor Count	22	24	29	17
Percent of Vendors	2%	2%	2%	1%
<b>Women-owned Enterprises</b>				
Reportable Spend	\$2.8	\$0.6	\$0.9	\$0.4
Percent of Spend	7%	2%	3%	2%
Vendor Count	36	33	40	28
Percent of Vendors	3%	2%	3%	2%
<b>Total Reportable Spend</b>	<b>\$40.0</b>	<b>\$34.3</b>	<b>\$30.2</b>	<b>\$24.2</b>
<b>Total Vendor Count</b>	<b>1,321</b>	<b>1,342</b>	<b>1,326</b>	<b>1,325</b>

#### Status

The Bank had \$24.2 million in total reportable spend in 2015. Of this, the Bank purchased \$6.6 million, or 27 percent, from minority-owned businesses and an additional \$0.4 million, or 2 percent, from women-owned firms.

In combination, minority- and women-owned businesses provided 60 percent of the Bank’s technical ser-

<sup>2</sup> Here and elsewhere in this report, a given vendor is reported under only one vendor type. Minority-owned firms with majority woman ownership are reported as minority-owned and are not reported under women-owned. Similarly, only small businesses that are neither minority- nor women-owned are reported as small businesses.



ices. Over 80 percent of the Bank’s purchases from minority-owned firms were for technical services. These were primarily associated with three software development and integration initiatives, which required temporarily adding resources for large-scale application development. About 30 percent of purchases from women-owned firms were also in technical services.

Chart 1 shows the breakout of 2015 expenditures by category of spend and vendor type. In addition to technical services, major categories of expenditures include hardware and purchased software, and building (primarily maintenance). The remaining expenditures include travel and contract labor and consulting (for purposes other than technical).

**Support of Inclusion in Procurement**

In 2015, the Bank continued to meet OMWI-related procurement expectations that support its commitment to maximizing inclusion. The Bank remains committed to ensuring that minority-and women-owned enterprises (MWBEs) have the maximum practicable opportunity to participate in contracts awarded by the Bank.

The Bank has maintained its community and corporate relationships related to supplier diversity activity. The Bank continues to actively participate in the local chapter of the Women’s Business Enterprise National Council (WBENC) called the Women’s Business Development

Center (WBDC), as well as the North Central Minority Supplier Diversity Council (NCMSDC), the Association of Women Contractors (AWC), and Meda, an organization whose mission is to help entrepreneurs of color succeed. The Bank plans to maintain these activities in 2016.

Community partnerships have the dual purpose of educating staff and demonstrating the Bank’s willingness to partner with community groups in support of maximizing opportunities for MWBEs. Additionally, these partners are an important source of identifying a more diverse base of bidders. During the past year, the Bank worked to identify more ways to leverage the expertise of community partners to expand the number of women and minorities in bidding pools.

The Bank continues to partner with the City of St. Paul’s Central Certification (CERT) Program for small businesses and the National Association of Minority Contractors (NAMC). The Bank’s Community Development Department held two events with these partners that brought together local small businesses to learn about programs in banking and finance for small businesses.

The Bank continues to deepen its role in supporting Native American business development. In 2015, the Bank launched its Center for Indian Country Development, where work with Indian Business Alliances (IBAs) across the District continued through the year. This work included working jointly with IBAs from five states (North Dakota, South Dakota, Montana, Minnesota, and Wisconsin) to begin developing an online business directory and to participate in and help lead a variety of listening sessions, workshops, and other events supporting Native American business development. Bank staff also helped lead the Community Development Forum, which took place in conjunction with the Native American Development Corporation’s Economic Development and Procurement Conference. The Forum was designed to increase awareness among bankers, nonprofit organization leaders, government and tribal agency staff, elected officials, and others about initiatives available to support Native American businesses. The Bank continued to provide technical assistance and resources on commercial and business law development

Table 8

**MWBE Participation in Bank Procurement 2015**

Number of solicitations where a contract was awarded	17
Number of solicitations where MWBEs were invited to bid	9
Number of solicitations where MWBEs completed the bidding process	5
Number of solicitations where one or more MWBEs were successful bidders	4

Includes all solicitations for \$10,000 or more of goods and services that are managed by the Federal Reserve Bank of Minneapolis procurement function.

The Bank works with other Federal Reserve Banks to identify opportunities to further supplier diversity programs, practices, and actions. This work included coordinated national outreach efforts as well as participation in national supplier diversity conferences such as the WBENC and National Minority Supplier Diversity Council annual conferences that take place each year.

to tribes and Native American organizations across the country. This assistance helps enhance business environments and private sector development in Native American communities.

Table 8 shows the 2015 solicitations coordinated by the Bank’s procurement area and the number of MWBEs included in the process and outcomes. Of these 17 procurements with \$10,000 or more of anticipated spend, nine included invitations to one or more MWBEs to provide a bid or quote. In five instances, one or more MWBEs completed the bidding process. In four of the solicitations, a MWBE was awarded the bid. The Bank also continued its standard procedure of speaking individually with invited suppliers who chose not to participate in or did not complete the bidding process.

Procurement staff continued to meet with Bank departments with the highest amount of spend and reviewed processes to ensure openness and inclusivity. These meetings allowed staff to provide a detailed explanation of the requirements set forth in the DFA. The meetings also allowed procurement staff to share best practices from community and corporate partners and to affirm the Bank’s desire to increase the number of minority and women business owners as bidders and vendors.

The Bank continued to use language in its procurement contracts that is consistent with the mission and requirements of the DFA. The provisions set the expectations that each firm (and its subcontractors) interested in doing business with the Bank should provide for the fair inclusion of minorities and women in its workforce. The Bank continued to distribute a good faith assertion questionnaire to assess whether or not vendors are practicing fair inclusion.

**Challenges**

The Bank continues to experience difficulties with supplier classifications, since no central agency is responsible for certifying a supplier as a diverse entity. The requirements for monitoring of certifications can vary depending on who issues the certification. As a result, procurement staff are required to use inefficient and time-consuming processes to cross-reference multiple sources and classify suppliers. Identifying diverse suppliers and obtaining competitive bids for certain acquisitions remain challenging. The Bank is finding that relationships with community partners have increasingly helped to mitigate this challenge.

**Moving Forward**

The Bank recognizes the importance of increasing the number of minority- and women-owned businesses that bid for contract opportunities with the Bank. The Bank will continue to work on increasing the number of minority- and women-owned businesses that receive invitations to bid, as well as understanding why they chose not to bid when invited.

The Bank’s Center for Indian Country Development will continue to support the IBAs throughout the district and will assist in their efforts to share resources and educational opportunities. The Center will seek opportunities to provide research, technical support, and assistance to Indian-owned businesses and coalitions throughout Indian Country.

In 2016, the Bank will participate in a series of MWBE events with community partners and other financial institutions. This series will focus on how small, minority-owned, women-owned, and disadvantaged businesses can navigate the financial stages of the business life cycle.

## Financial Literacy

The Bank maintains its support of financial literacy and education, including efforts directed toward inner-city, girls', and majority-minority high schools in the District. The work highlighted here is intended to build high school students' interest in personal finance and economic education and to encourage these students to pursue related careers in the financial services sector.

### Current Status

In 2015, the Bank reached individuals in the District through participating in a wide variety of financial education activities. These activities ranged from hosting educational programs known as "A Day at the Fed" to hosting tours and career awareness activities. In 2015, the Bank hosted 40 events directly reaching over 70 educators and more than 900 students from OMWI high schools in the District. The DFA defines OMWI schools as those schools whose enrollment is either majority-minority, all women, or low- and moderate-income.

The Bank continues to increase its work with the STEP-UP Achieve program, which connects businesses with Minneapolis high school students from low- and moderate-income households to provide critical job training. As a founding partner of STEP-UP Achieve's financial services pipeline collaborative (a group of employers from the financial sector), the Bank annually participates in a career immersion day for students interested in interning at local financial services companies. In 2015, 33 students attended this event. Staff continued to participate in a once-monthly mentoring program coordinated by STEP-UP that takes place onsite at various Minneapolis public high schools. The goal of this program is to increase the graduation rate for public schools in Minneapolis, particularly for students of color. The program has the combined outcome of exposing Bank staff to a diverse population of talented young people, as well as supporting STEP-UP Achieve's goal of pairing the private and public sectors to unite behind training and preparing the future workforce.

In collaboration with four corporate partners, the Bank piloted a financial services pipeline event for 29

college interns in the summer of 2015. Executive leaders and business line managers from the Bank and local financial services firms participated by leading panels, engaging in network activities, and providing opening and closing keynote remarks.

As part of the System's annual Financial Education Day, Bank staff partnered with St. Paul Como Senior High School to facilitate a career and financial education day for high school students. This event introduced high school students to careers and opportunities in the financial sector and beyond. The event took place onsite at Como for students who are part of the school's Academy of Finance, a small learning community that offers high school students an opportunity to study accounting, international trade, leadership, and the use of technology in preparing for college and the financial services industry.

The Bank maintained its role as a convener with key financial education organizations. Bank staff participated in activities of both the Minnesota and North Dakota Jump\$tart Coalitions. Montana's Jump\$tart Coalition, known as the Montana Financial Education Coalition (MFEC), is led by the Bank's branch. Under this leadership, the coalition was awarded 2015 State Coalition of the Year by the National Jump\$tart Coalition. MFEC was recognized among state coalitions nationwide as a leader in promoting financial education and improving the financial capabilities throughout its state. In addition, the Bank reached students and teachers through other initiatives, such as the Minneapolis Learning Center for Economics partnership (led by the Minneapolis Rotary) and the Minnesota Council on Economic Education's personal finance training for teachers.

The Bank continued its Native American Youth Internship Program. This program is a result of partnership with the two public high schools in Helena, Capital and Helena High Schools, and their Native American Tutoring Program. Through this partnership, Bank staff presented information onsite at the high schools and hosted 24 students at the branch office for a career development experience. The day included exposure to leaders, operations, and the financial services industry as a whole. Through this partnership, two students have been selected for Bank internships since 2014;



both Native American young women. The first participant of this program returned as a college intern, serving as a mentor to the high school intern when she began her work.

As described above, the Bank has focused on many aspects of financial literacy, including personal finance and economic education. The Bank also seeks opportunities to expose students to careers in the financial services industry as outlined in the DFA. Partnerships with schools, financial services firms, and community organizations that share in the Bank's desire to introduce more young people to careers in the financial services industry have been an important part of the Bank's success in this area.

### Challenges

Multiple stakeholders at the Bank are engaged in financial literacy activities, and new opportunities to participate in this area occur frequently. The Bank must continually assess how to best invest the limited resources available in the financial education opportunities that are presented to the Bank. This is an ongoing challenge that the Bank addresses by developing effective internal and external partnerships when appropriate.

### Moving Forward

The Bank will continue to facilitate the efforts to attract college students to the financial services industry in partnership with other financial firms in the District. The Bank will continue to serve as both a convener and a resource link for educators throughout the District. Personal finance and economic education efforts will continue to be rooted in the strong partnerships and initiatives already in place at the Bank and will selectively be expanded as appropriate to OMWI in Section 342 of the DFA. The Bank will continue to find ways to reach more minority and female youth.

## Conclusion

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The Bank will maintain its commitment to the inclusion of minorities and women in employment, the participation of minority- and women-owned businesses in procurement, and the provision of financial education and outreach activities. The Bank's OMWI serves as a catalyst to reinforce and strengthen this commitment. The selection process for the chief executive officer and president, the launch of the Center for Indian Country Development, and the development of the Bankwide Strategy for Diversity and Inclusion are evidence of the Bank's deep and broad commitment to diversity and inclusion in all of its activities.

## Appendix 1

### Federal Reserve Bank of Minneapolis 2015 OMWI Standard Core Metrics

FEDERAL RESERVE BANK OF MINNEAPOLIS	TOPICS	MEASURES	METRICS	COMMENTS/NOTES
1	<b>Management Representation</b>	Top 2 EEO-1 Categories— Sr. Execs & Mid-Lvl Mgrs	<b>197</b>	
		% Women	46%	
		% Minorities	13%	
2	<b>Hiring Statistics</b>	<b>Total External Hires</b>	<b>107</b>	
		% Women	54%	
		% Minorities	35%	
3	<b>Interns</b>	<b>Total Interns</b>	<b>26</b>	
		% Women	65%	
		% Minorities	69%	
4	<b>M/WBE Expenditures</b>	<b>Total Spend (in millions)</b>	<b>24.2</b>	
		% WBE	2%	
		% MBE	27%	
5	<b>Financial Education</b>	<b># of Events</b>	<b>40</b>	
		# of Students attended	<b>997</b>	
		# of Educators attended	<b>72</b>	
		# of Students reached	<b>5400</b>	

## Appendix 2

### Workforce Data Representation, Federal Reserve Bank of Minneapolis

Federal Reserve Bank of Minneapolis 2015 EEO-1 Consolidated Report															
2015 EEO-1 Data 8/31/2015	Hispanic or Latino		Not Hispanic or Latino										Overall Total		
	Male					Female									
Job Categories	Male	Female	White	Black or African American	Native Hawaiian or Pacific Islander	Asian	American Indian or Alaska Native	Two or more races	White	Black or African American	Native Hawaiian or Pacific Islander	Asian	American Indian or Alaska Native	Two or more races	
Executives/Senior Mgrs	0	0	4	1	0	0	0	1	2	1	0	0	0	0	9
First/Mid-level Mgrs	2	3	91	3	0	3	1	1	75	6	0	2	0	1	188
Professionals	8	11	173	10	0	37	1	1	205	12	0	36	1	1	496
Technicians	1	0	35	3	0	7	0	0	20	2	0	1	0	0	69
Sales Workers	0	0	3	0	0	0	0	0	1	0	0	0	0	0	4
Administrative Support	6	4	35	5	0	4	1	2	120	18	0	9	2	1	207
Craft Workers	2	0	15	0	0	0	0	0	0	0	0	0	0	0	17
Operatives	0	1	8	0	0	3	0	0	10	1	0	0	0	0	23
Laborers & Helpers	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Service Workers	1	0	43	3	0	4	2	0	5	0	0	0	0	0	58
Total	20	19	407	25	0	58	5	5	438	40	0	48	3	3	1071

Percentage Representation within EEO-1 Job Categories															
2015 EEO-1 8/31/2015	Hispanic or Latino		Not Hispanic or Latino										Overall Total		
	Male					Female									
Job Categories	Male	Female	White	Black or African American	Native Hawaiian or Pacific Islander	Asian	American Indian or Alaska Native	Two or more races	White	Black or African American	Native Hawaiian or Pacific Islander	Asian	American Indian or Alaska Native	Two or more races	
Executives/Senior Mgrs	0.0%	0.0%	44.4%	11.1%	0.0%	0.0%	0.0%	11.1%	22.2%	11.1%	0.0%	0.0%	0.0%	0.0%	9
First/Mid-level Mgrs	1.1%	1.6%	48.4%	1.6%	0.0%	1.6%	0.5%	0.5%	39.9%	3.2%	0.0%	1.1%	0.0%	0.5%	188
Professionals	1.6%	2.2%	34.9%	2.0%	0.0%	7.5%	0.2%	0.2%	41.3%	2.4%	0.0%	7.3%	0.2%	0.2%	496
Technicians	1.4%	0.0%	50.7%	4.3%	0.0%	10.1%	0.0%	0.0%	29.0%	2.9%	0.0%	1.4%	0.0%	0.0%	69
Sales Workers	0.0%	0.0%	75.0%	0.0%	0.0%	0.0%	0.0%	0.0%	25.0%	0.0%	0.0%	0.0%	0.0%	0.0%	4
Administrative Support	2.9%	1.9%	16.9%	2.4%	0.0%	1.9%	0.5%	1.0%	58.0%	8.7%	0.0%	4.3%	1.0%	0.5%	207
Craft Workers	11.8%	0.0%	88.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	17
Operatives	0.0%	4.3%	34.8%	0.0%	0.0%	13.0%	0.0%	0.0%	43.5%	4.3%	0.0%	0.0%	0.0%	0.0%	23
Laborers & Helpers	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0
Service Workers	1.7%	0.0%	74.1%	5.2%	0.0%	6.9%	3.4%	0.0%	8.6%	0.0%	0.0%	0.0%	0.0%	0.0%	58
Total	1.9%	1.8%	38.0%	2.3%	0.0%	5.4%	0.5%	0.5%	40.9%	3.7%	0.0%	4.5%	0.3%	0.3%	1071

Totals may not add due to rounding. Bank EEO-1 report as of August 31, 2015 as submitted to EEOC.

## Appendix 3

### 2015 Local and National Career Fair and Conference Participation

Event (Local)	Location	Date
University of Minnesota Carlson School of Management Internship & Undergraduate Career Fair	Minneapolis, MN	January 2015
Minnesota State Universities Job & Internship Fair	Minneapolis, MN	February 2015
Minnesota's Private Colleges Job & Internship Fair	Minneapolis, MN	February 2015
The Forum on Workplace Inclusion Career Fair	Minneapolis, MN	March 2015
Accounting & Auditing Student Conference	Minneapolis, MN	September 2015
St. Catherine University Career Opportunities Fair	Minneapolis, MN	October 2015
Government and Non-profit Career Fair	Minneapolis, MN	October 2015
University of St. Thomas Career Fair	Minneapolis, MN	November 2015

Event (National)	Location	Date
Association for Latino Professionals in Finance and Accounting (ALPFA)	New York, NY	August 2015
National Black MBA Association (NBMBA)	Orlando, FL	September 2015
National Society of Hispanic MBAs (NSHMBA)	Chicago, IL	October 2015
Thurgood Marshall College Fund (TMC)	Washington D.C.	November 2015



## Appendix 4

### Procurement Spend, Four-Year Trend

	2015		2014		2013		2012	
	\$	%	\$	%	\$	%	\$	%
<b>Total reportable spend</b>	<b>\$24,159,260</b>		<b>\$30,204,891</b>		<b>\$34,321,811</b>		<b>\$40,033,876</b>	
Minority-owned	\$6,556,144	27.1%	\$10,114,613	33.5%	\$8,445,506	24.6%	\$9,131,561	22.8%
Women-owned	\$407,519	1.7%	\$923,713	3.1%	\$580,630	1.7%	\$2,771,528	6.9%
Total minority-owned and women-owned	\$6,963,663	28.8%	\$11,038,326	36.5%	\$9,026,136	26.3%	\$11,903,089	29.7%

