

OMWI

FEDERAL RESERVE BANK OF MINNEAPOLIS
OFFICE OF MINORITY AND WOMEN INCLUSION
2017 ANNUAL REPORT TO CONGRESS



REPORT TO THE CONGRESS ON THE

OFFICE OF MINORITY
AND WOMEN INCLUSION

APRIL 1, 2018

FEDERAL RESERVE BANK OF MINNEAPOLIS

Submitted by: Michael Garrett, Senior Vice President and Director
Office of Minority and Women Inclusion
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, 2018

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) 2017 Annual Congressional Report of the Office of Minority and Women Inclusion (OMWI).

This is the seventh annual report submitted to Congress. 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 2017, including continued implementation of the Bankwide Diversity and Inclusion Strategic Plan.

We have placed our focus on key initiatives in this critical area as we move ahead. Our commitment is to ensure that the Bank is an environment where inclusion is embraced at every level and all employees are respected and valued.

Sincerely,

Neel Kashkari
President

Michael Garrett
Senior Vice President and
Director, Office of Minority and Women Inclusion

Table of Contents

Executive Summary	2
Overview	4
Minority and Women Employment	5
Minority- and Women-Owned Business Inclusion	10
Financial Literacy	13
Conclusion	15
Appendices	
Appendix 1: 2017 OMWI Standard Core Metrics, Federal Reserve Bank of Minneapolis	16
Appendix 2: Workforce Data Representation, Federal Reserve Bank of Minneapolis	17
Appendix 3: 2017 Local and National Career Fair and Conference Participation, Federal Reserve Bank of Minneapolis	18

COVER PHOTO BY STAN WALDHAUSER

Executive Summary

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 2017 report provides current status, including 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 is a catalyst to reinforce and strengthen this commitment.

The Bank's OMWI is staffed by the director, deputy director, and 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 the Bank's core areas, such as Human Resources, Procurement, Community Development, and Regional Outreach. The OMWI's work is supported by the Bank's executive leadership team and two cross-functional working groups: 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 employees). As further support for its inclusion efforts, the Bank has expanded the number of Employee Resource Networks (ERNs), and these serve as an additional source of employee perspectives.

Minority and Women Employment

The Bank's ongoing commitment to diversity and inclusion

is rooted in equal opportunity for all candidates to become employees and all employees to advance within the organization.

Approximately two-thirds 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 comparable to the Minneapolis-St. Paul Metropolitan Statistical Area (MSA),¹ showing that the percentage of minorities in the Minneapolis-St. Paul area is approximately the same as the number of Bank employees self-identified as such. Women hold more than half of all positions in the Bank. In 2017, 47 percent of external hires were women and 44 percent were minority.

In 2017, Bank leaders continued implementing the Bankwide Diversity and Inclusion Strategic Plan (Plan). The commitment continues to be both implementing provisions of the Plan and ongoing evaluation of the efficacy of tactics to meet broad Plan objectives. Particular areas of emphasis in 2017 included establishing metrics to assess the Bank's success; enhancing feedback loops, such as engagement surveys and 360 degree feedback; expanding the Bank's ERN program; and developing a communication plan to make our other diversity and inclusion related efforts more effective.

Minority- and Women-Owned Business Inclusion

The Bank had \$21.6 million in total reportable spend in 2017. Of this spend, the Bank purchased 11 percent from minority- and women-owned businesses. Women-owned firms owned by a minority represented 8 percent of the Bank's overall spend. The Bank maintained its partnerships with community-based organizations, serving the purposes of supporting minority and women business owners and identifying more of these enterprises to add to the Bank's pool of bidders.

¹ 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 2012-2016 American Community Survey of the U.S. Census Bureau.

Financial Literacy

The Bank continued to support financial literacy activities directed toward young people who are minority, female, or from low- and moderate-income households. Pursuant to the DFA, the goal of these programs is to introduce high school and college students to careers in the financial services industry and improve the financial literacy of underserved communities.

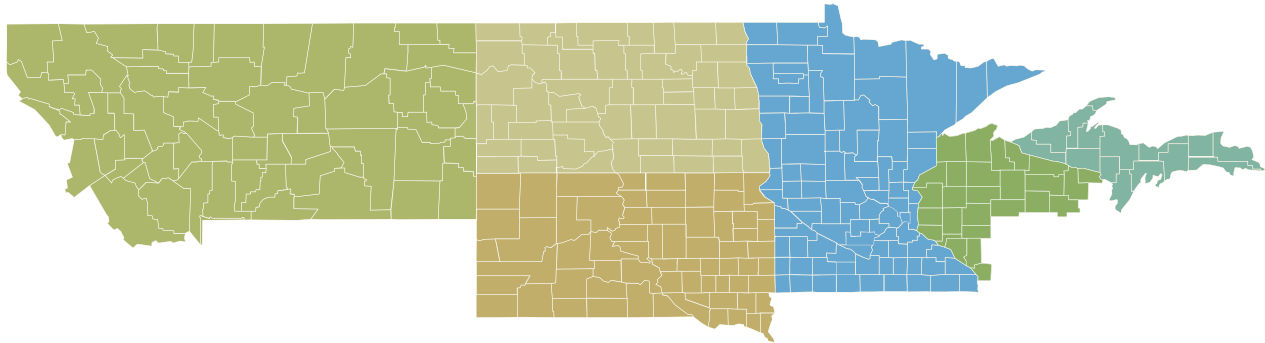
Overall, the Bank directly reached over 1,200 high school students through presentations and career

exposure activities. The Bank maintained its successful partnerships with urban high schools, corporate partners, and organizations to support financial literacy throughout the community.

Regulated Entities

The Federal Reserve Board of Governors' annual report to Congress addresses the OMWI provisions for regulated entities.

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



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 9.2 million people, including 3.5 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 23 percent. As shown in Table 1, the population is 77 percent White, with most of the minority population reflected across Black or African American, 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

Table 1

Minneapolis-St. Paul Population by Ethnicity

Ethnicity	Percentages
White	77%
Black or African American	8%
Asian	6%
Hispanic	6%
American Indian or Alaska Native*	1%
Two or more races	2%
Some other race	0%
Native Hawaiian or Other Pacific Islander	0%

Source: U.S. Census Bureau, American Community Survey 2012-2016
Minneapolis-St. Paul MSA

* AIAN includes alone or in combination, excluded from Two or More Races.

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 nonprofit groups, labor leaders, and other citizens. In addition to these economic research efforts, the Bank’s outreach strategy includes frequent speeches throughout the District, as well as meetings with various constituencies on such issues as housing, economic development, poverty, and the economy. Operations represent the products and services contracted by financial institutions, and the internal support represents the 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) and customer call center operations. TRS provides savings bonds and marketable securities 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 Federal Reserve System employees with help desk support for computer hardware and software applications.

The Bank's Research department has a legacy of applying expertise to a broad range of economic issues, seeking to help analyze the economic challenges of the day and their policy implications. This legacy extends to the Bank's Center for Indian Country Development, which continued its roles of providing thought leadership, research, and resources on Indian Country issues, such as tribal economic development. For instance, the Center organized a conference to explore the beneficial role higher education plays in serving tribal communities and their students, and opportunities for enhancing these benefits. The Bank has similarly emphasized thought leadership in the work of the Opportunity and Inclusive Growth Institute, which engages a broad range of scholars with examining how national policies impact diverse communities. In 2017, the Institute hosted two conferences that explored segregation, inequality, and the causes and effects of structural barriers, such as refusing loans to people living in areas deemed to be a poor financial risk (i.e., redlining). The Bank plans to launch a community advisory board to help ground the Institute's work in the experience of those working in the field every day.

Employment

The Bank employs 1,009 people, primarily located in Minneapolis. The professional and management group comprises 64 percent (45 percent are professionals, and 19 percent are management) of all Bank employees. This group includes bank examiners and automation professionals, together totaling 21 percent of all employees. The remaining employees in the Bank are in the operations and administrative group. This group includes call center staff, representing 20 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 2017, the total reportable spend was \$21.6 million, with about 60 percent supporting building expenditures, technical services, and hardware and software products.

Financial Education

The Bank maintains its support of financial literacy and education. These efforts include programs focused on inner-city, all female, majority-minority, or low- and moderate-income high schools in the Ninth District and on organizations that serve students from these communities. The Bank provides financial education programs and resources to help these high school students effectively manage money and make informed financial decisions and to encourage them to pursue careers in the financial services industry.

Minority and Women Employment

The Bank is committed to equal opportunity for minorities and women. The Bank strives for an inclusive work environment, 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

2017 Bank Employment by Ethnicity and Gender

	Black or Af/Amer	Asian	Hispanic	American Indian	Two or more races	Subtotal Minority	White	Men	Women	Total
Executive/Sr Level Officials	33%	11%	0%	0%	0%	44%	56%	78%	22%	9
First/Mid-Level Officials	6%	3%	3%	1%	1%	14%	86%	51%	49%	180
Professionals	5%	13%	5%	0%	1%	24%	76%	46%	54%	452
Total Management & Professional	6%	10%	4%	1%	1%	22%	78%	48%	52%	641
Administrative Support Workers	12%	7%	5%	2%	1%	28%	72%	28%	72%	215
Technicians	8%	6%	2%	2%	0%	17%	83%	75%	25%	53
Service Workers	3%	12%	2%	5%	0%	22%	78%	87%	13%	60
All Other	8%	8%	5%	3%	0%	23%	78%	73%	28%	40
Total Operations and Administrative	10%	8%	4%	3%	1%	25%	75%	49%	51%	368
Total Bank	7%	9%	4%	1%	1%	23%	77%	48%	52%	1,009
MSA	8%	6%	6%	1%	2%	23%	77%	50%	50%	

"All Other" includes Craft Workers, Laborers and Helpers, Operatives, and Sales Workers. Totals may not equal 100 due to rounding. Full EEO-1 demographic breakdown available in Appendix 2.

Current Status

Table 2 presents a demographic summary of the Bank's workforce² in 2017. 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.

Overall, the Bank had a workforce of 1,009 employees in 2017. Bank minority staffing was consistent with the demographics of the Twin Cities area (the MSA). While 23 percent of the MSA was minority, 23 percent of Bank employees self-identified as such. Bank staffing was 52 percent women.

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 supervisor 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 was 14 percent and women representation 49 percent. In the professional

Table 3

Bank Employment Demographics in Selected Roles and Total Bank

	2014	2015	2016	2017
Executive				
Minority	33%	33%	33%	44%
Women	33%	33%	22%	22%
First/Mid-Level				
Minority	13%	12%	13%	14%
Women	47%	46%	48%	49%
Professionals				
Minority	21%	24%	21%	24%
Women	52%	54%	55%	54%
Total Bank				
Minority	20%	21%	21%	23%
Women	51%	51%	51%	52%

Source: EEO-1 reported data

role, minority representation was 24 percent and women representation 54 percent.

Table 3 presents percentages of minorities and women in the pipeline and leadership roles from 2014 through 2017. The Bank's overall minority employment increased

² The 2017 Congressional Report references employment data compiled for the EEO-1 Report as of December 31, 2017. Previous Congressional Reports referenced EEO-1 data as of August 31 of each reporting year.

Table 4

2017 Bank External Hires in Leadership, Professional, and All Roles

	Executive				Mid-Level Management				Professional				All Roles			
	Women	Men	Total	Percent of Total	Women	Men	Total	Percent of Total	Women	Men	Total	Percent of Total	Women	Men	Total	Percent of Total
Minority	0	0	0	0%	1	2	3	38%	10	11	21	42%	18	21	39	44%
Non-Minority	0	1	1	100%	3	2	5	63%	10	19	29	58%	24	26	50	56%
Total	0	1	1		4	4	8		20	30	50		42	47	89	
Percent of Total	0%	100%			50%	50%			40%	60%			47%	53%		

Totals may not equal 100 due to rounding.

from 20 percent to 23 percent during this period. The percentage of women rose from 51 percent in 2014 through 2016 to 52 percent in 2017. The Bank’s executive role was 33 percent minority and 33 percent women in 2014, increasing to 44 percent minority and decreasing to 22 percent women in 2017. In the officer role, comprising executive management and the most senior of mid-level management, minority representation increased from 15 percent in 2014 to 24 percent in 2017. However, the percentage of minorities in the mid-level manager role overall was stable, increasing from 13 percent in 2014 to 14 percent in 2017. Women were 47 percent of the mid-level manager role in 2014 and 49 percent in 2017. Minorities were 21 percent of the professional role in 2014 but 24 percent in 2017; women were 52 percent of this role in 2014 and increased to 54 percent in 2017.

In 2017, external hires were more racially diverse than the Twin Cities MSA. 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. The Bank also attracts and seeks to attract employees from across the country, particularly for specialized and senior positions, and looks to match minority representation of the United States for this narrower range of positions. Table 4 shows results in external recruiting at the Bank and in the pipeline and leadership roles. In 2017, the Bank made 89 external hires: 66 percent of these hires were in the roles of professional, mid-level manager, and executive. Overall, 44 percent of the Bank’s external hires were minority and 47 percent were women. Women were 51 percent of all external hires in 2016 and 47 percent

in 2017. In contrast, hires of minority staff increased from 39 percent in 2016 to 44 percent in 2017. Hires of minorities in the professional role were 42 percent in 2016 and 2017. In the mid-level manager role, minority hires were 20 percent in 2016 compared with 38 percent in 2017. In the executive role, one male was hired in 2017.

Support of Inclusion in Employment

The Bank’s commitment to equal opportunity for employment and advancement is based on supporting diversity and securing sources of diverse candidates. To facilitate the Bank’s progress in achieving its diversity and inclusion efforts, the Bank began implementing the Bankwide Diversity and Inclusion Strategic Plan in 2016.

The Bank’s Plan is constructed around four broad objectives: first, to communicate the centrality of diversity and inclusion to the Bank’s success; second, to expect actions that advance a diverse workforce and an inclusive work environment; third, to recruit and retain a workforce that reflects the diversity of the community throughout all levels of the organization; fourth, to retain and develop a diverse workforce, which has a deep sense of inclusion, throughout all levels of the organization. A key component of this Plan is a process to assess the efficacy of the tactics used to help the Bank achieve its diversity and inclusion efforts and augment as needed.

The Plan drove meaningful change in 2017 within each of these areas, including the development of a Diversity and Inclusion Communication Plan. The goals of the Communication Plan are to promote dialogue, share information, and convey measureable progress with employees, system partners, and external audiences

regarding diversity and inclusion at the Bank. In addition to promoting accountability and implementation, the Bank’s Communication Plan focuses on multiple avenues for staff to provide feedback. This information will help the Bank adapt its tactics as needed.

To support this effort, the Bank articulated and shared success criteria against which to measure its diversity and inclusion efforts. To promote transparency, the Bank began internally reporting employee retention rates and whether Bank demographics reflect the Bank’s community—two key success criteria. The Bank used several strategies to collect feedback from staff and leadership, including a 360 degree feedback process, the results of which were communicated back to supervisors; cross-functional work groups to address areas of emphasis or concern; and an employee survey that included prompts related to diversity and inclusion in the Bank. Bank employees created additional ERNs.

These groups can provide many benefits, such as professional and personal development opportunities and promotion of cultural awareness. Through serving as ERN sponsors, Bank executives have gained insight into the perspectives of employees.

The Bank’s hiring processes help recruit and retain a diverse and regionally representative workforce. Applicant pools for all leadership positions are posted externally, and candidate pools selected for interviews must include gender and racial diversity. The interview process for these positions is more structured and includes a cross-departmental panel of interviewers to provide multiple perspectives on each interviewee. Programming during new employee orientation has been more closely aligned with key Bank competencies, such as professionalism and leadership, and includes reviews of the Bank’s equal employment opportunity policy, code of conduct, and an online training focused on preventing harassment.

The Bank’s recruiting process 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 2017, the Bank provided

Table 5

2017 Bank Interns

	Women	Men	Total	Percent of Total
Minority	13	8	21	60%
Non-Minority	10	4	14	40%
Total	23	12	35	
Percent of Total	66%	34%		

opportunities for 35 interns, 31 of whom were women, minorities, or both.

Additional partnerships in the community contribute to the Bank’s success in recruiting women and minorities. 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 16 interns from HACU since 2007.

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 2017, the Bank participated in eight local career fairs. In addition, the Federal Reserve System collectively attended two national career fairs: the National Black MBA Association (NBMBA) and Prospanica Partnership Conference, and the Grace Hopper Celebration of Women in Computing Conference (see Appendix 3). Networking events serve as a recruitment tool, and the Bank participated in several during the year, such as the Mock Interview Marathon at the University of Minnesota’s Carlson School of Management. 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.

Other Bank partnerships embed the concept of exposing inner-city, female, minority, and low- and moderate-income high school students to the financial services industry. These programs are rooted in financial literacy, mentorship by Bank staff, and career exploration, and they include opportunities for internships with the Bank. For instance, the American Indian Youth Outreach

and Internship program is a collaboration between the Helena Branch and area schools that serve economically disadvantaged students. Since 2014, five American Indian students have been selected for Bank internships with the Branch. Similarly, the Bank's Scholars & Cents program is a partnership with Central High School in St. Paul, a minority-majority high school. Since its inception, this program has reached over 300 students and provided 56 internships. The Financial Literacy section of this report more fully describes the Bank's financial education efforts.

The Bank continues to participate in external mentor programs that provide staff with professional development and opportunities to engage with diverse communities in the Twin Cities. The Bank, an employer of sworn law enforcement officers, continued partnering with other area law enforcement agencies to increase the diversity of candidates interested in careers in law enforcement. This partnership involves selecting and training law enforcement officers as mentors for women and minority college students. In 2017, four of the Bank's law enforcement officers were trained as mentors to program participants. There are several benefits to this partnership, including working with other law enforcement agencies to develop best practices for outreach and recruitment, identifying future law enforcement officer recruits, and providing professional development for the Bank's current law enforcement officers. Now serving a second cohort of 20 students, the program provides group and individual mentoring as well as professional skill development. In addition to providing law enforcement officers to serve as mentors, the Bank's Law Enforcement staff attended recruiting events throughout the region focusing on women and candidates of color.

The Bank's employee programming plays an important role in supporting diversity at all levels of the organization. The Bank's internal mentor-protégé program establishes working partnerships to provide development opportunities for the protégé through coaching and guidance by the mentor. In so doing, it supports succession planning by developing a pool of talented Bank staff with the competencies needed for leadership positions. The program matches an individual

contributor or manager with a leader in another area of the Bank. The objective of the program is to assist protégés in clarifying their ambitions and building the necessary skills to achieve their goals. In 2017, the program enrolled 34 mentor-protégé pairs. This protégé cohort is 76 percent women or minority, with 71 percent women and 32 percent minority employees. Since the inception of the mentor program in 2001, the Bank has matched 301 individuals with mentors. The Bank's mentorship program continued its enhanced programming implemented in 2016 and facilitated sessions by an external vendor specializing in corporate mentoring programs.

Tuition reimbursement is a benefit offered to employees across the Bank, and one extensively used by minority women 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, meet graduates from departments, and are encouraged to consider participants as opportunities arise. In 2017, 61 employees participated in the Bank's educational reimbursement program. While most groups at the Bank participate at rates roughly corresponding to their representation in the Bank, minority women account for 11 percent of employees but 33 percent of program participants.

Diversity-focused training and cultural awareness are key components of organizational engagement. These efforts are directed toward employees and managers through a curriculum supported by Human Resources. To support this organizational engagement, the Bank has sponsored the Employee Diversity Action Council for the past 16 years. The council is composed of 37 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.

In 2017, the Bank hosted researchers from Mercer to share their insights from studying the pipeline of diverse

employees into executive management. In particular, the researchers focused on identifying the barriers that Black or African American and Hispanic employees faced in reaching leadership positions in the financial services sector. The attendees included internal Bank staff and employees from other Federal Reserve Banks, the Board of Governors, and financial services firms and nonprofits in the Twin Cities. Attendees learned about the key drivers for success and how these drivers varied and compared across the Black or African American and Hispanic employee groups studied.

The Bank continued to participate in workforce-focused corporate and community partnerships to share best practices in inclusion and to exchange ideas. For example, Bank staff are active members of the Twin Cities Diversity and Inclusion Roundtable, a group of diversity and inclusion practitioners from local corporations, educational institutions, government, and nonprofit organizations. In addition, staff again participated in the planning group for the Forum on Workplace Inclusion, the largest diversity and inclusion conference in the country. In 2017, department leaders and line staff attended the conference, along with other Federal Reserve staff from across the country. 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. Bank attention will continue to be directed toward addressing this issue. Though high staff turnover for minority employees compared to the Bank overall has been an issue historically, the turnover rate was similar for all employees in 2017. The Bank will monitor this metric moving forward.

As the Bank continues implementing the Diversity and Inclusion Strategic Plan, OMWI and Bank leadership will need to give special attention to assessing the Bank's tactics to determine their efficacy. As part of this process, the Bank will also need to determine if its tactics are sufficient or need to be augmented in order to meet its objectives.

Moving Forward

In 2018, the Bank will carry on its work in attracting and retaining a diverse workforce at all levels of the organization and implementing the Bankwide Diversity and Inclusion Strategic Plan. Department leaders, with support from executive leadership, will take ownership of executing the Plan both in their departments and throughout the Bank. The Bank will regularly assess its diversity and inclusion tactics, and determine if they are sufficient to meet the Plan's objectives and if other strategies are needed.

Minority- and Women-Owned Business Inclusion

The Bank is committed to business practices that promote opportunity and diversity in procurement. The Bank strives to ensure that minority- and women-owned businesses (MWBs) 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 purchases goods and services both through its local procurement function and through the Federal Reserve System National Procurement Office (NPO). Bank expenditures center on maintaining the Bank's building and acquiring technology-related materials and contract labor services. Though diverse spend has historically been strongest in technology-related purchases, requirements in this regard decreased in 2017. As a result, the Bank's diverse spend correspondingly decreased. In response to this shift in Bank spending, the Bank will explore efforts to increase diverse spend across all purchasing categories.

The Bank's expenditures for goods and services purchased from contractors 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.

Current Status

The Bank had \$21.6 million in total reportable spend in 2017. The Bank purchased \$2.3 million or 11 percent of

Table 6

Bank Reportable Spend and Vendor Count
(Dollars in millions)

	2015		2016		2017	
	Spend	Vendors	Spend	Vendors	Spend	Vendors
Minority-Owned						
Men	\$2.6	13	\$0.3	12	\$0.2	10
Women	\$3.9	4	\$3.3	5	\$1.7	3
Women-Owned						
Non-Minority	\$0.4	28	\$0.4	25	\$0.4	27
Minority	\$3.9	4	\$3.3	5	\$1.7	3
Total Diverse	\$7.0	45	\$4.0	42	\$2.3	40
Percent Total Bank	29%	3%	16%	3%	11%	3%
Total Bank	\$24.2	1,325	\$24.9	1,380	\$21.6	1,227

Total vendor counts are approximate.

spend from MWBEs. As shown in Table 6, the bulk of this spend is with firms that are certified as both minority- and women-owned.

Table 6 shows the trend in Bank spend and Bank diverse spend over the past three years. In comparison with 2015, overall spend and diverse spend declined. Historically, the Bank’s diverse spend has been concentrated in technical services. Requirements in this area are decreasing due to reduced software development, and MWBE spend has dropped accordingly. Appendix 1 provides additional trend information on Bank spend.

Just as 2017 spend is concentrated in firms certified as minority- and women-owned, it is concentrated in vendors identifying as Black or African American, as shown in Table 7. This spend is primarily associated with technical services.

While diverse spend is over 80 percent for technical services and software and hardware, overall Bank spend is about a third in these categories with an additional quarter for building-related purchases and the remainder covering a range of other goods and services. See the Bank’s 2017 spend by category.

Support of Inclusion in Procurement

In 2017, the Bank continued to meet OMWI-related procurement expectations that support its commitment to maximizing inclusion. The Bank remains committed to ensuring that 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. It continues to actively participate in the local chapter of the Women’s Business Enterprise National Council (WBENC), known as the Women’s Business Development Center (WBDC); the North Central Minority Supplier Diversity Council (NCMSDC); and the Metropolitan Economic Development Association (MEDA), an organization whose mission is to help minority entrepreneurs succeed. The Bank is committed to maintaining these activities in 2018.

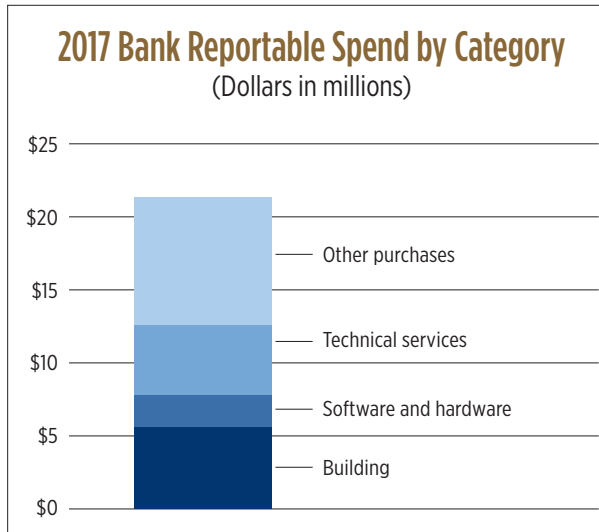
Community partnerships have the dual purpose of educating staff and demonstrating the Bank’s willingness to partner with community groups in support of maximizing opportunities for MWBEs. Additionally, these partners are an important source of identifying a more diverse base of bidders.

The Bank continued to partner with the city of St. Paul’s Central Certification (CERT) Program and other community partners via the Pathways to Success program, which reaches out to minority- and women-

Table 7

2017 Bank Reportable Spend with Minority-Owned Firms by Race and Ethnicity
(Dollars in thousands)

	Asian American	Black or African American	Hispanic American	Native American	Unknown Ethnicity	Total Minority	Total Bank
Reportable Spend	\$223	\$1,684	\$0	\$45	\$0	\$1,952	\$21,634
Vendor Count	3	5	1	4	0	13	1,227



owned businesses. The Bank’s Community Development department held two events with these partners in 2017. One event focused on immigrant business owners, and the other focused on minority-owned businesses. These events brought together business owners to share their entrepreneurial experiences of navigating the different stages of small business growth. Other topics discussed were access to credit, credit repair, business development, and government certification and contracts. Events such as these give entrepreneurs the tools and support needed to advance and grow their businesses.

The Bank continued its role in supporting and addressing American Indian business development through community partnerships and working with Indian-owned businesses. The Bank’s Community Development department and the Center for Indian Country Development work with Indian Business Alliances (IBAs) across the District. In 2017, Bank staff helped support the Revised Model Tribal Secured Transactions Act and its supporting Implementation Guide. This Act is a flexible and culturally appropriate model law designed to facilitate lending that is crucial for starting and sustaining private businesses. The Bank remains an ongoing resource for technical assistance and resources regarding commercial and business law development to tribes and American Indian organizations throughout the country.

Table 8 shows the 2017 solicitations coordinated

by the Bank’s procurement area and the number of MWBEs included in the process and outcomes. Of the 27 procurements with \$10,000 or more of anticipated spend, in 12 of them the Bank identified and invited one or more MWBEs to provide a bid or quote. In nine instances, one or more MWBEs completed the bidding process. In six of the solicitations, an MWBE was awarded the bid. The Bank also continued its standard procedure of following up 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. These sessions help 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.

Table 8

2017 MWBE Participation in Bank Procurement

Number of solicitations where a contract was awarded	27
Number of solicitations where MWBEs were invited to bid	12
Number of solicitations where MWBEs completed the bidding process	9
Number of solicitations where one or more MWBEs were successful bidders	6

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 support 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.

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 remains challenging. The Bank is finding that relationships with community partners have increasingly helped to mitigate this challenge.

While most of the Bank's diverse spend was concentrated in technical services, the Bank's needs for these services have decreased, and its diverse spend has dropped, necessitating a greater focus on including MWBEs across a broader range of procurement opportunities.

Moving Forward

The Bank recognizes the importance of increasing the number of minority- and women-owned businesses that compete for business opportunities with the Bank. Throughout 2018, the Bank will expand its efforts to include MWBEs across all procurement categories. These efforts will include working to increase the number of MWBEs that receive invitations to bid and following up to understand why some firms declined invitations to compete for Bank projects. The Bank will also encourage the NPO to maximize opportunities for MWBEs to procure with the System as a whole.

The Bank will continue to support the IBAs throughout the District in their efforts to share resources and educational opportunities. The Center for Indian Country Development's strategic efforts across the country in business and entrepreneurship will expand.

This work will support and strengthen Native business owners and their businesses both in the District and throughout the United States.

The Bank will continue to participate in events with community partners and other financial institutions that help small, minority-owned, women-owned, and disadvantaged businesses navigate the financial stages of the business life cycle. Future events will emphasize networking opportunities and examples of successful business practices.

Financial Literacy

The Bank supports financial literacy and education as a teacher, partner, and convener throughout the District. This support includes efforts directed toward high school students from inner-city, all female, majority-minority, and/or low- and moderate-income schools in the District, defined as OMWI schools. The purpose of the work highlighted in this section is 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. Though the Bank provides financial literacy education to a range of groups in the District, the work listed in this section focuses on OMWI school students.

Current Status

In 2017, 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 2017, the Bank participated in 28 events directly reaching 127 educators and more than 1,200 students from OMWI high schools in the District, or through partnerships with an OMWI focus.

The Bank continues its work introducing young people to careers in the financial services industry. The Bank maintains its partnership 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 services sector), the Bank annually participates in a career immersion day for students interested in interning at local financial services companies. This partnership helps students as well as Bank staff, who benefit from professional development through their involvement as panelists, speakers, and mentors.

Apart from hosting stand-alone events focused on financial literacy, the Bank engaged with high school students through ongoing programming led by staff. These partnerships help the Bank achieve its goal of increasing and supporting a more diverse pipeline of talent into the financial services sector. This, in turn, helps foster more inclusive and thoughtful decision-making. For example, the Bank continued its partnership with St. Paul Como Senior High School's Academy of Finance (AOF) program. In addition to partnering with Como on the System's Annual Financial Education Day, staff from the Bank's Financial Management Group served as mentors for AOF students in their senior year. Students visited the Bank to learn about its purpose and about careers in the financial services industry. Highlights included presentations by senior leaders with the Bank, tours, and formal and informal presentations given by AOF students to Bank staff. This partnership has allowed Bank staff the opportunity to connect more deeply with talented young minority students while providing these students good role models, new skills, examples of good work habits, and information about the financial services industry.

Additionally, the Bank continued its American Indian Youth Outreach and Internship Program. This program is a result of partnerships with the two public high schools in Helena, Capital and Helena High Schools, and their American Indian Tutoring Program. Through this partnership, Bank staff presented information onsite at the high schools and hosted 30 students at the Branch for a career development experience. The day included tours of the Branch, presentations on the Bank and the financial services sector, activities, and a panel of speakers. As a result of this partnership, five American Indian students have received Bank internships since 2014.

Bank staff also continued its partnership with Central High School, an urban public school in St. Paul, Minnesota, with a student population that is 60 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 financial services 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 over 300 students and provided 56 internships.

The Bank maintained its role as a convener with key financial education organizations across the District. Bank staff participated in Jump\$tart Coalitions in Minnesota, North Dakota, and Montana. Montana's Jump\$tart Coalition, known as the Montana Financial Education Coalition (MFEC), is led by the Bank's Branch. The Bank continued to reach students and teachers through other initiatives, such as the Minneapolis Learning Center for Economics partnership (led by the Minneapolis Rotary) and a partnership with the local Girl Scout Council and its ConnectZ program. This program brings a culturally relevant Girl Scout leadership experience to over 2,700 girls with diverse backgrounds throughout the Twin Cities' metro area and southern Minnesota. Through this partnership, the Bank reached 49 young women from high schools in Minneapolis, St. Paul, and greater Minnesota. Staff helped educate troops about budgeting, credit, the Bank, and its purpose. The Bank also hosted a training session on this workshop for 18 troop leaders to help the Bank better educate and reach future ConnectZ participants.

In addition to its financial literacy efforts with high school students, the Bank provided enhanced tours for groups serving college students that are female, minority, or from inner-city or low- and moderate-income backgrounds. This programming pairs tours with activities meant to provide students a more personalized and meaningful understanding of the Bank, its operations, and staff. For example, one group of 32 diverse students met with the director of the Bank's Center for Indian Country Development and learned about her personal, educational, and professional paths. Similarly, a group of 22 college interns visited the Bank for presentations by diverse Bank professionals who discussed their careers

and experiences working at the Bank. The Bank will continue to offer enhanced tour opportunities to groups serving students from these backgrounds.

As described above, the Bank has focused on many aspects of financial literacy, including personal finance and economic education. The Bank is intentional about exposing inner-city, female, minority, and/or low- and moderate-income students to mentorship and careers in the financial services industry as outlined in the DFA. Partnerships with schools, financial services firms, and community organizations that share the Bank's desire to introduce more young people to careers in the financial services industry and build mastery in personal financial literacy have been an important part of the Bank's success in this area.

Challenges

Multiple stakeholders at the Bank are engaged in financial literacy and mentoring 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 carry on its work in attracting students to the financial services industry in partnership with other

financial firms in the District. The Bank will strive to serve as both a convener and a resource link for schools and 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 the OMWI in Section 342 of the DFA. The Bank will continue to develop ways to reach minority and female youth in 2018 and going forward.

Conclusion

The Bank's OMWI serves as a catalyst to reinforce the Bank's long-standing commitment to diversity and inclusion, which includes minorities and women in employment, the participation of minority- and women-owned businesses in procurement, and the provision of financial education and outreach activities. This commitment was supported by continued implementation of the Bankwide Diversity and Inclusion Strategic Plan. The Bank's department leaders will lead implementation efforts within their areas and across the Bank in the coming year. The Bank's executive leadership will continue to support them in this work. The Bank's deep and broad commitment to promoting a more inclusive and diverse work environment will remain a key Bank strategic focus throughout 2018 and beyond.

Appendix 1

2017 OMWI Standard Core Metrics, Federal Reserve Bank of Minneapolis

Category	Description	Measure	2013	2014	2015	2016	2017
Workforce Diversity	Senior Executives	Total #	9	9	9	9	9
		% Minorities	44%	33%	33%	33%	44%
		% Women	33%	33%	33%	22%	22%
	Mid-Level Managers	Total #	172	184	188	176	180
		% Minorities	9%	13%	12%	13%	14%
		% Women	45%	47%	46%	48%	49%
	Professionals	Total #	475	472	496	413	452
		% Minorities	21%	21%	24%	21%	24%
		% Women	53%	52%	54%	55%	54%
	Total External Hires	Total #	116	75	107	137	89
		% Minorities	34%	35%	35%	39%	44%
		% Women	44%	40%	54%	51%	47%
	Total Interns	Total #	23	26	26	35	35
		% Minorities	70%	81%	69%	74%	60%
% Women		70%	65%	65%	57%	66%	
Overall Bank Turnover Rate	%	9.5%	9.9%	9.8%	7.7%	7.9%	
Supplier Diversity	Total Reportable Spend	\$ (millions)	\$34.3	\$30.2	\$24.2	\$24.9	\$21.6
	Total Diverse Spend ¹	\$ (millions)	\$9.0	\$11.1	\$7.0	\$4.0	\$2.3
		%	26%	37%	29%	16%	11%
	Minority-Owned ²	\$ (millions)	\$8.4	\$10.1	\$6.6	\$3.6	\$2.0
		%	25%	33%	27%	14%	9%
	Minority-Owned (men)	\$ (millions)	\$5.4	\$6.9	\$2.6	\$0.3	\$0.2
		%	16%	23%	11%	1%	1%
	Minority-Owned (women)	\$ (millions)	\$3.0	\$3.2	\$3.9	\$3.3	\$1.7
		%	9%	11%	16%	13%	8%
	Women-Owned ²	\$ (millions)	\$3.6	\$4.2	\$4.4	\$3.7	\$2.1
		%	11%	14%	18%	15%	10%
Women-Owned (Non-Minority)	\$ (millions)	\$0.6	\$0.9	\$0.4	\$0.4	\$0.4	
	%	2%	3%	2%	2%	2%	
Women-Owned (Minority)	\$ (millions)	\$3.0	\$3.2	\$3.9	\$3.3	\$1.7	
	%	9%	11%	16%	13%	8%	

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

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

Category	Description	2017
Financial Literacy ¹	Program Type	Student centric
	• Teacher centric	
	• Student centric	
	• Hybrid	
	Number of Students ²	1,255
	Number of Educators ³	127
	Number of Students Reached ⁴	9,525

¹ Measures report only those OMWI students and teachers who participate in or are reached through programs that have a financial literacy focus.

OMWI targeted schools are considered to be inner-city, majority-minority, and all-girls high schools.

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

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

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

Appendix 2

Workforce Data Representation, Federal Reserve Bank of Minneapolis

2017 EEO-1 Consolidated Report															
2017 EEO-1 Data 12/31/2017	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	2	0	1	0	0	1	1	0	0	0	0	9
First/Mid-Level Mgrs	3	2	79	4	0	2	2	1	75	7	0	4	0	1	180
Professionals	14	8	154	13	0	27	0	1	189	10	0	32	2	2	452
Technicians	1	0	31	4	0	3	1	0	13	0	0	0	0	0	53
Sales Workers	0	0	3	0	0	0	0	0	1	0	0	0	0	0	4
Administrative Support	7	4	40	8	0	2	2	1	114	18	0	14	3	2	215
Craft Workers	1	0	14	0	0	0	1	0	0	0	0	0	0	0	16
Operatives	0	1	7	0	0	3	0	0	6	3	0	0	0	0	20
Laborers & Helpers	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Service Workers	1	0	41	2	0	5	3	0	6	0	0	2	0	0	60
Total	27	15	373	33	0	43	9	3	405	39	0	52	5	5	1,009

Percentage Representation within EEO-1 Job Categories															
2017 EEO-1 Data 12/31/2017	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%	22.2%	0.0%	11.1%	0.0%	0.0%	11.1%	11.1%	0.0%	0.0%	0.0%	0.0%	9
First/Mid-Level Mgrs	1.7%	1.1%	43.9%	2.2%	0.0%	1.1%	1.1%	0.6%	41.7%	3.9%	0.0%	2.2%	0.0%	0.6%	180
Professionals	3.1%	1.8%	34.1%	2.9%	0.0%	6.0%	0.0%	0.2%	41.8%	2.2%	0.0%	7.1%	0.4%	0.4%	452
Technicians	1.9%	0.0%	58.5%	7.5%	0.0%	5.7%	1.9%	0.0%	24.5%	0.0%	0.0%	0.0%	0.0%	0.0%	53
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	3.3%	1.9%	18.6%	3.7%	0.0%	0.9%	0.9%	0.5%	53.0%	8.4%	0.0%	6.5%	1.4%	0.9%	215
Craft Workers	6.3%	0.0%	87.5%	0.0%	0.0%	0.0%	6.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	16
Operatives	0.0%	5.0%	35.0%	0.0%	0.0%	15.0%	0.0%	0.0%	30.0%	15.0%	0.0%	0.0%	0.0%	0.0%	20
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%	68.3%	3.3%	0.0%	8.3%	5.0%	0.0%	10.0%	0.0%	0.0%	3.3%	0.0%	0.0%	60
Total	2.7%	1.5%	37.0%	3.3%	0.0%	4.3%	0.9%	0.3%	40.1%	3.9%	0.0%	5.2%	0.5%	0.5%	1,009

Totals may not equal 100 due to rounding. Bank EEO-1 report as of December 31, 2017 as submitted to EEOC.

Appendix 3

2017 Local and National Career Fair and Conference Participation, Federal Reserve Bank of Minneapolis

Event (Local)	Location	Date
University of Minnesota, College of Science & Engineering Career Fair	Minneapolis, MN	January 2017
University of Minnesota, Carlson School of Management Undergraduate and Internship Fair	Minneapolis, MN	February 2017
University of Minnesota Duluth, College of Science & Engineering Career Fair	Duluth, MN	February 2017
Minnesota Private Colleges Career Fair	Minneapolis, MN	February 2017
Dunwoody Spring Career Fair	Minneapolis, MN	March 2017
Law Enforcement Education and Employment Fair at Century College	White Bear Lake, MN	March 2017
Law Enforcement Opportunities Career Fair at Hennepin Technical College	Brooklyn Park, MN	April 2017
Accounting & Auditing Student Conference	Minneapolis, MN	September 2017

Event (National)	Location	Date
National Black MBA Association (NMBAA) and Prospanica Partnership Conference	Philadelphia, PA	September 2017
Grace Hopper Celebration of Women in Computing Conference	Orlando, FL	October 2017



FEDERAL RESERVE BANK OF MINNEAPOLIS

90 HENNEPIN AVENUE | MINNEAPOLIS, MN 55401

minneapolisfed.org