

FEDERAL RESERVE BANK OF MINNEAPOLIS  
OFFICE OF MINORITY AND WOMEN INCLUSION  
2013 ANNUAL REPORT TO CONGRESS

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OFFICE OF MINORITY AND WOMEN INCLUSION



REPORT TO THE CONGRESS ON THE

OFFICE OF MINORITY  
AND WOMEN INCLUSION

APRIL 1, 2014

FEDERAL RESERVE BANK OF MINNEAPOLIS

SUBMITTED BY  
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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, 2014

Members of Congress:

In accordance with Section 342 of the Dodd-Frank Wall Street and Consumer Protection Act of 2010, please find enclosed the Federal Reserve Bank of Minneapolis (Bank) 2013 Annual Congressional Report of the Office of Minority and Women Inclusion.

The Office of Minority and Women Inclusion (OMWI) continues to develop standards and procedures to ensure inclusion of minorities, women, and minority-owned and women-owned businesses in all activities of the Bank. This report outlines the actions taken by the Bank and the OMWI in 2013.

We continue to make progress 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,

Narayana R. Kocherlakota  
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 Bank has a long-standing 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 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 long-standing 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, and Community Outreach, along with the Employee Diversity Action Council.

The OMWI is required to report annually to Congress on the actions taken by it and the Bank pursuant to Section 342 of the DFA. The Bank completed reports in 2011 and 2012. This 2013 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.

### Minority and Women Employment

The Bank is led by a president who is a member of a minority group, and more than 70 percent 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 relatively comparable 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.

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. To build on this commitment in 2013, executive management fully engaged managing officers as part of the Bank's cross-functional approach to inclusion. Managing officers, in collaboration with the OMWI and Human Resources, developed inclusion strategies for their departments and then formed the Bank's Inclusion Task Force. The Inclusion Task Force members, as key department leaders, meet monthly to discuss and explore effective practices for integrating inclusion across functions in the Bank.

### Minority- and Women-Owned Business Inclusion

The Bank had \$34.3 million in total reportable spend in 2013. Of this spend, the Bank purchased 26 percent from minority- and women-owned businesses. Approximately 95 percent of spend with minority- and women-owned firms is related to contract labor and consulting associated with application development efforts. These technical services are related to projects that will conclude within the next few years. Consequently, the Bank continues to work to increase the number of minority- and women-owned businesses invited to participate in procurement opportunities.

### Financial Literacy

The Bank continued to support financial literacy activities directed toward young minority and female individuals from low-income communities in 2013. 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.

These activities included the continuation of the Bank's successful high school internship program that was established with St. Paul Central High School in 2003. The Bank activities also included its annual "A Day at the Fed" educational experiences for students from St. Paul and Minneapolis public high schools and the Bank's

second “Road Map to Financial Independence” event geared toward juniors and seniors in high school. Parents and caring adults also attended the latter event to learn more about supporting these students in preparing for post-secondary education and work.

The Bank also continued to work with the City of Minneapolis’ STEP-UP Achieve program. In 2013, the Bank hosted an educational event with other financial institutions that introduced students from low- and moderate-income homes in Minneapolis to careers in the financial services industry. The event included panel discussions, structured networking opportunities, and workshops with industry professionals and leaders.

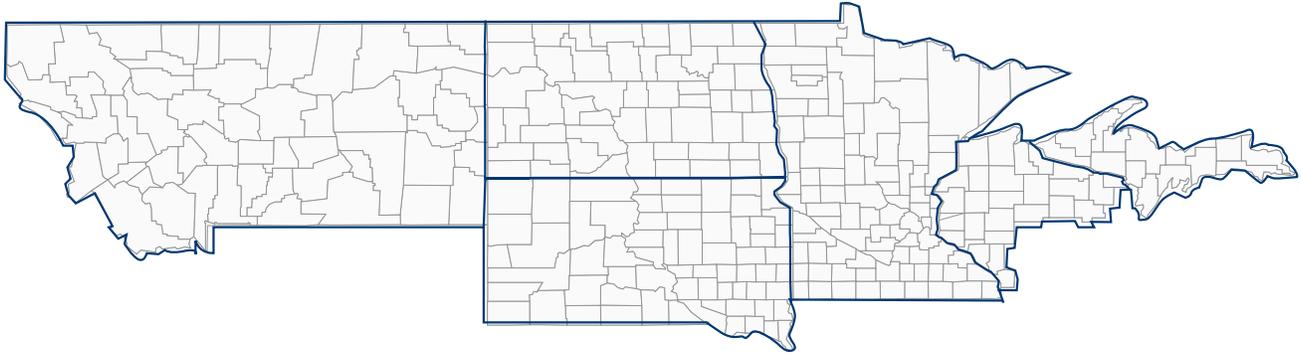
### Regulated Entities

The Federal Reserve Board of Governors (BOG) annual report to Congress addresses the OMWI provisions for regulated entities. The BOG has decided to respond to the implementation of these provisions, since the 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 develop 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 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 2008 – 2012 American Community Survey of the United States 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 million people, including 3.3 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 21 percent. As shown in Table 1 below, the population is 79 percent White, with most of the minority population reflected across Black, Asian, and Hispanic ethnicities.

Table 1

### Minneapolis-St. Paul Population by Ethnicity

Ninth District Population by Ethnicity	Percentages
White	79%
Black or African American	7%
Asian	6%
Hispanic	5%
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 2008-2012

## 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 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, the economy, and other topics.

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

*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.

*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 System employees with help desk support for computer hardware and software applications.

## Employment

The Bank employs 1,096 people, primarily located in Minneapolis.<sup>2</sup> As shown in Table 2 of the next section, approximately 60 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 22 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 2013, the total reportable spend was \$34.3 million, with almost 60 percent supporting information technology and most of the remainder associated with building, telecommunications, or travel.

## Minority and Women Employment

The Bank has a long-standing commitment 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.

<sup>2</sup> EEO-1 data as of August 31, 2013

Table 2

### Bank Employment by Ethnicity and Gender as of August 2013

	Black	Asian	Hispanic	American Indian	2 or more races	Subtotal Minority	White	Male	Female	Total
Executive	22%	11%	0%	0%	11%	44%	56%	67%	33%	9
First/Mid-Level	3%	2%	2%	1%	1%	9%	91%	55%	45%	172
Professionals	5%	12%	3%	0%	0%	21%	79%	47%	53%	475
<b>Total Management &amp; Professional</b>	<b>5%</b>	<b>9%</b>	<b>3%</b>	<b>0%</b>	<b>1%</b>	<b>18%</b>	<b>82%</b>	<b>50%</b>	<b>50%</b>	<b>656</b>
Administrative Support	13%	6%	5%	1%	1%	26%	74%	30%	70%	283
Technicians	11%	12%	3%	0%	1%	27%	73%	68%	32%	74
Service Workers	5%	5%	2%	5%	0%	16%	84%	94%	6%	62
All Other	0%	0%	5%	0%	0%	5%	95%	95%	5%	21
<b>Total Operations and Administrative</b>	<b>11%</b>	<b>7%</b>	<b>4%</b>	<b>1%</b>	<b>1%</b>	<b>24%</b>	<b>76%</b>	<b>48%</b>	<b>52%</b>	<b>440</b>
<b>Bank</b>	<b>7%</b>	<b>8%</b>	<b>3%</b>	<b>1%</b>	<b>1%</b>	<b>20%</b>	<b>80%</b>	<b>49%</b>	<b>51%</b>	<b>1,096</b>
<b>MSA</b>	<b>7%</b>	<b>6%</b>	<b>5%</b>	<b>1%</b>	<b>2%</b>	<b>21%</b>	<b>79%</b>	<b>49%</b>	<b>51%</b>	

Bank data reflect reported EEO-1 data. "All Other" includes remaining EEO roles. Totals do not add to 100 percent due to rounding. (Full EEO-1 demographic breakdown available in Appendix 1)

Table 2 above presents a demographic summary of the workforce in 2013. Consistent with its commitment to openness and transparency, the Equal Employment Opportunity report (EEO-1) submitted to the Equal Employment Opportunity Commission (EEOC) is published on the Bank’s public website and updated annually.

#### Current Status

The Bank continues to be led by a president who is a member of a minority group, and over 70 percent of staff report to a senior vice president who is a minority or a woman. Overall, Bank minority staffing is slightly less than the demographics of the MSA. While 21 percent of the MSA is minority, 20 percent of Bank employees self-identified as such in 2013. This is an increase from 19 percent minority Bank population in 2012. Bank staffing was 51 percent women, which is a slight decrease from 2012.

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 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. Minority representation in the professional role is 21 percent and in the first and mid-level manager

role is 9 percent, both representing a slight increase from 2012. Women represent 50 percent of the individuals in the management and professional roles.

The paragraphs above discuss minority representation in aggregate. Similar to preceding years, the Bank’s 3 percent representation by ethnicity for Hispanics remains below the group’s 5 percent demographic share according to the MSA data.

Table 3 presents percentages of minorities and women in the pipeline and leadership roles at the Bank in 2011, 2012, and 2013.

Table 3 also illustrates an increase from 18 percent total minority employment at the Bank in 2011, the year of the Bank’s first OMWI report, to 20 percent in 2013. The overall percentage of women at the Bank has decreased slightly from 53 percent in 2011 to 51 percent in 2013.

In first and mid-level management, the percentage of minorities has increased from 5 percent in 2011 to 9 percent in 2013. In 2011, women were 50 percent of first and mid-level management, and in 2013 they decreased to 45 percent of this group.

In the professional role, the percentage of both minorities and women has increased since 2011. Women were 51 percent of this role in 2011 and are 53 percent in 2013; minorities were 18 percent in 2011 and are 21 percent in 2013.

Table 3  
**Bank Employment Demographics in Selected Roles and Total Bank 2011 – 2013**

	2011	2012	2013
<b>Executive</b>			
Minority	44%	44%	44%
Women	33%	33%	33%
<b>First/Mid-Level</b>			
Minority	5%	7%	9%
Women	50%	48%	45%
<b>Professionals</b>			
Minority	18%	20%	21%
Women	51%	52%	53%
<b>Total Bank</b>			
<b>Minority</b>	<b>18%</b>	<b>19%</b>	<b>20%</b>
<b>Women</b>	<b>53%</b>	<b>52%</b>	<b>51%</b>

EEO-1 reported data.

### Support of Inclusion in Employment

The Bank’s long-standing commitment to diversity and inclusion is based on equal opportunity for employment and advancement. In 2013, executive management and the entire officer group put even more focus on increasing the Bank’s inclusion efforts. Managing officers, in collaboration with the OMWI and Human Resources, developed inclusion strategies for their departments and then formed the Bank’s Inclusion Task Force. The Inclusion Task Force members meet monthly to share emerging practices for integrating inclusion across the Bank.

The Bank continues to focus on maintaining or implementing efforts that increase the opportunities for employment of minorities in mid-level management. As shown in Table 4, 40 percent of the external hires in the professional role were minority in 2013, and 40 percent were female. This has been an area of focus for the Bank in the past and will be measured and reported moving forward.

In addition to minority and female external hires in the professional role, there was one woman hired in the first and mid-level management role in 2013 from outside the Bank.

The Bank periodically conducts climate surveys that include diversity-related questions as well as work environment questions. A survey was conducted in 2013, and

Table 4  
**2013 Bank External Hires in the Professional Role**

	Female	Male	Total	Percent of Total
Minority	9	16	25	<b>40%</b>
Non-Minority	16	22	38	<b>60%</b>
Total	25	38	63	
<b>Percent of Total</b>	<b>40%</b>	<b>60%</b>		

data by the various demographic categories of race, gender, and age showed consistently positive results. Compared with the same survey completed in 2009, three of the five most improved items were inclusion-related topics. Department-level results were distributed to officers.

As an underlying principle, the Bank values openness in posting opportunities to become an employee or advance within the organization. Management positions (below 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.

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 2013, the Bank participated in 16 local career fairs and six national career fairs, including those hosted by the National Black MBA Association, National Society of Hispanic MBAs, Association of Latino Professionals in Finance and Accounting, and the National Association of Black Accountants (see Appendix 3). One of the local college recruitment fairs was at St. Catherine University, the only women’s college in the Twin Cities metro area. Participation in these 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 long-term employment at the Bank. In 2013, the Bank provided opportunities for 23 interns, 70 percent of whom were women and minorities, and 91 percent of whom were women or minorities.

This year, the Bank established a partnership with the American Economic Association's Minority Scholar program, which brought one college intern to the Bank's Research department. The Bank hired two former interns as full-time employees in 2013, and one was a minority.

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 three decades and 13 interns from HACU since 2007.

The Bank continued its partnership with Central High School, an inner-city public school in St. Paul, Minnesota, with a population that is 65 percent minority. Each year, this partnership gives approximately 25 college-bound students the opportunity to meaningfully engage with the Bank. The goal of the internship program is to expose students to careers in finance and economics. The centerpiece of the program 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 245 students and provided 46 internships.

The Bank's Research department established a new high school internship program that provides an opportunity for students to work directly with research economists for a year, learning about the practice of economic research and developing critical thinking and analytical skills. Two students participated in this program in 2013, both were minority, and one was female.

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 178 individuals with mentors. This cohort is 73 percent women or minority, with 65 percent women and 23 percent minority. Subsequent to joining the program, nearly half of minority protégés were promoted and 20 percent were promoted more than once. In addition, 19 percent of the protégés later became mentors, furthering their own and others' development at the Bank.

Tuition reimbursement is a Bank benefit that is extensively utilized by women and minority employees. In 2013, participants were 41 percent minority and 60 percent women. Combined, minorities and women totaled 61 of the 73 program participants, or 84 percent of the participation. The knowledge and credentials gained through participation in this program help position these individuals to further their careers and advance in the organization. In 2013, the Bank hosted a reception and recognition for participants who graduated from degree programs within the past 12 months. Bank officers attended the event and had an opportunity to meet graduates from varying 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 (EDAC) for the past 12 years. The Council is composed of 34 members from varying levels and departments across the Bank. Activities range from outings to local cultural activities to hosting Bank-wide speakers who address inclusion topics. Members lead events, receive inclusion training, and participate in development activities.

The Bank continued to participate in workforce-focused corporate and community partnerships to share best practices and exchange ideas. OMWI and Human Resources staff maintained membership in the Twin Cities Diversity Roundtable, a group of diversity and inclusion practitioners from corporations, educational institutions, government, and nonprofit organizations. Staff also continued to participate in the planning group for the Multicultural Forum on Workplace Diversity, the largest diversity and inclusion conference in 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

As shown in Table 3, the percentage of minorities in the first and mid-level management role has increased since 2011. However, this percentage remains low at the Bank relative to the MSA. As a result, the Bank’s inclusion efforts will continue to be directed toward this role.

### Moving Forward

The Bank will continue to focus on enhancing employment opportunities for minorities and women by leveraging and enhancing current programs as well as developing new strategies and deploying resources to address any newly identified areas of concern.

Senior leadership will continue to provide guidance to Bank officers for the execution of the specific strategies to promote diversity and inclusion. These strategies will enhance efforts to recruit and retain talented diverse staff. Bank officers will also work collectively to explore opportunities to increase minority representation across the organization, particularly in the pipeline roles to leadership.

Recruitment, retention, advancement, and development programs will continue to be reviewed with executive management to evaluate their efficacy. The Bank will

continue to track and assess applicant data and explore opportunities to further enhance attraction and recruitment of minorities and women. Additionally, the OMWI, in collaboration with the Inclusion Task Force, will consider opportunities to link diversity and inclusion initiatives with practices that provide data on the Bank’s progress in employment and retention. The practices will be designed to enable Bank officers from across the organization to gauge the effectiveness of inclusion strategies.

### Minority- and Women-Owned Business Inclusion

The Bank is firmly 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 OMWI requires the Bank to assess 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 2013 support this effort. Over half of Bank spend was with vendors classified as minority-owned, women-owned, or small business.<sup>3</sup>

Table 5

### 2013 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	<b>\$34,322</b>	\$9,026	\$4,974	\$2,283	\$481	\$422	\$21	\$265	\$8,446	\$581	\$8,972
Percent of Spend		26%	14%	7%	1%	1%	0%	1%	25%	2%	26%
Vendor Count	<b>1,342</b>	57	6	7	3	3	3	2	24	33	194
Percent of Vendors		4.2%	0.5%	0.5%	0.2%	0.2%	0.2%	0.1%	1.7%	2.5%	14.5%

Totals do not sum due to rounding.

<sup>3</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.

Table 5 breaks out the Bank’s 2013 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 6 shows a comparison of Bank reportable spend and vendor count over the 2011- 2013 time period. In 2011, the Bank spent \$5.9 million, or 18 percent, of its total reportable spend with minority-owned businesses. In 2013, the Bank spent \$8.4 million, or 25 percent, of its total reportable spend with minority-owned businesses. The Bank spent \$1.6 million, or 5 percent, of its total reportable spend with women-owned businesses in 2011. In 2013, \$0.6 million, or 2 percent, of the Bank’s total reportable spend was with women-owned businesses. The vendor count for minority-owned businesses in 2011 was 16, and in 2013 it was 24. There were 30 women-owned businesses in the vendor pool in 2011, and 33 in 2013.

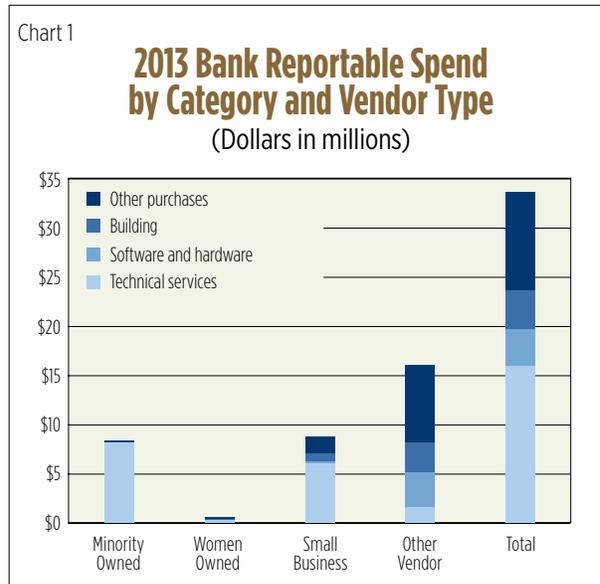
**Status**

The Bank had \$34.3 million in total reportable spend in

Table 6

**Bank Reportable Spend and Vendor Count 2011 – 2013**  
(Dollars in millions)

	2011	2012	2013
<b>Minority-owned Enterprises</b>			
Reportable Spend	\$5.9	\$9.1	\$8.4
Percent of Spend	18%	23%	25%
Vendor Count	16	22	24
Percent of Vendors	1%	2%	2%
<b>Women-owned Enterprises</b>			
Reportable Spend	\$1.6	\$2.8	\$0.6
Percent of Spend	5%	7%	2%
Vendor Count	30	36	33
Percent of Vendors	2%	3%	2%
<b>Total Reportable Spend</b>	<b>\$31.7</b>	<b>\$40.0</b>	<b>\$34.3</b>
<b>Total Vendor Count</b>	<b>1,201</b>	<b>1,321</b>	<b>1,342</b>



2013. Of this, the Bank purchased \$8.4 million, or 25 percent, from minority-owned businesses and an additional \$581 thousand, or 2 percent, from women-owned firms.

In combination, minority-owned, women-owned, and small businesses provided 90 percent of the Bank’s technical services. Almost all of the Bank’s purchases from minority-owned firms are for technical services. These are primarily associated with three software development and integration initiatives, which require temporarily adding resources for large-scale application development. About 40 percent of purchases from women-owned firms are also in technical services.

Chart 1 shows the breakout of 2013 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 data and telecommunications, travel, contract labor and consulting (for purposes other than technical), and printing.

**Support of Inclusion in Procurement**

In 2013, 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 (MWBs) 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 WBENC called the Women’s Business Development Center (WBDC), as well as the Midwest Minority Supplier Diversity Council, the Association of Women Contractors, and the Midwest Economic Development Association (MEDA), an organization whose mission is to help entrepreneurs of color succeed. The Bank participated in an outreach event with the Minnesota Procurement Technical Assistance Center (PTAC) and plans to work more with this group beginning in 2014. PTAC assists small businesses, many minority- or women-owned, in obtaining government and corporate contracts.

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 for identifying a more diverse base of bidders. The Bank hosted its second public vendor information workshop in 2013. The event was marketed to minority- and women-owned businesses through community partners.

The Bank also worked with MEDA and WBDC to assemble a small group of women- and minority-owned vendors for feedback on the Bank’s procurement and bidding practices. The feedback session prompted the Bank to modify its solicitation practice in 2013. Though the Bank often invites multiple minority- and women-owned businesses to participate in the bidding process, the procurement department now plans to increase the number of MWBEs in each formal Request for Proposal or Quote (RFP/Q) issued by the Bank.

Table 7 shows the 2013 procurements that included an RFP/Q and the participation of MWBEs at each stage of the procurement process. There were 16 RFP/Qs in 2013. In seven of these instances, MWBEs completed the bidding process. In three of the events, one or more MWBEs were among the successful bidders. The Bank continued its standard procedure of speaking individually with invited suppliers who chose not to participate in the bidding process.

Procurement staff continued to meet with Bank

Table 7

**Bank RFP/Qs and MWBE Participation 2013**

Number of RFP/Qs	16
Number of RFP/Qs where MWBEs were invited to bid	12
Number of RFP/Qs where MWBEs completed bidding process	7
Number of RFP/Qs where one or more MWBEs were successful bidders	3

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 OMWI and 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 forth 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.

The Bank works with other Federal Reserve Banks to identify opportunities to further supplier diversity programs, practices, and actions. This includes coordinated national outreach efforts as well as participation in national supplier diversity conferences such as the WBENC annual conference that took place in Minneapolis in 2013.

**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.

### 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.

Bank staff will remain actively engaged with community partners and will attend and speak at supplier diversity events. To further develop community partnerships, OMWI and procurement staff will work with the Community Development department at the Bank to identify new ways of reaching MWBEs.

In 2014, the Bank will continue to work with local suppliers to encourage the use of diverse suppliers in subcontracting. The Bank will work with those vendors most likely to have Tier II contract opportunities and encourage them to work with diverse suppliers and subcontractors.

## Financial Literacy

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The Bank has a long-standing history of supporting 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 2013, 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 for inner-city young women and students from majority-minority schools from across the District.

The Bank enhanced 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. After serving as a founding partner of STEP-UP Achieve's financial services pipeline collaborative in 2012 (a group of employers from the financial sector), the Bank hosted a career immersion day for 60 students interested in interning at local financial services companies. Bank staff and approximately 25 other professionals from the financial services industry participated as speakers, informational interviewees, and coaches for students.

OMWI staff again worked closely with summer interns from St. Paul Central High School to develop and deliver an event for high school juniors and seniors titled "Road Map to Financial Independence." The event focused on the value of higher education, financial education basics, and learning about the Bank and the System. The event also included parents or caring adults who learned how to support their student in achieving financial success. The Central interns worked with OMWI staff in developing program materials, planning the event, recruiting attendees, and speaking at the event. Junior Achievement was again a program partner for this event, and in 2013, the Bank included a new partner, the Minnesota Office on Higher Education (OHE), a cabinet-level state agency providing students with financial aid programs and information to help them gain access to postsecondary education. The OHE worked with OMWI staff to enhance information given to participants on paying for college and the value of higher education. This information was complemented by a presentation from a staff economist on maximizing the college investment and a panel of parents who discussed the financial aspects of college education and the college search process.

The Bank maintained its role as a convener with key financial education organizations. The Bank participated in both the Minnesota and North Dakota Jump\$tart Coalitions' annual conferences. The Bank's branch in Montana began leading the Montana Financial Education Coalition and hosted its largest Economics Challenge

debate in March. The Bank reached students, teachers, and parents through other community initiatives such as St. Paul's Academy of Finance collaborative, and Minneapolis' Learning Center for Economics partnership led by the Minneapolis Rotary. Bank staff also led "Teach Children to Save Day" activities in Helena and convened a roundtable of community representatives on behalf of America Saves, a campaign that seeks to motivate, encourage, and support low- to moderate-income households to save money, reduce debt, and build wealth.

The Bank has played an active role in studying economic development in Indian Country over the past 16 years. In 2013, the Bank hosted a workshop in partnership with two nonprofits designed to provide financial education instructor training to help establish and sustain financial education programs in Native communities. Bank staff also presented a workshop on "Materials for Teaching about Economic Development on Indian Reservations" as part of the Minnesota Council on Economic Education's 2013 Conference on Teaching Economics and Personal Finance.

The Bank reached out to District teachers through two additional events. The Bank participated in the System's "Financial Education Day" in October by presenting a live web event for teachers. The event reviewed online resources for teachers on the Bank's website and on the System's educational website, [federalreserveeducation.org](http://federalreserveeducation.org). The event also included time for discussion and questions. Educators came to both the head office in Minneapolis and to the Helena branch to watch a live video telecast town hall with Chairman Bernanke in November. After the presentation, they learned about resources and teaching tools provided by the Bank and the System.

As described above, the Bank has focused on many aspects of financial literacy, including personal finance and economic education. This work is part of the Bank's strategic plan for financial education.

### 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 con-

tinually assess how to best invest the limited resources available in the financial education opportunities that are presented to the Bank.

### Moving Forward

The Bank will continue to serve as both a convener and a resource link for educators throughout the District. The Bank will leverage its access to System-wide educational resources (including curricula) and events available via other Federal Reserve Banks throughout the country. In particular, the Bank will work to enhance its online outreach to educators across the District. Additional web events, webinars, and online activities will be considered as part of this digital outreach.

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 statute. The Bank will continue to find ways to reach more minority and female youth.

### Conclusions

In 2013, the Bank reinforced its commitment to inclusion. Executive management, OMWI and Human Resources officers, and the Bank's managing officers worked together to enhance and expand inclusion efforts across the Bank. These efforts included forming an Inclusion Task Force and analyzing practices in hiring and staff development. The Bank built relationships with vendors by soliciting feedback from minority- and women-owned businesses and continuing to work with community partners. Financial education outreach included specific outreach and connection to teachers across the District.

These collective efforts put the OMWI's statutory requirements into action and enrich our longstanding inclusion efforts across the Bank. Strategic work on inclusion initiatives requires ongoing trust, openness, and shared responsibility. Moving forward, the Bank will continue to build on its inclusion opportunities and overcome challenges. The Bank will sustain this work and remain a place where inclusion is embraced and where employees are respected and valued.

## Appendix 1: Workforce Data Representation, Federal Reserve Bank of Minneapolis

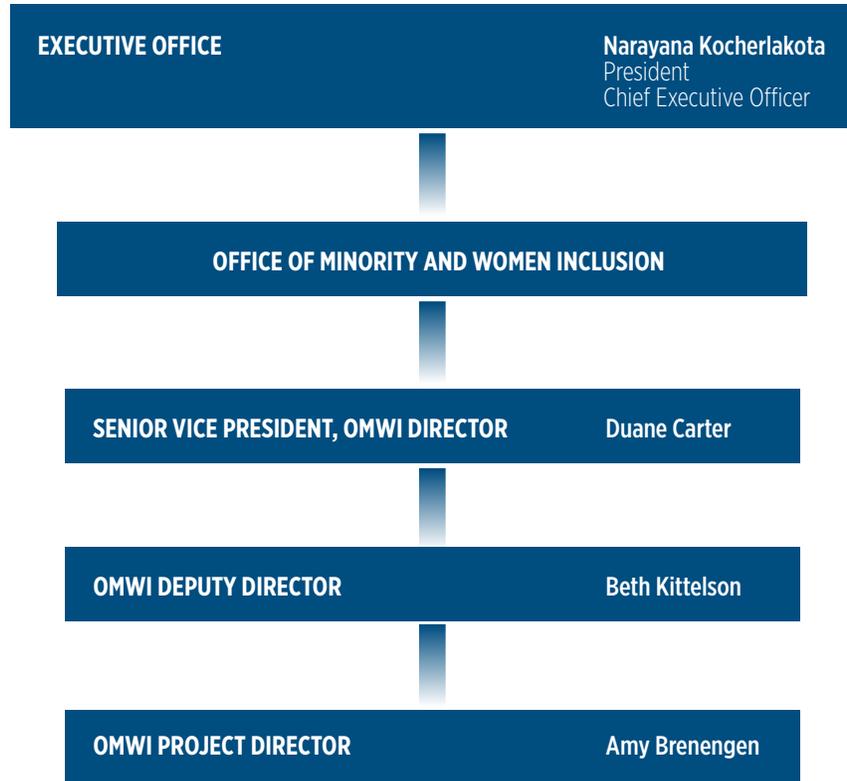
Federal Reserve Bank of Minneapolis 2013 EEO-1 Consolidated Report															
2013 EEO-1 Data 8/31/2013	Hispanic or Latino		Not Hispanic or Latino												Overall Total
	Male						Female								
Job Categories	Male	Female	White	Black or African American	Native Hawaiian or Pacific Islander	Asian	American Indian or Alaskan Native	Two or more races	White	Black or African American	Native Hawaiian or Pacific Islander	Asian	American Indian or Alaskan Native	Two or more races	
Executives/Senior Mgrs	0	0	3	1	0	1	0	1	2	1	0	0	0	0	9
First/Mid-level Mgrs	0	4	89	2	0	1	1	1	68	4	0	2	0	0	172
Professionals	8	7	174	14	0	28	0	1	203	11	0	27	1	1	475
Technicians	2	0	36	3	0	8	0	1	18	5	0	1	0	0	74
Sales Workers	0	0	3	0	0	0	0	0	1	0	0	0	0	0	4
Administrative Support	6	7	62	9	0	5	1	1	148	28	0	13	2	1	283
Craft Workers	1	0	16	0	0	0	0	0	0	0	0	0	0	0	17
Operatives	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Laborers & Helpers	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Service Workers	1	0	48	3	0	3	3	0	4	0	0	0	0	0	62
Total	18	18	431	32	0	46	5	5	444	49	0	43	3	2	1096

Percentage Representation within EEO-1 Job Categories															
2013 EEO-1 8/31/2013	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 Alaskan Native	Two or more races	White	Black or African American	Native Hawaiian or Pacific Islander	Asian	American Indian or Alaskan Native	Two or more races	
Executives/Senior Mgrs	0.0%	0.0%	33.3%	11.1%	0.0%	11.1%	0.0%	11.1%	22.2%	11.1%	0.0%	0.0%	0.0%	0.0%	9
First/Mid-level Mgrs	0.0%	2.3%	51.7%	1.2%	0.0%	0.6%	0.6%	0.6%	39.5%	2.3%	0.0%	1.2%	0.0%	0.0%	172
Professionals	1.7%	1.5%	36.6%	2.9%	0.0%	5.9%	0.0%	0.2%	42.7%	2.3%	0.0%	5.7%	0.2%	0.2%	475
Technicians	2.7%	0.0%	48.6%	4.1%	0.0%	10.8%	0.0%	1.4%	24.3%	6.8%	0.0%	1.4%	0.0%	0.0%	74
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	2.1%	2.5%	21.9%	3.2%	0.0%	1.8%	0.4%	0.4%	52.3%	9.9%	0.0%	4.6%	0.7%	0.4%	283
Craft Workers	5.9%	0.0%	94.1%	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%	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
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	1.6%	0.0%	77.4%	4.8%	0.0%	4.8%	4.8%	0.0%	6.5%	0.0%	0.0%	0.0%	0.0%	0.0%	62
Total	1.6%	1.6%	39.3%	2.9%	0.0%	4.2%	0.5%	0.5%	40.5%	4.5%	0.0%	3.9%	0.3%	0.2%	1096

(Bank's EEO-1 report as of August 31, 2013 as submitted to EEOC)

## Appendix 2: OMWI Organizational Structure

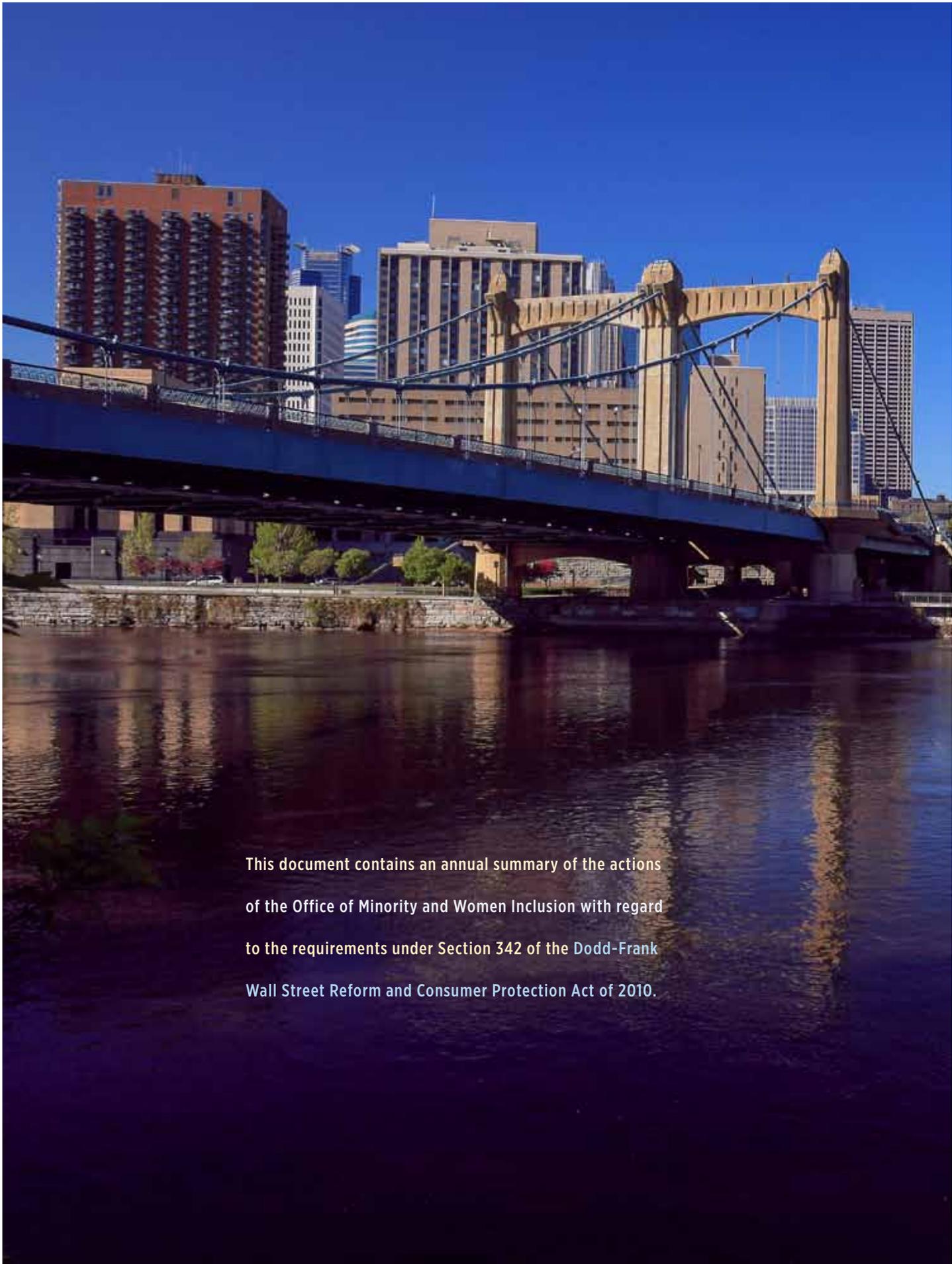
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## Appendix 3: 2013 Local and National Career Fair and Conference Participation

Event (Local)	Location	Date
University of Minnesota Carlson School of Management (CSOM) Undergraduate Career and Internship Fair	Minneapolis, MN	February 1, 2013
University of Minnesota Carlson School of Management (CSOM) Mock Interview Marathon	Minneapolis, MN	February 8, 2013
Minnesota State Universities Job and Internship Fair	Minneapolis, MN	February 19, 2013
Minnesota's Private Colleges Job and Internship Fair	Minneapolis, MN	February 20, 2013
Latina Career and Education Conference	Minneapolis, MN	March 15, 2013
Multicultural Forum Career Fair	Minneapolis, MN	April 18, 2013
Law Enforcement Opportunities Career Fair	Brooklyn Park, MN	April 18, 2013
Network of Indian Professionals	Minneapolis, MN	April 18, 2013
National Black MBA Association (NMBBAA) Twin Cities Chapter Event	Minneapolis, MN	June 26, 2013
National Society of Hispanic MBAs (NSHMBA) Twin Cities Chapter Event	Minneapolis, MN	July 18, 2013
National Society of Hispanic MBAs (NSHMBA) Twin Cities Chapter Diversity Leadership Conference	Minneapolis, MN	September 5, 2013
Accounting and Auditing Student Conference	Minneapolis, MN	September 26, 2013
St. Cloud State University Career Day	St. Cloud, MN	October 2, 2013
St. Catherine University Career Opportunities Fair	St. Paul, MN	October 10, 2013
Government and Non-Profit Career Fair	Minneapolis, MN	October 28, 2013
University of St. Thomas Career Fair	Minneapolis, MN	November 15, 2013

Event (National)	Location	Date
National Association of Black Accountants (NABA)	Nashville, TN	June 5-8, 2013
Association of Latino Professionals in Finance and Accounting (ALPFA)	Washington, D.C.	August 3-7, 2013
National Black MBA Association (NMBBAA)	Houston, TX	September 10-14, 2013
National Society of Hispanic MBAs (NSHMBA)	San Antonio, TX	October 10-12, 2013
Society of Hispanic Professional Engineers (SHPE)	Indianapolis, IN	October 30-31, 2013
Thurgood Marshall College Fund: 13th Annual Leadership Institute and Recruitment Fair	Washington, D.C.	November 8-12, 2013



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.