



# OMWI

Federal Reserve Bank of Minneapolis • Office of Minority and Women Inclusion • 2016 Annual Report to Congress



REPORT TO THE CONGRESS ON THE

OFFICE OF MINORITY  
AND WOMEN INCLUSION

APRIL 1, 2017

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, 2017

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) 2016 Annual Congressional Report of the Office of Minority and Women Inclusion (OMWI).

This is the sixth 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 2016, including the implementation of a new 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

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

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Cover photo by Stan Waldhauser

## Executive Summary

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Pursuant to Section 342 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (DFA), the Federal Reserve Bank of Minneapolis (Bank) established an Office of Minority and Women Inclusion (OMWI) in January of 2011. The OMWI reports annually to Congress on the actions taken by the Bank. This 2016 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, the deputy director, and the project director. In addition, staff from all functions contribute to the Bank's commitment to business practices that promote opportunity, diversity, and inclusion in employment and procurement activities. These staff members include officers and managers from core areas within the Bank, including Human Resources, Procurement, Community Development, and Regional Outreach. The OMWI's work is also 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 Bank employees).

### 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.

Over half of the employees report to a senior vice president who is a minority, a woman, or both. Overall, the Bank's employment demographic profile is comparable to the Minneapolis-St. Paul Metropolitan Statistical Area (MSA), showing that the percentage of minorities in

the Minneapolis-St. Paul area is 2 percent higher than the number of Bank employees self-identified as such. Women hold more than half of all positions in the Bank.

In 2016, Bank leaders introduced the Bankwide Diversity and Inclusion Strategic Plan (Plan) to all employees, and implementation of the Plan began. Considerable progress was made toward full implementation of the Plan during 2016. The Bank continues to post all professional and manager openings (including officers) to ensure a broad candidate pool. As a result of the Plan, a diverse set of candidates must be interviewed (including at least one minority candidate and one female candidate) for all leadership positions. Interview panels (or comparable means) are now used in the candidate selection process. The Bank has also implemented a 360 degree feedback process for all supervisors, managers, and officers. Additionally, the first of what is expected to be a number of Employee Resource Networks (ERNs) has been established at the Bank. The initial ERN focuses on leadership and career development for women of color.

### Minority- and Women-Owned Business Inclusion

The Bank had \$24.9 million in total reportable spend in 2016. Of this spend, the Bank purchased 16 percent from minority- and women-owned businesses. Women-owned firms owned by a minority represented 13 percent of the Bank's overall spend. The Bank maintained its partnerships with community-based organizations, serving the dual purpose of supporting minority and women business owners and identifying more of these enterprises to add to the Bank's pool of bidders.

### Financial Literacy

The Bank continued to support financial literacy activities directed toward young people who are minority, female, or from low-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 reached over 800 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

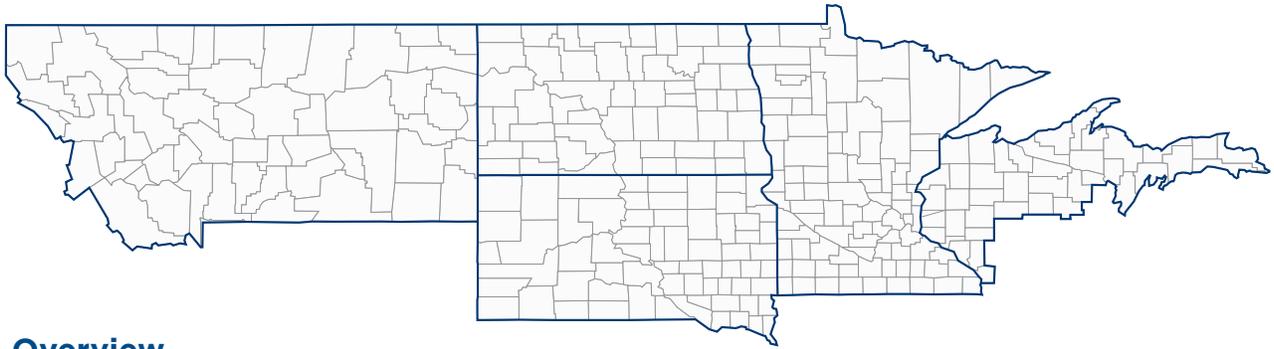
The Federal Reserve Board of Governors' (BOG) annual report to Congress addresses the OMWI provisions for

regulated entities. The BOG responds to the implementation of these provisions, since Reserve Banks' involvement in supervisory and regulatory activities is carried out under authority delegated by the BOG. As specified in the DFA, the BOG worked with other financial regulators. In 2016, the regulators adopted standards pertaining to regulated entities and their contract practices.

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

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<sup>1</sup>Here and elsewhere in this report, MSA or Minneapolis-St. Paul refers to the 16-county Minneapolis-St. Paul Metropolitan Statistical Area, an area defined by the U.S. Census Bureau to include a common economic zone composed of the central cities and surrounding suburbs. Demographics reflect those of the total population of this area. Data are as of the 2011-2015 American Community Survey of the U.S. Census Bureau.



## Overview

### Ninth Federal Reserve District

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

The Bank, including its Branch in Helena, Montana, serves the six states of the District: Minnesota, North and South Dakota, Montana, 26 counties in northwestern Wisconsin, and the Upper Peninsula of Michigan. The District stretches 1,800 miles from east to west and is home to 9.2 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, Asian, and Hispanic ethnicities.

### Federal Reserve Bank of Minneapolis

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

Table 1

### Minneapolis-St. Paul Population by Ethnicity

Ethnicity	Percentages
White	77%
Black or African American	7%
Asian	6%
Hispanic	6%
American Indian or Alaska Native	1%
Two or more races	3%
Some other race	0%
Native Hawaiian or Other Pacific Islander	0%

Source: U.S. Census Bureau, American Community Survey 2011-2015  
Minneapolis-St. Paul MSA

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 on a broad range of economic issues, seeking to help analyze economic challenges of the day and put forth potential solutions. The Bank’s groundbreaking research on investing in early childhood development is one example of this work. Building on this legacy in 2016, the Bank led a nationwide initiative on Ending Too Big to Fail. The Bank will also introduce a new initiative, the Opportunity and Inclusion Growth Institute, in 2017.

**Employment**

The Bank employs 986 people, primarily located in Minneapolis. The management and professional group comprises 61 percent of all Bank employees. This group includes bank examiners and information technology professionals, to-

gether totaling 15 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 2016, the total reportable spend was \$24.9 million, with about 64 percent supporting building expenditures, technical services, and hardware and software products.

**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 presents a demographic summary of the

Table 2

**Bank Employment by Ethnicity and Gender as of August 2016**

	Black	Asian	Hispanic	American Indian	Two or more races	Subtotal Minority	White	Male	Female	Total
Executive/Sr Level Managers	22%	11%	0%	0%	0%	33%	67%	78%	22%	9
First/Mid Level Managers	6%	3%	2%	1%	1%	13%	88%	52%	48%	176
Professionals	5%	12%	4%	0%	0%	21%	79%	45%	55%	413
<b>Total Management &amp; Professional</b>	<b>5%</b>	<b>9%</b>	<b>3%</b>	<b>0%</b>	<b>1%</b>	<b>19%</b>	<b>81%</b>	<b>47%</b>	<b>53%</b>	<b>598</b>
Administrative Support Workers	13%	6%	5%	2%	1%	28%	72%	28%	72%	224
Technicians	5%	12%	2%	0%	2%	20%	80%	75%	25%	60
Service Workers	3%	10%	2%	3%	0%	18%	82%	90%	10%	61
All Other	5%	7%	5%	0%	0%	16%	84%	74%	26%	43
<b>Total Operations and Administrative</b>	<b>9%</b>	<b>8%</b>	<b>4%</b>	<b>2%</b>	<b>1%</b>	<b>24%</b>	<b>76%</b>	<b>50%</b>	<b>50%</b>	<b>388</b>
<b>Bank</b>	<b>7%</b>	<b>9%</b>	<b>4%</b>	<b>1%</b>	<b>1%</b>	<b>21%</b>	<b>79%</b>	<b>49%</b>	<b>51%</b>	<b>986</b>
<b>MSA</b>	<b>7%</b>	<b>6%</b>	<b>6%</b>	<b>1%</b>	<b>3%</b>	<b>23%</b>	<b>77%</b>	<b>49%</b>	<b>51%</b>	

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

Table 3  
**Bank Employment Demographics in Selected Roles and Total Bank 2013 – 2016**

	2013	2014	2015	2016
<b>Executive</b>				
Minority	44%	33%	33%	33%
Women	33%	33%	33%	22%
<b>First/Mid-Level</b>				
Minority	9%	13%	12%	13%
Women	45%	47%	46%	48%
<b>Professionals</b>				
Minority	21%	21%	24%	21%
Women	53%	52%	54%	55%
<b>Total Bank</b>				
Minority	20%	20%	21%	21%
Women	51%	51%	51%	51%

EEO-1 reported data.

workforce in 2016. Consistent with its commitment to openness and transparency, the Equal Employment Opportunity Report (EEO-1) submitted to the Equal Employment Opportunity Commission is published on the Bank’s public website and updated annually.

**Current Status**

Overall Bank staffing decreased from 1,071 employees in 2015 to 986 employees in 2016. This was primarily due to a transfer of the Bank’s Automated Clearing House (ACH) function to another Reserve Bank. Bank minority staffing overall remained slightly less than the demographics of the MSA. While 23 percent of the MSA is minority, 21 percent of Bank employees self-identified as such in 2016. Bank staffing was 51 percent women and 21 percent minority in both 2015 and 2016.

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 increased to 13 percent in 2016 from 12 percent in 2015, and women increased to 48 percent in 2016 from 46 percent in 2015. In the professional role, minority representation

decreased to 21 percent in 2016 from 24 percent in 2015. This was largely due to the transfer of the ACH function. Women increased to 55 percent of this role in 2016 from 54 percent in the prior year.

Table 3 presents percentages of minorities and women in the pipeline and leadership roles at the Bank from 2013 through 2016. There was a 1 percent increase from 20 percent total minority employment at the Bank in 2013 to 21 percent in 2016. The overall percentage of women at the Bank has remained at 51 percent throughout the period. The Bank’s executive role was 44 percent minority and 33 percent women in 2013, decreasing to 33 percent minority and 22 percent women in 2016. The percentage of minorities in the mid-level manager role has increased from 9 percent in 2013 to 13 percent in 2016. Women were 45 percent of the mid-level manager role in 2013, and they increased to 48 percent of this group in 2016. Minorities were 21 percent of the professional role in both 2013 and 2016; women were 53 percent of this role in 2013 and increased to 55 percent in 2016.

**Support of Inclusion in Employment**

The Bank’s commitment to diversity and inclusion is based on equal opportunity for employment and advancement. The Bank’s senior vice president over Human Resources and OMWI and the first vice president led the initial creation of the Bankwide Diversity and Inclusion Strategic Plan (Plan) in 2015. The Plan was introduced to the Bank in early 2016, and implementation began. A collaborative process between the Bank’s executive leaders, managing officers, and business line leaders took place in both developing and implementing the Plan. This process resulted in an ownership of the Plan beyond executive leadership. This shared ownership of the Plan has prompted change throughout the organization.

The 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; and fourth, to retain and develop a diverse workforce, which has a deep sense of inclusion, throughout all levels of the organization.

Table 4

### 2016 Bank External Hires in Professional, Leadership and All Roles

	Professional				Mid Level Management				Executive				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	8	14	22	42%	1	1	2	20%	0	1	1	50%	26	28	54	39%
Non-Minority	21	10	31	58%	2	6	8	80%	0	1	1	50%	44	39	83	61%
Total	29	24	53		3	7	10		0	2	2		70	67	137	
<b>Percent of Total</b>	<b>55%</b>	<b>45%</b>			<b>30%</b>	<b>70%</b>			<b>0%</b>	<b>100%</b>			<b>51%</b>	<b>49%</b>		

The Plan drove change in 2016, due in part to engaging executive leaders and enlisting their support as policies and practices were renewed and/or implemented. Several significant initiatives were introduced. The Bank’s Job Opportunities Policy was revised to ensure that multiple perspectives are provided in the recruiting process (through diverse interview pools and panel interviews for leadership roles). A 360 degree feedback process was introduced for all levels of leadership to solicit feedback from employees, and that feedback was communicated back to supervisors. In response to a meeting with women of color in the Bank, the first ERN was created: a group of employees with a common interest in sharing and exploring professional and leadership development opportunities and fostering a positive environment for women of color within the Bank. Concurrently, a process to establish additional ERNs was also introduced.

The Plan supports the Bank’s ongoing focus on maintaining or implementing efforts that increase the opportunities for employment of minorities at the Bank and in the pipeline and leadership roles of professional, mid-level manager, and executive. Management positions (including officer) and professional positions continue to be posted both internally and externally to ensure that access to employment and advancement at the Bank is an open and transparent process.

Table 4 shows results in external recruiting at the Bank and in the pipeline and leadership roles. In 2016, the Bank made 137 external hires: 47 percent of these hires were in the roles of professional, mid-level manager, and executive. Overall, 39 percent of the Bank’s external hires were minority and 51 percent were women. Generally, the Bank draws employees from commuting distance

of its head office and Branch and assesses its success in diversity in part by comparison with the diversity of the community. 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. Hires of women were 54 percent in 2015 and decreased to 51 percent in 2016. In contrast, hires of minority staff increased from 35 percent in 2015 to 39 percent in 2016. Hires of minorities in the professional role increased from 41 percent in 2015 to 42 percent in 2016. In the mid-level manager role, minority hires were 20 percent in 2016. In the executive role, two men were hired in 2016, including the Bank’s president, who is a minority.

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 2016, the Bank participated in 11 local career fairs and five national career fairs, including the Association of Latino Professionals in Finance and Accounting (ALPFA), the National Black MBA Association (NBMBA), the National Society of Hispanic MBAs (NSHMBA), the National Society of Hispanic Professionals (NSHP), and the Thurgood Marshall College Fund leadership and recruitment fair (TMCF) (see Appendix 3). Networking events also 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.

The Bank’s recruiting process also includes minority and women participation in internship programs. These programs focus on introducing college and high school students to the financial services industry and potentially engaging interns in employment at the Bank. Table 5 summarizes the participation of women and minorities in the internship program. In 2016, the Bank provided opportunities for 35 interns, 34 of whom were women, minorities, or both. Three interns were hired as full-time employees in 2016.

The Bank continued its partnership with Central High School, an urban public school in St. Paul, Minnesota, with a student population that is 63 percent minority. Each year, this partnership gives approximately 25 college-bound students the opportunity to meaningfully engage with the Bank. The goal of the program is to expose students to careers in finance and economics. The centerpiece is a series of five career and finance industry workshops for students taught by Bank employees. At the end of the school year, students can apply for four paid summer internships at the Bank. Since its inception, this program has reached nearly 300 students and provided 51 internships.

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 15 interns from HACU since 2007. Other initiatives include the Bank’s Native American Youth Outreach and Internship program and the Bank’s partnership with Como Park Senior High School’s Academy of Finance.

The Bank’s mentoring program continues to play an important role in supporting diversity at all levels of the organization and supports succession planning by developing a pool of talented individuals with the 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

Table 5

### 2016 Bank Interns

	Women	Men	Total	Percent of Total
Minority	12	14	26	<b>74%</b>
Non-Minority	8	1	9	<b>26%</b>
Total	20	15	35	
<b>Percent of Total</b>	<b>57%</b>	<b>43%</b>		

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. In 2016, enhancing and expanding the mentor program was identified as a key initiative in the Plan. Subsequently, the Bank hired an external vendor to help facilitate and enhance the program. The program enrolled 43 mentors and 43 protégés, more than twice the program’s past enrollment. Program participants have given Bank leaders positive feedback regarding the new format. Since the inception of the mentor program in 2001, the Bank has matched 267 individuals with mentors. This cohort is 73 percent women or minority, with 64 percent women and 23 percent minority.

The Bank continues to participate in external mentor programs that provide staff an opportunity to engage with diverse communities in the Twin Cities. These programs provide a unique way for communities to experience the Bank and connect with its employees. In 2016, the Bank’s assistant vice president responsible for Law Enforcement became part of a collaborative of six local law enforcement leaders (including police chiefs and a sheriff) who began an initiative to encourage women and minority college students to consider careers in law enforcement. Century College, a local community college, designed and led the initiative, which included group and individual mentoring as well as professional skill development. An initial cohort of 10 students and 21 patrol officers (including three of the Bank’s Law Enforcement officers) participated in the program.

Tuition reimbursement is a Bank benefit that is extensively used by minority and women employees. Minorities are 21 percent of the Bank’s population and 50 percent of program participants. Minority women

accounted for 29 percent of the participants, while representing 11 percent of the Bank's employees. The knowledge and credentials gained through participation in this program help position these individuals to further their careers and advance in the organization. The Bank continues to host an annual reception and recognition for new and pending graduates from degree programs. Bank officers attend the event and have an opportunity to meet graduates from departments and positions across the Bank.

Diversity-focused training and cultural awareness are key components of organizational engagement. These efforts are directed toward employees and managers. The ongoing curriculum is supported by Human Resources. To support this organizational engagement, the Bank has sponsored the Employee Diversity Action Council for the past 15 years. The council is composed of 40 members from varying levels and departments across the Bank. Activities range from outings to local cultural activities to hosting Bankwide speakers who address inclusion topics. Members propose and develop Bankwide inclusion activities, lead events, receive inclusion training, and participate in professional development seminars.

The Bank continued to participate in workforce-focused corporate and community partnerships to share best practices in inclusion and to exchange ideas. 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. Staff also continued to participate in the planning group for the Forum on Workplace Inclusion, the largest diversity and inclusion conference in the country. In 2016, 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. While the Bank has had success in recruiting minorities in most roles, turnover of minority employees continues to be an area of concern. Bank

attention will continue to be directed toward addressing both of these issues.

Executive leaders have been a vital part of moving inclusion initiatives forward and endorsing efforts throughout the Bank community. Though Plan implementation in 2017 will primarily be the work of the officers and employees, endorsement from the executive leadership team is critical.

Finally, both the Bankwide Plan and many of the department inclusion plans contain expectations for a rich enhancement of inclusion in business lines.

### Moving Forward

Implementing the Plan in 2016 introduced and re-introduced Bank practices, policies, and programs in inclusion: new practices in candidate interviewing, the 360 degree feedback process, enhancement of the mentoring program, and ongoing use of the intern program. Communicating the importance of using these tools and leveraging them within departments will be a critical part of the Bank's ongoing inclusion work in 2017.

In 2017, the Bank will continue to implement 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. Managers and supervisors will play an important role both in setting the tone within departments and in shaping culture across the bank.

### Minority- and Women-Owned Business Inclusion

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

The Bank 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

Table 6 **Bank Reportable Spend and Vendor Count 2014 – 2016**  
(Dollars in millions)

	2014		2015		2016	
	Spend	Vendors	Spend	Vendors	Spend	Vendors
<b>Minority-owned</b>						
Men	\$6.9	20	\$2.6	13	\$0.3	12
Women	\$3.2	9	\$3.9	4	\$3.3	5
<b>Women-owned</b>						
Non-minority	\$0.9	40	\$0.4	28	\$0.4	25
Minority	\$3.2	9	\$3.9	4	\$3.3	5
<b>Sub Total Diverse</b>	\$11.1	69	\$7.0	45	\$4.0	42
% Total Bank	37%	5%	29%	3%	16%	3%
<b>Total Bank</b>	<b>\$30.2</b>	<b>1,326</b>	<b>\$24.2</b>	<b>1,325</b>	<b>\$24.9</b>	<b>1,380</b>

building and acquiring technology-related materials and contract labor services. Historically, diverse spend has been strongest in technology-related purchases. Requirements in this regard decreased in 2016, resulting in a reduction in diverse spend.

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.

**Current Status**

The Bank had \$24.9 million in total reportable spend in 2016. The Bank purchased \$4 million or 16 percent

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

Table 6 also shows the trend in Bank spend and Bank diverse spend over the past three years. Over the 2014-2016 period, overall spend and diverse spend declined. For both, the reduction is in part attributable to lower requirements for technical resources associated with software development initiatives. Additional trend information on Bank spend can be found in Appendix 1.

Just as 2016 spend is concentrated in firms certified as minority- and women-owned, it is concentrated in vendors identifying as Black/African American. This spend is primarily associated with technical contract labor.

While diverse spend is almost 90 percent for technical services and software and hardware, overall Bank spend is about 41 percent in these categories with an additional 23 percent for building and the remainder covering a range of goods and services.

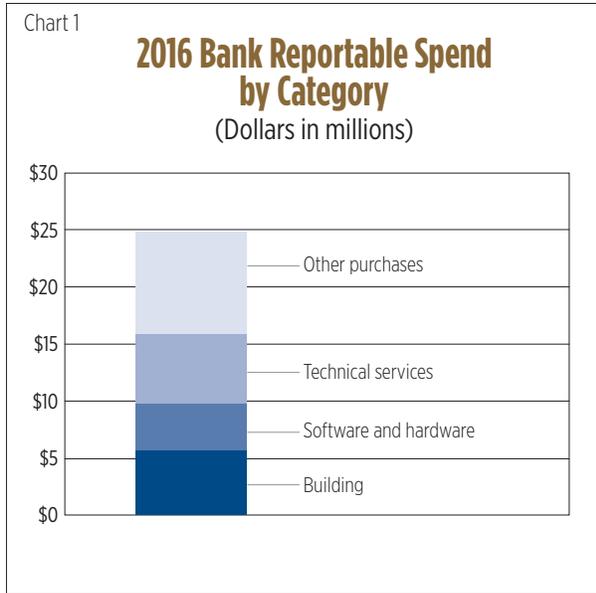
**Support of Inclusion in Procurement**

In 2016, the Bank continued to meet OMWI-related procurement expectations that support its commitment to maximizing inclusion. The Bank remains committed to ensuring that minority- and women-owned enterprises (MWBES) have the maximum practicable opportunity to participate in contracts awarded by the Bank.

The Bank has maintained its community and corporate relationships related to supplier diversity activity. The Bank continues to actively participate in the local chapter of the Women’s Business Enterprise National Council (WBENC), known as the Women’s Business Development Center (WBDC); the North Central

Table 7 **2016 Bank Reportable Spend with Minority-Owned Firms by Race and Ethnicity**  
(Dollars in thousands)

	Asian American	Black/African American	Hispanic American	Native American	Unknown Ethnicity	Total Minority	Total Bank
Reportable Spend	\$720	\$2,828	\$0	\$55	\$0	\$3,603	\$24,886
Vendor Count	6	4	2	5		17	1,380



Minority Supplier Diversity Council (NCMSDC); and the Metropolitan Economic Development Association (MEDA), an organization whose mission is to help entrepreneurs of color succeed. The Bank is committed to maintaining these activities in 2017.

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

The Bank continues to partner with the City of St. Paul’s Central Certification (CERT) Program and other community partners via the Pathways to Prosperity program, which reaches out to minority- and women-owned businesses. The Bank’s Community Development department held two events with these partners in 2016. One event focused on minority-owned businesses, and the other focused on businesses owned by women of color. 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

law, and government certification and contracts. Events such as these give entrepreneurs the tools and support needed to advance and grow their businesses.

The Bank continues its role in supporting and addressing Native American 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 the Indian Business Alliances (IBAs) across the District. The Bank supported a joint effort by IBAs from five states (North Dakota, South Dakota, Montana, Minnesota, and Wisconsin) to launch an online business directory. The Bank remains an ongoing resource for technical assistance and resources regarding commercial and business law development to tribes and Native American organizations throughout the country.

Table 8 shows the 2016 solicitations coordinated by the Bank’s procurement area and the number of MWBEs included in the process and outcomes. Of these 25 procurements with \$10,000 or more of anticipated spend, 14 included invitations to one or more MWBEs to provide a bid or quote. In 10 instances, one or more MWBEs completed the bidding process. In five of the solicitations, a 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

Table 8  
**MWBE Participation in Bank Procurement 2016**

Number of solicitations where a contract was awarded	25
Number of solicitations where MWBEs were invited to bid	14
Number of solicitations where MWBEs completed the bidding process	10
Number of solicitations where one or more MWBEs were successful bidders	5

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

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.

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

### Challenges

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

### Moving Forward

The Bank recognizes the importance of increasing the number of minority- and women-owned businesses that bid for contract opportunities with the Bank. The Bank will continue to work on increasing the number of MWBEs that receive invitations to bid, as well as understanding why they chose not to bid when invited. The Bank will 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 and will assist 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 MWBE events with community partners and other financial institutions, focusing on how small, minority-owned, women-owned, and disadvantaged businesses can navigate the financial stages of the business life cycle. Events geared toward immigrant business owners in the Twin Cities will be included in this partnership in 2017.

### Financial Literacy

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

### Current Status

In 2016, 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 2016, the Bank hosted 31 events directly reaching nearly 60 educators and more than 800 students from OMWI high schools in the District. The DFA defines OMWI schools as those schools whose enrollment is either majority-minority, all female, or low- and moderate-income.

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 sector), the Bank annually participates in and hosts a career immersion day for students interested in interning at local financial services companies. In 2016, 52 students attended this event. Industry professionals and staff from the Bank's supervision and regulation area participated as panelists, as interviewees in a speed networking event, and as information resources for the students who attended. Additionally, the Bank again collaborated with corporate partners to host a similar pipeline event for college interns from the Bank and local financial services firms. Executive leaders and business line managers participated by leading panels, engaging in network activities, and providing opening and closing keynote remarks for 42 college interns from participating partner firms. These events serve the combined purpose of exposing young people to the industry and creating an opportunity for Bank staff to interact with students interested in exploring work in the financial services sector.

The Bank grew 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. Staff visited classrooms monthly in 2016 and assisted students with small group projects and final presentations at the Bank. Two trips to the Bank introduced students to the Bank and its purpose as well as to careers in the financial services industry. Highlights included presentations by the Bank's senior leaders (including the president) and personalized tours with the mentors from the Finance staff. This partnership has allowed Bank staff the opportunity to connect more deeply with talented young minority students while simultaneously introducing these students to positive role models, new skills, good work habits, and the financial services industry.

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 new partnership with the local Girl Scout Council and its ConnectZ program. This program brings a culturally relevant Girl Scout leadership experience to over 3,000 girls with diverse backgrounds throughout the Twin Cities metro area and southern Minnesota. Through this new partnership, more than 30 young Hmong women from high schools in Minneapolis and St. Paul visited the Bank to learn about budgeting, credit, and the Bank and its purpose.

The Bank continued its Native American Youth Outreach and Internship Program. This program is a result of partnership with the two public high schools in Helena, Capital and Helena High Schools, and their Native American Tutoring Program. Through this partnership, Bank staff presented information onsite at the high schools and hosted 50 students at the Branch office for a career development experience. The day included exposure to leaders, operations, and the financial services sector. Through this partnership, three Native American students have been selected for Bank internships since 2014. The program consists of a student participating for one year as an intern and the following year as a mentor to the next intern.

The Bank's Center for Indian Country Development played an important role in financial literacy as a leading partner in the Piikani Money Campaign. The project was launched by the Native American Community Development Corporation, the Blackfeet Nation, the Center for Indian Country Development, and other organizations and agencies. These groups work together to support landowners on the Blackfeet Reservation who have received financial offers from the United States Department of the Interior under its Land Buy-Back (LBB) program. The LBB has over \$270 million designated for tribal members of the Blackfeet Reservation through individual offers. Through a broad multimedia platform, the campaign helps LBB recipients and their families become financially aware and prepared for receiving LBB financial offers. It addresses issues such as preventing elder financial abuse, investing in the future by purchasing a home or starting a business, smart investing and saving, becoming "banked," understanding

how the impact of land buy-back monies could affect lease income and public benefits, and cultivating financially savvy youth. This campaign began as a grassroots pilot program and is now a national model.

As described above, the Bank has focused on many aspects of financial literacy, including personal finance and economic education. The Bank also seeks opportunities to expose students to careers in the financial services industry as outlined in the DFA. Partnerships with schools, financial services firms, and community organizations that share 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 activities, and new opportunities to participate in this area occur frequently. The Bank must continually assess how to best invest the limited resources available in the financial education opportunities that are presented to the Bank. This is an ongoing challenge that the Bank addresses by developing effective internal and external partnerships when appropriate.

### Moving Forward

The Bank will continue to facilitate efforts to attract students to the financial services industry in partnership with other financial firms in the District. The Bank will continue to serve as both a convener and a resource link for 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 OMWI in Section 342 of the DFA. The Bank will continue to develop more ways to reach more minority and female youth in 2017 and going forward.

## Conclusion

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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 further enhanced in 2016 by the introduction and 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 deep and broad commitment to diversity and inclusion in all Bank activity will remain active through 2017 and beyond.

## Appendix 1

### Federal Reserve Bank of Minneapolis 2016 OMWI Standard Core Metrics

Category	Description	Measure	2012	2013	2014	2015	2016
Workforce Diversity	Senior Executives	Total #	9	9	9	9	9
		% Minorities	44%	44%	33%	33%	33%
		% Women	33%	33%	33%	33%	22%
	Mid-level Managers	Total #	174	172	184	188	176
		% Minorities	7%	9%	13%	12%	13%
		% Women	48%	45%	47%	46%	48%
	Professionals	Total #	467	475	472	496	413
		% Minorities	20%	21%	21%	24%	21%
		% Women	52%	53%	52%	54%	55%
	Total External Hires	Total #	123	116	75	107	137
		% Minorities	31%	34%	35%	35%	39%
		% Women	37%	44%	40%	54%	51%
Total Interns	Total #	21	23	26	26	35	
	% Minorities	52%	70%	81%	69%	74%	
	% Women	48%	70%	65%	65%	57%	
Overall Bank Turnover Rate	%	7.5%	9.5%	9.9%	9.8%	7.7%	
Supplier Diversity	Total Reportable Spend	\$ (millions)	\$40.0	\$34.3	\$30.2	\$24.2	\$24.9
	Total Diverse Spend <sup>1</sup>	\$ (millions)	\$11.9	\$9.0	\$11.1	\$7.0	\$4.0
		%	30%	26%	37%	29%	16%
	Minority-owned <sup>2</sup>	\$ (millions)	\$9.1	\$8.4	\$10.1	\$6.6	\$3.6
		%	23%	25%	33%	27%	14%
	Minority-owned (men)	\$ (millions)	\$6.1	\$5.4	\$6.9	\$2.6	\$0.3
		%	15%	16%	23%	11%	1%
	Minority-owned (women)	\$ (millions)	\$3.0	\$3.0	\$3.2	\$3.9	\$3.3
		%	8%	9%	11%	16%	13%
	Women-owned <sup>2</sup>	\$ (millions)	\$5.8	\$3.6	\$4.2	\$4.4	\$3.7
%		15%	11%	14%	18%	15%	
Women-owned (non-minority)	\$ (millions)	\$2.8	\$0.6	\$0.9	\$0.4	\$0.4	
	%	7%	2%	3%	2%	2%	
Women-owned (minority)	\$ (millions)	\$3.0	\$3.0	\$3.2	\$3.9	\$3.3	
	%	8%	9%	11%	16%	13%	

<sup>1</sup>Total Diverse Spend = Minority-owned (men) + Minority-owned (women) + Women-owned (non-minority).

<sup>2</sup>Women-minority numbers are included in both Minority-owned and Women-owned totals.

Category	Description	2016
Financial Literacy <sup>1</sup>	Program Type - Teacher centric - Student centric - Hybrid	Student centric
	Number of Students <sup>2</sup>	873
	Number of Educators <sup>3</sup>	57
	Number of Students Reached <sup>4</sup>	4,275

<sup>1</sup>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/or all-girls high schools.

<sup>2</sup>Students who attended in-person programs and enrolled in online programs.

<sup>3</sup>Educators who attended in-person programs and enrolled in online professional development programs.

<sup>4</sup>Students reached through educators using a common multiplier of 75.

## Appendix 2

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

Federal Reserve Bank of Minneapolis 2016 EEO-1 Consolidated Report															
2016 EEO-1 Data 8/31/2016	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	5	1	0	1	0	0	1	1	0	0	0	0	9
First/Mid-level Mgrs	2	2	81	4	0	2	1	1	73	6	0	4	0	0	176
Professionals	8	8	146	12	0	20	0	0	180	8	0	28	1	2	413
Technicians	1	0	34	3	0	6	0	1	14	0	0	1	0	0	60
Sales Workers	0	0	3	0	0	0	0	0	1	0	0	0	0	0	4
Administrative Support	6	6	42	8	1	3	2	1	119	20	0	11	3	2	224
Craft Workers	1	0	16	0	0	0	0	0	0	0	0	0	0	0	17
Operatives	0	1	9	0	0	3	0	0	7	2	0	0	0	0	22
Laborers & Helpers	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Service Workers	1	0	45	2	0	5	2	0	5	0	0	1	0	0	61
Total	19	17	381	30	1	40	5	3	400	37	0	45	4	4	986

Percentage Representation within EEO-1 Job Categories															
2016 EEO-1 8/31/2016	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%	55.6%	11.1%	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	1.1%	1.1%	46.0%	2.3%	0.0%	1.1%	0.6%	0.6%	41.5%	3.4%	0.0%	2.3%	0.0%	0.0%	176
Professionals	1.9%	1.9%	35.4%	2.9%	0.0%	4.8%	0.0%	0.0%	43.6%	1.9%	0.0%	6.8%	0.2%	0.5%	413
Technicians	1.7%	0.0%	56.7%	5.0%	0.0%	10.0%	0.0%	1.7%	23.3%	0.0%	0.0%	1.7%	0.0%	0.0%	60
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	2.7%	2.7%	18.8%	3.6%	0.4%	1.3%	0.9%	0.4%	53.1%	8.9%	0.0%	4.9%	1.3%	0.9%	224
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%	4.5%	40.9%	0.0%	0.0%	13.6%	0.0%	0.0%	31.8%	9.1%	0.0%	0.0%	0.0%	0.0%	22
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%	73.8%	3.3%	0.0%	8.2%	3.3%	0.0%	8.2%	0.0%	0.0%	1.6%	0.0%	0.0%	61
Total	1.9%	1.7%	38.6%	3.0%	0.1%	4.1%	0.5%	0.3%	40.6%	3.8%	0.0%	4.6%	0.4%	0.4%	986

Totals may not add due to rounding. Bank EEO-1 report as of August 31, 2016 as submitted to EEOC.

## Appendix 3

### 2016 Local and National Career Fair and Conference Participation

Event (Local)	Location	Date
University of Minnesota Carlson School of Management Undergraduate and Internship Fair	Minneapolis, MN	January, 2016
University of Minnesota College of Science & Engineering Career Fair	Minneapolis, MN	February, 2016
Century College Job & Volunteer Service Fair	Minneapolis, MN	February, 2016
Minnesota State Universities Job & Internship Fair	Minneapolis, MN	February, 2016
Minnesota Private Colleges Career Fair	Minneapolis, MN	February, 2016
Forum on Workplace Inclusion Career Fair	Minneapolis, MN	March, 2016
Dunwoody Spring Career Fair	Minneapolis, MN	April, 2016
Law Enforcement Opportunities Career Fair	Minneapolis, MN	April, 2016
Accounting & Auditing Student Conference	Minneapolis, MN	September, 2016
Dunwoody Fall Career Fair	Minneapolis, MN	September, 2016
University of St. Thomas Career Fair	Minneapolis, MN	November, 2016

Event (National)	Location	Date
Association for Latino Professionals in Finance and Accounting (ALPFA)	Dallas, TX	August, 2016
National Society of Hispanic Professionals	Atlanta, GA	August, 2016
National Society of Hispanic MBAs (NSHMBA)	Houston, TX	September, 2016
National Black MBA Association (NBMBA)	New Orleans, LA	October, 2016
Thurgood Marshall College Fund (TMCf)	Washington, D.C.	November, 2016



# OMWI

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