



# FEDERAL RESERVE BANK OF MINNEAPOLIS

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## OFFICE OF MINORITY AND WOMEN INCLUSION

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### 2012 ANNUAL REPORT TO CONGRESS

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#### **DUANE CARTER**

Senior Vice President and Director, Office of Minority  
and Women Inclusion, Federal Reserve Bank of Minneapolis

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



REPORT TO THE CONGRESS ON THE

# OFFICE OF MINORITY AND WOMEN INCLUSION

MARCH 31, 2013

FEDERAL RESERVE BANK OF MINNEAPOLIS

SUBMITTED BY

**DUANE CARTER**

SENIOR VICE PRESIDENT AND DIRECTOR  
OFFICE OF MINORITY AND WOMEN INCLUSION  
FEDERAL RESERVE BANK OF MINNEAPOLIS

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

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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 continues to serve 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 and diversity in employment and procurement activities. These staff members include officers and managers from key areas within the Bank, including Human Resources, Procurement, Community Development, and Public Affairs, 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 its first report last year. This 2012 report provides current status, 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 the Bank's executive senior management group is slightly less than half minority and one-third women. Approximately 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 Minne-

apolis-St. Paul area is 2 percent higher than the number of Bank employees self-identified as such. In addition, women hold more than half of the positions in the Bank.

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. OMWI and Human Resources staff worked closely with the Bank's senior leaders in 2012 to further understand the low representation of minorities in mid-level management. This work included case studies of current and past minority managers at the Bank, an analysis of workforce data, and a review of best practices in workplace inclusion from diversity practitioners. Bank senior leadership subsequently developed specific strategies to improve diversity and inclusion.

The Bank piloted a new intern-to-hire program and maintained other ongoing internship initiatives and partnerships. The Bank has continued its successful mentoring, tuition reimbursement, and diversity education programs.

### Minority- and Women-Owned Business Inclusion

The Bank had \$40.0 million in total reportable spend in 2012. Of this spend, the Bank purchased 30 percent from minority- and women-owned businesses. Over 80 percent of spend with minority- and women-owned firms is related to technical contract labor and consulting. These services are related to projects that will conclude within the next few years, and the Bank is working to increase the number of minority- and women-owned businesses in its vendor pool.

The Bank began distributing a good faith assertion questionnaire to facilitate its due diligence that vendors are practicing fair inclusion. OMWI and Procurement staff worked closely with community partners to ensure inclusion of minority and women business owners in the Bank's bidding process. The Bank expanded its relationship with minority- and women-owned businesses by hosting its first "Doing Business with the Minneapolis Fed" information session. Over 60 individuals from these businesses attended the event.

## Financial Literacy

The Bank supported financial literacy activity directed toward minority and female young people from low-income communities. Pursuant to the DFA, the goal of these programs is to introduce students to careers in the financial services industry and improve the financial literacy of underserved communities.

These activities included the Bank's successful high school internship program with St. Paul Central High School, "A Day at the Fed" educational experiences for students from St. Paul and Minneapolis public high schools, and a new "Road Map to Financial Independence" event geared toward juniors and seniors. Parents and caring adults also attended this event to learn how to support these students in preparing for post-secondary education and work.

The Bank also began participating in the City of Minneapolis' STEP-UP Achieve program, including a new financial services pipeline collaborative.

This initiative introduces low- and moderate-income teens from Minneapolis to careers in the financial services industry. The objective of STEP-UP Achieve is to connect businesses with students and provide career training and internships.

## Regulated Entities

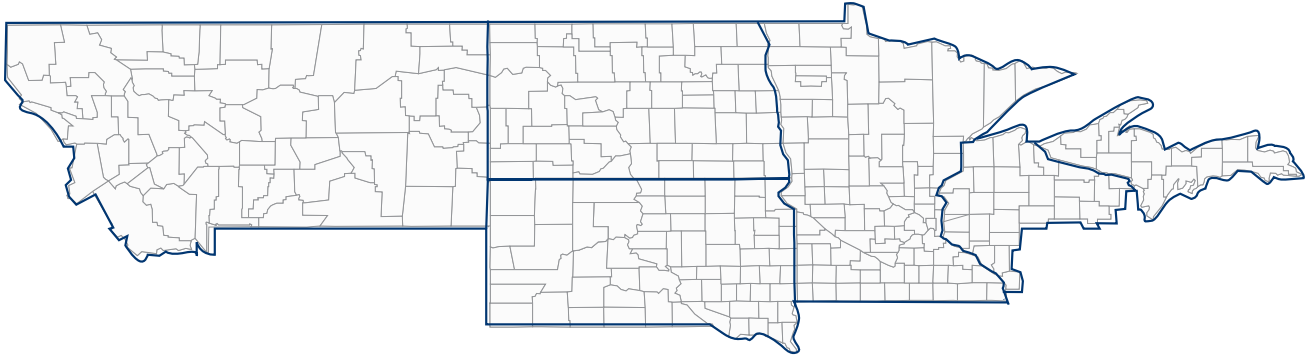
The Federal Reserve Board of Governors (BOG) annual report to Congress will address the OMWI provisions for regulated entities. The BOG has decided to respond to the implementation of these provisions, since the Reserve Bank's involvement in supervisory and regulatory activities is carried out under authority delegated by the BOG. In 2012, the BOG continued to work with other financial regulators to develop standards as specified in the DFA pertaining to regulated entities and 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 2010 decennial census.





## Overview

### Ninth Federal Reserve District

The purpose of this overview is to provide background on the Ninth Federal Reserve District (District), 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, along with 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 8.9 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 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

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

## 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 and internal support represent the products and services contracted by financial institutions and the internal support departments, 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 the Public Debt (BPD). These functions include call center operations that assist individuals with original purchase and redemption of savings bonds and access to online accounts associated with TRS. This also includes a working partnership with the BPD 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 1,069 people, primarily located in Minneapolis.<sup>2</sup> Over 60 percent of the employees are in the management and professional group as shown in Table 2 of the next section. This group includes bank examiners and information technology professionals, together totaling about a quarter of all employees. The remaining employees are in the operations and administrative group. This group includes call center staff, representing 15 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 2012, the total reportable spend was \$40.0 million, with more than half supporting information technology and most of the remainder associated with building, telecommunications, or air 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. The following table presents a demographic summary of the workforce in 2012.

<sup>2</sup> EEO-1 data as of August 31, 2012

Table 2

**Bank Employment by Ethnicity and Gender as of August 2012**

	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%	1%	2%	1%	0%	7%	93%	52%	48%	174
Professionals	5%	12%	2%	0%	0%	20%	80%	48%	52%	467
<b>Total Management &amp; Professional</b>	<b>5%</b>	<b>9%</b>	<b>2%</b>	<b>0%</b>	<b>0%</b>	<b>17%</b>	<b>83%</b>	<b>49%</b>	<b>51%</b>	<b>650</b>
Administrative Support	14%	7%	4%	1%	0%	26%	74%	29%	71%	282
Service Workers	3%	5%	2%	5%	0%	15%	85%	95%	5%	59
Technicians	16%	7%	3%	0%	0%	26%	74%	60%	40%	58
All Other	0%	0%	5%	0%	0%	5%	95%	95%	5%	20
<b>Total Operations and Administrative</b>	<b>12%</b>	<b>7%</b>	<b>3%</b>	<b>1%</b>	<b>0%</b>	<b>23%</b>	<b>77%</b>	<b>46%</b>	<b>54%</b>	<b>419</b>
<b>Bank</b>	<b>8%</b>	<b>8%</b>	<b>3%</b>	<b>1%</b>	<b>0%</b>	<b>19%</b>	<b>81%</b>	<b>48%</b>	<b>52%</b>	<b>1,069</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)

**Current Status**

The demographic composition of the Bank’s senior leadership remains the same as in 2011. The Bank is led by a president who is a member of a minority group, and the Bank’s senior leadership is 44 percent minority and 33 percent women. Almost 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, 19 percent of Bank employees self-identified as such in 2012. This is an increase from an 18 percent minority Bank population in 2011. Bank staffing is 52 percent women.

First and mid-level managers and professionals are two internal roles that are considered the pipeline to senior leadership. The 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 20 percent and in the first and mid-level manager role is 7 percent, both representing a slight increase from 2011. The overall percentage of minorities in the management and professional block has increased from 15 percent in 2011 to 17 percent in 2012. Women represent 51 percent of the

individuals in the management and professional roles.

The overall percentage of minorities and women in the operations and administrative roles is at or above demographic representation. Within this group, women continue to be underrepresented in the service worker role (primarily law enforcement). Minority representation increased from 22 percent to 23 percent overall in the operations and administrative roles, while women’s participation in these roles decreased from 57 percent in 2011 to 54 percent in 2012.

The paragraphs above discuss minority representation in aggregate. Similar to 2011, the Bank’s 2012 representation by ethnicity for Hispanics remains below the group’s demographic share according to the MSA data, though this representation shows a slight increase from 2 percent in 2011 to 3 percent in 2012.

**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 2012, a significant share of the Bank’s focus was on maintaining or implementing efforts that increase the percentage of minorities in mid-level management.

OMWI and Human Resources actively engaged the



Bank's senior leadership in 2012 to address the low representation of minorities in mid-level management. The work included a thorough analysis of Bank workforce representation data from the past five years. This analysis, combined with case studies of current and past minority managers at the Bank and a review of industry best practices, created the foundation for two new inclusion practices at the Bank. First, senior leadership developed specific strategies to improve diversity and inclusion. Second, senior leadership, in concert with Bank officers, agreed to identify and implement inclusion strategies specific to each business area. These two actions reflect industry practices in the field of diversity and inclusion and illustrate the Bank's commitment to advancing these initiatives. These actions also reinforce the Bank's commitment to retaining and developing its increasingly diverse pool of professional staff.

The Bank continued the practice it started in 2011 of annually publishing its EEO-1 data on its internal and external websites (see Appendix 1). The data show composition of employment by gender and ethnicity. This practice reflects the Bank's commitment to openness and transparency.

As an underlying principle, the Bank values openness in posting opportunities to become an employee or advance within the organization. All management positions (below officer) and professional positions must be posted both internally and externally to ensure a broad and diverse candidate pool. In addition, the job descriptions and salary ranges are posted on the Bank's internal website. Collectively, these practices help ensure that access to employment and advancement at the Bank is an open and transparent process for all.

To strengthen recruitment efforts at the Bank in 2012, Human Resources staff partnered with hiring managers in designing recruitment strategies. As a result, a part of the Bank's sourcing strategy changed. Previously optional consultations between Human Resources and hiring managers prior to posting a position are now required. These consultations help to enhance the diversity of candidate pools. Additionally, Human Resources staff and hiring managers participated in local career fairs such as the Multicultural Workplace Forum's Career Fair. This practice further enhanced department engagement in

the Bank's recruiting process.

Career and job fairs are another strategy the Bank uses to reach out to minorities and women to recruit for specific open positions. In 2012, the Bank participated in 13 local career expos and five national career fairs, including those hosted by the National Black MBA Association, National Society of Hispanic MBAs, National Association of Latino Professionals in Finance and Accounting, and the National Urban League (see Appendix 3). Participation in these events helps to build the Federal Reserve Bank'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 2012, the Bank provided opportunities for 21 interns, 52 percent of whom were minority and 48 percent female.

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 approximately two summer interns per year from INROADS for nearly three decades and 11 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 225 students and offered 34 internships.

In 2012, the Bank strengthened its intern-to-hire model, which is led by Human Resources. In this model, an intern is hired as an entry-level analyst to work in a variety of departments across the Bank in his or her first year

of employment. The entry-level position gives the Bank the opportunity to hire talented interns immediately after their internship is completed until a permanent full-time position in the Bank becomes available.

Human Resources partnered with Supervision, Regulation and Credit (SRC) to develop a department-specific internship program. This customized approach is part of a concerted effort by SRC to increase the diversity of its workforce. The SRC staff are actively engaged in the entire intern selection process. Their participation was visible at each step in the progression: identifying ideal skill sets, helping to design recruitment strategies, interviewing candidates, and making final selection of the intern. As a result of this customized approach, a minority intern was hired as an assistant examiner. This approach will continue to help build a pipeline of diverse talent for SRC and the Bank.

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 166 individuals with mentors. This cohort is 74 percent women or minority, with 67 percent women and 22 percent minority. Subsequent to joining the program, nearly half of minority protégés were promoted and 10 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 2012, participants were 30 percent minority and 58 percent women. Combined, minorities and women totaled 69 of the 92 program participants, or 75 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 2012, the Bank hosted a reception and recognition for participants who graduated from degree programs within the past five years. 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 11 years. This is an employee group that arranges for speakers, panel discussions, artistic presentations, and other diversity-related programs. Over the past four years, more than 50 sessions have been offered.

In 2012, the EDAC hosted one of the most popular and well-attended Bank events of the year, a women's leadership panel. This panel featured a manager, three officers, and two senior leaders of the Bank. Three of the women panel members were minorities. Panelists offered candid reflections on their career journeys, highlighting how they overcame challenges and moved forward to achieve their career goals. The event generated formal and informal discussions across the organization and emphasized the important role of women at the Bank.

Bank staff 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, education 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

The Bank's increasing and evolving need for knowledge workers remains, which may negatively affect the organi-

zational mobility of existing staff whose skills may not be transferable, including to first and mid-level managerial and professional roles.

Though the percentage of minorities in the first and mid-level management roles is increasing, there is still low representation of minorities in the overall mid-level management role at the Bank. As a result, the inclusion efforts will continue to be directed toward this role.

### Moving Forward

The Bank will build on its current programs through the initiatives discussed below. The Bank will continue to focus on the employment of 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 provide guidance to Bank officers for the execution of the specific strategies to improve diversity and inclusion. These strategies will enhance efforts in recruiting and retaining talented diverse staff. Bank officers will also work collectively to increase minority representation across the organization, particularly in the pipeline roles to leadership.

OMWI and Human Resources staff will seek additional opportunities to share with all staff information regarding tenure demographics and trends. The workforce analysis conducted with senior leadership in 2012 revealed that the Bank is a more dynamic and changing organization than may have been realized. Although tenure is relatively long, role changes occur periodically. Senior leadership will continue to study trends that demonstrate these role changes among long-tenured staff at the Bank and will look for opportunities to advance minorities and women.

Recruitment, retention, advancement, and development programs will continue to be reviewed with senior leadership 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.

Additionally, in 2013 the OMWI will consider opportunities to link diversity and inclusion initiatives with measures that provide data on the Bank's progress in employment. The measures will be designed to enable Bank officers from across the organization to gauge the effectiveness of inclusion strategies.

## Minority- and Women-Owned Business Inclusion

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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 2012 are a case in point. Over half of Bank spend was with vendors classified as minority-owned, women-owned, or small business.<sup>3</sup>

Table 3 breaks out the Bank's 2012 total reportable spend and vendor counts by vendor type, including by ethnicity and race.

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 \$40.0 million in total reportable spend in 2012. Of this, the Bank purchased \$9.1 million, or 23 percent, from minority-owned businesses and an additional \$2.8 million, or 7 percent, from women-owned firms.

Almost all of the Bank's purchases from minority-

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<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 3

**2012 Bank Reportable Spend and Vendor Count**  
(Dollars in thousands)

	Sub-Cont Asian American	Asian Pacific American	Black/African American	Hispanic American	Native American	Unknown Ethnicity	Minority	Women	Small	Total
Reportable Spend	\$5,859	\$2,206	\$746	\$190	\$9	\$122	\$9,132	\$2,772	\$8,416	\$40,034
Percent of Spend	15%	6%	2%	1%	0%	0%	23%	7%	21%	
Vendor Count*	4	3	2	1	1	2	13	18	66	281
Percent of Vendors	1%	1%	1%	0%	0%	1%	5%	6%	23%	

\*Number of vendors excludes vendors where Bank expenditures were less than \$5,000 in 2012. The percentages listed in the minority-owned subcategories may not add to the overall "Minority" percentage due to rounding.

owned firms are for technical contract labor or consulting services. These are primarily associated with three software development and integration initiatives, which require temporarily adding resources for large-scale application development. About two-thirds of purchases from women-owned firms are also in contract labor and consulting, in this case encompassing both technical and other focuses. In combination, minority-owned, women-owned, and small businesses provide over 80 percent of the Bank’s technical contract labor and consulting services by dollar and over 70 percent by vendor count.

Chart 1 shows the breakout of 2012 expenditures by function and vendor type. In addition to technical contract labor and consulting, major categories of Bank expenditures include building (primarily maintenance and remodeling), hardware, and purchased software. The remaining expense includes contract labor and consulting for purposes other than technical, travel, telecommunications, outsourcing of nonstrategic functions, office and operations supplies, data services, printing, and training. Other purchases also include those from the nearly 900 vendors who received less than \$5,000 from the Bank in 2012.

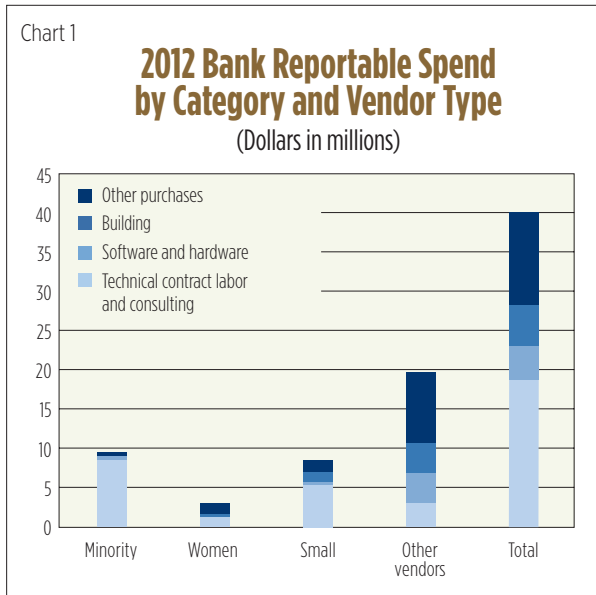
**Support of Inclusion in Procurement**

In 2012, the Bank continued to meet OMWI-related procurement expectations that support its commitment to maximizing inclusion. The Bank continued to use language in its procurement contracts that is consistent with the mission and requirements of the OMWI. 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 began distributing a good faith assertion questionnaire to assess whether or not vendors are practicing fair inclusion. The Bank also reaffirmed its commitment to ensuring that minority- and women-owned businesses have the maximum practicable opportunity to participate in contracts awarded by the Bank.

The Bank has strengthened its community and corporate relationships related to supplier diversity activity. In addition to maintaining active participation in the Women’s Business Development Center and the Midwest Minority Supplier Diversity Council (MMSDC), the Bank also joined Minnesota’s Association of Women Contractors and continued its partnership with the Metropolitan Economic Development Association (MEDA), an organization whose mission is to help entrepreneurs of color succeed.

Bank staff expanded these community partnerships in 2012 to develop additional skills in supplier diversity. For example, staff actively participated in MMSDC’s Corporate Supplier Diversity Roundtable and used data and information shared to compare and contrast the Bank’s supplier diversity work with other corporations in the Minneapolis-St. Paul metro area. Also, the OMWI deputy director became a member of a key Women’s Business Enterprise National Council (WBENC) committee. Bank staff will continue these efforts in 2013. These activities serve the dual purpose of educating staff and demonstrating the Bank’s willingness to partner with community groups in support of maximizing opportunities for minority- and women-owned businesses.



Community partners are also an important source for identifying a more diverse base of bidders. The Bank hosted a public vendor information workshop in 2012 that was marketed to minority- and women-owned businesses through community partners. Over 60 participants attended the workshop. The participants had the opportunity to learn about and discuss the Bank’s procurement process. As a result of this session, the Bank has plans to further enhance its supplier diversity website and meet with a small group of vendors for more detailed feedback.

The Bank leveraged a previous strategy of including at least one minority- or women-owned business in each request for proposals. However, the Bank often invites multiple minority- and women-owned businesses to participate in the bidding process. The Bank followed its standard procedure to speak individually with invited suppliers who chose not to participate in the bidding process.

OMWI and Procurement staff met 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 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 developed a simple software application that automates anticipated sourcing events across the Bank,

thus allowing for more effective planning and preparation for upcoming bids. The Bank is actively working with the National Procurement Office in a System-wide pilot of this project.

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. In 2012, the Bank collaboratively participated in two supplier diversity conferences to reach minority- and women-owned firms. The conferences attended were sponsored by WBENC and the National Minority Supplier Development Council.

**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.

**Moving Forward**

The Bank recognizes the importance of increasing the number of minority- and women-owned businesses who bid for contract opportunities with the Bank. The Bank will continue to work on increasing the number of minority- and women-owned businesses who receive invitations to bid, as well as understanding why they chose not to bid when invited. As part of this exploration, the Bank will review the procurement process with community partners. This review will also include asking for feedback on the Bank’s solicitation process from minority- and women-owned businesses that have current contracts with the Bank, as well as those who were invited but chose not to bid.

In 2013, the Bank will work directly 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. This work is intended to build high school students' interest in and understanding of personal finance and economic education, which encourages these students to pursue related careers in financial services.

### Support of Financial Literacy and Education

In 2012, the Bank maintained participation in a variety of financial education activities, ranging from hosting educational programs known as "A Day at the Fed" to hosting tours for inner-city, girls', and majority-minority schools from across the Ninth District. The Bank reached over 400 individuals through these programs and outreach activities.

Bank staff built upon the Bank's program partnership with St. Paul Central High School, (Central). To enhance this program, OMWI staff worked with summer interns from Central to develop and help deliver an event for high school juniors and seniors titled "Road Map to Financial Independence." The event, which attracted nearly 70 attendees, 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.

The Bank also sought out potential school and community partners from Minneapolis. In addition to learning more about several potential high school partners in the metro area, the Bank began participating in the City of Minneapolis' STEP-UP Achieve program. STEP-UP Achieve connects businesses with students and provides critical job training and hands-on experiences and internships for young people. In 2012, the Bank joined STEP-UP Achieve's newly formed financial services pipeline collaborative. This collaborative brings together a diverse range of employers from the financial sector to work with STEP-UP students and interns throughout the

year. In 2013, the Bank will host a career immersion day for these students, in which Bank staff and others from the financial services industry will participate as speakers, informational interviewees, and coaches for students who attend.

The Bank is also in the process of developing a Bank-wide strategy for its financial education activities. This strategy will help staff and the public further understand the Bank's goals for financial education-related partnerships and activities. In 2012, the Bank's college interns worked in teams to propose a financial literacy strategy. The interns presented these ideas to a group of Bank leaders during the summer. These ideas along with other input will be included in the Bank's financial literacy plan, which will be finalized in 2013.

In addition to introducing these new initiatives in 2012, the Bank maintained its role as a convener with key financial education organizations. In April of 2012, the Bank hosted the Minnesota Jump\$tart Coalition's annual conference and participated in the North Dakota Jump\$tart Coalition's annual conference. A story on the topic of high school mini-banks was featured in one of the Bank's publications, the *Community Dividend*, and as a follow up, the Bank hosted a webinar for the Minnesota Financial Fitness Network, which featured the story's author and individuals from three mini-banks in the District. The Bank and its Helena Branch again hosted the Minnesota and Montana Economics Challenges, and the Bank also again convened the Minnesota Personal Finance Decathlon in the spring of 2012.

In September of 2012, Helena Branch staff partnered with professionals from the PBS *MoneyTalk* program to conduct a "Money Tour" visiting local Helena high schools. The tour also included meetings with leaders of the Blackfeet Nation Indian reservation in Browning, Montana, to discuss customized financial education efforts for Native American students and communities in Montana.

The Bank also hosted a group of college interns and teachers from the Minnesota Council on Economic Education in August for a special live telecast of an address by the Federal Reserve's Chairman addressing financial education, followed up by a question and answer discussion with the Bank's president.

Finally, the Bank has played an active role in studying economic development in Indian Country over the past 15 years. In 2012, the Bank was invited to rejoin the Native Financial Education Coalition (NFEC), a group started in 2000. The group is composed of representatives from communities and government agencies focusing on the promotion of financial education in Native American communities. In 2012, the distribution of funds to American Indians as settlement for multiple federal lawsuits added to concerns about predatory financial activities in Native communities. As a result, the National Congress of American Indians decided it would be beneficial to revive the NFEC. Since the Bank was previously active with the organization, it was invited to rejoin. The Bank will be seeking ways to aid the efforts of the NFEC to enhance financial education in Native American communities and for Native individuals.

As described above, the Bank has focused on many aspects of financial literacy, including personal finance and economic education. The Bank's involvement has demonstrated leadership ability to bring groups together to help achieve common goals in the communities the Bank serves. Through these initiatives, the Bank has become a rich resource for the District.

### Challenges

Although the educational system has many needs, the priorities of schools are solidly aligned with student performance relative to standardized testing. Given that the Bank's personal finance and economic education programs are not always considered core school curriculum or aligned directly with student achievement, the schools may view these programs as additional curriculum.

### Moving Forward

In 2012, the Bank undertook a review of its financial and economic education activity with the goal of introducing a new organizational approach to this work. OMWI staff have contributed to this and will be part of the implementation in 2013.

The OMWI will enhance the summer "Road Map to Financial Independence" event by working closely with Central High School and the Minneapolis STEP-UP

Achieve program throughout the year. The OMWI will also engage community partners to help update content, particularly enhancing the event's component that addresses how to pay for college.

The Bank will continue to serve as both a convener and 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.

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 expand the work as appropriate to the OMWI statute. The Bank will continue to find ways to reach more minority and female youth, particularly those from the Minneapolis-St. Paul area.

## Conclusions

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In 2012, the Bank enhanced employment practices, welcomed potential vendors on site to learn more about the procurement requirements and opportunities, provided programming in support of financial literacy, and partnered with community organizations that support efforts in maximizing inclusion for all.

The Bank has demonstrated strong leadership and visible support for inclusion by developing specific strategies to improve diversity and inclusion and deciding to identify and implement inclusion strategies specific to each business area. The purpose of developing, identifying, and sharing inclusion strategies across the organization is to promote transparency, trust, and shared responsibility.

The Bank is confident that these changes will continue to improve diversity and inclusion, employee engagement, and overall effectiveness. The Bank has continued to build on the foundation created in its first year by leveraging the OMWI to foster its long-standing commitment to inclusion. This focus on inclusion has helped to reinforce the actions and practices that support a culture of equal opportunity for all. The Bank recognizes that inclusion provides sustainable and meaningful change.

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

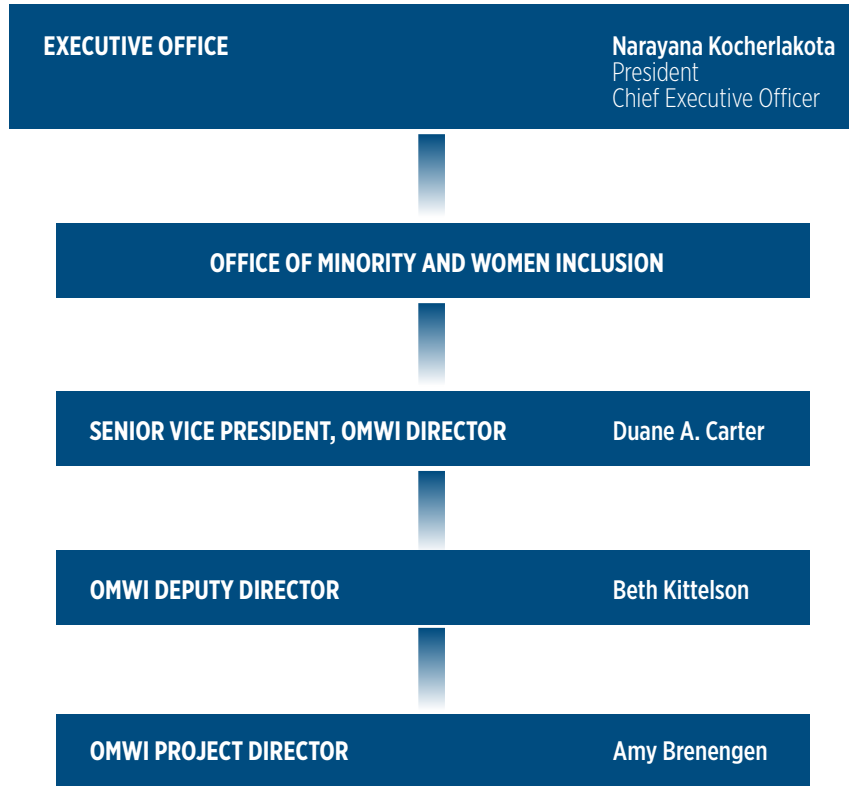
Representation within EEO-1 Job Categories															
2012 EEO-1 Data 8/31/2012	Hispanic or Latino		Non Hispanic or Latino												Overall Total
	Male						Female								
Job Categories	Male	Female	White	Black or African American	Native Hawaiian or Pacific Islander	Asian	American Indian or Alaskan 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	1	3	86	1	0	1	1	0	76	4	0	1	0	0	174
Professionals	6	4	171	13	0	32	0	0	203	12	0	25	1	0	467
Technicians	2	0	26	4	0	3	0	0	17	5	0	1	0	0	58
Sales Workers	0	0	3	0	0	0	0	0	1	0	0	0	0	0	4
Administrative Support	4	6	61	10	0	6	1	0	148	30	0	15	1	0	282
Craft Workers	1	0	14	0	0	0	0	0	0	0	0	0	0	0	15
Operatives	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Laborers & Helpers	0	0	1	0	0	0	0	0	0	0	0	0	0	0	1
Service Workers	1	0	47	2	0	3	3	0	3	0	0	0	0	0	59
Total	15	13	412	31	0	46	5	1	450	52	0	42	2	0	1069

Percentage Representation within EEO-1 Job Categories															
2012 EEO-1 8/31/2012	Hispanic or Latino		Non 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	0.6%	1.7%	49.4%	0.6%	0.0%	0.6%	0.6%	0.0%	43.7%	2.3%	0.0%	0.6%	0.0%	0.0%	174
Professionals	1.3%	0.9%	36.6%	2.8%	0.0%	6.9%	0.0%	0.0%	43.5%	2.6%	0.0%	5.4%	0.2%	0.0%	467
Technicians	3.4%	0.0%	44.8%	6.9%	0.0%	5.2%	0.0%	0.0%	29.3%	8.6%	0.0%	1.7%	0.0%	0.0%	58
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	1.4%	2.1%	21.6%	3.5%	0.0%	2.1%	0.4%	0.0%	52.5%	10.6%	0.0%	5.3%	0.4%	0.0%	282
Craft Workers	6.7%	0.0%	93.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	15
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%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1
Service Workers	1.7%	0.0%	79.7%	3.4%	0.0%	5.1%	5.1%	0.0%	5.1%	0.0%	0.0%	0.0%	0.0%	0.0%	59
Total	1.4%	1.2%	38.5%	2.9%	0.0%	4.3%	0.5%	0.1%	42.1%	4.9%	0.0%	3.9%	0.2%	0.0%	1069

(Bank's EEO-1 report as of August 31, 2012 as submitted to EEOC)

## Appendix 2: OMWI Organizational Structure

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### Appendix 3: 2012 Local and National Career Fair and Conference Participation

Event (Local)	Location	Date
University of Minnesota CSOM Graduate Career and Internship Fair	Minneapolis, MN	January 20, 2012
University of Minnesota CSOM Graduate Career and Internship Fair	Minneapolis, MN	January 27, 2012
MN State Universities Job and Internship Fair	Minneapolis, MN	February 20, 2012
MN Private Colleges Job and Internship Fair	Minneapolis, MN	February 21, 2012
Law Enforcement Opportunities Career Fair	Brooklyn Park, MN	March 15, 2012
Multicultural Forum Career Fair	Minneapolis, MN	March 20-22, 2012
NAACP Career Reception	Minneapolis, MN	May 16, 2012
CLUES Job Fair and Hispanic Community Resource Expo	St. Paul, MN	September 20, 2012
Business Association of Multicultural Students (BAM) Job Fair and Networking	Minneapolis, MN	September 27, 2012
Student Accounting and Auditing Conference	Minneapolis, MN	October 2, 2012
University of St. Catherine Job Fair	St. Paul, MN	October 11, 2012
Non-Profit and Government Career Fair	Minneapolis, MN	October 25, 2012
University of St. Thomas Career Fair	Minneapolis, MN	November 16, 2012

Event (National)	Location	Date
National Urban League (NUL)	New Orleans, LA	July 25-28, 2012
Association of Latino Professionals in Finance and Accounting (ALPFA)	Las Vegas, NV	August 5-9, 2012
National Black MBA Association (NBMBAA)	Indianapolis, IN	September 25-29, 2012
National Association of Hispanic MBAs (NSHMBA)	Orlando, FL	October 4-6, 2012
Thurgood Marshall College Fund: Professional Development Leadership Institute and Recruitment Fair	New York City, NY	October 26-30, 2012



