



FEDERAL RESERVE BANK OF MINNEAPOLIS
OFFICE OF MINORITY AND WOMEN INCLUSION
2014 ANNUAL REPORT TO CONGRESS



REPORT TO THE CONGRESS ON THE

OFFICE OF MINORITY AND WOMEN INCLUSION

APRIL 1, 2015

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, 2015

Members of Congress:

In accordance with Section 342 of the Dodd-Frank Wall Street and Consumer Protection Act of 2010, please find enclosed the Federal Reserve Bank of Minneapolis (Bank) 2014 Annual Congressional Report of the Office of Minority and Women Inclusion.

The Office of Minority and Women Inclusion (OMWI) continues to develop standards and procedures to ensure inclusion of minorities, women, and minority-owned and women-owned businesses in all activities of the Bank. This report outlines the actions taken by the Bank and the OMWI in 2014.

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

Sincerely,

Narayana R. Kocherlakota
President

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

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Executive Summary

Pursuant to Section 342 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (DFA), the Federal Reserve Bank of Minneapolis (Bank) established an Office of Minority and Women Inclusion (OMWI) in January of 2011.

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

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

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. This 2014 report provides current status, including both achievements and challenges; describes the Bank's approach and activities related to the OMWI; and presents a plan for the next steps.

Minority and Women Employment

The Bank is led by a president who is a member of a minority group, and nearly 60 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 comparable to the Minneapolis-St. Paul Metropolitan Statistical Area (MSA),¹ 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.

The Bank's commitment to workforce diversity is a priority for Bank leaders. In May of 2014, the Bank's president included the following statement in his comments to a statewide community group: *"I believe that an organization like the Minneapolis Fed will be less effective at achieving its core missions unless it is able to attract and retain a diverse workplace. I'll put this as an economist: I do not see diversity as an objective unto itself. Rather, like the electricity that powers our building or the computers that fill our offices, diversity is simply a fundamental input to our being able to achieve our goals."* The Bank's president has also reiterated these comments to both leaders and employees in meetings and Town Hall Forums.

The Bank's ongoing commitment to diversity and inclusion remains rooted in equal opportunity for all candidates to become employees and all employees to advance within the organization. To build on this commitment in 2014, executive management committed to strengthening and deepening the Bank's strategic approach to inclusion. This included posting officer positions, comparing Bank practices with effective inclusion strategies, and contracting with an external consultant to assist in these efforts.

Minority- and Women-Owned Business Inclusion

The Bank had \$30.2 million in total reportable spend in 2014. Of this spend, the Bank purchased 37 percent from minority- and women-owned businesses. Approximately 95 percent of spend with minority- and women-owned firms is related to information technology support that is primarily associated with application development efforts. This support is related to projects that will conclude within the next few years. Therefore, the Bank continues to work to increase the number of minority- and women-owned businesses invited to participate in procurement opportunities.

Financial Literacy

The Bank continued to support financial literacy activities directed toward young minority and female

individuals from low-income communities in 2014. 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.

The Bank's successful partnership with St. Paul Central High School was a model for a new initiative at the Bank's Helena, Montana, branch where staff piloted a program for Native American high school students in 2014. Bank activities also included its annual "A Day at the Fed" educational experiences for students from St. Paul and Minneapolis public high schools and the Bank's third "Road Map to Financial Independence" event geared toward high school students and their parents.

The Bank also continued to work with the City of Minneapolis' STEP-UP Achieve program. In 2014, the Bank participated in STEP UP's "Financial Services Industry Pipeline Event" with other financial institutions to introduce students from low- and moderate-income homes to careers in the financial services industry. The event included panel discussions, structured networking oppor-

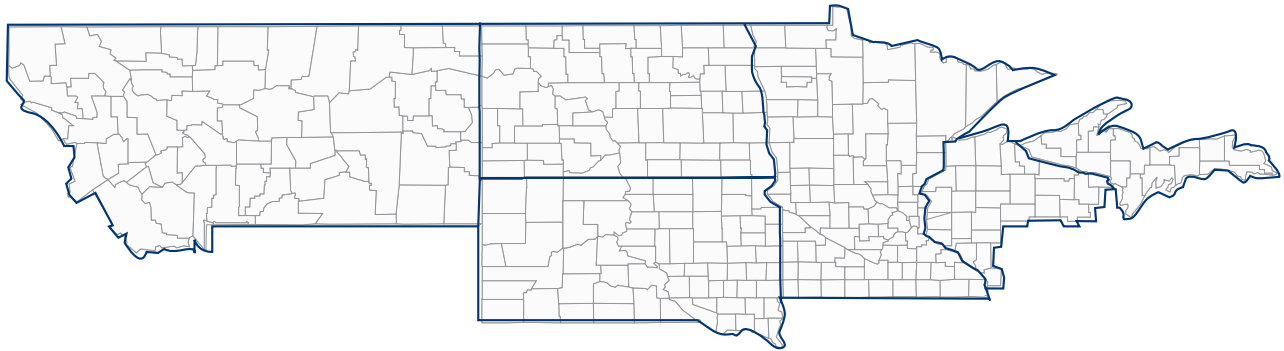
tunities, and workshops with industry professionals and leaders. The Bank also began participating in a monthly mentor program facilitated by STEP-UP Achieve that matches corporate volunteers with high school students. This program aims to increase the graduation rate for high school students in Minneapolis and encourages students to pursue post-secondary educational options.

Regulated Entities

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

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

¹ Here and elsewhere in this report, MSA or Minneapolis-St. Paul refers to the 16 county Minneapolis-St. Paul Metropolitan Statistical Area, an area defined by the U.S. Census Bureau to include a common economic zone composed of the central cities and surrounding suburbs. Demographics reflect those of the total population of this area. Data are as of the 2009 - 2013 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 million people, including 3.4 million in the Minneapolis-St. Paul area.

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

Federal Reserve Bank of Minneapolis

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

Table 1

Minneapolis-St. Paul Population by Ethnicity

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

Source: U.S. Census Bureau, American Community Survey 2009-2013
Minneapolis-St. Paul MSA

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

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

TRS provides savings bonds and marketable securities services to the public on behalf of the United States Treasury Bureau of Fiscal Service (BFS). These functions

include call center operations that assist individuals with replacement and redemption of savings bonds and access to online accounts associated with TRS. This also includes a working partnership with the BFS to develop the technology necessary to provide enhanced customer support for electronic-based retail securities.

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

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

Employment

The Bank employs 1,074 people, primarily located in Minneapolis.² As shown in Table 2 of the next section, 62 percent of Bank employees are in the management and professional group. This group includes bank examiners and information technology professionals, together totaling 21 percent of all employees. The remaining employees in the Bank are in the operations and adminis-

trative group. The operations and administrative group includes call center staff, representing 20 percent of the employee population, which reflects the Bank’s niche within the System as a call center provider.

Procurement

The Bank purchases goods and services from external suppliers. In 2014, the total reportable spend was \$30.2 million, with over 60 percent supporting information technology and most of the remainder associated with building and 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.

Table 2 below presents a demographic summary of the workforce in 2014. Consistent with its commitment to openness and transparency, the Equal Employment

Table 2

Bank Employment by Ethnicity and Gender as of August 2014

	Black	Asian	Hispanic	American Indian	2 or more races	Subtotal Minority	White	Male	Female	Total
Executive	22%	0%	0%	0%	11%	33%	67%	67%	33%	9
First/Mid-Level	4%	3%	3%	1%	1%	13%	88%	53%	47%	184
Professionals	5%	13%	3%	0%	0%	21%	79%	48%	52%	472
Total Management & Professional	5%	10%	3%	0%	0%	19%	81%	50%	50%	665
Administrative Support	11%	7%	5%	1%	1%	24%	76%	29%	71%	260
Technicians	12%	10%	1%	0%	1%	25%	75%	69%	31%	67
Service Workers	7%	3%	2%	3%	0%	15%	85%	90%	10%	61
All Other	0%	0%	5%	0%	0%	5%	95%	95%	5%	21
Total Operations and Administrative	10%	6%	4%	1%	1%	22%	78%	48%	52%	409
Bank	7%	8%	3%	1%	1%	20%	80%	49%	51%	1,074
MSA	7%	6%	5%	1%	3%	22%	78%	49%	51%	

“All Other” includes remaining EEO roles. Totals may not add due to rounding. Full EEO-1 demographic breakdown available in Appendix 1.

² EEO-1 data as of August 31, 2014

Opportunity report (EEO-1) submitted to the Equal Employment Opportunity Commission (EEOC) is published on the Bank’s public website and updated annually.

Current Status

Overall, Bank minority staffing was slightly less than the demographics of the MSA. While 22 percent of the MSA is minority, 20 percent of Bank employees self-identified as such in 2014. Bank staffing was 51 percent women. These overall percentages of minority and women staff remained the same from 2013 to 2014.

First and mid-level managers and professionals are two internal roles that are considered the pipeline to executive leadership. The first and mid-level manager role includes the progression from manager to managing officer and is also the role where staff members build and demonstrate the skills required to be part of the Bank’s leadership group. In the first and mid-level manager role, minority representation increased to 13 percent in 2014 from 9 percent in 2013, and women increased to 47 percent in 2014 from 45 percent in 2013. In the professional role, minority representation remained at 21 percent from 2013 to 2014. Women decreased to 52 percent of this role in 2014 from 53 percent in 2013.

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

Table 3 presents percentages of minorities and women in the pipeline and leadership roles at the Bank from 2011 through 2014.

Table 3 illustrates an increase from 18 percent total minority employment at the Bank in 2011, the year of the Bank’s first OMWI report, to 20 percent in 2014. The overall percentage of women at the Bank has decreased slightly from 53 percent in 2011 to 51 percent in 2014. The percentage representations for both categories are the same as last year. The Bank’s executive role was 33 percent minority in 2014, a decrease from 44 percent in each of the preceding years.

In 2011, women were 50 percent of first and mid-level management, and in 2014 they were 47 percent of this group. The percentage of minorities in first and mid-level

Table 3
Bank Employment Demographics in Selected Roles and Total Bank 2011 – 2014

	2011	2012	2013	2014
Executive				
Minority	44%	44%	44%	33%
Women	33%	33%	33%	33%
First/Mid-Level				
Minority	5%	7%	9%	13%
Women	50%	48%	45%	47%
Professionals				
Minority	18%	20%	21%	21%
Women	51%	52%	53%	52%
Total Bank				
Minority	18%	19%	20%	20%
Women	53%	52%	51%	51%

EEO-1 reported data.

management has increased from 5 percent in 2011 to 13 percent in 2014. Women were 51 percent of the professional role in 2011 and were 52 percent in 2014; minorities were 18 percent in 2011 and were 21 percent in 2014.

Support of Inclusion in Employment

The Bank’s long-standing commitment to diversity and inclusion is based on equal opportunity for employment and advancement. As an underlying principle, the Bank values openness in posting opportunities to become an employee or advance within the organization. Management positions (below officer) and professional positions continue to be posted both internally and externally to ensure that access to employment and advancement at the Bank is an open and transparent process.

In 2014, Bank leaders took steps to further enhance workforce diversity and inclusion in the organization. Executive management began posting officer positions both internally and externally to ensure that a diverse pool of candidates were considered for employment and advancement. They compared Bank practices with other Reserve Banks, and reviewed other documented inclusion practices that demonstrate high efficacy in improving the representation of women and minorities in management. Additionally, executive management contracted with an external consultant to help develop a more strategic approach to inclusion.

Table 4

2014 Bank External Hires in the Professional Role

	Women	Men	Total	Percent of Total
Minority	5	12	17	41%
Non-Minority	13	11	24	59%
Total	18	23	41	
Percent of Total	44%	56%		

Table 5

2014 Bank External Hires in the Mid-level Manager Role

	Women	Men	Total	Percent of Total
Minority	0	2	2	33%
Non-Minority	2	2	4	67%
Total	2	4	6	
Percent of Total	33%	67%		

The Inclusion Task Force, composed of managing officers, continued to meet monthly to discuss effective practices in inclusion, focusing on hiring and development. The group discussed what works well in leveraging inclusion to support strong business results. Members then considered these insights, along with demographic information about their business areas, to guide development of inclusion plans for their departments. These steps helped to inform and prioritize inclusion efforts for expanding opportunities in the pipeline roles to leadership.

The Bank continues to focus on maintaining or implementing efforts that increase the opportunities for employment of minorities in the pipeline roles of professional and mid-level management. Results in external recruiting for these roles are shown in Tables 4 and 5.

As shown in Table 4, 41 percent of the external hires in the professional role were minority in 2014, and 44 percent were women. This has been an area of focus for the Bank.

Table 5 shows external hires in the first and mid-level management role. Six individuals were hired in this role in 2014 from outside the Bank, as compared to only one hire in this role in 2013. This group included two women and two minorities. Three of the positions filled were Bank officers and included one woman and one minority.

Hiring managers and Human Resources staff partici-

pated in career and job fairs to reach out to minorities and women to recruit for open positions. In 2014, the Bank participated in 12 local career fairs and six national career fairs, including those hosted by Women In Technology International (WITI), the Association of Latino Professionals – Finance and Accounting (ALPFA), the National Association of Asian American Professionals (NAAAP), the National Black MBA Association (NBMBA), the National Society of Hispanic MBAs (NSHMBA), and the Thurgood Marshall College Fund leadership and recruitment fair (TGMCF) (see Appendix 3). One of the local college recruitment fairs was at St. Catherine University, the only women’s university in the Twin Cities metro area. Participation in these events helps to build the Bank’s and the System’s brand with potential applicants and supports broader and more diverse candidate pools.

The Bank’s recruiting process also includes minority and women participation in internship programs. These programs focus on introducing college and high school students to the financial services industry and potentially engaging interns in long-term employment at the Bank. Table 6 summarizes the participation of women and minorities in the internship program. In 2014, the Bank provided opportunities for 26 interns; 25 of whom were women, minorities, or both women and minority. Three interns were hired as full-time employees in 2014; one as an assistant examiner in the supervision and regulation function, and two as finance staff.

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

Table 6

2014 Bank Interns

	Women	Men	Total	Percent of Total
Minority	13	8	21	81%
Non-Minority	4	1	5	19%
Total	17	9	26	
Percent of Total	65%	35%		

14 interns from HACU since 2007. The Bank has also partnered with the American Economic Association's Minority Scholar Program and has sponsored undergraduate and graduate students in the Research Department.

The Bank continued its partnership with Central High School, an urban public school in St. Paul, Minnesota, with a population that is 64 percent minority. Each year, this partnership gives approximately 25 college-bound students the opportunity to meaningfully engage with the Bank. The goal of the 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 250 students and provided 43 internships.

The Bank also worked with high school interns through four other initiatives. The Bank's Research Department continued its high school internship program formed in 2013. The program provides an opportunity for students to work directly with research economists for a year, learning about the practice of economic research and developing critical thinking and analytical skills. In 2014, four students participated in this program, all of whom were either minority or female. Additionally, two interns came to the Bank from Minneapolis and St. Paul summer internship programs that are geared toward students from low- and moderate-income households. One of these two high school interns was a minority female. Finally, an intern came to the Bank through a partnership with the Native American Mentor and Youth Connection high school classes in Helena, Montana.

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 201 individuals with mentors. This cohort is 74 percent women or

minority, with 66 percent women and 23 percent minority. Subsequent to joining the program, half of minority protégés were promoted. In addition, 17 percent of the protégés later became mentors, furthering their own and others' development at the Bank.

The Bank also participated in a year-long external mentoring program for young women who are first-generation college students. This program is facilitated by a local organization called Honoring Women Worldwide (HWW). The program's goal is to prepare students to successfully enter the work world. By working with a variety of organizational leaders to build relationships across cultures, students learn and develop new professional skills to expand their leadership capabilities. The program provides education, support, professional connections, and strategies to seek and develop their careers. Three Bank officers have participated in this program.

Tuition reimbursement is a Bank benefit that is extensively utilized by women and minority employees. In 2014, participants were 36 percent minority and 52 percent women. Combined, minorities and women totaled 49 of the 67 program participants, or 73 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. The Bank continues to host an annual reception and recognition for participants who graduated from degree programs within the past 12 months. Bank officers attend the event and have 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 13 years. The Council is composed of 37 members from varying levels and departments across the Bank. Activities range from outings to local cultural activities to hosting Bankwide speakers who address inclusion topics. Members propose and develop Bankwide inclusion activities, lead events, receive inclusion training, and participate in professional development seminars.

The Bank continued to participate in workforce-focused corporate and community partnerships to share best practices in inclusion and to exchange ideas. OMWI

and Human Resources staff are active members of the Twin Cities Diversity Roundtable, and the Bank hosted a meeting of the roundtable in June 2014. This is a group of diversity and inclusion practitioners from local corporations, educational institutions, government, and non-profit 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 2014, Bank leaders attended the conference together and a Bank officer was a panelist in one of the conference workshops. The purpose of the forum is to provide a compelling learning experience fostering business and thought leadership in workplace diversity and inclusion.

Challenges

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

Moving Forward

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

Senior leadership will articulate a deeper, cohesive Bankwide inclusion strategy. Senior leaders will continue to provide guidance to Bank officers for the execution of the specific strategies to promote diversity and inclusion. These strategies will enhance efforts to recruit and retain talented diverse staff and will include discussion of developing a career path for high-potential Bank employees. Bank officers will also work collectively to explore opportunities to increase minority representation across the organization, particularly in the pipeline roles to leadership.

A series of focus groups will be held in 2015, which

will be facilitated by the Bank's external diversity consultant. Insights from these focus groups will inform the development of the Bank's inclusion strategy.

Recruitment, retention, advancement, and development programs will continue to be reviewed with executive management to evaluate their efficacy and ensure optimal deployment. The Bank will continue to track and assess applicant data and explore opportunities to further enhance attraction and recruitment of minorities and women. Other recruitment activity will include increasing the participation of hiring managers and diverse staff in networking opportunities and career fairs, and continuing relationships with high schools, colleges, universities, and professional associations to increase the Bank's pool of diverse talent.

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'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 2014 support this effort. Over half of Bank spend was with vendors classified as minority-owned, women-owned, or small business.³

Table 7 breaks out the Bank's 2014 total reportable spend and vendor counts by vendor type, including by ethnicity.

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

³ 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 7

2014 Bank Reportable Spend and Vendor Count

(Dollars in thousands)

	Total	Subtotal Diverse Minority & Women	Sub-Cont Asian American	Asian Pacific American	Black/African American	Hispanic American	Native American	Unknown Ethnicity	Minority	Women	Small
Reportable Spend	\$30,198	\$11,062	\$5,209	\$2,203	\$2,100	\$399	\$55	\$148	\$10,115	\$947	\$4,594
Percent of Spend		37%	17%	7%	7%	1%	0%	0%	33%	3%	15%
Vendor Count	1,326	69	4	10	4	5	3	3	29	40	157
Percent of Vendors		5.2%	0.3%	0.8%	0.3%	0.4%	0.2%	0.2%	2.2%	3.0%	11.8%

Totals may not add due to rounding.

Table 8 shows the Bank’s reportable spend and how much was with minority- and women-owned firms over the 2012–2014 time period. Overall spend decreased by 25 percent while the share with minority-owned firms increased from 23 percent in 2012 to 33 percent in 2014. The share of spend with women-owned firms fell from 7 percent to 3 percent over the same period. In part, the increase in minority spend in 2014 reflects the System’s adoption of an industry best practice to utilize a managed service provider to negotiate price and manage logistics for technical support expenditures. Because the provider is a minority-owned firm, some spend shifted from small business to minority-owned.

Status

The Bank had \$30.2 million in total reportable spend in 2014. Of this, the Bank purchased \$10.1 million, or 33 percent, from minority-owned businesses and an additional \$0.9 million, or 3 percent, from women-owned firms.

In combination, minority- and women-owned businesses provided 62 percent of the Bank’s technical services. Almost 90 percent of the Bank’s purchases from minority-owned firms were for technical services. These were primarily associated with three software development and integration initiatives, which required temporarily adding resources for large-scale application development. About 60 percent of purchases from women-owned firms were also in technical services.

Chart 1 shows the breakout of 2014 expenditures by category of spend and vendor type. In addition to technical services, major categories of expenditures include hardware and purchased software, and building (primarily maintenance).

Table 8

Bank Reportable Spend and Vendor Count 2012 – 2014

(Dollars in millions)

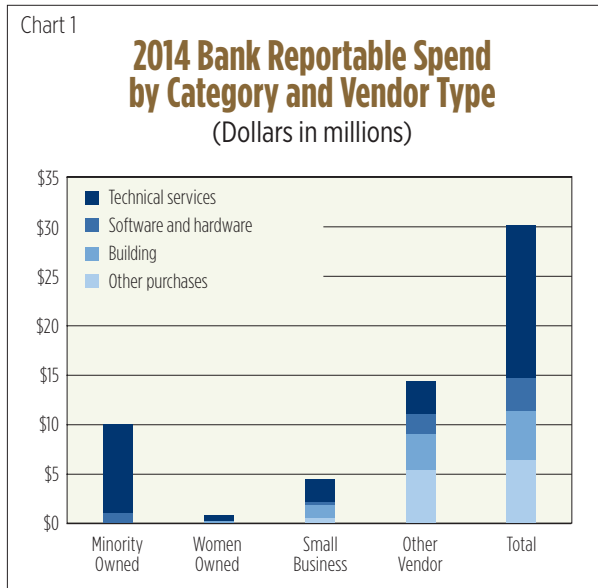
	2012	2013	2014
Minority-owned Enterprises			
Reportable Spend	\$9.1	\$8.4	\$10.1
Percent of Spend	23%	25%	33%
Vendor Count	22	24	29
Percent of Vendors	2%	2%	2%
Women-owned Enterprises			
Reportable Spend	\$2.8	\$0.6	\$0.9
Percent of Spend	7%	2%	3%
Vendor Count	36	33	40
Percent of Vendors	3%	2%	3%
Total Reportable Spend	\$40.0	\$34.3	\$30.2
Total Vendor Count	1,321	1,342	1,326

The remaining expenditures include travel and contract labor and consulting (for purposes other than technical).

Support of Inclusion in Procurement

In 2014, 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 WBENC called the Women’s Business Development Center (WBDC), as well as the North Central Minority Supplier



Diversity Council (NCMSDC), the Association of Women Contractors (AWC), and Meda, an organization whose mission is to help entrepreneurs of color succeed. The Bank participated in outreach events with these groups and plans to maintain these activities in 2015.

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

For the first time, The Bank partnered with the City of St. Paul's Central Certification (CERT) Program for small businesses and the National Association of Minority Contractors (NAMC). The Bank's Community Development department held a Financial Resources Fair with these partners that brought together local small businesses to learn about programs designed to help them gain access to credit.

The Bank continues to deepen its role in Indian business through work with Indian Business Alliances (IBAs) across the District. This work included activities such as leading an event titled *Lending Opportunities in Indian Country*, which explored existing and emerging partnerships between banks and Native American community development organizations. The Bank also participated in a regional planning meeting for the IBAs of North Dakota, South

Table 9

Bank RFP/Qs and MWBE Participation 2014

Number of RFP/Qs where a contract was awarded	14
Number of RFP/Qs where MWBEs were invited to bid	8
Number of RFP/Qs where MWBEs completed bidding process	7
Number of RFP/Qs where one or more MWBEs were successful bidders	5

Dakota, Montana, Minnesota, and Wisconsin and presented on tribal commercial law development.

Table 9 shows the 2014 procurements that included an RFP/Q and the participation of MWBEs at each stage of the procurement process. There were 14 RFP/Qs in 2014 compared to 16 in 2013. In eight of the 2014 RFP/Qs, MWBEs were invited to bid. In five of the events, one or more MWBEs were among the successful bidders, compared to three events in 2013 where one or more MWBEs were among the successful bidders. The Bank continued its standard procedure to speak individually with invited suppliers who chose not to participate in the bidding process.

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

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

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

Challenges

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

Moving Forward

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

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

Financial Literacy

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

Current Status

In 2014, the Bank reached individuals in the District through participating in a wide variety of financial education activities. These activities ranged from hosting educational programs known as "A Day at the Fed" to hosting tours for inner-city young women and students

from majority-minority schools from across the District. In 2014, the Bank hosted 39 events reaching 102 educators and 804 students from OMWI high schools in the District. The DFA defines OMWI schools as those schools whose enrollment is either majority-minority, all women, or low- and moderate-income.

The Bank continues to increase its work with the STEP-UP Achieve program, which connects businesses with Minneapolis high school students from low- and moderate-income households to provide critical job training. As a founding partner of STEP-UP Achieve's financial services pipeline collaborative (a group of employers from the financial sector), the Bank annually participates in a career immersion day for students interested in interning at local financial services companies. In 2014, 50 students attended this event. Additionally, six Bank staff began participating in a once-monthly mentoring program coordinated by STEP-UP that takes place onsite at various Minneapolis public high schools. The goal of this program is to increase the graduation rate for public school students in Minneapolis, particularly students of color. The program has the combined outcome of exposing Bank staff to a diverse population of talented young people, as well as supporting STEP-UP Achieve's goal of pairing the private and public sectors to unite behind training and preparing the future workforce.

As part of the System's annual Financial Education Day, OMWI hosted its "Road Map to Financial Independence" event in 2014 for high school students. Now in its third year, this event prepares young people as they transition from high school to adulthood by focusing on the value of post-secondary education and financial education basics. Event attendees also included parents or caring adults who learned how to support their student in achieving financial success. This year, OMWI invited a group of community organizations to help advise and strengthen program content. In addition to providing input to the program content, advisers suggested moving the event into the community for increased visibility and easier access for students. The event took place at Central High School in St. Paul, home to the Bank's high school internship program. The Bank also worked closely with neighboring Como High School in its outreach, specifically leveraging its existing partnership with the school's

“Academy of Finance,” a small learning community that offers high school students an opportunity to study accounting, international trade, leadership, and the use of technology in preparing for college and the financial services industry. The Bank plans to hold its 2015 “Road Map” event at Como High School.

The Bank maintained its role as a convener with key financial education organizations. The Bank participated in both the Minnesota and North Dakota Jump\$tart Coalitions’ annual conferences. Montana’s Jump\$tart Coalition, known as the Montana Financial Education Coalition (MFEC), is led by the Bank’s branch. In this capacity, the Bank hosted and led several events throughout the year, including MFEC’s largest statewide conference to date reaching 163 attendees. In addition, the Bank reached students, teachers, and parents through other initiatives such as Minneapolis’ Learning Center for Economics partnership, led by the Minneapolis Rotary, and the Teach America to Save Coalition.

The Bank introduced a new initiative in Helena, Montana, based on the successful Central High School Partnership in St. Paul. The Bank partnered with Helena’s Native American Mentor and Youth Connection class that is offered in the two public high schools in Helena: Capital and Helena High Schools. Through this partnership, Bank staff presented information onsite at both high schools and hosted 47 students at the branch office for a career development experience. The day included exposure to Bank leaders, Bank operations, and the financial services industry as a whole. As a result of this partnership, one student was selected for a summer internship in 2014.

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 and community organizations that share in the Bank’s desire to introduce more young people to careers in the financial services industry have been an important part of the Bank’s success in this area.

Challenges

Multiple stakeholders at the Bank are engaged in financial literacy activities, and new opportunities to partici-

pate 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.

Moving Forward

The Bank will continue to serve as both a convener and a resource link for educators throughout the District. The Bank will expand its partnership with the Native American Internship Program in Helena, Montana, by offering additional internships in 2015.

Personal finance and economic education efforts will continue to be rooted in the strong partnerships and initiatives already in place at the Bank and will selectively be expanded as appropriate to OMWI in Section 342 of the DFA. The Bank will continue to find ways to reach more minority and female youth.

Conclusions

The Bank maintains its commitment to diversity and continues to dedicate time, expertise, and resources to enhancing these efforts in all areas of business. With regard to inclusion, in 2014 executive management committed to strengthening the Bank’s strategy and sustaining practices in its employment, procurement, and financial education. The Bank values relationships with external partners who share a commitment to creating and sustaining a workplace where all employees can grow and add value.

As demonstrated throughout this report, the Bank continues to refine programs and efforts that enrich inclusion and to address areas of concern directly. Inclusion remains a Bank priority, expressed consistently by the Bank’s president, first vice president and Bank leaders. The Bank’s first vice president recently emphasized this commitment in a communication to all Bank employees. He wrote: *“The employees of the Bank represent a rich and diverse tapestry of backgrounds, skills, and points of view. To ensure our continuing success in the face of change, we must be able to fully utilize our diverse skills and perspectives. It is for this reason that the Bank has been working to foster a culture of inclusion.”* The Bank is committed to this ongoing work and will continue to develop and sustain a workplace that maximizes opportunities for all.

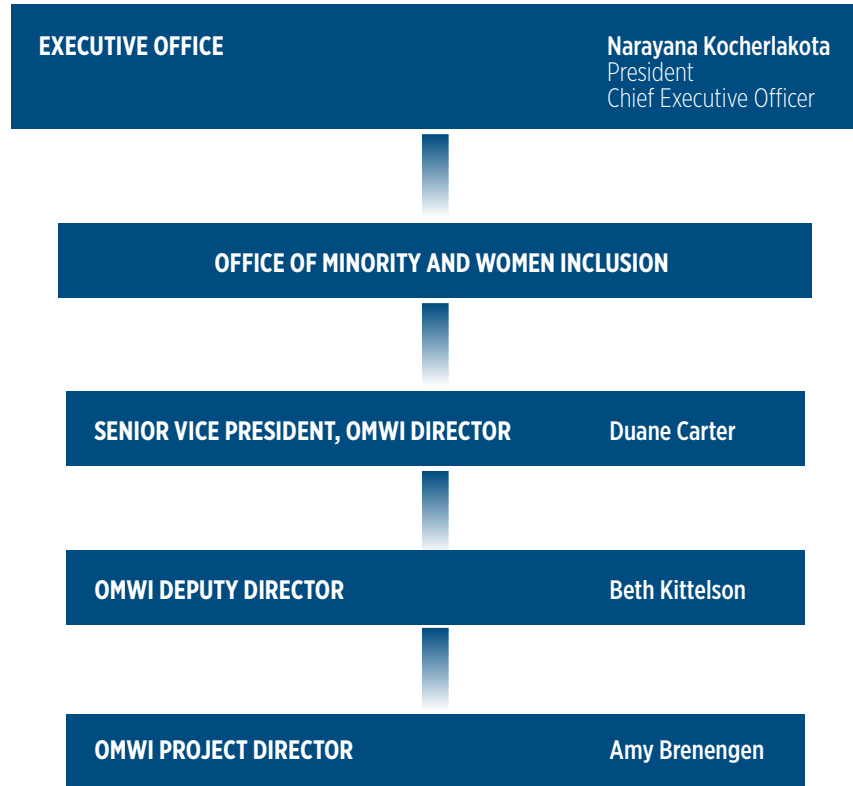
Appendix 1: Workforce Data Representation, Federal Reserve Bank of Minneapolis

Federal Reserve Bank of Minneapolis 2014 EEO-1 Consolidated Report															
2014 EEO-1 Data 8/31/2014	Hispanic or Latino		Not Hispanic or Latino											Overall Total	
	Male						Female								
Job Categories	Male	Female	White	Black or African American	Native Hawaiian or Pacific Islander	Asian	American Indian or Alaska Native	Two or more races	White	Black or African American	Native Hawaiian or Pacific Islander	Asian	American Indian or Alaska Native	Two or more races	
Executives/Senior Mgrs	0	0	4	1	0	0	0	1	2	1	0	0	0	0	9
First/Mid-level Mgrs	2	4	87	3	0	3	1	1	74	5	0	3	0	1	184
Professionals	9	7	174	13	0	30	1	0	198	10	0	29	1	0	472
Technicians	1	0	34	4	0	6	0	1	16	4	0	1	0	0	67
Sales Workers	0	0	3	0	0	0	0	0	1	0	0	0	0	0	4
Administrative Support	7	5	54	8	0	5	1	1	143	21	0	12	2	1	260
Craft Workers	1	0	16	0	0	0	0	0	0	0	0	0	0	0	17
Operatives	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Laborers & Helpers	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Service Workers	1	0	46	4	0	2	2	0	6	0	0	0	0	0	61
Total	21	16	418	33	0	46	5	4	440	41	0	45	3	2	1074

Percentage Representation within EEO-1 Job Categories															
2014 EEO-1 8/31/2014	Hispanic or Latino		Not Hispanic or Latino											Overall Total	
	Male						Female								
Job Categories	Male	Female	White	Black or African American	Native Hawaiian or Pacific Islander	Asian	American Indian or Alaska Native	Two or more races	White	Black or African American	Native Hawaiian or Pacific Islander	Asian	American Indian or Alaska Native	Two or more races	
Executives/Senior Mgrs	0.0%	0.0%	44.4%	11.1%	0.0%	0.0%	0.0%	11.1%	22.2%	11.1%	0.0%	0.0%	0.0%	0.0%	9
First/Mid-level Mgrs	1.1%	2.2%	47.3%	1.6%	0.0%	1.6%	0.5%	0.5%	40.2%	2.7%	0.0%	1.6%	0.0%	0.5%	184
Professionals	1.9%	1.5%	36.9%	2.8%	0.0%	6.4%	0.2%	0.0%	41.9%	2.1%	0.0%	6.1%	0.2%	0.0%	472
Technicians	1.5%	0.0%	50.7%	6.0%	0.0%	9.0%	0.0%	1.5%	23.9%	6.0%	0.0%	1.5%	0.0%	0.0%	67
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%	1.9%	20.8%	3.1%	0.0%	1.9%	0.4%	0.4%	55.0%	8.1%	0.0%	4.6%	0.8%	0.4%	260
Craft Workers	5.9%	0.0%	94.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	17
Operatives	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0
Laborers & Helpers	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0
Service Workers	1.6%	0.0%	75.4%	6.6%	0.0%	3.3%	3.3%	0.0%	9.8%	0.0%	0.0%	0.0%	0.0%	0.0%	61
Total	2.0%	1.5%	38.9%	3.1%	0.0%	4.3%	0.5%	0.4%	41.0%	3.8%	0.0%	4.2%	0.3%	0.2%	1074

Totals may not add due to rounding. Bank EEO-1 report as of August 31, 2014 as submitted to EEOC.

Appendix 2: OMWI Organizational Structure



Appendix 3: 2014 Local and National Career Fair and Conference Participation

Event (Local)	Location	Date
University of Minnesota CSOM Internship & Undergraduate Career Fair	Minneapolis, MN	1/13/2014
Business Association of Multicultural Students (BAM) Presentation	Minneapolis, MN	2/5/2014
Minnesota State Universities Job & Internship Fair	Minneapolis, MN	2/18/2014
Minnesota's Private Colleges Job & Internship Fair	Minneapolis, MN	2/19/2014
The Forum on Workplace Inclusion Career Fair	Minneapolis, MN	3/19/2014
Law Enforcement Opportunities Career Fair	Minneapolis, MN	4/9/2014
INROADS Networking Event	Minneapolis, MN	4/16/2014
Accounting & Auditing Student Conference	Minneapolis, MN	10/2/2014
University of St. Catherine Career Opportunities Fair	Minneapolis, MN	10/9/2014
Government and Non-profit Career Fair	Minneapolis, MN	10/24/2014
University of St. Thomas Career Fair	Minneapolis, MN	11/19/2014
Twin Cities Chapter of NSHMBA Annual Awards	Minneapolis, MN	12/5/2014

Event (National)	Location	Date
Women in Technology International (WITI)	Santa Clara, CA	6/2/2014
Association for Latino Professionals in Finance and Accounting (ALPFA)	Lake Buena Vista, FL	8/5/2014
National Association of Asian American Professionals (NAAAP)	Anaheim, CA	9/5/2014
National Black MBA Association (NMBBAA)	Atlanta, GA	9/16/2014
National Society of Hispanic MBAs	Philadelphia, PA	9/26/2014
Thurgood Marshall College Fund	Washington, D.C.	11/9/2014

