

Federal Reserve Bank of Chicago Office of Minority and Women Inclusion

2014 Annual Report to Congress



Federal Reserve Bank of Chicago

OUR MISSION

The fundamental mission of the Federal Reserve System is to foster the stability, integrity, and efficiency of the nation's monetary, financial, and payment systems so as to promote optimal macroeconomic performance. To this end, the Federal Reserve Bank of Chicago participates in the formulation and implementation of national monetary policy, supervises and regulates financial institutions and foreign bank branches, and provides financial services to depository institutions and the U.S. government.

OUR VISION

We serve the public interest by fostering a strong economy and promoting financial stability. We accomplish this with talented and innovative people working within a collaborative and inclusive culture.

OUR STRATEGIES

The Bank's strategic plan outlines the strategies that the Seventh District has implemented to support its mission and vision. The current Bank strategies are:

Policy and Stability

Deepen our understanding of key economic and financial issues in order to strengthen our impact on policy and improve financial stability. Anticipate and respond to rapidly changing developments in financial markets, banking industry practices and supervision, payment systems, and the economic challenges faced by consumers and communities.

Payments

Promote the integrity, efficiency and accessibility of U.S. payment and settlement systems by influencing and contributing to sound public policymaking and by developing advanced electronic payment methods that create business value through our national network.

Relationships

Enrich our relationships with critical stakeholders to better understand their needs and partner to achieve common goals.

People

Foster an innovative and collaborative work environment that encourages diversity of thought. Recruit and develop the highly skilled, talented, and motivated people required to achieve our vision and goals.

DIVERSITY AND INCLUSION POLICY

The Federal Reserve Bank of Chicago values and encourages a diverse and inclusive work environment where employees are respected and given opportunities to perform to their fullest potential. We recognize and respect differences that are in keeping with our core values of integrity, respect, responsibility and

excellence. The Bank aspires to become a higher performing organization by leveraging the diverse backgrounds, experiences, styles, approaches and perspectives of its employees.

The Bank's commitment to a diverse and inclusive environment is embedded in our vision, core values, Corporate Social Responsibility framework and Equal Employment Opportunity policies. We further this commitment by proactively recruiting diverse staff, creating opportunities to build a diverse and inclusive workforce at all levels of the organization, and regularly monitoring our progress. The Bank provides opportunities for learning, training, and development for all employees, as well as programs targeted to address particular needs and interests, including open and inclusive membership in professional and diversity support groups. All Bank employees are responsible for embracing diversity and inclusion.

Cover photos clockwise.

The Federal Reserve Bank of Chicago was awarded the 2014 United Way of Metropolitan Chicago Diversity Award as recognition for the company's commitment to creating an inclusive and flexible workplace that values diversity, people of different backgrounds, and those with varying perspectives.

Valerie Van Meter, FRBC Senior Vice President and OMWI Director (left to right); Terry Mazany, President and CEO of The Chicago Community Trust and member of the FRBC's Board of Directors; and Connie Lindsey, Executive Vice President and Head of Corporate Social Responsibility and Global Diversity & Inclusion at Northern Trust, at the Financial Services Pipeline Initiative's 2014 Summit held on Thursday, November 20 at the Federal Reserve Bank of Chicago.

Continuing its partnership with the Corporate Work Study Program, the Chicago Fed hosted students from Cristo Rey Jesuit High School and Christ the King Jesuit College Prep High School. Pictured from left to right: Monica Delgado-Arroyo, Alondra Briseño, Marcus Mims, Eddie Stigger, and Melissa King.

Attendees of the Chicago Fed's Business Smart Week listen to a presentation on technical assistance services intended to help entrepreneurs launch and grow their businesses.

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MARCH 2015

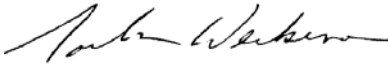
MEMBERS OF THE 114TH CONGRESS:

We respectfully submit the Federal Reserve Bank of Chicago’s 2014 Office of Minority and Women Inclusion (OMWI) Report to Congress. Our fourth such report outlines continuing progress promoting diversity and inclusion at the Federal Reserve Bank of Chicago. We are mindful that significant progress on any challenging and worthwhile objective takes time and effort, and we are confident the Bank is making meaningful strides hiring and developing staff, purchasing products and services from women- and minority-owned businesses, providing technical assistance to and advocating on behalf of these firms, and providing financial education to minority and female high school and college students in the Seventh Federal Reserve District.

Also included in the report is information about how we work with a wide variety of community and business partners to achieve our diversity and inclusion objectives. This includes an in-depth overview of the work of the Financial Services Pipeline (FSP) Initiative, a collaboration of 15 financial services firms in the Chicago area. The FSP’s goal is to increase the number of Latinos and African-Americans working in the Chicago-area financial services industry and to improve the industry’s overall cultural competency. We value these partnerships and look forward to them continuing to promote diversity and inclusion at the Federal Reserve Bank of Chicago and throughout the financial services industry within our District. We hope you find the report informative.



Charles L. Evans
President and Chief Executive Officer



Gordon Werkema
First Vice President and Chief Operating Officer



Valerie J. Van Meter
Senior Vice President, EEO Officer and OMWI Director



From left: Charles Evans, Valerie Van Meter, and Gordon Werkema.

Executive Summary

During 2014, the Federal Reserve Bank of Chicago (Chicago Fed, FRBC or Bank) continued advancing its diversity and inclusion (D&I) strategies through the work of its Office of Diversity and Inclusion (ODI), now in its fourth year of existence. The ODI is a support office to all Bank departments with special partnerships developed with Human Resources, Procurement, and Public Affairs. In addition to collaborating with internal stakeholders, the ODI works with an array of public, private and non-profit partners, aspiring to become a community partner of choice for organizations advancing D&I in the Seventh Federal Reserve District. The ODI focus areas are workforce diversity, supplier diversity and financial literacy and outreach to majority-minority and all-girl high schools. FRBC's Corporate Social Responsibility (CSR) Council, comprised of leaders from key Bank departments, along with the Bank's Board of Directors (BOD) and Executive Committee (EC), provided guidance and leadership to the ODI efforts, leading to significant achievements in the following areas:

Minority and Women Employment

- In 2014 the Bank made gains from prior years in the representation of women and minorities in many upper-level job groups.
- The FRBC hosted 52 college interns, of whom 60 percent were females and 40 percent were minorities. Offers for full-time employment were extended to eight of the interns (five females and two minorities), all of whom accepted.
- The Financial Services Pipeline (FSP) Initiative continued working to increase representation of African-Americans and Latinos, and improve cultural competency, within the Chicago area's financial sector. This coalition of financial institutions comprises over 30,000 leaders and professionals in Chicagoland's financial sector, close to 50 percent of the total.
- The Chicago Fed's Human Resources department continued to coordinate the Federal Reserve System's Diversity Recruitment strategy by participating in several key national conferences, such as those hosted by the National Black MBA Association (NBMBA) and the National Society of Hispanic MBAs (NSHMBA).

Minority- and Women- Owned Businesses

- The Bank spent \$4.67 million with M/WBEs, or 9 percent of its total reportable spend, compared with \$3.07 million, or 6 percent, in 2013. This three percentage point increase was primarily due to significant information technology hardware and software purchases from an MBE.
- The FRBC successfully launched the inaugural Business Smart Week Initiative, a technical assistance conference serving 140 participants in Chicago and Detroit.

- The Bank continued to partner with nonprofit organizations to increase minority- and women- owned businesses participation in procurement opportunities throughout the Seventh District.
- Through a partnership with the Bank's Customer Relations and Support Office, the Chicago Fed continued to enhance and coordinate the Federal Reserve System presence at national supplier diversity conferences.

Financial Literacy and Community Outreach

- More than 150 volunteers from the FRBC participated in Chicago-based events as teachers, mentors and presenters, impacting more than 1,800 students from majority-minority and all-girls schools located throughout the city.
- The FRBC provided part-time positions to nine interns through a partnership with the Corporate Work Study Program at majority-minority Cristo Rey and Christ the King high schools.
- The Detroit Branch continued hosting *Teacher Night at the Fed* events. This year's events experienced greater participation than last year, with more than 165 teachers attending and learning more ways to teach economics to students.

The Executive Committee (EC) of the FRBC showed its commitment to D&I through participation in an Intercultural Development Inventory (IDI) assessment. The IDI tool is used to help organizations and individuals assess and enhance their skills related to cultural competency and inclusion. Work is currently underway to develop a joint project for the EC and identify individual action steps for inclusion in EC members' performance plans for 2015.

The Bank's visibility in the local and national D&I arenas also grew thanks to Bank leaders' participation in a variety of public speaking engagements, panels and roundtables addressing D&I issues. These were organized by the Urban Financial Services Coalition, Chicago United, and the Forum on Workplace Inclusion, among other organizations. As a result of these efforts the Bank received the 2014 United Way of Metropolitan Chicago Diversity Award and Craig Marchbanks, (former) Vice President CSR and ODI and OMWI Deputy Director, was selected as one of the *Chicago Defender's* 50 Men of Excellence for 2014.

Information about the demographics of the Seventh District is included in the Overview Section of this report. In addition to the 2014 accomplishments highlighted in the Executive Summary, the FRBC had many others relating to workforce diversity, supplier diversity, and financial literacy that are described throughout the report. Each section also includes challenges that the FRBC faced in 2014 and next steps for 2015.

Overview

The Federal Reserve Bank of Chicago's fourth Annual Report to Congress offers a comprehensive summary of the Bank's accomplishments, challenges and opportunities as they relate to minority and women employment, inclusion of minority and women-owned businesses (M/WBEs) in contracts, and financial literacy and community outreach activities targeting majority-minority and all-girls high schools. The report covers the period from January 1 through December 31, 2014.

This Overview section describes the Chicago Fed's efforts to include women and minorities in the workforce and in its vendor pool as well as its high school outreach activities, and describes the related local and national contexts in which the Bank operates. It includes the overall demographic profile of the Midwest and its population centers and job markets closest to the Bank's offices, and considers key issues related to human capital, the business environment and financial literacy as they affect women and minorities in the District (especially those living and working in our largest metropolitan areas, Chicago and Detroit). In addition, the Overview describes the overall approach of the Bank's diversity and inclusion (D&I) efforts, the ongoing activities associated with the establishment of the Office of Minority and Women Inclusion (OMWI) mandated by the Dodd-Frank Act (DFA), and the commitment of the Bank's leadership to promote a diverse and inclusive culture within and outside of the Bank.

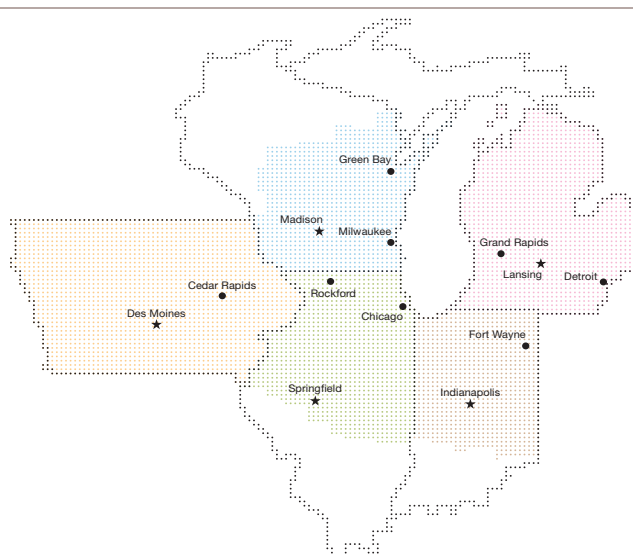
ABOUT THE FEDERAL RESERVE BANK OF CHICAGO

The Federal Reserve Bank of Chicago is one of 12 regional Reserve Banks across the United States that, together with the Board of Governors in Washington, D.C., serves as the central bank for the country. The Federal Reserve Bank of Chicago serves the Seventh Federal Reserve District, a large and diverse region that includes all of Iowa and most of Illinois, Indiana, Michigan and Wisconsin (see map below). The Seventh District has a large national share of many important economic sectors, comprising a considerable part of the nation's manufacturing base, which includes capital goods and consumer durables, as well as agricultural production and food processing. The District also has a significant and growing concentration of financial and business services, having more individual depository institutions than any other Federal Reserve District.

The District's head office is located in Chicago where 1,307 employees worked as of December 31, 2014. The branch office in Detroit had 130 employees. In addition, 55 employees (mainly bank examiners) worked from the Des Moines office.¹ Like the other eleven Federal Reserve Banks and the Board of Governors, the Chicago Fed works to promote effectively the goals of maximum employment, stable prices and moderate long-term interest rates. Supervision & Regulation, the Chicago Fed's largest department with 522 employees, supervises 812 bank holding companies,

FEDERAL RESERVE BANK OF CHICAGO

The Seventh District is among the most populous of the 12 Reserve Bank Districts, making up one-eighth of the nation's population. Our district is an economically diverse region that includes all of Iowa and most of Illinois, Indiana, Michigan and Wisconsin. The Seventh District has a large national share of many important economic sectors.



143 state member banks, 2 large foreign institutions, 49 savings and loan holding companies (including insurance savings and loan holding companies) and 3 financial market utilities. In addition to this supervisory role, the Bank provides currency and coin processing and other financial services to financial institutions located in the Seventh District. The Chicago Fed also produces high-quality economic analysis and promotes community development and financial literacy initiatives focused on numerous economic sectors and communities across the District, always with the goal of promoting sustainable economic growth.

In addition to serving the public in the Seventh District, the Chicago Fed leads a variety of Federal Reserve System-wide functions in partnership with the other eleven Districts and the Board of Governors. The Customer Relations and Support Office (CRSO), based at the Chicago Fed, has a strategic leadership role within the Federal Reserve System. The CRSO manages the nationwide electronic payments and information delivery network (“FedLine[®]”) transacting, on average, more than 72 million payments daily valued at more than \$3.9 trillion. The CRSO also leads national sales and marketing strategies associated with \$400 million in annual revenue and provides customer set-up and support for more than 100,000 users.

The Chicago Fed’s Information Technology department is responsible for providing a shared service for management of the Federal Reserve System’s web content, including overseeing the System-wide operations of the centralized application. The Bank also has responsibility for developing and maintaining the Federal Reserve System’s centralized cost accounting and budgeting applications.

The Supervision & Regulation (S&R) department leads technical and risk-training efforts with its Supervision Technology Risks: Educate, Analyze and Manage (STREAM) Technology Lab,

a System-wide initiative focused on educating examiners and IT practitioners in a classroom and hands-on training environment. The S&R department also manages the Federal Reserve System’s Wholesale Credit Risk Center, whose mission is to generate analytics-driven supervision and insight around wholesale lending, identify emerging risks, and deliver on broader supervisory responsibilities under DFA and other new mandates.

As described in the next section of this Report, the Bank also oversees and coordinates the Federal Reserve System’s participation in national diversity recruitment and supplier diversity conferences, as well as the System Leadership Initiative, which designs and executes training aimed at developing and maintaining strong senior leadership. More information about the Federal Reserve Bank of Chicago can be found at www.chicagofed.org.

THE SEVENTH DISTRICT: DEMOGRAPHY, HUMAN CAPITAL, AND BUSINESS ENVIRONMENT RELATED TO WOMEN AND MINORITIES

The Seventh District is one of the most demographically diverse areas in the nation. It includes Chicago, Detroit, Indianapolis, and Milwaukee metropolitan areas with large and/or growing populations of Latinos, African-Americans, and Asians. A key trend related to minorities identified by the most recent American Community Survey of 2013 is the increase of the African-American and Latino populations in the Midwest;² 7 percent and 49 percent respectively since 2000.³ In comparison, the overall population of the Midwest grew by 4 percent over the same period. At the same time, several inner cities in the District have experienced significant declines in their African-American population, such as Chicago, which lost more than 180,000 African-American residents during the 2000-2010 decade. The city of Detroit’s population, the majority of which is African-American, shrunk 25 percent during the same period. Similar

TABLE 1.
Seventh District total population estimates and percentages of females and largest minority groups by state (2013)

	Total population	Female	%	Hispanic or Latino	%	Black or African-American	%	Asian	%
ILLINOIS	12,848,554	6,544,455	51	2,060,706	16	1,851,524	14	609,923	5
MICHIGAN	9,886,095	5,034,793	51	447,594	5	1,385,154	14	251,175	3
INDIANA	6,514,861	3,308,566	51	400,788	6	592,954	9	107,563	2
WISCONSIN	5,706,871	2,873,965	50	345,866	6	355,873	6	132,609	2
IOWA	3,062,553	1,546,401	51	157,711	5	91,754	3	55,878	2
TOTAL	38,018,934	19,308,180	51	3,412,665	9	4,277,259	11	1,157,148	3

Source: U.S. Census Bureau, American FactFinder, 2009-2013 American Community Survey 5-Year Estimates, 2013

TABLE 2.
Seventh District total population estimates and percentages of females and largest minority groups in metro areas with Federal Reserve Bank offices (2009)

	Total population	Female	%	Hispanic or Latino	%	Black or African-American	%	Asian	%
CHICAGO	9,580,609	4,868,494	51	1,902,323	20	1,683,203	18	514,135	5
DETROIT	4,403,437	2,255,868	51	168,214	4	1,002,212	23	146,306	3
DES MOINES	562,993	286,875	51	34,769	6	22,181	4	13,512	2

Source: U.S. Census Bureau, American FactFinder, American Community Survey Demographic and Housing Estimates: 2009

TABLE 3.
Seventh District high school graduation rates of African-American, Latino and White students, and gaps between majority and minority students (2010-2011 cohort)

	High school graduation rates			Gap	
	Black	Latino	White, non-Latino	White, non-Latino/Black	White, non-Latino/Latino
ILLINOIS	74%	77%	89%	15%	12%
INDIANA	75%	81%	88%	13%	7%
IOWA	73%	75%	90%	17%	15%
MICHIGAN	57%	63%	80%	23%	17%
WISCONSIN	64%	72%	91%	27%	19%

Source: U.S. Dept. of Education. Provisional Data File: SY2010-11 Four-Year Regulatory Adjusted Cohort Graduation Rates

to other regions, the socioeconomic conditions of many Latinos and African-Americans in the Midwest are below the average. In 2013, 20 percent of Latinos and 32 percent of African-Americans in Illinois were living at or below poverty levels, versus the 15 percent average for the total population.⁴

The tables below summarize numbers and percentages of females and the largest minority groups in the states included (fully or partially) in the Seventh District and in metropolitan areas where Chicago Fed offices are located.

The state of human capital in our region shows significant gaps in educational opportunity and attainment for Latinos and African-Americans, which have a direct effect on their ability to obtain advanced degrees and well-paid jobs, especially in the financial sector and other highly specialized industries. In 2013, the U.S. Department of Education released provisional school-level graduation rates for the 2010-11 school year, using common measures for reporting high school graduation rates among states. All

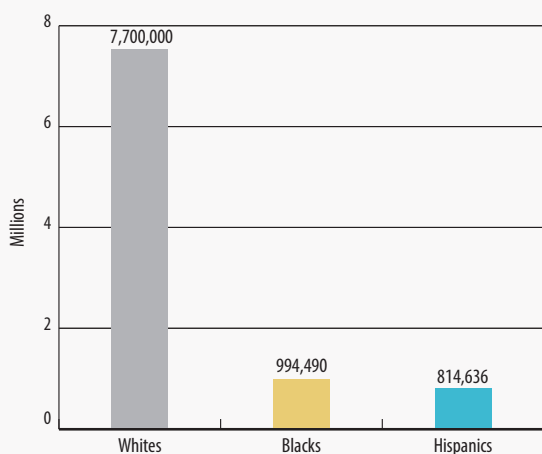
states in the Seventh District show low high-school graduation rates for Latinos and African-Americans in comparison with those of White students, with Michigan and Wisconsin showing the largest gaps (see Table 3).⁵ From 2007 to 2011 there has been a decrease in job openings in the United States for individuals with a high school diploma or less, making the importance of secondary education even more important than in the past.⁶

In 2012, the Chicago metropolitan area job market required at least a bachelor's degree or higher for 46 percent of job openings, one of the highest rates in the country. This percent greatly increases when looking at the financial industry specifically. For example, nationally 71 percent of financial specialists have a bachelor's degree or higher.⁷ Recent numbers show significant differences in the number of individuals with bachelor's degrees in business, depending on their ethnicity. In 2011, there were 814,636 Latinos and 994,490 African-Americans who graduated with a bachelor's degree in business in the United States versus 7.7 million Whites (see Chart 2).⁸

These numbers in educational attainment are closely connected to the limited opportunities African-Americans and Latinos have to accessing quality education. For example, a 2011 study of undergraduate students in Illinois-based public universities showed that while 56.1 percent of enrolled students were White, 14.6 percent were African-American, and 12 percent were Latino, the share of students actually receiving a degree was 70.5 percent for Whites, 9.3 percent for African-Americans and 6.6 percent for Latinos.⁹ As a reflection of these gaps, in states like Illinois, only an estimated 20 percent of African-Americans and 10 percent of Latinos aged 25 or older hold a bachelor's or higher degree.¹⁰

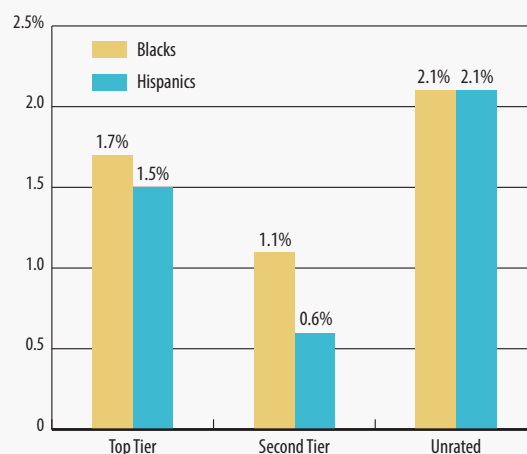
Due to the nature of its work, and as highlighted in prior OMWI Reports to Congress, the Chicago Fed hires a significant number of individuals holding a Master of Business Administration

CHART 2.
United States number of Non-Hispanic Whites, Latinos, and African-Americans with a bachelor's degree and a major in business (2012)



Source: U.S. Census Bureau (2013)

CHART 3.
United States percentage of African-Americans and Latinos entering MBA programs: top-tier, second-tier, and unrated (2011)



Source: Chicago United 2012 Corporate Diversity Profile, based on Bloomberg Businessweek data analyzed by the FRBC

(MBA) degree, yet the percentage of minorities, excluding Asian Americans, with such degree is disproportionately low when compared to Whites. In 2012, the Federal Reserve Bank of Chicago embarked upon a collaborative effort with Chicago United, a local nonprofit promoting multiracial leadership in business to advance parity in economic opportunity, in order to study how this issue affects the Chicago metropolitan area. Deborah Baldwin, Assistant Vice President of Diversity and Inclusion, and Maude Toussaint-Comeau, Senior Business Economist, represented the Bank in developing the Chicago United 2012 Corporate Diversity Profile. Research provided by the Chicago Fed showed that African-Americans represented 4.9 percent and Latinos 4.2 percent of all students entering an MBA program in 2011. The majority of these MBA students went to unrated schools versus first- and second-tier institutions (see Chart 3).¹¹

The Chicago Fed hires individuals based on their professional backgrounds and education. Yet according to the Bureau of Labor Statistics, some of the fields more aligned with the Bank's business, such as accounting, audit, and information security, show ample differences at entry-levels between Whites and Asians versus Latinos and African-Americans. For example, out of the 1.8 million accountants and auditors who were employed nationally in 2012, 76 percent were White and 12 percent were Asians, versus 10 percent African-American and 7 percent Latino. Out of the 89,000 financial analysts who worked in 2012, 84 percent were White and 9 percent were Asian, versus 4 percent African-American and 6 percent Latino. Furthermore, out of the 52,000 information security analysts, 73 percent were White and 14 percent were Asian, versus 12 percent African-American and 4 percent Latino. Similar or larger gaps exist at the management levels of these and other occupations closely related to the financial sector.¹²

An analysis of data from the Equal Employment Opportunity Commission (EEOC) published by the Government Accountability Office (GAO) in 2010 showed that, overall, only 10 percent of males and 19 percent of females working in the financial sector were people of color. According to the study, in 2008 non-Hispanic Whites held 90 percent of senior positions, African-Americans held 2.8 percent, Hispanics 3 percent, and Asians 3.5 percent.¹³ These numbers were consistent with a national study commissioned the same year by U.S. Senator Robert Menendez, which found that only eight percent of executives in financial services corporations were minorities. Both African-Americans and Latinos represented less than three percent of such executives, and women of color represented just one percent of executives.¹⁴

A more recent GAO report published in 2013 found that management-level representation of minorities in the financial services industry and among federal financial agencies and Federal Reserve Banks had not changed substantially from 2007 through 2011. Industry representation of minorities in 2011 was higher in lower-level management positions, about 20 percent, compared with about 11 percent of senior-level manager positions. Officials stated that the main challenge to improving diversity was identifying qualified candidates, noting that minorities and

women are often under-represented in both internal and external candidate pools.¹⁵

Low representation of minorities in the financial services industry is especially evident in the Chicago metropolitan area. The 2013 U.S. Census shows a diverse population that is 54 percent White, 17 percent Black, 21 percent Hispanic, and 6 percent Asian. However, 2013 data released by the EEOC shows that the financial services workforce in the Chicago region is 67 percent White, 12 percent Black, 10 percent Hispanic and 10 percent Asian. The differences in representation are even more evident at the highest levels of financial organizations (C-suites), where 92 percent of executives are White, three percent Black, two percent Hispanic and four percent Asian, according to the same EEOC report. (See Project in Focus section).

As it relates to gender gaps, although women make up about half of undergraduate business graduates,¹⁶ their enrollment rate in MBA programs is still rather low. Roughly 36 percent of students enrolled in MBA programs were women in the 2011-2012 year.¹⁷ This shortage of women holding MBA degrees is likely to have a major impact on the pipeline of women securing corporate leadership roles.

A significant gender gap also exists in the supply of talent for IT and computing positions. The Computing Research Association estimated that in 2011 only 13 percent of graduates who earned a bachelor's degree in computer science, computer engineering and information technology in the U.S. and Canada were women. In the same fields, the percentage of master's degrees going to women was 30 percent, and the percentage of PhDs, 20 percent.¹⁸ The National Center for Women in Information Technology has been documenting a steady decline during the past decade in the number of female students interested in pursuing careers in IT.¹⁹ According to the Bureau of Labor Statistics in 2012, females were highly underrepresented in overall computer and mathematical occupations (26 percent). Under that category some of the most underrepresented fields include computer network architects (8 percent), information security analysts (15 percent), and network and computer systems administrators (25 percent).²⁰

These challenging regional numbers and national trends suggest that the pool of women and minorities qualified to work in an increasingly complex sector, requiring higher education for many entry-level jobs and specialized qualifications and significant experience for most mid-level and senior positions, is very limited. Since the vast majority of jobs available at the Chicago Fed require, at a minimum, a college degree and often highly specialized qualifications, a fierce competition exists among organizations in the financial sector for diverse talent. The Human Resources department of the Chicago Fed has taken into consideration the characteristics of the Seventh District labor markets to develop its recruitment, talent development and retention strategies. More information can be found in the "Minority and Women Employment" section of this Report.

The business environment related to minority- and women-owned business enterprises (M/WBEs) in the Seventh District is both challenging and promising. The most recent data for Illinois,

provided by the Office of Advocacy of the Small Business Administration, showed that between 2002 and 2007 the number of women-owned companies grew by more than 20 percent to 343,151, representing around 30 percent of all businesses. The number of African-American-owned companies in the state grew approximately 55 percent to 106,679, representing almost ten percent of enterprises. In addition, Latino-owned companies grew 43 percent to 56,552, representing five percent of total businesses in Illinois.²¹ In 2007, the two major cities in the FRS Seventh District, Chicago and Detroit, occupied the second and fourth places nationally in the number of Black-owned companies, with 58,631 (or 3.1 percent of total companies) and 32,490 (or 1.7 percent) respectively.²² However, these numbers predate the financial crisis and recession that started in 2008, the consequences of which are still felt in the economy. Although minority- and women-owned businesses continue to be the fastest-growing segment of new U.S. companies, it is fair to assume that the crisis has taken a toll on many of them, especially MBEs, as data shows that the Great Recession significantly widened the wealth gap between Whites and Blacks and between Whites and Latinos nationwide. For example, in 2007 the White-to-Black wealth ratio was 10.0 and the White-to-Latino ratio was 8.2, while in 2013 the ratio had grown to 12.9 and 10.3 respectively. As of 2013, the median household net worth was \$141,900 for Whites, \$11,000 for Blacks and \$13,700 for Latinos.²³

In Illinois, a recent study of Hispanic-owned businesses showed that most are small and young enterprises. More than 80 percent of them were funded via personal savings, credit cards, or by borrowing from friends and/or relatives. Nearly half of them have no major government procurement-related certifications. And while 70 percent of Hispanic-owned companies in Illinois had worked with the government, only 10 percent have done so at the federal level. A majority of these business owners believe that they are unfairly excluded from decision-making processes in procurement when dealing with government agencies. Hispanic business owners identified team building and management, project management, Internet marketing, marketing strategies, and cost and pricing analysis as their top five training needs.²⁴

As part of the FRBC's Detroit Small Business Initiative, the Community Development and Policy Studies Division developed a brief survey published in its *ProfitWise* magazine. The survey sought to find out some of the issues involved in accessing business networks and local resources for small businesses. The survey was answered by 55 business owners from Detroit, with 90 percent of them self-reporting as Black. Business owners who have been in business for 10 years or more indicated a greater need for procurement opportunities compared with those in younger businesses. When asked about their main sources of information, the majority identified local seminars and social media/trade shows. The biggest challenge identified by participants was not knowing what training opportunities were available to them.²⁵

Experts acknowledge that a number of opportunities exist for women and minority-owned businesses to thrive. Yet, challenges still remain. A slow economic recovery, marked by tight credit markets and corporate cutbacks; increasing global competition;

TABLE 4.
Seventh District personal finance and economic education in high school curricula (2014)

Seventh District States	IL	IN	IA	MI	WI
Personal Finance course required to be taken	NO	NO	NO	NO	NO
Student testing of personal finance required	NO	NO	NO	YES	NO
Economic education course required to be taken	NO	YES	NO	YES	NO
Student testing of economic education required	NO	NO	NO	YES	YES

Source: Council for Economic Education (2014)

M/WBEs with small leadership teams; and a lack of understanding of the corporate marketplace are all factors limiting or impeding the success of these companies, especially small businesses.²⁶ In addition, the multiple and complex certification processes M/WBEs must go through to authenticate their status (along with their associated costs) increase the challenges to organizations that are often thinly staffed and have limited capacity. Access to capital has become one of the most challenging obstacles for M/WBEs to start, continue, or grow their business activity. Recent research shows that MBEs receive lower loan amounts, pay higher borrowing costs, and are denied loans more often than their White-owned counterparts. This is especially true for MBEs based in minority neighborhoods.²⁷

The Chicago Fed Procurement department and supplier diversity experts have built on this information to design their strategic plan, training sessions, and technical assistance and capacity-building events. More information can be found in the "Minority and Women-Owned Businesses" section of this Report.

Concerning financial literacy among Seventh District consumers, there is a clear need for improvement, especially for efforts targeting minorities. Latinos and African-Americans in particular have been hit the hardest by the Great Recession, as sufferers of the foreclosure crisis, of discriminatory and predatory lending, and of mortgage fraud at a higher rate than other borrowers. Research shows that Latinos and African-Americans were three times more likely to receive a higher cost, sub-prime loan than White borrowers, given equal credit scores, debt-to-income ratios, and other objective factors.²⁸ The foreclosure crisis has significantly driven down home values in communities of color and has led to higher proportions of "underwater" borrowers in these communities. Research published in 2012 showed that although 25 percent of homes in Chicago were "underwater," the proportion in African-American and Latino communities was more than 40 percent.²⁹ An increased demand has ensued for financial literacy related to loan modifications, short sales and credit counseling, as well as counseling on loan fraud and modification scams, with a special focus on workshops and one-on-one counseling targeting the Latino and African-American communities.

In addition, unemployment rates in the most populated states of the District were above the national average of 5.6 percent as of December 2014 (Illinois 6.2 percent, Michigan 6.3 percent, and Indiana 5.8 percent). In Chicago, 25 percent of African-Americans

and 12 percent of Latinos are unemployed, versus six percent of Whites and seven percent of Asians.³⁰ Such statistics have increased the demand for financial literacy regarding bankruptcy and budgeting in African-American and Latino communities.

Increased financial literacy is also necessary for basic banking services. The latest national Federal Deposit Insurance Corporation (FDIC) survey in 2013 shows that 54 percent of African-Americans and 47 percent of Latinos were underbanked or unbanked, versus 20 percent of non-Hispanic Whites.³¹

Current public school curricula do not adequately serve this need for improved financial literacy. No states within the Seventh District require their students to take financial education courses, and only one state tests its students on these subjects (see Table 4).³²

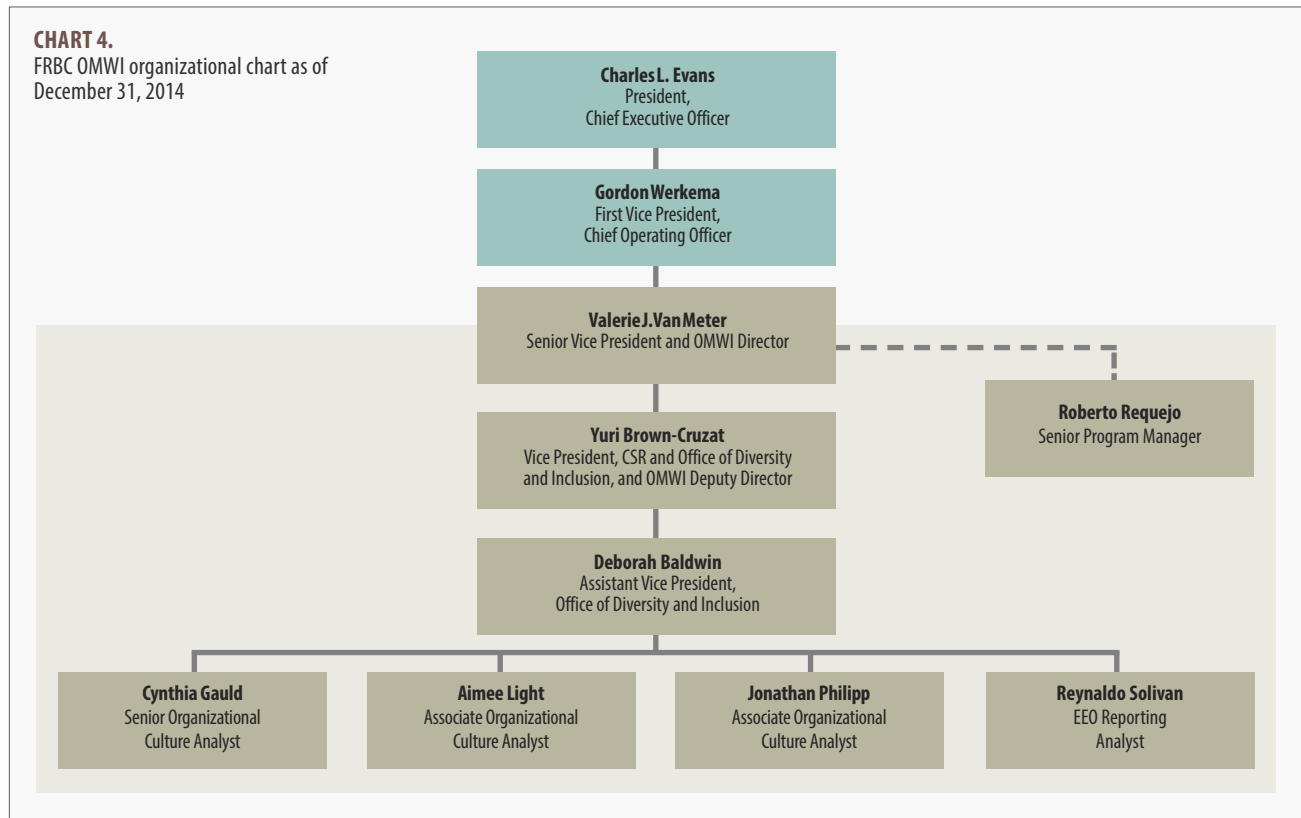
In stark contrast with the above, a survey of high school students, sponsored by Discover, showed that seniors believe personal finance and money management (along with math) are the most critical skills for personal success, with 83 percent stating that they would be very interested in learning more about managing their personal finances. According to the survey, the students “struggled to answer basic financial knowledge questions,” with 65 percent not knowing whether credit cards would hurt their credit score, and 52 percent acknowledging that they didn’t know what their college tuition would be.³³ When looking at race and ethnicity, young Whites show better knowledge of finance than African-Americans and Latinos. When administered three questions on finance (one about interest rates, one about inflation, and one about risk diversification), Whites answered correctly more often than Blacks and

Latinos. In particular, the gap was 18.7 percent between Whites and Blacks, and 16 percent between Whites and Latinos for the question about inflation.³⁴

The Chicago Fed’s Economic Research and Public Affairs departments, in partnership with the Office of Diversity and Inclusion, develop programming for high school students, young adults and teachers in order to address the above deficits. More information can be found in the “Financial Literacy and Community Outreach” section of this Report.

THE FEDERAL RESERVE BANK OF CHICAGO’S APPROACH TO DIVERSITY AND INCLUSION (D&I)

In 2011, the Chicago Fed chose to broaden the scope mandated by Section 342 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the Dodd-Frank Act) to better coordinate and enhance its diversity and inclusion (D&I) initiatives. As required by the Dodd-Frank Act, the Bank established its Office of Minority and Women Inclusion under the name “Office of Diversity and Inclusion” (ODI). The name of the Office represents the Bank’s comprehensive approach to D&I which, while focusing on women and minorities, devotes considerable efforts to promoting inclusion of the LGBT community, veterans, and other under-represented groups. Reporting to the Bank’s First Vice President and Chief Operating Officer Gordon Werkema, Senior Vice President and OMWI Director Valerie Van Meter leads the ODI (see Chart 4). During the third quarter 2014, the Bank reorganized several Bank leadership positions, with former ODI Vice President



and OMWI Deputy Director Craig Marchbanks moving to another role within the Bank. In December 2014, Yuri Brown-Cruzat was hired in the Vice President role, having most recently served as the OMWI Director for Fannie Mae.

Now in its fourth year of existence, the Chicago Fed's ODI coordinates and supports the Bank in meeting its goals to be recognized as an employer of choice, a valued business partner, and a trusted community stakeholder that integrates diversity and inclusion within all its business strategies. The ODI has helped refine and implement the Bank's D&I Policy.

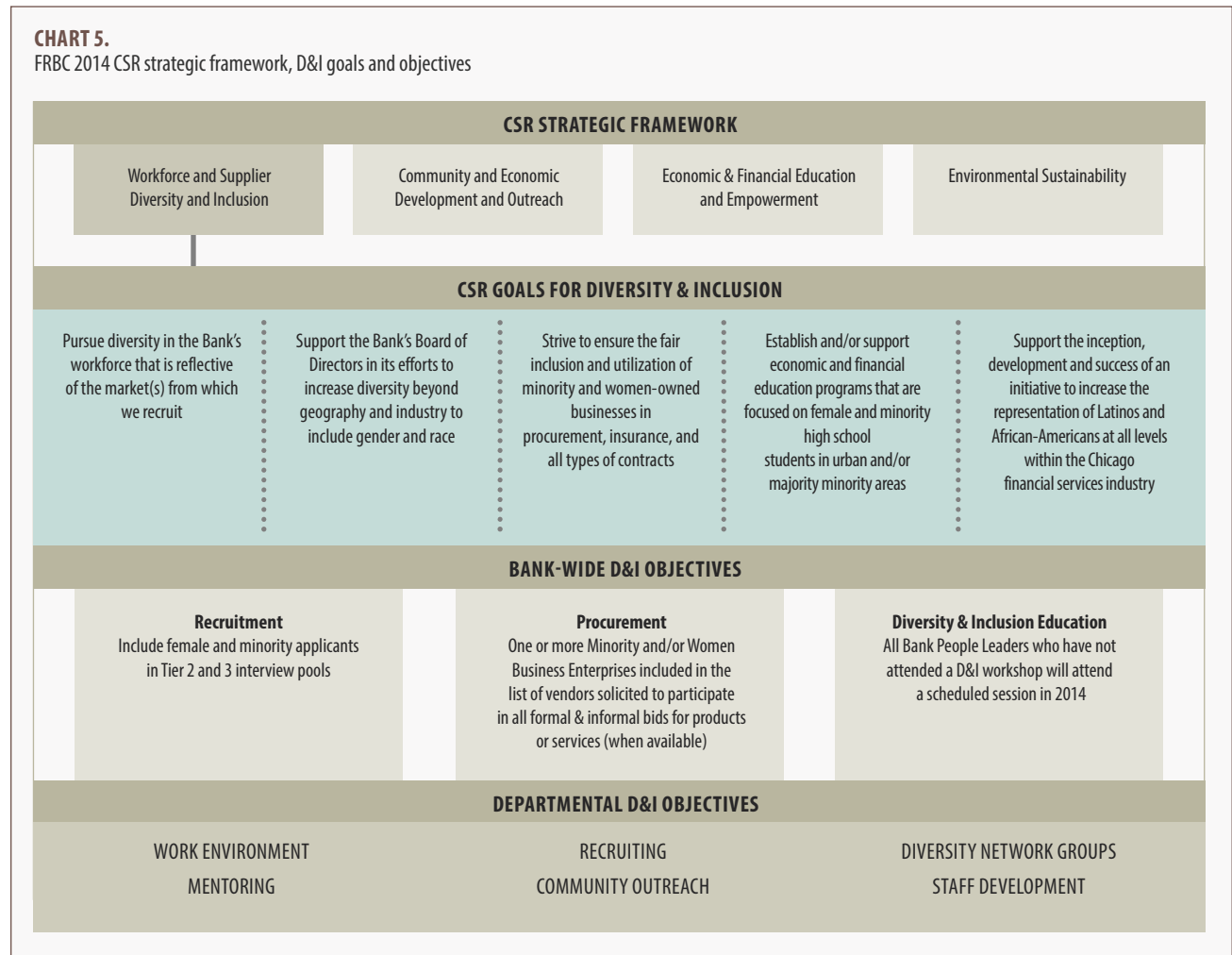
In 2014, the Bank continued to implement its Corporate Social Responsibility (CSR) strategy guided by its CSR Council, an advisory body comprised of cross-departmental leadership and co-chaired by First Vice President and Chief Operating Officer Gordon Werkema and Senior Vice President and OMWI Director Valerie Van Meter. The Bank's CSR strategic framework includes all relevant activities in the areas of D&I, supplier diversity, financial literacy, economic education, community development and policy studies, regional economic outreach, environmentalism, and volunteerism.

For 2014, the Bank's CSR Council established the following five CSR D&I goals, which were endorsed by the Bank's Executive

Committee (EC). In turn, these D&I goals informed Bank-wide and Departmental D&I objectives:

- Pursue diversity in the Bank's workforce that is reflective of the market(s) from which we recruit.
- Support the Bank's Board of Directors in its efforts to increase diversity beyond geography and industry to include gender and race.
- Strive to ensure the fair inclusion and utilization of minority- and women-owned businesses in procurement, insurance, and all types of contracts.
- Establish and/or support economic and financial education programs that are focused on female and minority high school students in urban and/or majority minority areas.
- Support the inception, development and success of an initiative to increase the representation of Latinos and African-Americans at all levels within the Chicago financial services industry and improve the overall cultural competence within the financial services industry.

Throughout the year, the FRBC tracked Bank-wide and departmental D&I objectives, which are reported on a quarterly basis to the Executive Committee and to the members of the



Board of Directors' Governance and Human Resources Committee. Effective, Commendable and Outstanding targets for each objective have been established based on quantitative success rates in each category. The Bank-wide D&I objectives and ratings as of December 31, 2014 are listed in Table 5.

In addition to Bank-wide D&I objectives, the FRBC also tracked departmental D&I objectives, with corresponding targets and measures of success, also reported on a quarterly basis. The department objectives were intended to support the CSR D&I objectives and the Bank's commitment to promoting diversity and inclusion in:

- Hiring, developing, and retaining staff.
- Purchasing products and services from M/WBEs.
- Providing and promoting financial education in the communities we serve.
- Increasing inclusionary behaviors to maximize the engagement and contributions from all staff.

Objectives were developed based upon industry best practices in the areas of diverse recruitment, staff development, mentoring, work environment, D&I education, intercultural development, greater leadership participation in initiatives led by Employee Support Network Groups, community outreach events, and supplier diversity practices. Each department was requested to identify one or more D&I objective for 2014.

All departments met their annual targets, with 15 of the 23 Departmental D&I Objectives obtaining Outstanding ratings, seven of them Commendable ratings, and one objective an Effective rating as of December 31, 2014. In addition to monitoring D&I Objectives, the Bank conducts workforce analysis meetings with all of its departments, and department leaders regularly share information and address challenges. Information regarding the workforce analysis and other tools to monitor women and minority

representation in the Bank's workforce is provided in the next section, "Minority and Women Employment."

Chart 5 summarizes the relationship between the CSR Strategic Framework, D&I goals, and the Bank-wide and departmental D&I Objectives.

In 2014, the Federal Reserve Bank of Chicago initiated a pilot to evaluate the Intercultural Development Inventory (IDI) tool, which is used to help organizations and individuals assess and enhance their skills related to cultural competency and inclusion. Toward that end, Senior Vice President and OMWI Director Valerie Van Meter, Assistant Vice President of ODI Deborah Baldwin, and Senior Program Manager Roberto Requejo became certified Qualified Administrators for the IDI.

Several departments and business units took part in this pilot: Central Bank Services, the Office of Diversity and Inclusion, the System Leadership Initiative team, and the Human Resources and Internal Communications department. In addition to providing a group feedback session, where each business unit learned where its collective team fell on the monocultural-to-multicultural continuum, each participant was also offered a one-on-one session with a Qualified Administrator to review his or her individual assessments. Those who participated in these sessions were provided an individual development plan, along with coaching, to further advance their multicultural competency.

The Executive Committee (EC) of the Bank also participated in an IDI assessment administered by a third-party, minority-owned contractor. The contractor facilitated a group feedback session as well as individual feedback sessions with each EC member. Work is currently underway to develop a joint project for the EC related to the IDI results, as well as to identify individual action steps to be included in the performance plans of each EC member for 2015.

TABLE 5. Federal Reserve Bank of Chicago 2014 bank-wide D&I objectives and results	
RECRUITMENT	Results
1. Ensure that in-person interview pools for Tier 2 and Tier 3 positions include female applicants	<i>Effective rating, with 120 out of 147 pools of interviews for Tier 2 and 3 positions (81%) including one or more female candidates</i>
2. Ensure that in-person interview pools for Tier 2 and Tier 3 positions include minority applicants	<i>Effective rating, with 121 out of 147 pools of interviews for Tier 2 and 3 positions (or 82%) including one more candidates of minority background</i>
PROCUREMENT	
3. One or more Minority Business Enterprises (MBEs) are included in the list of vendors solicited to participate in all formal or informal bids for products or services (when available)	<i>Outstanding rating, with 100% of formal and informal bids including at least one MBE supplier when available</i>
4. One or more Women Business Enterprises (WBEs) are included in the list of vendors solicited to participate in all formal or informal bids for products or services (when available)	<i>Outstanding rating, with 100% of formal and informal bids including at least one WBE supplier when available</i>
D&I EDUCATION	
5. All Bank People Leaders who have not attended a Driving Results through an Inclusive Culture workshop will attend a scheduled session in 2014.	<i>Commendable rating, with 95% of all required People Leaders having completed their training as of December 31, 2014</i>

SENIOR LEADERSHIP COMMITMENT TO DIVERSITY AND INCLUSION

The current Chicago and Detroit Boards of Directors represent diverse backgrounds and interests (including commercial banks, agriculture, commerce, industry, services, labor, and consumers), and have played a key role in providing guidance and leadership to the Bank's efforts around minority and women inclusion. As of December 31, 2014 the Chicago Board, comprised of nine members, included three minorities, of whom one was a female. Of the seven members of the Detroit Board, four are women, including two minorities, and one is a minority male. Members of the Board of Directors' Human Resources and Governance Committee receive quarterly status updates on D&I at the Bank, and offer valuable input, including sharing best practices from their organizations. The Committee also monitors the progress of D&I objectives, information that is regularly shared with the Executive Committee (EC) and the Board of Directors at large.

The commitment to diversity and inclusion at the FRBC starts at the top, with Bank leadership actively engaged in the promotion of D&I policies and practices. To support the Bank's mission and vision and as a commitment to the Chicago and Detroit Boards of Directors, the Chicago Fed has made an investment to provide D&I education to every leader.

In 2014, People Leaders continued participating in *Driving Results Through an Inclusive Culture* workshops. As of December 31, 2014, 95 percent of all required people leaders had attended a session. A member of the EC introduced each session which was then facilitated by independent consultants. The workshop was designed to:

- Increase awareness of diversity, inclusion and cultural competence and their impact on the business.
- Increase understanding of how cultural background can create assumptions, biases, and stereotypes that impact employee contributions, team dynamics and business objectives.
- Explore ways in which subtle and unconscious behaviors create barriers to D&I.
- Clarify the need for personal and organizational commitment to D&I.

The Bank's senior leaders continued their active participation in a number of external outreach and community engagement efforts and in their sponsorship of internal Employee Support Network Groups devoted to promoting D&I. For example, FRBC First Vice President Gordon Werkema continued to serve as Vice-Chair of the Board of Directors for Chicago United, which promotes multiracial leadership in businesses to advance parity in economic opportunity. The organization creates an environment where racially diverse CEOs and executive level management can promote multiracial leadership in governance and share best practices.³⁵

As part of the Bank's *Be Fearless Women's History Month Kickoff* event Valerie Van Meter, Senior Vice President and OMWI Director, spoke to an audience brought together by the Women's Impact Network (WIN) on how to make fearlessness part of your career strategy. She shared her career experiences and explained why being fearless is important. Julie Williams,



Chicago Fed (former) Vice President Craig Marchbanks, third from left, was recognized as one of the Chicago Defender's 50 Men of Excellence for 2014.

Senior Vice President, was introduced as the newly appointed WIN sponsor and shared the group's plan for 2014.

On March 19, Van Meter participated on the *Diversity and Inclusion Required: Policy Integration and Sustainability* panel during the 2014 Urban Financial Services Coalition's (UFSC) annual conference. UFSC (formerly the National Association of Urban Bankers) is a non-profit organization of minority professionals in the financial services industry and related fields. Van Meter shared the FRBC's experience implementing new policy and regulations related to diversity, inclusion and equality. The Bank hosted the UFSC 40th Annual International Summit on June 5 and 6, 2014. More than 100 attendees from across the U.S. and Canada participated in the Summit, which included a number of FRBC employees serving as panelists or presenters on topics such as *Evolution of Diversity and Inclusion*, updates on the economy and regulatory issues, technology issues, and careers in the financial services industry. The list of FRBC panelists and presenters included Valerie Van Meter, Senior Vice President and OMWI Director; Craig Marchbanks, (former) Vice President, Corporate Social Responsibility and Office of Diversity & Inclusion (ODI) and OMWI Deputy Director; Andre Reynolds, Vice President; Bill Strauss, Policy Advisor; Christina Fisher, Assistant Vice President; and Kelly McMillan, Assistant Vice President. A career fair was also held during the Summit for attendees and external participants.

Valerie Van Meter and Detroit Branch Manager, Robert Wiley, continued serving on the boards of Junior Achievement (JA) of Chicago and Southeastern Michigan, respectively. JA is one of the world's largest organizations devoted to financial literacy, mentoring and career preparation for children and youth. Van Meter is also a member of the Honorary Board of Advisors to the national non-profit Student Veterans of America (SVA). SVA is the only organization in America solely dedicated to helping military veterans excel in higher education and after graduation. With chapters on more than 1,000 campuses nationwide, SVA's peer-support network works to empower thousands of student veterans to graduate with

market-valued degrees. Wiley is also a Trustee of the Michigan Council on Economic Education. In addition, Bill Testa, Vice President of Economic Research, serves as Chairman of the Board of Trustees for the Illinois Council on Economic Education, and Mark Hands, Supplier Diversity Program Manager, serves on the board of the Chicago Minority Supplier Development Council. Several senior leaders also serve as executive sponsors for the Bank's ESGs.

Valerie Van Meter is one of the two co-chairs of the Financial Services Pipeline (FSP) Initiative Steering Committee (see "Project in Focus" section), and Charles Evans, FRBC President and CEO, is a member of the Initiative's CEO Leadership Council. Several members of the FRBC Board of Directors participated in the CEO Leadership Council, including William Farrow, President and CEO, Urban Partnership Bank; Terry Mazany, President and

CEO, The Chicago Community Trust; and Rick Waddell, Chairman and CEO, Northern Trust. Susan Collins, Dean of the University of Michigan's Gerald R. Ford School of Public Policy and member of the Detroit Branch Board of Directors, is serving in an advisory role.

Craig Marchbanks was selected as one of the *Chicago Defender's* 50 Men of Excellence for 2014. The award is designed to acknowledge and celebrate African-American men in the Chicago area who personify the qualities of respect, responsibility, passion, brotherhood, and leadership. The FRBC received the 2013-2014 United Way of Metropolitan Chicago's Diversity Award, which recognizes a company for its diversity initiatives that demonstrate commitment to creating an inclusive and flexible workplace and enable individuals to embrace their diversity, richness of backgrounds and varying perspectives.

Project In Focus: Financial Services Pipeline Initiative



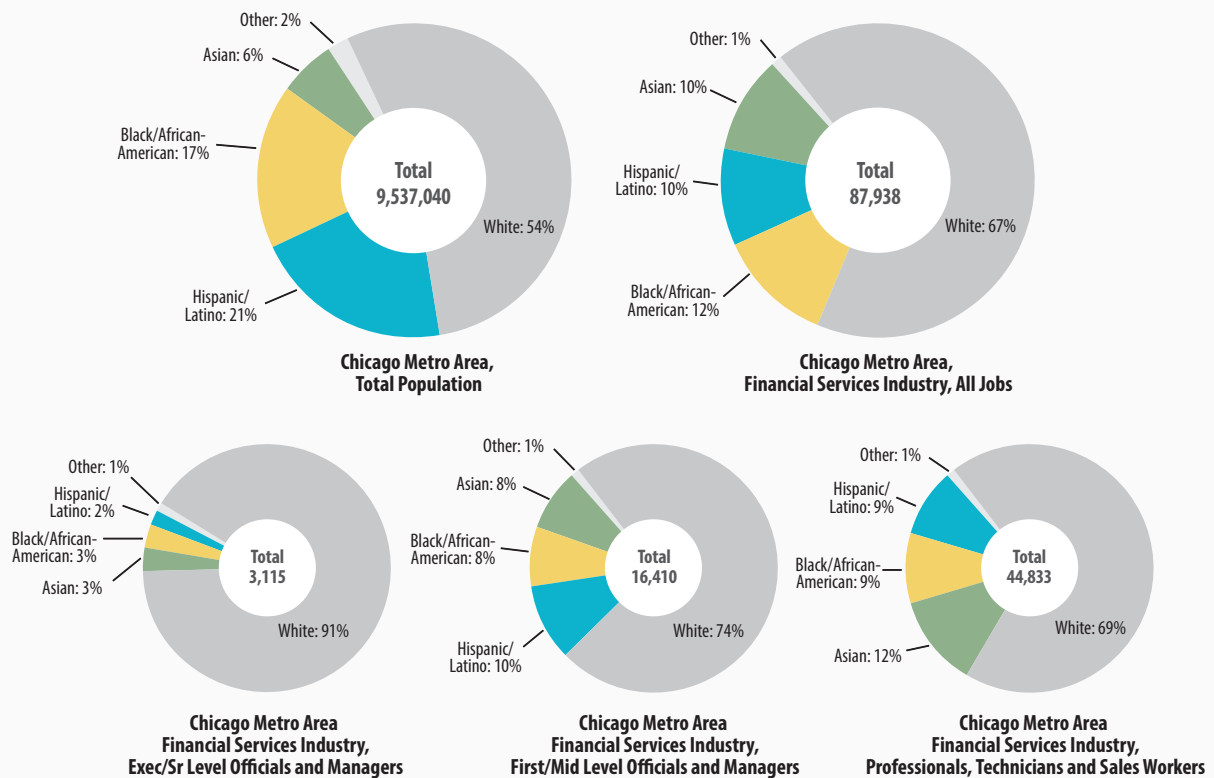
REFLECTING CHICAGO'S DIVERSITY

Low representation of African-Americans and Latinos in the U.S. financial services industry is especially evident in the Chicago metropolitan area. While the 2013 U.S. Census estimates show significant diversity in the overall population (54 percent White, 17 percent Black, 21 percent Hispanic, and six percent Asian), 2013 data released by the Equal Employment Opportunity Commission (EEOC) shows a financial services workforce that is 67 percent White, 12 percent African-American, 10 percent Latino, and 10 percent Asian. The differences in representation are even more acute at the highest levels of financial organizations

(C-suites), where 92 percent of executives are White, three percent African-American, two percent Latino and four percent Asian, according to the EEOC. Chart 6 summarizes these numbers by comparing racial/ethnic representation for the Chicago metro area; its financial services sector; and three key job categories within it: (1) Executives/Senior Level Officials and Managers, (2) First/Mid-Level Officials and Managers, and (3) Professionals, Technicians and Sales Workers combined.³⁶ In addition to showing low percentages, the representation of African-Americans and Latinos in the financial sector has remained stagnant for the

CHART 6.

Chicago metropolitan area racial and ethnic representation: Total population vs. financial services industry and selected EEOC job categories (2013)



Source: U.S. Equal Employment Opportunity Commission, and U.S. Census Bureau, American Community Survey



College students learned about finance careers and networked with industry executives at the 2014 FSP Initiative Summer Intern Career Conference held at the Chicago Fed in July.

past five years in the Chicago area despite all the D&I efforts that financial services firms have individually undertaken.³⁷

Recognizing that this lack of diversity has a negative impact on the competitiveness and equity of the Chicago region, and on the organizational cultures and financial “bottom lines” of corporations, a group of Chicago-based financial institutions joined forces with The Chicago Community Trust—the region’s community foundation—to form the Financial Services Pipeline (FSP) Initiative in 2013. Founding members of the FSP include Ariel Investments, BMO Harris Bank, the Federal Reserve Bank of Chicago, Holland Capital Management, Loop Capital, Northern Trust, and Urban Partnership Bank. A number of financial institutions core to Chicago’s financial and civic life joined the group in 2014: Bank of America, CME Group, JPMorgan Chase, Madison Dearborn Partners, Mesirow Financial, U.S. Bank, and Wintrust. Today, the FSP Initiative members represent collectively more than 30,000 leaders and professionals in Chicagoland’s financial industry—close to 50 percent of the total population of such leaders and professionals.

The FSP Initiative is governed by a CEO Leadership Council co-chaired by Terry Mazany, President and CEO of The Chicago Community Trust; Rick Waddell, Chairman and CEO of Northern Trust; and Monica Walker, CEO and CIO of Holland Capital Management. It is also governed by a Steering Committee co-chaired by Valerie Van Meter, Senior VP and OMWI Director at the FRBC, and Peggy Mueller, Senior Program Officer at The

Chicago Community Trust. Roberto Requejo of the Chicago Fed acts as the Senior Program Manager for the FSP Initiative. Two key goals of the FSP Initiative are:

- Increasing the representation of Latinos and African Americans, at all levels, within the Chicago area financial services industry
- Improving the overall cultural competency within the Chicago area financial services industry

The FSP Initiative’s goals are to be achieved in three phases. Phase 1, “Formation,” took place throughout 2013 and part of 2014, and entailed working with The Chicago Community Trust, which established the groundwork for the FSP Initiative, recruited a number of firms into the effort, and issued an RFP for consulting services. FSP Initiative Steering Committee members selected Mercer, a global human capital consulting firm, to undertake research to inform the Initiative’s action plan. Phase 2, “Research and Action Planning,” started in late 2013 and continued throughout 2014. It entailed conducting relevant research and developing an action plan to address the FSP Initiative’s goals based on key findings, as well as on metrics to gauge success. Phase 3, “Implementation,” will consist of carrying out the different actions designed during Phase 2 by pooling resources and partnering with other organizations, when needed, starting in 2015.

The FSP research plan commenced in mid-2014 with a series of interviews with experts and leaders in human resources and diversity and inclusion from the different FSP member organizations. Research continued with the development of an aggregated Internal Labor Market (ILM) map, including data on hires, promotions and exits from members of the Initiative, as well as projections for expected representation of African-Americans and Latinos in the local financial industry within the next five years. Additionally, Mercer administered a survey to more than 5,000 leaders and professionals working at FSP member organizations in order to learn about the construction of their professional identities as members of the financial sector, their experiences in the industry, and their ideas on how to enhance diversity and inclusion in the sector. Additional organizations participating in this survey are expected to increase its overall reach to more than 25,000 professionals. All these research components — along with a series of focus groups, a literature review and a program scan — will inform the development of an action plan by the Steering Committee in 2015.



The Financial Services Pipeline Initiative received media attention from various news outlets in 2014, including the nationally-syndicated program First Business.

Preliminary findings of the research, sponsored by the FSP Initiative, were shared at the 2014 FSP Summit, hosted at the Federal Reserve Bank of Chicago on November 20. More than 120 professionals from human resources, diversity and inclusion, community development and philanthropy attended this event, which also included representatives of the Federal Reserve's Board of Governors staff and several Reserve Banks. Along with a presentation on key research findings, the Summit included concurrent break-out sessions designed to identify solutions in the areas of: "Early recruiting: College and before;" "Filling key jobs with diverse talent;" "Supporting people of color in their early to mid-career;" and "Cultural competency in the financial sector." Another major focus of the summit was the release of the *FSP Initiative 2014 Index*. The Index offers a snapshot of racial/ethnic diversity within Chicago metro's financial sector from 2008-2013, with a focus on African-American and Latino representation, and also puts the data into a national context. The keynote speaker at the Summit was Frank Ross, Director of the Center for Accounting Education at Howard University's School of Business. Professor Ross discussed progress and lessons learned through the Pipeline Project, an effort to increase diversity in the accounting profession through communication, marketing and awareness; school-based programs from high school to college; and supports to obtain Certified Public Accounting (CPA) qualifications and other certifications.

The initial research sponsored by the FSP Initiative members, conducted by Mercer, found that participating institutions are at different stages of their D&I journey. The research also found that the business case for diversity and inclusion is not fully internalized by the overall industry. Although organizations have goals around recruitment, retention and the development of diverse talent, most efforts tend to focus mainly on recruitment, leaving ample space to improve the retention, development, and support of people of color as they advance in their careers, and to build more inclusive work environments.

The Internal Labor Market analysis indicated that while rates of promotion to management for African-Americans and Latinos are relatively high, their attrition levels once they arrive in middle management are also high, showing a retention problem for both groups. Differences between the two groups exist related to hiring rates, with African-Americans showing lower rates than other groups, and Latinos higher rates. Based on the preliminary data, no net increase of African-American and Latino representation is expected to occur in five years in the higher tiers of the financial services organizations studied, assuming the current rates of hiring, promotion and attrition. Retention is the single most powerful leverage point for increasing representation of African-Americans and Latinos at the highest career levels, with simultaneous changes in attrition, promotion and hiring dynamics yielding the largest increases in representation.

Also during Phase 2 of the FSP Initiative, a Summer Intern Career Conference was held in July. More than 150 interns from FSP Initiative member institutions attended the conference to learn about careers within the financial services industry and network with executives and other interns. As part of the program, interns attended panels of industry leaders showcasing different career paths in the financial sector, including: "Investment Banking and Asset Management;" "Commercial and Retail Banking;" "Community Impact: A Business Imperative;" and "Support Functions in Finance." Interns had an opportunity to hear keynote speeches by FRBC President and CEO Charles Evans and Chairman and CEO of Loop Capital Jim Reynolds.

Minority and Women Employment

The Federal Reserve Bank of Chicago continued to promote diversity and inclusion within its workforce in 2014, aiming to create a workplace that embraces and supports people of different backgrounds, as well as diversity of thought. To that end, the Bank monitored closely the demographics of its workforce, with special attention paid to gender, race and ethnicity. The Bank also expanded its emphasis on attracting diverse talent to the Bank, both within the District and as the coordinator of the Federal Reserve System's diversity recruitment strategy. Training and development opportunities targeting retention and professional growth were offered to staff, with a focus on offerings customized to the perspectives of women and minorities. Diversity-oriented affinity groups, known as Employee Support Network Groups (ESNGs) within the Bank, played a key role in creating a workplace where women, racial and ethnic minorities, members of the LGBT community and veterans are supported in their professional and personal development, in efforts to educate Bank staff about their respective communities, and in volunteer work in partnership with nonprofit organizations.

The Chicago Fed also continued its Bank-wide D&I objectives, ensuring that in-person interview pools for Tier 2 and Tier 3 positions included both female and minority applicants. As of December 31, 2014, the Bank met these objectives 81 percent and 82 percent of the time, respectively.

DATA AND TRACKING

The FRBC collects a variety of data about the demographics of its workforce, which are studied and interpreted using several analytic frameworks. The Bank looks at the demographic breakdown of its key positions according to the Equal Employment Opportunity Commission (EEOC) categories. The Bank makes comparisons between the demographics of its own job categories and the availability of female and minority candidates in the job markets for such categories. These analyses provide the Bank a snapshot of its workforce demographic breakdown, along with an assessment of the rate at which female and minorities qualified for different Bank jobs are being utilized.

In order to foster management accountability the Bank's OMWI Director has, over the past several years, conducted annual workforce analysis meetings with senior management of the Bank's various departments. The scope of each meeting includes reviewing workforce demographics and employment actions in order to identify trends and opportunities and address potential areas of

concern. This information is then used by each department to identify specific actions for the upcoming year that would further the achievement of the Bank's D&I objectives. The information contained in the following subsections, focused on staffing representation, reflects findings and data extracted from the Bank's workforce analysis and EEO reports.

STAFFING REPRESENTATION: EEOC JOB CATEGORIES

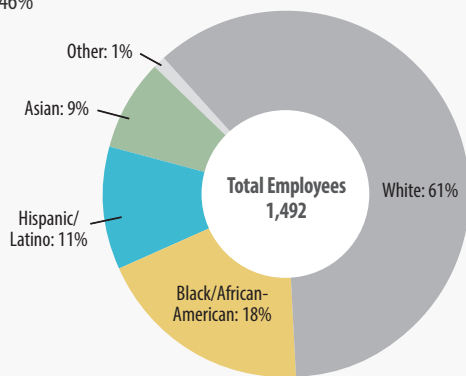
The Bank's staffing representation as of August 31, 2014, which is based upon EEOC job categories, is included in the Appendix (including staff classified as *extra help*³⁸). As of December 31, 2014, the Federal Reserve Bank of Chicago's total staff level was 1,492 (not including *extra help*), an increase of one percent from the 1,479 regular help employees working for the Bank as of December 31, 2013. Overall the Bank's female percentage representation remained unchanged in 2014 at 46 percent; this steady state is seen as positive after several years of experiencing a steady decline in female percentage representation. Overall minority representation remained the same compared with last year's report at 39 percent. Black/African-American employees represented 18 percent of the Bank's workforce (a decrease from 2013), Hispanic/Latinos 11 percent (no change from 2013), and Asians nine percent (an increase from 2013). Other minorities represented one percent of the total (no change from 2013). See Chart 7.

The majority of the Bank's positions fall into three EEOC job groups or categories: Officials and Managers; Professionals; and Administrative Support.³⁹ The Professionals category continues to be the largest, comprising about 60 percent of the Bank's workforce (an increase from 58 percent in 2013). Officials and Managers category represent 22 percent of the positions in the Bank (an increase from 2013). As reported in 2013, the Administrative Support category continues to decline and currently comprises 11 percent of the Bank's workforce (a slight decrease compared with 12 percent in 2013 and 13 percent in 2012). While the trend of EEOC job categories shifting to a higher percentage of managerial and professional jobs in the Bank continues, the headcount representation of minorities in both job groups also increased. Female headcount representation remained about the same in the Officials and Managers category and slightly decreased in the Professionals category.

The Bank's Officials and Managers category, which includes the higher tiers of the organization, was 46 percent female and 27 percent minority in 2014 (steady for females and a slight increase of one percent for minorities in 2014). Percentage representation

CHART 7.
FRBC workforce demographics: Race/ethnicity and gender as of December 31, 2014

■ Male = 54%
■ Female = 46%



in 2014 within Officials and Managers by race/ethnicity was 12 percent Black/African-American (no change from 2013), nine percent Hispanic/Latino (no change from 2013), and six percent Asian (an increase from five percent in 2013).

In 2014, female percentage representation experienced an increase within the Professionals category, at 46 percent (from 45 percent in 2013). The representation of minorities was 36 percent (no change from 2013). The Professionals category is 13 percent Black/African-American (a slight decrease compared with 14 percent in 2013), 10 percent Hispanic/Latino (an increase from nine percent in 2013), and 12 percent Asian (an increase from 11 in 2013).

The Administrative Support category was 67 percent female in 2014, representing a slight decrease in percentage representation from 68 percent in 2013, while percentage representation for minorities in this category increased from 71 percent in 2013 to

72 percent in 2014. The Administrative Support category is 49 percent Black/African-American, 16 percent Hispanic/Latino, and five percent Asian (see Chart 8).

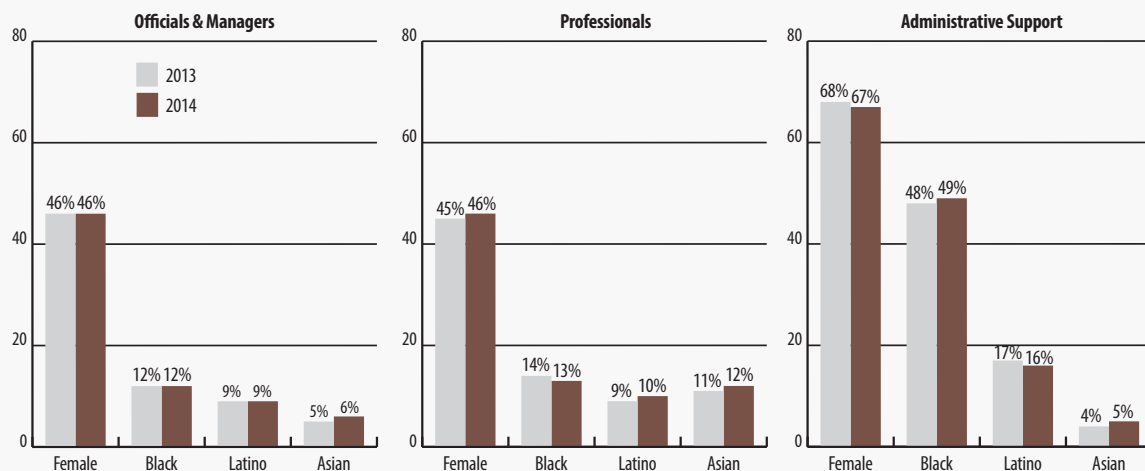
**STAFFING REPRESENTATION:
INTERNAL JOB GROUPS OF THE FEDERAL RESERVE BANK OF CHICAGO**

In order to properly assess the representation of women and minorities in the Bank's workforce, the Chicago Fed does not compare the demographic breakdown of its internal job groups with that of the general population. Due to the specialized skills and higher-level education requirements needed to fill the majority of the jobs within the Bank, the overall demographic breakdown of the general population does not provide an appropriate proxy of the candidate pools from which the Bank would be able to recruit. As a result, the FRBC considers the labor market availability of the workforce in each of the Bank's job groups. Then it analyzes the demographics of such job groups against the demographics of the job market for existing, comparable job groups locally or nationally (depending on the geographic scope of recruitment used for each job group) using the most recent data provided by the U.S. Census Bureau.⁴⁰ Through this exercise, the Bank determines the availability of professionals in each job group and position, compared with the labor force numbers, and determines whether certain demographic groups show a shortfall in representation.

The most recent of these analyses was performed looking at more than 800 employees in the upper-level job groups of the organization, including Officers, Managers, Supervisors, Knowledge Leaders⁴¹ and other upper-level job groups. Although there are exceptions, the analysis revealed that in 2014, in comparison with the availability of women and minorities in the labor force, the Bank made gains from prior years in the representation of women and minorities of these upper-level job groups.

Overall minority representation in several high-level job groups continued to show increases from 2013 to 2014, including

CHART 8.
FRBC EEOC selected categories: Percentages of females and largest minority groups as of December 31 (2013-2014)





Chicago Fed Recruiting Manager Cheryl Hillman speaks to a prospective job candidate at the National Black MBA Association's National Conference.

Managers (from 25 to 28 percent), Supervisors (from 42 to 47 percent), Upper-Level Examiners (from 24 to 29 percent), and Upper-Level Technology Professionals (from 38 to 39 percent). Similar to other upper-level job groups in the Bank, the Upper-Level Examiners and Upper-Level Technology Professionals job groups are comprised of jobs that require higher levels of analytical expertise and proficiency. These often serve as a potential pipeline for managerial positions, such as supervisor and manager. Furthermore, the most significant change in minority representation within the Bank's upper-level job groups was in the Knowledge Leaders job group, which increased from 10 percent minority representation in 2013 to 17 percent in 2014.

Female representation grew in the following upper-level job groups from 2013 to 2014: Officers (from 45 to 47 percent); Supervisors (from 48 to 49 percent); Upper-Level Analysts (from 64 to 69 percent); Upper-Level Examiners (from 33 to 34 percent); and Upper-Level Technology Professionals (from 19 to 21 percent). Similar to minorities, the most significant change in female representation within the Bank's upper-level job groups was in the Knowledge Leaders job group, which increased from 13 percent female representation in 2013 to 21 percent in 2014.

The Bank continued to focus on promoting diversity in the Entry-Level Examiners' job group, which in 2014 was comprised of 40 percent minority representation (an increase from 36 percent in 2013) and serves as a pipeline for the Upper-Level Examiner group. The 2014 analysis shows a year-over-year increase by five percentage points in minority representation for this particular job group. The Bank closed the gap for minority representation in the Upper-Level Examiners job group relative to its labor market availability (showing five percentage points above market availability in 2014).

Recruiting female professionals for IT positions continues to be a challenge for the Bank. This is due to the significant gender gap that still exists in the supply of talent. However, in contrast to

the decrease of the Bank's female percentage representation in the Upper-Level Technology Professionals job group reported in 2013, the 2014 data showed an increase by two percentage points (from 19 percent to 21 percent). When the Bank's female representation in the same job group was compared with the current labor market availability, it showed that a shortfall previously reported no longer exists.

The difference between the Bank's minority and female representation and the market availability for the Knowledge Leader job group closed significantly in 2014. The gap was reduced to two percentage points below market availability for females (from 10 in 2013) and to seven percentage points below market availability for minorities (from 12 in 2013).

With respect to hires, the total number increased from 145 in 2013 to 169 in 2014.⁴² The overall percentage of female hires increased from 39 percent in 2013 to 42 percent in 2014. The percentage of female hires in the Officer/Knowledge Leader tier (OFCR/KL tier) was 25 percent. Of the total female hires in the Bank's Tier 3 category (higher-level professionals, supervisors, and managers), 55 percent were minorities. The overall percentage of total minority hires increased from 41 percent in the previous year to 43 percent in 2014. The percentage of minority hires in Tier 3 was 48 percent, which exceeds the minority percentage representation in the headcount for the same tier (33 percent).

The number of promotions in the Seventh District increased to 230 in 2014 from 171 in the prior year. Females comprised 45 percent of the overall promotions (a decrease from 51 percent in 2013). The percentage of female promotions in the OFCR/KL tier was 46 percent, and in Tier 3 it was 45 percent. The percentage of minority promotions decreased from 39 percent in 2013 to 34 percent in 2014. The percentages of minority promotions in the OFCR/KL tier and Tier 3 were 17 and 35 percent, respectively.

The total number of separations (voluntary and involuntary) increased from 86 in the prior year to 111 in 2014. Of the 111 separations in 2014, 15 percent were due to retirement, and of these, 29 percent were females. The Bank also had 10 employees transferring out to other Federal Reserve Banks. The representation of females in the separation statistics increased from 37 percent in 2013 to 45 percent during this reporting period. However, the representation of minorities in the separations statistics decreased from 40 percent in 2013 to 37 percent in 2014.

After years of trending downward, the Bank's turnover rate increased to seven percent in 2014 from six percent in 2013 (the first upward trend in several years) but continued to be lower than external benchmark data. Minority females and non-minority males experienced the highest increases in turnover, while the minority male turnover rate decreased.

PROMOTING AN INCLUSIVE WORK ENVIRONMENT THROUGH DIVERSITY EMPLOYEE SUPPORT NETWORK GROUPS

The ODI coordinates the Bank's diversity-oriented affinity groups, known as Employee Support Network Groups (ESNGs). The ESNGs are resources to share and promote the common interests of employees with a set of cultural characteristics that are

unique and reflective of their life experiences and cultural norms. The diversity ESNs provide opportunities for employee involvement in internal and external events held in partnership with civic organizations (with a focus on volunteerism in financial literacy and mentoring of high school students). The Bank's ESNs also support the Chicago Fed's diversity and inclusion efforts regarding recruitment, engagement and staff development and retention.

The first diversity ESN was formed in 2002. The number of these groups has grown over the years and as of December 31, 2014 the Bank had six diversity-related ESNs, which included:

- African American Association for Personal and Professional Growth (APPG)
- Asian American Affinity Group (AAAG)
- Latino Resource Association (LRA)
- Seventh District Friends of Lesbians And Gays (7FLAG)
- Veterans Support Group (VSG)
- Women's Impact Network (WIN)

Senior leaders serve as executive sponsors of the Bank's Diversity ESNs. They include Craig Marchbanks, (former) Vice President of Corporate Social Responsibility (APPG); Alpesh Patel, Assistant Vice President (AAAG); Sean Rodriguez, Senior Vice President (LRA); Kelly Emery, Vice President (7FLAG); Julie Williams, Senior Vice President (WIN); and Valerie Van Meter, Senior Vice President and OMWI Director (VSG).

The ODI continued to intensify its work with members of the ESN community to strengthen their impact, influence and effectiveness. The ODI developed customized Strategic Alignment Workshops (SAW) for new ESN leaders. The SAWs are facilitated by an external consultant and are designed to assist the ESNs in a successful launch or re-engagement and to align the ESNs' goals and objectives with the Bank's business and D&I priorities. Strategic plans are designed with three main focus areas:

Employee Engagement

- Enhance community building among colleagues
- Promote cultural/heritage/special interest awareness
- Contribute to and have an impact on the Bank's culture

Talent Development

- Provide learning and development opportunities with a focus on skill and competency building
- Offer targeted professional growth with personal brand training

Community Outreach

- Partner with economic financial education program efforts
- Coordinate high school outreach activities
- Support supplier diversity initiatives

The ODI held its annual ESN *State of the Union* meeting in May and presented ESN executive teams with updated policies, processes and procedures, as well as with an outline for successful event planning in alignment with the Bank's Corporate Social Responsibility mission and vision. The ESNs combined these tools with knowledge and skills gained from the Strategic Alignment Workshops series for effective strategic planning in 2014.

During the third quarter, the ODI sponsored the ESN leadership training session, *Clarifying Needs and Describing Benefits*,

based on Supervision and Regulation's *Leadership and Influence* course. The training was designed to give ESN leaders the opportunity to discover and analyze factors that shape their own leadership styles and refine their leadership and persuasion skills. Karen Whalen-Ward, Supervision & Regulation Knowledge Leader, led the course.

In October 2014, two ESN leaders were selected to attend the National Affinity Leadership Congress conference, which focuses on training employee resource group leaders. This year's attendees, Colin Neier, VSG President, and Veronica Martinez, WIN Treasurer, were trained on organizational structure, programming, strategies and additional tools to improve their respective affinity groups.

ESNs continued to actively engage in diversity initiatives throughout 2014. One of the most visible Bank-wide acknowledgments of the value of workplace diversity is the celebration of cultural and heritage months. ESNs play a key role in providing content and activities for these celebrations. They include: Black History Month (February), Women's History Month (March), Asian-American and Pacific Islander Heritage Month (May), LGBT Pride Month (June), and Hispanic Heritage Month (mid-September to mid-October). During October, the Bank collectively celebrated Diversity Month to promote diversity of thought and culture by sponsoring events, external speakers and activities open to all employees. And in November, the Bank had a Veterans Day celebration event.

APPG presented a plenary session titled *Black Pioneers-100 Years of Financial Service* in February. The discussion focused on prominent African-American pioneers in the area of finance over the past century and on the changes in finance since the passage of the Civil Rights Act in 1964. APPG also co-sponsored a cross-industry financial round table event with employees from Jones Lang LaSalle, ComEd, Quarles & Brady, and other Chicago United member companies. Participants shared best practices and addressed common challenges and successes within affinity groups at their respective companies. APPG ended the year with its annual Business Leaders of Color Panel titled *Blazing Your Own Trail*. The discussion was moderated by CLTV weekend anchor Gaynor Hall. The panelists were Patrick Scotto di Luzio, Head Personal Segment Management at BMO Harris Bank; Michelle Gaskill, President, Advocate Health Care at Trinity Hospital; and David Arenas, President of Arenas Reilly Partners. Panelists led a discussion on developing competencies that aid in professional advancement, the potential price of professional success, board participation, and how to lead in anticipation of a leadership role.

AAAG celebrated the *Year of the Horse* in February with cultural events that included a presentation on the Chinese Lunar Calendar. Employees were invited to participate in the traditions, customs and food. The AAAG collaborated with the National Association of Asian-American Professionals to celebrate Asian-American and Pacific Islander Heritage Month in May. Through this collaboration, Bank employees were able to connect with Asian leaders from other companies including Accenture, Allstate, Aon, BMO Harris Bank, Deloitte, KPMG, and Northern Trust, among others.

LRA continued its annual cultural series, *The Many Faces of Latin America*, which in 2014 featured a presentation on the culture, cuisine and music from Central America. During Hispanic Heritage Month, LRA hosted an event called *The Economic Impact of Immigration* with guest speaker Antonio Gracias, Chief Executive Officer and Chief Investment Officer of Valor Equity. The LRA invited Senior Economist Maude Toussaint-Comeau, from the FRBC's Community Development and Policy Studies division, to open the event with a presentation of her research on the topic, and Senior Vice President Sean Rodriguez introduced the featured guest. The event concluded with an in-depth dialogue between Mr. Gracias and Sandra Rolnicki, Risk Management Consultant at the Chicago Fed.

7FLAG celebrated Pride Month with events that included *Inclusion in the Workplace*, a leadership panel held on June 16. The panel included Chicago Fed LGBT advocates Valerie Van Meter, Senior Vice President and OMWI Director; Kirstin Wells, Vice President and Risk Officer; and Joe Davidson, Vice President Consumer Compliance. Among the topics discussed was the question of what is expected of employees to promote a more inclusive work environment. The panel also addressed the question of why inclusion is so important for business and how to put it into practice. On June 17, more than 50 Bank employees attended the third-annual lunchtime *Supper Club*, which focused on how the new marriage equality laws may impact same-sex couples. 7FLAG closed Pride Month on June 26 with a lunchtime event titled *Be YOU: Discovering the Power of Authenticity* featuring Shaun Sperling, a motivational speaker and attorney. Sperling shared his journey and demonstrated through his story the power of embracing one's true authentic self.

WIN kicked off Women's History Month encouraging women to "be fearless" in 2014. On March 7, WIN presented a *Successful Women of Color* panel co-sponsored with APPG. Kristin Hamb, Statistical Reports Supervisor, served as moderator for a panel that included Vice President Nokihomis Willis, Assistant Vice President Christina Fisher, Statistics Financial Reports Manager Jamica Quillin, and Assistant Examiner Tamara Missick. WIN also hosted guest speaker Andrea Kramer, Partner at McDermott Will & Emery LLP, as she discussed gender differences in communication styles and how to eliminate gender biases in business and professional settings. In addition, WIN participated in a video conference that was hosted by the Atlanta Fed featuring a discussion with guest speaker and author Becky Blalock on her new book *Dare: The Straight Talk on Confidence, Courage, and Career for Women in Charge*. This event was the kickoff for a four-part weekly "no reading required" book review series where employees interviewed Bank leaders, including Cynthia Castillo, Assistant Vice President of Meeting & Travel Services; Nokihomis Willis, Vice President of Human Resources and Internal Communications; and Wendy Kallery and Nancy Beebe, Vice Presidents in Supervision & Regulation.

The VSG celebrated Memorial Day with a remembrance event to honor those who perished in defense of the United States while serving in the military. This was the first official event for the VSG as a formal ESNG and was attended by more than 100



The Chicago Fed hosted a number of events in 2014 to introduce college students and minority professionals to careers in the financial industry.

Bank employees. The event helped bring awareness to a historic announcement made on March 18, 2014, by President Obama, through which 24 military veterans were awarded the Medal of Honor, our nation's highest award, given only in recognition of acts of true valor. Nineteen of the 24 recipients were previously overlooked for the Medal of Honor due to their racial or ethnic backgrounds. The VSG recognized the significance of the Medal of Honor to our country's past and highlighted ten Medal of Honor recipients, including the relative of an FRBC employee. In November, the VSG honored Bank veterans with a U.S. flag folding ceremony conducted by Chicago Fed Law Enforcement Unit officers Daniel Mota and Andy Sanchez. The event had two speakers: Phil Maronon from the U.S. Veterans Administration (VA), who spoke about the VA's efforts to support and facilitate veterans' attempts at employment, and Jeffery Sinchak from the Wounded Warriors Project, who focused his talk on the causes and effects of post-traumatic stress disorder (PTSD) and presented information on post-active duty employment and on the challenges of addressing PTSD when veterans return home from a combat zone.

DIVERSITY RECRUITING

The Federal Reserve Bank of Chicago has established a Bank-wide D&I objective in the area of recruitment, ensuring that in-person interview pools for Tier 2 and Tier 3 positions include both minority and female applicants. As of December 31, 2014, the rating was "Effective" for female applicants, with 120 out of 147 pools (or 82 percent) including at least one female applicant. The rating was also "Effective" for minority applicants, with 121 out of 147 pools (or 82 percent) including at least one minority applicant.

The Chicago Fed's Human Resources and Internal Communications department coordinates the Federal Reserve System's diversity recruitment strategy, and leads a complementary effort to attract diverse talent to staff its Chicago headquarters, Detroit Branch and Des Moines office. Human Resources Manager Cheryl Hillman, Assistant Vice President Althea Lee, and Vice President Nokihomis Willis coordinated both sets of efforts in 2014.

Since 2007, the Federal Reserve System has collaborated to implement and execute strategic national diversity recruiting and advertising efforts across all Reserve Banks, the Board of Governors and Federal Reserve Information Technology (FRIT). The System's diversity recruiting strategy uses a collaborative and cost-effective approach toward participation in six national, diversity-focused conferences and several regional conferences. Diversity advertising via online, print, and social media vehicles aligns with a conference presence to position the System as an employer of choice.

During 2014, the System collectively attended the following six national diversity conferences: Women In Technology International (WITI), Association of Latino Professionals for America (ALPFA), National Association of Asian American Professionals (NAAAP), National Black MBA Association (NBMBAA), National Society of Hispanic MBAs (NSHMBA), and Thurgood Marshall College Fund (TMCFF). Working closely with these nationally recognized organizations supports diverse hiring and creates awareness among prospective employees for the Federal Reserve System. In order to proactively source talent, the System collected more than 400 resumes, sent over 80 resumes to hiring managers, conducted ten face-to-face interviews, made two offers, and ultimately hired two people.

At the NSHMBA conference, the System participated in a professional development workshop: *Leading with Impact & Purpose — A Holistic Approach* led by Stephen Hart, Assistant Vice President of Human Resources at the Federal Reserve Bank of Philadelphia. In addition, eight Fed employees volunteered as career coaches during the conference.

Throughout 2014, the Federal Reserve System was featured in several publications focused on workforce diversity. The System was highlighted in an advertisement that was featured in both the *Hispanic Network Magazine* and *Professional Woman's Magazine*. These magazines were distributed at the 2014 National Society of Hispanic MBA conference as well as at the National Black MBA Association conference. *Diversity Careers in Engineering and Information Technology* included an editorial featuring Brittany Brown, Emerging Talent Specialist at the Federal Reserve Bank of Richmond. The editorial focused on diversity careers in engineering and information technology. Additionally, *Diversity Careers in Engineering and Information Technology* published an article about the Chicago Fed's information technology-focused diversity efforts in the October/November issue. The article featured Senior Vice President and OMWI Director Valerie Van Meter, Human Resources Manager Cheryl Hillman, and Information Technology Assistant Vice President Jeremy Lewis. The Federal Reserve System was named in the spring issues of *Black EOE Journal*, *Hispanic Network Magazine* and *Professional Woman's Magazine* as the *Best of the Best Top Financial Companies*. The summer issue featured the Federal Reserve System on the *Best of the Best List for Top Diversity Employers*.

In addition to the System-wide diversity recruiting efforts, The Federal Reserve Bank of Chicago participated in a variety of local recruiting and career-focused events. Three of these events were held in conjunction with the National Society of Hispanic MBAs' State of the Union Meeting, Social Media Event, and

Chicago Executive Summit. The Social Media Event, which was hosted at the Chicago Fed, highlighted how to use social media for job search, career, and business success. The Chicago Fed attended local events sponsored by the National Black MBA Association (NBMBAA), Urban Financial Services Coalition (UFSC), Association for Latino Professionals for America (ALPFA), and Chicago Scholars.

Additionally, the Bank partnered in career fairs, professional development sessions, and other recruitment opportunities with the University of Chicago, University of Michigan, Lake Forest College, and Northwestern, DePaul, and Loyola universities, among others. Also in 2014, the FRBC hired 52 college interns of which 31 (or 60 percent) were females and 21 (or 40 percent) were minorities. Offers for full-time employment were extended to eight of the interns (five females and two minorities), all of whom accepted.

TRAINING AND DEVELOPMENT

During 2014, the Bank reinforced its efforts to support its Bank-wide talent management strategy by introducing *Leadership by Design* workshops and seminars to strengthen talent and continue to improve the Seventh District's succession plan. These efforts included creating on-the-job stretch assignments and rotational opportunities to broaden Bank-wide exposure and increase Bank-wide acumen.

The following opportunities were available to staff and people leaders within the Bank:

- **The Leadership Mentoring Program** supports key pipeline talent in developing leadership competencies and progressing to new leadership levels. Participants are selected and matched with a Bank officer to focus on specific areas of development. This year's participants included 16 mentees, of which four (25 percent) were minorities and nine (56 percent) were female. Of the 16 mentors, five (31 percent) were minorities, and 10 (63 percent) were females.
- **The Bank-wide Mentoring Program** is an opportunity to find a champion to help drive an individual's career forward. The program allows any Bank employee who meets the minimum requirements to choose his or her own mentor to provide support, guidance, and enhancement of skills and goals. In 2014, participation in the Bank-wide program included 40 mentees, 26 (65 percent) of whom were minorities and 26 (65 percent) females, as well as 13 mentors, two (15 percent) of whom were minorities and five (38 percent) females.
- **Influence and Collaboration** is a nomination program offered in partnership with Vantage Partners, a spinoff of the Harvard Negotiation Project. Officers participating in the program identify challenges, dynamics and assumptions that exist within the Seventh District and Federal Reserve System, and map and leverage relationships among different stakeholders. As a result, they are able to constructively surface and explore concerns and objections when seeking to influence and motivate others (and learn why it is important to do so). This class was attended by 18 employees, five (28 percent) of whom were minorities and another five (28 percent) females.

- **Internal Consulting** is a Bank-wide offering geared toward People Leaders and senior-level individual contributors. This class focuses on identifying stakeholder needs, influencing without authority, and creating action plans. Participants gain skills in serving as an internal consultant by improving communications; managing expectations; and helping groups make sound business decisions, set realistic time-lines, and deliver on promises. This class was attended by 36 employees, 16 (44 percent) of whom were minorities and 24 (67 percent) females.
- **Leader as Coach** is a Bank-wide offering geared toward People Leaders. This class is a one-day highly-interactive and practice-oriented workshop, designed to develop and enhance leaders' coaching and people-leadership capabilities, focusing on mindset, skills, and application. Leveraging BPI's Navigate™ Coaching Framework, the program creates a coach-like atmosphere with ample time for discussion and coaching skills practice. This class was attended by 43 employees, 15 (35 percent) of whom were minorities and 27 (63 percent) females.
- **Change Leadership** is a Bank-wide offering geared toward People Leaders and senior-level individual contributors. This class focuses on the importance of forethought as a foundation for successfully implementing organizational change. Participants learn frameworks and tools to get people on board when change is needed. People Leaders explore what they can do to successfully lead change by building a change plan and using persuasion skills in the context of a realistic, highly engaging team-based simulation. In addition, participants apply change models and best practices to a real situation they are facing on the job. This class was attended by 35 employees, 15 (43 percent) of whom were minorities and 24 (69 percent) females.
- **Transition to Management** is a Bank-wide offering geared toward People Leaders. This highly interactive workshop is targeted toward managers who are new to a people leadership role and who have not yet taken a New Manager Training course. It covers fundamental topics such as how to transition from a manager of self to a manager of others, prioritization, and delegation. This class was attended by 38 employees, 17 (45 percent) of whom were minorities and 15 (39 percent) females.
- **Writing Constructive Feedback** is a Bank-wide offering geared toward People Leaders. In this workshop, participants apply the Bank's performance management training to formal or informal performance review documents. In addition, participants learn to apply a reader-centered writing approach to behavior-based feedback. This class was attended by 21 employees, 11 (52 percent) of whom were minorities and eight (38 percent) females.

SYSTEM LEADERSHIP INITIATIVE

The System Leadership Initiative (SLI) is a leadership development program for the Federal Reserve System's key talent, sponsored by the presidents of the Federal Reserve Banks. The Chicago Fed manages the SLI under the direction of Assistant Vice President Karan Gartner and Assistant Vice President Deirdre Gehant. In 2014, three conferences were offered at the emerging and mid-level

TABLE 6.
FRS participation of women and minorities in the System Leadership Initiative and the Leadership Exchange Program (2014)

	Thrive Conferences Manager/New Officer (Emerging Leaders)	Trailblazers Conference Assistant Vice President (Mid-Level Leadership)	Leadership Exchange Program
FEMALE	55% (+5%)	47% (+17%)	49% (-7%)
MINORITY	19% (+6%)	22% (+8%)	23% (-4%)

(percent)- Change from 2013

leadership tiers. As the leadership conferences reach a broad pipeline of talent across the System, the OMWI directors and SLI staff continued to collaborate to expand the content and discussion of diversity and inclusion topics. The 2014 speakers who specifically addressed diversity and inclusion included Dr. Scott Page, University of Michigan, and Doug Harris, Kaleidoscope Group. Additionally, other external speakers and System senior leaders incorporated discussions and examples on the importance of diversity and inclusion into their presentations. Several OMWI Directors were also leaders-in-residence at the conferences, serving as mentors to emerging leaders.

Minority and female participation in the conferences is strong and comparable to representation at these levels across the System. The Thrive Conference (which targets managers and new officers) was held in March with attendance reaching 57 percent female and 15 percent minority. To meet demand, a second offering of the Thrive Conference was held in June. Attendees were 53 percent female and 23 percent minority. Combined, the Thrive conferences attendees were 55 percent female and 19 percent minority. The Trailblazers conference had similar attendance levels with 47 percent female and 22 percent minority attendance.

The System Leadership Exchange Program affords an important additional avenue to support career development for professionals across the Fed System through offering exchange assignments. In 2014, 39 assignments were offered and completed by participants, of which 49 percent were females and 23 percent were minorities.

CHALLENGES

The challenges facing the Bank in its efforts to increase the diversity of staff, especially at more senior levels within the organization, are varied and complex. With respect to recruitment, the timing of the FRBC's participation in diversity recruitment and career conferences does not always align with the timing of open positions, and due to the need to serve as good stewards of the public's funds, the Bank does not hire in anticipation of future open positions. In addition, openings for entry-level roles are not in abundance, and it has become increasingly difficult to compete for diverse talent in the mid-level, more specialized roles for which the Bank often seeks candidates.

Another challenge is to ensure the retention of the Bank's diverse staff. A number of factors, including the Bank staff's regulatory experience and expertise, their extensive training, and the often lucrative private-sector salaries available to staff, negatively impact the FRBC's ability to retain and develop staff to even higher management levels within the Chicago Fed. The need to focus on the retention of diverse staff is heightened by the increasing number of employees eligible for retirement in the coming years, which could also have a negative impact on the Bank's representation of females and minorities.

The greatest challenge related to the System Leadership Initiative is that participants typically have several years of experience or specialized expertise, so additional time may be needed to recruit diverse participants and further grow the System's pipeline of diverse talent. Diversity of participants will continue to be an area of emphasis. This will be accomplished by broadly evaluating potential candidates to participate and reporting progress on a regular basis to Human Resources and OMWI leaders across the System.

NEXT STEPS

The Chicago Fed will continue to lead the System's participation at national diversity recruiting conferences, and will implement short- and long-term recruiting recommendations and related success measures in an effort to maximize the impact of System-level advertising and diversity recruiting. The System's participation in such conferences will focus on identifying female and minority candidates, building a pipeline of diverse talent, and branding the Federal Reserve System on a national level. In order to maximize the outcomes of these events, the strategy will focus on pre-screenings, on-site interviews, and networking geared toward critical open positions.

Throughout 2015, the FRBC will continue to focus on local talent development initiatives, defining on-the-job stretch assignments, and offering rotational opportunities to broaden Bank-wide exposure and increased Bank-wide acumen. The Chicago Fed also plans to better utilize its ESNGs for strategic sourcing efforts through their networks and events.

Minority- and Women-Owned Businesses

The Federal Reserve Bank of Chicago recognizes the importance of a diverse supplier base and is committed to building meaningful business opportunities for minority- and women-owned business enterprises or M/WBEs. The Bank has a thorough and robust supplier diversity program, with detailed policies and procedures aligned with the provisions of Section 342 of the Dodd-Frank Act. Accordingly, it is the Chicago Fed's policy to provide M/WBE suppliers equal opportunity to compete for acquisitions through a competitive bid process. By ensuring M/WBE supplier inclusion in its acquisition and contracting process, the Federal Reserve Bank of Chicago helps promote economic and community development in the Seventh District and drives positive business results for the Bank, fostering competition and innovation while advancing diversity and inclusion strategies.

The Federal Reserve Bank of Chicago's commitment to supplier diversity continued growing in depth and breadth throughout 2014. The Bank's supplier diversity program is committed to creating mutually beneficial relationships with minority- and women-owned businesses. In 2014, the FRBC organized its supplier diversity work around four objectives:

1. Strive to include one or more Minority Business Enterprises (MBEs) and one or more Women Business Enterprises (WBEs) in all formal and informal bids (when available)

Over the last few years the FRBC has successfully met its Bank-wide D&I goal of including at least one minority- and women-owned business in 100% of all bid opportunities (when available).

In 2014, the Bank's reportable expenditures⁴³ of \$51.2 million were virtually the same as the 2013 reportable expenditures of \$51.0 million. The Bank's reportable expenditures via contracts are in 15 primary categories, with a higher concentration in Building and Construction and Maintenance Services and IT Broadcasting and Telecommunications. A list of all 15 categories, as determined by the United Nations Standard Products and Services Code (UNSPSC) – and their corresponding percentage of reportable expenditures, can be found in Table 7.

In 2014, the Bank spent \$4.67 million, or 9 percent of the total reportable spend, with M/WBEs compared with \$3.07 million, or 6 percent, in 2013. This 3 percentage point increase in M/WBE spending was primarily due to significant IT hardware and software purchases from an MBE. The breakdown of MBE spending by ethnicity is as follows⁴⁴: (see Chart 9)

- Asian-owned businesses: \$2,287,928 (49%)
- African-American/Black-owned businesses: \$322,490 (7%)

- Hispanic/Latino-owned businesses: \$186,726 (4%)
- Other minority-owned businesses: \$30,511 (1%)

The top four MBE firms by contract volume in 2014 were:

1. Unicom Global, Inc. – \$1,932,388 (IT Hardware and Software – Asian)
2. Act 1 Group - \$200,832 (Auxiliary Staffing Services – African-American)
3. Ideal Contracting, Inc. – \$186,122 (General Contracting – Hispanic)
4. Control Group, Inc. – \$113,962 (Cash Bags and Accessories – Asian)

The Bank spent a total of \$1.8 million with WBEs throughout 2014. The top four WBE firms by contract volume during the same period were:

1. Instant Technology - \$584,173 (Auxiliary Staffing Services)
2. Allen Visual Systems - \$156,865 (Audio Visual System Services)
3. Kuster Ltd - \$141,645 (Consulting Services)
4. New Loyalty USA - \$103,856 (Direct Marketing Services)

The Federal Reserve Bank of Chicago's primary focus continues to be on Tier 1 opportunities. However, the FRBC is working with

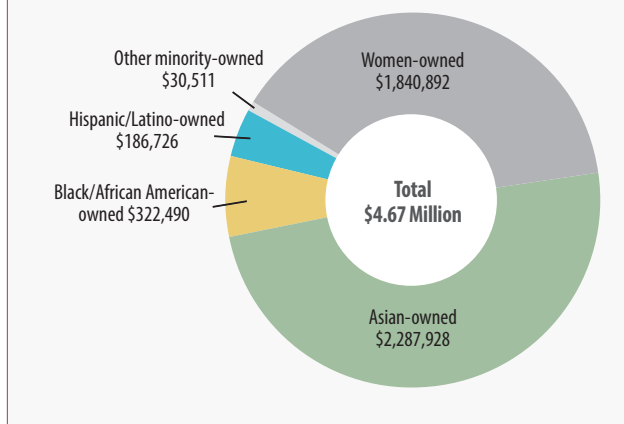
TABLE 7.
FRBC reportable expenditures, percentages (2014)

Building, Construction and Maintenance Services	28%
IT, Broadcasting and Telecommunications	12%
Management, Business Professionals and Admin. Services	10%
Unclassified	9%
Travel, Food, Lodging and Entertainment Services	8%
Transportation, Storage and Mail Services	6%
Financial and Insurance Services	5%
Engineering, Research and Technology-Based Services	4%
Industrial Cleaning Services	3%
Office Equipment and Accessories and Supplies	3%
Public Utilities and Public Sector-Related Services	2%
Furniture and Furnishings	2%
Editorial and Design and Graphic and Fine Art Services	2%
Printing and Photographic, and Audio and Visual Equipment	1%
Material Handling, and Conditioning and Storage Machinery	1%
All Other Category Spend	5%

Total **101%**

Total equals over 100% due to rounding

CHART 9.
FRBC total reportable expenditures to M/WBEs (2014)



our general contractor and hospitality services vendors to capture Tier 2 spending information. As of December 31, 2014, the Bank's Tier 2 spending with M/WBE firms totaled \$1.06 million. Combining Tier 1 and Tier 2 M/WBE spend, the Bank's total M/WBE spend equals \$5.74 million (or 11% of verified total reportable spend), compared with \$4.16 million (8%) in 2013.

2. Develop and coordinate technical assistance and capacity-building programs for M/WBE suppliers that enhance their skills and deepen their knowledge by leveraging FRBC expertise and contacts

Technical assistance has been identified as the area where the Federal Reserve Bank of Chicago can have the greatest impact in the supplier diversity industry. In 2014, the Federal Reserve Bank of Chicago launched a new initiative called Business Smart Week. Business Smart Week is a public awareness campaign designed to provide minority- and women-owned business with information and tools to better manage their enterprises. Business Smart Week was launched in Chicago and Detroit with more than 140 participants.

The FRBC collaborated with various supplier diversity partners and advocacy groups in Chicago and Detroit to design and deliver the Business Smart Week programming, which focused on: getting ready to do business, avoiding pitfalls once the business is obtained, and staying competitive by keeping up with current trends in the marketplace.

Many organizations provide technical assistance services to help entrepreneurs launch and grow their businesses. The Chicago Fed made the delivery of these services more effective and efficient by hosting Business Smart Week. By fostering the collaboration of these varied entities, the Bank provided access for M/WBEs to business networks that foster business ideas and opportunities, government and private sector contracting opportunities, and the FRBC's numerous resource partners.

A new training program was developed on "How to Do Business with the Fed." It can be adapted for each Federal Reserve Bank and the Board of Governors. The Federal Reserve Bank of Chicago conducted a workshop for small businesses in Michigan,

in conjunction with the state's Small Business Administration, using this newly developed program.

3. Collaborate with the Office of Minority and Women Inclusion (OMWI) to expand the Federal Reserve System's presence at the Women Business Enterprise National Council (WBENC) and National Minority Supplier Development Council (NMSDC) national conferences

The Federal Reserve Bank of Chicago continued its leadership role and partnership with the FRBC's Customer Relations Support Office (CRSO) in advancing Supplier Diversity throughout the Federal Reserve System. The CRSO helped enhance the Federal Reserve System's booth presence at national supplier diversity conferences. The Bank also offered match-making opportunities for M/WBE suppliers that provided access to decision makers in the Federal Reserve System supply chain and made vendors aware of upcoming contracting opportunities.

On June 23-25, 2014, the Federal Reserve System participated in the Women's Business Enterprise National Council (WBENC) Conference and Business Fair in Philadelphia, Pennsylvania. Twenty-two representatives from the 12 Federal Reserve Banks worked a booth at the conference and gathered information on 117 vendors, and also participated for the first time in 48 WBENC sponsored 1-on-1 Matchmaker Meetings.

The Federal Reserve System once again participated in the 2014 National Minority Supplier Development Council (NMSDC) Annual Conference and Business Opportunity Fair. The Conference and Business Opportunity Fair was held on October 2-5, 2014 in Orlando, Florida. Twenty-three representatives from the Federal Reserve System worked a booth at the conference and gathered information on 96 vendors. In addition, the Federal Reserve System Supplier Diversity Workgroup coordinated a new initiative to develop and participate in 24 matchmaking meetings.

Exhibiting at these conferences allows the Federal Reserve System the ability to reach a significant portion of its target audience, as these events attract a high number of diverse vendors seeking procurement opportunities. Additionally, participation helps promote the Federal Reserve's role as a trusted advisor throughout the financial services industry.

The Chicago Fed also participated in the Financial Services Roundtable for Supplier Diversity (FSRSD) MBE Symposium. The symposium was followed by a networking component that allowed diverse suppliers' access to procurement and supplier diversity professionals in order to discuss potential business opportunities. The FSRSD Symposium and its networking reception provided education and information to diverse suppliers on financial strategies for business growth, further supporting the technical assistance requirements of the Dodd-Frank Act.

4. Continue a proactive outreach strategy to increase the Federal Reserve Bank of Chicago's presence in the supplier diversity community locally and nationally

During 2014, the FRBC continued to solidify and enhance its existing partnerships by hosting 15 meetings with supplier diversity partners and their members, totaling 738 attendees. The FRBC supports the local chapter of the National Minority Supplier Development Council (NMSDC) through participation at the Council's



The Chicago Fed launched its Business Smart Week initiative in 2014 to provide technical assistance to minority- and women-owned businesses.

Board of Directors meetings. The FRBC participated in 16 Minority Business Enterprise certification and re-certification meetings in 2014. Participation in the meetings is an opportunity to identify MBE suppliers that can help meet the needs of the FRBC.

In February, the Federal Reserve hosted the Small Business Administration (SBA) Michigan's *Meet and Greet* at the FRBC-Detroit Branch. This meeting provided an opportunity for the Bank to network with its strategic partner SBA Michigan and meet Michigan-based M/WBE businesses. In Chicago, the FRBC hosted the Women's Business Development Center's (WBDC) *Cycle of Success Workshop*. *Cycle of Success* is a comprehensive way for small and medium-sized companies to achieve significant transformation. The workshop focuses on providing technical assistance in three key areas of a business: sales, operations and finance.

In March, the FRBC hosted a number of events in Detroit, including a workshop sponsored by the Minority Business Development Agency (MBDA) on financing an international business. The workshop was titled *Global Trade Financing Initiative*. As previously mentioned, the FRBC hosted a workshop on *How to Do Business with the Federal Reserve Bank*, co-sponsored by SBA Michigan, at the FRBC Detroit Branch. This workshop gave the FRBC an opportunity to provide overviews of its Procurement and Facilities Management departments and conduct one-on-one matchmaking sessions with suppliers in the Michigan area. Additionally, Mark Hands, Supplier Diversity Program Manager, participated in the Illinois Hispanic Chamber of Commerce's (IHCC) quarterly membership meetings. These meetings provided opportunities to network with minority-owned businesses.

On April 10 and 11, 2014, the FRBC exhibited at the *Chicago 47th Annual Chicago Business Opportunity Fair* (CBOF). The CBOF is the oldest and largest procurement show in the nation and was the impetus for the development of the National MSDC. The trade show is an opportunity for Fortune 500 corporations, government agencies and MBEs to network and develop new partnerships. Also in April, the FRBC attended a Chicago United and Association for Corporate Growth (ACG) Breakfast featuring a

panel discussion on *The 2014 Drivers of Job Growth*. Additionally, the Bank partnered with the Illinois Small Business Administration (SBA) to host the *Federal Executive Board Business Seminar*. The seminar educated small businesses about available federal government programs and federal laws and regulations.

In May, Mark Hands attended the Michigan Minority Supplier Development Council's (MMSDC) *Procurement Conference and Trade Fair* in Detroit. The MMSDC is Michigan's largest business trade fair focused on capacity-building for minority-owned businesses in low-income areas. Also in May, the FRBC hosted the Illinois SBA's 50th Annual Small Business Week. The SBA provides small-business owners with loans, federal contracts and strategic counseling, consistent with its mission of coordinating and providing technical assistance.

The FRBC hosted the Chicago MSDC *MBE 2 MBE Trade Fair* on July 17, 2014, for the fourth consecutive year. The *MBE 2 MBE Trade Fair* is designed to provide technical assistance to MBEs and encourage them to do business with one another. Also for the fourth consecutive year, the FRBC hosted 59 graduates at the *Turner Construction Graduation Ceremony*, held on July 31. The Turner School of Construction Management Program for minority- and women-owned business enterprises provides technical tools to local businesses, while offering them the opportunity to develop strategic business skills. The FRBC also attended and exhibited at the Illinois Hispanic Chamber of Commerce's *Make the Connection Business Expo*, held at Navy Pier in Chicago on August 28, and at the Women's Business Development Center's 28th Annual *Entrepreneurial Conference*, held at McCormick Place on September 17.

In October, the Chicago Fed hosted a Metra Rail Workshop called *Think Outside the Box*. This workshop was designed to help M/WBEs find contracting opportunities with various organizations such as the University of Illinois at Chicago, the Chicago Botanical Gardens and the Chicago Zoological Society.

CHALLENGES

One of the key challenges faced by the FRBC with respect to M/WBEs is that there are limited new business opportunities available at the FRBC, thereby limiting the number of additional minority- and women-owned suppliers that can be awarded contracts.

In general, M/WBE owners share the following challenges: information regarding contracts is not disseminated effectively by corporations; at times prime contractors do not notify M/WBEs of bid opportunities in a timely manner, thus precluding M/WBEs from preparing bid documentation to the level of expertise required; and bid information is publicized through business networks that minorities find difficult to penetrate. In addition, payment delays and access to credit, along with a need for greater support and technical assistance (especially in the areas of financial, marketing, and cash flow techniques), are also listed among the challenges faced by M/WBEs.

NEXT STEPS

In 2015, the Chicago Fed will build upon the efforts made in 2014 to facilitate, produce and advance opportunities for M/WBEs to successfully participate in the full assortment of contracting



Ideal Contracting, Inc., the general contractor for work at the Detroit Branch entrance, was among the top MBEs awarded work with the Chicago Fed in 2014.

opportunities available in the Federal Reserve System. The goals include: increasing capacity of M/WBEs; increasing M/WBE availability/representation in underutilized categories; increasing M/WBE participation in FRS procurement opportunities and awards; promoting strategic alliances; and elevating FRS involvement in the supplier diversity industry.

The Bank will enhance its efforts by linking supplier diversity to its business strategy with the goal of developing a world class

supplier diversity program that aligns with the strategy, structure and culture of the Bank. New sourcing objectives have been established, in collaboration with Procurement and the Office of Diversity and Inclusion, with the purpose of raising the bar for the procurement sourcing process.

The increased integration of supplier diversity into the sourcing process is expected to increase opportunities for minority- and women-owned businesses and improve the Bank's business relationship with diverse suppliers. The first step of this integration is participating in the Procurement-led acquisition review meetings with various business units to discuss the current status of contracts and understand future contract needs. This best practice will provide a method to get ahead of sourcing events and provide quality M/WBE firms for participation.

The Chicago Fed will continue to enhance the Federal Reserve System's presence at national supplier diversity conferences. In addition, the Bank will develop matchmaking opportunities at Federal Reserve contracting events and workshops to provide technical assistance to M/WBE suppliers. Proactive outreach and participation in business and trade organization activities locally, regionally and nationally convey the FRBC's commitment to supplier diversity.

According to the feedback received, many participants felt Business Smart Week helped them gain a better insight from the array of professional presenters and make valuable contacts. The initiative will be expanded in 2015 to include other Federal Reserve Districts.

Financial Literacy and Community Outreach

WORKING WITH HIGH SCHOOL STUDENTS AND BEYOND

During 2014, the Office of Diversity and Inclusion (ODI) continued strengthening its partnerships with academic, governmental and nonprofit organizations in order to serve majority-minority and all-girls high schools in the Chicago and Detroit areas. In addition, the ODI expanded its collaboration with the Bank's Public Affairs department, which manages the majority of financial literacy and economic education programs at the Bank, and with the Bank's Employee Support Network Groups (ESNGs), which actively participate in high school outreach events. As a result, the Bank strengthened its high school outreach initiatives with respect to financial literacy and mentoring opportunities for students in majority-minority and all-girls high schools and select colleges and universities. Chicago-based high school programs are managed by ODI staff. In Detroit, Business Economist Martin Lavelle helps to lead the Branch's effort to reach high school and college students through various outreach programs. In addition to the students reached through Chicago and Detroit programming, the Chicago Fed's Money Museum hosted more than 5,200 high school students for tours and visits in 2014.

In Chicago and Detroit, the Bank partners with the respective local chapters of international nonprofit Junior Achievement (JA) to offer financial literacy workshops, college and career preparation events, speed-mentoring opportunities with Bank employees, and other educational activities. In collaboration with JA of Chicago, the Chicago Fed hosted one-day sessions throughout 2014 inviting students from different high schools to learn about the Fed's mission and purpose, tour the Money Museum, participate in speed mentoring with Bank staff, attend interactive financial literacy and professional development workshops, and meet Illinois Student Assistance Commission (ISAC) representatives to learn about the college admission process and financial aid. For example, the Bank hosted two *Yo Lo Hice (I Did It), You Can Too* events in February targeting Latino high school students. More than 100 students from majority-minority high schools, including Curie Metro High School, Schurz High School, Richards Career Academy, and Benito Juarez Community Academy participated. The ODI partnered with the Bank's Latino Resource Association (LRA), which helped recruit 40 Bank volunteers to organize, manage, and execute the two-day event in collaboration with the Hispanic Alliance for Career Enhancement (HACE). In support of Money Smart Week, the ODI partnered with Public Affairs and non-profits JA of Chicago and the Economic Awareness Council (EAC) to host the second annual

Your Money, Your Dreams event in April. Students from Bogan High School and West Town Academy actively participated in JA workshops, speed networking, a financial aid workshop, and a presentation by EAC interns discussing their internships.

The ODI partnered with JA and the Bank's Asian American Affinity Group (AAAG) in May to host *Dress for Success*, where students learned the importance of professional attire, networking, and college readiness. In September, the ODI hosted students from ASPIRA High School to participate in a *Yo Lo Hice (I Did It), You Can Too* event in collaboration with JA and the EAC. The following month, ODI and Public Affairs hosted a *Financial Literacy Day*, bringing in students from Chicago High School for Agriculture Sciences, Christ the King Jesuit College Preparatory School and the alternative school CAPS. The ODI partnered with HACE and EAC to host another *Yo Lo Hice (I Did it), You Can Too* event in November welcoming the 2014-15 high school juniors from Benito Juarez and John Hope College Prep to participate in a full day of activities. The ODI and Public Affairs partnered again to host an event titled *Tools for Success*, where Bank volunteers designed workshops about professionalism, JA presented on personal branding in social media, and ISAC discussed financial aid topics with high school freshmen and senior students from Holy Trinity and Bogan high schools.

Apart from Bank-hosted events, staff volunteered at a variety of outreach events held at Chicago-based majority-minority high schools as well as at *JA in a Day* events held at Robert Morris College



The Chicago Fed's financial literacy outreach to high school students included the "Your Money, Your Dreams" event in April.

and DePaul University. Students were offered workshops based on JA's four Cs for Success: Creativity, Communication, Critical Thinking and Collaboration. The Chicago Fed volunteers led workshops impacting more than 500 students. Volunteers also visited classrooms as part of HACE's *El Futuro Program* to discuss the role of the Chicago Fed, their individual career paths and jobs, and the different opportunities for students interested in pursuing a career in finance. Through the program, volunteers reached out to more than 85 students at Curie and Juarez high schools. Bank volunteers also participated in *Reverse Job Shadowing*, a one-day program held at Schurz High School that introduced 90 students to careers through in-classroom presentations. Community leaders and Bank professionals shared their personal stories and what it took for them to become successful at a *JA Career with Purpose* event. Volunteers impacted more than 56 students from more than 25 participating high schools. The Supervision & Regulation (S&R) department added high school outreach and financial literacy as a component of its annual conference, sending groups of volunteers to both Bogan and Kelly high schools in December in collaboration with EAC and JA, respectively.

The Bank's Women's Impact Network (WIN) continued to expand and strengthen its partnership with the Young Women's Leadership Charter School (YWLCS), a high school devoted to preparing females for college and careers in science, technology, engineering and mathematics (STEM). WIN members continued their participation in the school's mentoring program and in several one-on-one mentoring events held throughout the year. On March 7, WIN and the African American Association for Personal and Professional Growth (APPG) hosted a *Successful Women of Color Panel* and networking reception. The panel discussion featured prominent female Bank leaders and staff of color who defined what success means to them in an interactive conversation with 60 sophomores from YWLCS. The students also participated in an event to practice their networking skills by engaging in meaningful conversations with Chicago Fed employees. WIN members and other Bank volunteers visited the school several times in May to participate in mock interview sessions and to evaluate year-end projects presented by the students. WIN also hosted and participated in a variety of events with other nonprofits that work with female high school students, such as Girls on the Run, Girl-Forward, and Girls in the Game. The young women connected with Bank staff through speed mentoring, and learned about the Chicago Fed and the unique jobs and leadership positions held by its employees.

The Bank's APPG participated in a variety of financial outreach events throughout the year. The group helped judge and provide administrative support to the Business Professionals of America (BPA) *Conference Chicago CityWide Competition* sponsored by Chicago Public Schools' Career and Technical Education Business & Finance Cluster. A total of 212 students competed in business-related events hoping to advance to the BPA's Illinois Association State Competition. In addition, APPG and ODI welcomed 26 senior students from Urban Prep Academies for their annual *Discovering Our City* field trip. Students spent time learning

about personal branding and social networking through a presentation by networking specialist Sima Dahl, meeting with APPG members, and identifying careers in finance and business.

Throughout 2014, the ODI continued developing its relationship with the Economic Awareness Council (EAC), an organization whose mission is to provide financial literacy to children and youth. Employees from the Bank's Human Resources and Facilities Management departments volunteered as presenters at the *Young Chicago Saves Conference*, held in February. FRBC employees educated students on how to write a resume and succeed at job interviews. The conference hosted more than 100 students from a variety of majority-minority high schools, including Gage Park, West Town Academy, and CCA Academy.

Part of the Bank's commitment to financial literacy and outreach is ensuring that students are prepared with information on how to pay for college and secure scholarships. Through the ODI's relationship with the State agency Illinois Student Assistance Commission (ISAC), events at the Chicago Fed offer college readiness education to help students navigate the Free Application for Federal Student Aid (FAFSA) and to understand and compare different letters of acceptance from colleges.

The ODI continued to partner with the Chicago Scholars Foundation on a five-year mentoring program that assists talented but under-resourced high school students in overcoming barriers to collegiate access and success. In January, the ODI hosted a lunch-and-learn session to highlight the Chicago Scholars mentoring program. As a result, five Bank employees signed up to be mentors for the 2014-15 school year. In March, Bank volunteers participated in the Chicago Scholars selection process, by interviewing high school juniors applying for Chicago Scholars programs. The ODI hosted 60 high school and college students for the *First-Look Conference Prep Day* in July. Students from Chicago Scholars had an opportunity to learn about interviewing with college recruiters in preparation for the conference. The *First-Look Conference* offered students the opportunity to interview with firms for internships and full-time positions for the following year. In October, Bank representatives attended the 8th Annual *Chicago Scholars Onsite Admissions Forum*, where high school seniors interviewed with more than 100 colleges and universities to receive admission offers and merit scholarships. Senior Vice President and OMWI Director Valerie Van Meter was named to the organization's Board of Directors.

Due to the success of the Cristo Rey Jesuit High School Corporate Work Study Program (CWSP) in the prior school years, the Bank continued its agreement and expanded its intern pool from eight to nine student workers in 2014. Through this renowned national program, African-American and Latino high school students from different grades work part-time at the Chicago Fed headquarters in key business areas including Accounts Payable, Central Bank Services, Facilities Management, the Office of Diversity and Inclusion, and Supervision and Regulation. Students gain first-hand experience and exposure while the Bank has an opportunity to attract young talent to the world of finance. In addition, more than 20 staff members from the Chicago Fed



The Detroit Branch hosted “Teacher Night at the Fed” events that offered continuing education credits for teachers.

collaborated with the CWSP by providing professional development workshops (such as business etiquette and Microsoft Office skills) to more than 270 students during the CWSP Summer Business Institute, held in July. The WIN and LRA ESNGs were critical in recruiting volunteers.

In June, the Bank also hosted the Urban Financial Services Coalition’s Mark I Leaders program, which is an intensive leadership development opportunity and group competition for college students and rising high school seniors. The program focuses on developing management, leadership, and entrepreneurial skills for prospective financial services professionals. Several teams of program participants used the Bank’s STREAM tech lab during a five-day period (June 2-6) to develop business plans and strategies, which were then presented to Summit attendees for evaluation as part of a team case competition.

The Bank’s Public Affairs department continued its support of organizations and programs targeting minority and female high school students, as well as their educators. Cindy Ivanac-Lillig, Economic Outreach Specialist, is a member of the nonprofit organization Illinois Jump\$tart. The mission of Illinois Jump\$tart is to be a catalyst for enhancing the financial capability of young people through advocacy, collaboration and communication among key stakeholders. In order to achieve this mission, the organization raises awareness of the importance of financial capability, promotes the adoption and implementation of effective financial education standards in Illinois, enhances the professional development of Illinois educators, and is a trusted resource for financial education information in Illinois. The Public Affairs department hosted Illinois Jump\$tart’s inaugural *Action Network for Financial Empowerment* meeting at the Chicago Fed in July. The network is designed to inspire and empower financial literacy practitioners and providers in order to create new and effective personal finance interventions for K-12 students throughout Chicago and Illinois. According to the 42 participants’ self-reported numbers, the conference impacted more than 95,000 high school students indirectly.

The Chicago Fed’s Public Affairs department remained actively engaged in the Bank’s financial literacy efforts. As an example, in February the Public Affairs department coordinated Federal Reserve Board Chair Janet Yellen’s visit to the Chicago City College’s *College to Career* program. The program is an innovative partnership with private companies to train students, most of them African-American or Latino, for jobs that are in high demand.

In April, Ivanac-Lillig participated as a panelist on the national Council for Economic Education’s meeting in Chicago. The panel was moderated by *Chicago Tribune* award-winning personal finance columnist Gail Marks-Jarvis and focused on exploring the financial literacy needs of Chicago Public Schools students, 91 percent of whom are minorities.⁴⁵

Ivanac-Lillig, along with Craig Marchbanks, (former) Vice President CSR and ODI and OMWI Deputy Director, also serve on the Chicago Public Schools (CPS) Advisory Board for Business and Finance Clusters, which serves more than 2,000 high school students. As members of the Advisory Board, they provided content and evaluated projects for the senior class graduating in 2014. In June, the Chicago Fed’s Public Affairs department sponsored the CPS Business & Finance Cluster graduation for 80 students from majority-minority high schools. In addition, Ivanac-Lillig is a member of the Chicago Public Schools steering committee charged with developing a financial literacy curriculum to be implemented in the school district’s high schools within the next three years. The curriculum is currently being piloted in approximately one-third of all CPS high schools in Chicago.

Ivanac-Lillig wrote a blog entry discussing *Recent Financial Education Insights & Resources* posted on marginalthoughts.org, targeting educators and students in the 9th to 16th grade levels. Her blog had about 500,000 hits during 2014.

In August, Ivanac-Lillig collaborated with the ODI to conduct a workshop on the role of the Federal Reserve for the University of Chicago’s *Summer Academy Upward Bound* program. The program includes visits to major educational institutions in order to expose high school students that have shown math and science aptitude to various career opportunities. Approximately 30 students were in attendance, the majority of them from minority backgrounds.

Overall in 2014 more than 150 volunteers from the Bank participated in Chicago-based events as teachers, mentors, and presenters, impacting more than 1,800 students from majority-minority and all-girls schools located throughout the city. Their involvement simultaneously advanced the Bank’s efforts in the financial literacy and volunteerism areas, both part of the Bank’s Corporate Social Responsibility strategies.

In Detroit, multiple outreach efforts, especially involving high schools, are overseen by Business Economist Martin Lavelle. Lavelle continues to serve as a member of the Michigan Jump\$tart Coalition Board, and participates in monthly meetings of the coalition. The Detroit Branch continued hosting its *Teacher Night at the Fed* programs, where economics and personal finance teachers were offered continuing education credit through the Michigan Council on Economic Education. This year’s events experienced

TABLE 8.
FRBC summary of selected 2014 high school outreach events

Date	Event	Majority-Minority High Schools	Number of Students	Event Description
February 10 and 11	Yo Lo Hice, You Can Too , in partnership with Junior Achievement of Chicago, HACE, and FRBC's Latino Resource Association	Schurz, Richards, Juarez, and Curie	100	Students from majority-Latino high schools participated in speed networking with FRBC employees and listened to presentations about financial aid, college planning, and budgeting
March 7	Successful Women of Color , in partnership with FRBC's Women's Impact Network and African American Association for Personal and Professional Growth	Young Women Leadership Charter School	60	Young women attended a panel discussion and networking reception featuring women of color who shared their personal insights and advice
April 30	Your Money, Your Dreams , in partnership with Junior Achievement of Chicago, Economic Awareness Council, and FRBC's Public Affairs Department	Bogan and West Town	35	Students gained knowledge about financial literacy through interactive workshops, speed mentoring, and Q&A sessions
July 16	Girls In the Game , in partnership with Girls in the Game, Junior Achievement, and FRBC's Women's Impact Network	Holy Trinity, Kelly, and others	47	Young women met with Bank female employees, learned about the Federal Reserve, practiced interview skills and discussed their strengths
July 18	Girl Forward at the Fed , in partnership with Girl Forward and the FRBC's Supervision and Regulation Department	Various	17	Young refugee women listened to a panel and participated in speed mentoring with Chicago Fed female employees
August 1	University of Chicago Summer Academy at the Fed , in partnership with Upward Bound and Junior Achievement	Various	26	Students participated in an interactive Federal Reserve presentation, learned about keeping a budget, listened to a presentation about college readiness, and networked with Bank employees
September 29	I Did It, You Can Too , in partnership with Junior Achievement of Chicago	ASPIRA Mirta Ramirez	23	Students participated in speed networking with FRBC employees and were offered presentations about financial aid, college planning, and budgeting
October 22	Financial Literacy Day , in partnership with Junior Achievement of Chicago and the Economic Awareness Council	Chicago High School for Agriculture Sciences, Christ the King, and CAPS	87	Students gained valuable information about college readiness, learned about the Federal Reserve, participated in JA workshops, and networked with Bank leaders
November 14	Yo Lo Hice, You Can Too , in partnership with Junior Achievement of Chicago, HACE, and the Economic Awareness Council	Juarez and John Hope	52	Students participated in speed networking with FRBC employees and listened to presentations about financial aid, college planning, and budgeting
December 8	Tools for Success , in partnership with Junior Achievement of Chicago and the Economic Awareness Council	Holy Trinity and Bogan	62	Students participated in a full-day of activities to learn the basics of professional success from professional dress, college readiness and financial literacy, to personal branding and networking
<i>*All events hosted at the FRBC headquarter's</i>			509	

greater participation than last year, with more than 165 teachers attending and learning more ways to teach economics to students.

The Detroit Branch hosted a Junior Achievement *Job Shadowing Day* in which 50 students and four teachers from two of Detroit's majority-minority high schools, Cody and Southeastern, participated and learned about different Federal Reserve job functions. Detroit-based staff volunteered as teachers in the classroom as part of *JA Be Entrepreneurial*, a series of sessions describing the essential components of a business plan and challenging high school students to start an entrepreneurial venture. The Detroit Branch offered this program during the school year to majority-minority Hamtramck High School, reaching 30 students. In addition, a presentation on *Federal Reserve Functions & Purposes* was offered to Jackson Northwest, a majority-minority high school, where approximately 40 students attended three separate class sessions.

During the second quarter, Lavelle made a presentation on *Federal Reserve Functions & Purposes* for Jackson Christian High School, with close to 40 students learning more about the Fed and the economy. The Detroit Branch hosted an *Economic Boot Camp for Teachers and Educators* in June, with approximately 30 teachers in attendance. The two-day camp focused on how to teach personal finance and economics. Also in June, the Branch hosted the Michigan Council on Economic Education *Teachers Awards and Recognition Luncheon*. In addition, Lavelle presented on the *Federal Reserve Functions & Purposes* at various majority-minority high schools and to minority college students, including students at Baker College, Flint, Michigan; St. Joseph's High School, South Bend, Indiana; and City of Detroit National Collegiate Athletic Association Youth Program, impacting more than 250 students in total.

Additionally in the fourth quarter, Lavelle organized programs that educated teachers about the role of Supervision & Regulation at the Bank and how to teach personal finance to students. This occurred at the Fall *Teacher Night at the Fed* and the *Jump\$tart Teacher Conference*, respectively, with the latter reaching approximately 40 teachers.

MONEY SMART WEEK

In 2014, Money Smart Week (MSW), a series of free classes and activities designed to help consumers better manage their personal finances, continued its expansion throughout the Seventh District. Held in the month of April, MSW is led by Federal Reserve Bank of Chicago Manager of Outreach Programs Alejo Torres. Data derived from MSW attendance surveys shows that in 2014, 57 percent of MSW participants were women and 39 percent minorities. Close to 24,000 participants were youth.

MSW 2014 included more than 500 partner organizations and offered nearly 1,000 free seminars and activities throughout the Chicago metropolitan area. In Chicago, the FRBC partnered with Chicago Public Schools and Money Savvy Generation in order to provide financial literacy education to more than 11,700 students in 402 classrooms at 43 majority-minority schools. The Chicago Fed partnered with majority-minority high school Lindblom Math and Science Academy for a "Rube Goldberg" project involving approximately 20 students. The students

worked on the project after school and during spring break, and made a field trip to the Chicago Fed. There were also more than a dozen events for *Saving & Planning for College* in the Chicago area, including topics such as financial aid help and advice, and paying for college.

In Detroit, the Chicago Fed partnered with several financial institutions and nonprofits to reach more than 2,800 youths through Money Smart Week events. Among adult participants, 72 percent were female and 51 percent were minorities.

LEVERAGING THE BANK'S RESEARCH DEPARTMENT TO ENGAGE WOMEN AND MINORITIES

The Economic Research department worked with the American Economic Association's Committee on the Status of Minorities in the Economics Profession (CSMGEP) and the Committee on the Status of Women in the Economics Profession (CSWEP). As a result of these collaborations two interns, two full-time staff, and three summer fellows joined the Bank in 2014. Summer fellows were mentored throughout their stay. Senior Vice President David Marshall spoke with students during a summer program organized by the Committee on the Status of Minorities.

In July, Loretta Ardaugh, Assistant Vice President, organized an inaugural *Math X Economics* program at the Federal Reserve Bank of Chicago. The program is based on similar programs offered by the Board of Governors of the Federal Reserve System, the Federal Reserve Banks of New York and Kansas City, and the El Paso Branch of the Federal Reserve Bank of Dallas. The goal of this day-long program is to inform minority high school students who excel in math about opportunities in economics at the PhD level. Presenters included a Public Affairs staff member and a PhD economics staff member. Students were recruited from Umoja Student Development Corporation, an organization whose mission is equipping young people to succeed in college.

Also in July, the Detroit Branch hosted for the second straight year a group of students from the 2014 Public Policy and International Affairs (PPIA) program of the University of Michigan's Gerald R. Ford School of Public Policy. During this session, approximately 20 college students of minority background learned more about the Fed, the economy, and potential career paths, and participated in a mock Federal Open Market Committee meeting. Gerald R. Ford School faculty members present at the event included Dean Susan Collins, she also serves on the Detroit Branch Board of Directors.

CHALLENGES

Despite the growth in financial literacy programs since 2013, challenges still remain. The multiplicity of educational structures and legislative mandates in the five-state region covered by the Chicago Fed limits replicability of programming and strains limited internal resources. There is also a need for more rigorous evaluations and research on existing financial literacy interventions and the associated outcomes in high schools. In addition, measuring impact is difficult since many of the expected outcomes are a function of behaviors and not simply of knowledge transfer.

NEXT STEPS

In 2015, the Chicago Fed will continue deepening its relationship with nonprofit and educational organizations in order to expand its network of partners in the field of financial literacy and economic education for youth. A particular focus will be placed on helping JA of Chicago reach high school students as part of the organization's 75th anniversary celebration. Some activities have been well received by teachers and students alike, such as speed mentoring opportunities with Bank professionals or workshops on access to college and careers. They will be continued and enhanced in the upcoming year. The number of Bank volunteers is expected to continue growing as the Bank develops its volunteerism strategy as part of its Corporate Social Responsibility plan. ESNGs will continue to be critical to building a robust base of volunteers, and additional outreach will be made to staff that are not members of these groups but have interest in promoting financial literacy and career preparation for high school students.

Acknowledgments

The Federal Reserve Bank of Chicago would like to acknowledge the following partners for their support in advancing diversity and inclusion in the areas of employment, procurement, and financial literacy, among others. Due to space limitations we are unable to list all of our partners, including hundreds of organization engaged in Money Smart Week. We are equally thankful to those organizations that are not included on this list.

<i>American Economic Association</i>	<i>Economic Awareness Council</i>	<i>Madison Dearborn Partners</i>	<i>University of Illinois at Chicago</i>
<i>Ariel Investments</i>	<i>Financial Services Roundtable for Supplier Diversity</i>	<i>Mercer</i>	<i>University of Michigan</i>
<i>Association for Corporate Growth</i>	<i>Forum on Workplace Inclusion</i>	<i>Michigan Council on Economic Education</i>	<i>Urban Financial Services Coalition</i>
<i>Association of Latino Professionals for America</i>	<i>Gage Park High School</i>	<i>Michigan Minority Supplier Development Council</i>	<i>Urban Partnership Bank</i>
<i>Baker College</i>	<i>Girl-Forward</i>	<i>National Affinity Leadership Congress</i>	<i>Urban Prep Academies</i>
<i>Bank of America</i>	<i>Girls in the Game</i>	<i>National Association of Asian American Professionals</i>	<i>West Town Academy</i>
<i>Benito Juarez Community Academy</i>	<i>Girls on the Run</i>	<i>National Black MBA Association</i>	<i>Wintrust</i>
<i>BMO Harris Bank</i>	<i>Hamtramck High School</i>	<i>National Council on Economic Education</i>	<i>Women In Technology International</i>
<i>Bogan High School</i>	<i>Hispanic Alliance for Career Enhancement</i>	<i>National Minority Supplier Development Council</i>	<i>Women's Business Enterprise National Council</i>
<i>Black EOE Journal</i>	<i>Hispanic Network Magazine</i>	<i>National Society of Hispanic MBAs</i>	<i>Wounded Warriors Project</i>
<i>Business Professionals of America</i>	<i>Holland Capital Management</i>	<i>Northern Trust</i>	<i>Young Women's Leadership Charter School</i>
<i>CCA Academy</i>	<i>Illinois Council on Economic Education</i>	<i>Professional Woman's Magazine</i>	
<i>The Chicago Defender</i>	<i>Illinois Hispanic Chamber of Commerce</i>	<i>Richards Career Academy</i>	
<i>Chicago Minority Supplier Diversity Council</i>	<i>Illinois JumpStart</i>	<i>Schurz High School</i>	
<i>Chicago Public Schools</i>	<i>Illinois Student Assistance Commission</i>	<i>St. Joseph's High School</i>	
<i>Chicago Scholars Foundation</i>	<i>Jackson Christian High School</i>	<i>Student Veterans of America</i>	
<i>Chicago United</i>	<i>Jackson Northwest High School</i>	<i>Thurgood Marshall College Fund</i>	
<i>City of Detroit National Collegiate Athletic Association Youth Program</i>	<i>JPMorgan Chase</i>	<i>Turner School of Construction Management Program</i>	
<i>CME Group</i>	<i>Junior Achievement of Chicago</i>	<i>U.S. Bank</i>	
<i>Council for Economic Education</i>	<i>Junior Achievement of Southwest Michigan</i>	<i>U.S. Veterans Administration</i>	
<i>Cristo Rey Jesuit High School Corporate Work Study Program</i>	<i>Kaleidoscope Group</i>	<i>Umoja Student Development Corporation</i>	
<i>Curie Metro High School</i>	<i>Kelly High School</i>	<i>United Way of Metropolitan Chicago</i>	
<i>Diversity Careers in Engineering and Information Technology</i>	<i>Loop Capital</i>	<i>University of Chicago</i>	

For more information about Money Smart Week and its partners please visit www.moneysmartweek.org.

Appendix

FRBC 2014 EEO-1 Consolidated Report

JOB CATEGORIES	2014 EEO-1 DATA : AS OF 08/31/14		NOT-HISPANIC OR LATINO										OVERALL TOTALS			
	HISPANIC OR LATINO		***** MALE *****					***** FEMALE *****								
	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	
EXECUTIVE/SR OFFICIALS & MGRS			6						4	1						11
FIRST/MID OFFICIALS & MGRS	15	15	127	15		11			99	20		8			1	311
PROFESSIONALS	43	40	311	52		60		2	244	68		44			5	873
TECHNICIANS																0
SALES WORKERS			3						2							5
ADMINISTRATIVE SUPPORT	16	18	22	25	1	8		1	47	67		3			208	
CRAFT WORKERS	3		16			1			1						21	
OPERATIVES																0
LABORERS & HELPERS																0
SERVICE WORKERS	18	4	31	24					3	7					88	
TOTAL	95	77	516	116	1	80	2	6	400	163	0	55	0		6	1517

FRBC 2014 Year-end Consolidated Report

JOB CATEGORIES	2014 EEO-1 DATA : AS OF 12/31/14		NOT-HISPANIC OR LATINO										OVERALL TOTALS			
	HISPANIC OR LATINO		***** MALE *****					***** FEMALE *****								
	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	
EXECUTIVE/SR OFFICIALS & MGRS			6						4	1						11
FIRST/MID OFFICIALS & MGRS	15	15	124	15		12			99	21		8			1	310
PROFESSIONALS	45	41	320	51	1	59		1	250	69		45			5	891
TECHNICIANS																0
SALES WORKERS			3						2							5
ADMINISTRATIVE SUPPORT	13	15	12	24		7		1	36	60		2			170	
CRAFT WORKERS	3		16			1			1						21	
OPERATIVES																0
LABORERS & HELPERS																0
SERVICE WORKERS	17	4	29	23					3	7					84	
TOTAL	93	75	510	113	1	79	1	6	395	158	0	55	0		6	1492

* Report does not include extra-help. For more information, please see endnote 38.

Endnotes

- ¹ These numbers do not include “extra-help employees.” See Endnote 38 for definition.
- ² The U.S. Census Bureau definition of the Midwest includes the entire jurisdiction of the 7th District, and also states located in other Districts such as Kansas, Missouri, Nebraska, North Dakota, Ohio, and South Dakota, and portions of Illinois, Indiana, Michigan and Wisconsin not covered by our District.
- ³ U.S. Census Bureau. (2011). “The Black Population: 2010.” Available at <http://www.census.gov/prod/cen2010/briefs/c2010br-06.pdf> and U.S. Census Bureau. (2011) “The Hispanic Population: 2010.” Available at <http://www.census.gov/prod/cen2010/briefs/c2010br-04.pdf>.
- ⁴ U.S. Census Bureau. (2013). American Community Survey 1-year estimates.
- ⁵ U.S. Dept. of Education. “Provisional Data File: SY2010-11 Four-Year Regulatory Adjusted Cohort Graduation Rates.” Available at www2.ed.gov/documents/press-releases/state-2010-11-graduation-rate-data.pdf.
- ⁶ See Endnote 7.
- ⁷ Rothwell, J. (2012). “Education, Job Openings, and Unemployment in Metropolitan America.” Metropolitan Policy Program and Brookings.
- ⁸ Landivar, L. (2013). “Disparities in STEM Employment by Sex, Race, and Hispanic Origin.” United States Census Bureau.
- ⁹ Heartland Alliance Social Impact Research Center’s analysis of the 2011 State of Illinois Board of Higher Education data book on higher education, included in “Illinois’s 33 percent: Report on Illinois Poverty.” (2013). Available at http://www.ilpovertyreport.org/sites/default/files/uploads/Illinois_33percent_PovertyReport_FINAL.pdf.
- ¹⁰ The Chicago Community Trust. (2008). PowerPoint presentation on Educational Attainment Gap in the Chicago Region. Compiled from county-level data from Profiles of Illinois, Grey House Publishing.
- ¹¹ Chicago United. (2012). “2012 Corporate Diversity Profile.” Available at http://www.chicago-united.org/pdfs/2012_Corporate_Diversity_Profile.pdf.
- ¹² U.S. Bureau of Labor Statistics. (2013). “Labor Force Characteristics by Race and Ethnicity. Table 8. Employed People by Detailed Occupation, Race, and Hispanic or Latino Ethnicity, 2012 Annual Averages – Continued.” Available at <http://www.bls.gov/cps/cpsrace2012.pdf>. Total exceeds 100 percent as racial and ethnic categories used are not mutually exclusive.
- ¹³ Government Accountability Office. (2010). “Financial Services Industry. Overall Trends in Management-Level Diversity and Diversity Initiatives, 1993-2008.” Available at <http://www.gao.gov/assets/130/124630.pdf>.
- ¹⁴ Menendez, Senator Robert. (2010). “Corporate Diversity Report, August 2010.” Available at <http://www.menendez.senate.gov/imo/media/doc/CorporateDiversityReport2.pdf>.
- ¹⁵ Government Accountability Office. (2013). “Trends and Practices in the Financial Services Industry and Agencies after the Recent Financial Crisis.” Available at <http://www.gao.gov/products/GAO-13-238>.
- ¹⁶ Manhattan Review. (2009). “Lack of Representation: Minorities and Women in Business School.” Available at <http://www.manhattanreview.com/blog/lack-of-representation-minorities-and-women-in-business-school/>.
- ¹⁷ Association to Advance Collegiate Schools of Business. (2013). “Enrollment Trends at AACSB-Accredited Schools.” Available at <http://aacsblogs.typepad.com/dataandresearch/>.
- ¹⁸ Zweben, S. (2012). “Computing Degree and Enrollment Trends.” Computing Research Association. Available at http://cra.org/uploads/documents/resources/taulbee/CS_Degree_and_Enrollment_Trends_2010-11.pdf.
- ¹⁹ Ashcraft, C. and Blithe, S. (2010). “Women in IT: The Facts.” National Center for Women & Information Technology (NCWIT). Available at http://www.ncwit.org/sites/default/files/resources/ncwit_thefacts_rev2010.pdf.
- ²⁰ U.S. Bureau of Labor Statistics. (2014). Women in the Labor Force: A Databook. Report 1049.
- ²¹ U.S. Small Business Administration. (2011). “Small Business Profile, Illinois.” Available at <http://www.sba.gov/sites/default/files/files/il10.pdf>.
- ²² U.S. Census Bureau. (2011). “Survey of Business Owners: Black-Owned Businesses: 2007.” Presentation. Available at www.census.gov/newsroom/releases/pdf/2011_02_08.bobsides.pdf.
- ²³ Kochhar, R. and Fry, R. (2014). “Wealth Inequality Has Widened Along Racial, Ethnic Lines Since End of Great Recession.” Pew Research Center. Available at <http://www.pewresearch.org/fact-tank/2014/12/12/racial-wealth-gaps-great-recession/>.
- ²⁴ Illinois Hispanic Chamber of Commerce, DePaul University Driehaus College of Business, and Center for Hispanic Entrepreneurship. (2013). “The State of Hispanic-Owned Businesses in Illinois: Untapped Economic & Job Creation Potential.” Available at http://media.wix.com/ugd/93a691_1cc053472d674e7f92ae0550d958ecff.pdf.
- ²⁵ Federal Reserve Bank of Chicago. (2014). “Resource Utilization Among Black Small Business Owners in Detroit: Results From a Questionnaire.” Available at <https://www.chicagofed.org/publications/profitwise-news-and-views/2014/pnv-sped2014>.
- ²⁶ Moore, R. Presentation at the Federal Reserve Bank of Chicago during the conference “New Strategies for a New Economy” Nov. 30, 2011. Available at www.chicagofed.org/webpages/utilities/newsroom/news_releases/2011/12/07_diversity_release.cfm.
- ²⁷ Bates, T. and Rob, A. (2012). “Minority-Owned Businesses Come Up Short In Access to Capital: It’s Time to Change the Equation for MBEs.” Forbes. Available at <http://www.forbes.com/sites/kauffman/2012/07/30/minority-owned-businesses-come-up-short-in-access-to-capital-its-time-to-change-the-equation-for-mbes>.
- ²⁸ Center for Responsible Lending. (2011). “Lost Ground, 2011: Disparities in Mortgage Lending and Foreclosures.” Available at <http://www.responsible-lending.org/mortgage-lending/research-analysis/Lost-Ground-2011.pdf>.
- ²⁹ Woodstock Institute. (2012). “Struggling to Stay Afloat: Negative Equity in Communities of Color in the Chicago Six County Region.” Available at www.woodstockinst.org.
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- ³¹ Federal Deposit Insurance Institution. (2013). “The 2013 National Survey of Unbanked and Underbanked Households.” Available at <https://www.economicinclusion.gov/surveys/2013household/banking-status-findings/>.
- ³² Council for Economic Education. (2014). “Survey of the States. Economic and Personal Finance Education in Our Nation’s Schools 2014.”
- ³³ Discover. (2013). “High School Seniors’ Financial Knowledge and Outlook: A Discover Pathway to Financial Success Survey.” Available at <http://www.pathwaytofinancialsuccess.org/sites/default/files/Pathwaypercent20Financialpercent20Knowledgepercent20andpercent20Outlookpercent20Surveypercent20Keypercent20Findings.pdf>.
- ³⁴ Council for Economic Education. (2012). “Survey of the States.” Available at <http://www.councilforeconed.org/wp/wp-content/uploads/2011/11/Financial-Literacy-for-Young-Lusardi.pdf>.
- ³⁵ Chicago United. “About Chicago United.” Available at <http://www.chicago-united.org/default.aspx>.
- ³⁶ This analysis focuses on the following EEOC categories: (1) “Executive/Senior Level Officials and Managers:” these individuals reside in the highest levels of organizations and direct or coordinate activities with the support of subordinate executive and staff managers, e.g. chief executive officers, chief operating officers, managing partners, etc.; (2) “First/Mid-Level Officials and Managers:” these individuals serve as managers and receive directions from the Executive/Senior Level Officials and Managers, including those who report to middle managers, e.g. regional vice presidents, information system managers, branch managers, etc.; (3) “Professionals:” Most jobs in this category require bachelor or graduate degrees, and/or professional certification, such as accountant, economist, auditor, etc; (4) “Technicians:” these jobs include activities that require applied scientific skills, usually obtained by post-secondary education; and (5) “Sales Workers:” these jobs include non-managerial activities that wholly and primarily involve direct sales; e.g. brokers, sales agents, etc. For the purposes of this Index, “Professionals,” “Technicians” and “Sales Workers” have been aggregated under one category that combines the three of them. When considered as a whole, the financial services industry includes all EEOC job categories within it, i.e., the five mentioned above plus the following: “Administrative Support,” “Craft Workers,” “Operatives,” “Laborers and Helpers,” and “Service Workers.” Detailed classification of EEOC job categories can be found at <http://www.eeoc.gov/employers/eo1survey/jobclassguide.cfm>.
- ³⁷ Financial Services Pipeline Initiative. (2014). “Financial Services Pipeline Initiative 2014 Index.” Available at: <https://www.chicagofed.org/utilities/about-us/csr/financial-services-pipeline>.
- ³⁸ An extra-help employee is a Bank employee who: a) is expected to work less than 780 hours per calendar year; or b) is hired to work on an as-needed basis and whose scheduled hours may fluctuate; or c) is hired to work on a project of defined scope and duration; or d) is hired due to an unusual and temporary

increase in business activity; or e) is hired as an intern; or f) is hired to replace temporarily a regular-help employee unable to work for some reason; or g) participates in another retirement plan (other than the Bank's Retirement Plan) to which his/her employer makes contributions on his/her behalf pursuant to a collective bargaining agreement or otherwise.

³⁹ The analysis presented is focused on the following EEOC job categories in the 7th District: Executive/Senior Level Officials & Managers and First/Mid-Level Officials & Managers; Professionals; and Administrative Support. The following EEOC job categories have been excluded from this analysis: Sales Worker (5 total Bank employees); Craft Workers (21 total Bank employees); and Service Workers (84 total Bank employees). Currently, the Bank has no employees in the following EEOC job categories: Technicians, Operatives, and Laborers & Helpers.

⁴⁰ The most recent information applicable to our 2014 Workforce Analysis was based on 2010 US Census figures contained in the 2010 EEO Tabulation Files for the Bank's reasonable recruitment areas (7th District recruitment areas are: Chicago, Des Moines, and Detroit, and for some positions, US Recruitment Area is used). The 2010 Tabulation Files are based on the American Community Survey conducted by the US Census Bureau.

⁴¹ Knowledge Leaders (KL) – Formerly known as Senior Professionals (SP). In 2013, the 7th District implemented a new leadership structure that eliminated the Senior Professional role and classified executive managers in this job group as either Officers or Knowledge Leaders. The Knowledge Leaders Job Group is made up of the very highest level of technical experts in the Bank in areas such as economics, information technology, and bank supervision with specific expertise required. Individuals in this job group are also considered "individual contributors" and are expected to exercise leadership by using extensive technical knowledge and critical thinking skills to significantly influence strategy and policy development at both the business and industry level.

⁴² For consistency purposes, the Seventh District used the time period from October 1, 2013 through September 30, 2014 for the hires, promotions and separations statistics presented on this report. The same time period for the separations statistics was used for other recent reports presented to the FR Board of Governors and to the 7th District Board of Directors. Historically, activity in the 7th District in separations is minimal during the last quarter of the year and may not yield significant statistical changes.

⁴³ "Reportable expenditures" include all amounts paid to third party contractors for goods and services. They exclude inter-System payments; government payments (any fees identified as taxes, payments to cities, counties, state or federal government entities including the U.S. Postal Service); employee payroll and reimbursements; legal settlements (excluding attorneys' fees); payments to international banks; payments to charities; association memberships, dues, and fees; payment network fees; rent (applied specifically against building occupancy payments not for miscellaneous or unidentified payments placed in Rent GL accounts); and utilities.

⁴⁴ Ethnicity classifications are based on data provided by Dun & Bradstreet Inc.'s Supplier Risk Management product. The "Asian Pacific American" and "Sub-Continent Asian American" classifications have been combined into "Asian".

⁴⁵ Chicago Public Schools. (2014). "Stats and Facts." Available at http://www.cps.edu/About_CPS/At-a-glance/Pages/Stats_and_facts.aspx.

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