

Federal Reserve Bank of Boston
Office of Diversity and Inclusion

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2011 Annual Report to Congress



This document contains the annual summary of the actions of the Office of Diversity and Inclusion at the Federal Reserve Bank of Boston with regard to the requirements under Section 342 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010.



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March 30, 2012

Dear Members of the 112th Congress:

The Federal Reserve Bank of Boston (Bank) values and promotes diversity of thought, practice, and workforce composition, and considers such diversity to be an essential business strategy. The Bank has undertaken diversity initiatives for many years and established an Office of Diversity and Inclusion (ODI) several years prior to the passage of the Dodd-Frank Act, which mandated the creation of the Office of Minority and Women Inclusion. The Bank's strong commitment to diversity starts at the top and is reflected at all levels of the organization. Our commitment is designed to foster an environment where the best ideas win and every employee feels valued and comfortable. Advancing diversity and inclusion was among the Bank's top priorities in 2011, and remains so in 2012.

This first annual Office of Minority and Women Inclusion Report presents a comprehensive review of the Bank's diversity and inclusion efforts throughout 2011. The report highlights several key initiatives designed to advance diversity and inclusion in our workforce, suppliers, and financial education efforts. The Federal Reserve Bank of Boston believes that this report provides a baseline by which to measure its future progress in advancing diversity and inclusion.

While the Bank's ODI made considerable progress toward its long-term objectives during 2011, much work remains to be done. Our second year is off to a solid start, and we look forward to sharing our progress with you on an ongoing basis. We hope you will find the enclosed report informative.

Sincerely,

A handwritten signature in cursive script, appearing to read "Eric Rosengren".

Eric Rosengren, President and CEO

A handwritten signature in cursive script, appearing to read "Marques Benton".

Marques Benton, Vice President and OMWI Director

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Executive Summary

The Federal Reserve Bank of Boston's (Bank) Office of Diversity and Inclusion (ODI or Office) assumed new responsibilities mandated by the Dodd-Frank Wall Street Reform and Consumer Protection Act (DFA or Act), including establishing the Office of Minority and Women Inclusion (OMWI). The Bank's ODI and OMWI are responsible for all matters pertaining to diversity in the management, employment, and business activity of the institution. The Board of Governors of the Federal Reserve System (Board) has assumed responsibility for assessing the diversity policies and practices of *regulated entities*, which are therefore not addressed in this report.

Marques Benton, Vice President of the Office of Diversity and Inclusion, was named Director of the OMWI in January 2011 and is actively involved in the Federal Reserve System's OMWI Directors Council. As required under the law, the OMWI developed standards and procedures regarding both workforce and supplier diversity. The ODI's existing initiatives were focused on engaging staff and management to advance the Bank's culture of diversity and inclusion well before the establishment of the OMWI legislation.

In an effort to promote greater internal and external transparency, the Bank posted OMWI information on both its intranet and public websites. It also made available to the public (via the websites) the EEO-1 workforce representation data provided annually to the Equal Employment Opportunity Commission. The Bank is committed to fostering an inclusive culture by focusing attention on areas where the best ideas win and on cultivating an environment where employees feel valued and comfortable. Our four-stage process for carrying out this commitment includes using **data** to motivate informed **dialogue** on agreed **common areas of focus** and then **collaborate** internally and externally to effect change and achieve measurable outcomes.

In workforce diversity, we focused on applicant pool composition, development and leadership pipelines, and succession plans. We also provided training opportunities for Bank staff through traditional means as well as tailored workshops and seminars aimed at encouraging a dialogue and culture of inclusion. During 2011, the Bank made 121 new hires. Of these, 35 percent were minorities and 40 percent were female. The minority hires comprise 21 Asians, 12 African-Americans, 6 Hispanics, 1 Native Hawaiian/Other Pacific Islander, and 2 multi-race individuals. In the executive management ranks, minorities and women comprised 15 percent each in 2011, compared with 0 percent minorities and 18 percent women in 2010. Gaps in the composition of the Bank's workforce for Hispanics and women exist and are opportunities for improvement.

Procurement efforts were centered on expanding the diversity of vendor pools, contract pipelines, and on enhancing the Bank's outreach and technical assistance activities. Given the considerable focus on procurement in Section 342 of the Act, the Bank was prompted to do more than simply develop revised fair-inclusion contract language and procedures. The Bank also enhanced its online procurement tools and developed supplier diversity training for procurement department liaisons. In 2011, the Bank's total reportable spend was \$33.27 million, of which 4.61 percent was supplied by minority-owned and women-owned businesses (M/WBEs). Some 1.72 percent of Bank purchases were from minority-owned businesses, and an additional 2.89 percent from women-owned businesses. Data describing the growth, scope and scale of minority-owned and women-owned businesses will prove useful in identifying and inviting them to compete for the Bank's procurement business.

The Bank's popular financial education initiatives were viewed by staff in a more positive light this past year than previously, due partly to OMWI efforts. The Economic Education Unit delivered programming to 172 schools in the District. Approximately 42 percent of these were related to the OMWI mandate. Participants from 32 post-secondary institutions and 20 other educational organizations also attended various educational offerings. A total of 224 teachers and 10,342 students participated in the District's financial literacy programs in 2011.

The Federal Reserve Bank of Boston has clearly demonstrated its commitment to the core principles of Section 342 of the Act. This report highlights the work done, the progress achieved, and challenges faced during the initial year by the First District's OMWI in its efforts to comply with the new legislation.

Overview

This first annual OMWI Report required under Section 342 of the Dodd-Frank Act highlights several key initiatives intended to advance diversity and inclusion. The report provides a baseline against which to measure the Bank's future progress in advancing diversity and inclusion. This overview section provides the context within which the Bank evaluates its activities relating to diversity and inclusion in workforce, business, and financial literacy activities. The section discusses the many forces that underlie the successes and challenges that are reviewed in the main report.

The Bank's Mission

As part of the nation's central bank, the Federal Reserve Bank of Boston promotes sound growth and financial stability in New England, as well as around the nation. The Bank contributes at community, regional, and national levels through sophisticated research initiatives, regulatory oversight, and financial services, as well as through its ongoing high commitment to leadership, innovation and action.

Unique System Responsibilities

The Bank is one of the 12 regional Reserve Banks which together with the Board forms the Federal Reserve System (System). The Bank represents the six New England states. This geographic region is known as the "First District". The Bank performs several unique and significant responsibilities on behalf of the other Reserve Banks in the System, including:

Central Accounting Technology Services (CATS)

Central Accounting Technology Services (CATS) is headquartered in Boston. CATS is responsible for the operation and support of four critical national Federal Reserve accounting applications: the Integrated Accounting System (IAS), Account Management Information (AMI), National Capital Stock (NCS), and Account Balance Confirmation (ABC). CATS functions as one of three National Accounting Customer Support (NACS) sites. In its NACS role, CATS performs many functions associated with depository institution accounting on behalf of other Reserve Banks. Additionally, CATS Production functions as one of three Accounting Competency Center (ACC) sites.

Financial Support Office (FSO)

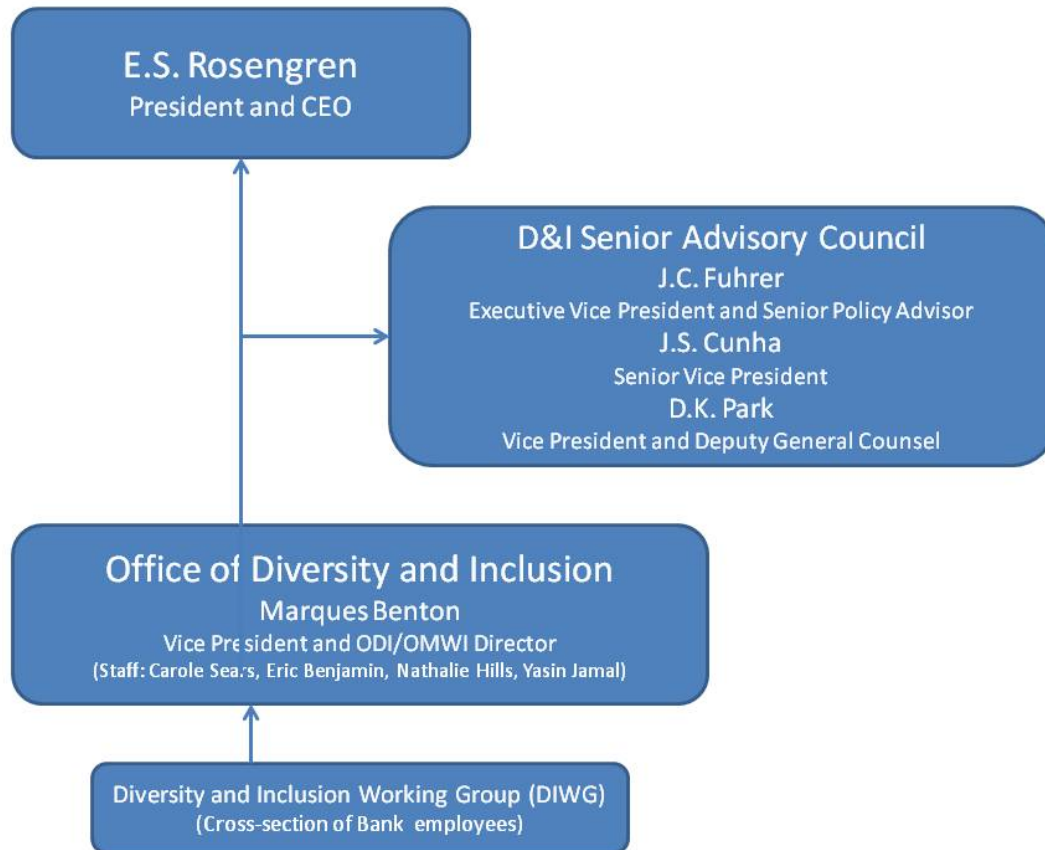
The Financial Support Office (FSO) evolved from the consolidation of the accounting function of the Support Function Office and the financial planning and reporting functions of the Financial Services Policy Committee (FSPC) support staff. The FSO manages the planning and budget process as well as financial service performance reporting and reports on these to the Conference of First Vice Presidents. The FSO reports to the FSPC on nationally-priced service revenue and cost components, the coordination of an annual pricing review, and financial services performance reporting.

Internet and Directory Services (IDSG)

The Internet and Directory Services Group (IDSG) provides two core services to all Reserve Banks: Internet services and Directory services. They provide highly secure and available connectivity between Reserve Banks and the Internet. The unit's Directory Services responsibilities include providing System-wide capabilities that enable other IT applications, such as desktop services and Human Resource applications, to function more effectively.

Staffing and Structure

The First District OMWI Director reports directly to the Bank's President and to a Senior Advisory Council. The office has four full-time staff members comprising a manager, two analysts, and an administrative assistant. The ODI also benefits from the insights and perspectives provided by the Bank's External Diversity Advisory Council. The External Diversity Advisory Council consists of executives, officers, or principals of New England companies and includes the Chairman of the Bank's Board of Directors.



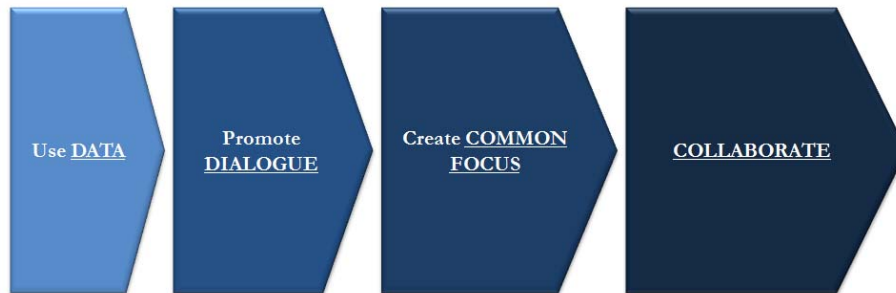
Objectives of the Office of Diversity and Inclusion

The Bank's ODI has five primary objectives:

- **Inclusion:** To create an open and inclusive environment for fostering ideas, innovation and employee engagement
- **Management:** To support development of the Bank's internal talent pool and pipeline
- **Employment:** To assist in improving the diversity of the Bank's talent acquisition pool and pipeline
- **Business:** To increase the Bank's supplier diversity pool and pipeline
- **Leadership:** To demonstrate collaborative leadership through effective partnerships with industry peers

Process

To attain these objectives, the ODI supports its decisions, programs, proposals, and communications with quantitative and qualitative information. It also pursues dialogue with all stakeholders to enhance learning, improve morale, determine expectations, and establish an inclusive leadership environment. In so doing, it seeks common objectives for programs and activities. It also encourages an atmosphere of collaboration, in part, through its own examples of working closely with other departments and partnering with external organizations.



Geography Covered

The First District of the Federal Reserve System serves the entire New England region with the exception of Connecticut's Fairfield County.



The Demographic and Business Environment of the First District

Like the rest of the nation, New England has seen significant change in its workforce composition over the past decade. Part of this change reflects changes at the national level; however, there are some significant differences. In New England, the share of minorities in the workforce grew by 23 percent over the last decade, while the share of females grew by just 5 percent. Meanwhile, the share of Asians in the workforce grew by 37 percent — the highest growth of New England’s leading minority groups. Except for Hispanics, these regional growth rates outpaced national growth rates for the respective groups. In spite of this growth, the competition for highly-qualified diverse talent remains intense in an economy that is still trying to regain its footing in a post-crisis environment marked by new business and regulatory landscapes and laden with public distrust. Within this context, the Bank continues to strategically focus its efforts on key areas that should provide easier access to minority and women talent. Table 1 shows New England’s workforce composition in 2010, followed by key trends over a 10-year period (2000 to 2010).

A review of minority-owned and women-owned enterprise data provides important insight concerning their relative growth, scope, and scale. In the utilities industry, for example, the percentages were unexpected, with 15 percent of such businesses being minority- owned and 20 percent being women-owned. Figures 1 and 2 provide information about New England’s minority- and women-owned businesses according to the Census Bureau’s 2007 Survey of Business Owners. Nationally, minority- and women-owned businesses had grown 45.5 percent and 20.1 percent respectively¹ during the preceding five years, comprising about 40 percent of all businesses. With this in mind, the Bank has focused its recent efforts on such key areas as communications and outreach, technical assistance and developing standards and processes — all to enhance awareness of and access to local procurement opportunities among M/WBEs.

The recent recession and slow economic recovery brought an increased demand for the Bank’s financial literacy and community development efforts (detailed later in this report). Home foreclosures in New England dipped slightly from their peak levels, but remain high. Some 71,253 mortgages (almost 4 percent) were foreclosed in 2010 compared to 18,750 (1 percent) in 2005. New England’s foreclosure rates, however, compared favorably to national rates for the same period². Still, low- and moderate-income (LMI) homeowners, particularly in areas of concentrated poverty, such as Springfield, Massachusetts, are being affected more adversely and will need greater access to reliable (and non-predatory) credit and financial education.

Advancing diversity and inclusion in employment, business and financial literacy was among the Bank’s top priorities in 2011 and remains so in 2012. The following sections provide more information about the Bank’s successes and challenges in these areas.

¹ Company and Women Summary of Findings for the 2007 Survey of Business owners (<http://www.census.gov/econ/sbo/>)

² FRBB NEPPC (2011), “State Foreclosure Prevention Efforts in New England: Mediation and Assistance”, NEPPC Research Report 11-3

Table 1: First District. Female and Minority Groups' Share of Workforce

	Female %	Minority %	Hispanic or Latino %	Black or African-American %	Asian %	Two or more races %
Connecticut	50	28	10	12	4	1
Maine	55	5	1	1	1	0
Massachusetts	51	24	8	8	6	1
New Hampshire	53	9	3	2	3	1
Rhode Island	56	19	9	6	3	1
Vermont	52	4	1	1	1	1
New England 2010	51	21	8	8	5	1
<i>NE Decade Growth Rates</i>	5%	23%	19%	11%	37%	N/A
National 2010	48	34	13	14	6	1
<i>Natl Decade Growth Rates</i>	2%	17%	29%	-2%	28%	N/A

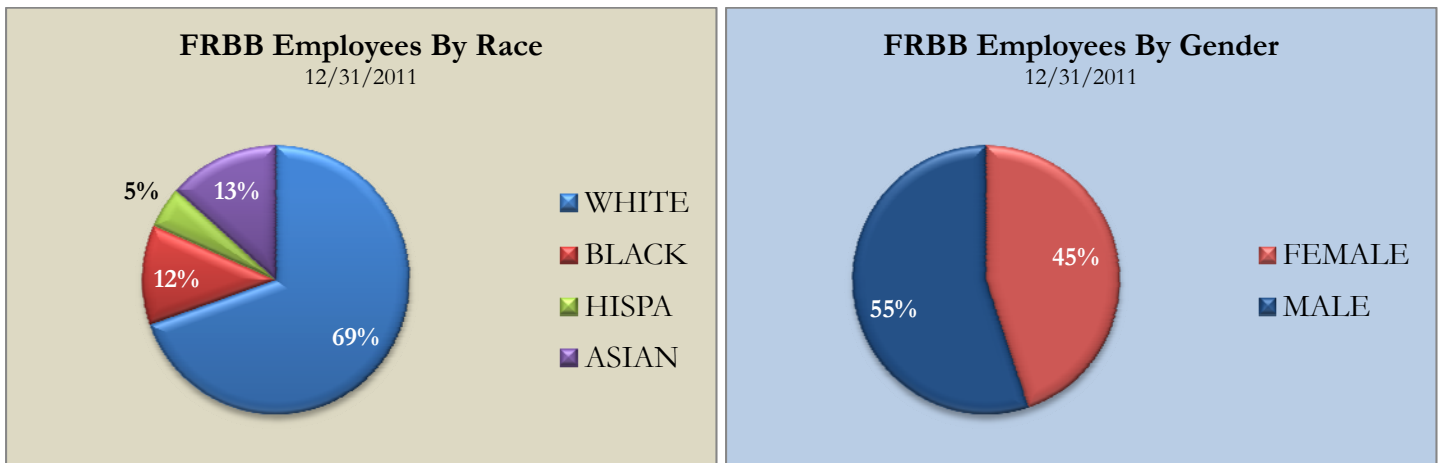
Source: EEOC's 2010 and 2000 Aggregate EEO-1 Data by State and Nation; All Industries

Figure 1 & 2: Minority- and Women-Owned Businesses in New England



Minority and Women Employment

The Federal Reserve Bank of Boston is committed to fostering diversity and inclusion in all its employment activities and aspires to be known as an organization where diversity is respected and leveraged, enabling the Bank to better serve its region. Accordingly, and in the context of a growing base of minorities and women, the Bank has strategically focused its recent efforts in three key areas to enhance the Bank's access to qualified diverse pools and pipelines. These efforts are centered on 1) developing and communicating standards and procedures, 2) improving recruitment and retention strategies, and 3) expanding diverse networks and partnerships. The Office commends the Bank's Human Resources Department for the high quality and quantity of work they do to help advance the Bank's minority and women workforce objectives.



Successes

1. **Developed and communicated standards for equal employment opportunity and racial, ethnic, and gender diversity of the workforce and senior management**
 - *Researched, designed, and implemented an internal assessment and reporting system to measure activities that promote employment of minorities and women*
 - Developed a workforce analytics database to track, measure, and report the Bank's progress in advancing diversity within the Bank
 - Researched and produced baseline metrics covering the Bank, state, region, and nation
 - Created a *Diversity and Inclusion Dashboard* that outlines the Bank's workforce representation relative to Census data, hires, promotions, separations, and professional development participation rates by gender and minority status
 - Conducted an availability analysis of the Bank's job openings to determine whether the applicant pools for open jobs were representative of the local labor market. Because general population demographics are a weak benchmark, the availability analysis was conducted at the occupational level using the Census Bureau's latest EEO (rather than population) data. This analysis took into account the qualifications required for women and minorities to successfully compete for jobs at the Bank.
 - Conducted an extensive literature review to better understand challenges related to diversity in the corporate setting i.e. training models and implementable best practices

- *Facilitated leadership collaboration*
 - Held periodic meetings with Bank officers to discuss their respective departments' workforce composition, as well as diversity and inclusion action plans
 - Convened a *New England Financial Services Diversity Roundtable* comprising executives in the financial services industry with an aim of increasing transparency and sharing best practices
 - Held bi-monthly meetings to update the D&I Senior Advisory Council on the status of diversity and inclusion initiatives, actions and outcomes, and made two formal presentations to the Bank's Executive Committee, which is composed of all the Bank's senior officers
 - Participated in the Bank's Management Council and served as an advisor on diversity issues.
- *Communicated and promoted transparency*
 - Published workforce composition data (EEO-1 Report) on the Bank's internal and external websites to improve public transparency of the Bank's workforce and senior management composition
 - Shared the Bank's Opportunities and Outreach Report Bank-wide (which includes the Statement of Equal Opportunity Policy)
 - Communicated the status of OMWI initiatives and the Bank's diversity workforce composition to employees at a Bank-wide breakfast seminar.
- *Provided innovative diversity training initiatives*
 - Delivered management-focused workshops on unconscious bias and disability etiquette and awareness (taught by Dr. Mahzarin Banaji, a nationally-acclaimed clinical psychologist, and Nadine Vogel, a well-respected disability expert and author)
 - Established a staff-focused diversity and inclusion speaker series that featured seven of the foremost experts in the diversity field, including noted author Andrés Tapia.

2. Recruited and retained a diverse workforce

- The Bank hired a Senior Diversity Recruiter who brings several years of experience in the field
- The Bank made considerable progress in advancing diversity and inclusion at the organization's highest levels. For the first time in the Bank's history, the chairman of the Board of Directors is an African-American. He is also actively engaged in the Bank's External Diversity Advisory Council, and is working with senior management to ensure we have a pipeline of diverse directors as new openings occur. In the executive management ranks, minorities and women were 15 percent each during 2011, compared with 18 percent women and 0 percent minorities in 2010. Moreover, the Bank's first/mid-level management category served as an effective pipeline for minorities and women advancing into executive management positions.
- *Current Workforce:* Currently at 31 percent, the minority share of the Bank's workforce adequately reflects the nation's (34%), and more than adequately reflects the state's (24%), and the region's (21%) demographics (see Appendix B for the Bank's workforce composition by broad levels). Of 121 hires during 2011, 35 percent were minorities and 40 percent were females. Asians were the largest share of minority hires, reflecting higher growth and availability of Asians in the New England region. Hispanics comprised the smallest percentage of the Bank's hires, reflecting this segment's slower growth and availability in the local labor market.
- *Mentoring:* The First District's 2011 mentoring program, developed to support recruiting and retention efforts, had 23 mentoring partnerships. Program applicants represent a broad cross-section of the Bank's staff, and mentor partnerships are paired to leverage diversity, including cross-functional and cross-cultural learning and development. Program participation in 2011 included 30 percent women and 39 percent minorities.
- *College Internship Programs:* In 2011, the Bank provided opportunities for 47 college interns (26 percent minority and 45 percent female) to gain practical job experience in such areas as Economic and Community Development; Bank Supervision, and Regulation; and Research. To establish a presence on college campuses where interns are commonly sourced, the Bank

participated in a variety of activities, including career fairs, information sessions, employer panels, classroom and student group presentations, and on-campus interviews. Advertising for these events was posted in various media and on school jobs boards. In 2011, the Bank's Collegiate Recruiting Program included visits to Simmons College, a historically all-women's institution.

- *Diversity Recruiting Fairs:* The Bank participated in job fairs at local colleges and universities, including institutions that have substantial minority and women enrollments. For example, several of the Bank's ODI and HR members, along with representatives from other Reserve Banks staffed the Federal Reserve's table at the Urban League's 2011 national conference in Boston. Senior members of Bank management also participated in the conference, including the First Vice President and two other Executive Committee members. During 2011, the Bank also engaged in the following diversity job fairs:
 - National Black MBA Association, Atlanta
 - DICE Career Fair, Burlington, Massachusetts
 - Massachusetts Conference for Women
- *Employee Resource Groups (ERGs):* The ODI continues to leverage and support formal and informal affinity groups within the Bank. Members of these ERGs assist in recruitment efforts by participating in career fairs. More recently, informal ERGs for Latino Professionals and for Women for Work/Life Balance were launched.
- *Onboarding:* The ODI participated in the Bank's Onboarding Program (managed by Human Resources) to share in promoting the Bank's diversity and inclusion programs, values, and philosophy to newly hired employees
- *Advertising:* The Bank advertised its job openings in various media as well as on job boards, including vehicles that target selected demographic audiences. Media vehicles included:
 - Campus Publications:
 - *Northern Diversity Schools*, 2011-2012 annual edition
 - *Southern Diversity Schools*, spring and fall 2011 editions
 - *Connections* "Expanding Horizons In a Multicultural World" Magazine, February – May 2011 issue
 - *Diversity Women Magazine*: fall 2011 issue
 - *Equal Opportunity Employment (EOE) Journal*, December 2011 and January 2012 issues

3. Developed and maintained partnerships with diverse community organizations

- Held active memberships with several local diversity networks and associations that dedicate themselves to expanding opportunities for minority professionals
- Hosted local chapter meetings, participated in networking events and award ceremonies, and participated in career expositions
- Cultivated strong working relationships with community organizations that benefit the Bank through good business partners that support its diversity initiatives. See Appendix C for the list of diverse community partnerships in which the Bank participated.

In addition to these key efforts, the ODI continued utilizing the Bank's more traditional diversity initiatives. Educational events that celebrate cultural heritage provide venues for discovering and affirming the value of diversity. Some of these events have been modified into training workshops that promote further dialogue. See Appendix C for the Bank's list of cultural and education events.

Challenges

The Bank has identified the following challenges related to workforce composition:

- Competing with the private sector for qualified minority and female talent remains a challenge due to compensation constraints. This is particularly acute for jobs in Supervision, Regulation & Credit, and in Research. Additionally, recent System citizenship restrictions for certain IT jobs limit diversity in one of the Bank's growing business lines
- As a result of conducting applicant pool availability and workforce composition analysis, the Bank has identified opportunities to improve recruitment for certain minority groups and for women, including in the executive management ranks
- Research on the effectiveness of diversity training is mixed and in some cases negative³

Going Forward

The Bank will aim to:

- Collaborate with HR to improve and broaden sourcing options and other recruiting strategies for identifying qualified minority and female talent with a commitment to addressing existing gaps
- Work with HR and management to enhance the applicant pools and pipelines for Bank jobs to closely reflect the minority and female talent in the Bank's state and region
- Promote ongoing dialogue through providing varied educational, cultural and training resources to enhance and broaden staff's appreciation of important diversity and inclusion issues.

³ Examples:

- Dobbin, Kalev, Kelly (2007), "Diversity Management in Corporate America", *Contexts* 6(4), 21-27
- Paluck, Elizabeth (2006), "Diversity Training and Intergroup Contact: A Call to Action Research", *Journal of Social Issues* 62(3), 577-595
- Easter, Marilyn (2002), "The Rise and Fall of Diversity Training", *Paper presented at the Annual Meeting of the American Educational Research Association (New Orleans, LA)*

Minority- and Women-Owned Businesses

Given the growth of minority- and women-owned enterprises (M/WBEs), the Federal Reserve Bank of Boston has focused its efforts in four areas to increase M/WBEs' access to the Bank's procurement opportunities in accordance with the Dodd-Frank Act. These activities concentrate on: 1) developing new standards and procedures; 2) enhancing internal communication; 3) providing supplier diversity training; and 4) creating better approaches to broaden the Bank's pools and pipelines of prospective M/WBE vendors. The ODI has also devoted a significant amount of time to coordinating the OMWI Council's Supplier Diversity Working Group, and to working with the Federal Reserve Banks' National Procurement Office (NPO) at FRB Richmond to develop procedures and evaluative processes for advancing the System's supplier diversity. The Federal Reserve Banks of Cleveland, Chicago, and Richmond are also members of the Supplier Diversity Working Group, and all have made significant contributions to help execute the System's supplier diversity objectives. Additionally, the ODI appreciates the support of the Bank's Procurement and Legal departments in advancing the Bank's internal supplier diversity objectives.

Amounts Paid to Contractors

Total Reportable Spend for 2011: \$33.27 million

Percentage of above paid to minority-owned businesses: 1.72%, or \$570,000

Percentage of above paid to women-owned businesses: 2.89%, or \$960,000

Total Reportable Spend with minority- and women- owned businesses: 4.61%, or \$1,530,000

The top MBE and WBE suppliers⁴ by volume are as follows:

Minority-Owned Suppliers

Hispanic American-Owned Packaging Solutions company	\$72,325
Asian Pacific American-Owned Software/Hardware company	\$70,687
Hispanic American-Owned Packaging Solutions company	\$42,450

Woman-Owned Suppliers

Relocation Services company	\$361,401
Construction Services company	\$115,752
Temporary Staffing Services company	\$ 72,325

Successes

1. Developed supplier diversity standards and procedures

- Included fair inclusion language in all new and renewed contracts. The new fair-inclusion language affirms the Bank's commitment to non-discrimination in soliciting, awarding, and administering contracts. It requires contractors, to the maximum extent possible under the law, to sign an acknowledgement that their organization provides for the fair inclusion of minorities and women in their workforce.
- Collaborated with the OMWI Council, System Legal Group, and the National Procurement Office to develop an objective and consistent process for assessing suppliers' good-faith efforts to include women and minorities in their workforce and subcontracting activities.

⁴ The names of suppliers have been omitted for privacy purposes.

- Conducted an analysis of the Census Bureau’s Survey of Business Owners data to determine the minority and women vendor composition in both the First District and in the Federal Reserve System in order to better understand the diverse vendor landscape in the state, region and nation.

2. Increased internal communication and awareness of standards and procedures

- Addressed the Procurement Department’s new responsibilities under Dodd-Frank and raised awareness of the supplier diversity program during annual procurement training.
- Held quarterly meetings with internal supplier diversity liaisons to proactively identify future procurement needs.
- Reviewed current vendor list with the goal of identifying qualified M/WBEs to compete for the Bank’s business.

3. Deployed vendor outreach to expand access and opportunity

- Participated in the Greater New England Minority Supplier Development Council (GNEMSDC) Business Opportunity and the National Minority Supplier Development Council (NMSDC) conferences during October 2011. ODI staff worked at the System’s exposition booth with other FRBs, the NPO, and the Board of Governors. The ODI also maintained a corporate membership with the GNEMSDC.
- Hosted the “*Get Konnected*” small-business month event that was attended by Treasurer Grossman and Massachusetts’ procurement officials. Additionally, ODI co-hosted an event with the Hispanic Chamber of Commerce to network and share business contact information with Hispanic suppliers.

4. Provided technical assistance to diverse suppliers

- Invited several M/WBEs to meetings with key internal stakeholders, as well as with ODI and Procurement Department staff, to expand our diverse supplier database and provide new opportunities to do business with the Bank.
- Conducted one-on-one meetings with interested suppliers at the GNEMSDC’s trade fair. M/WBEs were provided guidance in the self-registration process for new suppliers, along with an explanation of our RFP requirements, including general information about how to do business with the Bank and any upcoming opportunities.
- Hosted the GNEMSDC’s March 2011 Capital and Minority Business Capacity Building Conference, which included large corporate and government buyers and case studies of large M/WBEs.
- Provided minority- and women-owned suppliers with a brochure detailing how to do business with the Federal Reserve Bank of Boston. The brochure presented a high-level description of goods and services purchased by the Bank, and explained how to become a Bank supplier via its self-registration tool.
- Provided individualized training for M/WBEs interested in using the System’s e-Sourcing tool to register their company with the Federal Reserve for future solicitations.

Challenges

The Bank has identified the following challenges related to supplier diversity:

- Many diverse suppliers do not maintain current certifications, and external databases are not always accurate, so establishing a supplier’s ethnicity and gender is difficult
- Lacking adequate access to capital, the limited capacity and scale of many M/WBEs to absorb costs and take on large-scale projects is a challenge, particularly in specialized fields
- Participating in NPO contracts to benefit from the volume discounts it negotiates reduced the ODI’s opportunity to procure business with M/WBEs
- Managing all aspects of the transition into the new procurement guidelines and procedures is proving to be an internal challenge.

Going Forward

The Bank will aim to:

- Explore availability of new certification tools in order to better identify diverse suppliers with a commitment to improving the Bank's spend with qualified M/WBEs
- Support public and private partnerships that help M/WBEs gain access to capital and build capacity
- Continue to engage work groups that include the NPO to seek opportunities to enhance spend with qualified M/WBEs
- Maintain ongoing dialogue, leverage online tools, and provide the Bank's procurement liaisons with industry best practices and enhanced educational resources to advance the Bank's supplier diversity program.

Financial Literacy Initiatives (Outreach Programs)

In light of the current economic conditions, there is an increased need to enhance public access to reliable financial education, particularly in low- and moderate-income communities (LMI). As such, the Bank has been successful in advancing economic and financial literacy across the District through its programs, research and actions. Financial literacy programs provide educational resources for educators and students through workshops, onsite education programs, gallery exhibits and other resources about the Federal Reserve System and related concepts of economics and personal finance. Related research and actions (see Appendix D) demonstrate the Bank's commitment to serving low- and moderate-income communities and the challenges they face. The ODI applauds the Bank's Regional and Community Outreach Department for their high-quality research, outreach, and financial educational programs.

Successes

Financial Literacy Programs

The Bank worked to ensure financial literacy programs reach inner city high schools, girls' high schools, and other high schools serving majority minority populations. Two prominent and recent examples of such programs are:

Congressional Hispanic Caucus & Congressional Black Caucus Project

Two of the Bank's Economic Education Specialists, taught workshops reaching roughly 150 youths at the September 12 Congressional Hispanic Caucus Youth Leadership Summit and at the September 23rd Congressional Black Caucus Youth Summit. Topics ranged from financial system basics to money management and college planning.

Financial Fluency Partnership Program

The Financial Fluency program's mission is to build a highly effective and nationally scalable financial education program that teaches students about personal finance through required math classes. The program is compact (six classroom lessons) and empowers math teachers to integrate key personal finance concepts into existing high school Algebra I and Algebra II classes. This is achieved by tightly aligning mathematical content and required national standards in mathematics (currently adopted in 42 states) with critical personal finance tenets (e.g., sound decision-making in budgeting, compounding interest as related to investing and credit cards, the value of saving and investing early and often for retirement, and the power of delayed gratification).

In 2011, the Financial Fluency program was piloted in 14 schools in all six New England states (MA, VT, RI, NH, CT, ME). Pre- and post-assessment results suggest that the Financial Fluency program can contribute to significant student improvements in three key areas: (1) mastery of mathematical content being tested on state-specific standardized tests; (2) understanding of key personal finance tenets; and (3) an improved, positive attitude toward mathematics. Pre- and Post-test results show that performance on questions, in general, had correct answers increase by more than 50 percent. External Diversity Council member, Valerie Mosley, is the founder of the Financial Fluency program. The Bank's Economic Education Director is the lead supported by the ODI Director.

Key 2011 FRB Financial Education Program Successes include:

- Led Bank Campaign for Financial and Economic Education to increase capacity within the District for teaching and learning economics and personal finance
- Partnered with organizations that focus on teaching in urban schools
- Collaborated with regional organizations, i.e. state affiliates of JumpStart, the Council for Economic Education, and the Massachusetts Financial Education Collaborative to implement the Bank's Campaign
- Developed a visual map based upon survey results identifying schools across the Commonwealth that currently teach personal finance

- Provided programs to 172 schools in our District. Approximately 42 percent of the participating schools were related to OMWI. Additionally, participants from 32 post-secondary institutions and 20 other educational organizations attended various programs. In total, 224 teachers and 10,342 students participated in District financial literacy programs in 2011.
- Participated in 10 education conferences, 3 of which were national and 7 of which were regional or state
- Partnered with 10 educational organizations in six states.

Program	Total Schools	Total Urban	Total Suburban	Total Rural	% Urban
Education Programs	172	72	82	18	42.0%
Personal Finance	74	37	25	12	50.0%
Competitions	75	11	49	15	8.2%
Teacher Training	61	39	14	8	63.9%

Challenges

The Bank has identified the following challenges related to financial literacy:

- Integrating financial education programs into existing school curricula and identifying effective methods to scale and increase the impact of these programs is difficult. To date, New Hampshire is the only state in the District that integrates financial education into its school curricula.

Going Forward

The Bank will aim to:

- Evaluate the effectiveness of existing programs using pre- and post-tests and use the results to build credibility and influence key stakeholders and decision-makers.

Conclusion

The mission of the Bank's Office of Diversity and Inclusion is to be a catalyst for attracting and leveraging the Bank's human capital in ways that will enhance its workforce composition, business activities, and financial education initiatives. It is a mission that is consistent with the Bank's broad public-service goals and strategic objectives. In its first year, the ODI launched a multi-pronged effort in pursuit of this mission.

Early plans to integrate the OMWI into the Bank's ODI and to implement policies and practices that comply with Section 342 of the Dodd-Frank Act have now been achieved. The Bank also broadened its employees' appreciation of the business benefits of having a diverse and inclusive culture. The Bank is striving to move from complying with regulatory requirements, to appreciating the business case, and further on to becoming an organization that learns from and leverages diversity to better serve the public.

We acknowledge that the challenging economic environment, heightened public scrutiny, and a difficult budgetary climate can impede the ODI's ability to attain its objectives. Looking ahead, we will strive to overcome these barriers by improving our ability to harness important insights from data, shaping traditional and non-traditional training approaches, and expanding our public and private industry partnerships to promote transparency and share implementable workforce and procurement best practices.

While the Bank has made significant progress advancing diversity and inclusion during 2011, we recognize much work remains to be done. We look forward to sharing our progress with you on an ongoing basis and would welcome opportunities for informal dialogue to better align the Bank's efforts with Congressional expectations.

Appendix A: EEO-1 Report

Federal Reserve Bank of Boston EEO-1 Consolidated Data
Workforce Representation, July 1 - 15, 2011

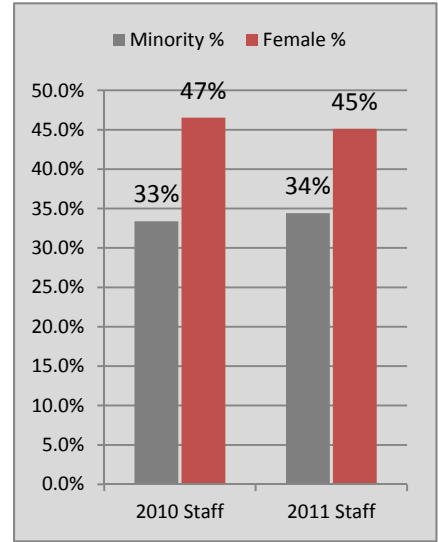
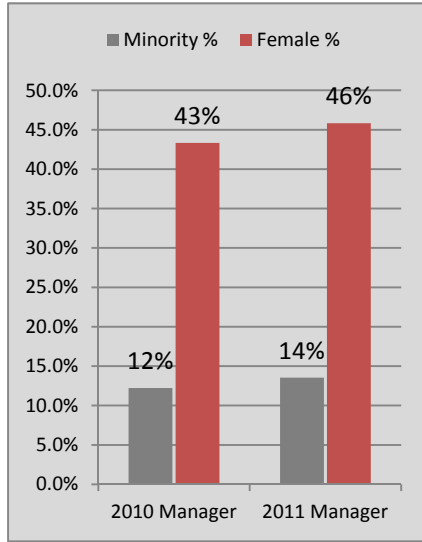
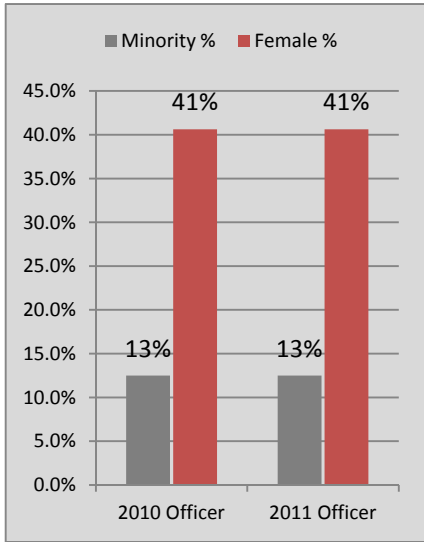
By Number	Hispanic Or Latino		Non-Hispanic Male						Non-Hispanic Female						Total
	Male	Female	White	Black or African American	Native Hawaiian or Other Pacific Islander	Asian	American Indian or Alaskan Native	2 or More Races	White	Black or African American	Native Hawaiian or Other Pacific Islander	Asian	American Indian or Alaskan Native	2 or More Races	
Executive/Senior Level Officials & Managers	0	0	9	2	0	0	0	0	2	0	0	0	0	0	13
First/Mid Level Officials & Managers	2	1	73	2	0	3	0	0	48	4	0	6	0	0	139
Professionals	12	10	176	19	1	31	0	0	142	27	0	36	0	1	455
Technicians	3	1	24	12	0	2	0	0	5	1	0	1	0	0	49
Office & Clerical Workers	4	8	23	6	0	6	0	1	47	26	0	26	0	0	147
Craft Workers	0	0	17	0	0	1	0	0	0	0	0	0	0	0	18
Service Workers	3	1	36	7	0	0	0	0	5	2	0	0	0	0	54
Total	24	21	358	48	1	43	0	1	249	60	0	69	0	1	875

The information in these tables reflects the 1st District's staff representation by EEO-1 job category (see table rows). The vertical "Total" column represent total staff for the job category across all races and genders; the horizontal "Total" row represent total staff for the race-gender combination across all job categories.

By Percentage	Hispanic Or Latino		Non-Hispanic Male						Non-Hispanic Female						Total
	Male	Female	White	Black or African American	Native Hawaiian or Other Pacific Islander	Asian	American Indian or Alaskan Native	2 or More Races	White	Black or African American	Native Hawaiian or Other Pacific Islander	Asian	American Indian or Alaskan Native	2 or More Races	
Executive/Senior Level Officials & Managers	0.0%	0.0%	69.2%	15.4%	0.0%	0.0%	0.0%	0.0%	15.4%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%
First/Mid Level Officials & Managers	1.4%	0.7%	52.5%	1.4%	0.0%	2.2%	0.0%	0.0%	34.5%	2.9%	0.0%	4.3%	0.0%	0.0%	100.0%
Professionals	2.6%	2.2%	38.7%	4.2%	0.2%	6.8%	0.0%	0.0%	31.2%	5.9%	0.0%	7.9%	0.0%	0.2%	100.0%
Technicians	6.1%	2.0%	49.0%	24.5%	0.0%	4.1%	0.0%	0.0%	10.2%	2.0%	0.0%	2.0%	0.0%	0.0%	100.0%
Office & Clerical Workers	2.7%	5.4%	15.6%	4.1%	0.0%	4.1%	0.0%	0.7%	32.0%	17.7%	0.0%	17.7%	0.0%	0.0%	100.0%
Craft Workers	0.0%	0.0%	94.4%	0.0%	0.0%	5.6%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%
Service Workers	5.6%	1.9%	66.7%	13.0%	0.0%	0.0%	0.0%	0.0%	9.3%	3.7%	0.0%	0.0%	0.0%	0.0%	100.0%
Total	2.7%	2.4%	40.9%	5.5%	0.1%	4.9%	0.0%	0.1%	28.5%	6.9%	0.0%	7.9%	0.0%	0.1%	100.0%

Each cell represents the race-gender's share of the relevant job category (row). The vertical "Total" column must always equal 100%. The horizontal "Total" row need not equal 100% because it represents the race-gender's share of the entire bank across all job categories.

Appendix B: Workforce Composition By Level



Appendix C: Community Partnership and Cultural/Educational Events

COMMUNITY PARTNERSHIPS

- The Hispanic American Chamber of Commerce
- Get Connected – Multicultural Networking Collaborative
- The Urban League
- The City of Boston’s Earned Income Tax Credit Campaign
- The National Black MBA Association, Inc.
- The National Society of Hispanic MBAs
- The Association of Latino Professionals in Finance and Accounting (ALPFA) – Hosted Hispanic Heritage event titled “Keeping the Promise: Unity, Strength, Leadership”
- El Mundo – Hispanic Community News Paper
- Conexión – Hosted a Hispanic Heritage event titled “Latino Leadership and Diversity: Implications for the Future”
- Seyfarth Shaw LLP – Hosted 2011 “Women’s Symposium: A Roadmap to Executive Leadership”
- Parents, Families and Friends of Lesbians and Gays (PFLAG) organization
- Gay and Lesbian Advocates and Defenders (GLAD) organization
- National Disability Institute (NDI) – Hosted 6th Annual Mayor’s Leadership Academy Conference
- Massachusetts Financial Education Summit (MFEC)

CULTURAL AND EDUCATIONAL EVENTS

- Lunar New Year (January/February)
- African-American History (February)
- Irish-American History (March)
- Women’s History (March)
- LGBT Pride Month (June)
- Hispanic Heritage (September)
- Multicultural Celebration Month (October)

Appendix D: Research and Action

While most of the initiatives in this section largely occurred prior to 2011, they provide important background on innovative activities undertaken by the Bank to address foreclosure, access to credit and capital, and financial literacy challenges faced by many LMI families trying to navigate the current economic climate.

Springfield Revitalization Project

During the last four years, the Federal Reserve Bank of Boston has collaborated with community leaders and residents of Springfield on economic revitalization and growth strategies, with a special focus on LMI neighborhoods. Bank research⁵ has revealed that several similar industrial cities across the country have surmounted the demographic and industrial barriers to recovery that Springfield now faces. Such cities' resurgence is characterized by processes and practices that include collaborative leadership and inclusion. More recently, drawing on its research and community development experience, the Bank has brought together constituents and stakeholders – particularly Latino small business owners – to identify major barriers to entrepreneurship, and to encourage collaboration toward strategies for such challenges.

Foreclosure Prevention Research and Action

In and leading up to 2011, the Bank conducted several research studies addressing the foreclosure crisis, including the causes and proposals to alleviate its effects on homeowners. Additionally, the Bank coordinated three large-scale foreclosure prevention events between 2008 and 2009, assisting roughly 4,000 troubled borrowers gain access to loss mitigation professionals and free certified foreclosure prevention counselors. The events also provided financial education workshops on topics including budgeting, credit, and the short sale process. These events took place as follows:

- August 12, 2008 – Gillette Stadium
- February 14, 2009 – Connecticut Convention Center
- September 17, 2009 - Boston Convention & Exposition Center

Boston Earned Income Tax Credit (EITC) Campaign

Spearheaded by the Office of Boston Mayor Thomas Menino, the Boston Earned Income Tax Credit (EITC) Coalition is a partnership of nonprofits, businesses, and community organizations that promote the economic independence of working individuals and families. Now serving over 12,000 taxpayers each year, EITC sites and volunteers have returned more than \$100 million in federal refunds to Boston LMI families. As a founding member of the city's now 10 year-old campaign, the Bank has been a partner with the Boston EITC coalition in serving LMI communities by providing free tax preparation assistance, credit counseling and research on credit scores and the unbanked. The Bank was one of two organizations that received formal recognition at an EITC Campaign award ceremony in June 2011.

Credit Score Research

Motivated by the Boston EITC experience, the Bank's Research Center for Behavioral Economics and the ODI produced a study that analyzed consumers' knowledge of their own credit situation and tested whether a lack of knowledge affected financial outcomes. The study argues and empirically shows that many respondents don't know their credit score and generally underestimate their creditworthiness. Furthermore, the evidence suggests that this biased self-assessment may explain differences in perceived credit constraints and credit contracts, specifically credit card interest rates. The research suggests that an important aspect of financial literacy is self-assessment, and that it is important to encourage consumers to regularly check their credit reports and scores to better understand their actual creditworthiness. The research paper, titled "The Cost of Not Knowing the Score: Self-Estimated Credit Scores and Financial Outcomes," was published in the December 2011 issue of the *Journal of Family and Economic Issues*.

⁵ Research and case studies conducted by a collaboration of the Bank's Community Development team in the Regional and Community Outreach Department and the Bank's New England Public Policy Center. <http://www.bos.frb.org/commdev/cdevpubs.htm>

