



Federal Reserve Bank of Boston
Office of Diversity and Inclusion

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2012 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.

Members of the 113th Congress,

The Federal Reserve Bank of Boston continued to make considerable progress toward its diversity and inclusion goals in 2012. Transparency and accountability were key threads woven through all of the diversity initiatives of our Office of Diversity and Inclusion (ODI). We focused on workforce and supplier diversity challenges identified in 2011, and we made measureable progress addressing those challenges. We analyzed and presented data reflecting representation gaps in the Bank's workforce to management, staff, and members of the Bank's Board of Directors, with the goal of using these data to guide management decisions to improve diversity in their departments. We increased outreach to important communities and diverse professional development organizations to improve our recruiting networks and to raise awareness about the Bank's commitment to diversity. Additionally, we undertook innovative initiatives to better attract highly skilled diverse talent and we brought leaders in the financial services industry together to share best practices and collaborate on efforts to move the industry and the region forward.

This 2nd annual Office of Minority and Women Inclusion Report presents a comprehensive review of the Bank's diversity and inclusion efforts throughout 2012. 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 an updated baseline by which to measure its future progress in advancing diversity and inclusion.

While the Bank's ODI made notable progress toward its long-term objectives during 2012, much work remains to be done. The year 2013 is off to a strong 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,



Eric Rosengren, President and CEO



Marques Benton, Vice President and OMWI Director





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EXECUTIVE SUMMARY

In 2012, the Federal Reserve Bank of Boston (Bank) demonstrated its commitment to diversity and inclusion through focused and innovative initiatives that increased diversity in the Bank's workforce, procurement and financial education program outcomes. The Bank's Office of Diversity and Inclusion & OMWI (ODI) is directly 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 retained responsibility for assessing the diversity policies and practices of regulated entities, which are therefore not addressed in this report.

Transparency and accountability were important themes woven throughout all of the ODI's key efforts in 2012. We worked hard to encourage an environment that promotes fair access to career and procurement opportunities and a level playing field for advancement, and we leveraged diversity for greater creativity and innovation. We also developed specific initiatives to: increase management and staff engagement, comply with the Office of Minority and Women Inclusion mandate, and foster collaborative leadership with industry peers.

Moreover, we continued to make available to the public through our public website the Bank's EEO-1 data, reported to the Equal Employment Opportunity Commission. The Bank also implemented its new policy of posting most of its open officer positions externally, and considerably increased its outreach to minority-owned and women-owned businesses (M/WBEs) and to small businesses.

2012 Workforce Highlights

During 2012, the Bank made 157 new hires. Of these, 30 percent were minorities and 47 percent were female. The minority hires consisted of 27 Asians, 10 African-Americans, nine Hispanics, and one American Indian/Alaskan Native. In the middle management ranks, an important pipeline for higher levels in the organization, the share of minorities increased from 14% in 2011 to 15% in 2012. We will of course be working to achieve more significant increases in the coming years, but we are moving in the right direction.

2012 Supplier Diversity Highlights

The Bank's spend with minority- and women-owned businesses grew by \$650k, a 42% increase in 2012. Total FRBB diverse spend with M/WBEs as a percentage of its total reportable spend increased from 4.6% in 2011 to 5.1% in 2012, or by roughly one-half a percentage point. Increased collaboration between the ODI and the Bank's Procurement Department, supplier diversity training, and enhanced outreach (through attendance at local and national supplier diversity trade fairs) all contributed to the Bank's improved performance.

2012 Financial Education Highlights

The Bank's Economic Education Unit delivered programming to 157 schools in the District. Approximately 36% of these were related to the OMWI mandate. Additionally, participants from 43 post-secondary institutions and 49 other educational organizations attended various programs. In total, 454 teachers and 8,600 students participated in First District financial literacy programs in 2012.

Progress Against Recognized Gaps

Holding ourselves accountable to make progress on women and Hispanic workforce gaps identified in our first Congressional OMWI report, the ODI developed strategic events introducing these key groups to opportunities at the Bank. A few examples include hosting a Women in Finance Personal Branding Panel and premiering HBO's *Latino List II* documentary. Both events, which were open to the public, were convened in collaboration with prominent female and Hispanic leadership development organizations and they attracted 150 and 300 talented diverse professionals, respectively. The Bank's open positions, including open officer positions, were promoted at both events. Consequently, several attendees applied for jobs and one Latina was hired into an open IT Director position.

Female Workforce Gap Results since 2010:

- The Bank's female workforce grew at a rate of 15% (up by 58 individuals) since 2010
- The female share of managers/directors is up by 2 percentage points since 2010
- Additionally, the percentage of female hires is up 2 percentage points since 2010 and female separations are down by 4 percentage points since 2010
- Outreach with important woman-focused networks has improved:
 - The Bank was recognized in one national and two local women focused magazines (See Appendix E)
 - The Bank presented at the last two National Diversity Women's Leadership Conferences
 - The Bank received *Diversity Woman* Magazine's National Peer-Nominated, Diversity Leadership Award in 2012 (See Appendix E)

Hispanic Workforce Gap Results since 2010:

- The Hispanic workforce grew at a rate of 19% (up by 8 individuals) since 2010
- The Hispanic share of managers/directors is up by 2 percentage points since 2010
- The Hispanic share of directors more than doubled from 3% in 2010 to 7% in 2012
- We met a high-level Latina IT professional at the Hispanic Heritage History Month - *Latino List II* HBO Documentary Event and hired her into an open IT Director position

In many ways, the ODI's workforce gap initiatives were well-aligned with important national diversity trends, public discussions and news stories in 2012. For example, the COO of Facebook¹, one of the most

powerful business-women in the nation, is raising pressing questions about what companies should do to help their employees achieve work/life balance and why there are so few woman leaders and CEOs in major American corporations. The Bank is proud to be playing a key role developing innovative approaches and convening industry leaders to advance these important issues furthering this critical dialogue in New England and beyond.

Footnote:

1. See for example, cover story "Confidence Woman" in Time Magazine's March 18, 2013 issue (Volume 181, No. 10)



OVERVIEW

This second annual OMWI Report required under Section 342 of the Dodd-Frank Act highlights the Bank's key initiatives as well as its 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 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 the provision of 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 of Governors, form the Federal Reserve System (System). It represents the First Federal

Reserve District, which includes all six New England states, with the exception of Fairfield County, Connecticut.

The Bank performs several unique and significant responsibilities on behalf of the other Reserve Banks in the System, including:

Central Accounting Technology Services (CATS)

The Reserve Banks' 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) manages the Reserve Banks' 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 Financial Services Policy Committee (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. It provides 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.



External Diversity Advisory Council Members (top left to bottom right): Jeff Fuhrer, Ph.D., Kirk Sykes, Eric Rosengren, Ph.D., Marques Benton, Vanessa Calderón-Rosado, Ph.D., Gail Snowden, Wayne Budd, Joe Chow, and Valerie Mosley. (Not pictured here: Ken Montgomery, Jim Cunha and Ronald Homer)

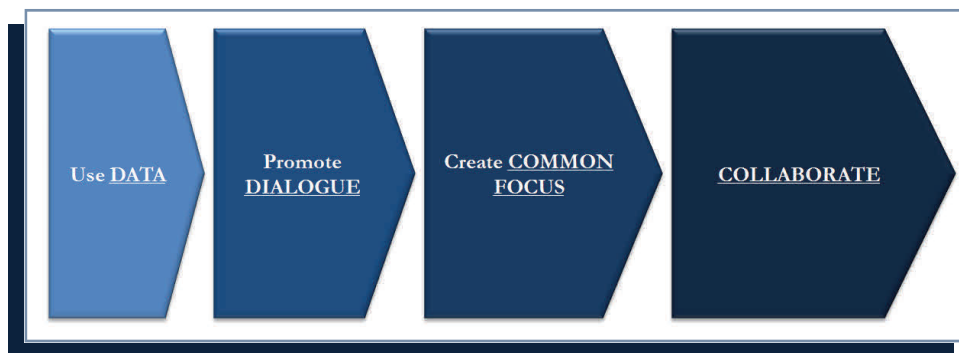


D & I Senior Advisors. (Not Pictured here: Jim Cunha)



Staffing and Structure

The First District OMWI Director reports directly to the Bank’s President and to an executive vice president. In 2012, the office had four full-time staff members: 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, and principals of New England companies and the Chairman of the Bank’s Board of Directors.



ODI Objectives

The five primary objectives of the First District ODI are:

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

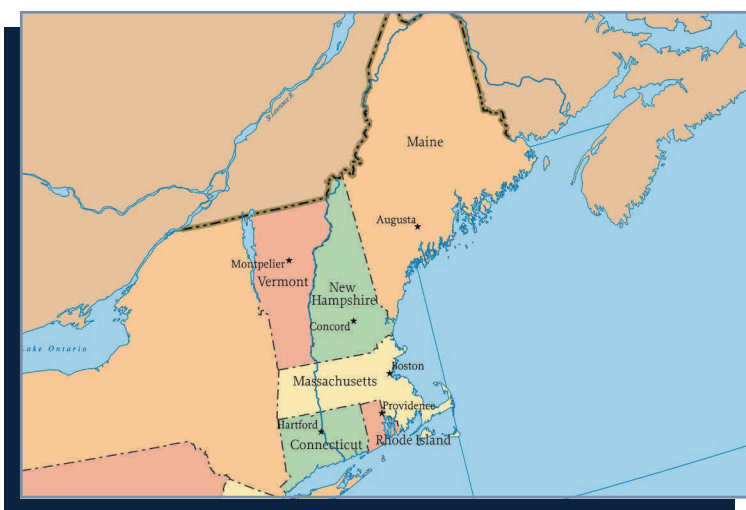
Employment: To assist in improving the diversity of the Bank's talent acquisition pool and pipeline

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 builds effective working relationships 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 New England region, with the exception of Connecticut's Fairfield County. The six New England states are: Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island and Vermont.

The Demographic and Business Environment of the First District

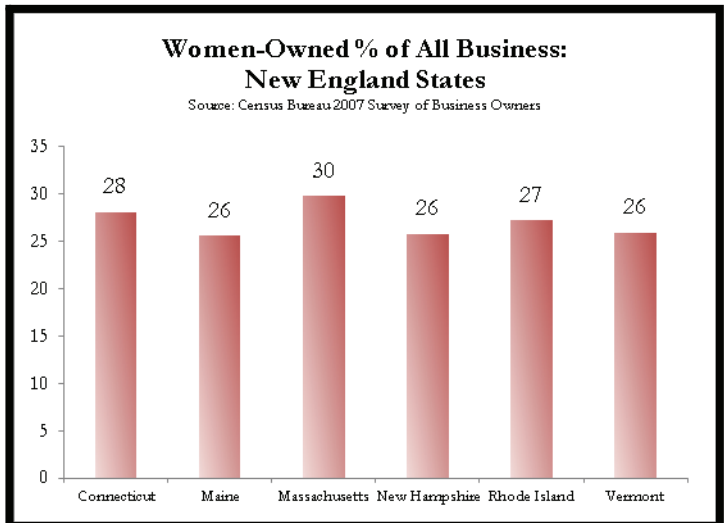
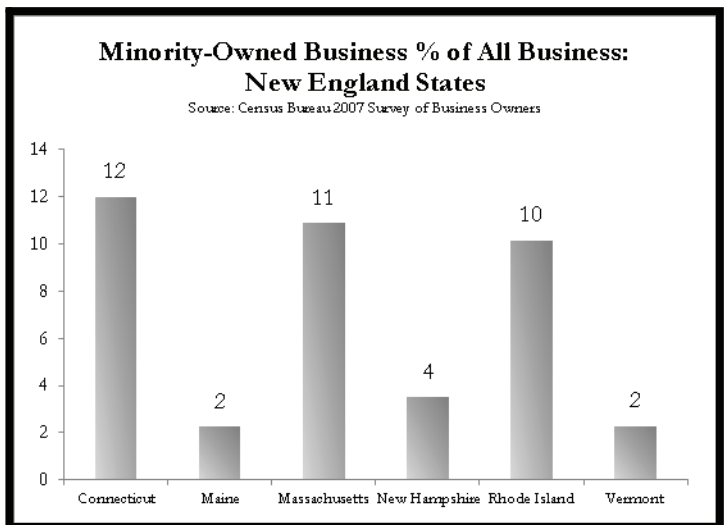
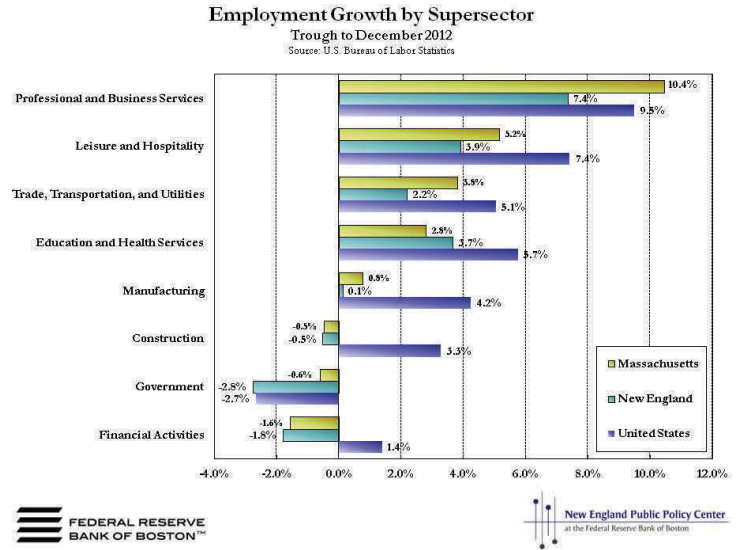
Like the rest of the nation, New England has seen significant change in its workforce composition over the past decade. Some of these changes parallel national trends; however, some changes are unique to New England. For instance, although both the nation and the region have increased their share of minorities by about 4 or 5 percentage points, the Hispanic share increased less in New England than in the nation, the Black share improved more in New England than in the nation, and the Asian share increased at roughly the same rate. The share of women has increased by 2 percentage points in New England, while increasing 1 percentage point in the nation. See Appendix B for useful annual and 10-year trends. Table 1 on the next page shows the latest data on the workforce composition of New England, the nation and the Bank.

Perhaps more salient is an industry story that shows negative employment growth in the financial services sector since the financial crisis. Indeed, among the lowest growth sectors — including negative growth — nationwide and in New England are government and finance. Meanwhile, other sectors such as education, health, professional and business services saw positive growth.²

These labor market dynamics may have some implications on our sourcing strategies. The Bank will continue to strategically focus its efforts on key areas that should provide easier access to qualified minorities and women.

Last year, we showed Figures 2 and 3 to provide important insight concerning the relative growth, scope, and scale of New England’s minority- and women-owned businesses according to the Census Bureau’s 2007 Survey of Business Owners (new data available in 2015 per the Census Bureau). Nationally, minority- and women-owned businesses had grown 45.5% and 20.1%, respectively, during the preceding five years, comprising about 40% of all businesses^{3,4}. 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 in order to enhance

Figure 1, 2 and 3:



awareness of and access to local procurement opportunities among M/WBEs.

The Bank's financial literacy and community development efforts (detailed later in this report) remain in high demand as the region recovers from the recession. In New England, home foreclosures (as a percentage of all loans) dipped slightly in 2011, but have recently increased through Q3 of 2012⁵. 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.

Finally, before we discuss the *successes, challenges* and *going forward* portions of the report, it is useful to provide the research context that surrounds the ODI's strategies for diversity and inclusion.

Research supports the business case for diversity and indicates that diversity efforts are better when they enhance a firm's core competencies, capabilities and resources. This means that focusing on professional development, knowledge-sharing, innovation, firm reputation and organizational culture leads to better outcomes. Further, research shows that biases are stronger when firms are downsizing than when they are growing⁶. Psychological studies show it is difficult to train away stereotypes, especially if those being trained are

concerned about their own careers. It is important to recognize this because training is often considered the most popular and costliest diversity initiative⁷. Thus, advances in social psychology and behavioral economics — including the recognition of the role of unconscious or implicit bias in decision-making — can support the development of more effective diversity training.

Advancing diversity and inclusion in employment, business and financial literacy was among the Bank's top priorities in 2012 and remains so in 2013. The following sections provide more information about the Bank's successes, challenges and next steps in these areas.

Footnotes:

- Clifford, Robert (New England Public Policy Center), "Leading the Way: Vermont and the New England Economic Conditions" (Presentation to the Lake Champlain Regional Chamber of Commerce, January 16, 2013; modified with Massachusetts data for this report)
- "Census Bureau Survey of Business Owners, Summary of Findings: Company 2007", <http://www.census.gov/econ/sbo/getsof.html?07cosum>, accessed March 13, 2012
- "Census Bureau Survey of Business Owners, Summary of Findings: Women-Owned Firms 2007", <http://www.census.gov/econ/sbo/getsof.html?07women>, accessed March 13, 2012
- Ibid. 1
- Anne M. McMahon, "Does Workplace Diversity Matter? A Survey of Empirical Studies on Diversity and Firm Performance, 2000–2009", *Journal of Diversity Management* 5 (2010): 44
- Dobbin, Kalev, Kelly, "Diversity Management in Corporate America", *Contexts* 6(4): 24-25

Table 1: Workforce Composition By Geography and at FRBB

	Total Employees	Female %	Minority %	Hispanic or Latino %	Black or African-American %	Asian %	Two or more races %
Connecticut	641,501	50	28	10	12	4	1
Maine	187,005	55	5	1	2	1	0
Massachusetts	1,342,520	51	25	8	9	6	1
New Hampshire	220,980	52	9	3	2	3	1
Rhode Island	160,987	56	19	9	6	3	1
Vermont	80,874	51	5	1	1	1	1
New England	2,633,867	52	22	8	8	5	1
National	48,653,932	48	35	13	14	6	1
FRB Boston 2012	989	46	30	5	11	13	0

Benchmark Source: EEOC's 2011 Aggregate EEO-1 Data by State and Nation; All Industries

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, 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) enhancing analytics, 2) addressing identified gaps by improving recruitment and retention strategies, including expanding diverse networks and partnerships, and 3) engaging Bank management. The Office commends the Bank’s Human Resources Department (HR) for the high quality and quantity of work they do to help advance the Bank’s diversity and inclusion objectives.

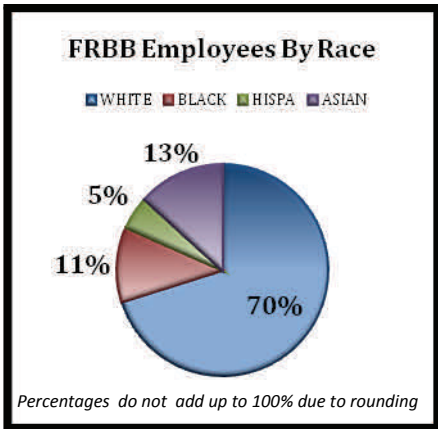
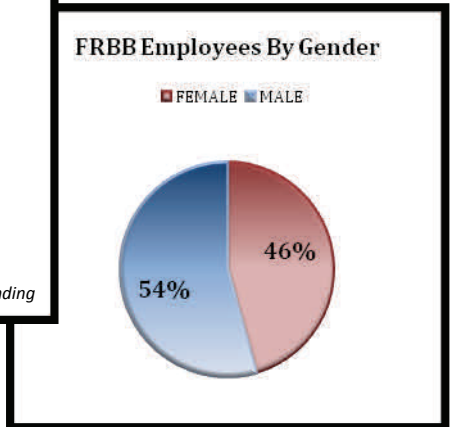


Figure 4 and 5:



Successes

The Bank’s 2012 year-end workforce is composed of 30% minorities and 46% women (see Appendix B for the Bank’s composition by broad levels).

General Recruitment

HR is instrumental in the Bank’s progress in diversity. In 2012, the recruiting team participated in Boston’s 12th Annual Diversity Employment Day Career Fair in May. Also in May, recruiters participated in the 6th Annual Latina Summit by the Boston chapter of the *Association of Latino Professionals in Finance and Accounting* (ALPFA). As a new HR initiative, recruiters took part in the October Boston MBA conference put together by *Reaching Out* – an organization dedicated to empowering lesbian, gay, bisexual and transgender (LGBT) professionals. Finally, in November, HR attended ALPFA’s 40th Anniversary event.

In 2012, the Bank provided opportunities for 43 college interns, of which 33% were minorities and 35% were females (compared with last year’s 26% minority and 45% female participation). These opportunities provide a nascent labor force with practical job experience in a wide variety of areas including Economic and

Key Successes:

- * ***Recruited and retained a diverse workforce***
- * ***Developed and communicated standards and metrics for diversity***
- * ***Engaged Bank and industry leaders***
- * ***Provided innovative diversity training initiatives***
- * ***Maintained partnerships with diverse networks***

Community Development, Bank Supervision and Regulation, Research, Information Technology, and Law Enforcement. 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 job boards.

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:

- *Northern Diversity Schools* and *Southern Diversity Schools* (Campus Publications, Inc.)
- *Connections* “Expanding Horizons In a Multicultural World” Magazine
- *Equal Opportunity Employment (EOE) Journal*

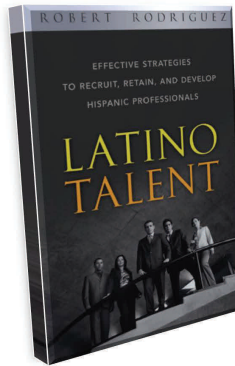
Gap-Focused Initiatives

Our benchmarking and availability analysis has honed our strategic approach by helping us identify specific areas of opportunities for improvement. Last year, we identified gaps in our female and Hispanic workforce relative to local and national labor markets. As a result, our 2012 strategies included initiatives that engaged women and Latino/Hispanic networks and experts. These initiatives were innovative, sophisticated, and designed to focus on senior-level women and Hispanics.



In June, we launched the Women in Finance Personal Branding Panel in partnership with local networks such as the *85 Broads*, *Boston Women in Finance*, and *Women of ALPFA*. We used the opportunity of Women’s History month in

March to sponsor a meaningful discussion on work/life balance. In September, we premiered the film *The Latino List II* to continue to expand our relationships with Latino/Hispanic networks. In October, we brought in one of the nation’s foremost experts on the Hispanic/Latino

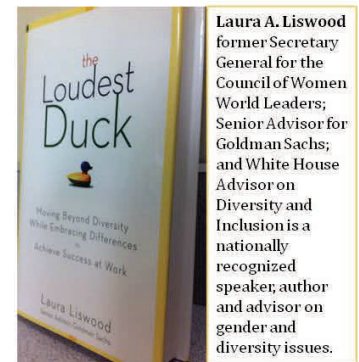


workforce, Dr. Robert Rodriguez, to provide two workshops on Latino Talent Acquisition and Professional Development. We also engaged the services of a highly-regarded executive recruiting firm that has strong and diverse networks and contacts.

Management Engagement

The ODI supplemented recruitment efforts with management engagement. Our conversations with department managers have been constructive in enhancing the ODI’s awareness of specific department needs and in increasing managers’ awareness of available pools of diverse talent. In these management discussions, the ODI has encouraged departments to participate in HR recruiting events. We also continue to leverage employee resource group participation in recruiting events, as well as our onboarding program for new employees.

Part of a successful workforce diversity strategy is management engagement that includes providing modern diversity training. The ODI has built on the successes from last year’s unconscious bias training featuring Dr. Mahzarin Banaji by bringing in Laura Liswood, a nationally recognized speaker, author and adviser, to provide mandatory training sessions for managers and executives. Ms. Liswood’s approach moves beyond traditional diversity efforts toward modern diversity practices. The sessions are designed to help management better understand how inequities in hiring, promotion, and retention can arise unintentionally, and how these inequities/biases can result over time in hard to explain gaps in workforce representation. Our own internal survey shows that 84% give the training an “Excellent” or “Very Good” overall rating. More importantly, almost



Laura A. Liswood
former Secretary
General for the
Council of Women
World Leaders;
Senior Advisor for
Goldman Sachs;
and White House
Advisor on
Diversity and
Inclusion is a
nationally
recognized
speaker, author
and advisor on
gender and
diversity issues.

all say they have come away with improved awareness or concrete tool(s) for practical use.

Additionally, in December, one of the largest departments in the Bank brought in author and consultant Stephen Young to engage its managers on the effects of *micromessaging*, *microadvantages* and *microinequities*. The training offered insights and practical tools on how words, gestures and tone of voice can best improve employee morale, business outcomes and organizational effectiveness.

Table 2:

Female and Hispanic Share of New Hires		
	2011	2012
Total New Hires	121	157
Female %	40%	47%
Hispanic %	5%	6%

Metrics

Our 2012 metrics show that progress is being made in workforce diversity. During 2012, the Bank hired 157 new employees. Of these, 30% were minorities and 47% were female. Minority hires comprise 27 Asians, 10 African-Americans, nine Hispanics, one American Indian/Alaskan Native. At the Director level — an important pipeline for higher levels in the organization — the share of Hispanics increased from 2% to 7%.

Our applicant pool availability analysis by standard occupational categories (SOC) also shows successes despite trends in the labor market⁸. More importantly, our analysis is providing insight on the occupations that require more attention and focus.

Over 2011, the female share of new hires increased by seven percentage points and the overall female workforce at the Bank increased by one percentage point. This occurred despite a decrease in the share of females in the applicant pool, small annual female share increases in the state and region, and an annual female share decrease in the nation (see Appendix B).

With respect to Hispanic representation at the Bank, although our workforce share remains at 5%, the Hispanic share of the applicant pool grew at a rate of 18% and the Hispanic share of new hires grew at a rate of 16%. This took place in the context of a very small annual increase in the share of Hispanics in the state and region (see Appendix B). Notably, as a direct result of the Latino List film event in September, the Bank hired a Latina IT Director.

Retention

Retention is an integral feature of a successful workforce diversity strategy. As part of the Bank's overall retention framework (which includes competitive total compensation packages, work/life balance and other employee benefits), professional development opportunities show strong participation by minorities and women. For example, the Bank's 2012 mentoring program, developed to support recruiting and retention efforts, had 22 mentoring partnerships. Program applicants represent a broad cross-section of the Bank's staff, and mentor partners are paired to leverage diversity, including cross-functional and cross-cultural learning and development. Program participation in 2012 included 45% women and 46% minorities—an increase from last year's 30% and 39%, respectively.

Part of the success we see in our metrics is an increase in the minority share of promotions throughout the Bank (from 26% in 2011 to 28% in 2012) and a decrease in female separations (49% in 2011 to 43% in 2012).

The Bank also benefited from a high participation rate in its Climate Survey. Analytics from the survey helped the Bank gauge employee morale and target our responses. As a follow-up to this survey, and in an effort to further understand commitment levels at the Bank, the ODI deployed an intergenerational and millennial survey. The results inform the Bank's strategy

Footnote:

8. Applicant Pool Availability Analysis tests whether our applicant pool's minority and female share is adequate relative to the estimated supply of qualified minorities and women available in our existing workforce and in our recruitment area.

along themes such as collaboration, innovation, diversity and bureaucracy, which are relevant to a workforce that is increasingly diverse.

Challenges

Despite the improvements mentioned in the previous section, the Bank's current female workforce (46%) still lags the nation's (48%), the region's (52%) and the state's (51%); our Hispanic workforce (5%) is still behind the nation's (13%), the region's (8%), and the state's (8%); and our minority workforce (30%) still trails the nation's (35%).

Competing with the private sector for qualified minority and female talent remains a challenge due in part to compensation constraints. This is particularly acute for jobs in Supervision, Regulation & Credit; Research; and Information Technology. We have also learned that unavoidable limitations to our compensation schedules played a key role in our inability to hire an extremely accomplished minority candidate for a senior executive position.

As a result of conducting applicant pool availability and workforce composition analyses, the Bank has identified opportunities to improve recruitment for certain occupations such as Economists, Financial Examiners, and Computer and Information Systems Managers. Attracting female applicants remains a big challenge and priority. Additionally, citizenship requirements for jobs in certain departments limit diversity in some of the Bank's growing business lines.

Another challenge that requires further investigation is the increase in minority separations over 2011. Although the minority share of separations declined from 33% in 2010 to 26% in 2011, it recently increased to 35% in 2012. Research into the reasons behind this increase will provide some insights to help inform our retention strategy.

Finally, an interesting dynamic we are seeing in the data is that the applicant pool shows an increase in the share of applicants who decline to self-report their gender and race/ethnic identity. More applicants decline to state their race identity than their gender identity, but the share declining to self-identify based on gender identity is

growing faster. This presents a challenge for tracking the applicant pool.

Going Forward

The ODI will continue to collaborate with HR to improve and broaden sourcing options and other recruiting strategies for identifying qualified minority and female talent, and remains committed to addressing existing gaps. The ODI will work with HR and management to enhance the applicant pools and pipelines for new Bank jobs so that they closely reflect the labor market, and to monitor other measures of progress including separations and promotions. The ODI will also promote ongoing dialogue by providing varied educational, cultural and training resources to enhance and broaden staff's appreciation of important diversity and inclusion issues. The ODI's workforce diversity strategy will continue to be informed by data and based on research that identifies approaches that work. The well-received unconscious bias-focused diversity training to management in 2012 will be rolled out to staff in 2013.

Minority- and Women-Owned Businesses

The Federal Reserve Bank of Boston has focused its efforts in three areas to increase minority-owned and women-owned business enterprises' (M/WBE) access to the Bank's procurement opportunities in accordance with the Dodd-Frank Act. Specifically, the Bank has concentrated on: 1) increasing outreach to M/WBEs and enhancing vendor identification 2) providing mandatory training sessions to help management better understand how inequities in procurement can arise unintentionally, and 3) continuing our role in the System OMWI Council's Supplier Diversity Workgroup to help achieve the System's supplier diversity goals. The ODI appreciates the support of the Bank's Procurement and Legal departments in advancing the Bank's internal supplier diversity objectives.

Top Minority-Owned Suppliers by volume:

Temporary Staffing Services Company (Hispanic American-Owned)	\$207,000
Computer/Office Supplies and Furniture Company (Hispanic American-Owned)	\$186,000
Software and Computer Supplies Company (Asian Pacific American-Owned)	\$176,000

Top Woman-Owned Suppliers by volume:

Relocation Services Company	\$364,000
Security Cameras Company	\$312,000
Design Services Company	\$92,000

Key Successes:

- * *Improved total annual reportable spend with minority- and women-owned businesses*
- * *Increased the number of minority- and women-owned suppliers*
- * *Deployed vendor outreach and technical assistance*
- * *Engaged Bank management and procurement staff*

Successes

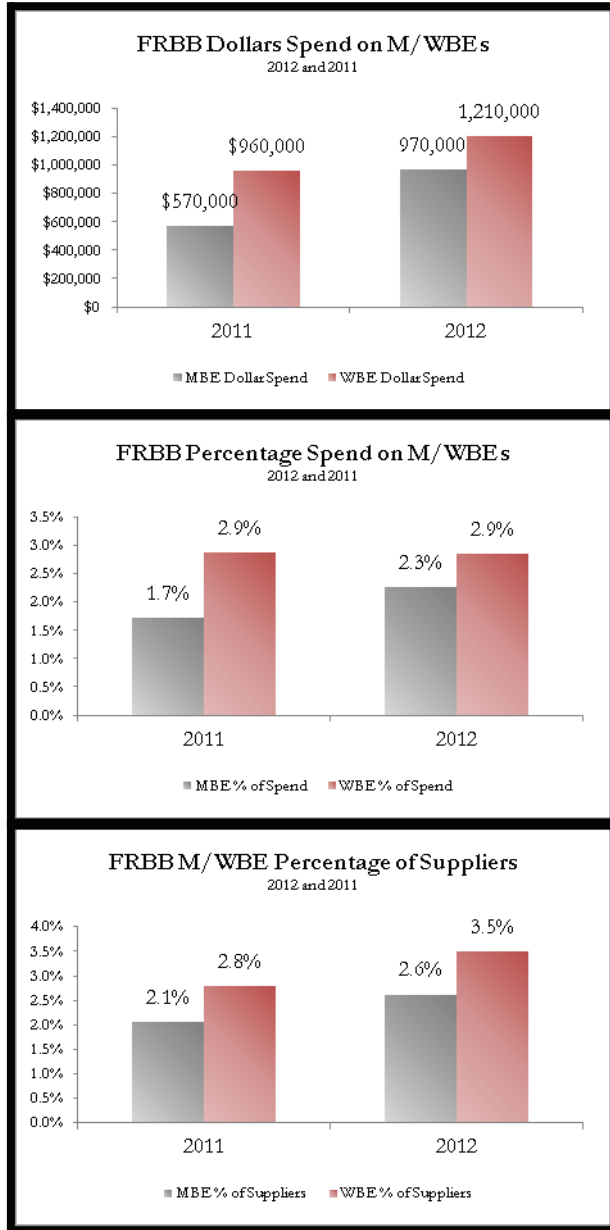
The Bank's year-end total reportable spend with minority and women-owned businesses in 2012 was 5.1%, or \$2.2 million.

The ODI collaborated with the Procurement Department in identifying M/WBEs for inclusion in all competitive solicitations. The ODI also attended quarterly pipeline meetings with business areas and Procurement to identify future opportunities for which M/WBEs could compete. Further, the ODI facilitated several meetings between M/WBEs, key internal stakeholders, Procurement and ODI staff to introduce the suppliers to the relevant business areas. To support these efforts, the ODI engaged with a supplier diversity consultant to provide an assessment of the Bank's supplier diversity program, provide technical assistance workshops, and assist the Bank with implementing a Tier 2 program⁹.

Footnote:

9. Tier 2 programs are intended to encourage the Bank's Prime Suppliers (large businesses not owned by minorities nor women) to solicit diverse subcontractors.

Figure 4, 5 and 6:



Vital to the ODI's supplier diversity strategy are the deployment of outreach and technical assistance. In February, the ODI hosted the Hispanic-American Chamber of Commerce's breakfast and engaged a Senior Reserve Bank Economist to discuss with the Latino business community the economic conditions of Massachusetts, New England, and the nation.

In May, the ODI hosted Get Connected's "Saluting Small Business Month," which was attended by over 200 professionals, including minority and women entrepreneurs.

In June, the ODI attended the New England Minority Enterprise Day (MED) conference, where we participated in matchmaking sessions to explore opportunities with minority-owned businesses. Also in June, ODI staff attended the annual Women's Business Enterprise National Council (WBENC) conference and business fair. Together with other FRBs, the Reserve Banks' National Procurement Office (NPO), and the Board of Governors, ODI staff at the booth encouraged WBEs to register with the System as potential suppliers, and scheduled one-on-one matchmaking sessions.

In September, the ODI participated on a plenary session panel at the Initiative for a Competitive Inner City (ICIC) National Economic Conference. ICIC is a nonprofit research and strategy organization that promotes dynamic urban marketplaces powered by diversity, creative enterprise and untapped competitive advantages. They also teach inner-city businesses how best to compete for capital and gain access to capital providers.

Also in September, the ODI actively participated in the Greater New England Minority Supplier Development Council's (GNEMSDC) annual business opportunity expo. Together with the Bank's Procurement Department, we staffed a booth to promote the Bank's supplier diversity efforts, and participated in matchmaking sessions to engage new suppliers looking to do business with the Bank. We advised M/WBEs on how to do business with the Bank, provided instructions on how to self-register on the Bank's website for future opportunities, and discussed upcoming prospects. One such discussion resulted in the successful award of a multi-year contract to administer the Bank's service anniversary program.

Finally in November, ODI staff attended the Minority Business Development Agency's (MBDA) Annual Supplier Diversity Best Practices Forum. The focus of the event is a panel on winning supplier diversity practices and the unveiling of the Boston MBDA Center's Impact Statement on Supplier Diversity.

The diversity training provided to management in

2012 was also a vital part of the supplier diversity strategy. The mandatory sessions were designed to help management better understand how inequities in procurement can arise unintentionally, and how those inequities/biases can result over time in hard to explain gaps in procurement activity with diverse vendors.

There are positive signs of gains resulting from these supplier diversity initiatives. Total reportable spend with minority- and women-owned businesses has increased from \$1.5 million to \$2.2 million—a growth rate of 42% over 2011. The Bank has also improved access by increasing the number of suppliers from 31 MBEs in 2011 to 42 MBEs in 2012; and from 42 WBEs to 56 WBEs in 2012.

Moving forward, we will continue to monitor our progress with metrics using the System’s new spend analytics tool, Ariba. We have gained much experience utilizing this tool this year and look forward to working with the NPO and other stakeholders to enhance our reporting capabilities.

Challenges

M/WBE certification remains a challenge. Minority- and women-owned businesses are not always certified with established certifying entities. Further, external databases are not always accurate, making it difficult to source new suppliers and verify their status.

We continue to have difficulty in sourcing diverse suppliers with the capacity to take on large construction projects and the ability to compete with other more established suppliers.

Additionally, engaging key staff in business areas to incorporate supplier diversity into their department objectives remains an area for improvement.

Going Forward

The diversity training provided to management in 2012 will be rolled out to all staff in 2013. With procurement responsibility for small dollar purchases being made in

business areas, it is important that staff understand the importance of their role in increasing the Bank’s spend with diverse suppliers.

We will continue to participate in local and national supplier diversity events to engage new suppliers and expand access and opportunity, taking advantage of matchmaking sessions to discuss upcoming prospects and offer technical assistance on how to do business with the Bank.

The supplier diversity consultant engaged by the Bank in 2012 will assist with rolling out technical assistance workshops designed to assist minority- and women-owned businesses with capital and capacity building training.

We will also work with the supplier diversity consultant to pilot a Tier 2 program to determine the subcontracting efforts of Prime suppliers with Tier 2 minority- and women-owned suppliers.



Federal Reserve booth at the annual Women’s Business Enterprise National Council (WBENC) conference and business fair attended in June 2012

Financial Literacy Initiatives

Current economic conditions continue to require enhanced public access to reliable financial education, particularly in low- and moderate-income (LMI) communities. 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 LMI communities and the challenges they face. The ODI applauds the Bank's Regional and Community Outreach Department for its high-quality research, outreach, and financial educational programs.

Successes

Economic Development

OMWI Director Marques Benton participated as a plenary session panel member at the Initiative for a Competitive Inner City's (ICIC) National Economic Development Conference in September. ICIC is a nonprofit research and strategy organization that, among other things, promotes dynamic urban marketplaces powered by diversity, creative enterprise and untapped competitive advantages.

In May, the Bank hosted the 2012 Proteus Fund Diversity Fellowship Interview Day. Proteus Fund is a 501(c)(3) grant-making organization committed to advancing social justice. The Diversity Fellowship is the Fund's special project designed to increase the number of people of color in positions of leadership within philanthropy and support grant-making to communities of color.

See Appendix D for other related research and actions related to LMI communities.

Student Financial Literacy

The Bank's Economic Education Unit delivered programming to 157 schools in the District. Approximately 36 percent of these were related to the Dodd-Frank OMWI mandate. Additionally, participants from 43 post-secondary institutions and 49 other educational organizations attended various programs.

In March, the Bank co-coordinated the Boston Debate League's 2012 Awards Ceremony. The Boston Debate League is a non-profit organization devoted to improving the academic achievements of students in Boston Public Schools (which are composed largely of minority students) through debate.

In part due to efforts by Bank staff, the Massachusetts State Legislature, on July 7, 2012, passed an appropriations bill that funded 10 pilot financial education programs in gateway cities and directed the Massachusetts Department of Education to develop the RFP process for identifying the collaborators and communities that will constitute these pilot programs. The Bank testified before the Massachusetts State Legislature, convened organizations with similar interests and provided guidance to the Massachusetts Financial Education Collaborative.

In September, the Bank collaborated with the Congressional Black Caucus to provide a Youth Summit for majority minority and inner-city students that focused on entrepreneurship. The initiative's collaborative effort included Boston Councilman Tito Jackson, Dalbar CEO Lou Harvey and OMWI Director Marques Benton. There were 40 participants in this program.



In October, over 200 students were joined by fifty Bank staff and outside guests to view the *Money Matters* play — a collaboration between Cambridge Savings Bank and the Underground Youth Theater. As part of their summer job, high school students interviewed community members and wrote the script based on these interviews. The play focuses on the challenges and issues people in the local community of Cambridge had and have with money. The students in the audience included the entire Elizabeth Seton Academy (all-girls school), and classes from Dorchester Academy (inner-city) and Dedham High School (suburban).

The Bank also collaborated with *Empower Yourself*, a community program that teaches personal finance and law to students ages 12-20 years and their parents from LMI communities. The initiative resulted in the creation of a financial capability program and a capstone event in May.

Finally, in 2012, the Bank provided resources to Excel High School, an inner-city school with a majority minority population, located in South Boston. Three personal finance education classes covering budgeting, saving and credit, were provided to 12 Excel summer high school work/study students. Additionally, the Bank provided a three-day career readiness seminar that utilized an outside expert and focused on the skills, characteristics and protocols necessary for success in a business environment. This seminar reached 14 *FinTech Program* scholars from Excel school. The *FinTech* program is an ongoing program at the Bank designed to provide young people with opportunities to use business skills learned in high school in a real business environment.

Teacher Training

The Financial Fluency program is a nonprofit collaborative led by Valmo Villages and the Federal Reserve Bank of Boston, that includes partners and collaborators such as Wheelock College, EdTech Leaders Online, Mathematics for All, the American Life Panel at RAND, the Excellence in Economic Education Program (EEE), and dedicated math teachers and administrators from throughout New England. Financial Fluency is an innovative financial literacy program that brings together key personal finance tenets with core Algebra I and II mathematics concepts.

In 2012, math teachers from over 60% of high schools in the Boston Public Schools district participated in Financial Fluency workshops.

In June 2012, the partnership provided teacher training in the Financial Fluency curriculum for the Bell Foundation, an after-school program for children living in LMI urban communities. In 2013, Boston Public Schools will include algebra in the eighth grade curriculum. This initiative provided the partnership an opportunity to give the foundation's after-school educators real life examples to include in their curriculum.

The Bank partnered with the Massachusetts Council on Economic Education to conduct a two-day training session that attracted 40 professionals from across New England. This *New England After School K-5 Financial Capability Forum* in November tapped professors from Salem State University and Bridgewater State University, as well as economic education specialists and economists from the Bank, to present the *Never Too Young: Personal Finance for Young Learners* curriculum.

In sum, 454 teachers and 8,600 students participated in Bank's financial literacy programs in 2012.

Table 3:

Programs	Total School	Total Urban	Total Suburban	Total Rural	% Urban
Education Programs	157	57	88	12	36%
Personal Finance	73	43	19	11	59%
Competitions/Demonstrations	58	19	36	3	33%
Teacher Training	304	144	132	28	47%

Challenges

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

Additionally, it is a challenge to maintain an accurate picture of the landscape of schools providing personal finance courses and related programs.

Going Forward

In response to these challenges, the Bank will aim to provide curricula consultation services to the "Gateway cities" in the Commonwealth of Massachusetts that are awarded grants for providing enhanced personal finance programs in their high schools. Gateway cities are urban centers that anchor regional economies facing social and economic challenges while retaining many assets with unrealized potential.

Additionally, the Bank will work with the Massachusetts Department of Elementary and Secondary Education to evaluate the effectiveness of existing programs using pre- and post-tests and will use the results to build credibility and influence key stakeholders and decision-makers.

The Bank is also currently in the process of developing a strategic, long-term partnership with Bunker Hill Community College (BHCC) to improve the financial capabilities of community college students. A joint working group comprised of BHCC faculty, staff, students and Bank representatives will explore a comprehensive approach to building financial capabilities, including curriculum enhancement, technology solutions and innovative products, while testing and evaluating each intervention to better understand effectiveness and impact.



Appendices

- A. EEO-1 Report
- B. Workforce Composition By Broad Levels and
Changes in Workforce Composition at FRBB, State, Region and Nation
- C. Community Partnerships and Cultural/Educational Events
- D. Research and Action
- E. Recognition

Appendix A: FRB Boston EEO-1 Report

Federal Reserve Bank of Boston EEO-1 Consolidated Data Workforce Representation, July 1 - 15, 2012													
By Number	Hispanic Or Latino		Non-Hispanic Male					Non-Hispanic Female					Total
	Male	Female	White	Black or African American	Asian	American Indian or Alaskan Native	2 or More Races	White	Black or African American	Asian	American Indian or Alaskan Native	2 or More Races	
Executive/Senior Level Officials & Managers	0	0	8	2	0	0	0	2	0	0	0	0	13
First/Mid Level Officials & Managers	2	2	79	2	4	0	0	58	3	8	0	0	158
Professionals	12	11	202	22	1	41	0	147	30	0	42	0	509
Technicians	3	0	28	11	0	3	0	8	1	0	2	0	54
Office & Clerical Workers	4	8	28	8	4	0	1	50	22	0	28	0	149
Craft Workers	0	0	15	0	0	1	0	0	0	0	0	0	16
Service Workers	3	1	38	8	0	0	0	3	2	0	0	0	53
Total	24	22	385	53	1	53	0	266	58	0	78	0	952

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

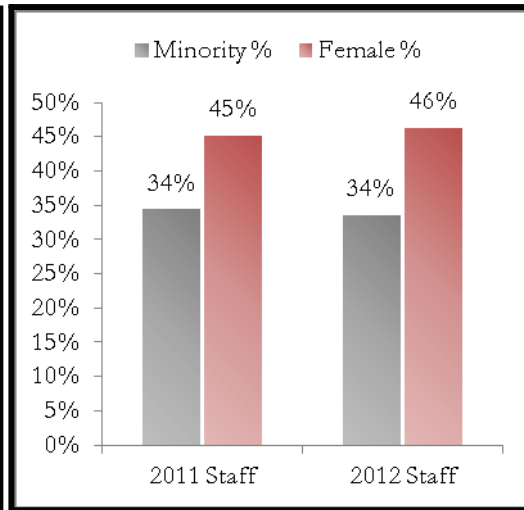
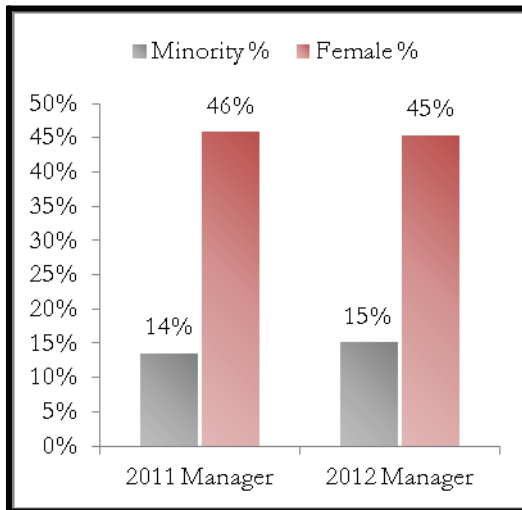
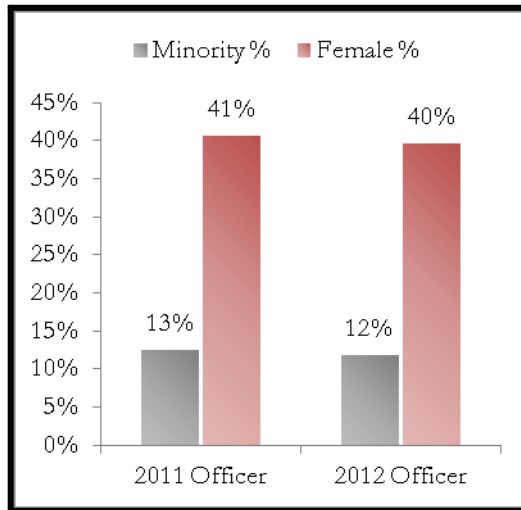
By Percentage	Hispanic Or Latino		Non-Hispanic Male					Non-Hispanic Female					Total
	Male	Female	White	Black or African American	Asian	American Indian or Alaskan Native	2 or More Races	White	Black or African American	Asian	American Indian or Alaskan Native	2 or More Races	
Executive/Senior Level Officials & Managers	0%	0%	8%	15%	0%	0%	0%	15%	0%	0%	0%	0%	100.0%
First/Mid Level Officials & Managers	1%	1%	50%	1%	0%	3%	0%	37%	2%	5%	0%	0%	100.0%
Professionals	2%	2%	40%	4%	0%	8%	0%	25%	6%	8%	0%	0%	100.0%
Technicians	6%	0%	62%	20%	0%	6%	0%	11%	2%	4%	0%	0%	100.0%
Office & Clerical Workers	3%	5%	17%	5%	0%	3%	1%	34%	15%	17%	0%	0%	100.0%
Craft Workers	0%	0%	94%	0%	0%	6%	0%	0%	0%	0%	0%	0%	100.0%
Service Workers	6%	2%	68%	15%	0%	0%	0%	6%	4%	0%	0%	0%	100.0%
Total	3%	2%	41%	6%	0%	6%	0%	25%	6%	8%	0%	0%	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 must equal 100% because it represents the race-gender's share of the entire bank across all job categories.

Appendix B:

Workforce Composition By Broad Levels and Changes in Composition in FRBB, State, Region and Nation

Workforce Composition by Broad Levels:



Changes in Workforce Composition at FRBB, State, Region and Nation:

	Annual Percentage Point Change in Shares					10-Year Percentage Point Change in Shares			
	FRB Boston		MA	NE	USA	FRBB	MA	NE	USA
	Applicant Pool	Workforce							
Female	-1.43	0.83	0.26	0.00	-0.19	-7.44	2.07	1.94	0.83
Minority	-3.11	-0.52	0.60	0.48	0.35	-1.03	4.78	4.01	4.93
Hispanic or Latino	0.83	0.09	0.03	0.04	0.09	0.82	0.90	1.01	2.65
Black or African-American	-1.32	-0.59	0.24	0.17	0.02	-2.31	1.43	0.94	-0.29
Asian	-3.57	-0.09	0.20	0.17	0.12	0.14	1.53	1.19	1.20

Benchmark Sources: EEOC's 2011, 2010 and 2001 Aggregates EEO-1 Data by State and Nation, All Industries

Appendix C:

Community Partnerships and Cultural/Educational Events

COMMUNITY PARTNERSHIPS

The Association of Latino Professionals in Finance and Accounting (ALPFA) is the premier business organization for expanding opportunities for Latino Leadership in the global market. ALPFA creates opportunities, adds value, and builds relationships for its members, the community and its business partners while expanding Latino leadership in the global workforce

The City of Boston's Earned Income Tax Credit Campaign—Spearheaded by the Office of Mayor Thomas Menino and working in conjunction with nonprofit, corporate, and community partners, the Coalition has provided low- and moderate-income taxpayers with free financial services since 2001. The Coalition now also offers a year-round financial coaching program that directly involves volunteers in promoting economic empowerment in Boston communities.

Conexión is a leadership and mentorship program committed to advancing Latino professionals. It partners with organizations and companies that need new leadership talent within their ranks in order to adapt successfully to new economic, social and political realities.

The Hispanic American Chamber of Commerce is an organization that represents businesses, individuals and institutions and is committed to the economic development and success of the Hispanic business community. The Chamber offers access to the wide and growing Hispanic market in New England.

El Mundo is widely recognized as New England's premier Spanish language publication, with deep-rooted community grassroots relationships coupled with strong corporate partnerships.

Empower Yourself, Ltd. is a community program that teaches personal finance and law to students ages 12-20 years from under-resourced communities and their parents.

Gay and Lesbian Advocates and Defenders (GLAD) is New England's leading legal rights organization dedicated to ending discrimination based on sexual orientation, HIV status and gender identity and expression.

Get Connected is Boston's first and only urban bi-monthly professional and business networking event, bringing together urban and international professionals, business executives and entrepreneurs of diverse cultures, across industries and sectors to enrich and enhance their professional development, forge new business and social relationships, and expand their personal, business and professional networks.

The Initiative for a Competitive Inner City (ICIC) is a nonprofit research and strategy organization and the leading authority on U.S. inner city economies and the businesses that thrive there. Founded in 1994 by Harvard Business School Professor Michael Porter, ICIC strengthens inner-city economies by providing businesses, governments and investors with the most comprehensive and actionable information in the field about urban market opportunities.

The Urban League is a nonpartisan civil-rights organization based in New York City that advocates on behalf of African-Americans and against racial discrimination in the United States.

Massachusetts Council on Economic Education provides the Commonwealth and the region with intellectual resources and organizational support for the advancement of teacher training in economics, personal finance and entrepreneurship.

Massachusetts Financial Education Summit (MFEC) aims to mobilize the private, public, not-for-profit, and civic sectors of Massachusetts society to ensure that Commonwealth residents of every age, gender and socio-economic status can pursue meaningful access to high-quality, outcomes-oriented financial education services and wealth-building opportunities.

The National Black MBA Association, Inc. is dedicated to developing partnerships that result in the creation of intellectual and economic wealth in the Black community. In partnership with over 400 of the country's top business organizations, the association has developed relationships with a wide range of industries as well as the public and private sectors.

National Disability Institute (NDI) strives to build a better economic future for Americans with disabilities, so that people with disabilities have equal opportunity to achieve financial stability and independence as people without disabilities.

The National Society of Hispanic MBAs is dedicated to building and advancing Hispanic leadership through graduate management education and professional development, and to being the partner of choice for organizations seeking to hire and develop Hispanic talent

Parents, Families and Friends of Lesbians and Gays (PFLAG) organization provides opportunities for dialogue about sexual orientation and gender identity, and acts to create a society that is healthy and respectful of human diversity.

Seyfarth Shaw LLP provides thoughtful, strategic, practical legal counsel to client companies and legal teams of all sizes.

Valmo Villages is the nonprofit organization that runs the day-to-day operations of the Financial Fluency program.

CULTURAL AND EDUCATIONAL EVENTS

Lunar New Year (January/February) Bank employees displayed and showcased their Asian heritage.

African-American History (February) Video conference of Harry Belafonte sponsored by NY Fed.

Mapping our Diversity (March thru May) Bank employees pinned geographic diversity on a large map and shared stories and recipes.

Deaf History Month (March) Interviewed a Bank staffer about the employee's family's active history in the deaf community. The story was posted on the Bank's Intranet to share with all staff.

Women's History (March) The ODI hosted a distinguished panel of experts in the field of work and family.

LGBT Pride Month (June) The Pride flag was flown and a table displayed educational materials.

Veterans and Flag Day (June) Video conference of Wes Moore sponsored by NY Fed

Hispanic Heritage (September) Formally launched the Bank's Latino Professionals Employee Resource Group called *Adelante!*

National Coming Out Day (October) A table displaying information for National Coming Out Day was staffed with a representative from GLAD, who was on hand to answer questions.

Dignity & Respect Campaign (November) - Officially launched campaign aimed at having core values play a prominent role promoting and fostering inclusion, collaboration and innovation.

Appendix D: Research and Action

The initiatives in this section have been in place for several years and 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. These initiatives demonstrate the Bank's continued commitment to serving low- and moderate-income communities and to helping residents of these communities cope with the challenges they face.

Springfield Revitalization Project

Since 2008, the Federal Reserve Bank of Boston has been collaborating with community leaders and residents of Springfield, Massachusetts, on economic revitalization and growth strategies, with a special focus on LMI neighborhoods. Significant lessons include the role of collaborative leadership in economic resurgence, the importance of workforce issues including racial tensions, trends in Latino small business growth and critical access to capital. In addition to the fundamental value of facilitating and engaging various stakeholders, positive outcomes include the creation of new initiatives such as the city's Healing Racism Institute and Leadership Pioneer Valley fostered by multiple site visits, and more broadly, state budget reform proposals drawn from research on local aid. Further, the lessons and outcomes have become critically important as the Bank's initiatives evolve toward a statewide campaign for growth and progress in cities facing similar challenges. The Bank will continue to include Springfield in its statewide and regional focus. In 2013, the Bank will announce a *Working Cities Challenge* that will award multi-year grant funding and technical assistance to 6 to 8 eligible cities (out of 20 eligible cities in Massachusetts that have a population between 35,000 and 250,000 and have lower than median family income and higher than median poverty rates) with promising initiatives that advance cross-sector collaboration and promotes measurable improvements to quality of life and

economic opportunity for low income residents. For the purposes of this initiative, the Bank has brought together a coalition of high-level public and private sector leaders, including the national Living Cities funders collaborative, the Mass Competitive Partnership and the Commonwealth of Massachusetts, which are providing award funds.

Boston Earned Income Tax Credit (EITC) Campaign

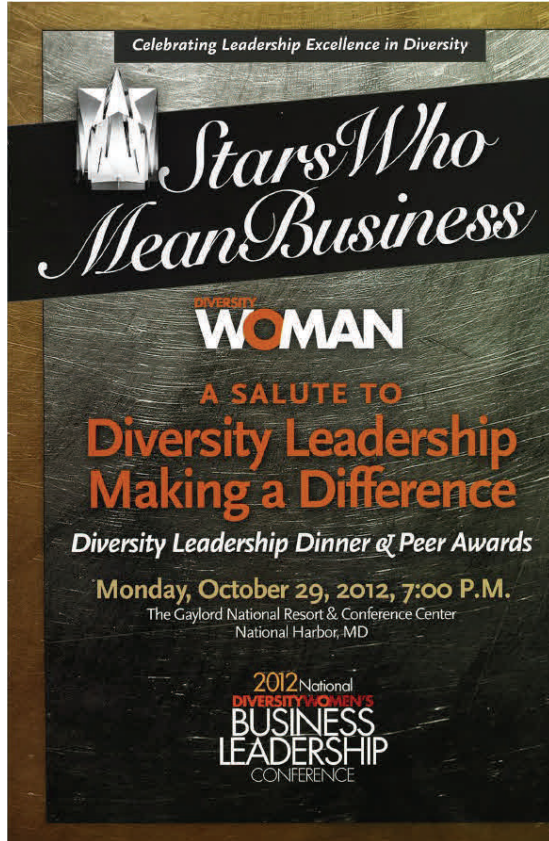
Spearheaded by the Office of Boston Mayor Thomas Menino, the Boston Earned Income Tax Credit (EITC) Coalition is a partnership of nonprofits, businesses, and community organizations that promote the economic independence of working individuals and families. Now serving over 12,000 taxpayers each year, 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 11 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*. The study was reviewed by researchers with the Consumer Financial Protection Bureau (CFPB). In December 2012, we were invited to present our research at an invitation-only CFPB conference in DC.

Appendix E: Recognition



A Salute to Stars of Diversity

Rising Star Marques Benton

Our differences are what makes us unique ... describe the moment in which you knew your work in advancing diversity was making a difference.

The first time I felt the DI Office's work was making a difference was after providing a major Bank-wide Diversity and Inclusion program presentation two males, from the majority group, came up to me and said - I get it, it's not just about minorities and women.

How have you made a difference in developing the next generation of diversity leadership?

The DI Office led a Strategy and Vision Team (comprised of a cross-functional group of managers and staff) resulting in an additional 10 extremely committed and engaged Diversity and Inclusion leaders who now act as change agents throughout the Bank.

How have you made a difference in defining what the future will look like for diversity and inclusion?

I'm optimistic that our upcoming CEO Roundtable, focused on gender diversity, will raise the level of discussion on this important issue and have an impact in defining what the future of diversity and inclusion will look like in New England.



We Mean Business

MARQUES BENTON Banking on Diversity

As director of the Office of Minority and Women Inclusion at the Federal Reserve Bank of Boston, Benton is committed to leveling the playing field.

By Pia Sarkar

WITH THE PASSAGE OF the Dodd-Frank Wall Street Reform and Consumer Protection Act in July 2010 came a mandate that each of the country's 12 Federal Reserve Banks establish an Office of Minority and Women Inclusion to address issues related to diversity in management, employment, and business activities.

But the Federal Reserve Bank of Boston was way ahead of the game. It had created an Office of Diversity and Inclusion in 2008, having recognized the need to bring more women and minorities on staff and include their voices from the lower levels all the way up to the executive level.

Marques Benton has played a crucial role in the bank's effort to broaden its reach, as both hiring and procurement. A nearly 20-year veteran of the organization, which serves six New England states, Benton was named director of the Office of Diversity and Inclusion in June 2010 before being formally nominated as director of the



Panel in August, which brought together women from various financial services organizations to discuss personal branding. He also used the event as an opportunity to recruit women for job openings at the Federal Reserve Bank of Boston.

Although the bank got a head start on the Dodd-Frank Act's requirement to establish a diversity inclusion office, there is still much work to be done. For instance, the Federal Reserve Bank of Boston only recently began posting its Equal Employment Opportunity report, better known as EEO-1, online as a way to create more transparency in its hiring practices.

The bank must now submit an annual report to Congress to keep it apprised of its diversity recruitment efforts.

Diversity Woman: How did you make the switch from working on economic development issues to diversity recruitment?
Marques Benton: Definitely, there were some challenges because there's a whole level of emotional intensity around this work that I was not really far, quite frankly. But we're a data-driven organization and I'm kind of a data-driven individual, so that's

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