



2013 Annual Report to Congress

Federal Reserve Bank of Boston
Office of Diversity and Inclusion



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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 strides advancing diversity and inclusion in its workforce, business activities and relationships with industry leaders in 2013. Collaboration and engagement were key themes integrated into all the initiatives of the Office of Diversity and Inclusion (ODI). While we are pleased with the progress increasing the diversity composition of the Bank's middle managers, we would like to see more progress in our officer ranks. We have taken steps to integrate diversity best practices into our human resource policies to further promote fair access to the Bank's officer and senior level positions. Diversity and inclusion has been incorporated into our succession planning criteria and processes. The ODI is working even more energetically with department management to act as a resource and to encourage appropriate directional incentives, support, and accountability. We believe these reinvigorated efforts, enhanced policies and keener managerial focus will result in even greater progress at all levels, but particularly at the senior levels of the Bank.

This third annual Office of Minority and Women Inclusion Report presents a comprehensive review of the Bank's diversity and inclusion efforts throughout 2013. 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 measurable progress toward its long-term objectives during 2013, much work remains. The year 2014 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

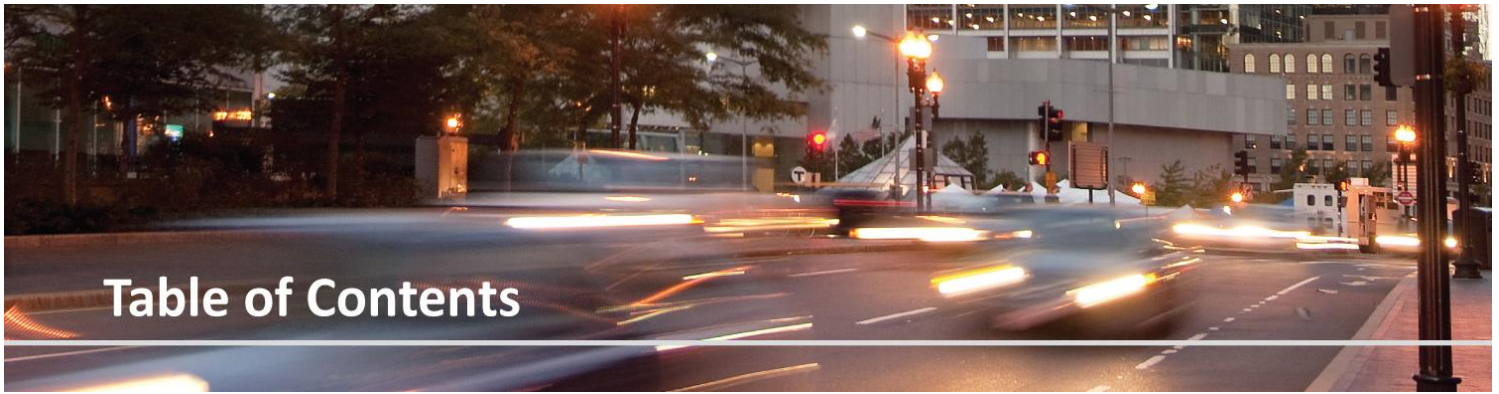


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Executive Summary

In 2013, the Federal Reserve Bank of Boston (Bank) demonstrated its commitment to diversity and inclusion through focused diversity training, cultural education workshops, outreach and technical assistance initiatives which 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 has retained responsibility for assessing the diversity policies and practices of regulated entities; therefore, these are not addressed in this report.

Collaboration and engagement were key themes integrated into all of the ODI's key efforts in 2013. We worked hard to encourage an environment that promotes fair access for career and procurement opportunities, a level playing field for advancement, and the desire to leverage diversity and inclusion for greater creativity, innovation, and the ability to deal with complexity. We also developed specific initiatives to: increase management and staff engagement, comply with the Office of Minority and Women Inclusion mandate, and foster collective action with industry peers.

Moreover, we continued to make the Bank's EEO-1 data, reported to the Equal Employment Opportunity Commission, available to the public through our public website. The Bank also continued to post its officer positions externally and considerably increased technical assistance

and outreach to minority-owned and women-owned businesses (M/WBEs) and to small businesses.

2013 Workforce Highlights

During 2013, the Bank hired 144 new employees. Of these, 24 percent were minorities and 31 percent were female. The minority hires consisted of 21 Asians, nine African-Americans, three Hispanics, and one Native Hawaiian/Pacific Islander. In the middle management ranks, an important pipeline for higher levels in the organization, the share of minorities increased from 15 percent in 2012 to 17 percent in 2013. We are pleased with the progress made in our middle management ranks over the past three years (a 24 percent increase) and we will continue initiatives to keep this positive trend going. Trends in the diversity composition of the Bank's officer ranks, essentially flat over the last three years, are less encouraging. We have identified ethnic and gender representation gaps in the Bank's officer ranks compared to some state, national, and industry benchmarks. These flat trends and negative representation gaps have motivated new HR policies focused on 1) identifying diverse interview slates for officer, manager, and director positions, 2) utilizing specialized search firms when normal sourcing efforts are ineffective and 3) using diverse interview panels, as needed. The ODI is also concerned about less than positive hiring trends for minorities and women and a negative separation trend experience for minorities. Department managers are reviewing dashboards more rigorously, developing action plans and working more closely with the ODI and HR to

address any unique challenges. We very recently instituted a policy for incentives for senior management and officers related to the implementation of the DI action plans. Integrating diversity strategies into the new HR policy, working more closely with department management and placing more emphasis on action plans and accountability should enable the Bank to continue to improve upon and close negative workforce gaps over time.

2013 Supplier Diversity Highlights

The Bank's spend with M/WBEs grew at a rate of 18 percent, or \$400K, in 2013. A women-owned business which we had previously done business with, was acquired in 2013 by a majority firm, negatively offsetting the Bank's M/WBE spend by \$348k. Total FRBB diverse spend with M/WBEs as a percentage of its total reportable spend increased from 5.12 percent in 2012 to 5.69 percent in 2013, or by a little more than half a percentage point. Ongoing collaboration between the ODI and the Procurement Department ("Procurement"), enhanced outreach by attending local and national supplier diversity trade fairs, and sponsoring a new technical assistance initiative provided by the Bank to M/WBEs over a five-week period positively contributed to improved performance.

2013 Financial Education Highlights

The Bank's primary financial literacy initiatives are executed through the newly formed Financial Capabilities Group of the Regional and Community Outreach Department. It is important to note this new group absorbed the responsibilities of the Economic Education Unit redefining its mission and all financial education resources to focus exclusively on minority, female and LMI residents and households.

The Financial Capabilities Group delivered programming to 106 schools in the District, including 21 community colleges. Approximately 32 percent of these were related to the OMWI mandate. The Bank's financial education programs continue to focus on capacity building for financial educators. Financial education train-the-trainer roundtables and webinars are being used to scale the use and impact of well-vetted financial education content. The overarching goal of these initiatives continues to focus on providing LMI households and youth with better financial capability, knowledge, skills, and resources, enabling them to make more effective financial decisions. Stronger financial capability skills should allow students to make better financial decisions, securing college and consumer credit today and auto, mortgage and business debt/credit in the future.

Progress Against Recognized Gaps

In the 2012 Annual Report to Congress we briefly discussed strategic sourcing initiatives developed by the ODI to address workforce gaps and promote the Bank's open positions to prominent Hispanic and female professional audiences. We noted hiring a Latina director into our Business Technology Strategies (BTS) department. This year, we are pleased to report the hiring of a female senior markets specialist into the Supervision, Regulation, and Credit (SR&C) department. BTS and SR&C are important growing departments that have at times found it challenging to find qualified Hispanic and female candidates to apply for their more senior-level positions. The ODI looks forward to expanding its efforts to identify more high-level diverse candidates to compete for the Bank's open positions, particularly senior-level positions.

The ODI strategic-sourcing workforce gap initiatives and nascent efforts to integrate diversity strategies into HR policy are aligned with our goal to collaboratively encourage the region's industry leaders to advance diversity and inclusion in their senior ranks. We continued to convene industry leaders in 2013, and we have agreed to take collective actions to make progress toward advancing diversity in our senior ranks. We have also convened the diversity and HR leaders of these industry firms to discuss practical approaches to implementing the collective actions. We believe our renewed focus on integrating strategies into policies, expanding effective strategic-sourcing initiatives, and taking collective action with industry partners will help the Bank and the industry to advance diversity in a manner that produces measurable progress.

Overview

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 and around the nation. The Bank contributes at local, regional, and national levels through regulatory oversight, the provision of financial services, and targeted research initiatives, as well as through our ongoing commitment to leadership, innovation and action.

Geography Covered

The Bank is one of 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 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.

Unique System Responsibilities

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.

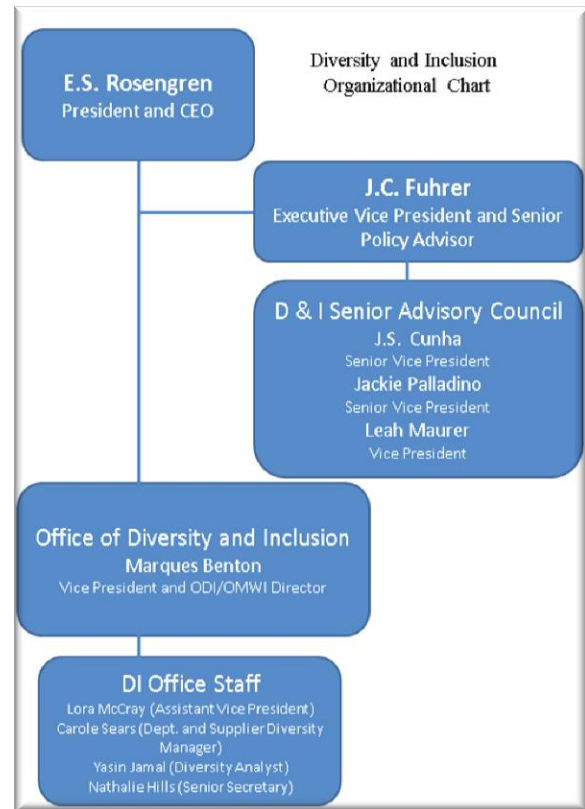
- **Internet and Directory Services Group (IDSG)**

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.

Staffing and Structure

The First District OMWI Director reports directly to the Bank's President and to an Executive Vice President. The OMWI Director oversees the Bank's Office of Diversity and Inclusion. In 2013, the office had three full-time staff members: a manager, an analyst, and an administrative assistant—one of the two analysts previously on staff moved to another department in the Bank. In addition, the office added an Assistant Vice President to the staff.

The ODI also benefits from the insights and perspectives provided by two advisory councils: The Senior Diversity Advisory Council consisting of a group of senior officers from various departments within the Bank; the Bank's External Diversity Advisory Council comprised of executives, officers, and principals of New England companies and the former Chairman of the Bank's Board of Directors. Additionally, the ODI receives staff level input through the Diversity and Inclusion Working Group, composed of a cross-section of Bank employees, and a number of employee-driven Employee Resource Groups.



ODI Objectives

Diversity and Inclusion is one of the Bank's eight high-priority strategic objectives. Policies and practices instituted over the past few years have yielded progress, but more remains to be accomplished. The Bank's efforts in 2013 focused on continuing strategies in recruitment, applicant tracking, supplier diversity, training and development, and financial literacy, all of which provided positive results and in initiating new strategies intended to improve and advance the Bank's efforts.

The ODI uses quantitative and qualitative information combined with stakeholder (management, staff and community) engagement to achieve its 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 business with minority- and women-owned vendors with respect to both pool and pipeline
- **Leadership:** To demonstrate collaborative leadership through effective partnerships with industry peers

ODI's work is based on four core strategies:

- Improving and understanding data;
- Building awareness through continuous dialogue and education;
- Creating a common focus; and
- Taking collaborative action in programs, processes, policies, and outreach, so that the Bank can better serve its workforce, the public, and the New England region.

While evaluation and metrics are important to gauge progress and assess needs for modification and improvement, ultimately success will be defined by better trends over time and the Bank's impact on the region.

Demographic and Business Environment of the First District

Over the past decade, the composition of New England's workforce has continued to change. Some of these changes parallel national trends, but many are unique to New England. For instance, while their share of minorities has increased by four or five percentage points in both the nation and the region, the Hispanic share has increased less in New England than in the nation. The change in the Black share in New England over the decade remains above the change in the national share, and the Asian share has increased at roughly the same rate. The share of women remains at around two percentage points in New England, while it has decreased only slightly at the national level over the decade. See Appendix B for useful annual and 10-year trends. Table 1 at the end of this section shows the latest data on the workforce composition in New England, the nation, and the Bank.

The region's financial sector continues to lag the corresponding national sector (See Figure 1), and it remains one of the weakest sectors noted in terms of diversity, especially when compared with the region's construction and information sectors. This highlights one of the challenges faced by the Bank, as it tries to recruit amidst a small and competitive hiring pool.¹

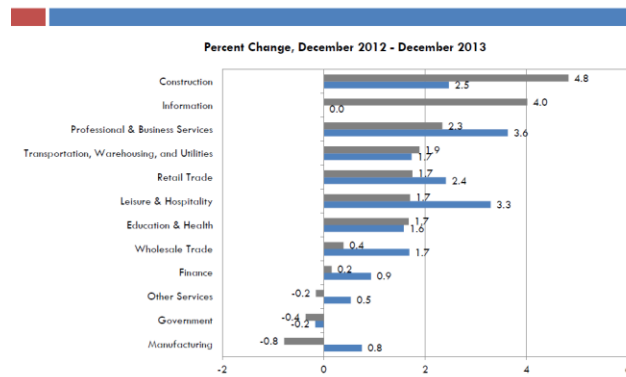
Our sourcing strategies will, to some extent, incorporate these labor market dynamics, and the Bank will continue to focus its efforts strategically on key areas in order to gain easier access to qualified minorities and women.

¹ Bureau of Labor Statistics

Last year, we included Figures 2 and 3 to provide important insights 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 (per the Census Bureau, new data will be available in 2015)

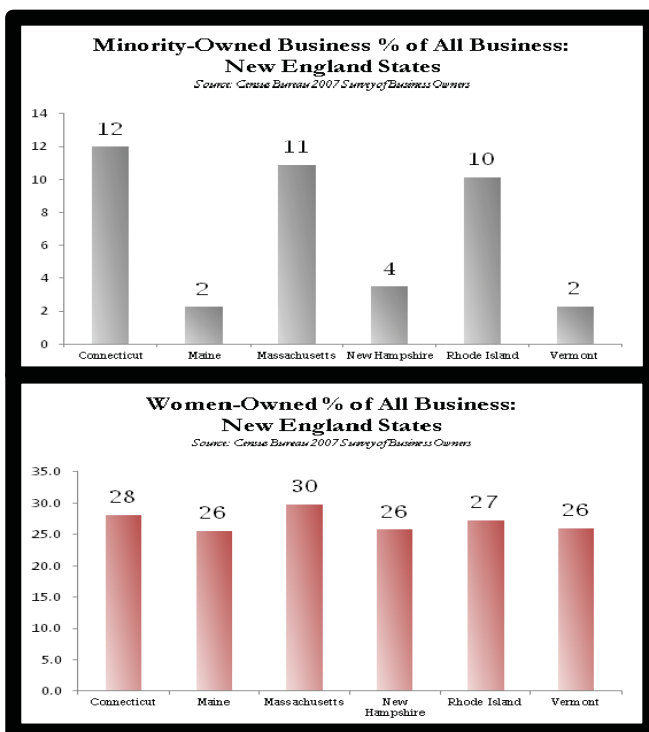
Figure 1:

Employment Growth by Industry



Source: Bureau of Labor Statistics, HBER, Haver Analytics

Figures 2 and 3



Nationally, minority- and women-owned businesses had grown 45.5 percent and 20.1 percent, respectively during the preceding five years, comprising about 40 percent of all businesses.^{2,3} With these labor force dynamics 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 awareness of and access to local procurement opportunities among M/WBEs.

The Bank’s financial literacy and community development efforts (detailed later in the report) are popular and remain in high demand as the region continues to recover from the recession. In New England, as of Q3 2013, home foreclosures (as a percentage of all loans) continue to recede, albeit slowly, from their historic highs.⁴ In areas of concentrated poverty, such as Springfield, Massachusetts, low- and moderate-income (LMI) homeowners, are still being affected more adversely than other homeowners, and will continue to need greater access to reliable and (non-predatory) credit and financial education.

Finally, before we get to 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 more successful when they enhance a firm’s core

² Census Bureau Survey of Business Owners, Summary of Findings: Company 2007

³ Census Bureau Survey of Business Owners, Summary of Findings: Women-Owned Firms 2007

⁴ Mortgage Bankers Association “New England Defaults”

competencies, capabilities and resources. This means that focusing on professional development, knowledge-sharing, innovation, firm reputation, and organizational culture leads to better outcomes. Furthermore research also shows that biases are stronger when firms are downsizing than when they are growing⁵. Psychological studies show it is difficult to train away stereotypes, especially if subjects are concerned about their own careers. It is important to recognize this, because training is often the most popular and most costly diversity initiative.⁶ Thus, advances in social psychology and behavioral economics including 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, in business dealings, and in financial literacy was among the Bank's top priorities in 2013 and remains so in 2014. The next sections provide more information about the Bank's successes and challenges in these areas.

⁵ Anne M. McMahon:2010"Does Workplace Diversity Matter? A Survey of Empirical Studies on Diversity and Firm Performance, 2000-2009", *Journal of Diversity Management* 5 (:44

⁶ 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	641,605	50	29	11	12	5	1
Maine	188,548	55	5	1	2	1	1
Massachusetts	1,348,344	51	25	9	9	6	1
New Hampshire	221,219	52	9	3	2	3	1
Rhode Island	163,699	56	20	9	6	3	1
Vermont	84,166	52	5	1	2	2	1
New England	2,648,581	52	22	8	8	5	1
National	49,530,090	48	35	13	14	6	1
FRB Boston 2013	1,038	45	28	4	10	14	0

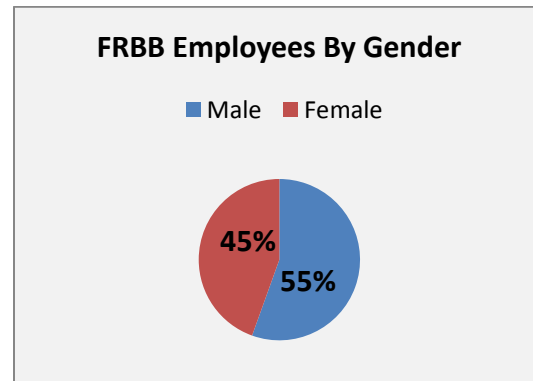
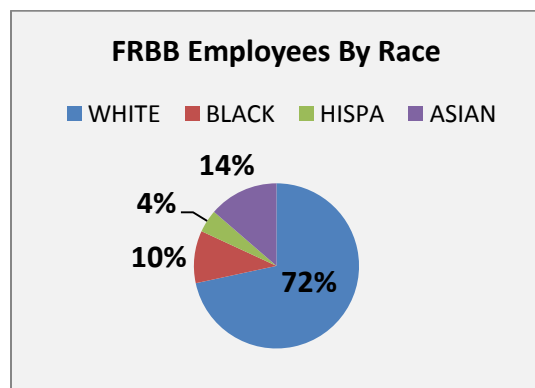
Benchmark Source: EEOC's 2012 Aggregate EEO-1 Data by State and Nation; All industries

Minority and Women Employment

In 2013, the Bank continued its strategic focus on three key areas to enhance the Bank's access to qualified diverse pools and pipelines of potential applicants and recruits. These efforts 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 ODI commends the Bank's Human Resources Department (HR) for the high quality and quantity of work they contribute to help advance the Bank's diversity and inclusion objectives.

Successes

The Bank's 2013 year-end workforce is composed of 28 percent minorities and 45 percent female.



(See Appendix B for the Bank's composition by broad levels).

General Recruitment

HR has been, and continues to be, instrumental in the Bank's progress toward diversity. In 2013, the recruiting team participated in a number of diversity-focused recruitment activities. In May, recruiters participated in the 7th Annual Latina Summit conducted by the Boston chapter of the *Association of Latino Professionals in Finance and Accounting* (ALPFA). Recruiters also 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.

In 2013, the Bank advertised its job openings and ran ads to promote the Bank as an employer of choice in various media as well as on job boards, including vehicles that target selected demographic audiences. HR posted a majority of professional-level jobs on LinkedIn and on the Professional Diversity Network's eight websites serving approximately two million diverse professionals. These include:

- iHispano.com, serving Hispanic professionals;
- AMightyRiver.com, serving African-American professionals;
- Military2Career.com, serving veterans;
- ProAble.net, serving people with disabilities;
- OurProNet.com, serving the LGBT community;
- AsianCareerNetwork.com, serving Asian-Americans;
- WomensCareerChannel.com, serving professional women; and ProDivNet.com (PDN), serving diverse professionals.

In addition, the ALPFA career site captures and displays the jobs posted via the PDN. The Bank also placed recruitment messages in *Campus Publications, Inc.'s* Southern and Northern Diversity Schools/Job Search Journal, which is distributed to the 44 Historically Black Colleges and Universities (Spring and Fall Issues). Additionally, we placed an ad in the Boston Globe Diversity Magazine in 2013.

The Bank also contributed to the Federal Reserve System ("System") Diversity Recruiting efforts headed by FRB Chicago, through which the System participated in the following events: National Association of Black Accountants, National Association of Latino Professionals in Finance and Accounting, National Black MBAs, National Society of Hispanic MBAs, National Society of Hispanic Professional Engineers, and Thurgood Marshall College Fund.

In addition to HR's general recruitment efforts, the Bank also provided intern opportunities for a diverse range of candidates through our college internship program. To establish a presence on

college campuses, the Bank participated in a variety of activities, including career fairs, information sessions, employer panels, classroom and student group presentations, and on-campus interviews.

In 2013, the Bank provided opportunities for 35 college interns, of whom 40 percent were minorities and 46 percent were females (compared with last year's 33 percent minority and 35 percent female participation). These opportunities provide a nascent labor force with practical job experience in a wide variety of areas including Economic and Community Development, Bank Supervision and Regulation, Research, Information Technology, and Law Enforcement. One intern was converted to a full-time employee in the Bank's Regional and Community Outreach Department.

Gap-Focused Initiatives

The Bank's benchmarking and availability analysis has honed our strategic approach by helping us identify specific areas of opportunity for improvement. Gaps in our female and Hispanic workforce, relative to local and national labor markets, continue to be an area of focus. In 2013, the Bank continued to implement initiatives that engaged women and Latino/Hispanic networks and experts in order to address these identified gaps. These initiatives were designed to focus on senior-level women and Hispanics in particular.

As noted above, in May we hosted ALPFA's 7th Annual Latina Summit, a premier event for Latino professionals, with almost 400 attendees. In June we hosted the Digital Makeover Panel in partnership with Women in Finance to bring more than 100 women to the Bank to learn about presenting themselves professionally in

today's digital world and to expose them to the Bank and available opportunities. In the same month, we also hosted a Latino leadership development workshop conducted by Audra Bohanan, an expert on efficacy and leadership development, with the National Society for Hispanic MBAs (NSHMBA). The Bank also enrolled two Bank staff in the Conexión Leadership Development Program, which targets development and advancement of Latino leaders and we provided a senior officer to serve as a mentor for the program. Subsequently, one of the two participants in the leadership program received a promotion to manager in her department.

In addition, ODI collaborates with HR to facilitate opportunities to promote positions through professional associations. Among other network-building initiatives, HR staff collaborated with the Adelante! Employee Resource Group (ERG), and its members referred numerous candidates for jobs, one of whom was hired. Since we share this challenge with others in the financial services industry, the Bank is collaborating with participants in the New England Financial Services CEO Roundtable to explore better outreach models.

We also continue to participate in diversity-oriented recruiting events, as well as augment our onboarding program for new employees. Two new ERGs, the Veterans ERG and the Leadership, Education and Development in Women (LEAD in Women), were launched this year with the full support of the DI Office. Both of these groups speak to constituencies that are essential to the Bank's Diversity and Inclusion goals. In addition, the Bank also approved a new affinity group, the Professional Administrative

Services Affinity Group (PASA), which is dedicated to facilitating best practices and professional excellence in administrative services System-wide.

Management Engagement

The ODI continues to supplement the Bank's recruitment efforts by actively working with and engaging management. The ODI is continuing the practice we initiated in 2012 of meeting with department heads to review their workforce data, and work with them to develop DI action plans to assist them in addressing workforce gaps. Discussions with department managers have enhanced the ODI's awareness of specific department needs and in increasing managers' awareness of available pools of diverse talent. The ODI has encouraged departments to participate in HR recruiting events and has connected departments to external resources with expertise in minority and female workforce development.

We are also engaging senior management, recommending policies designed to enhance the hiring process, and improve the Bank's ability to engage a broader range of diverse candidates. The highly acclaimed unconscious bias training sessions led by Laura Liswood that we held in 2012-2013 has been effective in helping management better understand how unconscious biases in hiring, promotion, and retention can arise unintentionally, and how these biases can result over time in hard-to-understand gaps in workforce representation.

Employee Resource Groups (ERGs) have provided an excellent avenue to further engage senior management on diversity and inclusion issues, with senior management serving as

sponsors for some of the ERGs and attending and participating in group activities and events.

Metrics

2013 metrics show that the Bank is making progress in workforce diversity. During 2013, the Bank hired 144 new employees. Of these, 23 percent were minorities and 31 percent were female. Minority hires were comprised of 21 Asians, nine African-Americans, three Hispanics, and one Native Hawaiian/Pacific Islander.

In 2013, the female share of new hires decreased by 16.2 percent from the previous year, and the overall female composition of the workforce at the Bank decreased slightly. Despite these decreases, the female share of the workforce has remained fairly level over the past three years, ranging between 45 percent and 46 percent. (see Appendix B). With respect to Hispanic representation at the Bank, our workforce share decreased to four percent but Hispanics represented 14 percent of new hires in 2013.

We are seeing some improvement. While numbers for Bank workforce composition have remained fairly static over the past few years, diversity composition at the manager level has improved by one percent (nine female managers) and by four percent (seven minority managers) for women and minorities, respectively. So despite challenges, the Bank's overall workforce efforts have shown a positive result.

Retention

Retention is an important component of a successful workforce diversity strategy. The Bank's overall retention framework includes competitive total compensation packages, work/life balance, and other employee benefits.

Professional development opportunities show consistently strong participation by minorities and women over the past three years—29.4 percent and 50.6 percent respectively. The Bank's mentoring program, developed to support recruitment and retention efforts, also shows active participation. In 2013, there were 28 mentoring partnerships. Program applicants represented a cross-section of Bank staff, and mentor partners are paired to leverage diversity, including cross-functional and cross-cultural learning and development. Participation in 2013 included 61 percent women and 18 percent minorities. Participation by women is up 16 percent from 2012. Unfortunately, however, minority participation in the mentor program dropped by 28 percent since last year. This change is not well understood and is being researched by ODI and HR.

Challenges

Over the last three years the Bank has seen progress in terms of the share of minorities in middle management and the number of minorities receiving development opportunities and promotions. Women's share of promotions and development is increasing, and separation rates for women are considerably lower than three years ago. However, the share of minorities and women in the officer ranks has remained flat, and minorities comprise a higher share of separations than in previous years. Additionally, when we compare the Bank's diverse workforce composition to that of the state, nation, and the financial services industry nationally by level, we have identified some representation gaps for minorities and women that we would like to close over time. The above-noted new diversity-related workforce policies, ongoing department-level meetings, enhanced senior management

engagement, and focus on encouraging more inclusive leadership behaviors exemplify the Bank's approach to addressing these challenges.

Attracting qualified minority and women candidates in the face of private sector competition remains a challenge due, in part, to compensation constraints and misconceptions of limited opportunities for career progression. This is particularly acute for jobs in the Supervision, Regulation & Credit; Research; and Information Technology departments/ positions. 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 a major priority. Additionally, citizenship requirements for jobs in certain departments limit diversity in some of the Bank's highest growth business lines. While we have increased the diversity of our applicant pool somewhat, moving diverse candidates from the applicant pool to final selection still needs improvement.

Going Forward

The ODI's workforce diversity strategy will continue to be informed by data and, to the extent possible, will continue to be based on research that identifies tactics and approaches that work. To address existing gaps, the ODI will continue to collaborate with HR to modify hiring and promotion policies to assist departments in engaging a broader range of minority and female candidates, particularly for senior-level positions. ODI will also work with HR to expand sourcing options and other recruiting strategies for identifying qualified minority and female talent. Further, 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. In addition, the ODI will continue to promote ongoing dialogue throughout all levels in the Bank by providing a broad range of educational, cultural and training resources to increase staff engagement on diversity and inclusion issues and opportunities.

Minority- and Women-Owned Businesses

In 2013, the Bank continued to focus on increasing spend with M/WBE's. This past year, efforts were directed at 1) outreach to suppliers to increase opportunity, 2) capacity-building through onsite workshops to aide M/WBEs with scaling operations, strategic planning, and financial metrics, and 3) continuation of mandatory training sessions (The Loudest Duck) to help staff understand how inequities in procurement can arise unintentionally. The ODI appreciates the support of the Bank's Procurement and Legal departments in advancing the Bank's supplier diversity objectives.

Amounts Paid to Suppliers

Total Reportable Spend for 2013
\$45.72 million

Total spend with minority- and women-owned businesses
5.69 percent or \$2.60 million

Percentage of the above paid to minority-owned businesses
3.10 percent or \$1.42 million

Percentage of the above paid to women-owned businesses
2.59 percent or \$1.18 million

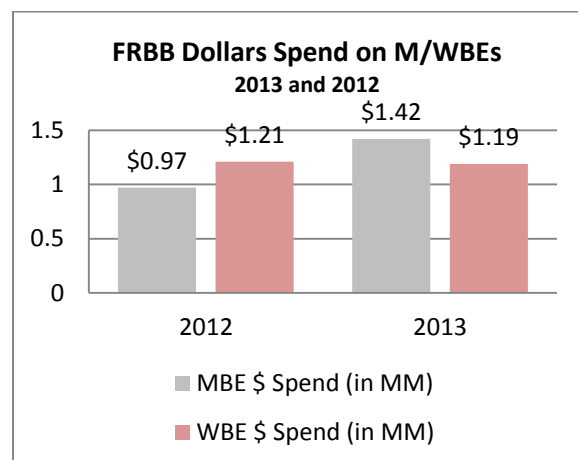
The top M/WBE suppliers⁷ by volume are:

Minority-Owned	
Software Maintenance	\$634,822
Furniture/Equipment	\$260,059
Temporary Staffing	\$198,885

Women-Owned Suppliers⁸	
Legal Services	\$229,586
Software Maintenance	\$190,946
Temporary Staffing	\$84,000

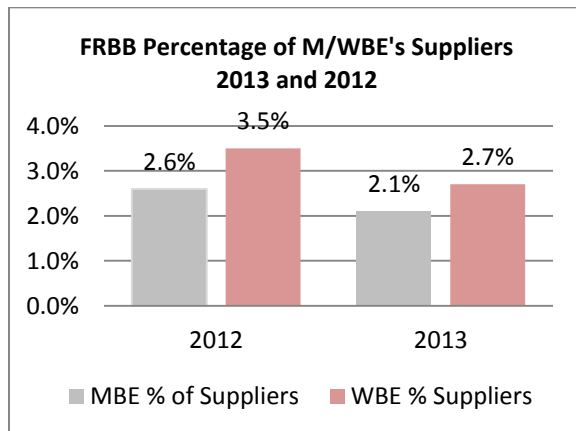
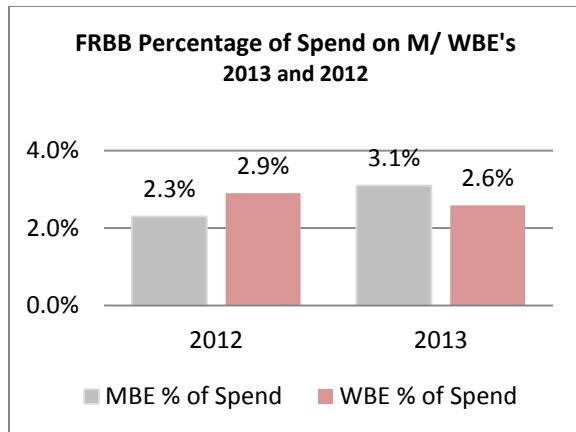
Successes

The Bank's total reportable spend with M/WBE's in 2013 was \$2.60 million or 5.69 percent, up slightly from 2012. Outreach efforts over the past two years resulted in M/WBE's receiving invitations to bid with some resulting in contract award.



⁷ The names of suppliers have been omitted for privacy reasons.

⁸ Total WBE spend was negatively affected by the purchase of a WBE by a majority equity firm, resulting in the loss of \$348,000.



Outreach

- In May, the ODI hosted Get Konneted's Small Business Month's *Educating, Engaging, and Empowering Small Business* which was attended by approximately 300 business professionals including minority- and women-owned business entrepreneurs.
- The ODI attended the Greater New England Minority Supplier Development Council's annual business opportunity expo. The office secured a booth to promote the Bank's supplier diversity program, encourage suppliers to register on the Bank's website for future opportunities, and conducted one-on-one meetings to discuss opportunities.

- A minority-owned supplier⁹ at this event was awarded a contract (not to exceed \$100,000) for training services that will be effective in 2014.
- In October, staff from the Diversity and Procurement offices attended the Center for Women & Enterprise Business Leaders Conference and attended one-on-one matchmaking sessions with women-owned suppliers.
 - A women-owned supplier¹⁰ at this event was awarded a contract valued at approximately \$100,000 for training services that will be effective in 2014.
- In November, ODI staff attended the Minority Business Development Agency's Annual Supplier Diversity Best Practices Forum. This year's event was conducted by the Greater New England Minority Supplier Development Council and the Center for Women & Enterprise.
 - The Bank subsequently invited a supplier¹¹ of software maintenance to participate in a competitive solicitation following this networking event, but was not successful.

Other outreach efforts included:

- The Bank's Director of Diversity chaired the System OMWI Council's Supplier Diversity Workgroup, and transitioned this role to the Cleveland OMWI in 2014.

⁹ The names of suppliers have been omitted for privacy reasons.

¹⁰ The names of suppliers have been omitted for privacy reasons.

¹¹ The names of suppliers have been omitted for privacy reasons.

- The Bank's Diversity Manager serves on the System's Supplier Diversity Workgroup.
- ODI continues to attend quarterly department pipeline meetings with business areas and Procurement staff to identify future opportunities for M/WBEs, and to discuss the Bank's supplier diversity efforts.
- ODI serves as a resource for, and works closely with, Procurement to identify M/WBEs for every competitive solicitation.
- ODI continued reviewing good faith compliance efforts by suppliers to include minorities and women in their workforce and subcontracting activities.

Capacity Building

The Bank hosted 10 suppliers at an onsite capacity-building workshop. The Bank engaged a supplier diversity consultant, experienced in assisting disadvantaged businesses in scaling operations, developing strategic planning, and understanding financial metrics to lead the workshops. The consultant provided an assessment of the Bank's program and historical spend, and recommended focusing on four key areas:

- Construction Services
- Architectural Services
- Computer Systems Design and Related Services
- Furniture

The category of spend for computer systems design and related services is largely concentrated with one large supplier and relates to a contract that benefits the entire System. This contract has since been converted to a National Procurement Office (System) contract, so opportunities at the local level are

limited. Therefore, the workshop invitees were minority- and women-owned construction firms, architectural services, electrical supplies, recycling, and furniture resellers, with a goal of increasing opportunity and spend in these areas.

Four half-day sessions of the workshop covered business topics such as strategic planning, financial management, organizational planning, talent management, and marketing. One half-day session, delivered by one of the Bank's Procurement professionals, covered the basics of doing business with the Bank (such as Reserve Bank governance, demonstration of the bidding tool, and a discussion of the bid process, and basic contract terms).

There have been follow up one-on-one meetings with some workshop attendees to further discuss supplier capabilities and potential future opportunities to do business with the Bank.

- A supplier¹² that was in our pipeline was invited to the workshop, and was awarded a contract of approximately \$270,000, for architectural services beginning in 2014.

The consultant also conducted a Tier II strategy planning session with Procurement and the ODI. The Tier II effort is intended to supplement the direct spend with M/WBEs. Industry-based factors identified four high-level categories where Tier II lends itself to capture meaningful spend:

- Office Supplies
- Construction

¹² The names of suppliers have been omitted for privacy reasons.

- Technology
- Food

A pilot group approach with a small set of suppliers was the recommended approach.

Training

The Bank retained a recognized external diversity advisor, Laura Liswood, to provide Bank-wide training based on her highly acclaimed book: “The Loudest Duck...Moving Beyond Diversity While Embracing Differences to Achieve Success at Work”.

The Loudest Duck diversity training was completed in 2013. The mandatory sessions addressed how unconscious bias can result in procurement inequity and how these gaps in opportunity can have an adverse effect on the Bank’s spend with minority- and women-owned suppliers. With small dollar purchases made by staff in all business areas, a significant amount of opportunity exists through the use of purchasing cards.

Challenges

- Sourcing to minority- and women-owned suppliers that have the capacity to take on large construction projects and bid competitively against larger firms continues to be an issue. After the conclusion of the earlier referenced capacity- building workshops, an attendee was invited to participate in a construction bid. The invitee was not awarded the contract.
- The Boston Fed relies on external databases to verify supplier classification. The information available in those databases is not always current or the minority- and women-owned classification is not recorded.
- Minority- and women-owned suppliers are often invited to bids, but do not respond. Feedback received indicates a perception that their bids will not be competitive in markets where more-established, larger suppliers exist.

Going Forward

In an effort to address M/WBE opportunity in construction services, the Bank will host a “matchmaker” event in 2014. The goal of the event will be to introduce M/WBEs to larger construction companies in the Boston area, for subcontracting/Tier II opportunities.

The office will also:

- Host a vendor fair and invite M/WBEs to meet key staff with purchasing responsibility, in an effort to raise awareness of goods and services available. The goal is also to broaden awareness of the range of qualified minority- and women-owned suppliers in the region.
- Continue to attend industry trade events to meet new suppliers and conduct outreach regarding Bank procurement opportunities.
- Provide Bank staff with an enhanced supplemental listing of minority- and women-owned suppliers.

Financial Literacy Initiatives (Outreach & Education)

The Federal Reserve Bank of Boston continues its efforts to advance economic and financial literacy across the District through its programs, research, and actions. The Bank's primary financial literacy initiatives are executed through the Financial Capabilities Group of the Regional and Community Outreach Department. The group works to strengthen the financial stability of households in New England by building the financial capabilities of the region's low- to moderate-income (LMI) populations. The group works directly with intermediaries on improving the capacity of residents to make well-informed financial decisions based on knowledge, skills, and access to resources and suitable financial products and services.

Through these efforts the Bank works to:

- Identify and promote effective financial education strategies;
- Engage community groups, public officials and educators to discuss policies and innovative approaches for increasing financial literacy;
- Encourage and facilitate collaboration among institutions to develop and implement effective solutions;
- Partner with community banks, credit unions, schools, colleges and local nonprofits to spread awareness of financial resources and protections; and

- Conduct capacity-building efforts for both practitioners and educators.

Related research and actions that further demonstrate the Bank's commitment to serving LMI communities and the challenges they face are included in Appendix E. The ODI applauds the Bank's Regional and Community Outreach Department for its high-quality research, outreach, and financial educational programs.

Successes

Capacity-Building for Practitioners of Financial Education

Roundtable Series

November 2013 marked the completion of a series of roundtables to enhance the Bank's capacity-building initiatives for financial education practitioners. Some of the themes from the discussions included the need for a credentialing/quality assurance process to ensure accuracy of lesson content within curricula and programs; guidance surrounding the use of data to strengthen programs/practices and to demonstrate effectiveness; standardizing the certification process for teacher training; and the identification/development of innovative strategies for attracting program participants. The Bank engaged with approximately 130 practitioners and stakeholders from across the First District through this program. The roundtables provided the Bank with the opportunity to assess the needs and challenges of practitioners of financial education, and also

helped the Bank understand the perspectives of practitioners who work directly with residents of the region, as well as, community agencies and funders that support the work in different ways. In addition to focusing on the delivery of financial education, the discussions included building financial capabilities, an area that holds the most promise for converting knowledge and skills into positive financial behaviors. Respondents indicated that the largest challenge they face is attracting participants to the learning opportunities they provide.

The roundtables generated ideas about tools and resources that would strengthen practitioners' abilities to deliver financial education and financial capabilities programs, such as a practitioner online community of practice, or a self-assessment tool for evaluating program models. The Bank will continue to work with volunteers willing to engage in further vetting of these ideas over the next few months.

Webinars

The Bank hosted two webinars in November 2013, focusing on using data and technology to strengthen financial capabilities efforts. The webinars were developed in response to interest expressed by participants in the roundtables and the survey.

In November 2013, the Bank hosted a webinar on "Using Technology to Strengthen Financial Capabilities." The webinar highlighted ways in which practitioners are using technology to strengthen financial capabilities. Featured guest speakers included Nick Maynard, Director of Innovation at Doorways to Dreams Fund (D2D), who discussed how D2D uses gamification to

strengthen financial capabilities, and Terri Steingrebe, Chief Executive Officer of More than Wheels, who discussed More than Wheels' development of an online financial coaching system to reach clients more efficiently.

On December 12, 2013, the Boston Fed hosted a webinar on "Using Data to Strengthen Financial Capability Efforts." Recognizing the benefits to practitioners of employing data-driven approaches, this webinar presented the stories of two local organizations' use of data, how their use evolved as they developed clearer pictures of their theories of change, and how use of data continues to support their work. Featured guest speakers included Sherry Riva, Founder and Executive Director of Compass Working Capital and Michael Ames, Director of Mobility Mentoring Programs at Crittenton Women's Union. They reflected on the critical role that refining their models has had on how they use data to inform their programs—they both include the delivery of financial education as one component—and how this process has yielded positive returns in terms of using data to communicate effectively to internal staff, as well as to external funders and stakeholders.

Training Educators and Students

During 2013, the Bank's Economic Education Unit, now part of the Financial Capabilities Group, successfully advanced economic and financial education programs by providing programs to educators and students. Following are details on specific projects.

Federal Reserve Financial Fundamentals

As part of the System-wide Federal Reserve Centennial celebration, the Unit provided a

planned workshop on “Financial Fundamentals from the Fed.” A full workshop, based on the high school curriculum distributed System-wide, was conducted on October 23 for 50 students from the Schools to Career program at Dedham High School. As a continuation of the celebration, on October 24 and 25, the Unit delivered mini-workshops to 225 LMI students at Prospect Hill Academy in Somerville, Massachusetts, and a mini-workshop to 50 students at Lynn Classical on October 31.

Financial Fluency Partnership with Lynn Classical High School

The Economic Education Unit continued its commitment to the Financial Fluency program, whose mission is to build an effective and nationally scalable financial education program by teaching students about personal finance through required math classes. Representatives of both organizations met to advance the partnership with Lynn Classical High School by working with the Bank on the student financial fluency measurement and evaluation tool.

Other Key Economic and Financial Education activities:

- The Economic Education unit provided programs to 85 K-12 schools during 2013, seeing a total of 5,238 students. It also provided economic and financial programs to 21 community colleges.
- In total, 879 students from the community colleges participated in the 2013 Federal Reserve economic and financial program.
- The Economic Education staff also conducted a workshop on Federal Reserve

System Economic Education and Financial Education Resources for 50 high school teachers at the Vermont Summer Teacher Institute at Champlain College in Burlington, Vermont.

- As part of its regional commitment, Economic Education staff gave a presentation to 18 teachers on October 29, 2013 at the annual teacher conference of the New Hampshire Council on Social Studies. The topic of the presentation was “Federal Reserve Resources on Economic and Financial Education.”
- The Economic Education unit partnered with regional organizations such as the Massachusetts Council for Economic Education and state affiliates of Jump \$tart Coalition to provide economic and financial literacy programs to both teachers and students.
- The Summer Jobs Program began on July 8 and ran for seven weeks. This is part of the FinTech Scholars Program. As a result of a presentation given to the Management Council, three new departments (Research, Corporate Affairs, and Business Technology Solutions) were recruited to participate in the program. A total of 36 high school and college students were involved. Of the 36 students, 22 were new recruits and 14 were roll-overs from the FinTech Program.
- Economic education staff prepared and delivered financial education classes for summer enrichment programs to 15 Excel High School interns. Topics included financing college, smart shopping,

education pays, credit and getting your tax refund. Students also participated in the “Money Matters for Young Adults” game as a closing activity.

- 18 colleges from the New England region participated in the 2014 College Fed Challenge competition; 120 students participated in the program.

In sum, 106 educational institutions and 6,117 students participated in the Bank’s financial literacy programs in 2013.

practitioners and other stakeholders to further examine strategies and tools to enhance capacity-building for financial education practitioners.

The Bank will also continue to execute its portfolio of economic and financial education programs, particularly training for educators and students. We will work to enhance and evaluate the effectiveness of our existing programs and use the results to build credibility and influence key stakeholders and decision makers.

2013 Educational Programs								
	High School	Middle School	Community Colleges	Total Schools	High School Students	Middle School Students	Community College Students	Total Students
January	6	2	3	11	308	122	150	580
February	9	3	5	17	1,734	136	138	2008
March	8	1	5	14	234	25	155	414
April	6	1	2	9	207	50	84	341
May	7	2	0	9	434	36	0	470
June	7	3	3	13	322	54	219	595
July	4	6	2	12	232	289	113	634
August	3	2	0	5	276	150	0	426
September	3	0	0	3	110	0	0	110
October	1	1	1	3	50	41	20	111
November	3	0	0	3	110	0	0	110
December	7	0	0	7	318	0	0	318
Total Year	64	21	21	106	4835	903	879	6117

Challenges

The primary challenge to the Bank’s financial literacy efforts continues to be integrating financial education programs into existing school curricula and identifying effective methods for scaling and increasing the impact of these programs. 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 questions and concepts identified during the financial education roundtables, the Bank will work with

APPENDICES

- Appendix A: EEO-1 Report
- Appendix B: Workforce Composition by Broad Levels and Changes in Workforce Composition by Federal Reserve Bank of Boston, the State, the Region, and the Nation
- Appendix C: Intern Hiring Data
- Appendix D: Community Partnerships and Cultural Events
- Appendix E: Research and Action
- Appendix F: Recognition

APPENDIX A: EEO-1 Report

Federal Reserve Bank of Boston EEO-1 Consolidated Data														
Workforce Representation July 1 - 15, 2013														
By Number	Hispanic or Latino		Non-Hispanic Male					Non-Hispanic Female						
	Male	Female	White	Black or African American	Asian	American Indian or Alaskan Native	2 or More Races	White	Black or African American	Asian	Native Hawaiian or Other Pacific Islander	American Indian or Alaskan Native	2 or More Races	Total
Executive/Senior Level Officials & Managers	0	0	10	2	0	0	0	2	0	0	0	0	0	14
First/Mid Level Officials & Managers	4	2	81	2	0	4	0	59	4	0	8	0	0	164
Professionals	12	14	232	25	1	39	0	180	29	0	51	1	1	585
Technicians	2	0	23	12	0	4	0	2	1	0	2	0	0	46
Administrative Support	3	8	24	7	0	4	0	49	21	1	24	0	0	142
Craft Workers	0	0	15	0	0	1	0	0	0	0	0	0	0	16
Service Workers	2	1	38	8	0	0	0	3	2	0	0	0	0	54
Total	23	25	423	56	1	52	0	295	57	1	85	1	1	1021

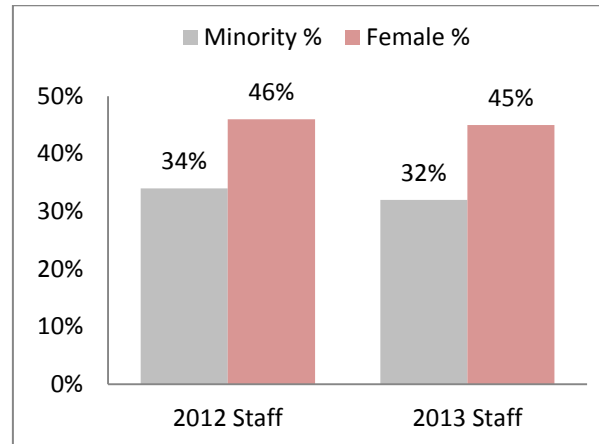
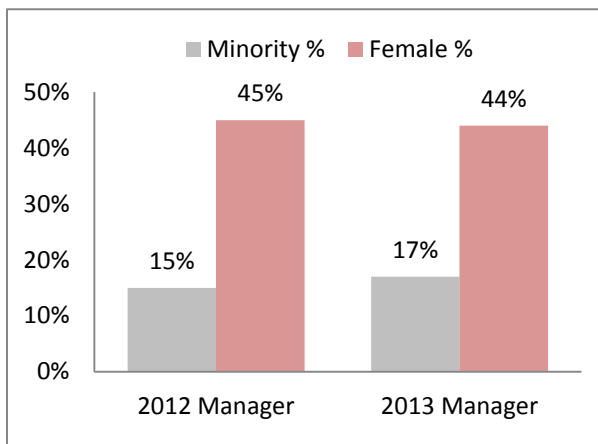
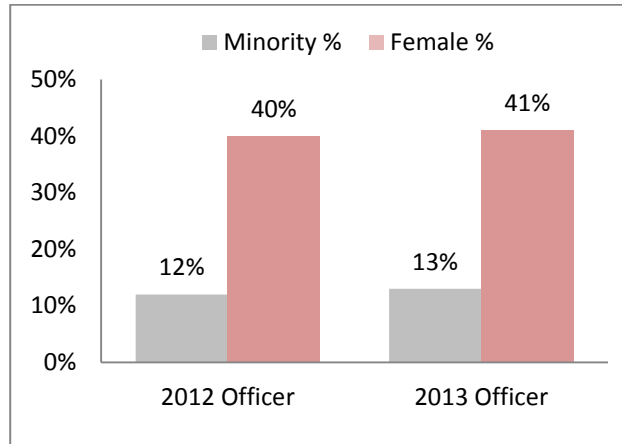
The information in these tables reflect the 1st District's Staff representation by EEO-1 job category (see table rows)
 The vertical "Total" column represents total staff for the job category across all races and genders; the horizontal "Total" row represents total staff for the race-gender combination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

By Percentage	Hispanic or Latino		Non-Hispanic Male					Non-Hispanic Female						
	Male	Female	White	Black or African American	Asian	American Indian or Alaskan Native	2 or More Races	White	Black or African American	Asian	Native Hawaiian or Other Pacific Islander	American Indian or Alaskan Native	2 or More Races	Total
Executive/Senior Level Officials & Managers	0%	0%	71%	14%	0%	0%	0%	14%	0%	0%	0%	0%	0%	100%
First/Mid Level Officials & Managers	2%	1%	49%	1%	2%	0%	0%	36%	2%	0%	0%	0%	0%	100%
Professionals	2%	2%	40%	4%	7%	0%	0%	31%	5%	0%	9%	0%	0%	100%
Technicians	4%	0%	50%	26%	9%	0%	0%	4%	2%	0%	4%	0%	0%	100%
Administrative Support	2%	6%	17%	5%	3%	0%	1%	35%	15%	1%	17%	0%	0%	100%
Craft Workers	0%	0%	94%	0%	6%	0%	0%	0%	0%	0%	0%	0%	0%	100%
Service Workers	4%	2%	70%	15%	0%	0%	0%	6%	4%	0%	0%	0%	0%	100%
Total	2%	2%	41%	5%	5%	0%	0%	29%	6%	8%	0%	0%	0%	100%

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 Broad Levels and Changes in Workforce Composition by Federal Reserve Bank of Boston, the State, the Region, and the Nation

Workforce Composition by Broad Levels:



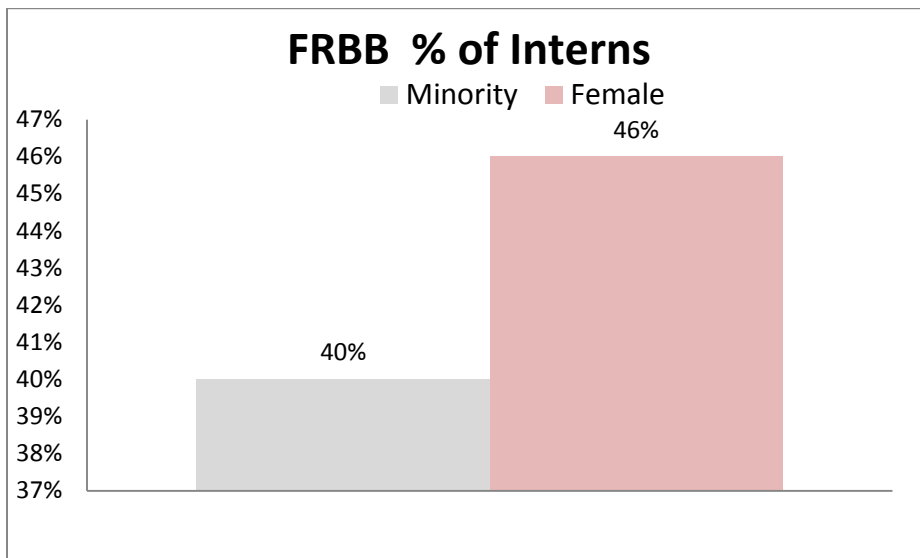
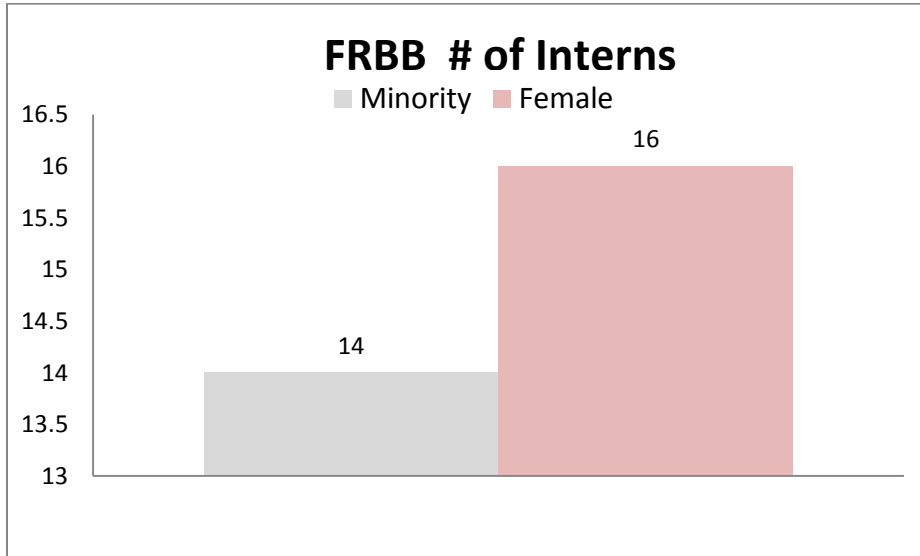
Changes in Workforce Composition at FRBB, State, Region and Nation:

	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	-3.89	-1.20	0.02	0.02	-0.09	-8.46	0.00	1.78	0.45
Minority	0.46	-1.40	0.48	0.44	0.57	-2.54	5.06	4.25	5.19
Hispanic or Latino	-0.13	-0.70	0.03	0.06	0.02	0.37	0.90	1.03	2.47
Black or African-American	-0.87	-1.20	0.15	0.13	0.23	-3.10	1.43	0.99	0.01
Asian	2.38	0.40	0.21	0.16	0.11	-0.22	1.74	1.27	1.25

Benchmark Sources: EEOC's 2012, 2010 and 2002 Aggregate EEO-1 Data by State and Nation, All Industries

APPENDIX C: Intern Hiring Data

In 2013 there were 35 participants in FRBB's college internship program.



APPENDIX D: 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 (EITC)*** is spearheaded by the Office of former Mayor Thomas Menino and works 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 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 (HACC)*** 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 Konnected*** is Boston's first and only urban bi-monthly professional and business networking event. It brings 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 Hyams Foundation*** is a private, independent foundation with a mission of increasing economic and social justice and

power within low-income communities in Boston and Chelsea, Massachusetts. The Foundation devotes its resources to achieving three major goals 1) Increasing access to affordable housing for families of color, extremely low-income families, and other low-income families, 2) Increasing long-term success among teens of color and other low-income teens who are at high risk, through teen development, and 3) Increasing civic engagement in communities of color and other low-income communities.

- ***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 about urban market opportunities.
- ***Leadership Education And Development (LEAD)***'s mission is to strive to address education access and excellence by establishing a cross-sector collaborative of corporate, government agency, higher education, and non-profit partnerships that focus on developing high potential youth of diverse backgrounds into high achievers and responsible leaders. LEAD accomplishes this mission by fostering a vibrant community for students to gain the skills, experience, and encouragement they need to fulfill their educational and professional aspirations in the fields of business, engineering, and computer science.
- ***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 Collaborative 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. (NBMBA)*** 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.
- ***The National Society of Hispanic MBAs (NSHMBA)*** 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.
- ***Pride In Our Workplace (PIOW)*** is a network of LGBT ERG/BRGs from prestigious corporations, financial companies, and professional services firms

in the Greater Boston area. It is a forum for professionals and executives to share inclusion and diversity best practices, promote networking and professional development, and build ERG/BRG capabilities.

- ***The Proteus Fund Diversity Fellowship Program's*** mission is to identify, recruit and, cultivate emerging practitioners of color who represent the next generation of philanthropic leaders, and offer them training, support, and strong community. The Diversity Fellowship is an innovative model with a successful track record of identifying and cultivating talented professionals of color interested in entering the philanthropic sector.

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.

- ***Women In Finance Boston (WIF)*** is a membership association of women executives, managers, and other career finance professionals, whose goal is to highlight thought leadership in finance across multiple industries and to create a community of women professionals.

Cultural and Educational Events

- ***The Tuskegee Airmen, NE Chapter, Inc.*** - (March) - Bank senior management saluted the Tuskegee airmen, showed a short film "Red Tails: The Saga of the Tuskegee Airmen." The airmen shared their personal struggles and triumphs during their time(s) of service, answered questions, and took photos with Bank employees.
- ***Veterans ERG Memorial Day Celebration*** - (May) - The Veterans ERG hosted a Bank-wide "Awareness Table". Veterans displayed photographs, uniforms and awards from various eras and branches of service.
- ***Boston Fed Friends, Allies, Coming Together (A1-FACT) ERG Pride Month Celebration*** - (June) - The Bank's A1-FACT ERG hosted a brown bag lunch session with representatives from "Pride in Our Workplace" a Boston based LGBT professional group that discussed how to bring LGBT people together to share best practices, network, and learn from one another the importance of being an ally.
- ***Hispanic Heritage Month Celebration w/Speaker Jesse Treviño*** - (October) - The Adelante! ERG and ODI invited Bank staff to celebrate Hispanic Heritage Month. The celebration featured keynote speaker Jesse Treviño, who spoke about the changing U.S. demographics and the impact of the dramatic growth of the country's Hispanic population on our economy.
- ***National Coming Out Month Informational Table*** - (October) - The Bank's A1-FACT ERG supplied educational LGBT materials on
- ***Lunar New Year (Year of the Snake)*** - (February) - Bank employees shared their Asian Heritage by displaying and showcasing family artifacts and providing educational materials on the history of Chinese New Year.

how to deal with issues that arise in the community regarding “coming out” and information on other supportive organizations.

- **HBO Documentary “The OUT List”** - (October) – ODI hosted a viewing of the HBO documentary, “The OUT List” for Bank staff. It featured a diverse cross-section of accomplished leaders in entertainment, business, sports, and public service sharing intimate stories on childhood, understanding gender and sexuality, building careers while out, and reflecting on the challenges still facing the LGBT community

Veterans Day Celebration w/Speaker Brigadier General Jack Hammond – (November) – The Veterans ERG invited speaker Brigadier General Jack Hammond to inform staff about the Home Base Program, a partnership between Massachusetts General Hospital and the Red Sox Foundation, that seeks to provide no-cost treatment and assistance for returning Veterans struggling with post-traumatic stress disorder (PTSD) and/ or mild traumatic brain injuries. Also, in attendance was Lt. Colonel Enoch Woodhouse, a Tuskegee Airman. A flag-folding ceremony was performed by the Bank’s veterans and staff actively serving in the military.

APPENDIX E: Research and Action

The initiatives in this section provide important background on innovative activities undertaken by the Bank to address economic development 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 help residents of these communities cope with the challenges they face.

Working Cities Challenge

In 2013, the Bank's Regional and Community Outreach Department launched the groundbreaking Working Cities Challenge. The Working Cities Challenge is an initiative led by the Federal Reserve Bank of Boston with a twofold goal 1) to advance collaborative leadership in Massachusetts smaller cities and, 2) to support ambitious work to improve the lives of low-income people in those cities. The Bank's partners on the Working Cities Challenge include Living Cities (a collaboration of 22 of the nation's largest philanthropies), the Massachusetts Competitive Partnership (a coalition of the state's largest employers), and the Commonwealth of Massachusetts. The Working Cities Challenge supports economic development in all regions of the state.

Winning cities' awards will top \$1 million in grant money, and all participating cities will benefit by gaining technical assistance and peer-city advice, capacity-building and planning resources, access to new sources of capital, including grant funding and flexible debt, and exposure to a growing network of public, private, nonprofit, and philanthropic leaders.

Twenty eligible communities applied to participate in the initiative. Six of those applicants were awarded a total of \$1.8 million to support projects that build on cross-sector collaboration and strengthen civic leadership. Applicant cities focused on employment challenges, adult education, and workforce development for youth, among other topics.

The winning cities were announced in January 2014. They include:

- **Lawrence:** a \$700,000, three-year implementation award for its plan to change the way its school system interfaces with the larger community by focusing on the direct correlation between economic and employment challenges amongst families and student success rates.
- **Fitchburg:** a \$400,000, three-year implementation award for its eCarenomics Initiative, an effort to develop shared metrics for neighborhood health and well-being with the goal of making the North of Main neighborhood a place where residents choose to live, work, and invest.
- **Holyoke:** a \$250,000, three-year implementation award to help build a link between the city's Latino population and its innovation economy through adult education and supportive services. The proposal includes a focus on social ventures and small business development.
- **Chelsea:** a \$225,000, three-year implementation award for its Shurtleff-Bellingham Initiative, designed to engage the public, private, and nonprofit sectors in

an effort to reduce poverty and mobility rates by 30 percent in this struggling neighborhood.

- **Somerville:** a \$100,000 seed award toward its proposal to reduce unemployment among low-income youth by creating new, youth-targeted, workforce development systems infused with mobile technology and social media.
- **Salem:** a \$100,000 seed award for its plan to bring one low-income neighborhood's economic indicators in line with rest of the city by focusing on four issue areas:
 - economic development,
 - small business development,
 - workforce development, and
 - leadership development.

New England City Data Initiative

In 2013, the Bank created the New England City Data Tool, a powerful, time-saving, easy-to-use tool that uses 2000-2009 census data to compare the demographic characteristics of lower-income and higher-income areas within a city and also provides aggregate information for New England states and for the region as a whole. The tool is designed to support the Bank's efforts to enhance the economic strength of low- and moderate-income communities in New England by providing data profiles of the six states in the First District region and their municipalities.

The City Data tool is being used by non-profits, think tanks, philanthropic foundations, financial institutions, and others organizations in order to gauge how cities and towns are faring in the current economy, to paint a picture of challenges in lower-income New England communities, or show how communities have changed over time. One Connecticut-based

think tank used the City Data tool during the federal government shutdown in October 2013, when the Census website was unavailable.

The tool also provides a one-page snapshot of basic indicators such as household income or population growth from 2000 and 2009 and allows for city-to-city comparisons within each New England state. One of the more compelling features is its ability to produce results in three different formats: as a raw Excel file for the number-crunchers, as one-page city summaries in PDF form, and as an infographic that allows the user to compare a range of cities and towns. It would take someone a significant amount of time to get this data directly from the census website and format and display it in an impactful way; the tool helps to simplify that process.

Boston Earned Income Tax Credit (EITC) Campaign

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. The Campaign now serves approximately 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 13 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. In 2013, the Bank provided two financial services training sessions in which 35 volunteers from different organizations were trained for the EITC Campaign.

In addition, in March 2013, the Bank launched a Credit Advising Study, at the request of the Consumer Financial Protection Bureau (CFPB), at the Roxbury EITC site to evaluate possible interventions to help the success of the EITC financial education effort. The purpose of the study is to evaluate whether providing information to motivate efforts to achieve better credit scores and/ or search for better credit terms would further benefit the community.

APPENDIX F: Recognition

National Society of Hispanic MBAs (NSHMBA) Corporate Partners Award that the Office of Diversity & Inclusion and the Adelante! ERG received December 6, 2013



Marques Benton, VP & OMWI Director, Office of Diversity & Inclusion, Claritza Abreu, Director, Application Development, Business Technology Solutions, co-Chair of Adelante! and Victor Carballo, Director, Stored Value Card, co-Chair of Adelante! ERG

The award recognizes the Bank's work to support diverse professional development organizations and advance an inclusive workforce and culture.

