



FEDERAL RESERVE BANK OF PHILADELPHIA



2017

REPORT TO CONGRESS

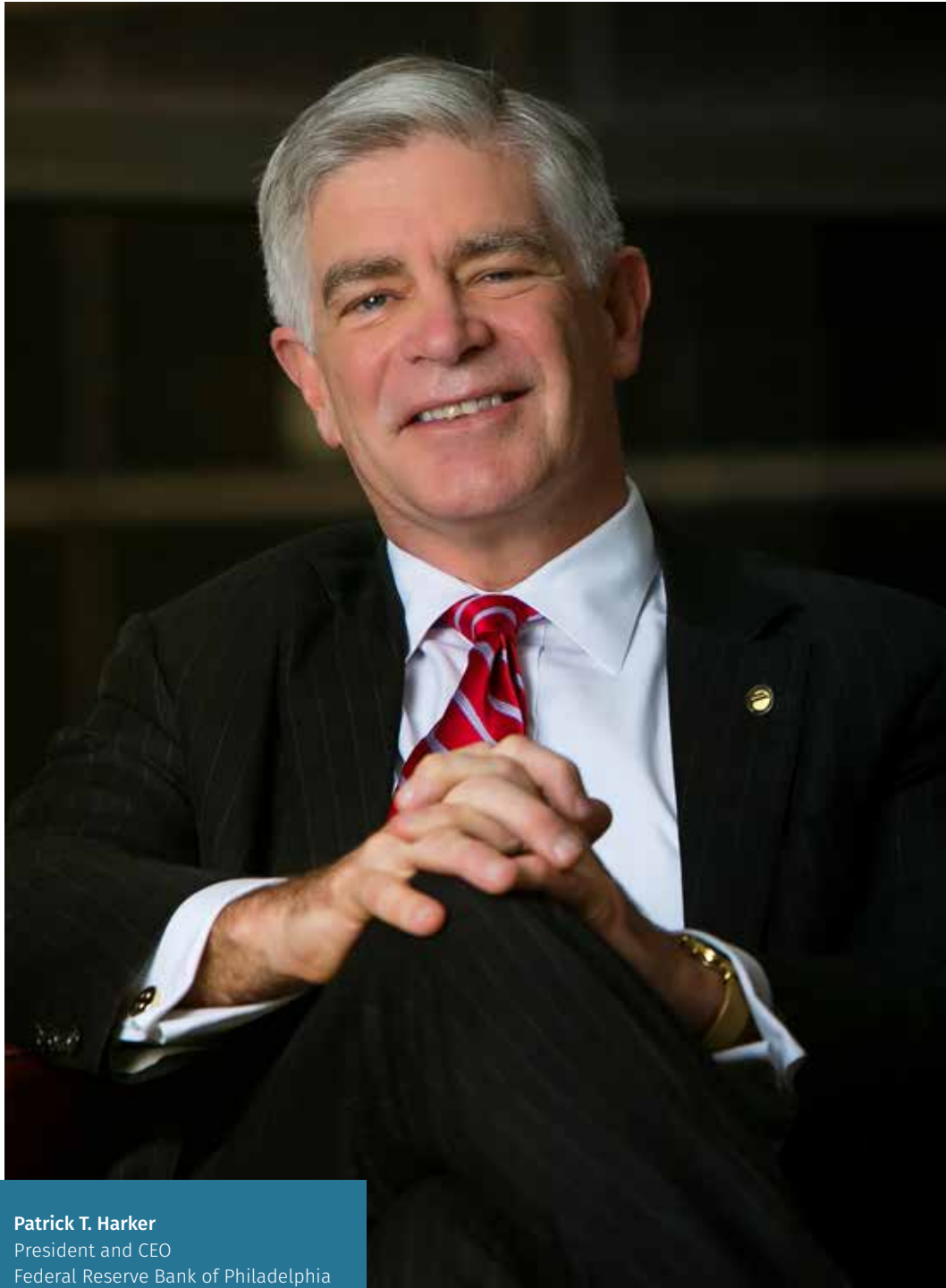
on the Office of Minority and Women Inclusion

March 31, 2018

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This document contains an annual summary of the actions of the Office of Minority and Women Inclusion with regard to the requirements under Section 342 of the Dodd–Frank Wall Street Reform and Consumer Protection Act of 2010.



Patrick T. Harker
President and CEO
Federal Reserve Bank of Philadelphia



elcome to our 2017 report to Congress on the progress of the Federal Reserve Bank of Philadelphia's Office of Minority and Women Inclusion. In the following pages, we assess our ongoing evolution in creating and maintaining an inclusive Bank.

In last year's letter, I laid out the business case for a commitment to diversity. That case has not changed. We are an institution that is endowed with the public trust, and we therefore have a duty to execute our mission with the highest level of skill and insight possible. We can only do that when we have a chorus of voices with different areas of expertise. We only compete for top talent if we have a workplace where every one of the best candidates can see a place for themselves in it. We are stronger, more agile, and better at solving problems when we have a range of viewpoints. Those truths remain the same.

My letter last year was the why; my letter this year is the how.

Diversity and inclusion are not add-ons. They are not extra workstreams that can be ignored or outsourced until their prioritization becomes convenient. They have to be an inextricable part of our everyday working lives.

For one, nothing that is done in haste or without proper attention can be done well. For another, that kind of cosmetic approach is clearly visible, and it rings of inauthenticity.

But mostly, when something is worth doing, it is worth doing right.

Diversity and inclusion have to be a deeply ingrained aspect of working culture. It needs to be so fully a part of what we do and who we are that it has its own muscle memory. At the same time, we need to maintain that commitment, flexing those muscles, or they will atrophy.

I am proud to work for an organization that has embedded the celebration of diversity in its DNA. It was present long before I took the helm, and because it is an inherent part of our culture, it will outlive my tenure. It was one of the reasons I was so honored to come on board and remains one of the shining examples that the Third District sets. To paraphrase Shakespeare, though we be but little, we are fierce.

We have a fierce commitment. We have a fierce drive. And we have a fierce workforce that does its best every day to fulfill our mission. We cannot do that with a homogenous staff, and we cannot do that if the Bank does not reflect, in all its ways, the District it serves.

I am proud, every day, to serve a District that is a microcosm of America, and I am proud that my colleagues reflect the vast and varied backgrounds and experiences that entails. We will continue our tradition of creating an organization that mirrors the lives and landscape of the people and areas we represent; it is who we are.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Paul A. Hancock'.

Executive Summary

The Federal Reserve Bank of Philadelphia (the Bank)¹ is committed to its core values of diversity and inclusion and promotes these standards in its workforce, in the businesses it engages to procure goods and services, and in the Third Federal Reserve District. We are pleased to submit this report to Congress outlining our progress toward achieving our goals with respect to these strategic objectives.

Although a formal diversity and inclusion initiative has been in place since 2007, the Bank has a long history of embracing these values. The Bank has processes and programs in place that promote workforce and supplier diversity, and it has been actively engaged in financial literacy and outreach to school systems in the region for many years.

The Bank established its Office of Minority and Women Inclusion (OMWI) in January 2011 in compliance with Section 342 of the Dodd–Frank Wall Street Reform and Consumer Protection Act of 2010 (the Dodd–Frank Act or the Act). Incorporated into the Bank’s Office of Diversity and Inclusion, the OMWI has just completed its seventh year of activities that fully address and comply with the provisions of the Dodd–Frank Act.

This report details the Bank’s successes and challenges with regard to its efforts to ensure a) the racial, ethnic, and gender diversity of staff and senior management; b) the increased engagement of minority- and women-owned enterprises in programs and contracts and the coordination of technical assistance to these businesses, as applicable; and c) that our financial education programs adequately serve the diverse populations of the Third District.

Diversity and Inclusion as Core Values

Diversity and inclusion are core values of the Bank and are embraced as important strategic initiatives fully aligned with the organization’s mission. The Bank is committed to fostering an environment in which all employees can reach their full potential and in which different perspectives are valued.

In 2017, as part of a new strategic direction, the Bank expressed core values that embody the underlying precepts

of diversity and inclusion. Those values are:

- Collaborate: We work together to fulfill our mission.
- Innovate: We try new things and continue to learn.
- Be open: We are inclusive and strive for transparency.

The Bank also has a strategic plan for diversity and inclusion built around the pillars of people, culture, and community. The plan has three strategic goals: promoting an environment of respect, dignity, and equality for employees at all levels; assigning top-down accountability for creating a diverse and inclusive environment; and charging the Bank to recruit, retain, and develop the best talent available to increase diversity among its workforce and better serve the needs of Third District communities. In 2017, the Bank fine-tuned this plan, which incorporates feedback on areas of strength and opportunity gathered via a staff survey and focus groups. The plan builds on progress already made and provides a framework for next steps toward achieving measurable goals and objectives in this area.

Furthermore, the Bank has embarked on a multiyear journey to become an organization that focuses on developing leaders at all levels. To help advance this goal, the Bank created a new Leadership Fellows Program, designed to attract recent college graduates and serve as a talent pipeline at the emerging level. The program will directly align with the Bank’s diversity and inclusion goals.

Diversity and Inclusion Infrastructure

The OMWI manages the Bank’s overall approach to diversity and inclusion and acts as a hub for all related initiatives. Three other internal groups support the office’s activities: 1) the Diversity Advisory Group, led by senior executives who champion diversity and inclusion as essential priorities; 2) the Diversity Council, a group of employees that plans events and activities to promote ongoing, substantive messaging across the organization about diversity and inclusion and participates in the formulation of strategies in support of related goals and objectives; and 3) employee resources groups (ERGs), formed by employees with shared characteristics or professional interests but open to all, which serve as channels for collaboration and professional development.

¹ The Federal Reserve Bank of Philadelphia is the Third Federal Reserve District. It is sometimes known simply as the Bank or the Philadelphia Fed.



(From left to right) Philadelphia Police Department Chief Inspector Cynthia Dorsey, The Honorable Nitzia I. Quinones Alejandro of the United States District Court for the Eastern District of Pennsylvania, and Philadelphia Parking Authority Executive Director Clarena Tolson speak on a panel at an event focusing on women leaders in the public sector. The Knowledge and Networking Opportunities for Women (KNOW), an employee resource group, and the Diversity Council organized the program in honor of Women’s History Month.

Minority and Women Employment

The Bank has programs in place that address diversity in recruitment, retention, leadership and professional development, and succession planning. Programs and practices are in place, such as internships, mentoring activities, and diversity recruiting. The following are a few highlights of the Bank’s efforts in 2017 to recruit and retain a diverse workforce at all levels:

- The Bank continued to raise its visibility as an employer of choice with the District’s historically black colleges and universities (HBCUs) through targeted outreach. Bank representatives attended a career workshop at the business school of a local HBCU to provide information on the Bank’s role and functions and about career paths at the institution. The engagement resulted in multiple subsequent inquiries about employment opportunities from students, faculty, and staff, confirming the benefits of such face-to-face interactions. In addition, the Bank sent representatives to on-campus recruiting events at two HBCUs and six

other area schools, and it posted open positions on job boards at HBCUs across the District.

- Employees formed three new ERGs during the year, bringing the Bank’s total to five. One group focuses on career growth and leadership development, another on LGBTQ employees and their allies, and a third on popular technology that helps members achieve their personal and professional goals. The ERGs hosted events that allowed diverse voices at all levels of the organization to engage in a brainstorming session with the first vice president on how to create a more collaborative workplace, helped members improve their networking skills, and exposed staff members to leadership role models from the public sector, among other things.
- The Bank hosted its sixth annual industry forum, which continued the tradition of promoting conversation around and best practices for workplace inclusion. The event drew leaders from the Bank and diversity and inclusion and talent management professionals from around the region. During a

roundtable discussion, CEOs and other executives shared insights about their own organization's approach to diversity and inclusion, how to advance these goals amid cultural and political uncertainty, and how they build accountability for sustaining these efforts within their respective organizations.

Minority- and Women-Owned Businesses

The Bank's supplier diversity program, which predates the passage of the Act, remains focused on fostering opportunities for minority- and women-owned firms to do business with the Bank. The Act gives additional guidance on efforts in this area. The following are some notable activities the supplier diversity program carried out during the year:

- To further demonstrate senior management buy-in and to highlight successful relationships with diverse vendors, the Bank produced and disseminated a video featuring the Bank's first vice president and three women- and minority-owned suppliers.
- The Bank increased its visibility with diverse vendors by continuing to develop relationships with Third District minority stakeholder groups, chambers of commerce, and the City of Philadelphia. The Bank joined events held by the Eastern Minority Supplier Development Council, the Women's Business Enterprise Council PA-DE-sNJ, and the Greater Philadelphia Hispanic Chamber, among others. The Bank also hosted about 80 diverse vendors at its eighth annual Supplier Diversity Vendor Fair/Matchmaking Sessions, which provide vendors with the opportunity to meet with procurement decision makers from key areas of the Bank and Federal Reserve System.
- The Bank's outreach also included training and technical assistance for diverse vendors. In conjunction with the aforementioned supplier diversity fair, Procurement coordinated a workshop targeting minority-owned businesses and women-owned businesses in which Bank staff from the Community Development Studies & Education Department shared relevant findings from the Federal Reserve System's recent Small Business Credit Survey. Procurement staff also presented on doing business with the Bank at the City of Philadelphia's monthly Doing Business in the City workshop and participated in a panel discussion hosted by the Institute for Supply Management-Philadelphia.

Financial Literacy

The Bank's long-standing and highly regarded economic education and financial literacy programs continued to help teachers instruct students about personal finance. Some highlights of the Bank's financial education efforts included:

- The Bank's economic education team held 11 professional development events for OMWI teachers. This included offering the flagship Keys to Financial Success personal finance course for high school students to 28 new teachers, nine of whom represented eight OMWI schools. The team also provided continuing support under the program for teachers from 175 schools, 72 of which are OMWI schools (38 inner-city, 64 majority-minority, and two girls').²
- Economic educators also conducted their second-ever online professional development program, which enrolled 114 teachers, 28 from OMWI schools. Together, these OMWI teachers reach an estimated 2,100 students annually.
- Economic education staff partnered with nonprofit and city government entities to conduct outreach meetings with key School District of Philadelphia stakeholders to expand personal financial education in the city's public schools. These efforts resulted in an increase in the number of Philadelphia teachers attending the Bank's economic and personal financial education programs in 2017. They also led to plans to offer professional development programs targeted specifically to K-12 teachers from the School District of Philadelphia and to recruit teachers from 18 Philadelphia high schools to attend the annual Keys to Financial Success training in 2018.

Additional information, including some challenges the Bank experienced with regard to these goals during 2017 and next steps to address them, are outlined more fully in the remainder of this report. This report details specific activities and progress that took place from January 1, 2017, through December 31, 2017, unless otherwise indicated. The assessment of inclusion programs within regulated entities is managed by the Board of Governors of the Federal Reserve System, and is therefore not addressed in this report.

² These numbers do not total 72 because, in many cases, the schools qualify in more than one category. For example, a school may be both an inner-city and a girls' school.

Overview of the Bank

Unique Third District Activities and Significant System Responsibilities

The Bank holds significant Federal Reserve System responsibilities and performs unique Third District activities. A description of these duties and initiatives follows.

The Bank houses the project management team and the Central Business Administration Function for the **Collateral Management System (CMS)**, a centralized, web-based system for recordkeeping of definitive and book-entry securities and loans. The CMS is used by the regional Reserve Banks to monitor, manage, and value collateral pledged to Reserve Banks to support extensions of credit under the discount window and the payment system risk policy. The CMS also supports the Reserve Banks' fiscal agency responsibilities regarding collateral pledged for various programs of the U.S. Depart-

ment of the Treasury. Because all collateral holdings and their corresponding market prices are stored within the CMS, analysts can view and query an institution's entire collateral portfolio through the system. The CMS team also maintains and enhances the **Subcommittee on Credit Risk Management (SCRM) Collateral Data Repository** and the **Analytical CRM Environment**, the latter of which is an SCRM data analytical tool that provides credit risk analysts with reports and dashboards.

The Bank publishes two national newsletters on behalf of the Federal Reserve System, **Community Banking Connections (CBC)** and **Consumer Compliance Outlook (CCO)**. Both provide practical regulatory information to help community banks operate in a safe and sound manner and comply with applicable laws and regulations. Created in 2012, *CBC* deals with topics around safety and soundness and has approximately 12,000



President Patrick Harker (on far left) and First Vice President James Narron (on far right) are pictured with the 2017 summer interns.

readers. Launched in 2008, CCO focuses on consumer compliance topics and has approximately 26,000 subscribers.

The **Consumer Finance Institute's** mission is to produce leading-edge research on how credit markets and payment systems affect the economy. The Institute brings together the wide-ranging expertise of the Philadelphia Fed's economists, industry analysts, other researchers, and visiting scholars, and it offers opportunities for collaboration with outside scholars, market participants, government regulators, and consumer groups. The Institute allows these different groups to share insights and advance understanding of issues around fostering healthy household finances, a stable financial system, and a resilient economy.

The **Economic Growth & Mobility Project (EGMP)** is an initiative of the Federal Reserve Bank of Philadelphia dedicated to promoting equal access to economic opportunity for all. It is a multilevel effort to bring entrepreneurial solutions to achieve inclusive economic growth and create pathways out of poverty in communities across the Third District and our nation. By leveraging the highly respected and valuable economic research produced by the Federal Reserve System and others, the EGMP fosters catalytic partnerships among public, private, and philanthropic stakeholders to achieve long-term economic improvements.

The **Groupware Leadership Center**, which is being consolidated into the National IT End User Services division, coordinates and oversees the planning, implementation, and operation of the System's enterprise end-user messaging and collaboration technologies. This includes services such as e-mail, office productivity, instant messaging, web conferencing, external collaboration services, and videoconferencing.

The Federal Reserve Bank of Philadelphia manages the System-wide **Partnership for Progress (PFP)** program on behalf of the Board of Governors. Established in 2008, PFP promotes the viability of minority depository institutions (MDIs) by facilitating activities designed to cultivate safe and sound practices, strengthen their business strategies, and enhance their understanding of regulatory topics.

The Philadelphia Fed continued to support MDIs through the following activities during 2017:

- The Bank cosponsored the biannual Interagency Minority Depository Institution and Community Development Financial Institution (CDFI) Bank National Conference, *Expanding the Impact: Increasing Capacity and Influence*, which was held April 5–6 in Los Angeles.

- The Bank cosponsored the Forum for Minority Bankers with the Board of Governors and the Federal Reserve Banks of Kansas City (lead sponsor), Atlanta, Richmond, and St. Louis. The forum, a national program that provides minority bank leaders with industry knowledge and professional development, was held September 27–28 in Kansas City, MO.
- The Bank hosted and participated in numerous banking workshops and seminars aimed at promoting and preserving MDIs, including the National Bankers Association's Legislative and Regulatory Conference.
- The Bank fostered mutually beneficial partnerships between MDIs and community leaders, trade groups, the CDFI Fund, and other organizations to seek support for MDIs.
- The Bank participated in an interagency task force created to address supervisory challenges facing MDIs.

Risk Assessment, Data Analysis, and Research (RADAR) is composed of two groups. The Data Warehouse group manages a large system that features a wide array of key U.S. consumer credit databases with powerful analytical tools for sampling, querying, mapping, reporting, and charting data. The Securities Evaluation Service analyzes all parts of the asset- and mortgage-backed securities markets in financial institutions' investment portfolios and in securities markets more broadly.

The Bank established the **Supervision Team Site Support Office (STSSO)** in 2012 to foster collaboration, knowledge, and information sharing in the supervision and regulation community through the development and implementation of team sites designed to increase efficiency and reduce administrative burden in the execution of the core supervisory process. Throughout 2017, the STSSO continued to develop and deploy team site solutions across the System in support of continuous monitoring and examinations across the community bank, regional bank, large and foreign bank, Large Institution Supervision Coordinating Committee, and consumer compliance portfolios.

The Bank serves as the Central Business Administration Function for the **Treasury Check Information System (TCIS)**. TCIS provides the Bureau of the Fiscal Service of the U.S. Department of the Treasury with an electronic checkbook, reconciling approximately 50 million checks and processing about 1 million check claims and inquiries per year. TCIS also affords Fiscal Service the opportunity to move from paper to electronic communication with federal agencies and non-Treasury disbursing offices, as their processes allow.

The Office of Minority and Women Inclusion

The director of the Bank's OMWI (Appendix A) is Mary Ann Hood, who serves in this capacity in addition to her role as the Bank's senior vice president of Human Resources and Equal Employment Opportunity (EEO) officer. She is also actively involved in the Federal Reserve System's Council of OMWI Directors.

In accordance with Section 342 of the Dodd–Frank Act, the OMWI is responsible for all matters relating to diversity in management, employment, and business activities. The OMWI, which is housed in the formally named Office of Diversity and Inclusion, builds upon existing efforts to attract and retain a diverse workforce at all levels, create an inclusive workplace, foster supplier diversity, and support financial literacy education.

The OMWI is supported by senior management through the Diversity Advisory Group, which champions diversity and inclusion initiatives. The Bank works to ensure that the organization espouses diversity principles and best practices, with the understanding that these efforts strengthen the institution and enhance its ability to support the diverse communities of the Third District.

Staffing and Structure

In her role as OMWI director, Ms. Hood reports directly to the Bank's president. She has one full-time staff member, Karen J. Vaughn, associate director.



Pictured are three of the Philadelphia Fed participants in the Urban League of Philadelphia's Urban Leadership Forum: (front row, seated) Lisa Snow, Project Manager, Information Technology Development, Information Technology Services; and (top row, from left to right) Ursula Spencer, Messaging & Collaboration Architect, End User Services; and Kathryn Christiansen, Lead Budget Analyst, Enterprise Risk Management.

Geography Covered

The Bank serves the Third Federal Reserve District — the smallest District by land area in the Federal Reserve System. Compared with other Districts, the population is one of the smaller, slower-growing populations and is slightly less diverse than the U.S. as a whole.

Total Population

The Third District, which comprises eastern Pennsylvania, southern New Jersey, and all of Delaware (Figure 1), has a population of more than 13.2 million, according to the U.S. Census Bureau’s 2016 County Population Estimates data set. The distribution of that population per state is as follows:

- Delaware: 0.95 million people in three counties
- Southern New Jersey: 2.8 million people (or about 31 percent of the state’s population) in nine counties
- Eastern two-thirds of Pennsylvania: 9.5 million people (or about 74 percent of the state’s population) in 48 counties

There are 23 metropolitan statistical areas (MSAs) wholly or partially located in the Third District. The Philadelphia–Camden–Wilmington, PA–NJ–DE–MD MSA (Philadelphia MSA) is the largest. It includes five Pennsylvania counties, four New Jersey counties, one Delaware county, and one Maryland county. With more than 5.9 million people, the Philadelphia MSA accounts for 45 percent of the Third District’s population.

From 2010 to 2016, the District’s population grew 1.4 percent, compared with 4.5 percent growth for the nation. Growth was faster in Delaware, at 5.8 percent, whereas the portions of New Jersey and Pennsylvania within the Third District grew 0.3 percent and 1.3 percent, respectively. The Philadelphia MSA grew 1.6 percent during the same period.

Racial Diversity

Despite the significant degree of urbanization within the Third District, overall racial diversity is in line with, although slightly exceeds, that of the nation. Based on 2016 census estimates, 20.8 percent of the nation’s population identified themselves as a race other than white or selected a combination of races. Within the District, 21.2 percent of the population identified themselves as other than white.

The Third District has a roughly similar percentage of black or African American residents as the nation, but the percentages of Asian and Other residents are smaller in the District than in the nation. The Other category includes American Indian and Alaska Native, Native Hawaiian and Other Pacific Islander, and Two or More Races (Figure 2).

With respect to the workforce from which the Bank typically draws, the Philadelphia MSA is a more relevant geographic entity than the entire Third District, although there are

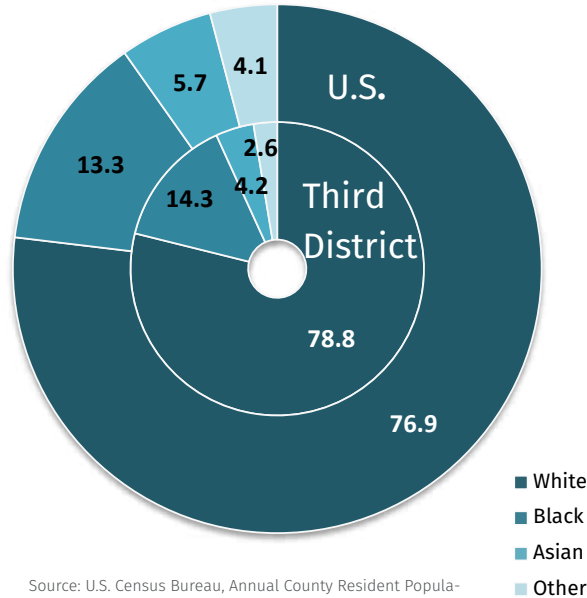
numerous specialized jobs for which the relevant labor pool may be regional or national. Overall, the Philadelphia MSA has a larger share of black population (22.2 percent) than the nation (13.3 percent), a similar share of Asian population (5.9 percent), and smaller shares of white (69.1 percent) and Other (2.8 percent) populations than the nation (76.9 percent and 4.1 percent, respectively).

In the city of Philadelphia alone, there are slightly larger percentages of Asian and Other populations than in the Philadelphia MSA. However, the percentage doubles for the black population in the city compared with the MSA, whereas



FIGURE 2

Percent of total population:
United States and Third District



Source: U.S. Census Bureau, Annual County Resident Population Estimates by Age, Sex, Race, and Hispanic Origin: April 1, 2010, to July 1, 2016

the city's percentage of white population is lower by 24 percentage points (Figure 3).

The Hispanic population continues to be a key driver of population growth for the nation and the Third District. From 2010 to 2016, the Hispanic population in the U.S. grew by nearly 7.0 million people, or 13.9 percent. The Third District and the Philadelphia MSA experienced faster growth in their Hispanic populations, by 21.4 percent and 16.2 percent, respectively.

Despite the more rapid percentage growth of the Hispanic population in the local region, the share of Hispanics in the Third District (9.8 percent) is still only roughly half that of the nation (17.8 percent). The city of Philadelphia is closer with 14.4 percent (Figure 4).

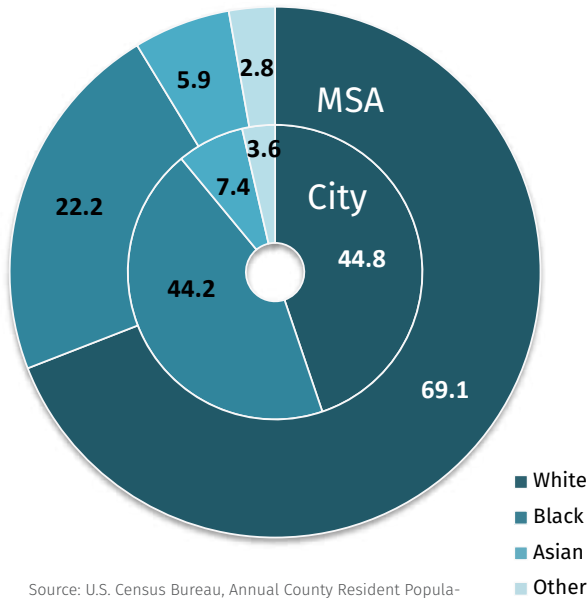
Economic Trends

The Third District's states continued to add jobs in 2017 overall, although the pace varied across the states and generally lagged that of the nation. Pennsylvania's economy added 78,400 jobs (a 1.3 percent increase) from December 2016 to December 2017, and New Jersey added 22,900 jobs (a 0.6 percent increase) during the same time period. Delaware, however, shed 6,000 jobs (a 0.1 percent decrease). The Philadelphia MSA also experienced gains in payroll employment, adding 24,100 jobs (a 0.8 percent increase).

Unemployment rates have fallen 4.0 percentage points in Pennsylvania, 4.1 percentage points in Delaware, and 4.8 percentage points in New Jersey since their peak levels in early 2010 following the Great Recession, but they remain slightly elevated compared with prerecession averages. As of the end of 2017, unemployment rates for the three states — at 4.7 percent for Pennsylvania, 5.0 percent for New Jersey, and 4.6 percent for Delaware — exceeded the national rate of 4.1 percent.

FIGURE 3

Percent of total population:
Philadelphia MSA and City of Philadelphia



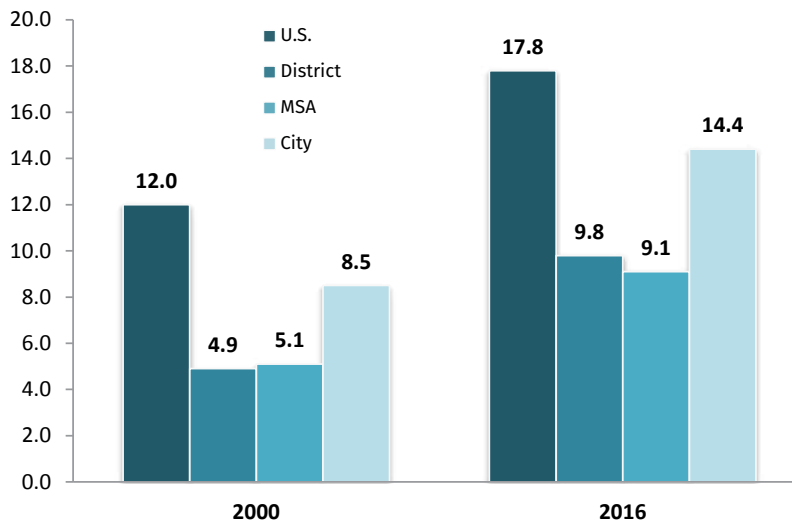
Source: U.S. Census Bureau, Annual County Resident Population Estimates by Age, Sex, Race, and Hispanic Origin: April 1, 2010, to July 1, 2016

Industry Composition

The industry composition of the three states within the Third District roughly mirrors that of the nation (Figure 5). Based on 2017 averages, the three states combined had a share of employment that was 1 percentage point or higher than the nation's share in the trade, transportation, and utilities (20 percent), and education and health services (19 percent) sectors. Within the Philadelphia MSA, some industries stood further apart from national trends: education and health services, the largest sector, represented 22 percent of employment; professional and business services represented 16 percent; and financial activities represented 7 percent. These particular industries have average hourly earnings that exceed the national average of all industries.

FIGURE 4

Percent of total population:
U.S., Third District, Philadelphia MSA & City of Philadelphia



Source: U.S. Census Bureau, Annual County Resident Population Estimates by Age, Sex, Race, and Hispanic Origin: April 1, 2010, to July 1, 2016

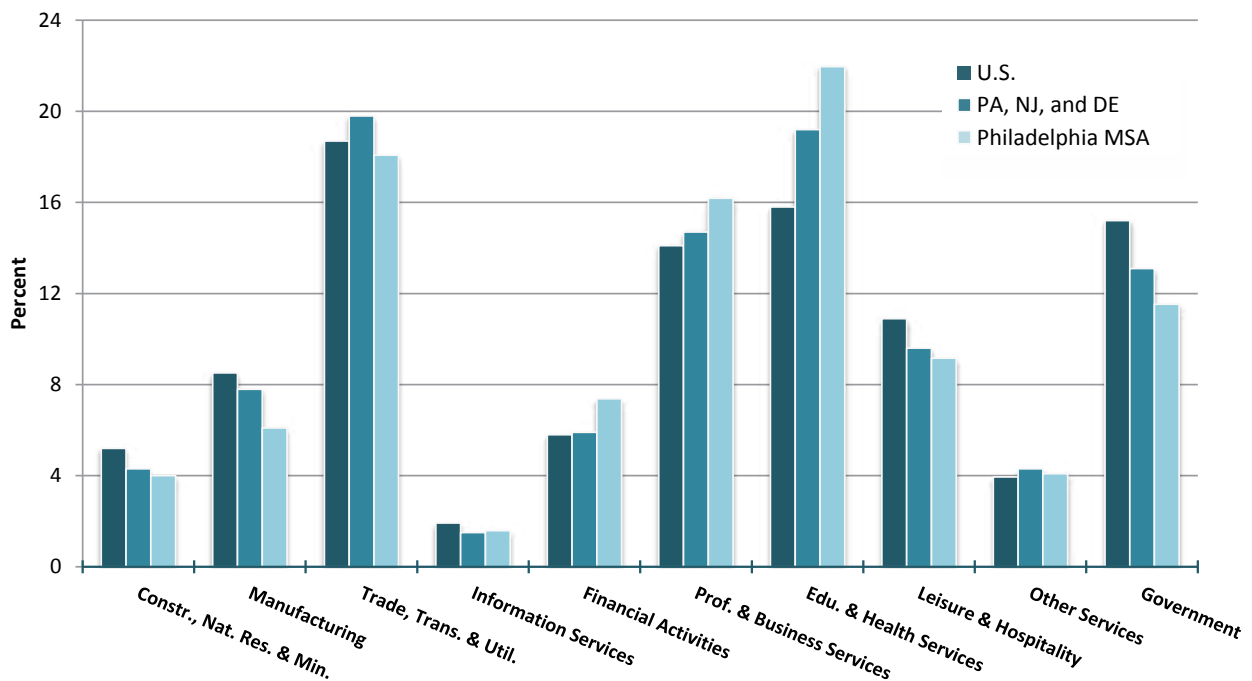
Higher-paying industries and jobs tend to require higher educational degrees. Educational attainment varies by gender and race. Overall, educational attainment is higher in the Philadelphia MSA than in the nation. According to the 2016 American Community Survey (ACS) 1-Year Estimates, compared with national rates for all groups except black women, greater percentages of women and minorities in the Philadelphia MSA earn bachelor's degrees or higher; although for black men, Asian women, and Hispanic men, this difference is within half of a percentage point.

In 2016, for the U.S. overall, the share of women with bachelor's degrees or higher exceeded the share of men with bachelor's degrees by almost one percentage point; in the Philadelphia MSA, the shares were more equal (Table 1). Patterns of educational attainment by sex among races in our region generally reflect national patterns: black and Hispanic women have higher educational attainment than their

2017 Employment Shares

FIGURE 5

Employment shares by industry, 2017



Source: U.S. Bureau of Labor Statistics, Philadelphia Fed Research Department

Table 1

Bachelor's, Graduate, and Professional Degree Attainment for Population 25 Years and Older, Philadelphia MSA		
Race/Ethnicity	Men	Women
Total	36.6	36.9
White	40.7	41.0
Black or African American	18.7	22.2
Asian	59.9	51.5
Hispanic or Latino	14.0	20.1

Source: U.S. Census Bureau, 2016 American Community Survey 1-Year Estimates

male counterparts, whereas Asian men have higher rates of educational attainment than Asian women.

Educational attainment strongly impacts labor opportunities and participation. As levels of educational attainment increase, labor force participation rates increase, and unemployment rates decrease. According to the 2016 ACS estimates, the labor force participation rate of those with bachelor's degrees or higher in the Philadelphia MSA exceeded the participation rate of those with less than a high school diploma by roughly 33 percentage points (88 percent versus 55 percent). The unemployment rate for those with a bachelor's degree or higher was 3.0 percent, much lower than the unemployment rate for those with less than a high school diploma (11.9 percent).

Labor force participation and unemployment rates also vary by sex and race. On average, in the Philadelphia MSA, men between the ages of 20 and 64 have a higher labor force participation rate than do women in the same age group — more than 82 percent for men compared with 75 percent for women (Table 2). Across races for the population aged 16 years and older, labor force participation rates varied from 61 percent for blacks to more than 66 percent for Hispanics or Latinos (Table 3).

According to the 2016 ACS estimates for the Philadelphia MSA, the average annual unemployment rate for the population aged 20 to 64 years in 2015 was 6.0 percent, down 0.7 percentage point from 2014. The unemployment rate for men (6.3 percent) exceeded the rate for women (5.6 percent) (Table 4). Across races, unemployment rates for the population aged 16 years and older also fell during the year but continued to vary greatly (Table 5). The unemployment rates for blacks and Hispanics were 10.7 percent and 10.0 percent, respectively, compared with 5.0 percent for whites.

According to the U.S. Census Bureau 2012 Survey of Business Owners, the share of minority- and women-owned firms has increased across the nation and in Delaware, New Jersey, and Pennsylvania since 2007. In 2012, minority- and women-owned firms represented 28.9 percent and 36.0 percent of all businesses in the nation, respectively. In our region, only New Jersey has a higher percentage (30 percent) of minority-owned businesses than the nation; Delaware and Pennsylvania lag the nation, with 20 percent and 14 percent, respectively. The rates of women-owned businesses in our region are more in line with the national average, but they still lag somewhat: Women-owned businesses represent 33 percent, 32 percent, and 31 percent of all businesses in New Jersey, Delaware, and Pennsylvania, respectively.

Economic Inclusion

The Bank's Community Development Studies & Education (CDS&E) department supports the Federal Reserve System's economic growth objectives by promoting community development in low- and moderate-income communities and fair and impartial access to credit in underserved markets. Economic inclusion is a key focus of CDS&E's research and outreach in the District.

Table 2

Labor Force Participation Rates by Sex, 20 to 64 Years Old, Philadelphia MSA	
	Percent
Total	78.5
Male	82.1
Female	75.0

Source: U.S. Census Bureau, 2016 American Community Survey 1-Year Estimates

Table 3

Labor Force Participation Rates by Race, 16 Years and Older, Philadelphia MSA	
	Percent
Total	64.7
White	65.8
Black or African American	61.0
Asian	63.2
Hispanic or Latino	66.1

Source: U.S. Census Bureau, 2016 American Community Survey 1-Year Estimates

Table 4

Unemployment Rates by Sex, 20 to 64 Years Old, Philadelphia MSA	
	Percent
Total	6.0
Male	6.3
Female	5.6

Source: U.S. Census Bureau, 2016 American Community Survey 1-Year Estimates

Table 5

Unemployment Rates by Race, 16 Years and Older, Philadelphia MSA	
	Percent
Total	6.4
White	5.0
Black or African American	10.7
Asian	4.5
Hispanic or Latino	10.0

Source: U.S. Census Bureau, 2016 American Community Survey 1-Year Estimates

In 2017, CDS&E's research explored college access and success, equitable transit, rental housing access and affordability, the Community Reinvestment Act, workforce development investments, home mortgage activity, apprenticeship, and urban manufacturing, among other topics.

CDS&E also organized a variety of outreach meetings and listening sessions to explore the needs and opportunities in low-to-moderate-income areas throughout the District.

Members of the Bank's senior leadership team toured several locations, including Wilmington, DE; Johnstown, PA; Atlantic City, NJ; and Philadelphia to learn about and discuss issues such as downtown development districts, equitable economic development, effective workforce development strategies, and the state of urban manufacturing. An important part of the Bank's engagement in the District, these visits allow Bank staff and leadership to see economic conditions in the region firsthand and inform the Bank's approach to community development and economic education.

In 2017, the Bank launched the Economic Growth & Mobility Project (EGMP), a multilevel effort to bring entrepreneurial solutions to achieve inclusive economic growth and create pathways out of poverty in communities across the Third District and our nation. The project examines the many ways that poverty influences the economy, highlighting the specific impacts of race and ethnicity, gender, and geography. By leveraging the first-rate economic research produced by the Federal Reserve System and others, the EGMP fosters catalytic partnerships among public, private, and philanthropic stakeholders to achieve long-term economic improvements.

Research in Action Labs, which bring research-informed practice to bear on specific issues in the areas of job creation and job access, education and workforce development, and affordable housing, are a central component of the EGMP's approach. The first of these labs examined equitable transit in Northeast Pennsylvania, using new research to assess transportation barriers, particularly for underrepresented groups and low-income individuals most at risk of facing transportation difficulty. The project led to the creation of a regional transit council and a summit that brought together leaders to explore strategies for increasing access to jobs and services through enhanced transit options for local residents.

Minority and Women Employment

The Bank is committed to fostering an inclusive work environment in which diversity is respected and leveraged to better serve the communities of the Third District. The Bank continued to adhere to its established standards and procedures for workforce diversity during 2017. The following details the successes and challenges in this area.

Successes

1. **Communicated standards for the racial, ethnic, and gender diversity of the workforce and senior management**

- The OMWI director is a member of the management committee and serves as its advisor regarding diversity issues.
- The OMWI director briefs senior management on the status of diversity and inclusion initiatives, actions, and outcomes.
- The OMWI director makes annual progress reports to the Bank's board of directors' Management and Budget Committee regarding diversity and inclusion objectives.
- Members of senior management attend Diversity Council meetings on a rotating basis to reinforce their commitment to workplace diversity and inclusion, address concerns from the group, and share advice about proposed strategies and programming. They also provide visible support for diversity and inclusion to a range of employee audiences by making opening remarks for Diversity Council and employee resource group (ERG) events, and, in some instances, by serving as an executive sponsor for an ERG.
- The Bank uses a variety of media (electronic and print) to keep all employees and external stakeholders up to date about diversity and inclusion topics and events.
- The Bank maintains a page on its external website reiterating its dedication to diversity. The Bank also features a page on its employee intranet that highlights its commitment to diversity and inclusion and provides ready access to current information for employees about activities and resources related to the diversity effort.
- The Bank further revised its strategic plan for diversity and inclusion to build on progress made under the first plan and to provide a roadmap for advancing the plan's goals to the next level.

2. **Recruited a diverse workforce and promoted retention**

- The Bank's overall workforce totaled 869 for the year.³

In concert with other Banks across the Federal Reserve System, the Bank posts OMWI information on its external and internal websites to promote greater transparency to constituents and staff. By doing so, the Bank makes public its EEO-1 workforce representation data. These data indicate that, in 2017, minorities represented 37 percent of the Bank's workforce and women made up 40 percent. Of the Bank's 60 officers, 32 percent were women. The minority officer share was 23 percent. There was 25 percent minority representation within senior management, and women composed 44 percent of the senior leadership team.

- In 2017, 56 people joined the Bank. Seventeen minorities were among this group of new hires, representing 30 percent of the total, a notable decline from 47 percent in 2016. Women represented 46 percent of this group, compared with 44 percent in 2016. Most of the hiring activity was driven by the Supervision, Regulation, and Credit (SRC); Cash Services; and Information Technology Services departments.
- To further enhance existing sourcing strategies, the Bank continued to convene the Diversity and Inclusion Strategic Outreach Team, composed of a group of Bank leaders representing diverse communities and a representative from each of the five ERGs, to leverage their networks and support the development of strategies that will yield greater diversity within applicant pools.
- The Talent Acquisition Division further raised the Bank's profile among minority professionals with advanced degrees and skill sets by broadening its connections with minority professional organizations. Representatives from the division networked with members of the Association of Latino Professionals in Finance and Accounting during an ERG summit hosted at the Bank and posted open positions on the group's LinkedIn page. An officer from the Bank's Research Department gave a presentation about the state of Hispanic business during a program hosted by the Bank on behalf of the Greater Philadelphia Hispanic Chamber of Commerce. This event provided opportunities for Talent Acquisition staff to network with individuals who might serve as candidate referral sources. It also gave the consumer compliance examiners who attended a chance to develop contacts and gain knowledge regarding the local Hispanic community, its economic base, and community development initiatives.

³ See the EEO-1 Consolidated Report in Appendix B

- The Bank continued to broaden the scope of its relationships with Third District historically black colleges and universities (HBCUs) to raise the Bank's brand within these institutions as an employer of choice. The associate director of the Office of Diversity and Inclusion and two subject matter experts attended a career workshop at the business school of a local HBCU to provide an overview of the role and functions of the Bank to the students and share insights about career paths within the organization. These Bank ambassadors engaged faculty, administrators, and students during the workshop and the career fair that followed. Subsequent inquiries about employment opportunities at the Bank from these constituencies confirmed the positive impact of such face-to-face interactions.
- The Bank undertook a multiyear change management initiative with the goal of becoming an organization that focuses on continuous development of strong leadership at all levels. The model requires a robust leadership pipeline, especially at the emerging level. To address this need, Talent Management developed a Leadership Fellows Program, which is designed to attract recent college graduates into entry-level analyst positions. To solicit candidates for this new program, the Bank sent Talent Acquisition staff and other employee partners to on-campus recruiting events at two HBCUs and six other area colleges and universities. The Bank realized the dual benefit of exposing students to diverse role models from its workforce and generating interest in the new program among students representing diverse constituencies.
- To further its strategic priority to recruit, retain, and develop the best talent available, the Bank's Talent Acquisition Division continued to use social media as a valuable sourcing strategy by posting open positions on the Bank's LinkedIn and Twitter accounts and other Federal Reserve System social media websites. The division continues to post openings on Glassdoor, a job and recruiting website, and has created a company profile that promotes the Bank's mission and the benefits of working for the Federal Reserve System, giving the Bank an opportunity to penetrate a previously untapped source and extend its reach to a diverse pool of talent.
- The Talent Management Division continued to offer short-term, interdepartmental, cross-functional developmental assignments through Grow the Home Team, a program designed to help employees strengthen and expand their skills and develop new competencies. The division leveraged this program to recruit candidates for the Urban League of Philadelphia's Urban Leadership Forum. Among those selected were four women, including three African Americans. They reported that participating in this program gave them enhanced self-awareness and the opportunity to hear about the work experiences of participants from other companies. They also learned to distinguish between mentors, advocates, and sponsors and understand the importance of all three roles to career success.
- Members of the workforce stepped forward to form three new ERGs, bringing the Bank's total to five. One group empowers colleagues who desire career growth and leadership development. A second provides a forum for LGBTQ employees and their allies to interact. A third allows promotes sharing of information about popular technology that helps members embrace technology to achieve their personal and professional goals. The five ERGs impacted the workplace during the year through distinctive events that allowed diverse voices to engage in a collaborative brainstorming session with the first vice president, improved members' networking skills, and exposed them to leadership role models from the public sector, among other things.
- **College internship programs**
 - During the year, the Bank employed 32 college students through its internship program, which provides practical and meaningful work experiences. Of the 2017 class, 34 percent were minorities and 50 percent were women. One intern from the 2016 class converted to full-time employment at the Bank in 2017.
 - To target a diverse pool of students, the Talent Acquisition Division posted open positions through various media outlets, on job boards at HBCUs and other institutions, with minority student organizations at area campuses, and through Campus Philly, a nonprofit organization that focuses on retaining young people in the Greater Philadelphia area.
- **Mentoring**
 - For the fifth consecutive year, the Bank partnered with Cristo Rey Philadelphia High School to continue its outreach efforts in majority-minority and inner-city high schools. At the request of Cristo Rey's highly regarded work-study program, eight students worked part-time during the school year in the Bank's SRC and Information Technology Services departments. Additionally, two of these Cristo Rey students were hired as summer interns in collaboration with the Philadelphia Youth Network's WorkReady Philadelphia program, which helps prepare young people for jobs. Supervisors oversaw the work and professional development of



Pictured are teachers who participated in the 2017 Keys to Financial Success training program with (top row, third from right and last on right, respectively) Economic Education Advisor and Team Leader Andrew Hill and Economic Education Specialist Todd Zartman.

the students. These experiences not only helped the students develop valuable skills but also exposed them to future career opportunities within the Bank.

Diversity recruiting fairs

- Volunteers from the Bank attended the annual AL DÍA News Diversity Career Fair, which, although open to all, is designed to help expose employers to job seekers from the Hispanic community.

Development

- Thirty-six employees representing various Bank departments participated in the 2017 Mentoring Program. Eighteen mentors received extensive training before engaging in a six-month learning experience with 18 mentees. The Bank leveraged the Grow the Home Team program to generate interest among employees to participate as mentees, ensuring that all staff had an equal opportunity to be considered and attracting a diverse pool of participants across the organization. Within the combined group of mentors and mentees, there were 12 minorities and

19 women. At the final October check-in, both sides of the pairings expressed that they felt the program had been a positive, valuable experience.

- The Bank continued the practice of enrolling a small contingent of staff from various departments in LEADERSHIP Philadelphia to enrich their leadership skills and to serve the community through placement on nonprofit boards. There were four Bank representatives (including one minority and three women) in 2017.
- There were opportunities for all employees to continue their education and development under the Bank's many programs, including tuition reimbursement, professional development, and Grow the Home Team. Of those who took advantage of professional development course offerings in 2017, 43 percent were minorities and 55 percent were women. In feedback surveys, 100 percent of participants said they believed the objectives for these courses were met.
- The job posting program, which includes off-

cer-level positions, presents opportunities for staff to move through the organization and build their skills and knowledge of the Bank's business areas.

3. **Developed and maintained partnerships with community organizations representing diverse constituencies**

- Members of the Bank's Talent Acquisition Division met with the vice president of strategic partnerships from the Greater Philadelphia Hispanic Chamber of Commerce to plan future events that will expand talent outreach.
- The OMWI and Talent Management Division jointly hosted their sixth annual industry forum, which drew officers and leaders from the Bank and diversity and inclusion and talent management professionals from the region. The event featured a roundtable of CEOs and other executives who, among other things, shared insights about their own organization's approach to diversity and inclusion, how to advance these goals amid cultural and political uncertainty, and how they build accountability for sustaining these efforts within their respective organizations.

4. **Designed and implemented an internal assessment and reporting system to measure activities to promote the employment of minorities and women**

- An outside vendor conducted an Employee Engagement Survey on behalf of the Bank, which had a response rate of 93 percent. Among the Bank's key strengths employees identified was that they feel the Bank values diversity and that employees are treated fairly regardless of their background. Similarly, employees gave the Bank an above-average rating for treating each other with respect and dignity as individuals.
- In the spirit of greater transparency for the benefit of staff and the public, the Bank published workforce representation data on the Bank's internal and external websites.
- Throughout 2017, the existing diversity and inclusion dashboard was reviewed on a quarterly basis to track

progress in key areas of the employee life cycle as well as other critical diversity and inclusion strategic activities.

- The Bank further refined its strategic plan for diversity and inclusion, which contains measurable goals and objectives. The approved plan reflects — among other things — areas of strength and opportunity identified by the diversity and inclusion impact survey previously disseminated to the workforce as well as critical feedback provided by focus groups with the Diversity Council and a small contingent of randomly selected employees. The plan builds on progress already made and provides a framework for a next-level approach to creating a more diverse and inclusive work environment.
- To help determine the extent to which Bank policies and practices support the needs of LGBTQ employees, the Bank participated in the Human Rights Campaign Foundation's Corporate Equality Index for the second time. The Bank received a score of 90 percent, 20 percentage points above the previous year's score. The Bank will use the opportunities for improvement that the survey identified to strengthen policies and practices in this area.

Challenges

The Bank's diversity and inclusion efforts still face some challenges:

- Networks for recruiting minority candidates with advanced degrees in fields related to the Bank's work (e.g., Ph.D. economists and bank examiners) are limited.
- Modest turnover, particularly at the managerial level and higher, narrows opportunities for advancement.

Next Steps

Moving forward, the Bank will address these challenges by:

- seeking new opportunities for finding and recruiting minority candidates with advanced degrees for managerial and leadership positions;
- continuing to use social media to reach diverse qualified candidates; and
- continuing to expand relationships with HBCU leaders, administrators, faculty, and students.

Minority- and Women-Owned Business Inclusion

The Bank's Procurement function, in collaboration with the Federal Reserve System Council of OMWI Directors, has steadily increased opportunities for minority- and women-owned businesses in the organization's supply chain during the past few years. At the System level, the OMWI director, with the assistance and input from Procurement and Legal staff members, has developed and implemented initiatives and procedures. The Bank has developed standards and procedures for supplier diversity as required under the law. Additional support has been provided by the National Procurement Office (NPO), which is responsible for managing and facilitating contracts that may be used by any of the Reserve Banks in the System. The Procurement staff also follows System-accepted standards, such as those created by the NPO with input from the Reserve Banks, such as the Framework for Meeting the Supplier Diversity Provisions of the Dodd-Frank Act. In addition, staff follows high-priority objectives established by the NPO that include establishing mechanisms and processes for data collection and reporting, leveraging key leaders as advocates and promoters of supplier diversity principles and initiatives, and developing common metrics and a dashboard. Through adherence to these standards, the Bank has made consistent strides in implementing OMWI supplier diversity programs and initiatives.

Amounts Paid to Contractors

Total spend: **\$43.36** million (in 2017) (Appendix C)

Percentage of the above amount paid to:

- Total diverse spend (MBEs + WBEs): **\$5.99, 13.82%** (million)
- Minority-owned businesses (MBEs): **\$5.17, 11.93%**, (million)
- Women-owned businesses (WBEs): **\$0.82, 1.89%** (million)⁴

Successes

The Procurement function has an action plan in place to ensure a sustained approach to achieving supplier diversity goals and objectives. As a result, the Bank enhanced access and business opportunities for small MBEs and WBEs, increased awareness of supplier diversity across the Bank to create access and opportunity to a diverse pool of suppliers for all acquisitions, conducted technical assistance events for diverse suppliers, and engaged in supplier outreach.

1. **Provided access and opportunity to a diverse pool of suppliers that includes small MBEs and WBEs**
 - Procurement met with key stakeholders in an effort to determine upcoming new District purchases and new acquisitions and to keep vendor diversity considerations in the forefront of any planned acquisitions.
2. **Increased awareness of supplier diversity across the Bank to create access and opportunity to a diverse pool of suppliers for all acquisitions**
 - To encourage all purchasers of Bank goods and services to include MBEs and WBEs as potential suppliers for acquisitions, regardless of payment method, Procurement incorporated requirements from the Dodd-Frank Act and the Bank's supplier diversity policy into Bank-wide procurement-related training.
 - Staff participated in internal annual training events to learn about the Dodd-Frank Act's supplier diversity requirements.
 - Procurement disseminated a Bank-wide communication to signal a top-down commitment to supplier diversity, conveying the benefits of widening the vendor pool and directing purchasers to resources available to assist them in identifying certified minority- and women-owned businesses.
 - To demonstrate senior management commitment to supplier diversity and highlight successful relationships with diverse vendors, the Bank produced and disseminated a video featuring the Bank's first vice president, two minority-owned businesses, and one woman-owned business.
 - Procurement incorporated language related to the Dodd-Frank Act's requirements into the Bank's request-for-proposal process and new contracts and inserted "good faith effort" determination language into new contracts and renewals that meet established criteria.
 - Procurement expanded the Supplier Diversity Mission Statement's language on the Bank's internal website and its external website's Doing Business with the Fed to include lesbian, gay, bisexual, and/or transgender individuals.

⁴ Minority women-owned business spend is captured in spend for minority-owned businesses and is not counted twice in the women-owned business category.

3. **Conducted training and technical assistance events for diverse suppliers**

- In conjunction with the eighth annual Supplier Diversity Vendor Fair/Matchmaking Sessions, Procurement hosted an on-site workshop conducted by a Community Development Studies & Education representative. Primarily for the benefit of MBEs and WBEs, the session offered insight into the Federal Reserve System's Small Business Credit Survey findings.
- A Procurement staff member presented on How to do Business with the Bank at the City of Philadelphia's monthly Doing Business in the City workshop and participated in a panel discussion for the Institute for Supply Management-Philadelphia to educate diverse business owners on how to do business with the Bank.

4. **Conducted supplier outreach**

- Procurement networked with diverse suppliers and explored opportunities to enhance the Bank's supplier pool by attending various events. These included the Eastern Minority Supplier Development Council's (EMSDC) 2017 Return on All Relationships (ROAR) Procurement Conference and the Women's Business Enterprise Council (WBEC) PA-DE-sNJ Meet and Greet Meetings. Staff members also attended the Greater Philadelphia Hispanic Chamber of Commerce's Closing the Gap Expo,

the Chamber of Commerce for Greater Philadelphia's Diversifying the Supply Chain: A Diversity & Inclusion Program, and similar events sponsored by chambers of commerce in Pennsylvania.

- Procurement hosted the Bank's eighth annual Supplier Diversity Vendor Fair/Matchmaking Sessions. This fair provided vendors with the opportunity to meet and discuss the Bank's needs with procurement decision makers from key areas of the Bank as well as the NPO and National IT. The following partners provided diverse vendor contacts: the EMSDC; the WBEC PA-DE-sNJ; the Office of Economic Opportunity of the City of Philadelphia; the Philadelphia Industrial Development Corporation; the Pennsylvania Minority Business Development Authority; the State of New Jersey; the State of Delaware; the Asian American Chamber of Commerce of Greater Philadelphia; the African American Chamber of Commerce of PA, NJ and DE; the Greater Philadelphia Hispanic Chamber of Commerce; and the New Jersey African American Chamber of Commerce. During the event, Procurement also premiered the supplier diversity video referenced previously to market the Bank's supplier diversity commitment to a broader audience and highlight examples of diverse vendors who have secured contracts to provide goods and services to the Bank.
- To obtain viable WBE and MBE vendors for bid oppor-



Members of the Working Families Network (an employee resource group), the Philadelphia Fed's Diversity Council, and PhillyFedCARES show books collected for the General George A. McCall Elementary and Middle School in Philadelphia. Employees and building tenants donated 512 new books focusing on diversity and other themes requested by teachers.

tunities, Procurement extended its outreach to the EMSDC, the WBEC PA-DE-sNJ, and the Office of Economic Opportunity of the City of Philadelphia.

- A Procurement staff member serves on the board of directors of the EMSDC, furthering the Bank's relationships with that organization.
- In a continuing effort to expand the Bank's brand as an organization committed to supplier diversity, Procurement showed the marketing video to members of the WBEC PA-DE-sNJ who attended the final meeting of the year that Procurement hosted at the Bank.
- To become better acquainted with diverse suppliers in the region, Procurement continued to develop relationships with chambers of commerce in southern New Jersey and central Pennsylvania. Similarly, Procurement worked to enhance relationships with the

2017 Vendor Fairs

- WBENC National Conference and Business Fair
- Federal Reserve System Board of Governors Vendor Outreach Fair
- EMSDC Procurement Conference and Trade Show
- NMSDC Conference and Business Opportunity Exchange

Greater Philadelphia Hispanic Chamber of Commerce; the African American Chamber of Commerce of New Jersey; the Asian American Chamber of Commerce of Greater Philadelphia; the African American Chamber of New Jersey of PA, NJ and DE; and the PA-Minority Business Enterprise Center.

5. Awards

- The African American Chamber of Commerce of New Jersey honored the Bank's Procurement Department at the chamber's Annual Business Leadership Conference and 10th Anniversary Luncheon. The award recognized Procurement's contributions during the chamber's formative years and for the unit's work in supplier diversity.

Challenges

The Bank continues to face several challenges in furthering its inclusion of minority- and women-owned businesses.

These challenges include the following:

- A limited number of diverse vendors identified to date with work crews of sufficient size to handle the Bank's larger jobs
- The perception on the part of some diverse vendors that the Bank purchases goods and services using the same guidelines, processes, and practices as federal government agencies
- A limited number of diverse vendors in areas where there is a high amount of spend (e.g., research data)
- Competition with major corporations for regional or national Federal Reserve System contracts

Next Steps

To meet these challenges, the Bank intends to do the following:

- Continue to communicate and reinforce the importance of using a diverse supplier pool for acquisitions by conducting Bank-wide supplier diversity training annually
- Maintain and enhance the practice of hosting an annual Supplier Diversity Vendor Fair to educate vendors about how to do business with the Bank
- With a bank staff member serving as a board member of the EMSDC and the Bank serving as a council member of the EMSDC and the WBEC PA-DE-sNJ, pursue opportunities to attend matchmaker events and conferences and to access the pool of suppliers through the Women's Business Enterprise National Council's WBENCLink online database
- Develop a plan for supplier outreach programs in 2018 that includes implementing a formal program for P-card users as a vehicle to increase diverse spend
- Manage data reporting and analysis and give periodic supplier opportunity and spend reports to senior management
- Maintain involvement with the System's purchasing managers to ensure long-term management of vendor spend, reporting evaluation, and supplier classifications
- Enhance the online Supplier Diversity registration portal
- Continue to seek external training opportunities and benchmark data on industry best practices for finding MBEs and WBEs and promoting supplier diversity

Financial Literacy Activities

The Bank remains strongly committed to advancing young people’s knowledge of personal finance and economics. Economics is the study of the decisions — including personal and societal — people make when faced with scarce resources. The Bank’s work in economic education helps develop knowledge and skills individuals and families can use as they make decisions in their day-to-day lives as consumers, producers, savers, investors, and citizens. As former Fed Chairman Ben Bernanke said, “The recent crisis demonstrated the critical importance of financial literacy and good financial decision making, both for the economic welfare of households and for the soundness and stability of the system as a whole.”

The centerpiece of the Bank’s youth financial education efforts is the Keys to Financial Success (Keys) program, a high school personal finance program designed to help teachers instruct students about personal finance using active and collaborative learning methods. The Keys professional development course is an intensive, weeklong program offered free of charge to educators in the Third District, including those who work in inner-city, girls’, and majority-minority high schools. The Bank’s outreach to OMWI teachers is summarized in Appendix C.

Successes

- In 2017, the Bank’s economic educators completed 11 professional development events for OMWI teachers.
- During a weeklong session in July 2017, the Bank trained 28 teachers, nine of whom represented eight OMWI schools, to teach the Keys course. These OMWI teachers earned a total of 261.00 professional development hours and will reach an estimated 675 students per year.
- The Bank continued to support teachers from a total of 175 schools, 72 of which are OMWI schools (38 inner-city, 64 majority-minority, and two girls’),⁵ in the Keys program by providing ongoing consultation, professional development, and student pre- and post-testing.
- Additional in-person professional development offerings reached 62 teachers from 60 OMWI schools. Combined, these teachers, who reach an estimated 4,650 students per year, received 583.50 professional development hours. The programs included:
 - A Conversation with Chair Yellen (one evening)

- Human Behavior and Our Economy (two evenings)
- Economic Forces in American History (three days)
- Economics in Action (two evenings)
- Entrepreneurship and You (three evenings)
- The Fifth Annual Federal Reserve Financial Education Day (one evening)
- Making Sense of Money and Banking (five days)
- Math in the Real World (two evenings)
- Professional Development for Teachers in the University of Delaware Masters in Economic Education and Entrepreneurship Program (one day)
- World History and Economics (one day)
- Professional Development for Teachers in the Chamber of Commerce Southern New Jersey’s Summer Institute for Teachers (one day)
- In March 2017, the Bank conducted an online professional development program open to teachers nationwide. One hundred fourteen teachers, 28 from OMWI schools, completed the three-hour professional development program on fractional reserve banking and the money multiplier. Together, these OMWI teachers reach an estimated 2,100 students annually.
- In April 2017, the Bank’s economic education advisor spoke about young financial literacy as part of a panel at a meeting of the City of Philadelphia’s Youth Commission.
- In May 2017, an economic education specialist conducted a one-hour professional development program on teaching personal finance in grades 9–12 for 49 teachers at Edison High School in Philadelphia.
- In March and May 2017, an economic education specialist visited two OMWI high schools in Philadelphia to present to students on personal financial education. These one-hour programs reached more than 57 students.
- The Bank continued to send brochures and marketing e-mails to Third District OMWI high schools to ensure that principals and teachers were aware of the Bank’s professional development offerings.
- The Bank continued to distribute The Federal Reserve and You, a multipart modular video that covers the purposes and functions of the Federal Reserve System that high school teachers use to educate students about the System, money, and banking. Since 2013, more than 32,000 copies of the DVD have been distributed.
- The Bank maintained partnerships with the University of Delaware, the Pennsylvania JumpStart Coalition for

⁵ These numbers do not total 72 because, in many cases, the schools qualify in more than one category. For example, a school may be both an inner-city and a girls’ school.



Employees celebrate Diwali, the Hindu festival of lights, at an event organized by the Diversity Council. The festival was an opportunity for Philadelphia Fed staff to learn about Indian customs, culture, and foods.



University of Pennsylvania School of Social Policy & Practice Dean John L. Jackson Jr. speaks at the Philadelphia Fed's 2017 Diversity and Inclusion Forum. Also pictured are (from left to right): Urban Affairs Coalition President and CEO Sharmain Matlock-Turner, Penn Mutual Chairman and CEO Eileen McDonnell, and Frost Included Ltd. CEO Stephen Frost.

Personal Financial Literacy, the New Jersey Council for Economic Education, the New Jersey Coalition for Financial Education, and the American Institute for Economic Research to jointly leverage and promote economic and personal finance education programs and resources to teachers and schools.

- Throughout 2017, the Bank partnered with the Urban Affairs Coalition, the Philadelphia Higher Education Network for Neighborhood Development, the Office of the Controller for the City of Philadelphia, and the office of Philadelphia City Councilman Allan Domb to conduct outreach to the School District of Philadelphia to increase the teaching of personal finance throughout the city's public schools. These efforts included meetings with the superintendent, the chief of academic support and her staff, and principals and teachers from across the school district. This work resulted in an increase in the number of Philadelphia teachers attending the Bank's economic and personal financial education programs, plans for 2018 for professional development programs on personal finance education targeted specifically to K-12 teachers from the School District of Philadelphia, and efforts to recruit teachers from 18 Philadelphia high schools to attend the annual Keys to Financial Success training at the Bank in summer 2018.
- In fall 2017, the Bank's economic education staff worked with a videography company to film six lesson demonstrations and other videos for inclusion in a new Keys Basics online professional development program. The Keys Basics program will provide teachers with an overview of the Keys to Financial Success high school curriculum and get them started on offering their own Keys class at their school. The online program will be targeted particularly to schools outside the Philadelphia area and OMWI schools with limited access to in-person professional development training in personal finance.

- In 2017, a total of 411 students from 12 OMWI schools visited the Bank's Money in Motion exhibit, which features interactive quizzes and games that teach visitors about money, banking, and the Federal Reserve System.

Challenges

There are still challenges to overcome in the efforts to improve financial literacy:

- Students in Pennsylvania and Delaware are not required to take personal finance before graduating from high school. Students in New Jersey are required to take a semester-equivalent of personal finance before high school graduation.
- Teachers who live outside driving distance of professional development providers often struggle to receive high-quality training in personal finance education.
- Scarce instruction time for personal finance in K-12 schools remains the primary obstacle to implementation in schools in the Third District. In addition, school administrators often struggle to decipher the quality differences between financial education curricula.
- School districts impose limitations on the number and length of field trips to educational venues such as the Bank's Money in Motion exhibit.

Next Steps

Efforts to overcome these challenges include the following:

- Continued efforts in collaboration with citywide partners to advance the teaching of personal finance in the School District of Philadelphia
- Nationwide launch in 2018 of the Bank's Keys Basics introductory professional development program for the Keys to Financial Success program

Commitment

This Bank remains committed to meeting the requirements under Section 342 of the Dodd–Frank Act and to tracking progress related to our workforce diversity, supplier diversity, and financial literacy activities. The strategic plan for diversity and inclusion was developed with a focus on promoting accountability at all levels to foster an environment in which employees are treated with respect and are afforded opportunities to learn and grow within the organization. Over the past decade, the Bank has worked to put programs

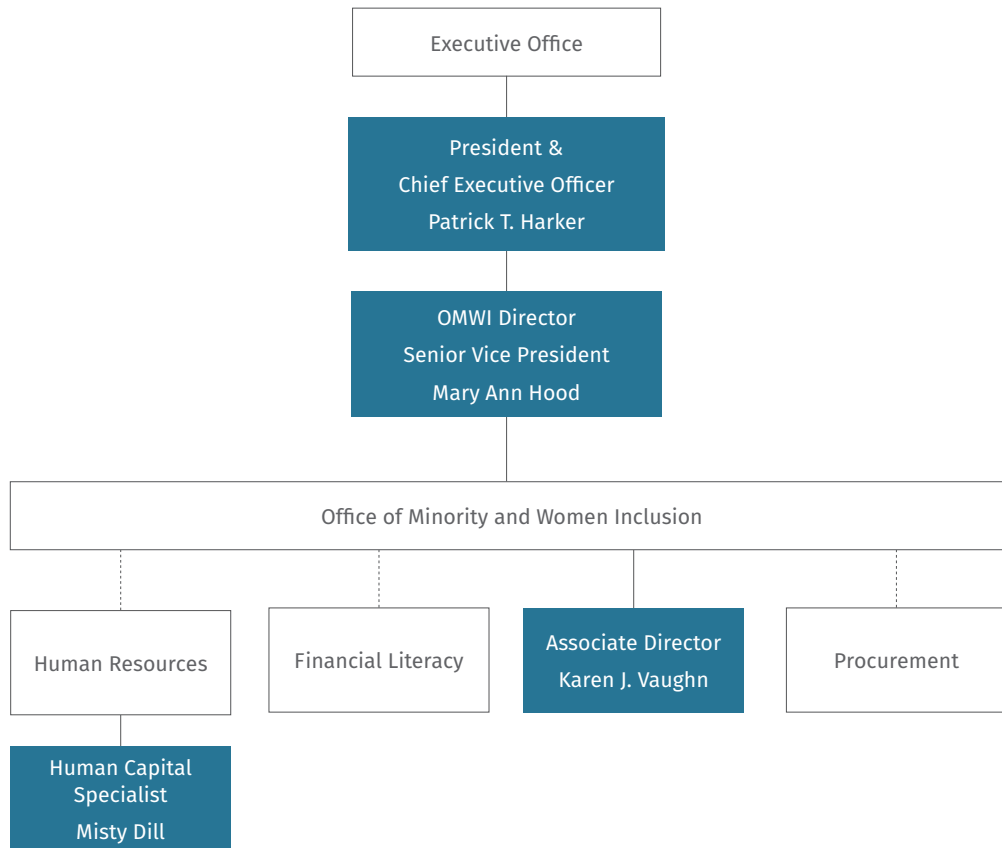
and practices in place that underscore our commitment to engaging a diverse workforce, to expanding our network of women and minority businesses, and to enhancing our outreach related to financial literacy. We have achieved many successes in these areas, as noted in this report, and we understand that, in order to continuously improve, we need to build upon the strong foundation that we have laid over the years. We look forward to continuing the progress we have made and enhancing our impact within the Third District.



Work-study program participants from the Cristo Rey Philadelphia High School pictured with (seated, from left to right) Mary Ann Hood, Senior Vice President and Director of the Office of Diversity and Inclusion; Donna Koller, Staffing Manager, Human Resources; and Terry Harris, Senior Vice President and Chief Information Officer

Appendix A

OMWI Organizational Chart



Appendix B

Federal Reserve Bank of Philadelphia EEO-1 Consolidated Report by Number of Workforce as of December 31, 2017

EEO Job Categories	Hispanic		Male Non-Hispanic						Female Non-Hispanic						Total	Total by %
	Male	Female	White	Black	Native Hawaiian or Pacific Islander	Asian	Native American	Two or More Races	White	Black	Native Hawaiian or Pacific Islander	Asian	Native American	Two or More Races		
Executives/Sr. Officials	0	0	8	0	0	1	0	0	4	3	0	0	0	0	16	1.8%
First/Midlevel Managers	4	0	76	8	0	9	0	0	49	7	0	5	0	0	158	18.2%
Professionals	12	10	177	30	1	50	0	6	112	45	0	27	0	1	471	54.2%
Technicians	1	2	18	4	0	10	0	0	6	2	0	4	0	0	47	5.4%
Sales Workers	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.0%
Admin Support	5	6	11	5	0	4	0	1	24	24	0	3	0	0	83	9.6%
Craft Workers	4	0	23	5	0	1	0	0	2	2	0	0	0	0	37	4.3%
Operatives	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.0%
Laborers & Helpers	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.0%
Service Workers	4	2	33	10	0	0	0	0	3	5	0	0	0	0	57	6.6%
Total	30	20	346	62	1	75	0	7	200	88	0	39	0	1	869	100.0%
Total by %	3.5%	2.3%	39.8%	7.1%	0.1%	8.6%	0.0%	0.8%	23.0%	10.1%	0.0%	4.5%	0.0%	0.1%	100.0%	

Appendix C

Core Metrics Table

Category	Description	Measure	2013	2014	2015	2016	2017
Workforce Diversity	Senior Executives	Total #	11	11	10	11	16
		% Minorities	9%	9%	10%	18%	25%
		% Women	45%	36%	50%	36%	44%
	Midlevel Managers	Total #	167	181	176	167	158
		% Minorities	22%	24%	23%	22%	21%
		% Women	34%	39%	37%	37%	39%
	Professionals	Total #	434	444	433	467	471
		% Minorities	38%	37%	40%	39%	39%
		% Women	41%	40%	40%	40%	41%
	Total External Hires	Total #	97	52	84	112	56
		% Minorities	41%	37%	42%	47%	30%
		% Women	36%	40%	39%	44%	46%
	Total Interns	Total #	38	35	41	42	32
		% Minorities	42%	49%	41%	31%	34%
% Women		34%	46%	46%	36%	50%	
Overall Bank Turnover Rate	%	5.5%	7.8%	14.1%	8.7%	8.3%	
Supplier Diversity	Total Reportable Spend	\$ (millions)	\$47.84	\$46.93	\$47.68	\$39.60	\$43.36
	Total Diverse Spend ¹	\$ (millions)	\$4.13	\$7.66	\$8.99	\$8.47	\$5.99
		%	8.6%	16.3%	18.9%	21.4%	13.8%
	Minority-owned ²	\$ (millions)	\$1.64	\$3.49	\$5.86	\$7.15	\$5.17
		%	3.4%	7.4%	12.3%	18.1%	11.9%
	Minority-owned (men)	\$ (millions)	\$1.32	\$3.00	\$2.94	\$2.27	\$1.67
		%	2.8%	6.4%	6.2%	5.8%	3.8%
	Minority-owned (women)	\$ (millions)	\$0.32	\$0.49	\$2.92	\$4.88	\$3.50
		%	0.6%	1.0%	6.1%	12.3%	8.1%
	Women-owned ²	\$ (millions)	\$2.49	\$4.17	\$3.12	\$1.32	\$0.82
		%	5.2%	8.9%	6.6%	3.3%	1.9%
	Women-owned (non-minority)	\$ (millions)	\$2.49	\$4.17	\$3.12	\$1.32	\$0.82
		%	5.2%	8.9%	6.5%	3.3%	1.9%
	Women-owned (minority)	\$ (millions)	\$-	\$-	\$-	\$-	\$-
%		0.0%	0.0%	0.0%	0.0%	0.0%	

¹ Total Diverse Spend = Minority-owned (men) + Minority-owned (women) + Women-owned (non-minority).

² Women-minority numbers are included in both Minority-owned and Women-owned Totals.

Appendix C

Core Metrics Table (continued)

		2017
Financial Literacy ¹	Program Type	Teacher Centric
	Number of Students ²	57
	Number of Educators ³	81
	Number of Students Reached ⁴	6,075

¹ Measures report only those OMWI students and teachers who participate in or are reached through programs that have a financial literacy focus. OMWI targeted schools are considered to be inner-city, majority-minority, and all-girls high schools.

² Students who attended in-person programs and enrolled in online programs.

³ Educators who attended in-person programs and enrolled in online professional development programs.

⁴ Students reached through educators using a common multiplier of 75.

