

Federal Reserve Bank of San Francisco

OMWVI

Office of Minority and Women Inclusion

2011 Annual Report to Congress





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Letter & Introduction



From left to right: **John Moore**, *First Vice President and Chief Operating Officer*, **Beverley-Ann Hawkins**, *Vice President and Equal Employment Opportunity Officer*, **Susan A. Sutherland**, *Senior Vice President and Office of Minority and Women Inclusion Director*, and **John Williams**, *President and Chief Executive Officer*

We are pleased to provide to Congress this first annual report of the Office of Minority and Women Inclusion at the Federal Reserve Bank of San Francisco, as Section 342 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 requires.

As leaders of the Bank and the OMWI function, respectively, we have been diligent in ensuring the establishment of the Office, in implementing relevant policies and procedures, and especially in championing for diversity and inclusion in all business activities of the Bank. The Bank made good progress toward its OMWI-related efforts during 2011, experiencing both successes and some not unexpected challenges, both described in greater detail in this report.

While we are pleased with the progress the Bank has made in the implementation of Section 342 of the Dodd-Frank Act, we are not yet satisfied, and recognize there is more that can and will be done to meet our objectives and those of the Dodd-Frank Act. We trust that you will see the content of this report as both an indication of our commitment to progress, as well as our plans for greater achievement in the years ahead.

Handwritten signature of John C. Williams in black ink.

John C. Williams
President and Chief Executive Officer

Handwritten signature of John F. Moore in black ink.

John F. Moore
First Vice President and Chief Operating Officer

Handwritten signature of Susan A. Sutherland in black ink.

Susan A. Sutherland
Senior Vice President, and Director, Office of Minority and Women Inclusion

Executive Summary

The Federal Reserve Bank of San Francisco (“the Bank”) has been committed to diversity and inclusion in the organization and in its business activities for a number of years, as the range of programs and efforts in place before the establishment of the Office of Minority and Women Inclusion demonstrates.

The Bank’s Executive Committee, composed of the senior leaders in the organization, is committed to ensuring that the Bank sustains a culture and environment that is inclusive of all individuals regardless of race, gender, or background, and which encourages each employee to contribute his/her fullest potential to the Bank’s mission. We acknowledge that we benefit from being visibly diverse at all levels of the organization in order to attract, motivate, develop, and retain a high-performing workforce. This includes our boards of directors and advisory groups, the former of which are composed of 37 members, with 33 percent female and 14 percent minority. Our commitment to diversity and inclusion extends to the vendors and suppliers with which we do business.

On this foundation, the Bank established the Office of Minority and Women Inclusion (“OMWI”; the “Office”) in accordance with Section 342 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the “Dodd-Frank Act”). Ms. Susan A. Sutherland, a Senior Vice President at the Bank, was appointed as Director of the Office. As Section 342 requires, the Office seeks to ensure (1) the diversity of the Bank’s workforce at all levels; (2) the fair inclusion of minority- and women-owned businesses in the business and activities of the Bank; and (3) that the Bank’s contractors, and subcontractors as applicable, are fairly including women and minorities in their workforce. The legislation also requires that the OMWI submit to Congress an annual report describing the successes and challenges the Bank and the Office have experienced implementing Section 342 and providing relevant data. Assessment of inclusion programs in regulated entities is the responsibility of the Board of Governors of the Federal Reserve System, and therefore is not addressed in this report.

During 2011, the Office supported established efforts, and developed new ones in support of expanding opportunity for minorities and women in both the employment and the supplier arenas. To meet the obligations of the Office, we have drawn on existing personnel from a range of functions that have championed and contributed to the Bank’s objective of a diverse workforce and supplier pool. These include the officers and managers from Human Resources, Procurement, and Community Development and Public Information, along with our Diversity Council and its employee resource groups. The Bank’s management team has broadly embraced these efforts, helping to further drive the Bank’s progress.

The OMWI, in conjunction with the key contributors noted above, and with endorsement from the Bank’s Execu-

tive Committee, developed and implemented policies and procedures to guide the work of the OMWI, as described in Section 342 of the Dodd-Frank Act. This effort included preparing a strategic plan focused on three goals:

- Enhancing the diversity of the workforce at all levels in the organization, including minority and female representation consistent with labor market availability;
- Increasing the number of small, minority- and women-owned businesses who participate in our procurement efforts; and,
- Exploring ways to enhance our financial education and economic education efforts to build awareness of the Federal Reserve System, and to inspire youth to explore careers in business, economics and finance.

During 2011, our recruitment efforts were marked by:

- An expansion of our already-active participation in diversity recruitment fairs as well as campus recruiting;
- A fresh approach to our intern program, which resulted in an increase in the diversity of the applicant pool and the interns selected; and
- Identification of additional diversity organizations with which to partner.

The Section 342 legislation offered an opportunity to review and reprioritize the Bank’s supplier diversity activities as follows:

- Development and execution of a detailed plan for establishing a more robust supplier diversity program based on industry best practices;
- Implementation of policies and procedures for the Bank’s supplier diversity program; and
- Outreach to local organizations and participation in a range of supplier diversity conferences to identify potential minority- and women-owned businesses.

The Bank’s financial education efforts, already reflecting a strong commitment to reaching underserved populations, were diversified to include:

- Additional focus on majority-minority schools;
- A partnership with the Congressional Hispanic Caucus Institute’s “Ready to Lead” program; and
- Continued development of innovative programs and curricula for OMWI audiences.

Additional details, including some of the challenges we experienced during the year, and next steps for 2012 are outlined more fully in the rest of this Report. Overall, we are pleased with our efforts, but as noted elsewhere, not yet fully satisfied. We look forward to the progress we’ve planned for 2012 and to reporting again to Congress in 2013.

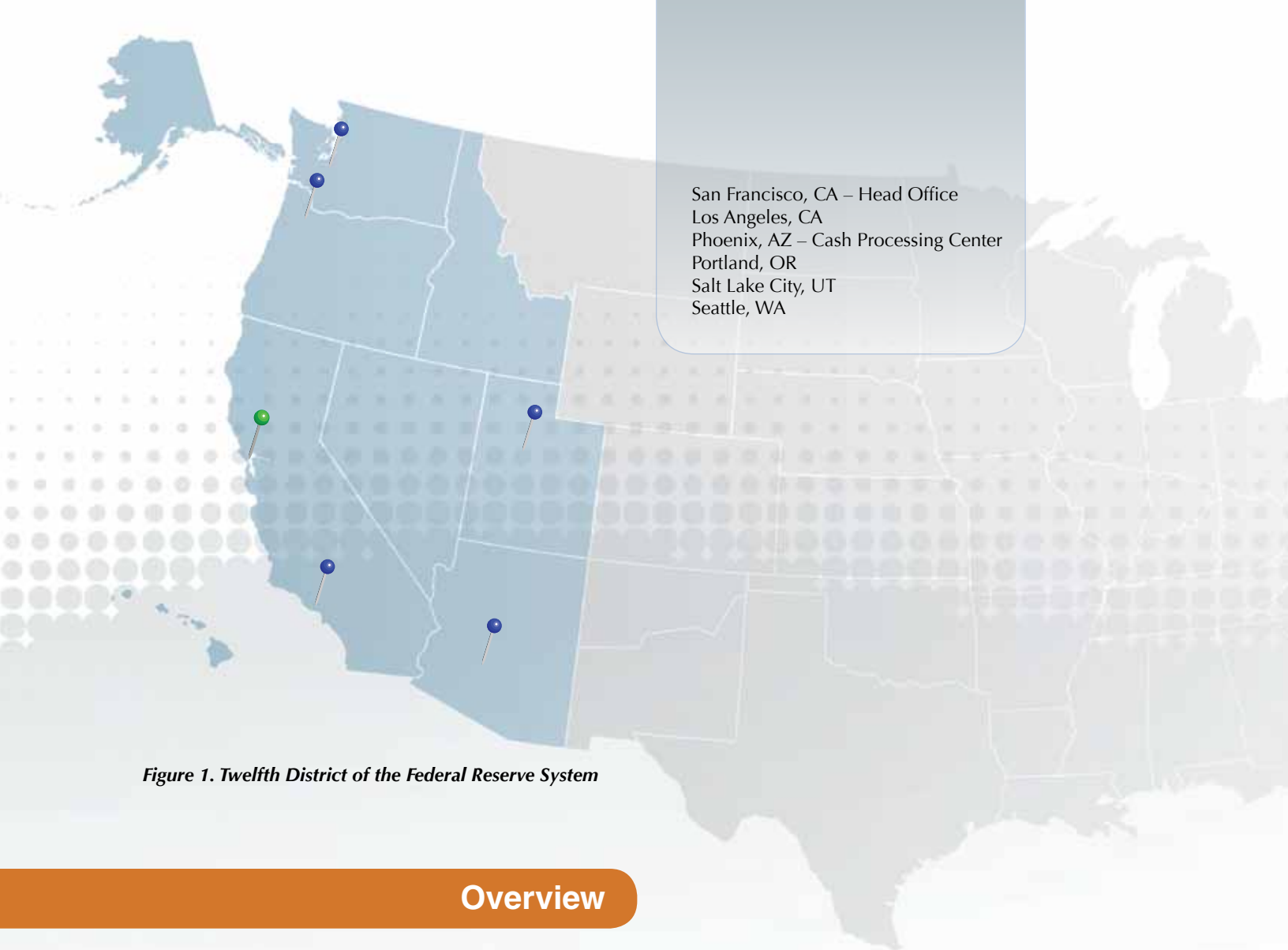


Figure 1. Twelfth District of the Federal Reserve System

Overview

The Federal Reserve Bank of San Francisco “the Bank” established the Office of Minority and Women Inclusion (“OMWI”; the “Office”) in accordance with Section 342 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (“the Dodd-Frank Act” or “DFA”). The Bank’s Office of Minority and Women Inclusion is headed by Susan Sutherland, Senior Vice President and Director of the OMWI. In this capacity, Ms. Sutherland reports directly to Dr. John C. Williams, President and Chief Executive Officer. Ms. Sutherland also has responsibility for overseeing the Equal Employment Opportunity function, among others. Ms. Sutherland received her Bachelor of Arts degree from Wesleyan University, and a Master of Science degree in Organizational Development from Pepperdine University.

The Director, the Bank’s EEO Officer, and an analyst comprise the staff of the OMWI. To meet the obligations of the Office, we draw on existing personnel from a range of functions, including the officers and managers from the

Human Resources, Procurement, and Community Development and Public Information functions, as well as the Bank’s Diversity Council, its employee resource groups, and others who over the years have championed and contributed to the progress of the Bank’s diversity objectives.

Regional Geography

The Federal Reserve Bank of San Francisco, the Twelfth District of the Federal Reserve System as illustrated in Figure 1, is the largest district geographically. The Twelfth District’s estimated 63 million people accounted for slightly more than 20 percent of the total U.S. population in 2009, and 21.7% of the national economy. In addition to the head office in San Francisco, four branch offices are located in Los Angeles, Portland, Salt Lake City, and Seattle, with a cash processing center in Phoenix. As of December 31, 2011, the Bank’s workforce was comprised of 1,516 employees; a more detailed overview of the demographics of the workforce is included as Appendices A and B.

The Work of the Bank

The mission of the Federal Reserve Bank of San Francisco is to serve the public, the United States Treasury and the financial community by contributing to the development of sound regulatory and monetary policy, ensuring the integrity of our country's financial and payments systems, and furnishing financial services that meet the fiscal and payments needs of the nation. We are, first and foremost, stewards of the public trust; therefore, our decisions and actions are driven by what we believe is in the public's best interest.

Key functions that support our mission are:

Banking Supervision and Regulation (BS&R) supervises and regulates financial holding companies (FHCs), bank holding companies (BHCs), savings and loan holding companies (SLHCs), foreign banking organizations (FBOs), and state chartered member banks (SMBs) in the Twelfth District, through processing applications and through on-site examinations, off-site monitoring, and enforcement actions when warranted.

Cash Product Office (CPO) provides product strategy, policy development, business direction, and automation tools and operational support to all Reserve Banks to meet global demand for U.S. currency and coin.

Cash Services provides currency and coin to financial institutions in the Twelfth District.

Community Development promotes community development across the District through research and analysis, education and training, and by convening financial institutions, community-based organizations and government entities to effectively address community development issues affecting lower-income individuals and communities.

Credit and Risk Management promotes economic stability and provides liquidity to the payment system by serving as a contingency lender to depository institutions.

Economic Research conducts research on monetary policy, banking, financial markets, and the regional economy. The function also hosts:

- the Center for Pacific Basin Studies (CPBS), a program to promote cooperation among central banks in the region and enhance public understanding of major Pacific Basin monetary and economic policy issues; and
- the Center for the Study of Income and Productivity (CSIP) which focuses on the critical importance of innovation and productivity to the economy, the prevalence of innovative sectors in the Twelfth District, and the important role that institutions and labor markets have in determining the future path of productivity, standards of living, and economic well-being.

Public Information communicates, educates and increases understanding of the work and structure of the Federal Reserve to foster public confidence in the nation's central bank. The division delivers economic education programs to K-12 and university students, and economic outlook speeches to a range of business groups. It also manages media relations and crisis communications.

Statistics collects and analyzes regulatory and financial report data from depository institutions that are used for myriad purposes such as determining the nation's money supply, interest rates, and financial institution compliance with regulations.

Information Technology Services uses industry best practices and System standards to deliver innovative, business-oriented technology solutions to a broad base of District, System, and Treasury customers.

In addition to these core functions and the OMWI, the Bank has a variety of support functions, including Accounting, Human Resources, Procurement, Legal, and Facilities, all of which ensure the Bank can meet its mission.



A team of Fed employees recruiting at a national diversity recruiting fair

Employment of Minorities and Women

The Bank maintains a strong commitment to equal employment opportunity. Our EEO policy states that the Bank “does not unlawfully discriminate on the basis of race, color, religion, national origin, age, sex, sexual orientation, gender, gender identity, physical or mental disability, veteran status, genetic information, or because an individual has exercised rights protected by applicable federal law.”

Also, in compliance with Section 342, the Bank has taken steps to augment its efforts related to the recruitment and retention of women and minorities. This commitment goes beyond legal compliance. The Bank’s leadership believes there is significant value to the contributions that a diverse workforce can make to achieve the Bank’s business objectives. As such, the Bank’s strategic direction includes a high priority objective of “building and maintaining a diverse workforce through succession planning, recruitment and retention, and providing relevant training to people managers.”

Successes

The Bank has a robust system of programs and practices that support its diversity and inclusion objectives, including many that are recognized best practices among diversity experts. In 2011, the Bank continued these programs and explored opportunities to improve our efforts to maintain a diverse workforce at all levels of the organization. We are pleased to report the following activities and successes.

1. Established Policies and Procedures

- The OMWI, in conjunction with key contributors in Human Resources, Procurement and Public Information and with endorsement from the Bank’s Executive Committee, developed and implemented policies and procedures to guide the work of the OMWI, as described in Section 342 of the DFA.
- In its annual memorandum to all employees, the Executive Committee reaffirmed its commitment to equal

employment opportunity, workforce diversity, and to the OMWI's objective to promote representation of women and minorities at all levels of the organization.

2. Expanded Efforts to Recruit a Diverse Workforce

The Bank's recruitment strategy includes targeted sourcing, using a wide variety of career fairs, online and printed advertisements, and community outreach to attract women and minority candidates to the applicant pool. In addition, we network, partner with and support professional and community organizations that serve women and minorities, including the National Association of Black Accountants (NABA), National Society of Hispanic MBAs (NSHMBA), National Black MBA Association (NBMBA), Pacific Asian Consortium in Employment (PACE), and Association of Latino Professionals in Finance and Accounting (ALPFA).

The Bank's recruitment team and business line representatives participated in 22 national and local diversity job fairs, and recruited at a number of schools that serve minority students, including two California State University locations that serve Latino communities. Recruiters used these opportunities to increase awareness of the different career opportunities at the Bank.

- The Bank's recruiters participated in three San Francisco Bay Area events hosted by HireDiversity in partnership with KGO-TV, KCRA-TV and Telemundo TV. This exposure was a significant opportunity to market the Bank's job opportunities to the diverse Bay Area audience.

The Bank's recruitment strategy includes targeted sourcing, which uses a wide variety of career fairs, online and printed advertisements, and community outreach to attract women and minority candidates to the applicant pool.

- The Bank provided a speaker for a networking event co-hosted by two organizations with which we partner: National Society of Hispanic MBAs and Association of Latino Professionals in Finance and Accounting (ALPFA). Recruiters and business line representatives also attended this event.
- There were over 3,000 applicants for 146 professional and management job openings in 2011. These positions were generally available in the San Francisco office, in functions such as the Cash Product Office, Banking Supervision and Regulation, and Information Technology Services. The composition of the hired group was 44% female and 49% minority (35% Asian, 10% Hispanic/Latino, 3% Black, and 1% Other). In addition, the Bank hired five individuals into the Leadership Development Program; four of these were minority women.

Figure 2. Recruitment Outreach

College Recruiting Sites	Diversity Recruitment Fairs
California State University, Fullerton	National Urban League
California State University, Los Angeles	National Society of Hispanic MBAs
Columbia University	National Black MBA Association
Howard University	National Association of Black Accountants
Morehouse College	City Diversity Fairs (Oakland, San Francisco)
San Francisco State University	Women for Hire
Spelman College	Latinos for Hire
University of California - Berkeley	National Women's MBA
University of California - Davis	ReachOut (LGBT)
University of California - Irvine	San Francisco LGBT
University of California - Riverside	

The Bank has a number of programs and practices to support our staff's ambitions to broaden their knowledge and skills, and to advance through the organization.

3. Emphasized Staff Development and Retention

The Bank has a number of programs and practices to support our staff's ambitions to broaden their knowledge and skills, and to advance through the organization. Some examples of these are:

- The Bank has a generous tuition reimbursement program, which supports employees in completing their post-secondary education, or advancing to certificates, masters' or doctorate degrees.
- The Learning and Organizational Development function supports employees in learning and development opportunities by conducting training in a variety of topics and assisting staff in identifying external and online training.

- The Bank sponsors membership in professional women's organizations, such as Women's Unlimited, an external mentoring program for women entering managerial assignments.
- Employees from across the organization, including officers and managers, staff the Mentor Bank Program which allows staff to select and work with qualified mentors. The program supports the Bank's objective of developing a diverse workforce by:
 - Giving all levels of staff access to a development opportunity
 - Supporting career growth and advancement
 - Broadening the participants' understanding of diversity issues in the workplace.

4. Expanded the Bank's Internship Program

The Bank's Internship Program is an integral component of our talent management strategy. Its objectives are to give students the opportunity to learn about work at the Bank and to create a pool of candidates for entry-level positions. One of the measurements of success for this program is the conversion of graduating interns to full status positions. We are pleased to report that women and

2011 Summer Interns



minorities are well represented in conversions over the last few years. As with recruitment for full status positions, recruitment for interns uses targeted sourcing and partnerships with community organizations to attract a diverse pool of applicants.

- The Bank hosted 15 summer interns in 2011, including eight minorities and four women.
- The Internship Program increased the diversity of the applicant pool for the 2012 summer intern program by working directly with historically Black Colleges and Universities — Morehouse College, Spelman College, Howard University, and Hampton University — to market the Bank’s summer program and related career opportunities. Also, in addition to its long-standing relationship with the INROADS organization, the Bank established exciting new partnerships with the following community organizations:
 - **Students Rising Above** serves the San Francisco Bay Area and “invests in low-income, first generation college students who have demonstrated a deep commitment to education and strength of character in overcoming tremendous odds of poverty, homelessness, and neglect.”
 - **LEAD**, a national organization that provides a “system of learning and collaboration in which students, universities and corporations work in tandem with one another to achieve the preeminent pool of future minority talent.”

5. Drove Awareness and Engagement

The Bank’s Executive Committee annually reviews and discusses workforce representation and employment action statistics. Further, the Executive Committee annually affirms in writing to all employees its commitment to equal employment opportunity and to the racial, ethnic, and gender diversity of the workforce. In addition, all officers and managers participate in outreach meetings that focus on division-level workforce representation, and on discussion of diversity and inclusion best practices. More specifically:

- The OMWI developed and executed a communication plan that utilized a variety of media to familiarize all Bank employees with the role of the OMWI, to enlist their support in meeting the objectives of workforce diversity, and to engage them in maintaining an inclusive environment.
- The OMWI conducted outreach to divisional management teams including officers and managers. Presentation and discussion topics for these meetings included

the results of the annual representation and employment action assessment, opportunities for each division to contribute to OMWI objectives, best practices in diversity, and barriers to an inclusive environment, including cultural sensitivity, unintended bias, and micro-inequities.

- Human Resources delivered a People Manager training series which develops competencies for managing a diverse workforce including: building relationships with individuals from a different culture, having empathy for employees whose first language is not English, and adapting one’s communication style in a cross-cultural encounter.

The Bank’s Diversity Council consists of representatives from across the Bank and contributes to sustaining an inclusive culture and visible diversity in the workforce by (1) sponsoring Bank-wide events to raise awareness, (2) participating in diversity recruitment fairs, (3) promoting a sense of community for diverse groups within the organization by providing oversight and support for the Bank’s Employee Resource Groups, and (4) working with these groups to effect policy changes that are inclusive.

Dr. Virginia Chen presents “Dialogue Across Differences” to Reserve Bank employees



A primary challenge is the Bank's very low turnover rate (by industry standards) and only modest growth in overall positions, resulting in fewer overall opportunities for external hires and/or internal promotions.

- The Diversity Council sponsored a series of awareness and education programs for employees, including a presentation by Dr. Victoria Chen, titled "Dialogue Across Differences." Dr. Chen is co-author of the book "Our Voices: Essays in Culture, Ethnicity, and Communication" and provided the audience with insightful advice for managing communication in a diverse workforce.
- The Diversity Council provided support for events, including panel discussions featuring senior officers, the Women's Professional Network, the LGBT employee resource group (a lesbian, gay, bi-sexual, and transgender group) and Indus, an employee resource group representing employees of Indian heritage.

Challenges

- A primary challenge is the Bank's very low turnover rate (by industry standards) and only modest growth in overall positions, resulting in fewer overall opportunities for external hires and/or internal promotions.
 - Further, the demands of the work to be done in the current economic and financial environment lead hiring managers to seek individuals with years of experience, increasing competition for women and minorities with such experience. Further, there are fewer positions available to individuals who are just entering the workforce.
- Although national diversity job fairs present important public relations opportunities, job seekers at East Coast venues generally have not applied for positions in the Twelfth District.
 - Representation of Hispanic/Latino and African-American/Black candidates in the applicant pool for professional and management positions was notably low in 2011 (lower than current representation in the finance sector) despite the Bank's recruiting efforts. Recruiters' observation of attendees at college job fairs is that the students who are pursuing credentials that will qualify them for jobs in the fields of finance and information technology are generally male, and Caucasian or Asian.

Next Steps

The Bank is committed to making every effort to increase the representation of minorities and women in its workforce through targeted sourcing and outreach activities that promote awareness of job opportunities and inspire youth to consider education and careers in finance. Our action plan for 2012 includes the following:

- Continue to enhance the Bank's recruitment strategy and Internship Program by collaborating with community groups to ensure that career opportunities are communicated to a broad audience.
- Enhance practices and processes to increase opportunity for a diverse applicant pool.
- Provide interviewing and selection training to increase the focus on objective performance indicators and mitigate the impact of hidden biases in hiring.
- Ensure that practices related to staff and leadership development are consistent with the goal of retaining a diverse workforce.
- Engage Bank staff and leadership in ongoing efforts to support and maintain an inclusive organizational culture.



Fed employees participate in the Business Opportunity Fair sponsored by the National Minority Supplier Development Council

Inclusion of Minority- and Women-Owned Businesses

The Bank is committed to ensuring, to the maximum extent possible, the fair inclusion of minority-owned and women-owned businesses in the Bank's procurement efforts. This commitment includes the development and maintenance of an outreach program, and training and orientation efforts to familiarize minority-owned and women-owned businesses with the Bank's supplier needs and procedures. Further, it is the Bank's policy to require that the Bank's contractors will ensure, to the maximum extent possible, the fair inclusion of minorities and women in their workforces, and, as applicable, the workforces of their subcontractors. The Bank's Office of Minority and Women Inclusion is responsible for ensuring compliance with this policy.

Successes

The Bank has a primary objective to increase the opportunity for minority- and women-owned businesses to compete for the Bank's business, and we have established a Supplier Diversity Policy, which is the foundation for our plans and procedures. Senior management has endorsed this policy, and is committed to the inclusion of minority- and women-owned businesses in each business line's

procurement processes. To implement this policy, the Bank's Procurement Department has developed an extensive procurement plan and procedures which are largely based on the best practice guidelines of the National Minority Supplier Development Council (NMSDC). We are pleased to report the following activities and successes that have occurred under the auspices of the Bank's Supplier Diversity Program.

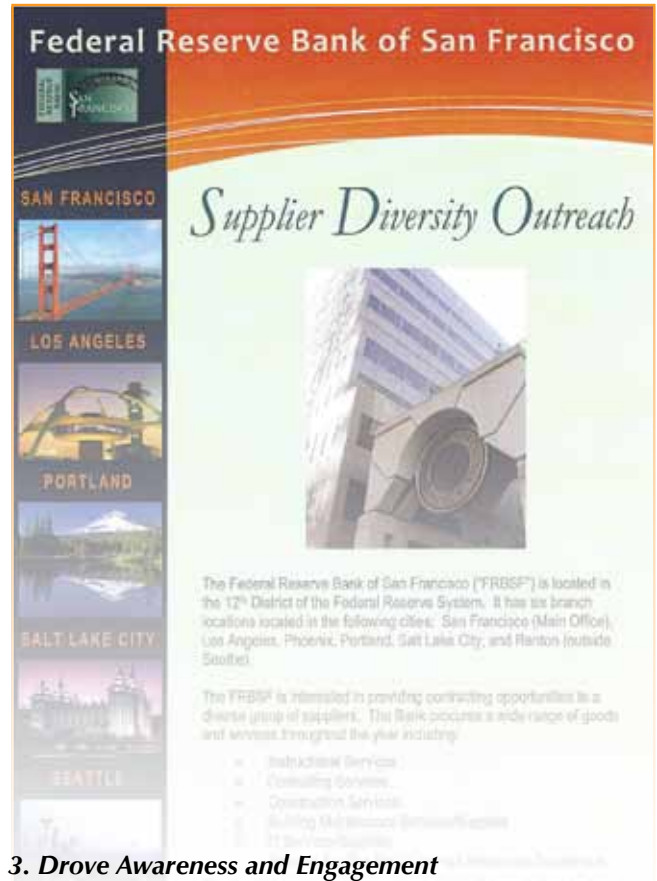
1. Established Policies and Procedures

- As noted above, the Bank established policies and procedures to support the Bank's Supplier Diversity Program and the inclusion of minority- and women-owned businesses in the Bank's vendor and supplier activities.
- Procurement-related documentation, including forms and contracts, were updated to reflect the Bank's commitment, expectations, and requirements regarding supplier diversity. In particular, the Bank's contracts and Requests for Proposals (RFPs) have been revised to include language detailing our Supplier Diversity Policy, and requiring our suppliers to commit to abiding by this policy when awarding subcontracts.

- Procedures were established to help Bank staff locate potential minority- and women-owned businesses through advocacy groups and other resources.
- Procurement staff met with supplier diversity managers at other Reserve Banks and at private corporations to identify best practices, which were then incorporated into the Bank's Supplier Diversity Policy and our procedures.

2. Expanded Outreach and Technical Assistance

- The OMWI Director and Procurement staff attended supplier diversity events that provided opportunities to connect with minority and women business owners, to learn about other organizations' supplier diversity programs, and to represent the Bank as a committed supporter in the supplier diversity arena. These events included the following:
 - National Association of Women Business Owners' Conference
 - National Minority Supplier Development Council Conference and Business Opportunity Fair
 - Alliance for Community Development on Access to Capital hosted by the Pacific Gas & Electric Company
 - New Strategy for a New Economy – Insights for Enhancing Your Business Plan hosted by the Federal Reserve Bank of Chicago
 - Black Economic Council – Urban Economics Conference at which the OMWI Director served as a panelist for a discussion of the Dodd-Frank legislation's "Impact on Women and Minority Suppliers."
- The Bank developed an online application available on the Bank's external website to allow suppliers interested in doing business with the Bank to self-register their company profile information. Procurement staff will include these suppliers in future sourcing events as appropriate.
- Procurement staff provided one-on-one training to vendors on how to use the Federal Reserve System's e-sourcing tools and self-registration application.
- Procurement staff participated in a System workgroup that identified and purchased an application that will provide detailed information about suppliers, along with their certifications as a registered minority or women-owned business. In addition, the tool will provide the means to track performance through scoring and will support additional research through its survey features.



3. Drove Awareness and Engagement

- The Bank's Executive Committee affirmed in writing to all employees its commitment to the Supplier Diversity Program and directed all business areas to work with the Procurement Department to include small, minority- and women-owned businesses in its pool of potential business partners.
- OMWI and Procurement staff attended training events including the NMSDC's Supplier Diversity Manager's Training Workshop hosted by the Pacific Gas & Electric Company in San Francisco, and a similar workshop hosted by the Federal Reserve Bank of Chicago. Both events were designed to support organizations with building and leveraging a first rate supplier diversity program, to provide opportunities to exchange ideas, and to encourage collaboration with supplier diversity professionals.
- The Bank created a position for a full-time Supplier Diversity Program Manager, scheduled to start in early 2012. The Program Manager will act as the primary liaison between minority- and women-owned businesses and the Bank's business units, to ensure that these suppliers are being considered for upcoming sourcing opportunities. The Program Manager will also

plan and coordinate outreach and technical-assistance events. (Note: the Manager started her employment with the Bank on March 12).

Amounts Paid to Contractors

For the 2011 fiscal year, the Bank's total expenditure on goods and services was \$55.5 million. Of that amount, payment to minority- and women-owned businesses account for \$3.19 million, or 5.75%.

- Percentage of above paid to minority-owned businesses: 2.88%, or \$1,594,440
- Percentage of above paid to women-owned businesses: 2.87%, or \$1,591,751

Challenges

- Procurement staff has not yet identified a reliable procedure for validating suppliers' minority or woman-owned status to be assured that our spend data is complete and accurate.
- Despite research and outreach efforts, Procurement staff has encountered some difficulty identifying minority and women-owned businesses for some large scale goods and services.

Next Steps

The Bank is committed to making every effort to increase the opportunity for small, minority- and women-owned businesses to participate in our procurement efforts. Our action plan for 2012 includes the following:

- Conduct analysis on availability of minority- and women-owned businesses for the types of contracts the Bank engages in.
- Continue to engage the Bank's leadership by providing regular updates and conducting outreach meetings to

OMWI and Procurement staff attended training events including the NMSDC's Supplier Diversity Manager's Training Workshop hosted by the Pacific Gas & Electric Company in San Francisco, and a similar workshop hosted by the Federal Reserve Bank of Chicago.

promote the value of the Supplier Diversity Program, to identify major upcoming projects or acquisitions, and to provide tips for incorporating diverse suppliers when the Bank sources goods and services.

- Facilitate meetings between Bank personnel and qualified minority- and women-owned businesses to determine if there is a mutual interest in doing business.
- Research and evaluate advocacy agencies that can provide assistance with identifying minority and women-owned businesses for goods and services.
- Continue outreach to enhance the access and opportunity for a diverse pool of suppliers that includes small, minority- and women-owned businesses (SMWBs).
- The Supplier Diversity Program Manager will collaborate with Procurement and other stakeholder groups to develop a program and related materials on how to do business with the Federal Reserve Bank of San Francisco. This effort will include determining what resources and technical assistance would most benefit SMWBs and working with internal and external experts to implement these.



Congressional Hispanic Caucus Institute's "Ready to Lead" Workshop, Merced High School, Merced, California

Financial Education

The Bank is committed to financial and economic education efforts that engage OMWI audiences (urban and inner-city, all girls, and majority-minority schools). The Bank promotes financial well-being, builds awareness of job opportunities in the Federal Reserve System, and inspires youth to develop skill in personal financial decision-making and to explore careers in business, economics, and finance.

Successes

The Bank's Economic Education Team conducted a variety of programs in 2011 to support economic and financial education for OMWI-designated audiences throughout the Twelfth District. The data provided in this report is school-based and specifically reflects the ethnic composition and setting of the school (urban, rural, and suburban) as reported in the National Center for Education Statistics database. We are pleased to report the following activities and successes in this area.

1. Provided Personal Finance Education

- Provided personal finance training in partnership with the Academy of Business Leadership, an organization

that serves diverse, high potential, and underserved youth in the greater Los Angeles community.

- Provided personal finance training for young women in partnership with the Girl Scouts of Greater Los Angeles.
- Provided financial education materials and a tour in Spanish to members of the greater Los Angeles Union Pacific Empowerment Center (YMCA).
- Provided a tour and presentation about the Federal Reserve to students participating in Links, a women's service organization dedicated to African-American or Black cultural and economic issues.
- Provided a tour and presentation on the U.S./Mexico border economy for business students from CETYS Universidad (Mexico) and bilingual Advanced Placement economics students from Los Angeles Unified School District, in partnership with the Federal Reserve Bank of Dallas.
- Provided tours and personal finance workshops for West Coast Center for Victorious Youth, Treasure Island Job Corps, and San Francisco Conservation

Corps. These are community organizations committed to providing alternative education in life skills training, career development and financial education to low-income and under-served youth.

2. Hosted, Sponsored, and Attended Conferences and Events

- Attended educator conferences throughout the District, with special emphasis on distributing materials to and making connections with teachers in low-income, low-performing, and/or minority areas.
- Provided personal finance and college preparedness training to Latino high school students in partnership with the Congressional Hispanic Caucus Institute’s Ready to Lead program.
- Co-sponsored the Financial Fitness Fair that attracted approximately 60 predominately African-American attendees for a half-day workshop on money management and credit rebuilding, in partnership with the City of Oakland and its Bank on Oakland initiative.
- Created a partnership with the California Foundation Fund to provide personal finance materials in English and Spanish during Financial Education Week, hosted by National City, CA government and the Consulate of Mexico.
- Supported statewide Jump\$tart financial education coalitions in their efforts to increase access to quality financial education by organizing new Jump\$tart affiliates in Oregon, Washington, and Guam, and supporting existing affiliates in Hawaii and Alaska.
- Hosted a professional development event for the Smart Money Network (formerly Financial Education Network of San Francisco) on youth financial empowerment, targeting youth services providers that work

with low-income and at-risk youth. Speakers included representatives from Mission SF Federal Credit Union, Operation HOPE, and EARN, all of which serve minority communities.

3. Developed Financial Education Curriculum, and Conducted Research and Data Analysis

- Developed the concept and secured approval for a highly interactive online learning experience designed to help high school students understand the value of planning for the financial realities of post-secondary education in partnership with the Federal Reserve Bank of Richmond and the Center for Online Learning.
- Developed the infrastructure for a comprehensive educator database to include OMWI categories related to majority-minority, all-girls, and urban schools.
- Conducted a literature review of current and effective use of instructional practices targeted at minority and urban students.
- Conducted and published research on a youth savings program Mission SF Federal Credit Union operates, serving the Mission district in San Francisco, a largely Latino immigrant neighborhood. The program worked with low-income youth in after school programs, including GirlSource, a nonprofit organization that addresses the lack of meaningful work and leadership opportunities for low-income young women.

OMWI Audience Summary

Figure 3 provides a summary of program participation among public and private K-12 schools, with a focus on three specific OMWI audiences: all-girls schools, majority-minority schools, and inner-city schools.

Figure 3. OMWI Audience Summary

PROGRAMS	TOTAL K-12 SCHOOLS	ALL-GIRL	%ALL-GIRL	M/M	% M/M	URBAN	SUBURBAN	RURAL	% URBAN
Tours	172	0	0.0%	126	73.3%	86	67	19	50.0%
Personal Finance	85	0	0.0%	65	76.5%	40	32	13	47.1%
Conferences	79	1	1.3%	57	72.2%	33	15	31	41.8%
Meet the Experts	88	3	3.4%	57	64.8%	42	34	12	47.7%
IES	93	1	1.1%	50	53.8%	48	22	23	51.6%
Overall	355	5	1.4%	227	63.9%	162	117	76	45.6%



Leading a Financial Education Workshop

Challenges

- We have found that school districts are increasingly focused on required courses and standardized test results. Personal finance is not a frequently required or tested content area, making it difficult and expensive for schools to adopt or incorporate this topic into their curriculum. The Bank is developing a model for delivering personal finance materials directly to students as a complementary approach to working with teachers and schools.

Next Steps

The Bank is committed to engaging OMWI audiences (urban and inner-city, all girls, and majority-minority schools) to build awareness of the Federal Reserve System, and to inspire youth to develop skill in personal financial decision-making and to explore careers in business, economics, and finance. Our action plan for 2012 includes the following:

- Assess financial education efforts for OMWI audiences, and where feasible, partner with diverse community groups and school systems with large concentrations of urban and inner-city, all girls, and majority-minority schools to deliver programs.
- Review financial and economic education material and activities to ensure that they meet the needs of OMWI audiences.
- Research and consider hosting a virtual youth summit on careers in business, economics, and finance that would create an opportunity for Bank employees to highlight their work at the Federal Reserve.
- Develop and deploy an innovative online course for high school students about how to finance post-secondary education that can be completed independently. The project is a partnership between the San Francisco and Richmond Federal Reserve Banks and the Center for Innovative Learning at the St. Louis Federal Reserve Bank.

Conclusions & Recommendations

The first full year of the OMWI function's activity was a year of success, challenge, and learning. Building on the Bank's commitment to diversity and inclusion, the provisions of Section 342 of the Dodd-Frank Act provided an excellent opportunity to refocus, reframe, and deepen the Bank's commitment to certain aspects of its goals. Our workforce diversity efforts have been both broad and focused for some time. Our supplier diversity efforts benefited significantly from renewed attention the legislation created, and by senior management engagement. We believe the following lessons are important for continued progress on all aspects of the OMWI efforts:

- Continue to focus on increasing opportunities for minorities and women in employment, including ensuring diverse applicant pools for open positions, and for minority- and woman-owned businesses to compete for the Bank's business. We believe that the outcomes will change when the inputs (job applicant pools, vendors competing for business) are sufficiently inclusive and diverse.
- Expand our external profile, seeking opportunities to engage with new audiences, organizations and interested parties who can help us build stronger relationships which support our OMWI-related goals.
- Continue to engage the Bank's management team, in particular the Executive team, in driving the effort and seeking commitment across the organization in support of inclusion and diversity. Staff responds to the behavior and tone set by the top of the organization, and advocacy by multiple levels of the organization is key to organizational progress as a whole.
- Assess policies and procedures established in 2011 to ensure they are supporting desired outcomes and continuous improvement.
- Finally, systematically implement the next steps described in the three sections of this report.

We appreciate the opportunity to provide this report to Congress. We welcome feedback and guidance that will help us become more successful with these efforts.



Appendix A

EEO-1 Consolidated Demographic Report as of 12/31/11

Numerical Data

JOB CATEGORIES	HISPANIC OR LATINO		NOT HISPANIC OR LATINO												Overall	
	Male	Female	Male						Female							
			Caucasian/White	Black or African American	Native Hawaiian or Pacific Islander	Asian	American Indian or Alaskan Native	Two or More Races	Caucasian/White	Black or African American	Native Hawaiian or Pacific Islander	Asian	American Indian or Alaskan Native	Two or More Races		
Exec/Senior Officials & Managers	1		7			1			3	1						13
First/Mid Officials & Managers	13	7	93	9	1	22		2	49	10		31				237
Professionals	31	28	241	13	3	149	1	6	147	19		149	2	2		791
Technicians			5													5
Sales Workers	1		3			1			1							6
Administrative	34	28	30	12	1	48	1		45	16		54	1			270
Craft Workers	7		8			6	1	1								23
Service Workers	30	6	62	16	1	31	2	1	12	4	1	5				171
Total	117	69	449	50	6	258	5	10	257	50	1	239	3	2		1,516

Percentage Data

JOB CATEGORIES	HISPANIC OR LATINO		NOT HISPANIC OR LATINO												
	Male	Female	Male						Female						
			Caucasian/White	Black or African American	Native Hawaiian or Pacific Islander	Asian	American Indian or Alaskan Native	Two or More Races	Caucasian/White	Black or African American	Native Hawaiian or Pacific Islander	Asian	American Indian or Alaskan Native	Two or More Races	
Exec/Senior Officials & Managers	8%	0%	54%	0%	0%	8%	0%	0%	23%	8%	0%	0%	0%	0%	0%
First/Mid Officials & Managers	5%	3%	39%	4%	0%	9%	0%	1%	21%	4%	0%	13%	0%	0%	0%
Professionals	4%	4%	30%	2%	0%	19%	0%	1%	19%	2%	0%	19%	0%	0%	0%
Technicians	0%	0%	100%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Sales Workers	17%	0%	50%	0%	0%	17%	0%	0%	17%	0%	0%	0%	0%	0%	0%
Administrative	13%	10%	11%	4%	0%	18%	0%	0%	17%	6%	0%	20%	0%	0%	0%
Craft Workers	30%	0%	35%	0%	0%	26%	4%	0%	0%	0%	0%	0%	0%	0%	0%
Service Workers	18%	4%	36%	9%	1%	18%	1%	1%	7%	2%	1%	3%	0%	0%	0%
Total	8%	5%	30%	3%	0%	17%	0%	1%	17%	3%	0%	16%	0%	0%	0%

Appendix B

Workforce Representation

The Bank's progress enhancing opportunity and ensuring the inclusion of minorities and women in the workforce necessarily starts with an analysis of the composition of the Bank's workforce. The EEO-1 Demographic Report as of 12/31/2011, which is provided as Appendix A, describes the gender and racial/ethnic composition of the District's workforce according to the job categories specified for preparation of the Employer Information Report (EEO-1) which is submitted annually to the Equal Employment Opportunity Commission. Appendix C - Organizational Structure and Workforce Analysis provides additional insight into the Bank's organizational structure and the professions in the Bank's workforce.

At year-end 2011, the Bank employed 1,516 individuals; 67% of these in San Francisco, 18% in Los Angeles, and the remaining 15% distributed across the Portland, Seattle, Salt Lake City offices and the Phoenix Cash Processing Center. As presented in Figures 4 and 5, the overall composition of the Bank's workforce was 59% male and 41% female, and 53% minority and 47% Caucasian. The Bank's Officers and Managers job groups comprised 16% of the workforce. Professionals comprised 52%, and Administrative and Service Worker positions comprised 31%. Figure 6 illustrates the representation of women and minorities in these categories.

Figure 4. Gender Composition of Workforce

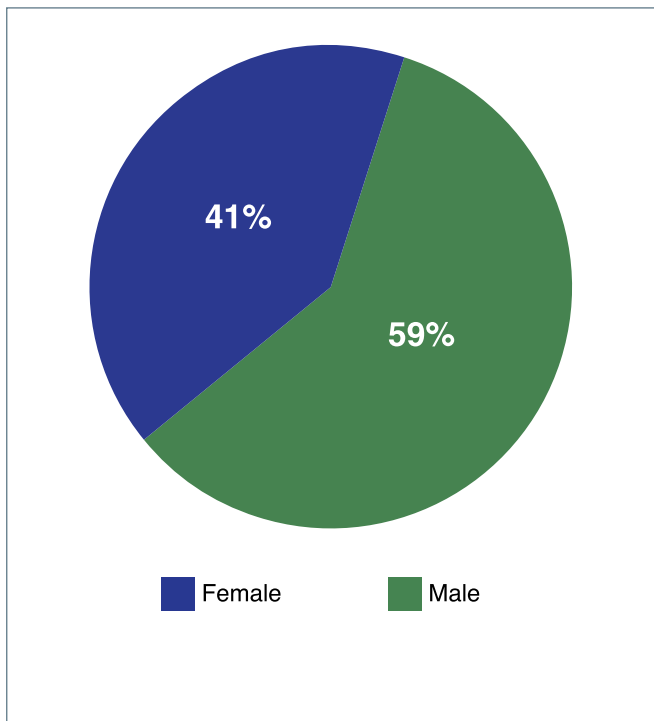
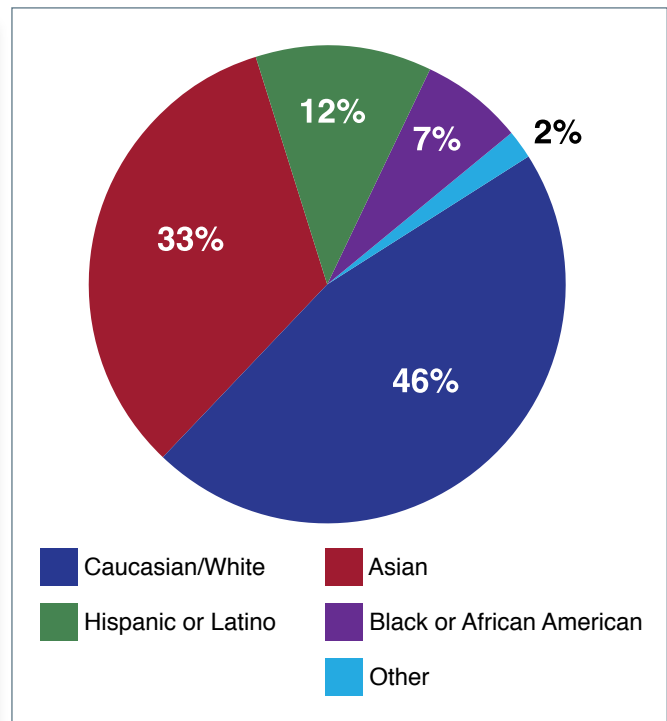


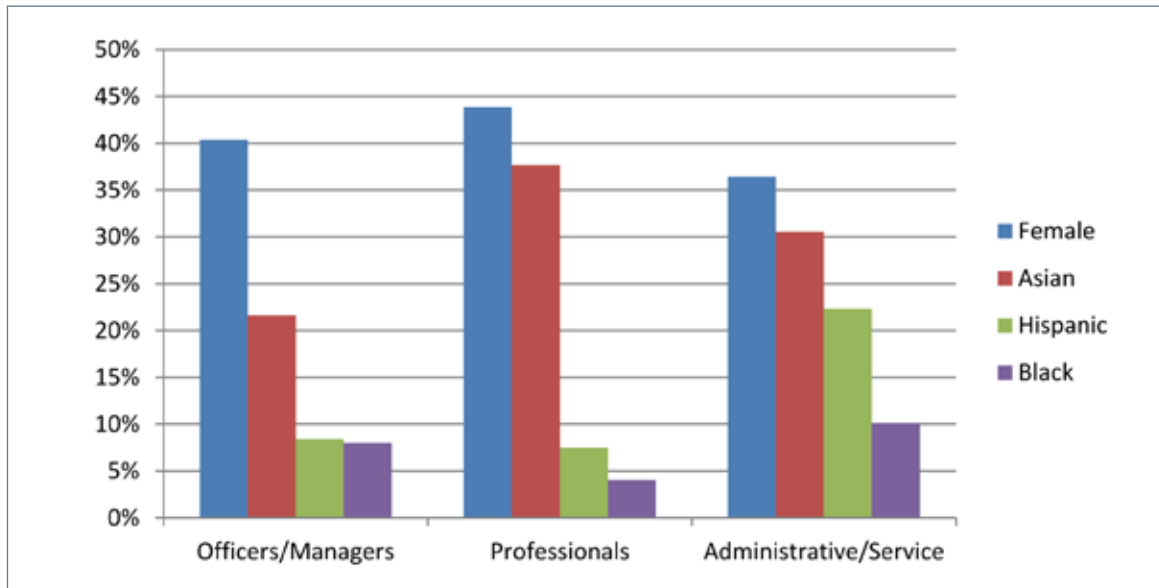
Figure 5. Race/Ethnicity Composition of Workforce



Appendix B

Workforce Representation (continued)

Figure 6. Representation of Women and Minorities



The Bank annually compares its workforce representation to a labor market estimate for jobs that require skills and qualifications equivalent to those described in Appendix C. The availability estimate is based on U.S. Census data and uses the standard methodology of the Office of Federal Contract Compliance Programs. The results are shared and discussed with the Bank's leadership team during outreach meetings the OMWI conducts.

A comparison of the Bank's EEO-1 data for the Executive/Senior Officials, First/Mid Officials & Managers, and the Professionals categories to the 2010 U.S. Census EEO data for the Finance and Insurance sector (NAICS code 52), including the Federal Reserve Banks, revealed the following:

- Representation of women in the Executive/Senior Officials job group exceeds the national level of representation in this sector by 2%. Their representation in the First/Mid Officials & Managers and the Professionals categories is lower than the national level by 8% in each category.
- Representation of Asians exceeds the national levels in all three categories by between 4 and 28%.
- Representation of African-Americans/Blacks in the Executive/Senior Officials and First/Mid Officials categories

exceeds the national level by 5% and 1%, respectively. Representation in the Professionals category is 4% less than the national level.

- Representation of Hispanics/Latinos exceeds the national levels in all three job categories by between 2% and 5%.
- Representation of all other racial/ethnic groups in the Bank's workforce is generally consistent with the national levels which range from one to three percent across the three job groups.

As 85% of the jobs reside in the Bank's California offices, workforce representation also was compared to Finance/Insurance sector data for California. Here, a notable result of the comparison is that the representation of Hispanics/Latinos at the state level exceeded the Bank's workforce representation for First/Mid Officials & Managers and Professionals by approximately 4%.

The results of this comparison will inform the Bank's future recruitment and outreach efforts to promote awareness of job opportunities, and inspire youth to consider education and careers in finance. Notwithstanding the favorable results of this comparison for some groups, there is work to be done in recruitment and retention of women and Hispanics/Latinos.

Appendix C

EEO-1/Organizational Structure and Workforce Analysis

The first three job categories listed in the representation table comprise 69% of the District's workforce and correspond to the Bank's organizational structure as follows:

Executive/Senior Officials – This category represents the highest ranks of the organization and includes the President and Chief Executive Officer, First Vice President and Chief Operating Officer, Executive Vice Presidents and Senior Vice Presidents. These individuals comprise the Executive Committee which formulates District-wide strategies and policies. The General Auditor, the General Counsel, and the chair of the Bank's Shared Services Committee who serve as advisors to the Committee, also are included in this category.

First/Mid Officials & Management – The scope of responsibility of individuals in this group ranges from setting policies and providing direction for large multi-functional divisions to supervising the routine activities of small functional groups. The organizational hierarchy of individuals in this job group is: Group Vice Pres-

ident, Vice Presidents, Directors, Senior Professionals, Managers and Supervisors.

Professionals – Jobs in this category generally require bachelor or graduate degree and/or professional certification or comparable experience that establishes qualification. The profession of individuals in this group include: Economists, Auditors, Bank Examiners, Analysts, and Information Technology Professionals.

All Other Job Categories – Technicians, Sales, Administrative, Craft and Service Workers comprise 31% of the District's workforce. Generally, employees in the largest job groups, Administrative and Service, hold positions as shipping and receiving clerks in the District's Cash Services, and as federal law enforcement officers in the Police Services functions, respectively.

Of note, over the last few years, as a result of the Federal Reserve Banks' reductions in Check Processing operations and new efficiencies in currency processing, there has been a significant increase in the ratio of professional jobs to administrative and service positions.



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