



COMMITMENT TO

Diversity and

Inclusion

PEOPLE

PRACTICES

PARTNERSHIPS



FEDERAL RESERVE BANK OF KANSAS CITY

2016 REPORT TO CONGRESS ON THE

OFFICE OF MINORITY AND WOMEN INCLUSION



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Appendix

ON THE COVER: Federal Reserve Bank of Kansas City employees are represented on many diversity and inclusion and mentoring groups at the Bank. Among those employees, from left: (first row) Dustyn DeSpain, Business Solutions Delivery, Oklahoma City; Jackie Nugent, Payments Strategies, Kansas City; Haley Burson, Human Resources, Oklahoma City; Ingrid Wong, Legal, Kansas City; Andres Rivera Hurtado, Facilities Management, Kansas City; (second row) Avery Adair, Legal, Kansas City; Joni Schnitker, Human Resources, Omaha; Latonya Prather, Financial Management, Kansas City; Chad Parker, Retail Payments Technology Services, Kansas City; (third row) Sadid Carrillo, Exams and Inspections, Omaha; Pat Schleiger, Exams and Inspections, Omaha; and Ariel Cisneros, Community Affairs, Denver.

Esther L. George
President and Chief Executive Officer
Federal Reserve Bank of Kansas City



MARCH 31, 2017

The Federal Reserve Bank of Kansas City has taken steps for many years to ensure the diverse region it serves is represented in its workforce, procurement and supplier relationships, and the partnerships it develops with community and educational organizations.

This report highlights the many ways we have made diversity and inclusion a priority throughout 2016 in the areas of People, Practices and Partnerships and details our efforts in meeting the requirements outlined by Section 342 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010.

Through the Bank's Office of Minority and Women Inclusion (OMWI), we seek to strengthen and continuously improve our long-standing traditions of ensuring our activities are inclusive and represent the range of backgrounds and experiences that make up the Federal Reserve's Tenth District. The following pages tell the story of our successes and challenges in meeting this goal during 2016.

Successes include strengthening existing relationships and developing new partnerships with area organizations that promote diversity in the community, as well as implementing innovative financial education programs with urban and minority school districts. Among those recognizing our successes was the Greater Kansas City Chamber of Commerce, which honored the Bank with its 2016 Champion of Diversity award. Challenges such as increased competition in the District for experienced talent with specialized technology-based skills present opportunities for 2017 and beyond.

Please visit www.KansasCityFed.org to learn more about our successes, innovative programs and links to past OMWI Annual Reports, as well as information on our supplier and hiring opportunities and summaries of our key community initiatives.

A handwritten signature in black ink that reads "Esther L. George". The signature is fluid and cursive, written in a professional style.

Esther L. George
President and Chief Executive Officer
Federal Reserve Bank of Kansas City

Executive Summary



The Bank's Diversity Strategy Steering Council includes, from left: Senior Vice President and OMWI Director Donna Ward, Vice President Amy Cole, Senior Vice President Susan Zubradt, Vice President Mark Watson, Vice President Stephanie Stratemeier, Vice President Annette Owens, Senior Vice President and General Counsel Veronica Sellers and Assistant Vice President and OMWI Deputy Director Andrea Hendricks. Not pictured: Senior Vice President Denise Connor, Senior Vice President Dawn Morhaus and Senior Vice President Diane Raley.

The Federal Reserve Bank of Kansas City's Office of Minority and Women Inclusion in 2016 continued to lead and strengthen the Bank's commitment to diversity and inclusion.

The Bank recognizes that achieving its mission and serving its large, varied region requires diversity that reflects the communities and people it serves and represents. The Bank experienced many successes in 2016 relative to its strategy of focusing on People, Practices and Partnerships.

OFFICE OF MINORITY AND WOMEN INCLUSION

The Kansas City Fed's Office of Minority and Women Inclusion (OMWI) is led by Donna Ward, who has been the office's director since 2010. Ward is senior vice president of the Bank's Administrative Services Division, which includes the Bank's human resources and procurement functions.

Andrea Hendricks, OMWI deputy director, also is assistant vice president and secretary and advisor to the Bank's Management Committee. Hendricks advises the Committee on diversity and inclusion matters and leads the Bank's diversity and inclusion initiatives. She also leads a broad portfolio of Human Resources work, including benefits, onboarding, orientation and engagement programs, Equal Employment Opportunity (EEO) programs, employee and leadership development and training and diversity training.

STANDARDS AND PROCEDURES

While the Bank had a rich history of diversity and inclusion long before the Dodd-Frank Act of 2010, the Act allowed leadership to create more formal standards and procedures through OMWI for the following:

- EEO and racial, ethnic and gender diversity of the workforce and senior management.
- Participation of minority- and women-owned businesses in the Bank's programs and contracts.
- Fair inclusion in the workforce of contractors.
- Technical assistance for minority- and women-owned businesses.

PEOPLE, PRACTICES AND PARTNERSHIPS

The Bank's focus on diversity and inclusion applies to all business areas. Throughout 2016, the Bank enhanced its efforts to remain proactive and progressive relative to its strategy.

The Bank's efforts were recognized by the Greater Kansas City Chamber of Commerce as the 2016 recipient of its Champion of Diversity award, which recognizes a regional business that embraces diversity in the workplace, vendor partnerships and the community.

PEOPLE

- The Bank's minority hiring rate in 2016 was 26.1 percent; the hiring rate for women was 34.0 percent.



Donna Ward, right, is OMWI director and senior vice president of the Bank's Administrative Services Division; Andrea Hendricks is deputy director of OMWI and an assistant vice president.

- The Bank hosted six signature diversity and inclusion summits and 11 community events to connect with diverse professional organizations and prospective talent.
- Participation in the Bank's mentorship program reached its highest level in 2016. A total of 454 employees participated, including 25.0 percent of the minority workforce and 31.2 percent of women in the workforce.

PRACTICES

- The Bank identified and included diverse suppliers in 77.1 percent of all sourced contracts in 2016 and awarded 24.7 percent of all contracts to minority- and women-owned businesses.
- Bank staff attended 22 outreach events to connect with diverse suppliers.

PARTNERSHIPS

- More than 16,119 students attended a financial education program hosted by the Bank.

Overview



Members of the Bank's Minority Members of Management Mentoring Circle include, from left, Calvin Robertson, Andrea Hendricks, Jackson Winsett, Jackie Nugent, Paulo Dominguez, Terri Barnes, Denise Dantzler, Mark Watson, Chris Constant and Dustyn DeSpain. Not pictured: Stan Beatty, Porcia Block, Chad Darden, Tammy Edwards, Harry Harris, Lara Hurst, Jeffrey Legette, Juan Martinez, Renu Mehra, Melissa Norwood, Erika Ramirez, Dennis Rose, Margery Sendze and Somya Verma.

Founded in 1914, the Federal Reserve Bank of Kansas City is one of 12 Regional Banks, which along with the Board of Governors in Washington D.C., comprise the Federal Reserve System.

THE TENTH DISTRICT

As the central bank for the United States, the Federal Reserve System is responsible for three mission areas: setting the nation's monetary policy, providing financial services to depository institutions, and supervising and regulating financial institutions. The System's decentralized structure, which includes local boards of directors and advisory councils at each Reserve Bank, ensures a broad spectrum of regional views from the public is included in national policy deliberations.

The Kansas City Fed employs more than 1,750 people at its head office in Kansas City and Branch offices in Denver, Oklahoma City and Omaha. The Bank is responsible for the Federal Reserve's Tenth District, which includes Colorado, Kansas, Nebraska, Oklahoma, Wyoming, northern New Mexico and western Missouri.

The economy of the Tenth District represents a wide and diverse range of industries, including agriculture, banking,

energy, manufacturing, aerospace, hospitality/tourism and military. Within the District, 26.0 percent of residents live in rural areas, more than the national average of 14.4 percent. Additionally, 30.2 percent of the District's population is minority, compared to 38.4 percent in the nation as a whole.

The Bank's 12-member senior leadership team, which is comprised of executives responsible for setting policy and strategic direction, includes eight women, representing 66.7 percent of senior leadership. This is much higher than the 26.9 percent average for equivalent positions at Kansas City-area companies. Minorities represent 16.7 percent of the senior leaders, exceeding the 7.1 percent average for equivalent positions at Kansas City-area companies.

A key mechanism the Bank employs in establishing diverse councils and boards of directors is its Strategic Stakeholder Engagement Program (SSEP). Started in 2015, the SSEP helps build mutually beneficial relationships and interactions with supporters and critics of the Federal Reserve. Stakeholders include women and minorities in banking, community and labor leaders who provide the Bank president and staff with insight on the Main Street economy and current and emerging issues.



Rose Washington, executive director of the Tulsa Economic Development Corp., was deputy chair of the Bank's Board of Directors in 2016.



Steve Maestas, CEO of Maestas Development Group, was chair of the Bank's Board of Directors in 2016.

In 2016, minorities and women had board of directors leadership positions, including as chair and deputy chair in Kansas City and chair of the Denver Branch. Forty-three percent of the District's Board of Directors was comprised of women and minorities representing a broad and diverse cross section of business and industry.

These board members include: Steve Maestas, CEO, Maestas Development Group; Rose Washington, executive director, Tulsa Economic Development Corp.; Lilly Marks, vice president for health affairs, University of Colorado and Anschutz Medical Campus; Brent Stewart, president and CEO, United Way of Greater Kansas City; Margaret Kelly, retired CEO, RE/MAX LLC; Edmond Johnson, president and owner, Premier Manufacturing Inc.; Richard Lewis, president and CEO, RTL Networks Inc.; Katharine Winograd, president, Central New Mexico Community College; Jane Haskin, president and CEO, First Bethany Bank & Trust; Tina Patel, chief financial officer, Promise Hotels Inc.; Eric Butler, executive vice president, marketing and sales, Union Pacific Railroad; Anne Hindery, CEO, Nonprofit Association of the Midlands; and Kimberly Russel, president and CEO, Bryan Health.

People

MINORITY AND WOMEN EMPLOYMENT



President Esther George and members of senior management met with members of the Bank's Minority Members of Management Mentoring Circle. George shared her career journey and perspective on the Bank. Pictured from left: Andrea Hendricks, Barb Pacheco, Kelly Dubbert, Marge Sendze, Chris Constant, Terri Barnes, Calvin Robertson, George, Dennis Rose, Somya Verma, Dell Gines, Chad Darden, Donna Ward, Denise Dantzler, Diane Raley, Krissy Young and Veronica Sellers.

The Federal Reserve Bank of Kansas City continues to place a high priority on ensuring the diversity of our region is reflected in our workforce, business activities and community partnerships. The Bank is best able to maintain the public's trust and confidence when its leadership team, employees and community partners reflect the region's diversity and recognizes that an emphasis on diversity strengthens its ability to attract and retain the talent necessary to carry out its public role.

Inclusive principles are at the forefront of everything we do. The Bank believes inclusion generates an innovative and creative environment where everyone feels welcomed, valued and respected. The Bank defines diversity as the ways in which people differ including race, color, religion, gender, national origin, age, disability, sexual orientation, genetic information and the myriad of human traits, beliefs and experiences that make each person unique. The Bank's diversity and inclusion efforts are an integral part of our organizational culture and guide how we operate. During 2016, the Bank's practices and programs continued to evolve to address current and future challenges.

RECRUITMENT

Each year, about 200 Bank employees visit college campuses spanning 10 states. Included in these are nine campuses that serve majority-minority student bodies and five women-serving colleges. In 2016, recruiting teams attended 25 events at majority-minority and women-serving colleges and universities. Among the events teams visited were career fairs, classroom presentations and on-campus interviews.

25

In 2016, Bank employees attended 25 campus events at majority-minority and women-serving colleges and universities.

Throughout 2016, Bank employees participated in events at:

- Clark Atlanta University
- Colorado State University at Pueblo
- Cottey College
- Langston University
- Lincoln University
- Morehouse College
- Prairie View A&M University
- Saint Mary's College
- Spelman College
- Stephens College
- Texas Southern University
- Texas Woman's University
- University of Arkansas at Pine Bluff
- University of New Mexico

The Bank also attracts experienced professional applicants through a variety of channels, including hosting professional networking events, attending national conferences, urban career fairs and collaborating

with national and regional organizations. To better respond to a growing technology workforce, initiatives were developed to strengthen recruiting for minority and female IT professionals. A strategy for Women in Technology was created and includes identifying various talent-sourcing opportunities such as national conferences and identifying additional collaborative partners. The Bank also hosted Women and Minorities in Technology Summits, among other activities.

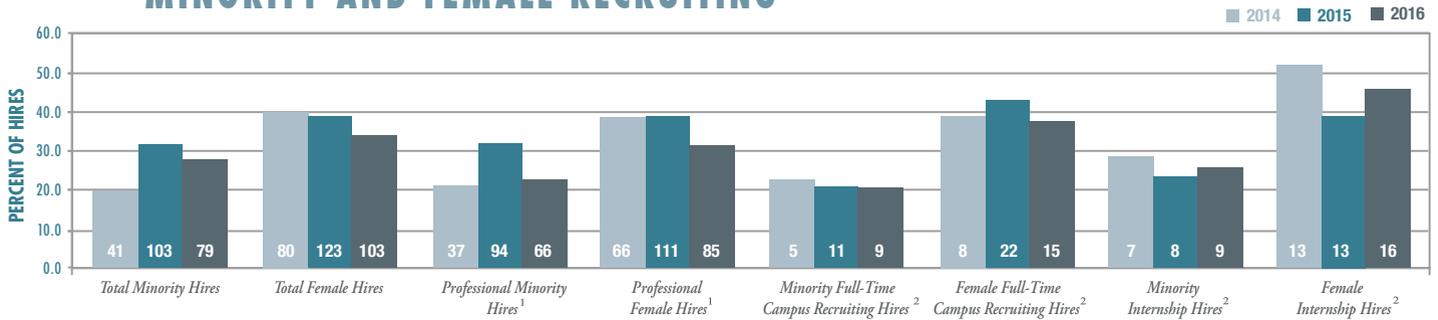
As part of the Federal Reserve System's recruiting initiatives, the Bank participated in six national recruiting conferences, including:

- Association of Latino Professionals for America (ALPFA)
- National Black MBA Association
- National Society of Hispanic MBAs (Prospanica)
- Atlanta Bilingual & Diversity Job Fair
- Thurgood Marshall College Fund Leadership Institute
- Equal Opportunity Partnership STEM Diversity Career Expo



President Esther George and First Vice President Kelly Dubbert presented the 2016 Diversity Change Agent Awards to Maurice Roper, Consumer Affairs, and Bridget Gasper, Customer Relations and Support Office. The award is the highest diversity award at the Bank and is presented to employees who make extraordinary contributions to diversity and teamwork for the Bank.

MINORITY AND FEMALE RECRUITING



¹ Percentage reflects official, management and professional staff

² Data reflect employees who started in the represented year

75

The Bank participated in 75 diverse events with urban and diverse professional organizations, including the Asian American Chamber of Commerce of Kansas City, Urban Financial Services Coalition, Mid-America Gay & Lesbian Chamber of Commerce and Prospanica.

EMPLOYEE RETENTION AND DEVELOPMENT

The Bank utilizes several forums to educate employees about its commitment to diversity and inclusion and expectations of staff. Specifically, employee education efforts focus on the importance of diversity to the Bank's success and the link between inclusive behaviors and organizational success. Diversity and inclusion education is included in new employee orientation, professional development courses and management training curricula.

In 2016, three new programs were implemented to support employee development and enlightenment on diversity and inclusion:

- Speed Mentoring—Provided mentoring program participants an opportunity to interact with senior leaders to share stories on career development and progression
- Diversity Dialogue Sessions—Focused on employee experiences and stories related to diversity and inclusion

- Diversity Book Club—Re-launched to further stimulate a genuine interest from employees in learning about diversity and inclusion

The Bank's mentoring program continued to grow in 2016. More than 450 employees, including 25 percent of the minority workforce and 31.2 percent of women in the workforce, participated. Mentorship circles designed for individuals who share common opportunities for professional development continued in 2016 with excellent participation. Programming for the Minority Members of Management Mentoring Circle was enhanced to place more emphasis on diverse talent in the Bank's leadership pipeline, including emerging leaders.

The Diversity Strategy Steering Council, comprised of senior leaders of the Bank, provides leadership support, guidance and resources to the Bank's diversity and inclusion efforts. The council, together with the

1,280

Number of employees who participated in the Bank's Employee Diversity and Inclusion events and activities.

Employee Diversity Committee (EDC) and its diversity liaisons, works to make the Bank's diversity strategy a priority and to promote diversity and inclusion in the workplace. In 2016, the council completed work on the Bank's Diversity and Inclusion Strategy for 2017-19.

The EDC, comprised of employees from business areas across the Bank, works to promote diversity and inclusion in the workplace through a variety of events and activities. In 2016, the EDC hosted 20 events and activities with 1,280 participants to create awareness of diversity and inclusion as a business opportunity. Events and activities focused on subjects such as Unconscious Bias, Native American Heritage Month, Employee Diversity and Inclusion programs, Women's History Month, Black History Month and included the annual Diversity Awareness Week. During the week, employees participated in a variety of activities that promoted awareness about the important role of diversity and inclusion to the Bank. Activities included a TED Talks article discussion on "Inclusion, Exclusion and Collusion" and a Multicultural Showcase featuring employees demonstrating and sharing their cultural traditions.

COMMUNITY PARTNERSHIPS

In 2016, six signature diversity and inclusion summits were hosted at the Bank to create a forum around the importance of diversity and inclusion in the Bank's organizations and communities, as well as enhance the community and Bank understanding of diversity and inclusion. During the year, the focus of these summits included:

- The New Business Case of Diversity and Inclusion
- Implicit Bias
- Creating an Inclusive Organization
- Disability Inclusion
- Women in Technology
- Minorities in Technology

In addition to the six summits, the Bank hosted 11 other diversity community events throughout the year.

The Bank continued to partner with 17 community organizations in 2016:

- 100 Black Men of Greater Kansas City
- Asian American Chamber of Commerce of Kansas City
- Association of Latino Professionals for America



The Bank held two technology events in 2016, a Women in Technology Summit and Minorities in Technology Summit. Greg Greenlee, second from right, president and CEO of Blacks in Technology, was the keynote speaker on Minorities in Technology. Martha McCabe, second from left, executive director of KC Stem Alliance, served on the women and tech panel.

- Black Achievers Kansas City
- Heartland Black Chamber of Commerce of Greater Kansas City
- Hispanic Chamber of Commerce of Greater Kansas City
- Greater Kansas City Business Leadership Network
- Greater Kansas City Chamber of Commerce Diversity Network
- INROADS Inc.
- Mid-America Gay & Lesbian Chamber of Commerce
- National Black MBA Association
- Prospanica
- Project Equality
- Urban Financial Services Coalition of Greater Kansas City
- Urban League of Greater Kansas City
- Women's Employment Network
- Women in Technology International

INTERNAL REPORTING AND ASSESSMENT

The Bank has an established, systematic process to measure progress toward achieving its diversity and inclusion objectives. Senior leaders assess the Bank's performance quarterly by reviewing key metrics, including workforce representation compared to the Kansas City MSA, hiring rates for minorities and women, diverse recruiting activities, employment advertisements in diverse media and partnerships with

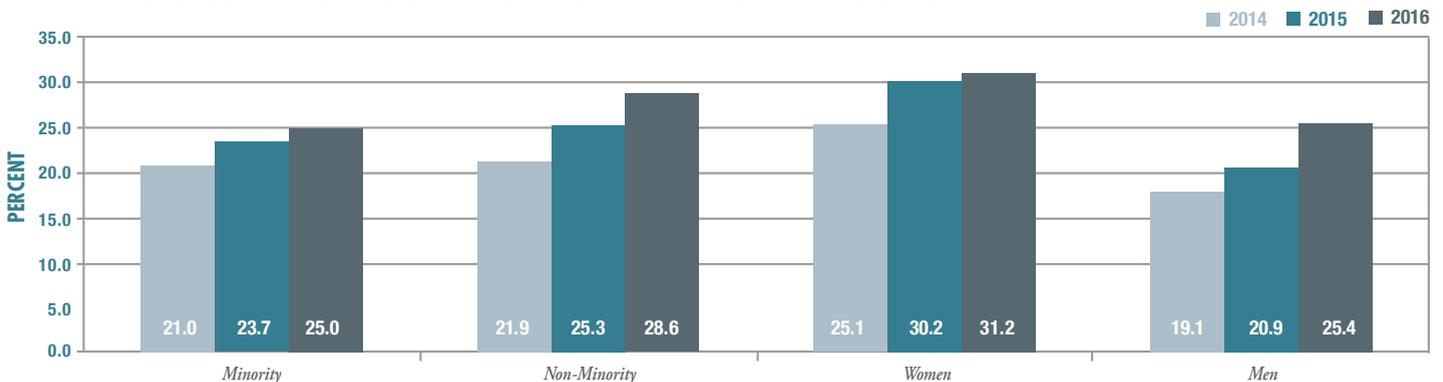
community organizations. Retention also is monitored through separation rates, mentorship program participation and results from employee engagement surveys. In 2016, a new employee engagement survey was implemented to gather timely and actionable feedback. Diversity and EEO-related metrics are shared regularly with the Bank's Management Committee. Additionally, Diverse Workforce Reports are prepared at the Bank and Division levels and shared with senior management to reflect outcomes in each business area. Bank employees have access to a quarterly Bank performance report that includes key workforce representation and hiring metrics. A community partnership scorecard also is used to track success related to the Bank's various external partners.

CHALLENGES

The Bank is committed to its workforce diversity and inclusion strategies and addressing challenges in meeting its goals. Key challenges include:

- The Bank's workforce composition continues to evolve to an increasingly knowledge-based and technology-based skill set. The demand for highly specialized and technical positions, particularly for minority and women candidates with experience in these areas, presents a challenge for the Bank's recruitment efforts.
- The Bank has experienced increased competition within

MENTORSHIP PROGRAM PARTICIPATION RATES¹



¹ Percentage reflects total workforce



During Native American Heritage Month, students from Haskell Indian Nations University in Lawrence, Kan., demonstrated and shared their cultural traditions and heritage through dance, music and cultural dress. Bank employees participated in an interactive cultural dance activity.

the region for experienced talent with specialized technology-based skills sets. Additionally, minority representation at the highest levels of the technical leadership ladder is limited.

- Within the Bank's markets, there are few colleges and universities that historically are minority focused as well as limited numbers of IT/finance minority and women's professional organizations from which to recruit experienced professional talent.
- There are limited community partners that have both a strong national presence and a local presence in the Kansas City District.
- The Bank must ensure it consistently includes diversity and inclusion messages in planned events, communications and everyday business practices with staff.

LOOKING AHEAD

As the Bank continues to seek ways to improve in its workforce diversity and inclusion efforts, it has identified a number of future goals, including:

- Continue to develop and evolve recruiting programs and strategies to seek professional-level talent with specialized skills such as minority and female IT professionals.
- Ensure comprehensive utilization of community partners by continuing to engage with top key national professional organizations to attract diverse talent to the Bank, such as Minorities in Technology International.
- Enhance critical interaction with new minority and women employees throughout their first two years to ensure they are connected to the Bank and understand key internal and external resources for success.
- Develop a robust, ongoing communication strategy to more effectively communicate the Bank's commitment to diversity and inclusion with interested diverse professional and key stakeholders and to embed diversity and inclusion into all internal and external publications, communications and internal events.

Practices SUPPLIER DIVERSITY



In October, the Bank strengthened its connection with the Asian American Chamber of Commerce of Kansas City by hosting the organization's Business Expo. In partnering with the Chamber, the Bank has hosted its annual Tax Day luncheon, participated in its career fair and corporate recognition event.

Supplier diversity practices provide the Bank with access to a broad spectrum of qualified suppliers. Such practices benefit the community and provide small and diverse companies access to business opportunities.

The Bank's supplier diversity strategy encourages the acquisition of goods and services from diverse suppliers, including businesses owned by minorities and women. To confirm this commitment to supplier diversity, the Bank seeks to include, when available, at least one minority- and one woman-owned business in competitive acquisitions. The Bank also includes language in its contracts asserting its commitment to equal opportunity in both employment and contracting. This language further states that by entering into a contract with the Bank, the supplier confirms a similar commitment in its own business practices.

Bank staff identifies diverse suppliers for contracting opportunities by engaging with local, regional and national organizations through outreach activities and events targeted to minority- and women-owned businesses. The

Bank also informs suppliers about its business practices and encourages suppliers' participation in business opportunities. These strategies, along with internal reporting and assessment processes, position the Bank to continue advancing its supplier diversity objectives.

RESULTS: PROCUREMENT OPPORTUNITIES

In 2016, the Bank spent 11.5 percent of its total reportable spend with businesses owned by minorities and women, compared to 14.7 percent in 2015. The decrease in 2016 was driven primarily by one significant contract for general IT equipment, which was awarded to a nondiverse supplier through a competitive bidding process. Also contributing was an overall reduction in spend with professional staffing agencies, an area the Bank generally has been successful in contracting with diverse suppliers.

Diverse suppliers were included in every competitive acquisition in which the Bank could identify a qualified diverse supplier. The Bank identified diverse suppliers



for 77.1 percent of all its sourced contracts. Responses were received from 56.1 percent of minority- and women-owned suppliers included in competitive acquisitions, a significant increase from the prior year. The Bank awarded 24.7 percent of all contracts in 2016 to minority- and women-owned businesses.

RESULTS: INCREASING AWARENESS

The Bank continues to partner with local, regional and national organizations that support minority- and women-owned business members. These partnerships help communicate business opportunities and build a network



The Bank partners with groups such as Prospanica, which focuses on professional leadership development opportunities for Hispanic MBA students and alums. The Bank hosted a seminar where Senior Vice President Josias Aleman (back row, fourth from left) talked about his personal and professional experiences.



At the Bank's annual diversity and inclusion retreat in 2016, Daniel Silva, president and CEO of the Kansas City Kansas Chamber of Commerce, was the keynote speaker. Silva shared his diversity story with more than 70 Bank employees.

of diverse suppliers. Partner organizations include:

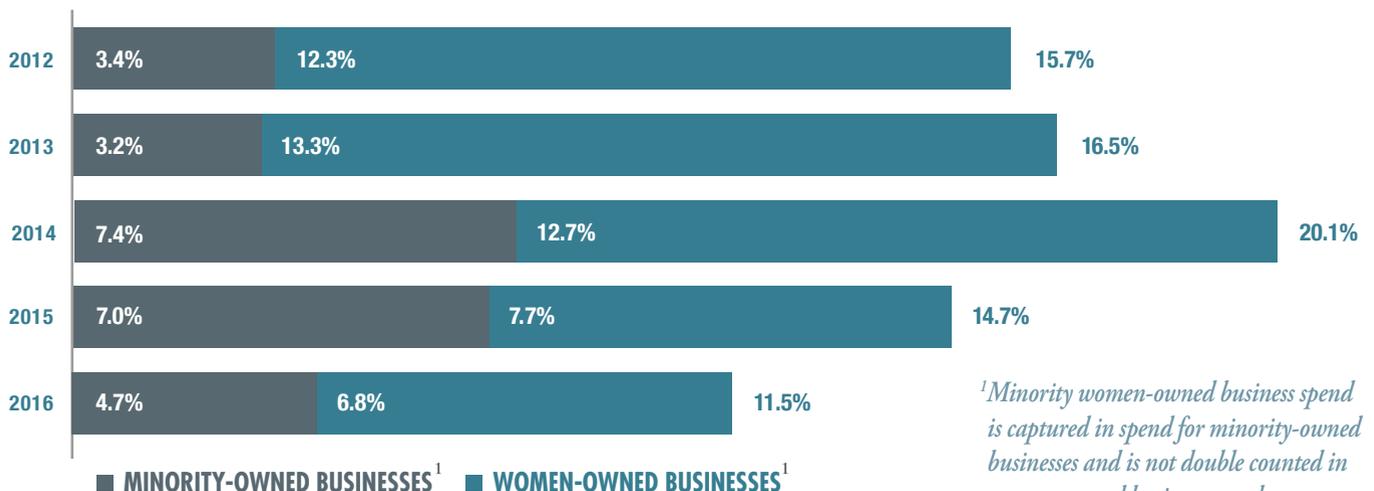
- Asian American Chamber of Commerce of Kansas City
- Greater Kansas City Chamber of Commerce
- Hispanic Chamber of Commerce of Greater Kansas City
- Heartland Black Chamber of Commerce
- Mountain Plains Minority Supplier Development Council (MPMSDC)
- Midwest Women's Business Enterprise Council

In 2016, the Bank participated in 22 outreach events and activities that provided staff with opportunities to network and connect with diverse suppliers, learn more about supplier diversity best practices and support the efforts of the Bank's community partners. Additionally, the Bank hosted multiple meetings with diverse suppliers to learn more about their work and to inform those suppliers about the Bank's general business needs and procurement practices.

The Bank also collaborates with other Federal Reserve Banks to develop and promote initiatives that strengthen supplier diversity at a national level. In 2016, the Bank participated in two national supplier diversity conferences hosted by the Women's Business Enterprise National Council and the National Minority Supplier Development Council.

24.7%
The Bank awarded 24.7 percent of all contracts to minority- and women-owned businesses in 2016.

2012-16 PERCENT OF SPEND WITH DIVERSE SUPPLIERS



¹Minority women-owned business spend is captured in spend for minority-owned businesses and is not double counted in women-owned business spend.

CHAMPION OF DIVERSITY

In 2016, the Bank received the Champion of Diversity award from the Greater Kansas City Chamber of Commerce. The Bank was honored for its active commitment to valuing diversity and inclusion.

The award recognizes a regional business that embraces diversity in its workplace, vendor partnerships and the community. The Bank was selected from 20 corporate applicants as the 2016 winner because it has demonstrated that diversity is core to its people, practices and partnerships.

“At the Bank, we are focused on ensuring everyone feels like it is their job to promote diversity and inclusion,”

said President Esther George in a video that was shown before the Bank accepted the award.

Senior Vice President and Director of the Bank’s Office of Minority and Women Inclusion Donna Ward and Assistant Vice President and Deputy Director of Diversity Andrea Hendricks accepted the award on behalf of the Bank.

The event included a panel discussion among representatives of local companies who spoke about challenges and best practices related to diversity and inclusion at their workplaces.



The Bank’s continued diversity and inclusion efforts were recognized in 2016 by the Greater Kansas City Chamber of Commerce, which honored the Bank with its Champion of Diversity award. For more about the award, visit www.kansascityfed.org/aboutus/kcfeinformation/diversity/champion-of-diversity.



Paulo Dominguez of the Bank's Information Technology Division sampled some local cuisine during the annual Hispanic Vendor Fair. The fair exposes employees to the products and services of local Hispanic businesses.

INTERNAL REPORTING AND ASSESSMENT

The Bank has established systematic processes to measure progress toward achieving its supplier diversity objectives. Senior management assesses the Bank's performance quarterly by reviewing supplier diversity results, including spend and contracts awarded to diverse suppliers; inclusion and response rates of diverse suppliers in contracting opportunities; and outreach events attended or hosted by the Bank.

Additionally, senior leaders receive information about spend with diverse suppliers within each business area to enhance transparency around these performance metrics and encourage continued attention to supplier diversity.

CHALLENGES

The Bank continues to make progress on its supplier diversity objectives, but faces challenges identifying qualified diverse suppliers to match with certain goods and services, such as specialized technology and global services. Also, while the diverse supplier response rate increased in 2016, the Bank continues to be challenged with increasing the responsiveness of diverse suppliers to competitive acquisitions. The Bank regularly surveys suppliers who did not respond to a request for proposal to solicit feedback. Feedback indicates those that do not respond often feel they do not have the resources to provide the requested goods or services during the schedule required, or they have other resource constraints.

LOOKING AHEAD

The Bank has identified and will deploy the following strategies in 2017 to enhance its supplier diversity and inclusion efforts:

- Continue to partner with business areas to understand upcoming needs earlier, thus heightening the Bank's ability to proactively seek and engage potential minority- and women-owned businesses for future contracting opportunities.
- Continue to connect qualified diverse suppliers with business areas that may have real-time needs for the goods or services offered.
- Streamline business practices to improve the Bank's ability to source qualified diverse suppliers through innovative tools and processes.



During a December event at the Bank, Jason Brown, a senior economist in the Bank's Regional Affairs Department, gave members of the Kansas City Kansas Chamber of Commerce a report on the outlook for the regional economy in 2017.

IN 2016, THE BANK DEVELOPED AND EXPANDED ON PARTNERSHIPS WITH SEVERAL COMMUNITY ORGANIZATIONS, PARTICIPATING IN THE FOLLOWING PROGRAMS AIMED AT REACHING DIVERSE SUPPLIERS:

- *Mountain Plains Minority Supplier Development Council (MPMSDC) Networking Events (11 events)*
- *Metropolitan Community College and MPMSDC Minority- and Women-Owned Business Expo*
- *Women's Business Enterprise National Council Conference and Business Opportunity Fair*
- *The State of Black Kansas City Summit hosted by the Federal Reserve Bank of Kansas City*
- *Federal Reserve Bank of Richmond Supplier Diversity Summit*
- *Institute for Supply Management Diversity Monthly Meeting*
- *Federal Reserve Bank of Kansas City Hispanic Vendor Fair*
- *Midwest Women's Business Enterprise Council Community Announcement Breakfast*
- *National Minority Supplier Development Council Annual Conference*
- *Federal Reserve Bank of Kansas City Building Professional Networks Summit*
- *Kansas City Procurement Roundtable Spotlight on Diverse Suppliers*
- *Asian American Chamber of Commerce of Kansas City Member Expo*

Partnerships

OUTREACH AND FINANCIAL EDUCATION



A diverse group of Kansas City metro area high school students visited the Bank in October for Financial Education Day. Among the students were members of the 20/20 Leadership program, which annually serves more than 600 students from 17 high schools.

In 2016, the Bank strengthened its ongoing commitment to providing financial education and mentorship opportunities to urban high schools and minority students across the seven-state region it serves. Throughout the year, the Bank continued to partner with diverse school districts, youth organizations and community groups to reach thousands of students and teachers through innovative programs and resources. This investment in financial education is leading to stronger communities, stable neighborhoods and better opportunities for young people of diverse backgrounds.

RESULTS

In each of the Bank's four offices, staff and additional resources are dedicated to providing economic education to students at urban school districts in Kansas City, Albuquerque, Denver, Oklahoma City and Omaha.

INNOVATIVE PROGRAMS

Some examples of financial education resources the Bank developed or expanded in 2016:

Denver Operation HOPE Outreach

The Denver Branch in 2016 welcomed intern Miles Vaughn, a junior at Overland High School participating in a mentoring program in partnership with Operation HOPE. The internship is part of Internship America, which connects high school student interns directly with a corporation, nonprofit organization or government agency. He assisted in the Branch's Money Museum in greeting/counting guests; worked on building presentation packets for economic education; and assisted in coordinating materials in the Money Museum.



Bank Vice President Mark Watson is congratulated by President Esther George and his wife, Valerie Nicholson-Watson, on his induction into the Black Achievers Society.

Black Achievers Awards Dinner

The Bank partners with the Black Achievers Society and supports the organization's mission of actively responding to the educational, social and economic needs of the community by providing role models for African-Americans and minority youth. In January 2016, the Bank hosted the Black Achievers Awards

7,980

Teach Children to Save: In April 2016, 170 Bank volunteers visited 380 classrooms in the Kansas City metro area to share financial education lessons with 7,980 elementary-age students at urban schools.

Dinner where Kansas City Fed Vice President Mark Watson was recognized for his career accomplishments, educational achievements and community impact.

Federal Reserve Financial Education Day

Each Tenth District office sponsored a program in October with a majority-minority high school or youth program for Federal Reserve Financial Education Day. The annual program focuses on college and career readiness with diverse high school students, and incorporates financial capability fundamentals along with the concepts of educational attainment.

Community Partnerships

Along with its programs aimed at students at urban and diverse schools, the Kansas City Fed partners with a number of community organizations to provide financial information and resources for underserved communities.

599

Nifty Fifty Econ Cards: Educators in 32 states requested 599 sets of Nifty Fifty Econ Cards, which help elementary and middle school students develop a base of knowledge about economic and personal finance words.



Jared Freemon is one of the first two members of the Bank's Student Board of Directors to be hired into a full-time position. He plans to join Treasury Services this summer after graduating from Drake University.

Paula Odu and Jared Freemon, a recent University of Missouri graduate and a senior at Drake University, respectively, have landed full-time jobs with the Federal Reserve Bank of Kansas City.

Paula, who started in June 2016 in the Bank's Examinations and Inspections Department, and Jared, who is expected to start as an analyst in Treasury Services this summer, are two of many new and soon-to-be new employees at the Bank. What sets them apart is traveling a path to employment from the Bank's Student Board of Directors.

As juniors in the Early College Academy, a pilot program that introduced Kansas City Public Schools students to college courses, they were encouraged to apply for positions on the Student Board.

Jared said, "I knew I was interested in studying business and wanted to take any opportunity that allowed me to

have new experiences; the Bank was very professional and inviting, which excited me even more."

They applied in early 2011, started the program in September and became part of the first graduating class in June 2012. Now, they are the first Student Board graduates hired by the Bank.

"I learned a lot about the Federal Reserve; not only its main functions, but also other aspects of the system, and there were so many possibilities," Paula said.

Jared added: "We learned personal finance topics, professional tips for success and were able to tour local Kansas City businesses with behind the scenes tours and overviews."

The Student Board was created to increase public understanding of the Bank and to help link its work to the community. The program focuses on inner-city high school students and introduces them to the Bank's internship program and career opportunities. In addition to the board in Kansas City, the Bank has similar groups at its Branches in Denver, Oklahoma City and Omaha, and in Albuquerque, N.M. In 2016, 74 students completed the District's Student Board program.

Trudie Hall, coordinator for the Student Board program, said, "The selection process is done through invitation to school teachers and administrators asking for recommendations on talented juniors, in addition to some direct student recruiting through partner organizations."

Candidates have to have consistent, high-academic standing before and during the program.

Trudie remembers Paula and Jared well. “They were committed to the program, eager to learn and took interest in learning additional information.”

During college, Jared interned at Summer @ The Fed, a Bank program that has introduced thousands of inner-city students to financial education, and retained a strong connection to the Bank. Paula interned with other organizations, but connected again with the Bank during a college job fair and gained a summer internship. She currently is an assistant examiner.

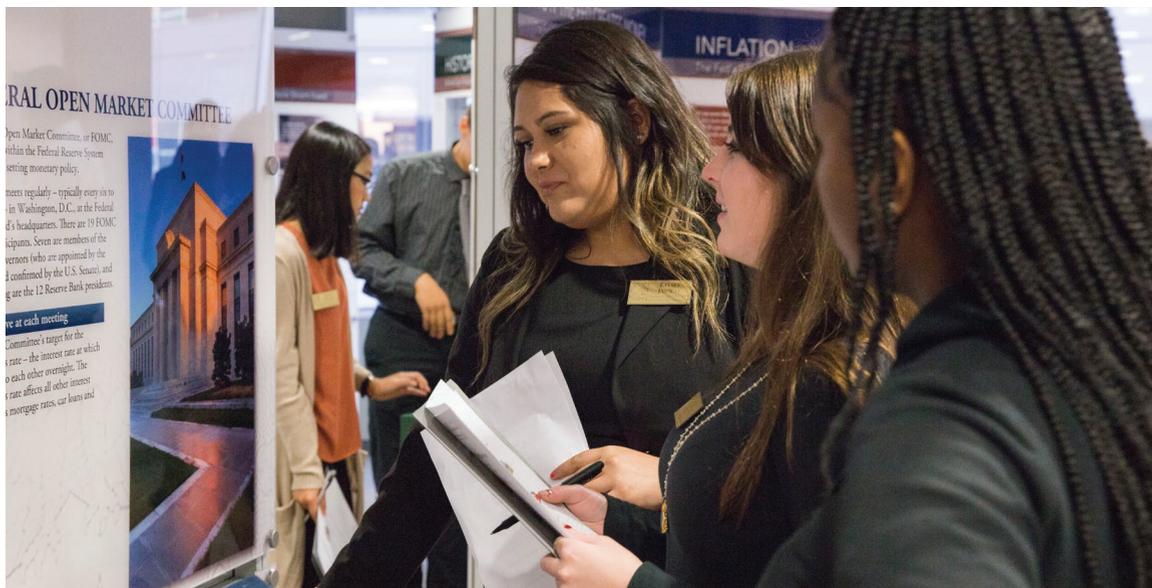
“My experiences with the Bank have always been full of learning and personal growth and I greatly value and appreciate that,” said Paula.

Jared is finishing his degree in economics and marketing and is enthusiastic about joining the Bank full time.



Paula Odu, a recent University of Missouri graduate, started at the Bank in June 2016 in Examinations and Inspections after serving on the Student Board of Directors.

“From the moment I ended Student Board and started Summer @ The Fed, I knew that a job at the Bank was my goal,” he said. “I couldn’t be more excited!”



New members of the Student Board of Directors at the Oklahoma City Branch learned about the works of the Federal Open Market Committee at their first meeting in 2016. To view a roster of student directors across the Tenth District, visit www.kansascityfed.org/education/foreducators/student-board.



Among Bank employees helping in the Girls App Camp was Lindsey Smith (left), ADS Development Operations, who said of her participation: “I think mentoring will encourage them. I want to help them not give up and stay positive.”

Building on the Bank’s commitment to fostering women in technology, Bank employees in 2016 volunteered to help girls learn how to develop applications at Girls App Camp.

The annual camp, sponsored by the KC STEM Alliance, is one way to encourage girls to eventually pursue a career in the STEM field, which includes science, technology, engineering and math. Throughout the summer, Bank employees and other volunteers mentored or judged final app projects for about 30 middle school and high school girls.

Each week of camp, a new group of girls worked on about eight to 10 apps, depending on their progress, with the supervision of application development

experts, such as Dawn Boydston, of the Bank’s Information Technology Division.

“The reason for me being in technology today is due to people in my life encouraging me and bringing the possibilities to my attention,” she said.

At the end of the camp, the girls presented their apps to a panel of judges who provided feedback and picked a favorite.

“I’m thinking about engineering or architecture,” middle-schooler Hazel Cherry said of her career plans. “This program gave me the experience as if I was an application developer. It basically gave me a boost.”

During the summer of 2016, six college-bound students from the Kansas City, Mo., and Kansas City, Kan., school districts who participated as members of the Bank's Student Board of Directors continued their involvement with the Kansas City Fed as paid interns, earning a market-rate wage as activities directors with the Summer @ The Fed program.

Through the program, which marked its fifth year in 2016, the students learned more about financial literacy and used economic education curriculum to mentor 757 young people involved in summer programs at 21 different community organizations in the Kansas City area. Among the organizations that benefited were the Boys and Girls Club of Greater Kansas City, Kansas City Parks and Recreation, KidZone and The Upper Room.

In addition to their mentorship role, the interns gained valuable professional experience working in a corporate environment at the Bank, completing small projects and participating in workshops led by Bank staff on college and career planning, business communication, Federal Reserve functions and other topics.

In addition to the summer activities directors, one college student from the 2014-15 Student Board was hired to serve as the assistant program director for Summer @ The Fed. Along with helping coordinate the program, the assistant program director completed a significant project by working with the Bank's Economic Education Specialist to develop two classroom learning activities for the program. The assistant program director, Mylan Gray, also participated with other Bank interns in Human Resource's Think Tank development activities.

As a special activity in 2016, the Summer @ The Fed staff visited the One Million Cups program hosted by the Kauffman Foundation. One Million Cups is a local entrepreneurial showcase held throughout the country. The team visited a Kansas City company, the Roasterie, and talked with the CEO Danny O'Neil about entrepreneurship and leadership. The students also read and reviewed the book *Emotional Intelligence 2.0* by Travis Bradberry and Jean Greaves, then took the emotional intelligence assessment and worked as a team to improve their EQ ratings. The students were provided many opportunities for personal and professional growth.



Interns in Public Affairs in Kansas City led the Summer @ The Fed educational sessions. Participants in 2016 were (front row, from left) Chrishianna Jackson, Kierra Wash and Wasiba Hamad; (back row, from left) Giovanni Alvarado, Alex Troubough, Jerry Huynh and Mylan Gray, assistant program director.

REGIONAL EVENTS

EVENT	DATE	LOCATION	ATTENDANCE
History of Money and Banking	Jan. 19	Omaha	25
Advancement Via Individual Determination (AVID) Leadership Conference	Feb. 23	Denver	334
Math X Economics Program	March 31	Kansas City	50
Minority Supplier Development Council	July 27	Denver	150
Youth Entrepreneurship Summit	Aug. 12	Omaha	60
Community Affairs National Conference	Sept. 7	Kansas City	188
New Mexico Housing Summit	Sept. 20	Albuquerque	37
Community Conversation on African-American Entrepreneurship	Nov. 2	Wichita	7
Forum on Women in Banking	Nov. 16	Denver	50
Alliance for Economic Inclusion	Dec. 6	Kansas City	160
20/20 Leadership Business Expo	Dec. 9	Kansas City	200



Rock the Fed was hosted by the Bank in October and featured the rock band Gooding, which performed a concert based around financial education for more than 200 students. The event was produced through a partnership with Funding the Future, a nonprofit that promotes financial education for students.



Denise Doolin-Muir of Retail Payments Technology Services was one of many Bank employees who visited classrooms in April and May as part of Teach Children to Save. One hundred seventy volunteers delivered 45-minute lessons featuring a children's story and grade-level specific activities about money and saving.

CHALLENGES

The Bank faces ongoing challenges related to its financial education efforts. Among them:

- Public school districts remain stretched by budget challenges that limit the Bank's ability to reach students and teachers through traditional avenues. Educators also are likely to be challenged by limited time and resources that will affect their ability to participate in professional development opportunities the Bank provides.
- Many classrooms remain challenged by the time available for activities related to economic and financial education. The Bank continues to seek ways to incorporate economic education concepts into existing curricular areas, such as math and reading.
- Increased focus on standards-based teaching requirements in many school districts prevents teachers from exploring financial and economic concepts with their students in the classroom.

LOOKING AHEAD

The Bank plans to expand and improve its economic education efforts in a number of ways in 2017:

- Provide additional opportunities for members of the Bank's Student Boards of Directors to expand their personal finance knowledge, career and college preparation activities and networking opportunities with peers and Bank mentors.
- Continue to include culturally relevant anecdotes and examples throughout the Bank's educational resources to ensure maximum effectiveness.
- Strengthen and grow partnerships with urban and diverse schools and community organizations that work with underserved populations. To that end, the Bank is expanding its Women in Banking event.
- Develop additional interactive activities and new resources to make financial concepts relatable for all audiences.

Appendix

2016 FEDERAL RESERVE BANK of KANSAS CITY WORKFORCE REPRESENTATION DATA

Female Representation

JOB CATEGORIES	WHITE		BLACK OR AFRICAN-AMERICAN		HISPANIC OR LATINO	
	Number	Percent	Number	Percent	Number	Percent
Executive/Sr. Officials and Managers	7	87.5	-	-	1	12.5
First/Mid Officials and Managers	106	89.8	7	5.9	2	1.7
Professionals ¹	332	76.0	37	8.5	17	3.9
Technicians	27	67.5	10	25.0	2	5.0
Sales Workers	2	50.0	1	25.0	1	25.0
Administrative Support	100	70.9	22	15.6	15	10.6
Craft Workers	-	-	-	-	-	-
Service Workers	5	50.0	2	20.0	2	20.0
TOTAL	579	76.4%	79	10.4%	40	5.3%

Male Representation

JOB CATEGORIES	WHITE		BLACK OR AFRICAN-AMERICAN		HISPANIC OR LATINO	
	Number	Percent	Number	Percent	Number	Percent
Executive/Sr. Officials and Managers	3	75.0	-	-	1	25.0
First/Mid Officials and Managers	146	90.1	7	4.3	2	1.2
Professionals ¹	462	80.5	34	5.9	20	3.5
Technicians	89	79.5	14	12.5	4	3.6
Sales Workers	2	100.0	-	-	-	-
Administrative Support	25	67.6	2	5.4	3	8.1
Craft Workers	33	94.3	-	-	1	2.9
Service Workers	58	69.0	13	15.5	8	9.5
TOTAL	818	81.0%	70	6.9%	39	3.9%
GRAND TOTAL	1,397	79.0%	149	8.4%	79	4.5%

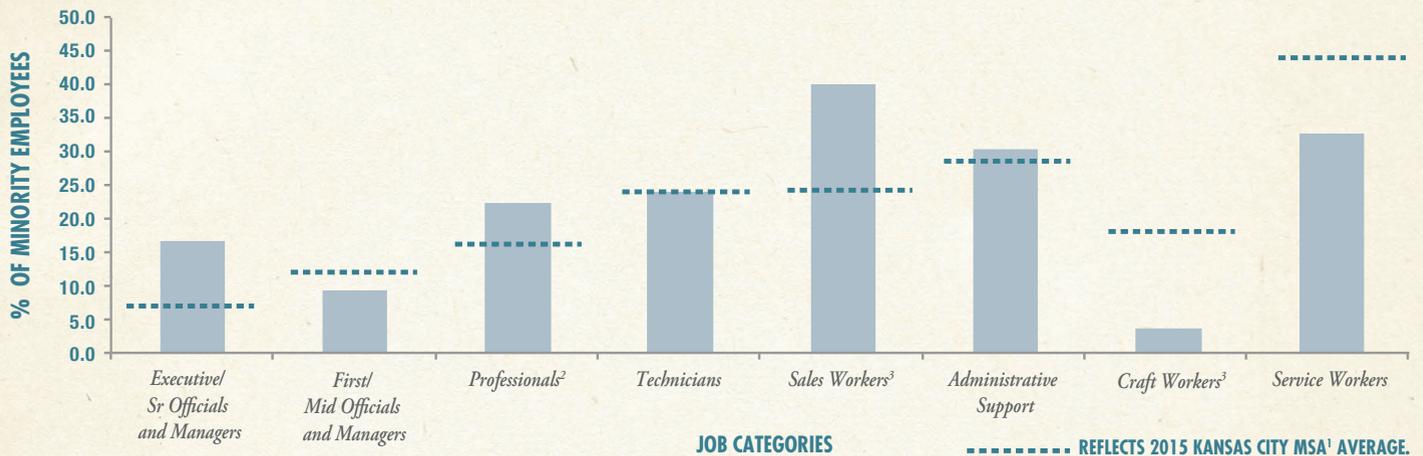
¹Professionals include analysts, economists, examiners and IT professionals

NATIVE HAWAIIAN OR PACIFIC ISLANDER		ASIAN		AMERICAN INDIAN OR ALASKAN NATIVE		TWO OR MORE RACES		OVERALL TOTALS	
Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
-	-	-	-	-	-	-	-	8	100.0
-	-	2	1.7	-	-	1	0.8	118	100.0
2	0.5	40	9.2	2	0.5	7	1.6	437	100.0
-	-	1	2.5	-	-	-	-	40	100.0
-	-	-	-	-	-	-	-	4	100.0
-	-	3	2.1	-	-	1	0.7	141	100.0
-	-	-	-	-	-	-	-	-	-
-	-	1	10.0	-	-	-	-	10	100.0
2	0.3%	47	6.2%	2	0.3%	9	1.2%	758	100.0%

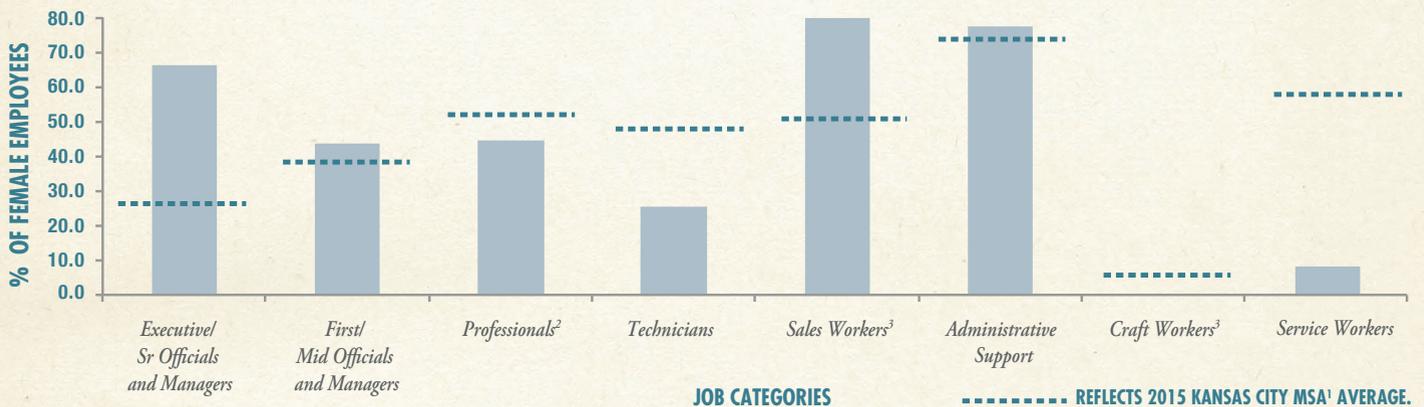
NATIVE HAWAIIAN OR PACIFIC ISLANDER		ASIAN		AMERICAN INDIAN OR ALASKAN NATIVE		TWO OR MORE RACES		OVERALL TOTALS	
Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
-	-	-	-	-	-	-	-	4	100.0
1	0.6	2	1.2	3	1.9	1	0.6	162	100.0
-	-	50	8.7	2	0.3	6	1.0	574	100.0
-	-	3	2.7	-	-	2	1.8	112	100.0
-	-	-	-	-	-	-	-	2	100.0
-	-	5	13.5	1	2.7	1	2.7	37	100.0
-	-	1	2.9	-	-	-	-	35	100.0
1	1.2	3	3.6	1	1.2	-	-	84	100.0
2	0.2%	64	6.3%	7	0.7%	10	1.0%	1,010	100.0%
4	0.2%	111	6.3%	9	0.5%	19	1.1%	1,768	100.0%

Notes: Numbers may not add due to rounding. Information reflects EEO-1 data as defined by the Equal Employment Opportunity Commission (EEOC). The data are as of Aug. 31, 2016, in order to match our submitted annual EEO-1 report to the EEOC. The report is primarily based on employee self-identification. Per EEOC guidance, if race or ethnic information is not self-reported, observer identification may be used.

2016 MINORITY WORKFORCE REPRESENTATION (%) KANSAS CITY OFFICE



2016 FEMALE WORKFORCE REPRESENTATION (%) KANSAS CITY OFFICE



¹Kansas City Metropolitan Statistical Area (MSA) is based on 2015 federal statistics provided by the EEOC

²Professionals include analysts, economists, examiners and IT professionals

³Sales workers and craft workers represent a small number of the total workforce

Notes: Numbers may not add due to rounding. Information reflects EEO-1 data as defined by the Equal Employment Opportunity Commission (EEOC). The data are as of Aug. 31, 2016, in order to match our submitted annual EEO-1 report to the EEOC. The report is primarily based on employee self-identification. Per EEOC guidance, if race or ethnic information is not self-reported, observer identification may be used. The Federal Reserve Bank of Kansas City follows a practice of reviewing employee representation against the Kansas City MSA data.

CORE METRICS

CATEGORY	DESCRIPTION	MEASURE	2012	2013	2014	2015	2016
Workforce Diversity	Senior Executives ¹	Total #	12	12	12	12	12
		% Minorities	8.3%	8.3%	16.7%	16.7%	16.7%
		% Women	66.7%	66.7%	66.7%	66.7%	66.7%
	Mid-Level Managers ¹	Total #	224	230	239	251	280
		% Minorities	8.9%	10.0%	9.6%	10.4%	10.0%
		% Women	46.4%	43.9%	45.2%	45.0%	42.1%
	Professionals ¹	Total #	630	706	749	843	1,011
		% Minorities	14.3%	14.6%	15.4%	18.7%	21.5%
		% Women	47.3%	44.6%	43.8%	44.1%	43.2%
	Total External Hires	Total #	209	195	200	319	303
		% Minorities	18.2%	20.0%	20.5%	32.3%	26.1%
		% Women	38.3%	36.9%	40.0%	38.6%	34.0%
	Total Interns	Total #	21	26	25	34	35
		% Minorities	28.6%	30.8%	28.0%	23.5%	25.7%
		% Women	52.4%	50.0%	52.0%	38.2%	45.7%
Overall Bank Turnover Rate	%	6.9%	7.7%	10.2%	9.8%	8.3%	
Supplier Diversity	Total Reportable Spend ²	\$ (millions)	\$45.6	\$42.9	\$42.8	\$47.7	\$49.7
	Total Diverse Spend ³	\$ (millions)	\$7.2	\$7.1	\$8.6	\$7.0	\$5.7
		%	15.7%	16.5%	20.1%	14.7%	11.5%
	Minority-owned ⁴	\$ (millions)	\$1.6	\$1.4	\$3.2	\$3.3	\$2.3
		%	3.4%	3.2%	7.4%	7.0%	4.7%
	Minority-owned (men)	\$ (millions)	\$0.7	\$0.5	\$2.5	\$2.9	\$1.6
		%	1.5%	1.2%	5.8%	6.1%	3.2%
	Minority-owned (women)	\$ (millions)	\$0.9	\$0.9	\$0.7	\$0.4	\$0.7
%		1.9%	2.0%	1.6%	0.9%	1.5%	
Women-owned ⁴	\$ (millions)	\$6.5	\$6.6	\$6.1	\$4.1	\$4.1	
	%	14.2%	15.3%	14.3%	8.6%	8.3%	
Women-owned (non-minority)	\$ (millions)	\$5.6	\$5.7	\$5.4	\$3.7	\$3.4	
	%	12.3%	13.3%	12.7%	7.7%	6.8%	
Women-owned (minority)	\$ (millions)	\$0.9	\$0.9	\$0.7	\$0.4	\$0.7	
	%	1.9%	2.0%	1.6%	0.9%	1.5%	

¹The data are as of Aug. 31, 2016, in order to match our submitted annual EEO-1 report to the EEOC. The report is primarily based on employee self-identification

²Reportable spend includes all vendor payments except those made for/to association memberships, dues and fees; international banks; intercompany/inter-Fed transfers; government payments; payment network fees; rent; and utilities

³Total Diverse Spend = Minority-owned (men) + Minority-owned (women) + Women-owned (non-minority)

⁴Women-minority numbers are included in both Minority-owned and Women-owned Totals

Financial Literacy ¹	Program Type	2016
	- Teacher centric - Student centric - Hybrid	Hybrid
	Number of Students ²	6,074
	Number of Educators ³	563
Number of Students Reached ⁴	42,225	

¹Measures 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

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

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

⁴Students reached through educators using a common multiplier of 75



FEDERAL RESERVE BANK OF KANSAS CITY

2016 REPORT TO CONGRESS ON THE

OFFICE OF MINORITY AND WOMEN INCLUSION