

PEOPLE

PRACTICES

PARTNERSHIPS

COMMITMENT TO

Diversity & Inclusion

FEDERAL RESERVE BANK OF KANSAS CITY

2017 REPORT TO CONGRESS ON THE

OFFICE OF MINORITY AND WOMEN INCLUSION







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Esther L. George FEDERAL RESERVE BANK OF KANSAS CITY

MARCH 30, 2018

At the Federal Reserve Bank of Kansas City, we have long recognized the value that diversity brings to our organization in helping us carry out and complete our mission. To see our efforts represented in the pages of this report allows us to learn from our experiences, both where we have succeeded and where we can continue to improve.

We are proud of the many ways we have made diversity and inclusion a priority throughout 2017 in the areas of People, Practices and Partnerships. This report 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.

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. Challenges such as increased competition in the District for experienced minority and women talent and individuals with specialized technology-based skillsets present opportunities for 2018 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.

Esther L. George

President and Chief Executive Officer Federal Reserve Bank of Kansas City

Esther Heorge

Executive Summary



The Federal Reserve Bank of Kansas City's Office of Minority and Women Inclusion in 2017

President Stephanie Stratemeier.

and OMWI Director Donna Ward, Vice President Annette Owens and Vice President Megan Hruda. Not pictured: Senior Vice President and Chief of Staff Diane Raley and Vice

The Bank recognizes that achieving its mission and serving its large, varied region requires diversity that reflects the communities it serves and the people it represents. The Bank experienced a number of successes during 2017 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 is responsible for the Bank's human resources and procurement functions.

Andrea Hendricks is OMWI deputy director, a position she has had since 2014. In May 2015, Hendricks was appointed assistant vice president and secretary and advisor to the Bank's Management Committee. In this role, Hendricks advises the Committee on diversity and inclusion matters and continues to lead the Bank's diversity and inclusion work.

She also leads a broad portfolio of Human Resources including onboarding, orientation engagement programs, Equal Employment Opportunity (EEO) programs, employee and leadership development and training, and diversity training.

STANDARDS AND PROCEDURES

While the Bank has had a rich history of diversity and inclusion long before the Dodd-Frank Act of 2010, the Act resulted in the creation of 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 2017, the Bank enhanced its efforts to remain proactive and progressive relative to its strategy.

PEOPLE

• The Bank hosted four diversity and inclusion summits and 17 community events to connect with diverse professional organizations and prospective talent.



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 hiring rate for women increased to 40.4 percent in 2017, which is a five-year high. The hiring rate for minorities was 21.7 percent.
- Participation in the Bank's mentorship program reached about 31 percent of the total workforce in 2017. A total of 546 employees participated, including 29.5 percent of the minority workforce and 36.1 percent of women in the workforce.

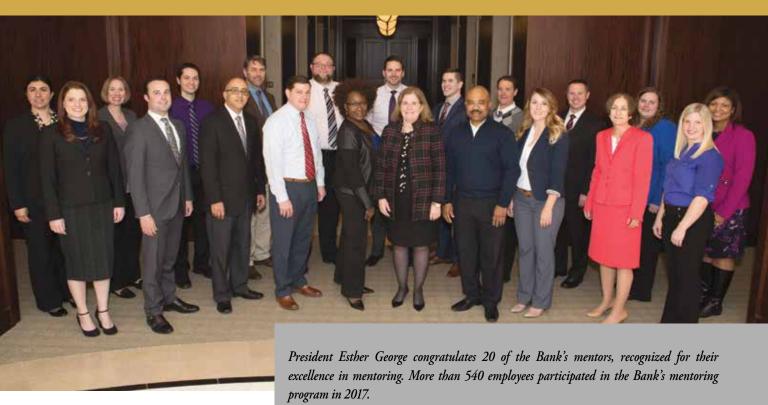
PRACTICES

- The Bank identified and included diverse suppliers in 78.5 percent of all requests for proposals in 2017.
- The Bank spent 13.1 percent of its total reportable spend with minority- and women-owned firms, an increase from 11.5 percent in 2016.

PARTNERSHIPS

 More than 15,000 students attended financial education programs hosted by the Bank.

Overview



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 1,860 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, technology, and military. Within the District, 26.0 percent of residents live in rural areas, more than the national average of 14.4 percent. Additionally, 30.4 percent of the District's population is minority, compared to 38.7 percent in the nation as a whole.

The Bank's 11-member senior leadership team, which is comprised of executives responsible for setting policy and strategic direction, includes eight women, representing 72.7 percent of senior leadership. This is much higher than the 26.9 percent average for equivalent positions at Kansas City-area companies. Minorities represent 18.2 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). The SSEP helps build mutually beneficial relationships with supporters and critics of the Federal Reserve.

In 2017, 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-



Steve Maestas, CEO of Maestas Development Group, was deputy chair of the Kansas City Fed's Board of Directors in 2017.



Washington, executive director of the Tulsa Economic Development Corp., served as chair of the Kansas City Fed's Board of Directors in 2017.

seven percent of the District's Board of Directors was compromised of women and minorities representing a broad and diverse cross section of business and industry.

These board members include: Rose Washington, executive director, Tulsa Economic Development Corp.; Steve Maestas, CEO, Maestas Development Group; 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; Richard Lewis, president and CEO, RTL Networks Inc.; Taryn Edwards, senior vice president, Saunders Construction; Edmond Johnson, president and owner, Premier Manufacturing Inc.; Katharine Winograd, president, Central New Mexico Community College; Tina Patel, chief financial officer, Promise Hotels Inc.; Susan Chapman Plumb, chief operating officer and counsel, Bank of Cherokee County; Katrina Washington, owner, Stratos Realty Group LLC; Eric Butler, retired executive vice president and chief administrative officer, Union Pacific Railroad; Annette Hamilton, chief operating officer, Ho-Chunk, Inc.; and Kimberly Russel, president and CEO, Bryan Health.

People MINORITY AND WOMEN EMPLOYMENT



The Federal Reserve Bank of Kansas City continues to hold diversity and inclusion at the forefront our workforce, business activities, and community partnerships. Our commitment and emphasis on diversity and inclusion strengthens our ability to attract and retain the talent needed to perform our role and maintain the public's trust and confidence.

(pictured far right).

The Bank understands inclusion contributes to a more 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 a variety of human traits, beliefs, and experiences that make each person unique. Diversity and inclusion efforts are an integral part of our organizational culture and guide how we operate. The Bank's three-year Diversity and Inclusion Strategy, updated for 2017-2019, ensures a continued focus on embedding diversity and inclusion throughout the organization. As a part of its strategy, the Bank strengthened its emphasis on inclusion, engagement and accountability. During 2017, the Bank's practices and programs continued to evolve to address current and future challenges.

RECRUITMENT

Recruiting is a crucial part of building the Bank's talent pool. In 2017, the hiring rate for women was 40.4 percent, a substantial increase compared to 34 percent in 2016. The minority hiring rate was 21.7 percent during the year. To attract candidates, Bank employees visit college campuses across a tenstate region. Diversity recruiting liaisons assigned to majority-serving campus teams continued to connect and build relationships with multicultural offices and diverse student organizations. Bank employees also recruited at 15 majority-minority and women-serving colleges and universities and attended 27 events, which included career fairs, classroom presentations and networking events. Additionally, recruiting materials were enhanced to include information describing our commitment to diversity and inclusion.

Throughout 2017, Bank employees participated in events at:

- Clark Atlanta University
- College of St. Mary
- · Colorado State University at Pueblo
- Cottey College
- Hampton University
- Langston University
- Lincoln University
- Morehouse College
- Prairie View A&M University
- Spelman College
- Stephens College
- Texas Southern University
- Texas Woman's University

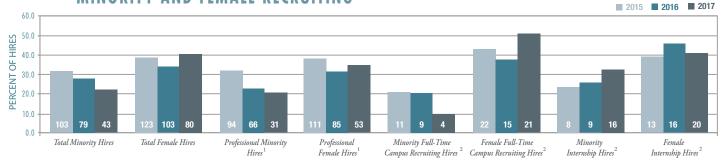
- University of Arkansas at Pine Bluff
- University of New Mexico

In attracting more experienced applicants, the Bank recruits through a variety of channels such as attending urban career fairs and networking events with urban and diverse professional organizations and hosting professional networking events. As a means to identify diverse talent, the Bank held more than 20 events to provide direct access to key partners and prospective talent. Given the growth in technology positions, the Bank attended four national recruiting events targeting IT talent. Further, a strategy to attract minorities in technology was created during the year, focusing on various talent-sourcing opportunities and additional collaborative partners.



President Esther George, third from left and Board Chair Rose Washington, third from right, visit Langston University, a historically black university in Oklahoma. Also pictured is Oklahoma City Branch Executive and Vice President Chad Wilkerson, left, and Senior Vice President Diane Raley, second from right.

MINORITY AND FEMALE RECRUITING



¹Percentage reflects official, management and professional staff

To expand the Bank's reach in attracting diverse talent, continued emphasis was placed on recruiting efforts at national diversity events and conferences including:

- National Black MBA Association
- Prospanica
- National Society of Black Engineers
- LatPro (Hispanic and bilingual professionals)
- National Society of Hispanic Engineers

Three Bank employees received the 2017 Diversity Change Agent Award. (From left) Marge Sendze, Application Delivery Services-TechEdge; Leonard Greene, Application Delivery Services-Do Not Pay; and Chloe Davidson, Customer Relations and Support Office. The Diversity Change Agent Award is presented to employees who make extraordinary contributions to diversity and inclusion.

- Grace Hopper Anita Borg Institute–Women in Technology
- Diversity MBA

To further strengthen partnerships with colleges, universities and staffing agencies, the Bank hosted two events in 2017: Campus Day at the Fed and Staffing Agency Day. Faculty, staff, and representatives from more than 40 Career Services, Multicultural Offices, and IT staffing agencies were invited to hear from management and recent graduates about career opportunities, partnerships to recruit and retain top diverse talent, and the Bank's Diversity and Inclusion Strategy.

EMPLOYEE RETENTION, DEVELOPMENT AND ENGAGEMENT

The Bank utilizes several forums to educate employees about its commitment to diversity and inclusion. Employee development efforts focus on underscoring the importance of diversity to the success of the Bank and clarifying the link between inclusive behaviors and organizational success. Diversity and inclusion development is included in new employee orientation, professional development courses, and management training curricula. In 2017, enhancements to diversity and inclusion training were launched and included new diversity-specific courses for Bank leaders and employees.

² Data reflect employees who started in the represented year

Conversation guides were developed to provide management topics for initiating conversations with staff regarding diversity and inclusion. The Bank also added diversity and inclusion touch points to the New Employee Roadmap used to guide the employee's experience during their first two years of employment to ensure effective engagement in the organization.

Other supporting retention and development programs in 2017 include:

- 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—Further stimulate a genuine interest from employees in learning about diversity and inclusion.
- Diversity Retreat—Emphasized championing diversity and inclusion in the organization.

Late in 2016, a new employee engagement survey process was implemented to gather timely and actionable feedback throughout the year. The surveys asked specific diversity and inclusion-related questions around themes such as belonging and authenticity. Both minorities and women scored above the industry benchmark for overall engagement. The surveys provide helpful feedback from employees that are used to further guide the Bank's approach to diversity and inclusion, thereby allowing employees to be more engaged in the organization.

The Bank participated in 87 diverse events with urban and diverse professional organizations, including Project Equality Kansas City, the Heartland Black Chamber of Commerce of Greater Kansas City, Prospanica Kansas City and Diversity Woman.



The Bank held two tech events in 2017; A Women in Technology Summit and a Minorities in Technology Summit. Karen Fenaroli (pictured center front), CEO and managing partner of Fenaroli & Associates, was the keynote speaker for the Women in Technology Summit. More than 220 Bank employees and community members attended.

The Bank also experienced continued growth in 2017 in the Bank's mentoring program; more than 540 employees participated, including 29.5 percent of the minority workforce and 36.1 percent of the female workforce. Mentoring circles for Minority Members of Management along with the Women in Technology Community of Practice (WITCOP) continued to experience strong participation in 2017 with expanded programming and emphasis on emerging leaders. Both groups continued hosting various events and development opportunities for members, including WITCOP's Growth Circle event for participants to share and learn together.

Number of Bank employees who participated in the Bank's mentorship program in 2017, or about 31

percent of the workforce.

The Bank has the following internal teams to provide detailed direction and accountability for diversity results:

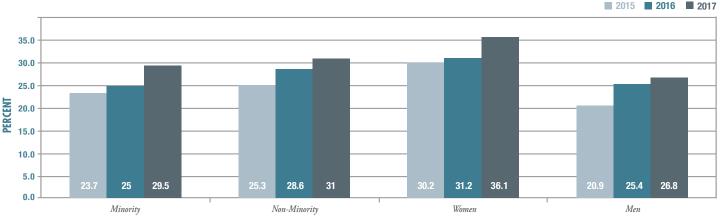
The Diversity Strategy Steering Council includes senior

- leaders that provide leadership support, guidance and resources to the Bank's diversity and inclusion efforts.
- The Employee Diversity Committee (EDC) consists of employees from business areas across the Bank and promotes an inclusive work environment by recognizing the diversity of the Bank's workforce and reinforcing employee awareness of diversity and inclusion themes and their importance to business outcomes. In 2017, the EDC hosted 19 events and activities with more than 1,800 participants. Events focused on celebrating diversity and included Asian Pacific American Heritage Month, Pride Month, and Black History Month. The EDC also hosted the annual Diversity and Inclusion Awareness Week and supported the annual Diversity Retreat.
- The EDC works closely with Diversity and Inclusion Department Liaisons who serve as a communication link between the EDC and departments to share Bankwide diversity events.

COMMUNITY PARTNERSHIPS

In 2017, the Bank hosted four Diversity and Inclusion Summits to create a community forum and discussions around the importance of diversity and inclusion in our

MENTORSHIP PROGRAM PARTICIPATION RATES





The Bank celebrated Pride Month with two guest speakers, Sam McClure, senior vice president at the National Gay & Lesbian Chamber of Commerce (NGLCC), and Michael Lintecum, executive director of the Mid-America Gay and Lesbian Chamber of Commerce, who are pictured in the center with Bank employees.

organizations and communities.

This year, summits focused on topics related to:

- Unconscious Bias
- Minorities in Technology
- Women in Technology
- Disabilities in the Workplace

In addition, the Bank hosted 17 other diversity community events throughout the year.

The Bank has 24 collaborative partners. These partners assist with recruitment, training and development, supplier diversity and outreach. The Bank's collaborative partners include:

- 100 Black Men of Greater Kansas City
- · Asian American Chamber of Commerce of Kansas City
- Association of Latino Professionals for America
- Black Achievers Kansas City
- Central Exchange
- Diversity MBA
- Grace Hopper Anita Borg Institute—Women in

Technology

- Greater Kansas City Business Leadership Network
- Greater Kansas City Chamber of Commerce
- Heartland Black Chamber of Commerce
- Hispanic Chamber of Commerce of Greater Kansas City
- INROADS, Inc.
- Kansas City Kansas Chamber of Commerce
- Kansas City STEM Alliance
- Mid-America Gay and Lesbian Chamber of Commerce
- Mountain Plains Minority Supplier Development Council
- National Black MBA Association of Kansas City
- Project Equality Kansas City
- Prospanica Kansas City
- Urban Financial Services Coalition
- Urban League of Greater Kansas City
- Women's Employment Network
- Women in Technology International
- Women's Business Enterprise National Council

INTERNAL REPORTING AND ASSESSMENT

The Bank has an established, systematic process to measure progress toward achieving its diversity and inclusion strategies. On a quarterly basis, the Bank produces a Diversity and Inclusion Report that highlights recruitment results, including workforce representation as compared to EEOC and Census data. The report also includes information on minority and women hiring and retention rates, participation in the Bank's mentorship program, visits to minority- and women-serving colleges and universities, participation and sponsorship in urban career fairs, employment advertisements with diverse media, and partnerships with diverse organizations. Diversity and EEO-related metrics are shared regularly with the Bank's executive leaders. 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 Bank performance reports that include

key workforce representation and hiring metrics. A community partnership annual report and scorecard is also 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 technologybased skill set. The demand for highly specialized and technical positions presents a challenge for the Bank's recruitment efforts.
- The Bank has experienced an increased level of competition within the region for experienced minority and women talent and individuals with specialized technology based skill sets. This increased competition



Throughout the year, the Bank hosts several diversity and inclusion development programs. One of these programs, Diversity Dialogue Sessions, allows employees to discuss diversity and inclusion themes.

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

will require the Bank to continue to look for creative solutions nationally and develop strategic diverse partnerships to source talent.

• The Bank must ensure minority and women employees are fully participating in career planning, development and network opportunities to further their engagement and career goals.

LOOKING AHEAD

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

- Ensure accountability at all levels of the organization by enhancing diversity and inclusion discussions throughout the year. This will promote heightened employee engagement and accountability around the diversity and inclusion strategy.
- Continue to execute the Bank's Minorities in Technology Strategy, identifying internal and external opportunities to interact with and identify potential candidates as well as further engage current minority employees in our technology areas.
- Expand our presence and outreach to community partners within all four of the Bank's office locations to utilize their services and enhance the promotion of the professional development of women and minorities.
- Embed diversity and inclusion into all internal and external publications, communications and internal events.



Bank employees Jackie Nugent and Brett Currier interact during the annual Diversity and Inclusion Retreat.



Bank employees Paulo Dominguez and Duane Buchanan identify opportunities for the Bank's Diversity and Inclusion Strategy.

Practices supplier diversity



The Bank encourages the participation of diverse suppliers, including minority- and women-owned businesses, in its sourcing and contracting opportunities. This provides the Bank with access to a variety of supplier perspectives and ideas, while also providing opportunities to small and diverse businesses.

Bank staff engages with local, regional and national organizations to both attend and host supplier outreach activities and events. These interactions allow the Bank to share its business practices, build diversity resources and identify potential suppliers. The Bank strives to include at least one minority- and one woman-owned business, when available, in competitive acquisitions. Language included in the Bank's contracts affirms its commitment to equal opportunity in employment and contracting and also requires each supplier, regardless of diverse status, to confirm a similar commitment in its own business practices.

These strategies, combined with internal reporting and assessment processes, help the Bank increase participation of minority- and women-owned businesses in its sourcing opportunities and continue to diversify its supplier base.

PROCUREMENT OPPORTUNITIES

Diverse suppliers were identified for 78.5 percent of the Bank's sourcing opportunities in 2017, an increase compared to 77.1 percent in 2016. The Bank included diverse suppliers in every sourcing opportunity in which a qualified diverse supplier could be identified. Responses were received from 45.4 percent of the diverse suppliers included in sourcing opportunities. Ultimately, 21.6 percent of all the Bank's contracts in 2017 were awarded to businesses owned by minorities and women.

The Bank spent 13.1 percent of its total reportable spend with diverse suppliers in 2017, including 5.3 percent with minority-owned businesses and 7.8 percent with women-owned businesses. This represented an increase in total diverse reportable spend compared with 11.5 percent in 2016. The growth highlights the Bank's continued commitment to an inclusive supplier strategy.

The Bank identified and included diverse suppliers in 78.5 percent of all requests for proposals in 2017.

INCREASING AWARENESS

The Bank partners with multiple local, regional and national organizations that primarily include minorityor women-owned businesses among their members. These partnerships help the Bank communicate business opportunities and build a network of diverse suppliers. Partner organizations include:

- Asian American Chamber of Commerce of Kansas City
- Greater Kansas City Business Leadership Network



In April, the Bank hosted a collaborative partner breakfast. Attendees included members of the Greater Kansas City Chamber of Commerce, Heartland Black Chamber of Commerce, Urban League of Greater Kansas City, Business Leadership Network, Project Equality Kansas City, Asian American Chamber of Commerce of Kansas City, 100 Black Men of Greater Kansas City, Black Achievers Kansas City, All World Languages and Mid-America Gay and Lesbian Chamber of Commerce.



In July, the Bank hosted the National Leadership Summit for the Urban Financial Services Coalition (UFSC). First Vice President and Chief Operating Officer Kelly Dubbert is with Dr. Keith D. Harris, assistant professor of Agricultural Economics at Kansas State University and visiting professor at Rockhurst University.

- Hispanic Chamber of Commerce of Greater Kansas City
- Kansas City Kansas Chamber of Commerce
- Mountain Plains Minority Supplier Development Council
- Metropolitan Community College
- Women's Business Enterprise National Council
- Small Business Administration

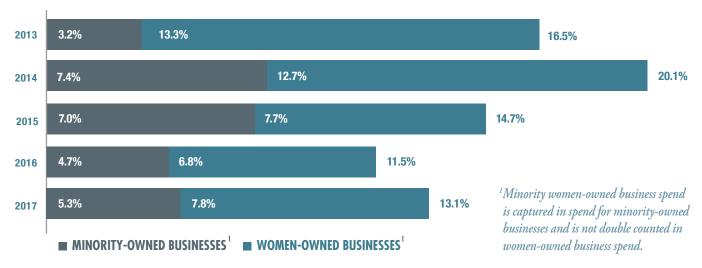
The Bank participated in 15 outreach events and activities throughout 2017, which provided staff with opportunities to network and connect with diverse suppliers, learn more about supplier diversity best practices, and support the efforts of the Bank's partner organizations. The Bank also participated in panel discussions and hosted several meetings with individual diverse suppliers to explain the Bank's general business needs and procurement practices.

The Bank also collaborates with other Reserve Banks to develop and promote initiatives that strengthen supplier diversity. In 2017, 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.

INTERNAL REPORTING AND ASSESSMENT

The Bank has established regular reporting processes to assess the diversity of its supply chain. Senior management assesses the Bank's performance on a quarterly basis by reviewing supplier diversity results, including availability, inclusion and response rates of diverse suppliers in contracting opportunities; contracts awarded to diverse suppliers and their

2013-17 PERCENT OF SPEND WITH DIVERSE SUPPLIERS





Bethany Nelson (left) of the Bank's Treasury, Payments and Program Management Division speaks with a vendor at the annual Hispanic Vendor Fair. The fair highlights products and services of local Hispanic businesses.

The Bank awarded 21.6 percent of all contracts to minority- and women-owned businesses in 2017.

associated spend, as well as outreach events attended or hosted by the Bank. Senior leaders also receive information about contracts with diverse suppliers within each business area to enhance transparency around these performance metrics and encourage continued focus on supplier diversity.

CHALLENGES

While the Bank continues to see progress towards its supplier diversity objectives, it also faces challenges. The Bank is challenged to identify qualified diverse suppliers for certain products and services, such as specialized technology and global services.

The Bank also continues to be challenged with

increasing the responsiveness of diverse suppliers to sourcing opportunities. Suppliers who did not respond to a request for proposal are regularly solicited for feedback on why they did not offer a proposal. Feedback often indicates these suppliers feel they have resource constraints that prevent them from providing the requested products or services during the time schedule required.

LOOKING AHEAD

The Bank has identified the following strategies to enhance its supplier diversity and inclusion efforts in 2018:

- Enhance partnerships with business areas by establishing stronger connectivity and earlier engagement to improve the Bank's ability to proactively seek and engage potential diverse suppliers for future contracting opportunities.
- Continue to connect qualified diverse suppliers with business areas that have needs for the products or services offered.



President Esther George (center) accepts the President's Award for Corporate Partnership presented by the National Urban Financial Services Coalition.

As a result of our strong commitment to diversity and inclusion in 2017, the Bank was honored with the following organizational and individual awards:

- Corporate Hero STEMMY award presented by the Central Exchange, recognizing the Bank's commitment to women in STEMM fields and for actively engaging in community STEMM initiatives.
- President's Award for Corporate Partnership presented by the National Urban Financial Services Coalition for demonstrating diverse organizational values.
- Partner of the Year and Heart award presented by the Heartland Black Chamber of Commerce of Greater Kansas City, recognizing Andrea Hendricks, OMWI deputy director, for commitment to initiatives that support diversity and inclusion.



Bank Assistant Vice President Porcia Block, left, is congratulated by President Esther George and Senior Vice President Kevin Moore on her induction into the Black Achievers Society.



OMWI Deputy Director Andrea Hendricks accepts the Partner of the Year and Heart award from the Heartland Black Chamber of Commerce of Greater Kansas City.



In December, Brian Faros, the Bank's chief information officer, presented a report about Information Technology to the Kansas City Kansas Chamber of Commerce. Pictured (from left) are Courtney Thomas, Central Exchange; Herston Fails, 100 Black Men of Greater Kansas City; Faros; Mozella Dyer, National Black MBA of Greater Kansas City; Daniel Silva, Kansas City Kansas Chamber of Commerce; and Belinda Hooks, Mountain Plains Minority Supplier Development Council.

IN 2017, 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 (three events)
- Metropolitan Community College and MPMSDC Minority- and Women-Owned Business Expo
- Metropolitan Community College Outreach Business Forum
- Women's Business Enterprise National Council Conference and Business Opportunity Fair
- Greater Kansas City Business Leadership Network (GKCBLN) Leaders Luncheon
- Kansas City Kansas Area Chamber of Commerce Business Community Showcase
- Small Business Administration (SBA) Networking Event
- National Minority Supplier Development Council Annual Conference
- Hispanic Chamber of Commerce of Greater Kansas City Networking Event
- Asian American Chamber of Commerce of Kansas City Networking Events (three events)

Partnerships outreach and financial education



A group of sophomores at Bryan High School in Omaha attended Financial Education Day at the University of Nebraska-Omaha's College of Business. The Omaha Branch of the Kansas City Fed supports the event, which includes a full schedule of mock interviews, a tour of the business school, student panels and a speaker.

2017, the Bank continued to move forward in its long-standing commitment to provide 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 and expanded partnership opportunities with diverse school districts, youth organizations and community groups, ultimately reaching thousands of students and teachers throughout the Tenth District. This investment in financial education is leading to stronger communities, stable neighborhoods and better opportunities for young people of diverse backgrounds.

RESULTS

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

INNOVATIVE PROGRAMS

Following are examples of financial education resources the Bank developed or expanded in 2017:

Boys & Girls Club Pathways Program Support

The Oklahoma City Branch began providing support to the Boys & Girls Club Pathways Program, which helps students obtain access to tools and resources they need to graduate high school with confidence to move successfully to the next step in their lives—college, technical education programs or to the workforce. Branch employees have partnered with the Boys & Girls Club to support the teaching of soft skills, business skills and financial management skills to support the organization's goal to help young people begin their adult lives with the tools they need for financial and career stability.

More than 6,000 students from inner-city, majorityminority, and all-girls schools attended a Bank financial education program in 2017.

Federal Reserve Financial Education Day

Each Tenth District office sponsored a program in mid to late fall 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.

Teach Children to Save: In April 2017, the Bank coordinated 167 volunteers to visit 320 classrooms in the Kansas City metro area to share financial education lessons with 6,831 elementary-age students.

Women Economists Network

Denver Branch Executive and Vice President Alison Felix convenes an informal group that meets regularly to discuss research interests, current projects and future goals. The group offers a networking and mentoring opportunity for all of the women economists at the Bank, and also has the measurable goal of inviting more women economists to the Bank from external organizations to present their research. Additionally, they look for ways to address inequalities encountered by women in economics, and brainstorm opportunities to make the field more diverse.



Denver Branch Executive Alison Felix leads a networking group for women economists. From left, Felix, Nida Melek, Fumiko Hayashi, Didem Tuzemen and Huixin Bi.

Six classes of Kansas City Student Board of Directors members attended the first Student Board Alumni reception at the Bank. More than 150 high-achieving high school seniors from around the Kansas City Metro area have participated in the Bank's Student Board program, which invites students to act as board members during the school year, attending meetings about the economy, touring local business, practicing their business skills and learning how to network.

The program started during the 2011-2012 school year in Kansas City and has since grown throughout the District. The Bank has Student Boards established in each office and collaborates with the Denver Branch to support the Albuquerque Student Board of Directors.

"It was an exceptional event," said Trudie Hall, an employee of the Kansas City Fed who leads the Kansas

Student Board alum Daniel Reyes participates in the alumni reception.

City Student Board. "There were great opportunities for networking and the alumni board members seemed to enjoy the program."

Two people at the reception, Jared Freemon and Paula Odu, participated in the Student Board program as high school seniors and are now employed at the Kansas City Fed. Both were in the first class of Student Board members in Kansas City and are the first Student Board graduates to be hired by the Bank. Another Student Board member, Kenji Walker, interned at the Bank and has been extended a job offer to join the Kansas City Fed when she graduates from Alabama A&M University.

"Being exposed to the Bank helped me learn about the professional world," Walker said. "If it weren't for the Federal Reserve, I wouldn't have been exposed to internships and other great opportunities."

Alina Crouch, a Student Board member from 2014-2015 who interned during the summer of 2015 with Summer @ the Fed, is a student at Harvard University. Advice from "Miss Trudie" sticks with Alina.

"I often think of Miss Trudie telling us that this is a 'yes' world," Crouch said. "The worst you could get is a 'no' so you should keep trying."

Through her work with Summer @ the Fed, a program which trains interns to teach elementary-schoolaged children lessons related to financial education, Crouch learned she has a love of teaching. She has since taught in Vietnam, India and Japan during her summer breaks from college.

"I learned how to get points across to students and develop my own curriculum," she said. "I learned that I want to teach subjects I'm passionate about."

Jade-Ann Stephenson, a Student Board member from 2015-2016, credits the program with helping her jumpstart her professional career.

"The whole Bank is so professional," Stephenson said. "When I went to school meetings I already knew how to talk, how to dress and how to behave."



Alumni Student Board members Jerry Huynh (left) and Jade-Ann Stephenson (center) speak with Bank employee Trudie Hall.



Bank President Esther George (left) visits with Kenji Walker, a Student Board alum who completed a second internship at the Bank in 2017.

The Kansas City Fed hosted the National Leadership Summit for the Urban Financial Services Coalition (UFSC). The UFSC, formerly known as the National Association of Urban Bankers, is a nonprofit organization of minority professionals in the financial services industry and related fields. Professionals from 18 different states convened at the Bank for the three-day national summit to discuss strategic leadership development and organizational sustainability topics.

Bank President Esther George provided the welcome remarks, recognizing the Bank's long—lasting association with UFSC's local Kansas City chapter. George then introduced Kansas City Fed Board of Directors Chair

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Michael Franklin, a graduate of the Bank's Student Board of Directors program and summer intern at the Kansas City Fed, was recognized for his top placement in a student entrepreneurship competition.

Rose Washington, who spoke during the summit on diversity in the financial services industry.

"Each and every one of us has a responsibility in embracing and encouraging diversity," Washington said. "Although we sometimes make topics of diversity taboo and even shy away from honest conversations, it is really a simple concept and easy to embrace, particularly for people who are aware and have emotional intelligence."

During the conference, Michael Franklin, a graduate of the Bank's Student Board of Directors program and summer intern at the Kansas City Fed, was recognized for his top placement in a student entrepreneurship competition held in conjunction with the UFSC Summit. Franklin, along with teammates Marquez Johnson and Jeph Owusu, was awarded first place in the competition at the summit. Franklin is a freshman at Howard University in Washington, D.C

Kansas City Fed Deputy Director of OMWI Andrea Hendricks worked closely with UFSC to bring the summit to the Bank. Hendricks appreciates the collaboration with the UFSC, which has a mission to promote the personal and professional growth of its members, collectively articulate concerns and marshal resources to improve the economic development of under-served communities.

"In order for diversity and inclusion efforts to have impact, we must leverage great partners to collaborate and create a space where constructive feedback can be given and received," Hendricks said. "The Bank strives to provide a discussion forum to raise awareness on important issues for the communities it serves."

The Kansas City Fed Money Museum is partnering with the Kansas State School for the Blind and other similar institutions to make its space more accessible and enriching to all visitors. Customizable tours for groups with special needs, Braille brochures and new tactile experiences are now available.

"More accessibility to our museum is a significant goal for the Money Museum," said Abby Anderson, a Bank employee who coordinates operations in the museum. "We are champions for diversity and inclusion in our workforce, so it's only natural we develop learning resources with inclusion in mind."

The new gallery guides in Braille were translated by a specialized local organization, and museum staff is learning and working with the American Sign Language interpreters to provide tours for the hearing impaired.

In addition, the museum went through a professional sensory processing disorder consultation and received high reviews on its lighting and noise levels, attesting to the museum's suitability for guests on the autism spectrum.

Most of these efforts are a result of the collaboration and partnership museum staff has established with organizations focused in the development of exemplary programs and practices in vision and hearing and sensitive services in the region, in particular with the Kansas state schools for the deaf and blind.

During its visit in December, the Kansas State School for the Blind brought a group of 30 students and caretakers, along with administrators, including Interim Superintendent Jon Harding.



A student from the Kansas State School for the Blind holds a whale's tooth to learn about early forms of currency. At one point in time, a whale's tooth could be traded for goods or services.

"It's crucial for these students to be part of an inclusive society to connect them to real-life experiences: in this case, the value of money and the responsibilities associated with it," Harding said.

In 2017, Anderson participated in a communitypartner meeting organized by the school; she had meaningful conversations with people working within the field, expanded her network of accessibility resources and learned a few best practices. In 2018, the museum staff will continue to incorporate new ways to meet the needs of people with disabilities.



Student participants of Math X Economics test their probability skills during an exercise led by Bank employees.

Each year the Kansas City Fed hosts the Math X Economics program, which was designed to highlight the field of economics for high school students. Topics ranged from cobra populations in India to data technology to the influence of probability in games.

More than 40 students from public schools throughout the Kansas City metro area attended the program. The students, a mix of sophomores, juniors and seniors, were greeted by Bank President Esther George and Assistant Vice President Bob Hampton, who organized the program.

"You are going to hear today from talented people who have dedicated their careers to studying the economy,"

George said. "I hope that as you go on in your studies, you will think about the Federal Reserve. Someday I'd like for you to come back and talk to me about why you'd like to work here."

Throughout the morning, students heard about the field of economics; learned how the Bank uses technology as a tool for economic research; spoke with a panel of employees about how an understanding of economics can support careers in varying fields; toured the Money Museum to learn more about the functions of the central bank; and played a few games to study how incentives influence outcomes—an important component of economics.

Terri Redden, who has been teaching business at Ruskin High School for more than 20 years, enjoyed the perspective offered to her students.

"They may not have seen the link between math and economics before this," she said. "I think you need exposure to different fields to open minds. This could change career decisions—you never know."

Deja Edwards, a senior at Washington High School, thought the program was fun and interactive.

"My favorite was a panel discussion with a group of employees," Edwards said. "I asked about their workday, what they did in college, did they study economics before college."

Edwards, who plans to be a pediatrician, walked away with plans to enroll in at least one economics class.



Bank employee and associate economist Michael Redmond (left), leads students in a game related to statistics and probability during the Math X Economics program.



Nicole Connelly, an employee at the Bank's Omaha Branch, assists students participating in a simulation to learn about balancing budgets in the real world.

To further the Bank's mission of promoting financial education, the Bank supports the Mad City Money personal finance simulation, which was held in Kansas City and Omaha in 2017. The Kansas City Fed hosted a group of high school students at the Bank while members of the Bank's Omaha Branch Public Affairs' Financial Education team volunteered at a Mad City Money event at the University of Nebraska-Omaha.

The Mad City Money financial simulation gives students a chance to experience what money management is like as an adult. Students are assigned profiles that determine their career, income level, marital status, whether they have children and whether they have debt. Using their unique combination of personal details, the students

have to create and balance a budget while reserving a portion for savings. Students make personal financial decisions at a variety of stations, where volunteers help them choose financial services, transportation, childcare, and products from the mall and grocery store.

The Omaha Mad City Money event had more than 150 student participants from Omaha Benson, Omaha North, Omaha Northwest and Omaha South High Schools. It was held at the University of Nebraska—Omaha Alumni Center and was hosted in partnership with the Nebraska Credit Union League.

In Kansas City, seniors from Alta Vista High School, a charter school in Missouri, were busy navigating the tables to manage their simulated finances. The event was held in partnership between the Bank, Prep KC, the Office of Financial Literacy at the University of Missouri-Kansas City, and the United Way of Greater Kansas City.

"The strength of this program is that the students feel the intensity of what it is to be an adult," said Latoya Goree, director of UMKC's Office of Financial Literacy. "They have their role, a job and only 90 minutes to balance a budget with a savings requirement.

"This is a wake-up call for them," Goree said. "How well they do in education translates to how well they can do in life. We want them to start now with making better decisions."



Vice President Tammy Edwards, Regional, Public and Community Affairs, leads a lesson for elementary school students during Teach Children to Save, a campaign that the Bank coordinates to teach children financial concepts. More than 100 Bank employees volunteered in elementary school classrooms during the 2017 Teach Children to Save event.

CHALLENGES

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

- Stretched public school budgets limit the Bank's ability to reach students and teachers through traditional programming avenues or visits to the Bank's educational museums. Educators are also challenged by limited time and resources that 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.
- Increasing 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 2018:

- Develop a comprehensive educational outreach and content program that addresses the skilled labor gap, in partnership with schools and organized labor. In the program, our initial focus will be on connecting with majority-minority high schools.
- Continue to provide opportunities for members of the Bank's five Student Boards of Directors to expand their personal finance knowledge, career and college preparation activities and networking opportunities with peers and Bank mentors.
- · Strengthen and grow partnerships with urban and diverse schools and community organizations that work with underserved populations.

2017 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	113	89.0	7	5.5	2	1.6
Professionals ¹	347	75.6	39	8.5	18	3.9
Technicians	29	64.4	10	22.2	5	11.1
Sales Workers	2	66.7	1	33.3	-	
Administrative Support	103	72.5	20	14.1	14	9.9
Craft Workers	-	-	11-07		-	-
Service Workers	6	60.0	2	20.0	1 -	10.0
FEMALE TOTAL	607	76.4%	79	9.9%	41	5.2%

Male Representation

JOB CATEGORIES	WHITE		AFRICAN AMERICAN		LATINO	
	Number	Percent	Number	Percent	Number	Percent
Executive/Sr. Officials and Managers	2	66.7	-		1	33.3
First/Mid Officials and Managers	163	90.6	8	4.4	2	1.1
Professionals ¹	491	80.5	39	6.4	22	3.6
Technicians	93	81.6	11	9.6	4	3.5
Sales Workers	1	100.0		11 2 -	-	-
Administrative Support	25	58.1	5	11.6	5	11.6
Craft Workers	34	94.4	1 ^	- 4	1	2.8
Service Workers	55	69.6	12	15.2	7	8.9
MALE TOTAL	864	81.1%	75	7.0%	42	3.9%
10th district total	1,471	79.1%	154	8.3%	83	4.5%

¹Professionals include analysts, economists, examiners and IT professionals

NATIVE HAV PACIFIC IS		AS	IAN		INDIAN OR N NATIVE	TWO OR MORE RACES		JOB CATEGORY TOTALS	
Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
		-	-	-			-	8	72.7
		4	3.1	-	S = 0_	1	0.8	127	41.4
2	0.4	44	9.6	2	0.4	7	1.5	459	42.9
11-	-	1	2.2		, T	I		45	28.3
	-	-				-		3	75.0
-		3	2.1		- 111	2	1.4	142	76.8
-	-	-			-	1 - 1	-	=1-	
	-7	1	10.0		_	-	'	10	11.2
2	0.3%	53	6.7%	2	0.3%	10	1.3%	794	42.7%

NATIVE HAV PACIFIC IS		AS	IAN		N INDIAN OR AN NATIVE TWO OR MORE RACES		ORE RACES	JOB CATEGORY TOTALS	
Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
-	-		-	-	-	-7-3	v	3	27.3
1	0.6	3	1.7	3	1.7		-	180	58.6
-		49	8.0	1	0.2	8	1.3	610	57.1
-		5	4.4	-		1	0.9	114	71.7
-	-					-	-1	1	25.0
-	-	5	11.6	-1	2.3	2	4.7	43	23.2
-	-	1	2.8	-	<u> </u>	-	-23	36	100.0
1	_ 1.3	3	3.8	1	1.3	-		79	88.8
2	0.2%	66	6.2%	6	0.6%	11	1.0%	1,066	57.3%
4	0.2%	119	6.4%	8	0.4%	21	1.1%	1,860	100.0%

Note: Numbers may not add due to rounding. Information reflects EEO-1 data as defined by the Equal Employment Opportunity Commission (EEOC). The data is pulled from the December 16 - December 31, 2017, pay period. 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.

2017 MINORITY WORKFORCE REPRESENTATION(%) KANSAS CITY OFFICE



2017 FEMALE WORKFORCE REPRESENTATION(%) KANSAS CITY OFFICE



Note: Numbers may not add due to rounding. Information reflects EEO-1 data as defined by the Equal Employment Opportunity Commission (EEOC). The data is pulled from the December 16 - December 31, 2017 pay period. 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.

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.

CORE METRICS

CATEGORY	DESCRIPTION	MEASURE	2013	2014	2015	2016	2017
		Total #	12	12	12	12	11
	Senior Executives ¹	% Minorities	8.3%	16.7%	16.7%	16.7%	18.2%
		% Women	66.7%	66.7%	66.7%	66.7%	72.7%
		Total #	230	239	251	280	307
	Mid-Level Managers ¹	% Minorities	10.0%	9.6%	10.4%	10.0%	10.1%
		% Women	43.9%	45.2%	45.0%	42.1%	41.4%
		Total #	706	749	843	1,011	1,069
Workforce	Professionals ¹	% Minorities	14.6%	15.4%	18.7%	21.5%	21.6%
Diversity		% Women	44.6%	43.8%	44.1%	43.2%	42.9%
		Total #	195	200	319	303	198
	Total External Hires	% Minorities	20.0%	20.5%	32.3%	26.1%	21.7%
		% Women	36.9%	40.0%	38.6%	34.0%	40.4%
- 12		Total #	26	25	34	35	48
	Total Interns	% Minorities	30.8%	28.0%	23.5%	25.7%	33.3%
		% Women	50.0%	52.0%	38.2%	45.7%	41.7%
7	Overall Bank Turnover Rate	%	7.7%	10.2%	9.8%	8.3%	6.1%
	Total Reportable Spend ²	\$ (millions)	\$42.9	\$42.8	\$47.7	\$49.7	\$43.5
	Total Diverse Spend ³	\$ (millions)	\$7.1	\$8.6	\$7.0	\$5.7	\$5.7
		%	16.5%	20.1%	14.7%	11.5%	13.1%
	NA: 14	\$ (millions)	\$1.4	\$3.2	\$3.3	\$2.3	\$2.3
	Minority-owned ⁴	%	3.2%	7.4%	7.0%	4.7%	5.3%
	M: : 1()	\$ (millions)	\$0.5	\$2.5	\$2.9	\$1.6	\$1.6
Supplier -	Minority-owned (men)	%	1.2%	5.8%	6.1%	3.2%	3.7%
Diversity	Minority-owned (women)	\$ (millions)	\$0.9	\$0.7	\$0.4	\$0.7	\$0.7
Biversity	winority-ownea (women)	%	2.0%	1.6%	0.9%	1.5%	1.6%
	Women-owned ⁴	\$ (millions)	\$6.6	\$6.1	\$4.1	\$4.1	\$4.1
	women-ownea	%	15.3%	14.3%	8.6%	8.3%	9.4%
	Women-owned (non-minority)	\$ (millions)	\$5.7	\$5.4	\$3.7	\$3.4	\$3.4
	women-owned (non-minority)	%	13.3%	12.7%	7.7%	6.8%	7.8%
	Women-owned (minority)	\$ (millions)	\$0.9	\$0.7	\$0.4	\$0.7	\$0.7
	women-owned (minority)	%	2.0%	1.6%	0.9%	1.5%	1.6%

¹The data for 2013-2016 is as of Aug. 31, the data for 2017 is as of the Dec. 31, 2017, EEO-1 report.

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

	Program Type	2017
F: 1	- Teacher centric- Student centric- Hybrid	Hybrid
Financial Literacy ¹	Number of Students ²	6,837
Dittity	Number of Educators ³	562
	Number of Students Reached ⁴	42,150

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.

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

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

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.

