

FEDERAL RESERVE BANK of KANSAS CITY

February 1, 2011

TO: The Honorable Maxine Waters The Honorable Melvin L. Watt

The Honorable Gregory W. Meeks The Honorable William "Lacy" Clay, Jr.

The Honorable David Scott

The Honorable Emanuel Cleaver, II

The Honorable Gwen Moore
The Honorable Keith Ellison

The Honorable André Carson

Dear Members of Congress:

Thank you for your letter dated January 25, 2011. I am pleased to update you on the status of the Federal Reserve Bank of Kansas City's ("Bank") efforts to incorporate the requirements of Section 342 of the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank Act") with our existing diversity and inclusion activities.

The Office of Minority and Women Inclusion and Its Director

Effective November 1, 2010, the Bank's Board of Directors named Donna Ward as senior vice president and director of the office required by Section 342, which the Bank has chosen to name the Office of Minority and Women Inclusion ("OMWI"). The OMWI is located at the Bank's headquarters at 1 Memorial Drive, Kansas City, Missouri. Ms. Ward leads the OMWI and also oversees the Bank's administrative functions, including human resources and procurement functions. Ms. Ward previously served as the Bank's vice president of human resources and is experienced with workforce recruitment and inclusion strategies. As director of the OMWI, Ms. Ward is actively collaborating with other members of the Bank's senior management responsible for financial education and community outreach to further advance the requirements of Section 342.

Diversity initiatives related to the recruitment of minority and women employees, supplier diversity in procurement practices, and financial literacy and community outreach programs are integrated within several existing Bank functions. Ms. Ward is assessing staffing needs for the OMWI to ensure the Bank has devoted sufficient resources to effectively execute the requirements of Section 342.

Standards Required by Section 342

Ms. Ward is developing standards to ensure equal employment opportunity and racial, ethnic, and gender diversity in our workforce and senior management. The Bank has a long history of complying with equal employment opportunity laws and seeks to achieve a workforce that is representative of the labor pool of qualified candidates for its positions, at all levels, in the markets in which it operates.

In the procurement area, we have been working to develop contract standards that will reflect our inclusion of minority- and women-owned businesses in our purchases of goods and services. Along with changes aimed at enhancing opportunities available to minority- and women-owned businesses, we will host a roundtable in February of local leaders from organizations representing



minority and women business owners to discuss procurement opportunities and gain insights on how we can enhance our current procedures and processes.

With regard to the establishment of standards to assess the diversity policies and practices of regulated entities, the Federal Reserve Board of Governors will develop the standards in coordination with other federal banking regulators, as regulatory authority lies with the Board.

Workforce Diversity

In my October 27, 2010, response to you, I noted the Bank's long-standing commitment to including minorities and women in all levels of our workforce and provided a list of established initiatives in support of this commitment. Subsequently, the OMWI has taken additional steps to seek diversity in the Bank's workforce that will build upon these efforts. For example, one new diversity and inclusion effort is the expansion of our recruitment at universities to include historically black, Hispanic-serving, and women's colleges.

Section 342(c)(2) Statement

The Bank is finalizing the written statement, required by Section 342(c)(2), that obligates a contractor engaged by the Bank to ensure to the maximum extent possible the fair inclusion of minorities and women in the workforce of the contractor and, as applicable, its subcontractors. We will incorporate the final statement into contracts going forward.

Challenges

The Bank's OMWI is fully prepared to discharge its duties as specified under Section 342 and has already initiated action. We have not encountered challenges in establishing the OMWI.

Additional Information

The Bank has heightened its communication efforts by prominently displaying vendor opportunities, as well as other OMWI-related information, reports, and congressional status correspondence on its public website. At KansasCityFed.org, visitors can click "Diversity and Inclusion" on the home page to quickly access pertinent information. In addition, I recognize the importance of an organization's leadership setting the tone for priorities in words and in actions. I have attached an article from the January 6 *Kansas City Star* that notes the Bank's efforts in advancing women to executive positions.

I hope that you find this information responsive to your request. If you have any further questions or would like additional information, please feel free to contact me or Ms. Ward.

Sincerely,

Thomas M. Hoenig President

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Kansas City Fed leader endorses push to increase women in executive suites



Miriam Pepper

Kansas City Fed chief **Thomas Hoenig**, known nationally for eight "no" votes on fed policies, opened his annual economic overview speech to the Central Exchange today with a resounding "yes" to the organization's "Win-Win" campaign.

The "Win-Win" campaign goal is to make sure local corporate boards and top executive suites include at least 20 percent women by 2020. If successful, the campaign would mean a big increase for women executives locally. Today, Kansas City companies can claim just 7 percent women executives, even though the workforce is half female and 60 percent of college graduates are women.

Hoenig's support for the initiative comes from personal experience. He said the Kansas City Federal Reserve Bank executive committee is half women, and the bank is better off because of the diverse voices at the helm, women he described as merit-based selections. Surely that puts the bank in rarified territory for local boards, and speaks well of his leadership.

His tenure at the bank's helm ends this year, based on mandatory retirement policies at 65.

On the economy for 2011, Hoenig expects positive growth of 3.5 percent to 4 percent this year. But he also expects unemployment to remain high, not falling below 9 percent all year.

Hoenig, who delivered his seventh consecutive first-of-the-year economic address to the Central Exchange, has attracted plenty of national attention in the last year following his series of "no" votes opposing policies of the Federal Open Market Committee, including the latest stimulus effort. And he spent time today defending the value of dissent on the committee.

His major beef with financial reform legislation focuses on the "too big to fail" banking entities that he worries are now "way too big to fail." He's a believer that American economic strength emerged from a diversity of institutions and hopes to see more diversity return in the future.

The "no" man who prefers the tag "non-zero-interest-rate-guy" is clearly not on the "no" side on diversity of many stripes, in boardrooms and in businesses.

Read more: http://voices.kansascity.com/entries/kansas-city-fed-leader-endorses-push-increase-women-executive-suites/#ixzz1CApE2DjG
Posted January 5, 2011