

SPEECH

Testimony on Holding Financial Regulators Accountable for Diversity and Inclusion: Perspectives from the Offices of Minority and Women Inclusion

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As prepared for delivery

Chairwoman Beatty, Ranking Member Wagner, and Members of the Subcommittee, thank you for inviting me to discuss the role of the Federal Reserve Bank of New York's (New York Fed) Office of Minority and Women Inclusion (OMWI) in diversity and inclusion at the New York Fed. I am Lacey Dingman, Chief Human Resources Officer and OMWI Director at the New York Fed. My pronouns are she, her, and hers.

In April of this year, we released our 2019 Annual Report to Congress (Report).¹ I am pleased to report that the New York Fed continues to strengthen its diversity and inclusion programs and make progress toward building a more inclusive culture. As New York Fed President and CEO John C. Williams notes in the Report: “[D]iversity and inclusion are key to effectively fulfilling our public service mission. Incorporating varied perspectives in our work yields more creative solutions and better results. Making a difference for those we serve in the community and enhancing the experience for those who work here is a key priority.”

We have continued to make progress on the three main areas of our diversity and inclusion strategy: our people, our procurement, and our community. As of 2019, 41% of our new hires were women and 50% were minorities. We also recently recruited a diverse intern class, 58% of whom were minorities. Further, we continue to strive for diversity in our Board of Directors—which, as of 2019, included one Hispanic male, one Hispanic female, one Black male, one Black female, four white males, and one white female—and in our team of executive vice presidents—which now includes one Black male, one Black female, one Hispanic male, an Asian American male, three white males, and four white females. This year, against the backdrop of a global pandemic, we have continued to prioritize and even expand our efforts across the three areas of our diversity and inclusion strategy.

Our People

At the core of our diversity and inclusion strategy is the New York Fed's most important asset: our people. The New York Fed is one of 12 regional Reserve Banks in the Federal Reserve System and serves the Federal Reserve's Second District. The New York Fed has approximately 3,100 employees and is the largest Reserve Bank in terms of assets and volume of activity. Through all of our efforts, we are looking to foster a culture of inclusion that gives our employees the ability to do their best work. We must recruit, retain, and support a workforce that brings different perspectives, backgrounds, and experiences to bear on our work. Importantly, while we can recognize the progress made on our goals, we must continue to actively push for diversity and inclusion across our workforce and our workplace.

Our diversity recruiting efforts include working with business leaders across the New York Fed to ensure that diverse slates of candidates are considered for open positions and that diverse slates of interviewers are engaged in the recruitment and hiring process. We have contracts with seven search firms, all of which have strong diversity practices and/or are minority-owned. In addition, the use of metrics around diversity hiring and retention allows us to better track progress and continue to strive for our goals across the organization and at the business-area level. We continue to leverage diversity partner organizations (DPOs) and universities to develop a diverse pipeline and build awareness of the New York Fed as an employer of choice. This year, we partnered with four new DPOs, including Disability:IN, Edge4Vets, Women in Cybersecurity, and Working Mother. We conduct an annual evaluation of how we can broaden our hiring pools, with the goal of cultivating a diverse pipeline that reflects the skills we need at all levels of experience. We participate in several national diversity recruiting conferences and host several pipeline programs to recruit diverse candidates.

Our talent development programs build an effective talent pipeline focused on inclusion. All staff have completed a course that introduces the business case for diversity and helps participants recognize inclusive behaviors. We have delivered unconscious bias awareness sessions to several business groups. Through our 10 Resource Networks, we continue to advance the dialogue on inclusion by providing forums where our people can build relationships with one another, host programs throughout the year to discuss timely topics, and work to bring forward key issues to the leadership of the New York Fed. Our Resource Networks are an integral component of how we work to further inclusion. We are fortunate in Human Resources to have the support of over 1500 employees in our Resource Networks helping to lead these efforts.

One challenge with respect to recruitment is the strong competition for diverse talent with specialized skills and/or advanced study within the financial services industry in New York City. We recognize this challenge and we continue to work to find ways to ensure that we remain an attractive employer for diverse talent. While we are gratified with the progress we have made in hiring diverse candidates, we have much more work to do to ensure that our workforce reflects the diversity of our communities in the Second District, especially with respect to Black and Hispanic populations. In addition, recruiting and developing diverse candidates for senior management and senior leadership positions is a high priority. Our goal beyond hiring diverse talent at all levels is to ensure that we retain diverse talent and that all our employees have opportunities to grow, be challenged, and develop meaningful careers.

Our Procurement

Now I will turn to the New York Fed's efforts to enhance business and supplier diversity. We seek to promote an environment that provides access and opportunity for minority- and women-owned business enterprises seeking to do business with the New York Fed. We continue to engage with diversity business organizations and industry groups, integrate supplier diversity practices into our core procurement processes, and conduct outreach to further develop our database of diverse firms. We are an active member of nine organizations that support diverse supplier classifications, and we have assigned dedicated staff to each of these organizations in an effort to maximize a strong relationship management model. We utilize several diverse supplier search databases to identify suppliers to include in our procurement activities.

In 2019, we provided technical assistance, guidance, and support to small and diverse businesses within the Second District through on-site programs we sponsored. These events provided a view into our acquisition process and existing procurement opportunities, and offered insights to enable diverse suppliers to improve their respective operating models and business development strategies. We participated in external outreach events where we engaged with new diverse vendors, and in Federal Reserve System-wide initiatives to achieve greater public awareness of supplier diversity. We developed a tool to align reporting of supplier diversity across the Federal Reserve System.

More recently, we have worked to bring our strategy of diversifying business and vendor relationships to the emergency lending facilities established by the Federal Reserve Board under section 13(3) of the Federal Reserve Act (Facilities) and to our open market operations. The New York Fed is committed to encouraging diversity and inclusion in our implementation of the Facilities. As we announced on July 23, we are striving to expand the pool of counterparties and agents for the Commercial Paper Funding Facility (CPFF), the Secondary Market Corporate Credit Facility (SMCCF), and the Term Asset-Backed Securities Loan Facility (TALF). We engaged in outreach to minority-, women-, and veteran-owned business enterprises (MWVBES) and encouraged them to apply for these roles. We expect all applicants to provide information about their equal opportunity and diversity processes, including efforts to promote the fair inclusion of women, minorities, and veterans in their workforces. We will announce the first wave of expanded counterparties and agents, which will include MWVBES, in the coming days. In addition, as noted on our website, we strongly encourage eligible issuers for the Primary Market Corporate Credit Facility (PMCCF) to utilize MWBE underwriters in the PMCCF process where possible. As we announced last Friday, we also seek to expand the pool of counterparties for our Trading Desk's agency commercial mortgage-backed securities (Agency CMBS) purchases, and we encourage MWVBES to apply for these roles. Last, we are commencing a competitive bidding process for vendor roles for the Facilities and our open market operations, and re-scoping existing roles to make them more accessible to MWVBES.

While we are encouraged by our progress in diversifying our business and vendor relationships, we have much more work to do to increase our partnerships with diverse businesses. Ensuring that MWVBES have the opportunity to do business with the New York Fed is a high priority. We will continue to develop our strategic partnerships with diversity business organizations and look for opportunities to sponsor programs that can help small and diverse businesses access capital and build their capacity.

Our Community

Now I will share our progress in our community development, economic education, and outreach programs. Our outreach mission furthers the New York Fed's commitment to the Second District by listening to the communities we serve and developing programs, analysis, and sponsored conferences and clinics to help meet their needs. Our education programs serve diverse populations, and we continue to focus those efforts on educators and students in low- and moderate-income communities, serving over 100 Title I high school groups.² We continue to deliver survey data on small businesses, including through special reports on Black- and women-owned firms. We collaborate on a national survey partnership of the 12 Reserve Banks called the Small Business Credit Survey. In 2019, we joined the other Reserve Banks to deploy the National Community Development Financial Institutions (CDFI) Survey. We also launched the Community Development Finance (CoDeFi) Progression Model in Puerto Rico, as well as Investment Connection, which connects financing institutions with organizations that have CRA-eligible community and economic development proposals.

The New York Fed has also been active in highlighting the impacts of COVID-19 on minority communities. Since March 2020, our Research Group has devoted its economic research blog, *Liberty Street Economics*, almost exclusively to COVID-19-related topics, including the disproportionate impacts of the pandemic on minority communities. We also published a study on the effects of

COVID-19 on Black-owned businesses. For a full list of recent articles that we have published relating to economic conditions in minority communities, please see Appendix A. This year, we launched a policy series called *Economic Inequality*, in which policy influencers and practitioners discuss economic inequality and equitable growth. The next installment will look at the impacts of COVID-19 on communities of color.

We also supported the System's responses to workforce development needs during the COVID-19 crisis, and convened specialists across the Federal Reserve System to identify workforce development challenges. This month, the Congressional Black Caucus Foundation will air a segment on equitable economic recovery, featuring our President, John Williams; the Federal Reserve Bank of Atlanta's President, Raphael Bostic; and your colleagues, Representatives Alma Adams (D-N.C.), Emanuel Cleaver (D-Mo.), Gregory Meeks (D-N.Y.), and David Scott (D-Ga.).

In the midst of the COVID-19 pandemic, the New York Fed has openly embraced its role in promoting a more equitable and inclusive economy by working on these and other diversity and inclusion initiatives. As we have emphasized to our employees and to the communities we serve, the New York Fed stands with all those who oppose racism, hate, and violence, and joins them in a shared desire to root out the intolerable inequities and injustice grounded in systemic racism that persist in our society. We are dedicated to understanding and finding solutions to the numerous forms of inequality that communities of color experience and to working with communities in our District to address deep-seated inequities. We are committed to working for a more equitable economy and society for all.

Conclusion

Diversity and inclusion have been and will continue to be core considerations in the New York Fed's recruitment, procurement practices, outreach, and partnerships across the Second District. While we have made progress on our goals, we continue to expand our diversity and inclusion objectives, and we strive for continuous improvement.

Thank you for the opportunity to testify today about the role of the OMWI in diversity and inclusion at the New York Fed. I am happy to answer any questions that you may have.

¹ This report is available at <https://www.newyorkfed.org/medialibrary/media/aboutthefed/pdf/2019-omwi-annual-report-congress.pdf>.

² Our education programs include the School Outreach Initiative, the Teacher Professional Development Program, the Educational Comic Book Series, the Maiden Lane division of the Fed Challenge competitions, the Ph.D. Excellence Initiative, and a partnership with Black Girls Code.
