January 31, 2017

The Honorable Janet Yellen, Chair  
Board of Governors  
Federal Reserve System  
20th Street and Constitution Ave., NW  
Washington, D.C. 20551

The Honorable Margaret Lewis, Chair  
Federal Reserve Bank of Richmond  
Board of Directors  
Post Office Box 27622  
Richmond, VA 23261

Dear Chair Yellen and Chair Lewis:

We write to underscore our view of the importance of promoting better minority, gender, and occupational diversity among senior leadership roles across the Federal Reserve System, particularly among the Reserve Bank presidents. As you launch the process to identify and select a new president to replace President Jeffrey M. Lacker, who recently announced he will retire in October 2017, we urge you to make a concerted effort to fix the broken search process that has resulted in a consistent lack of diversity among Federal Reserve Bank presidents.

As you know, each Federal Reserve Bank president plays a crucial role in relaying the economic conditions facing the residents in their districts, and through these insights, they help shape monetary policy in a manner that most effectively meets their constituents’ needs consistent with the Federal Reserve’s dual price stability and full employment mandate. Through their supervisory role, Presidents, of course, are also responsible for keeping financial institutions in check, in accordance with authority delegated to them by the Board of Governors.

Yet, despite the role presidents play by linking their districts to key economic policy decisions, their role in reining in abuses in the financial sector, and the many widely recognized advantages that organizations with diverse leadership structures enjoy, the level of minority and gender diversity among Reserve Bank presidents over the course of the Federal Reserve’s 104 year history has been abysmal. Of the 12 current Federal Reserve Bank presidents, only two are women and all but one are white. In fact, over the Federal Reserve’s entire history only two presidents have been non-white and neither an African-American nor a Latino has ever served as a Federal Reserve Bank president. There has also been a troubling lack of diversity in the occupational backgrounds of the Federal Reserve Bank presidents.

History shows that absent a seat at the decision-making table, the likelihood that the disparate economic experiences facing key demographic groups will be fully accounted for is diminished. For example, at the height of the financial crisis, the unemployment rate for African-Americans was above 15 percent. Yet, in looking at the Federal Open Market Committee transcripts during this period, the disproportionate impact of unemployment affecting African Americans was never even discussed. We firmly believe that an understanding of such disparities is essential to working toward policy that fulfills the Federal Reserve’s dual mandate. The fact that minorities, particularly African-Americans, comprise a significant share of the labor
force across the Fifth District strengthens the case for selecting a diverse president to lead the Federal Reserve Bank of Richmond. Moreover, we are concerned that a lack of participation from individuals from a broad range of personal and professional backgrounds increases the problem of group-think and threatens to undermine the quality of monetary policy decision-making.

While we appreciate Chair Yellen’s past statements of her personal and institutional commitments to diversity and inclusion, we call on the Board of Governors to now demonstrate these principles through the exercise of its role in approving the final candidate. Additionally, while we commend Chair Lewis’ willingness to consider candidates from both inside and outside the Federal Reserve System by allowing the public to submit applications on the Federal Reserve Bank’s website, we believe more proactive steps are needed to ensure every attempt is made to identify a diverse pool of highly qualified candidates. To this end, we respectfully request more detailed and specific information about the policies and procedures that will guide the selection of the next president and ask for responses to the following questions in writing no later than February 15, 2017:

1. What specific steps are the search committee and the Board of Governors taking to identify qualified candidates from diverse personal, economic, academic and professional backgrounds?

2. Have you consulted with the other Federal Reserve Banks regarding their search process to assess which steps have been effective and which steps failed to increase the pool of diverse candidates in order to incorporate the best practices for promoting diversity and inclusion?

3. To what extent have the Diversity & Inclusion Offices at the Federal Reserve Bank of Richmond and the Board of Governors been, or will be, involved in the process of recruiting, interviewing and selecting final candidates to serve as president?

4. The executive search firm, Heidrick & Struggles, has been engaged to assist the search committee in identifying a qualified candidate pool. What criteria were used to identify and select the search firm? To what extent was the search firm’s track-record in identifying diverse candidates taken into consideration in determining whether to work with the executive search firm?

5. What steps have been taken to convey to the search firm the importance of delivering a diverse, and highly qualified pool of candidates?

6. What policies and procedures are in place to ensure that the search process doesn’t unduly favor insiders who either serve as part of the search committee itself or are employed or affiliated with the search firm?

7. What steps will be taken to ensure that the list of preferred qualifications and experiences used by the search firm, and taken into consideration by the search committee in evaluating candidates, emphasize core leadership competencies and avoids potential structural barriers that could exclude candidates from diverse backgrounds?

8. Has the search firm and search committee consulted with the Reserve Bank’s professional affinity groups, minority and women trade associations, HBCUs and other
academic institutions serving minority populations that are located within the district about how to best attract diverse candidates and to build awareness of and about the current vacancy? How will the search firm and search committee be involving these diverse stakeholders in the search process?

9. Will the search committee allow applicants and candidates at various stages of the search process to voluntarily self-identify their demographic, economic and professional backgrounds, and, after redacting any personally identifiable information, make this information publicly available to assess the success and challenges that remain in attracting diverse candidates?

10. As part of the terms under which the search firm was engaged, have specific timeframes been set for applicants both within and outside the Federal Reserve System, and for candidate referrals, to be submitted to the search firm for consideration? Has the search firm been tasked with identifying a specific number of qualified candidates as part of the terms of its engagement? Once a pool of candidates has been identified by the search firm, what is the anticipated timeframe for selecting and approving a final candidate?

11. Will members of the public be given the opportunity to submit questions to candidates under consideration at any point during the selection process?

Thank you again for your commitment to conduct a nationwide search for the next president of the Federal Reserve Bank of Richmond. We firmly believe that genuine and intentional efforts are needed to build diversity at all levels of the Federal Reserve System, including among the Presidents of the Federal Reserve Banks. Enhancing diversity will strengthen the Federal Reserve System and further its responsibilities on behalf of the American people.

Sincerely,

Honorable Maxine Waters  
Honorable John Conyers, Jr.

Honorable Alma Adams  
Honorable Joyce Beatty

Honorable Donald S. Beyer, Jr.  
Honorable Anthony Brown
The Honorable Janet Yellen
The Honorable Margaret Lewis
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Honorable G. K. Butterfield
Honorable Wm. Lacy Clay
Honorable James E. Clyburn
Honorable Keith Ellison
Honorable Al Green
Honorable Daniel T. Kildee
Honorable Gwen Moore
Honorable Robert C. "Bobby" Scott
Honorable Juan Vargas

Honorable Michael E. Capuano
Honorable Emanuel Cleaver
Honorable Elijah E. Cummings
Honorable Bill Foster
Honorable Ruben Kihuen
Honorable Gregory W. Meeks
Honorable Eleanor Holmes Norton
Honorable David Scott
Honorable Nydia Velázquez