

# Congress of the United States

Washington, DC 20510

May 12, 2016

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

Dear Chair Yellen,

We write to thank you for your strong leadership at the Federal Reserve throughout your historic tenure. Beginning with your first public speech in Chicago, you have placed crucial renewed emphasis on the importance of building a full employment economy, which will raise Americans' wages and combat inequality. And you have displayed an appreciation for the fact that, as you have said, "there are real people behind the statistics, struggling to get by and eager for the opportunity to build better lives."<sup>1</sup> Over the past two years, thanks in no small part to your leadership and that of President Obama, our economy has added more than 5.5 million new private-sector jobs.

However, despite these gains, we remain deeply concerned that the Federal Reserve has not yet fulfilled its statutory and moral obligation to ensure that its leadership reflects the composition of our diverse nation in terms of gender, race and ethnicity, economic background, and occupation, and we call on you to take steps to promptly begin to remedy this issue.

In 1977, Congress responded to concerns that monetary policy was being set by a body that fell short of reflecting the diverse makeup of the United States by passing a law that requires the Federal Reserve to "represent the public, without discrimination on the basis of race, creed, color, sex, or national origin, and with due but not exclusive consideration to the interests of agriculture, commerce, industry, services, labor and consumers."<sup>2</sup> Nearly 40 years later, the leadership across the Federal Reserve System remains overwhelmingly and disproportionately white and male, while major financial institutions and corporations are overrepresented in senior roles.

According to a study by the Center for Popular Democracy released in February 2016, 83 percent of Federal Reserve head office board members are white, and men occupy nearly three-fourths of

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<sup>1</sup> "What the Federal Reserve Is Doing to Promote a Stronger Job Market," *2014 National Interagency Community Reinvestment Conference*, 3.31.2014

<https://www.federalreserve.gov/newsevents/speech/yellen20140331a.htm>

<sup>2</sup> Federal Reserve Act §4.11; <https://www.federalreserve.gov/aboutthefed/section4.htm>

all regional bank directorships.<sup>3</sup> The lack of public representation on regional Banks' boards is even more distressing in light of the lack of diversity among regional Bank presidents and the resulting lack of diversity on the Federal Open Market Committee (FOMC). Currently, 92 percent of regional Bank presidents are white, and not a single president is either African-American or Latino. Moreover, at present 100 percent of voting FOMC participants are white, while 83 percent of regional Bank presidents and 60 percent of voting FOMC members are men.

In addition to racial and gender disparities, we are also concerned with the persistent lack of occupational diversity. Despite the important role they serve in reflecting the interests of working families, only 11 percent of the Federal Reserve's regional Bank directors come from community, labor, or academic organizations. By contrast, 39 percent of all regional directors represent financial institutions, and 47 percent represent firms in commerce, industry, and services.<sup>4</sup>

Given the critical linkage between monetary policy and the experiences of hardworking Americans, the importance of ensuring that such positions are filled by persons that reflect and represent the interests of our diverse country, cannot be understated. When the voices of women, African-Americans, Latinos, Asian Pacific Americans, and representatives of consumers and labor are excluded from key discussions, their interests are too often neglected. For example, it is widely accepted that employment discrimination against women and minorities decreases as our economy approaches full employment. The data is unambiguous: even when comparing workers with the same levels of education, African-American workers face higher unemployment rates and are paid less than their white counterparts, women make less than their male counterparts, and women of color are particularly disadvantaged. A recent study by the Economic Policy Institute confirmed the importance of full employment for African-Americans, demonstrating that for every .91 percent reduction in unemployment for whites, black unemployment drops 1.7 percent.<sup>5</sup> This reality is particularly relevant today, as the unemployment rate for African-Americans (8.8 percent) is currently more than double the unemployment rate for Whites (4.3 percent), with Hispanics also suffering worse unemployment rates (6.1 percent). According to a report from the Department of Labor, unemployed Asian-Americans are more far more likely to be long-term unemployed (41.7 percent) compared to unemployed white Americans (35.8 percent).

By fostering genuine full employment, the Federal Reserve can help combat discrimination and dramatically reduce the disproportionate unemployment faced by minority populations. Unfortunately, it seems that this perspective is missing from FOMC deliberations. Reflecting on his experience on the FOMC in a recent blog post, former Minneapolis Federal Reserve President Narayana Kocherlakota wrote: "There is one key source of economic difference in American life that is likely underemphasized in FOMC deliberations: race."<sup>6</sup> He reviewed the

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<sup>3</sup> "To Represent the Public: The Federal Reserve's Continued Failure to Represent the Public," *Center for Popular Democracy*, February 2016, <http://populardemocracy.org/sites/default/files/Fed%20Up.pdf>

<sup>4</sup> Ibid.

<sup>5</sup> "The Impact of Full Employment on African American Employment and Wages," *Economic Policy Institute*, 03.30.2015, <http://www.epi.org/publication/the-impact-of-full-employment-on-african-american-employment-and-wages/>

<sup>6</sup> Narayana Kocherlakota, "MLK Day Reflections on the FOMC," (blog post) Narayna Kocherlakota's Website, January 18, 2016, <https://sites.google.com/site/kocherlakota009/home/policy/thoughts-on-policy/1-18-16>

most recent full year of FOMC meeting transcripts available (2010), and found that “there was no reference in the meetings to labor market conditions among African-Americans,” although the unemployment rate for African-Americans never dropped below 15.5 percent during that year.<sup>7</sup> It is unacceptable that discussion of the job market for these populations would be an afterthought, or worse, ignored entirely, and we are concerned that the lack of balanced representation may be a significant cause of this oversight.

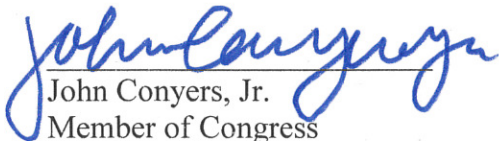
We are grateful that you pledged to consider African-Americans for future positions as regional Bank presidents during your recent Humphrey-Hawkins testimony before Congress, and appreciate your concern that no African-American has led a regional Bank to date. While some recent progress has been made, the Federal Reserve still has considerable work to do in order to comply with both the letter and spirit of the requirements of the Federal Reserve Act that seek to ensure fairness in the representation within the leadership of the Federal Reserve.

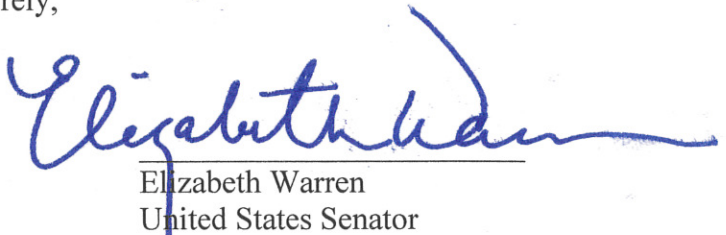
On February 19, 2016, the Federal Reserve announced that 10 regional presidents (eight men and two women, all white) had been re-appointed to new five-year terms.<sup>8</sup> Despite the importance of this decision, there appears to have been no public consultation, and limited transparency regarding the metrics and criteria used to evaluate the presidents’ performance, or in the decision to reappoint them. As the Board of Governors embarks on its search for regional Bank directors to serve beginning in 2017, and as you consider future regional president vacancies, we urge you to engage in an inclusive process to consider candidates from a diverse set of backgrounds, including a greater number of African-Americans, Latinos, Asian Pacific Americans, women, and individuals from labor, consumer, and community organizations.

Moreover, as you make crucial monetary policy decisions in 2016, we urge you to give due consideration to the interests and priorities of the millions of people around the country who still have not benefited from this recovery. We share the vision that you laid out in Chicago two years ago: an economy in which all working families “get the chance they deserve to build better lives.”

Thank you for your continued pursuit of these vital goals.

Sincerely,

  
John Conyers, Jr.  
Member of Congress

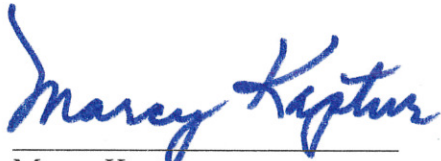
  
Elizabeth Warren  
United States Senator

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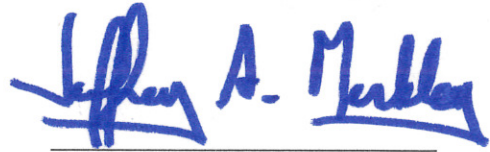
<sup>7</sup> Ibid.

<sup>8</sup> “Reappointment of all regional presidents,” *Federal Reserve*,  
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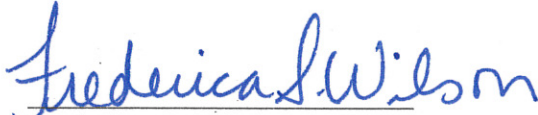




Marcy Kaptur  
Member of Congress



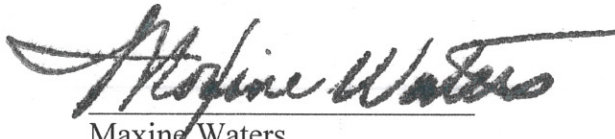
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United States Senator



Frederica S. Wilson  
Member of Congress



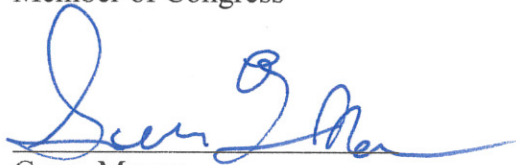
Robert Menendez  
United States Senator



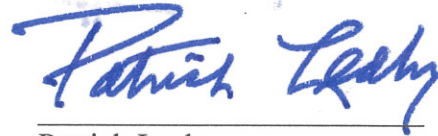
Maxine Waters  
Member of Congress



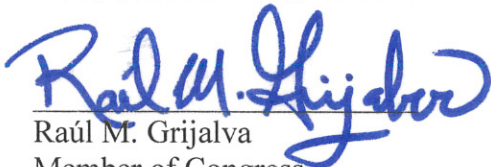
Mazie Hirono  
United States Senator



Gwen Moore  
Member of Congress



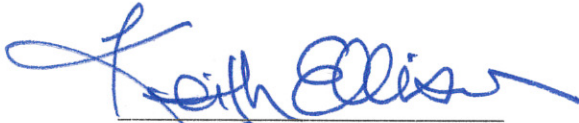
Patrick Leahy  
United States Senator



Raúl M. Grijalva  
Member of Congress



Bernard Sanders  
United States Senator



Keith Ellison  
Member of Congress



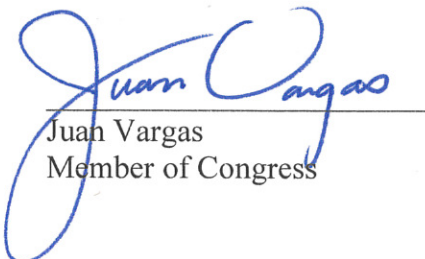
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United States Senator



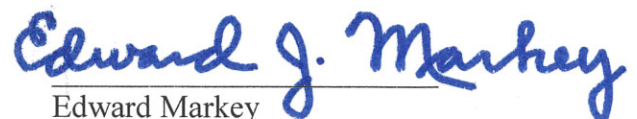
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Member of Congress



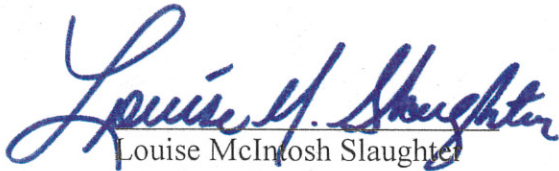
Cory Booker  
United States Senator



Juan Vargas  
Member of Congress



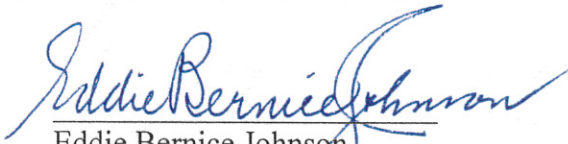
Edward Markey  
United States Senator



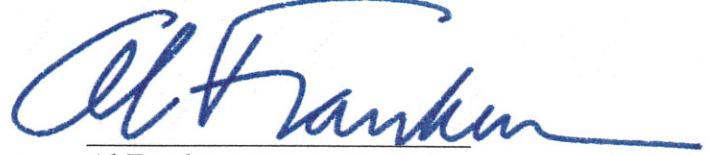
Louise McIntosh Slaughter  
Member of Congress



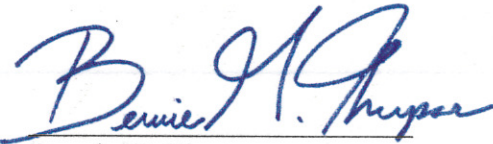
Richard Durbin  
United States Senator



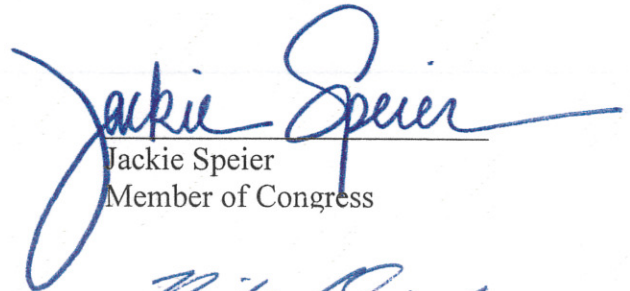
Eddie Bernice Johnson  
Member of Congress



Al Franken  
United States Senator



Bennie G. Thompson  
Member of Congress



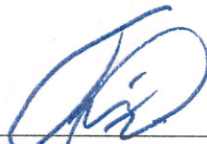
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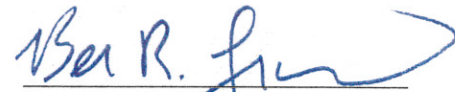
Paul Tonko  
Member of Congress



Mike Quigley  
Member of Congress



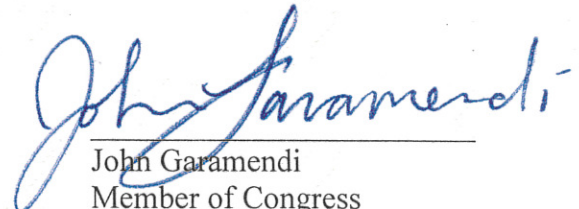
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Member of Congress



Ben Ray Luján  
Member of Congress



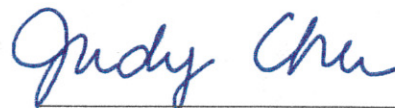
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John Garamendi  
Member of Congress



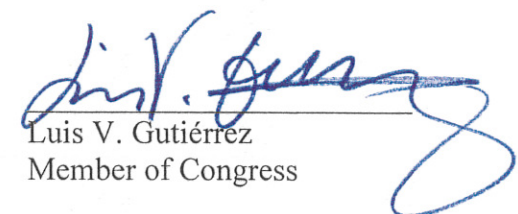
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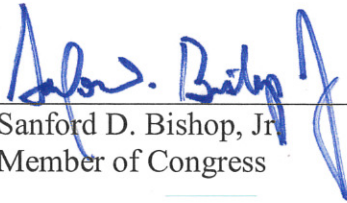
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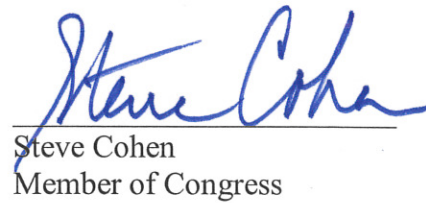


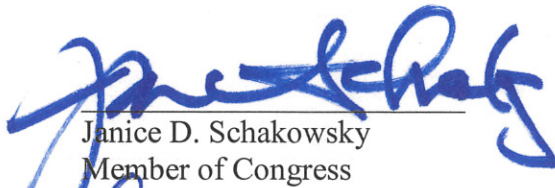
Rosa L. DeLauro  
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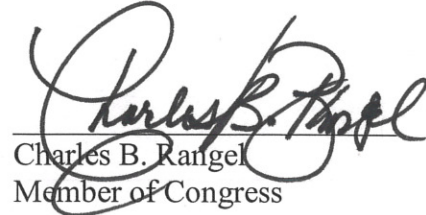


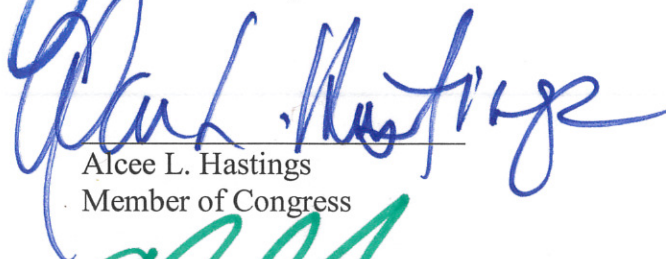
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Sanford D. Bishop, Jr.  
Member of Congress

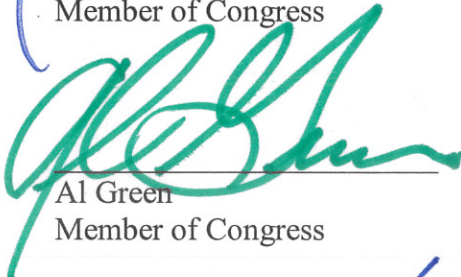
  
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Janice D. Schakowsky  
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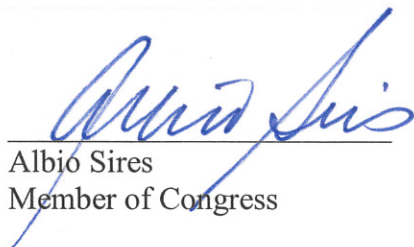
  
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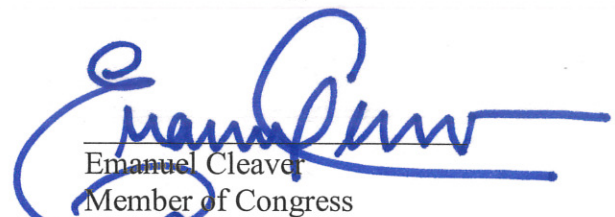
  
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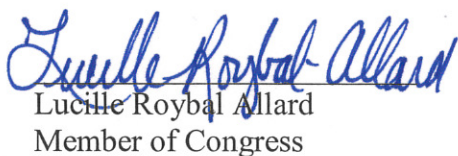
  
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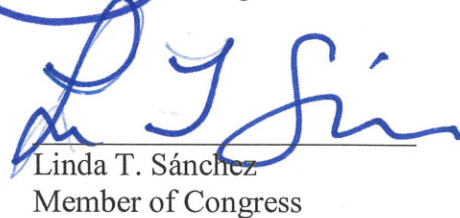
  
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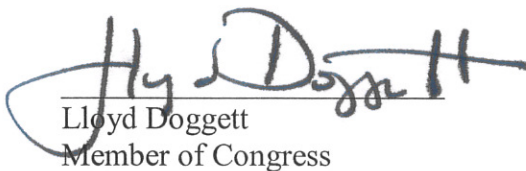
  
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Albio Sires  
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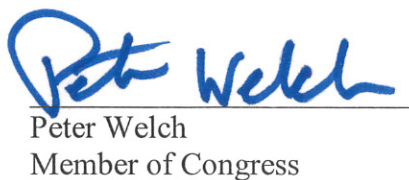
  
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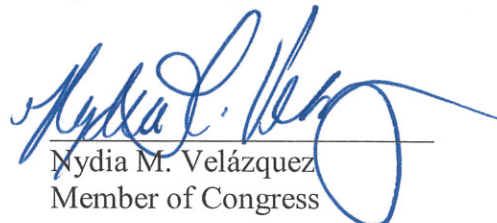
  
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Linda T. Sánchez  
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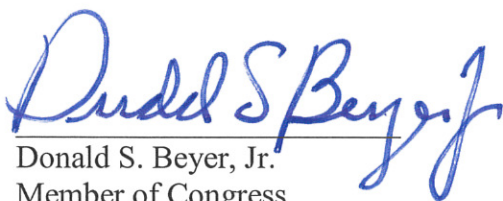
  
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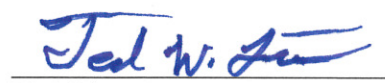
  
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Peter Welch  
Member of Congress

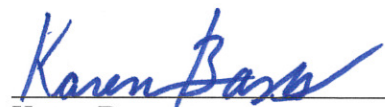
  
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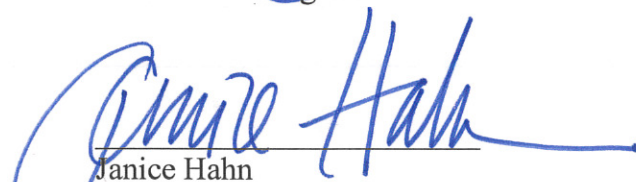


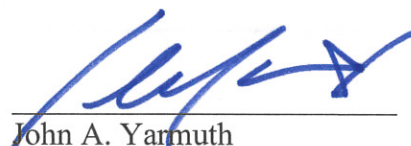
  
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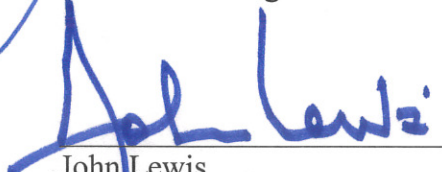
  
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Marc A. Veasey  
Member of Congress

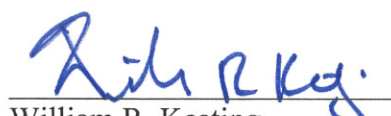
  
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Janice Hahn  
Member of Congress

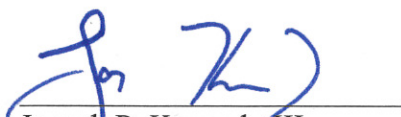
  
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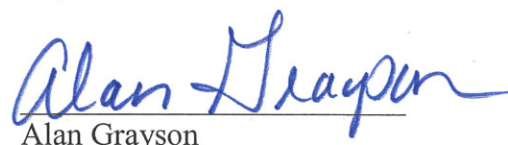
  
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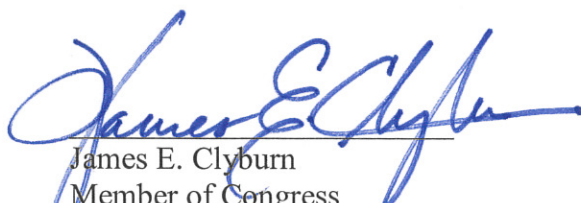
  
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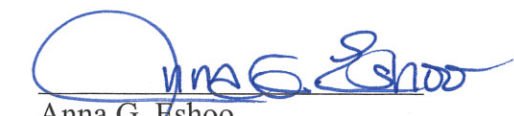
  
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Mark Pocan  
Member of Congress

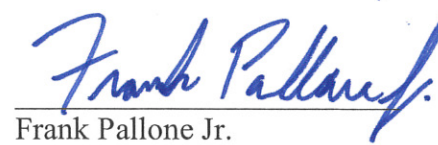
  
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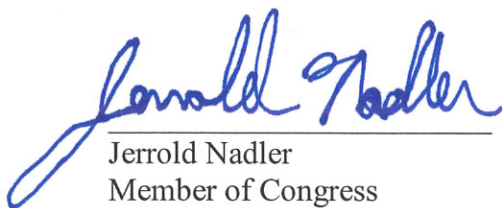
  
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James E. Clyburn  
Member of Congress


  
Anna G. Eshoo  
Member of Congress

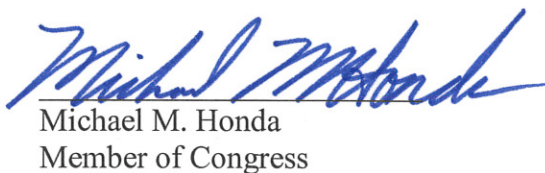
  
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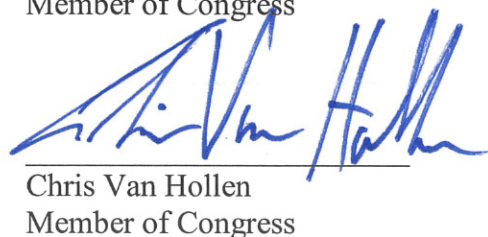
  
Frank Pallone Jr.  
Member of Congress

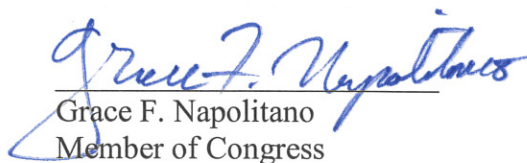
  
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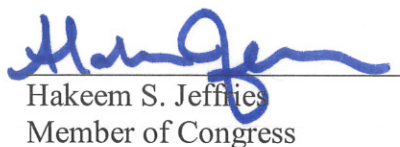
  
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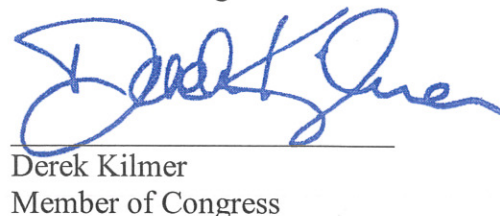
  
Niki Tsongas  
Member of Congress

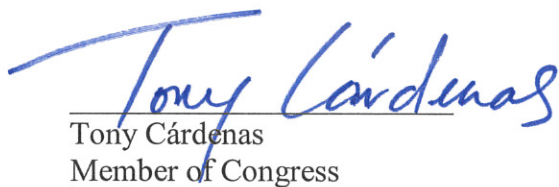
  
Michael M. Honda  
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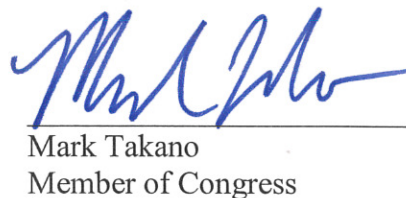
  
Chris Van Hollen  
Member of Congress

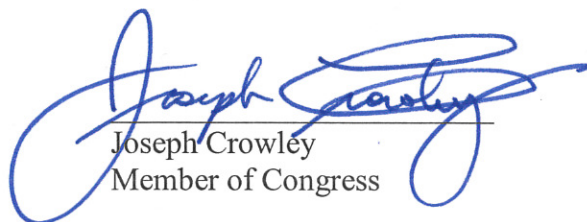
  
Grace F. Napolitano  
Member of Congress

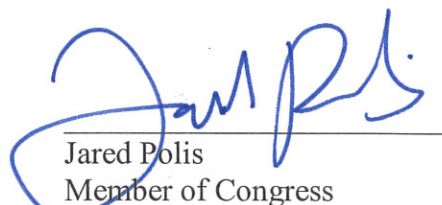
  
Hakeem S. Jeffries  
Member of Congress

  
Derek Kilmer  
Member of Congress

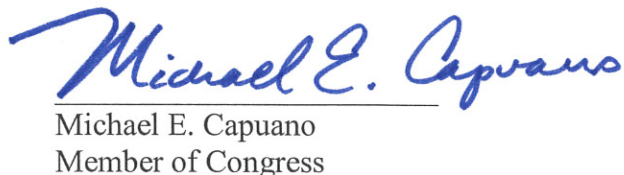
  
Tony Cárdenas  
Member of Congress

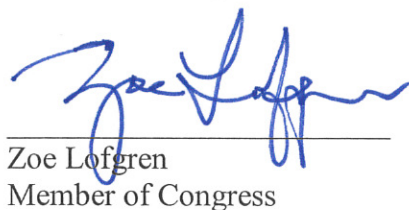
  
Mark Takano  
Member of Congress

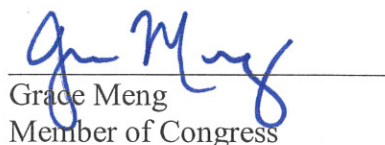
  
Joseph Crowley  
Member of Congress

  
Jared Polis  
Member of Congress

  
Matt Cartwright  
Member of Congress

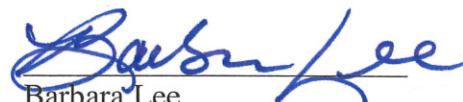
  
Michael E. Capuano  
Member of Congress


  
Zoe Lofgren  
Member of Congress

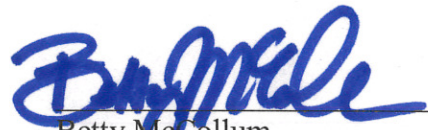
  
Grace Meng  
Member of Congress

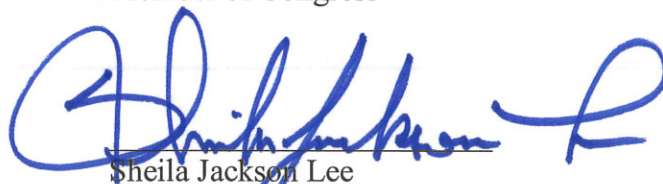


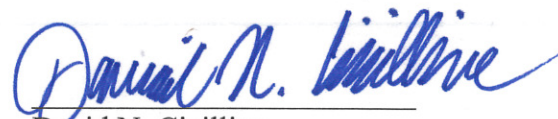
  
Chaka Fattah  
Member of Congress


  
Barbara Lee  
Member of Congress

  
Rubén Hinojosa  
Member of Congress

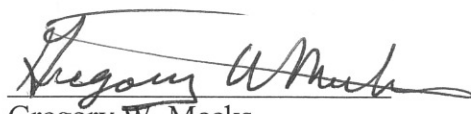
  
Betty McCollum  
Member of Congress

  
Sheila Jackson Lee  
Member of Congress

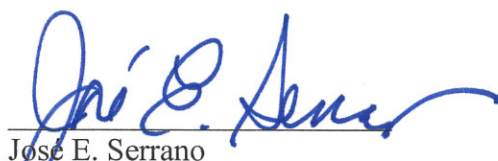
  
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Member of Congress

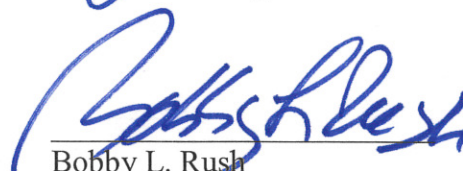
  
Brad Sherman  
Member of Congress


  
Henry C. "Hank" Johnson, Jr.  
Member of Congress

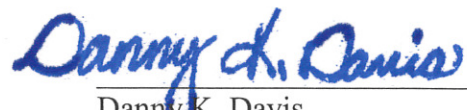
  
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Member of Congress

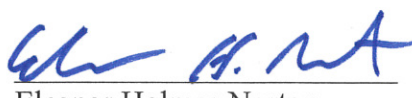
  
Elijah E. Cummings  
Member of Congress


  
José E. Serrano  
Member of Congress

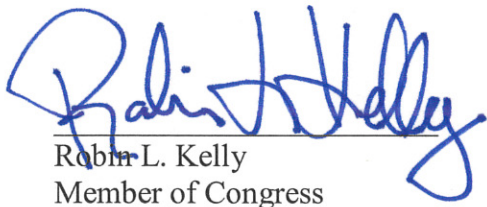
  
Bobby L. Rush  
Member of Congress

  
Chellie Pingree  
Member of Congress


  
Danny K. Davis  
Member of Congress

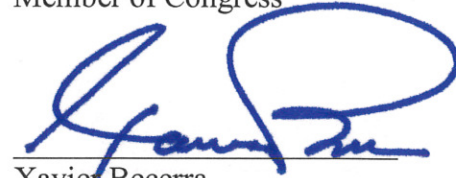
  
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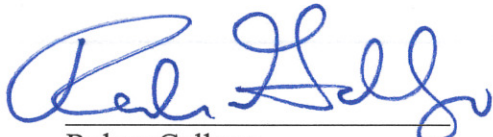
  
Corrine Brown  
Member of Congress

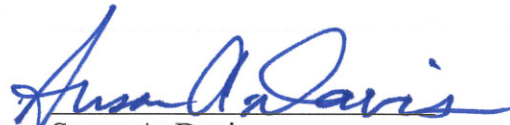
  
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Member of Congress

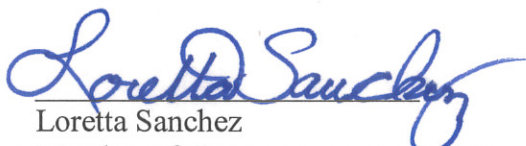
  
Brenda L. Lawrence  
Member of Congress


  
Sander M. Levin  
Member of Congress


  
Xavier Becerra  
Member of Congress

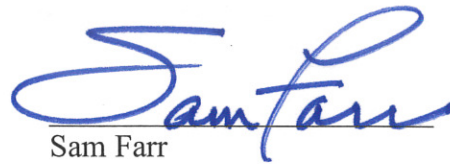
  
Ruben Gallego  
Member of Congress


  
Susan A. Davis  
Member of Congress

  
Loretta Sanchez  
Member of Congress

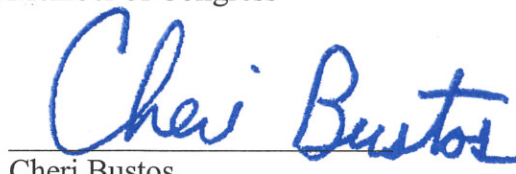
  
Robert C. "Bobby" Scott  
Member of Congress


  
Terri A. Sewell  
Member of Congress

  
Sam Farr  
Member of Congress

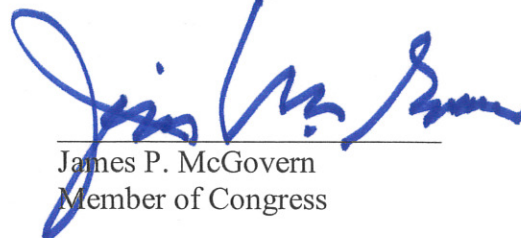
  
Jim McDermott  
Member of Congress

  
Julia Brownley  
Member of Congress

  
Cheri Bustos  
Member of Congress

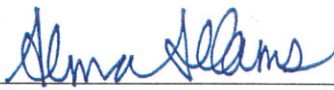
  
Norma J. Torres  
Member of Congress

  
Stacey E. Plaskett  
Member of Congress

  
James P. McGovern  
Member of Congress



Daniel T. Kildee  
Member of Congress



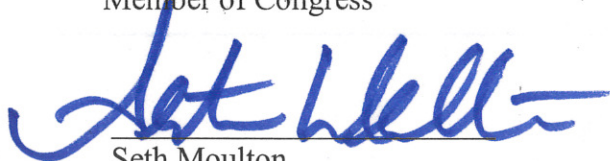
Alma S. Adams  
Member of Congress



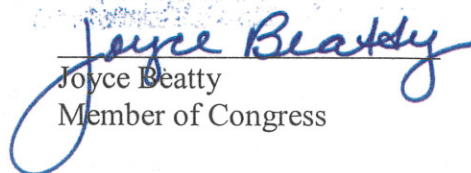
Michelle Lujan Grisham  
Member of Congress



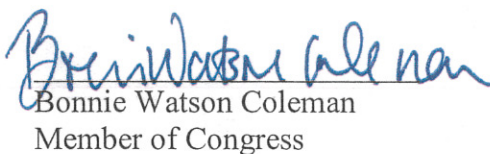
Joaquin Castro  
Member of Congress



Seth Moulton  
Member of Congress



Joyce Beatty  
Member of Congress



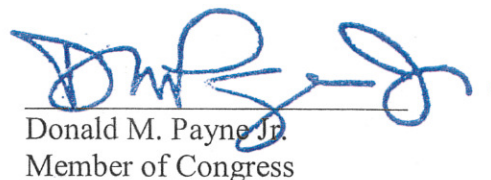
Bonnie Watson Coleman  
Member of Congress



Debbie Dingell  
Member of Congress



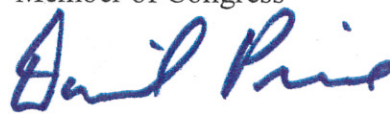
Alan Lowenthal  
Member of Congress



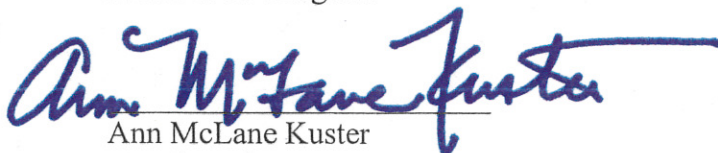
Donald M. Payne Jr.  
Member of Congress



Robert A. Brady  
Member of Congress



David E. Price  
Member of Congress



Ann McLane Kuster  
Member of Congress