December 6, 2021

The Honorable Jerome H. Powell, Chairman  
Board of Governors  
Federal Reserve System  
20th Street and Constitution Avenue, NW  
Washington, DC 20551

Mr. Greg Armstrong, Chair  
The Federal Reserve Bank of Dallas  
2200 N Pearl Street  
Dallas, TX 75201

Dr. Christina Hull Paxton, Chair  
The Federal Reserve Bank of Boston  
600 Atlantic Avenue  
Boston, MA 02210

Dear Chairman Powell, Chair Armstrong and Chair Paxton,

We write to thank you for your commitment to seek diverse candidates to replace the positions vacated by Dallas Bank President Kaplan and Boston Bank President Rosengren. These openings present an important opportunity for the Federal Reserve to live up to its diversity goals. We urge you to prioritize transparency and public input in the selection process and to seek qualified candidates that adequately represent the population these banks serve.

Leadership within the Federal Reserve system must include people who reflect the racial and ethnic diversity of our nation and who deeply understand how working-class people experience the US economy. The Federal Reserve’s decisions regarding monetary policy impact the economic wellbeing of Americans. For example, the Federal Reserve is currently evaluating the removal of some of the quantitative easing that was intensified during the early phases of the COVID-19 pandemic. This decision will likely have varied impacts on different sectors of the economy and income brackets. Therefore, it is imperative that Federal Reserve Bank presidents, who are tasked with basing policy decisions on the economic conditions of their districts, come from a wide range of backgrounds and have lived experiences that reflect the diversity of the Federal Reserve District they are serving.

The United States population as a whole is increasingly diverse. According to the 2020 Census, more than two-fifths of the population now identify as people of color. However, in 2021, the 12 Federal Reserve Bank Presidents are 83% White, 75% male and overwhelmingly from the banking and business sectors. The 11th Federal Reserve District represents a population that is 58% people of color, and the 1st Federal Reserve District represents a population that is 25% - the search for new presidents must be focused on recruiting applicants who are racially, ethnically, occupationally diverse.¹ While we appreciate the Federal Reserve’s recent efforts toward diversity, the fact remains - there has still never been a Latino, Asian American or Pacific Islander President despite these demographics’ growing populations and prominent roles in the economy. Failing to achieve a Federal Reserve Bank


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that includes racially and ethnically diverse individuals from a wide range of personal and professional backgrounds threatens to undermine the quality of monetary and prudential policy decisions.

Though the Federal Reserve has publicly affirmed the need for more diversity among its ranks, there is little to assure the public that there is a process in place to secure this. The Federal Reserve’s current structure and selection process clearly privileges the banking and business sector and undermines diversity aims, but precious little is known about the process itself. It is completely opaque to the public, with recruitment, selection, and vetting done behind closed doors. Not only is this a missed opportunity to build public trust, it also is a failure of the Federal Reserve to provide the transparency needed to cast a wider net and attract a more diverse applicant pool.

The Federal Reserve must take immediate steps to increase transparency and accountability in the selection process for regional bank presidents. We urge you to engage the public in the search process by soliciting input from a wide range of stakeholders across the 1st and 11th Federal Reserve districts and beyond. Labor, consumer, civil rights, and community groups should be consulted throughout the process. We also urge you to collect and publish demographic data on your applicant pool. The public must be assured that you are considering candidates of diverse professional backgrounds, races, ethnicities, genders, sexual orientations, and other relevant identities. In addition, creating a nomination process that solicits and accepts a greater level of public input, such as holding public forums at which members of the public can meet with the search committee, and providing opportunities for the public to submit questions to the candidates would help strengthen the public trust in the search process.

The Federal Reserve is a powerful economic policy institution in our country- it’s essential that that power is wielded equitably and in a way that will consider the needs and experiences of working-class communities. We thank you for your time and look forward to receiving more detailed information about the banks’ selection process for the open president positions at the Boston and Dallas regional Federal Reserve Banks. We hope that an increase in transparency at the Federal Reserve can lead to long-term increases in diversity at the institution.

Sincerely,

Marla Bilonick  
President and CEO, NALCAB

Seema Agnani  
Executive Director, National CAPACD
NALCAB, the National Association for Latino Community Asset Builders, is a US Treasury-certified Community Development Financial Institution (CDFI) that represents and serves nearly 160 diverse nonprofit community development and asset-building organizations across the country. More than half of NALCAB members are lenders, and over 50 are certified CDFIs. These organizations uplift Latino communities by strengthening access to quality affordable housing and safe financial products and facilitating the creation and growth of small businesses. Most of the people served by the NALCAB Network are low- to moderate-income individuals who are first- or second-generation immigrants.

National CAPACD (National Coalition for Asian Pacific American Community Development) is a coalition of more than 100 organizations that advocate for and organize in low-income AAPI communities to advance the economic and social empowerment of low-income AAPIs and equitable development of AAPI neighborhoods. We strengthen and mobilize our members to build power nationally and further our vision of economic and social justice for all. Our member organizations employ a diverse set of strategies tailored to local community needs, including: housing and financial empowerment services, workforce development, community organizing, the creation of affordable housing and community institutions, and small business sustainability and entrepreneurship.