

July 11, 2017

Chair Janet Yellen
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue N.W.
Washington, D.C. 20551

Dear Chair Yellen,

Your tenure as Chair of the Federal Reserve has been historic, with millions of newly created private sector jobs and significant progress in lowering the unemployment rate from the depths of the economic crisis. We believe your legacy as Chair will be defined not only by the monetary and regulatory policies that you pursued, but how you left your mark on the Fed. It is an institution that has been rightly criticized for insufficient accountability to the American public and economy. We believe that an effective Federal Reserve is necessarily one that represents and reflects the people it serves. Your time as Chair has been historic, and your legacy should include leaving behind a more diverse, accountable, and transparent Fed.

For all of dynamism and strength of the US economy, we are experiencing enormous disparities in wealth, income and opportunity that strongly correlate to race, ethnicity and geography. Failing to address significant disparities in employment and net worth between major segments of our population, and particularly in segments that are driving our demographic growth, will result in national level economic consequences including lagging economic productivity and ultimately reduced GDP. This is a significant risk for the US economy.

The Federal Reserve will be strengthened by having Presidents and members of Boards of Directors whose experience and expertise better reflect the large segments of our economy and our population that are not proportionally benefiting from economic growth. Ensuring that these perspectives are represented within the Fed is a critical way to prepare the Fed for the challenges and opportunities in our economic future. When the voices of people of color, women, and those with backgrounds from labor and non-profits are excluded, their interests are often neglected. A study by the Economic Policy Institute confirmed that for every 0.91 percent reduction in unemployment for whites, African-American unemployment drops 1.7 percent. Research by economist William Spriggs has also shown that tighter labor markets help lessen glaring racial disparities, thus reducing the likelihood of labor market discrimination. It is crucial that decisionmakers at the Fed have an understanding of how their policies impact labor market conditions for different segments of the population in order to properly weigh the benefits that the Fed achieving its full employment mandate will bring to communities of color.

Unfortunately, the Fed has never lived up to its legal mandate for all Class B and C directors to “represent the public, without discrimination on the basis of race, creed, color, sex, or national origin.” Among the 12 Regional Banks, 80% of board members are white, and -- despite recent progress -- 83% of Regional Bank presidents are white. Furthermore, 80% of board members at regional Fed banks come from financial or business backgrounds while only 20% represent

non-profits, labor, academia, or other public service institutions. You have testified before the Congress that diversifying the leadership of the Federal Reserve is a high priority for you. However, the racial, gender, and professional makeup of the Federal Reserve remains largely unchanged in 2017 from what it was in 2016.

You have one last chance during this term as Chair to make a significant difference toward meeting the Fed's legal obligation to better "represent the public," by making diverse appointments of women, people of color, and people serving the public interest to the Class C spots of the Regional Banks. Your final set of Class C appointments will leave a lasting legacy and set a precedent that can push the institution of the Fed to more fully represent people of all races, ethnicities and backgrounds.

In February, the Atlanta Federal Reserve made history by appointing Dr. Raphael Bostic to be its next president. Dr. Bostic is the first African-American ever appointed to the presidency of a regional Federal Reserve Bank in the Federal Reserve's 104-year history. We commend the Atlanta Federal Reserve Board and the Board of Governors for making this long-overdue choice, but we do not lose sight of the fact that this is a single step and there is a significant distance that remains between the Fed as it is today, and the Fed as it should be. The vacancy at the Richmond Federal Reserve provides an opportunity to finally appoint someone who represents people of color after over 100 years of uninterrupted governance by exclusively white Richmond Federal Reserve Bank presidents. You have the power to withhold approval of any appointee until a diverse candidate is chosen.

Chair Yellen, you, more than anyone else, have the opportunity to improve the makeup of the Federal Reserve and solidify your legacy of pushing the institution towards greater diversity, representation, and fairness. We are eager to see you seize this opportunity.

Sincerely,

AFL-CIO

Action NC

Asian Americans Advancing Justice

California Reinvestment Coalition

Center for Community Change

Center for Popular Democracy

Center for Responsible Lending

Economic Policy Institute

Greenlining Institute

Make the Road New York

National Association for Latino Community Asset Builders

National Alliance of Community Economic Development Associations

National Council of La Raza

NAACP

National Coalition for Asian Pacific American Community Development

National Urban League

National Community Reinvestment Coalition

Neighborhoods Organizing for Change

New York Communities for Change

NC Housing Coalition

NC Justice Center

One Pennsylvania

PolicyLink

Poverty and Race Research Action Council

Prosperity Now

Reinvestment Partners

**Safe Places for the Advancement of
Community and Equity**

South Florida Reinvestment Coalition

Southern Poverty Law Center

Southern Coalition for Social Justice

SpiritHouse, Inc.

Texas Organizing Project