



United States House of Representatives
One Hundred Eighteenth Congress
Committee on Financial Services
2129 Rayburn House Office Building
Washington, DC 20515

December 19, 2023

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

Heidi L. Gartland
Search Committee Chair
Deputy Chair
Board of Directors
1455 East 6th Street
Cleveland, OH 44114

Dear Chair Powell and Ms. Gartland:

We are writing to urge the search committee to prioritize diversity and transparency as the Federal Reserve Bank of Cleveland conducts its search for the next president and CEO to replace Loretta Mester. The new Federal Reserve Bank president will be pivotal in shaping economic policies and decisions that impact the lives of Americans across the country, especially when they will vote on the Federal Open Market Committee (FOMC) that sets interest rates in 2024 and 2026. They will also play an important, ongoing role for individuals, families, community banks, and small businesses in the Cleveland Fed's jurisdiction of Ohio, eastern Kentucky, western Pennsylvania, and parts of West Virginia. As such, it is crucial that the leadership of each Federal Reserve Bank reflects the diversity of its constituents.

In the Fed's Diversity, Equity, and Inclusion Strategic Plan for 2022-2025, one of the key strategies outlined is to "attract highly qualified and diverse slates of applicants and candidates through strategic outreach and talent acquisition that connects with all segments of society." We are requesting that the search committee adhere to this plan by considering candidates who are women, people of color, individuals from the LGBTQ community, and experts from labor, academia, and other backgrounds. An intentional focus on diversity will increase the likelihood of a president who can amplify unique perspectives of communities that are often overlooked. We are pleased to see that the Federal Reserve Bank of Cleveland has a diverse interview panel, which has been shown to lead to better representation, increased fairness, and a wider range of perspectives and opinions.

For many years, we have worked to create a national discussion on diversity in financial services. Under our leadership as the first Black person and first woman to Chair the House Financial Services Committee and Congress' first-ever Subcommittee on Diversity and Inclusion, this historic Subcommittee held nearly 20 hearings, authored several reports examining the lack of diversity in the financial services industry, and undertook historic oversight designed to increase diversity in the industry at all levels. There has also been bipartisan support for diversity among Federal Reserve Bank presidents, with the U.S. House of

Representatives unanimously passing the *Ensuring Diverse Leadership Act*, also known as the Beatty Rule, in the 116th Congress.

We are very pleased that President Biden has built on this progress by nominating, subject to Senate confirmation, a historically diverse and supremely qualified slate of appointments to the Federal Reserve’s Board of Governors. This includes Dr. Lisa Cook, the first Black woman to serve on the Board; Dr. Adriana Kugler, the first Latina to serve on the Board; and Dr. Philip Jefferson, the second Black man to serve as Vice Chair of the Board. In 2022, we also applauded the Federal Reserve Bank of New York for selecting Susan Collins, the first Black woman to lead any of the 12 regional Federal Reserve Banks as its new president.

Despite much progress, there is still work to be done to make the Federal Reserve System more representative of the public. According to the most recent data from the Federal Reserve Board of Governor’s Office of Minority and Women Inclusion report, the Federal Reserve Banks’ workforce is comprised of 70 percent White employees and 56 percent male employees. Furthermore, the Board hired more men last year (54 percent) than women (46 percent); and more White employees (52 percent) than employees of color (48 percent).

Following the Supreme Court’s decision to abolish affirmative action in schools, there has been a concerted effort by extremists to intentionally roll back progress on diversity and inclusion efforts nationwide.¹ It is important that we remain committed to ensuring diversity within the financial services industry and preserve the progress we have achieved.

We know that highly inclusive organizations, especially those that make a concerted effort to be diverse in all aspects of their business, are more productive and profitable. By fostering diversity in leadership, we can strengthen the institution and enhance its ability to address the complex economic challenges facing our nation. President Mester’s retirement has created an opportunity to continue to strengthen the search process and broaden the perspectives among Reserve Bank presidents. We urge you to seize it.

Sincerely,



Maxine Waters
Ranking Member



Joyce Beatty