



Michael W. Frerichs  
ILLINOIS STATE TREASURER

**INVESTED**  
**IN** *you*



# Equity, Diversity, & Inclusion

September 2020

**A Track  
Record of  
Success**  
(2015-2020)

[illinoistreasurer.gov](http://illinoistreasurer.gov)



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# Illinois Treasurer Frerichs believes that our government should mirror the great diversity in our state.



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This document seeks to delineate the actions taken by the Office of the Illinois State Treasurer (“Illinois Treasurer”) under the leadership of Michael W. Frerichs, who assumed office in January 2015, to advance the goals of equity, diversity, and inclusion.

A core tenet of the mission of the Illinois Treasurer is to promote education, access, and opportunity for individuals and governmental bodies across our state to give families the tools to achieve the American Dream. In furtherance of that mission, the Illinois Treasurer is committed to providing equal access for minority persons, women, qualified veterans, and persons with disabilities (“MWVD Persons”).

Illinois Treasurer Frerichs believes that our government should mirror the great diversity in our state. Furthermore, diversity is good for business. Research demonstrates that diversity enhances group decision-making and productivity, and diverse-owned companies

are often well-situated to ascertain capital inefficiencies in the market, and as such, many are primed to outperform their peers. That is why the Illinois Treasurer has made it a priority to transform its culture, policies, and operations to increase opportunities available to MWVD Persons.

Beyond this fundamental belief in the value of diversity, Section 30 of the State Treasurer Act declares that it is policy of the Illinois Treasurer to promote and encourage the use of businesses owned by or under the control of MWVD Persons and sets forth the aspirational goal of directing 25% of the total dollar amount of funds under management, purchases of investment securities, and other contracts to businesses owned by or under the control of MWVD Persons.

In efforts to provide you with an up-to-date track record of our successes, this document will be updated on an annual basis.

# Highlighted Accomplishments



## Broker/Dealers

Total assets brokered by MWVD broker/dealers increased from \$603 million in FY 2014 to \$43 billion in FY 2020. That represents a 71-fold increase.



## Asset Managers

Total assets managed by MWVD firms increased from \$18 million in December 2014 to \$3.9 billion as of June 2020. That represents a 216-fold increase.



## Board Diversity

The Illinois Treasurer leads the Midwest Investors Diversity Initiative, a 15-member investor coalition working to increase racial, ethnic and gender diversity on corporate boards of Midwest companies. Since 2016, MIDI has undertaken 54 company engagements, 40 of which added diverse board members and 32 adopted a diverse search policy. And as a leader of The Thirty Percent Coalition, the Illinois Treasurer and its partners have successfully engaged close to 400 companies that have now appointed a woman to their boards.



## Procurement

19 of the Illinois Treasurer's 75 contractual vendors identify as MWVD firms. This means over 25% of the Treasurer's contractual vendors report MWVD status. The Illinois Treasurer continuously seeks to improve diversity data collection for its contractual vendors through internal and external communication.

## Doing Business with the Illinois Treasurer

MWVD investment and financial service providers are encouraged to email [MWVD@illinoistreasurer.gov](mailto:MWVD@illinoistreasurer.gov) to seek information or support on business opportunities with the Illinois Treasurer. Additional information on procurement opportunities, as well as the office's Procurement Sign-Up system, can be accessed at [illinoistreasurer.gov/Office\\_of\\_the\\_Treasurer/Procurement](https://illinoistreasurer.gov/Office_of_the_Treasurer/Procurement).

# Diversity in Broker/Dealers

The Illinois Treasurer recognizes that investment broker/dealers are well-positioned to provide high quality brokerage services to the Office. Diverse-owned broker/dealers or broker/dealers with a track record of equity, diversity, and inclusion assist the office in identifying and transacting competitive investment opportunities. The Illinois Treasurer believes broker/dealers that neglect equity, diversity, and inclusion cannot fully understand the aspects shaping their business, the economic environment and the world at large. A strong commitment to equity, diversity, and inclusion leads to broader and more robust innovation, the ability to overcome challenges, and the attraction and retention of top talent.



**Preference for MWVD Broker/Dealers** – Policies and procedures establish uniform operating processes across investment divisions for the allowance of preference to qualified MWVD-owned broker/dealers.

- Investment Policies Changes – Explicit language was inserted in the [investment policy statements](#) in 2016 for internally managed investment programs, including State Investments and Illinois Public Treasurer’s Investment Pool (“IPTIP” or “The Illinois Funds”), that codified preference for the utilization of MWVD-owned broker/dealers.
- Procedural Guidelines – Procedural guidelines were modified in 2016 to create processes by which MWVD-owned broker/dealers would receive preference when evaluated by the Division of Portfolio & Risk Analytics.

**MWVD Certification Process** – A customized process was created in 2015, now housed under the Division of Corporate Governance & Sustainable Investment, to certify the MWVD status of broker/dealers, providing an alternate method to business certification. This Division obtains necessary documentation at least every five years that attests to the veracity of a claimed MWVD status.

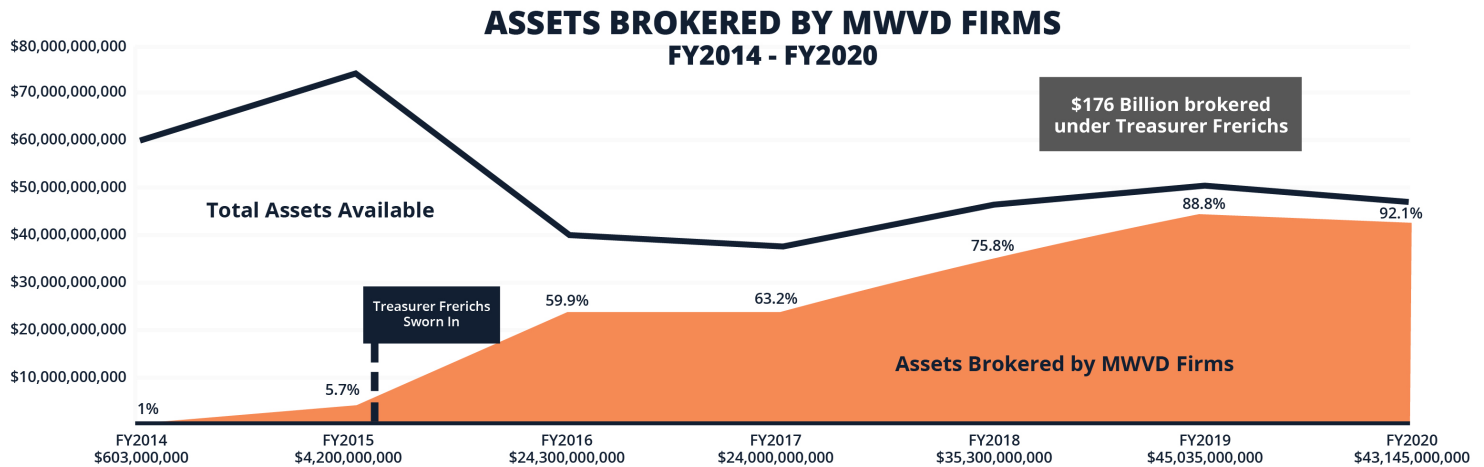
- Doubled Number of MWVD Broker/Dealers – In early 2015, the Illinois Treasurer had eight approved MWVD broker/dealers. After outreach to MWVD firms and the development of the certification process, as of August 2020, the Illinois Treasurer has 17 approved MWVD broker/dealers.

**MWVD Verification Process** – A customized process was created in 2015, now housed under the Division of Corporate Governance & Sustainable Investment, to verify the MWVD status of approved MWVD broker/dealers, thereby providing an additional layer of integrity to the MWVD certification process. The process functions as a de facto audit, wherein approved MWVD broker/dealers are randomly selected and asked to provide up-to-date documentation that verifies the claimed MWVD status.

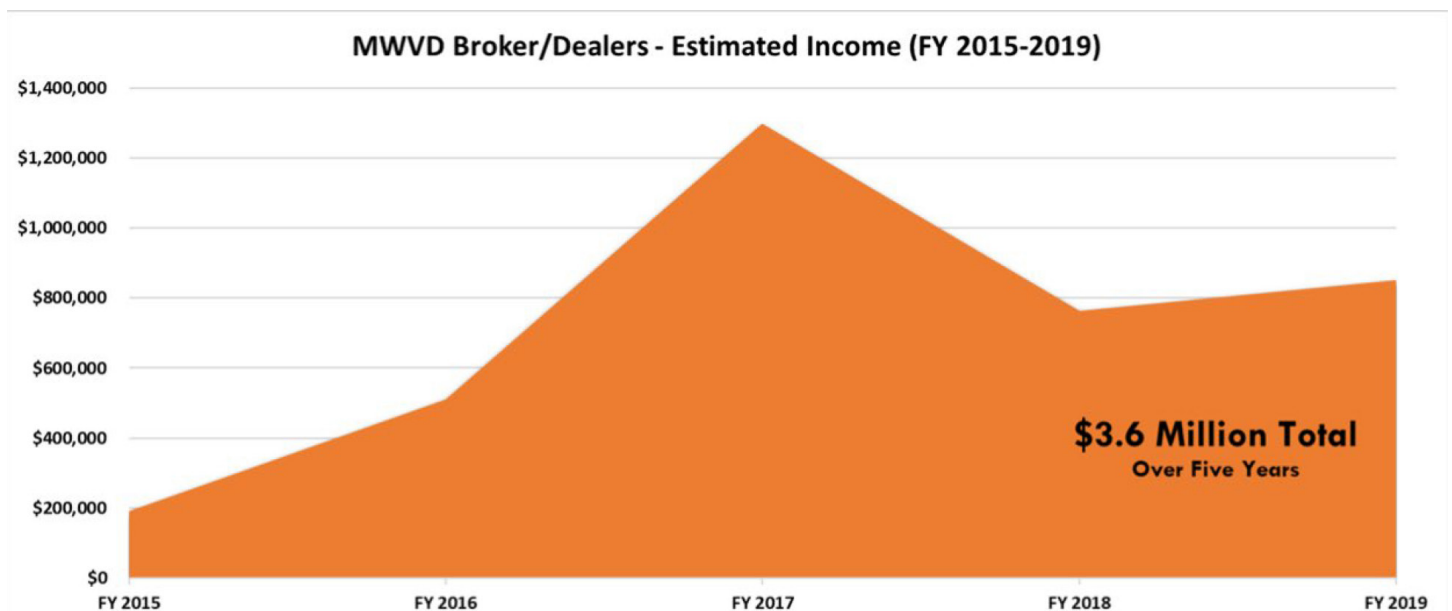
**Goals for Utilization of Minority-Owned Broker/Dealers** – As the Illinois Treasurer promotes and encourages the use of businesses owned by MWVD persons, beginning in 2020, the Illinois Treasurer requires investment managers of separately managed investment portfolios to direct at least thirty percent (30%) of total commission dollars, on a quarterly basis, to MWVD broker/dealers, with a preference for those based in Illinois. This is a practice that makes concerted and proactive effort to increase opportunities available to MWVD businesses.

**MWVD Broker/Dealer Tracking and Reporting** – A process was created in 2015, now housed under the Division of Corporate Governance & Sustainable Investment, to track the monthly utilization of MWVD broker/dealers by State Investments and IPTIP. This requires coordination with investment divisions to obtain and analyze monthly numbers for all approved MWVD broker/dealers. Additionally, it allows for internal reporting every month to the Office’s Investment Policy Committee and [online](#).

- **Assets Brokered by MWVD Firms Increased from \$603 million to \$43 billion** – Total assets brokered by MWVD firms increased from \$603 million in FY 2014 to \$43 billion in FY 2020. That represents a 71-fold increase.
- **Assets Brokered by MWVD Firms Increased from 1% to 92%** – There has been impressive growth in the utilization rate of MWVD broker/dealers, with consistent gains each year. In FY 2014, only 1% of assets were brokered by MWVD firms. By FY 2020, 92% of assets were brokered with MWVD firms.



- **Economic Impact on MWVD Broker/Dealers** – As a result of increased utilization by the Illinois Treasurer, MWVD broker/dealers are estimated to have attained over \$3.6 million for services rendered over the course of FY 2015 to FY 2019. The Illinois Treasurer increased its economic impact relating to MWVD Broker/Dealers by four times (4x) from 2015 to 2019.



# Asset Management

Many investment asset managers offer highly competitive investment products with a track record of outperformance, low cost, and demonstrated skill. As such, the Illinois Treasurer has made tremendous strides expanding the use of diverse-owned asset managers or asset managers with a track record of equity, diversity, and inclusion to assist the Office's externally managed investment platforms. The Illinois Treasurer believes investment managers that neglect equity, diversity, and inclusion cannot fully understand the aspects shaping their business, the economic environment and the world in general. A diverse team is better equipped to understand and respond to challenges related to equity, diversity, and inclusion, which may be material, and could affect long-term investment performance. Actions taken pertaining to equity, diversity, and inclusion have, and will continue to be, a differentiator of a firm's strategy for us.





**Preference for MWVD Asset Managers** – Policies and procedures establish uniform operating processes across investment divisions for the allowance of preference to qualified MWVD-owned asset managers.

- Investment Policies Changes – Explicit language was inserted in the [investment policy statements](#) in 2016 for investment programs that establishes preference for qualified MWVD-owned asset managers. This applies comprehensively to the following investment programs:
  - State Investments
  - Illinois Public Treasurer’s Investment Pool (“IPTIP” or “The Illinois Funds”)
  - Bright Start 529 College Savings Program
  - Bright Directions 529 College Savings Program
  - Illinois Growth & Innovation Fund (ILGIF)
  - Secure Choice Retirement Savings Program
  - Achieving a Better Life Experience (ABLE) Program
- Procedural Guidelines – Procedural guidelines were modified in 2016 to create processes by which MWVD-owned asset management firms would receive preference when evaluated by the Division of Investment Analysis & Due Diligence.

**Integrating Equity, Diversity, and Inclusion into the Investment Selection Process** - The Illinois Treasurer believes investment managers that neglect equity, diversity, and inclusion cannot fully understand the aspects shaping their business, the economic environment and the world in general. A strong commitment to equity, diversity, and inclusion leads to broader and more robust innovation, the ability to overcome challenges, and the attraction and retention of top talent. The Illinois Treasurer believes a diverse team is better equipped to understand and respond to challenges related to equity, diversity, and inclusion, which may be material, and could affect long-term investment performance. Actions taken pertaining to equity, diversity, and inclusion have, and will continue to be, a differentiator of a firm’s strategy. The Illinois Treasurer takes a profound investment consideration in such actions to supplement its qualitative and quantitative evaluation process across both public and private markets.

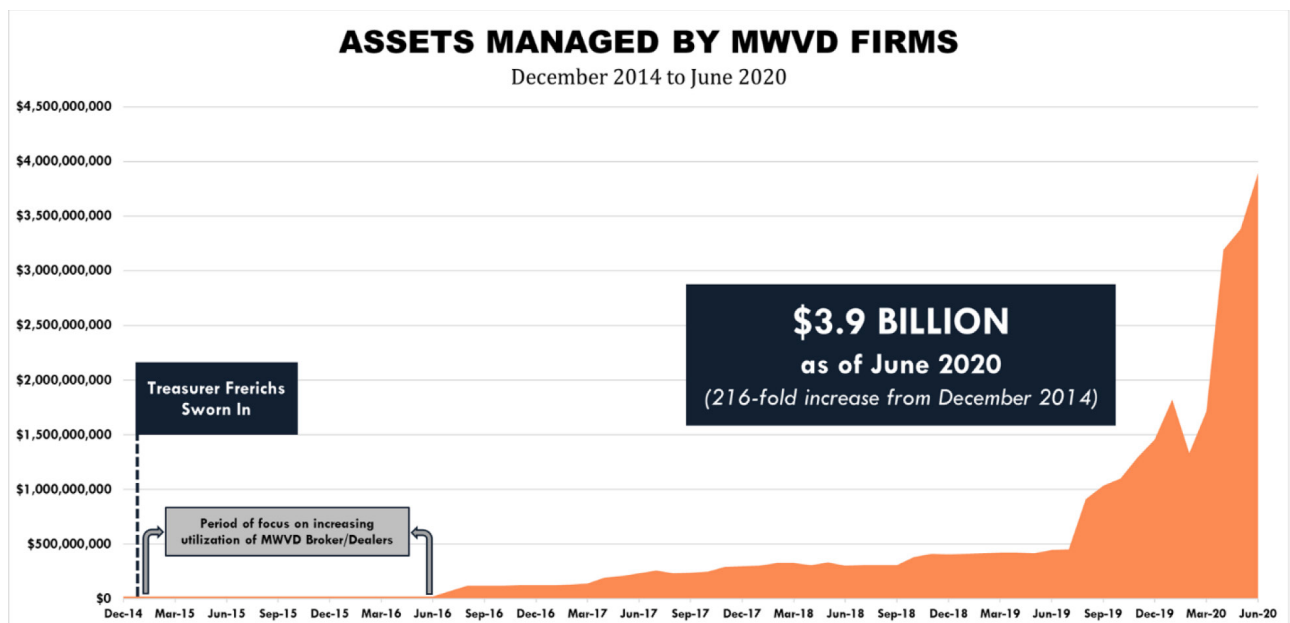
**Instituted the Garcia Rule** – The Illinois Treasurer maintains a requirement that helps ensure purposeful recruitment of diverse candidates and requires the Illinois Treasurer to interview at least one diverse candidate before the final selection of a candidate for any investment manager search in any program overseen by the Illinois Treasurer.

**Investment Consultant Scorecard** – In 2020, the Illinois Treasurer established a customized scorecard by which it assesses its investment consultants on issues of equity, diversity, and inclusion. Using data provided by investment consultants via an annual assessment, the Illinois Treasurer evaluates its investment consultants under four pillars, ultimately allotting points under each criterion and deriving a total score that provides a quantitative means to judge and compare the policies, processes, attributes, and performance of investment consultants to facilitate the execution of diversity goals.

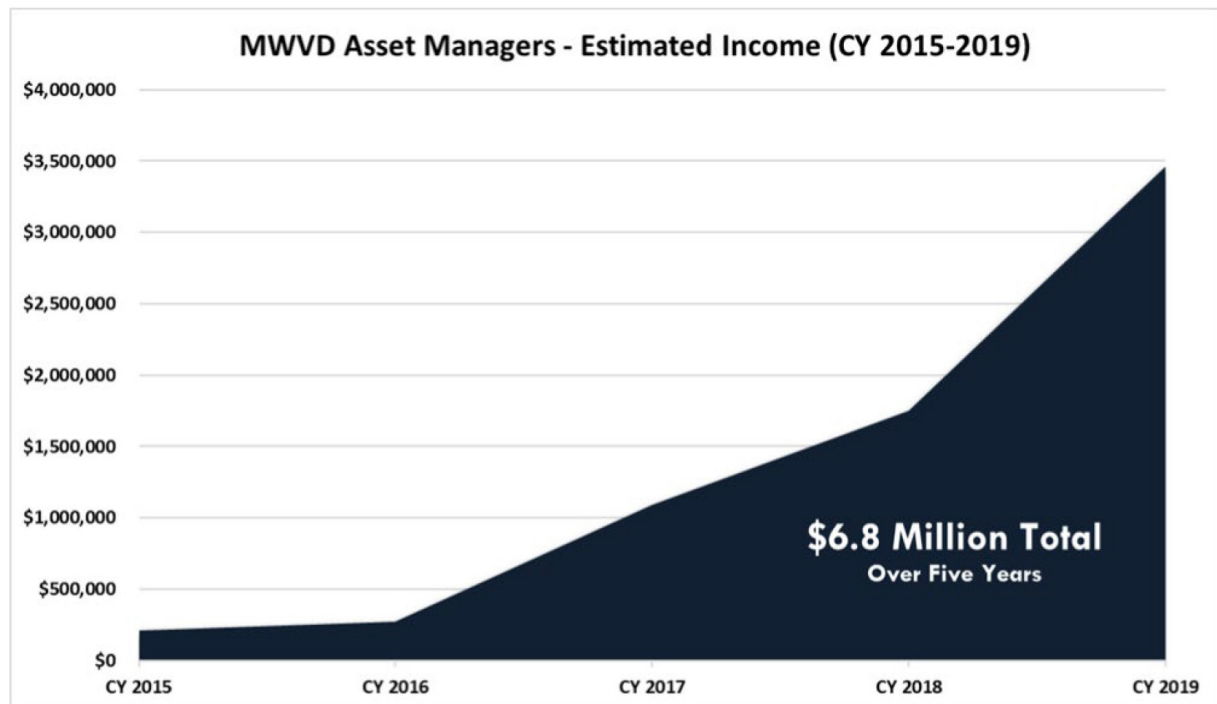
In 2017, the Illinois General Assembly amended the Illinois Pension Code by adding Sections 1-113.22 and 1-113.23, requiring disclosures from investment consultants on equity, diversity and inclusion as well as on conflicts of interest. Given the underlying equity, diversity and inclusion goals set forth in state law (and in the policies of the Illinois Treasurer) to increase the utilization of diverse-owned investment firms, and given the centrality of investment consultants in the identification and selection of external investment firms utilized by the Illinois Treasurer, it is appropriate to maintain a system that assesses the capabilities and attributes of investment consultants in assisting the Illinois Treasurer toward executing this goal.

**MWVD Asset Manager Tracking and Reporting** – A process was created in 2015, now housed under the Division of Corporate Governance & Sustainable Investment, to track the monthly utilization of MWVD asset managers. This requires coordination with investment divisions to obtain and analyze monthly numbers for all approved MWVD asset managers, and allows for internal reporting every month at the Office’s Investment Policy Committee and external reporting online.

- Assets Managed by MWVD Firms Increased from \$18 million to \$3.9 billion** – The Illinois Treasurer increased assets managed/supported by MWVD firms from \$18 million in December 2014 to \$3.9 billion as of June 2020. That’s a 216-fold increase. This includes MWVD owned or operated asset management firms and mutual fund sub-advisory relationships.



- **Economic Impact on MWVD Asset Managers** – As a result of increased utilization by the Illinois Treasurer, MWVD asset managers are estimated to have attained over \$6.8 million for services rendered over the course of CY 2015 to CY 2019. The Illinois Treasurer increased its economic impact pertaining to MWVD asset managers by sixteen times (16x) from 2015 to 2019.



**Anchoring MWVD Asset Managers** – The Illinois Treasurer has continued to push forward on expanding opportunities for MWVD asset managers. Throughout the investment portfolios overseen by the Illinois Treasurer, the Office has furthered the utilization of MWVD asset managers in all capacities – from anchoring a mutual fund vehicle with MWVD managed Garcia Hamilton & Associates, to seeding new venture capital managers such as Chingona Ventures, the first Latina-led venture capital fund in Illinois.

**Illinois Growth and Innovation Fund (ILGIF)** – The Illinois Growth and Innovation Fund is an impact investment fund aiming to invest approximately \$1 billion in ways that attract, assist and retain quality tech-enabled businesses in Illinois. As of August 2020, of the \$380 million committed to Illinois venture capital firms under ILGIF, \$157.5 million has been committed to MWVD-operated venture capital firms. That represents over 41% of committed capital to date.

- ILGIF has been established as the anchor investor in two diverse-owned venture capital funds, assisting these firms in receiving capital critical to their growth and success, including:



Cleveland Avenue



- Investments from ILGIF fund managers have supported more than 85 diverse-owned portfolio companies to receive funding support, including:



**PARTYSLATE**



- Through ILGIF, the Illinois Treasurer actively seeds and anchors new MWVD-operated venture capital funds, furthering the investment objective to foster a more diverse and inclusive manager pool and entrepreneurial community across Illinois.
- Venture capital firms include, but are not limited to: Moderne Ventures, Brightwood Capital, Agent Capital, Chingona Ventures, Palladium Equity Partners, Vamos Ventures, Builders VC, Impact Engine, Vistria Group, amongst others.
- *Cleveland Avenue State Treasurer's Urban Success Fund* – In partnership with minority-owned and operated venture capital firm Cleveland Avenue, the Illinois Growth and Innovation Fund anchored and helped launch the Cleveland Avenue State Treasurer's Urban Success Fund, a \$30 million fund dedicated to investing in underrepresented founders within underserved communities on Chicago's South and West sides. This is the first-ever venture capital fund with a thesis of investing in Chicago's South and West sides and is ILGIF's largest investment to date.
- *Diversity Commitments Provisions* – As part of our steadfast commitment to increasing diversity among the entities in which the Illinois Treasurer invests, side letter provisions are requested and negotiated with all venture capital/growth equity managers through ILGIF. These provisions prioritize consideration for diverse-owned portfolio companies as a significant factor when identifying and conducting diligence on prospective investments. ILGIF also requests provisions in which venture capital/growth equity managers seek to identify, recruit, promote and retain diverse persons within the junior and senior investment teams of the management company, as well as the consideration of diverse persons for board seats for internal committees and portfolio companies.

# Board Diversity ✓

The Illinois Treasurer recognizes that companies with diverse corporate boards often outperform their peers. Diversity, which is inclusive of gender, race/ethnicity, skill sets, professional backgrounds, and LGBTQ status, positively contributes to decision-making, better reflects consumer demographics and their preferences, and better positions investors like the Illinois Treasurer for optimal investment returns. Boards of directors wield immense influence over the governance, management, business strategy, and financial performance of corporations. They also serve as the direct representatives of a company's shareholders, which further ensures that boards are focused and legally bound to protect and grow shareholder value. Given that many corporate leaders recognize the benefits of board diversity, our role as investors is to prioritize corporate focus on this important dimension.

**Midwest Investors Diversity Initiative** – The Illinois Treasurer leads the [Midwest Investors Diversity Initiative](#) (MIDI), a 15-member coalition comprised of regional institutional investors with over \$820 billion in assets under management. MIDI engages companies in the Midwest facing board diversity shortfalls, working collaboratively to understand company policies and practices and make targeted recommendations to institutionalize best practices and improve board diversity. MIDI works with companies to adopt a diverse search policy known as the “Rooney Rule,” which has its origins in the National Football League. The Rooney Rule provides that, for every open board seat, women and racial minority candidates be included in the initial search pool of candidates.

- Since launching in 2016, MIDI has conducted 54 company engagements, and 32 companies have committed to adopt the Rooney Rule in their governance documents. In addition, 19 people of color and 50 women gained corporate board seats following engagement.
- MIDI developed a [Diverse Search Toolkit](#), which provides companies with a practical set of recommendations and resources for maintaining a diverse board of directors.
- MIDI developed [Diverse Search Language](#), which represents a compilation of exemplary diverse search or Rooney Rule policies at publicly traded companies.

**Thirty Percent Coalition** – Since 2018, the Illinois Treasurer has been actively involved on the Board of Directors of the Thirty Percent Coalition, which is comprised of over 90 members with over \$6 trillion in assets under management (AUM). This coalition is committed to the goal of advancing women, including women of color, on boards of public companies.

- As a leader of the [Thirty Percent Coalition](#), the Illinois Treasurer and fellow investors have successfully engaged nearly 400 companies that have now appointed women to their boards. Over 2019 alone, the Coalition achieved the following:
  - 85 companies appointed a woman to their board for the first time;
  - 16 companies appointed a second woman;
  - 28 companies adopted public language committing to diversity in their governance documents; and
  - 30 shareholder proposals were filed urging action and disclosure on board diversity. Due to investors' engagement leading to mutually agreeable outcomes with companies, 27 of these proposals were withdrawn. When resolutions did go to a vote, there was significant support from investors.

**Russell 3000 Disclosure on Racial/Ethnic Board Diversity** – The Illinois Treasurer is organizing a new campaign, set to launch in Fall 2020, asking all companies in the Russell 3000 to disclose the racial, ethnic and gender composition of their Board of Directors in their 2021 proxy statements. We believe the business case for board diversity warrants the request for full disclosure. Our office, joined by fellow institutional investors, will ask leading American companies to self-correct this omission in 2021 if they do not do so already. Supporters of this effort will be examining policies to vote against nominating committees with no reported racial/ethnic diversity in their proxy statements and expanding more direct shareholder engagement.

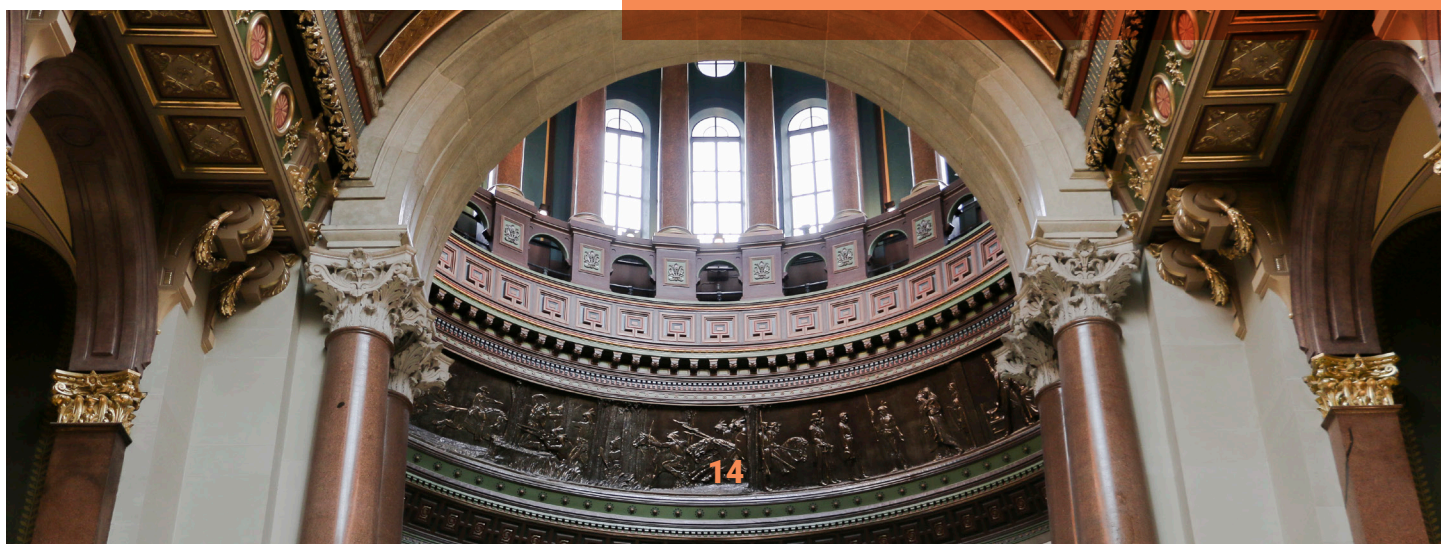
**Shareholder Proposals** – The Illinois Treasurer has introduced shareholder proposals at seven (7) companies, asking that senior company leaders address board diversity shortfalls and formally adopt a policy to enhance diversity among board directors. All 7 companies either appointed a woman or minority board member or successfully adopted the requested policy.

**Engaging Mutual Fund Boards on Diversity Shortfalls** – Diversity of corporate boards has increased over the years, due to the recognition that diversity enhances board performance and effectiveness, and significant attention from investors. The same cannot be said of mutual fund boards, which have received less attention. The Illinois Treasurer believes that this is another area where diversity and inclusion can drive value creation.

- In 2019, the Illinois Treasurer engaged 26 mutual fund boards to request information on the diversity of trustees. This allowed the Illinois Treasurer to identify high and low performers among its fund managers, and also gather best practices and recommendations for those seeking to enhance their diversity.

**Proxy Voting** – The Illinois Treasurer exercises its proxy voting rights to support proposals to increase board diversity, gender pay gap reporting, and the inclusion of diversity as a performance metric for CEO pay.

- In 2019, the Illinois Treasurer voted against 323 directors due to a lack of gender diversity on the board. The Illinois Treasurer also cast votes in favor of 7 shareholder proposals aimed to increase board diversity in 2019. Looking ahead, the Illinois Treasurer will be amending its Proxy Voting Guidelines to vote against members of Nominating & Governance Committee members for those boards that have less than two women directors.



# Diversifying Access to Capital ✓

Black and brown communities have historically been denied or lacked access to banking services, commercial lending, and investment capital. Without adequate access to capital, many entrepreneurs cannot start new businesses, grow their existing operations, and help their communities flourish. Given that access to capital is critical to economic mobility, job creation, and economic sustainability, the Illinois Treasurer administers several programs that provide diverse communities with increased access to capital, while earning a competitive investment return for the office. This includes the office's Invest in Illinois Program, the Illinois Growth and Innovation Fund, and our alignment with the Community Reinvestment Act, which considers a financial institution's record and current level of financial commitment to its local community.

**Access to Capital through Invest in Illinois**– [Invest in Illinois](#) is a collection of programs offered by the Illinois Treasurer – (1) Ag Invest, (2) Business Invest, and (3) Community Invest – that provide \$500 million in impact investment deposits to lending institutions to provide consumer loans, assist with farm-related expenses, finance business expansion, and fund other important economic and community development activities. By providing access to State investment capital at a lower rate, Invest in Illinois incentivizes financial institutions to lend to minority groups marginalized by limited loans or high-interest rates at a lower cost to borrowers.

**Cleveland Avenue State Treasurer's Urban Success Fund** – In partnership with minority-owned and operated venture capital firm Cleveland Avenue, the Illinois Growth and Innovation Fund anchored and helped launch the Cleveland Avenue State Treasurer's Urban Success Fund, a \$30 million fund dedicated to investing in underrepresented founders within underserved communities on Chicago's South and West sides. This is the first-ever venture capital fund with a thesis of investing in Chicago's South and West sides and is ILGIF's largest investment to date.

**Enforcing Community Reinvestment Standards** – Since 2015, the Illinois Treasurer reviews a banking institution's record of commitment to its community when deciding whether to do business with that financial firm. Banking institutions with a CRA rating below "satisfactory" are now ineligible to do business with the Office.

- **Suspended Two (2) Banks for Poor Performance** – In June 2015, the Illinois Treasurer cut off investments to two Illinois banks for failing to meet CRA requirements.
- **Promoting the Community Reinvestment Act** – The Illinois Treasurer maintains a webpage to educate consumers and financial institutions on CRA standards, thereby further ensuring financial service providers in Illinois are advancing an open and effective banking system that grows local communities and bolsters the state economy.

## Procurement ✓

The Illinois Treasurer procures a wide range of products and services to accomplish its duties, ranging from computer software to market expertise to banking services for cash processing. Procurement provides an exceptional opportunity to conduct business and grow qualified diverse-owned service providers, and the Illinois Treasurer is fully committed to providing equal access for diverse vendors or vendors with a track record of equity, diversity, and inclusion. Under Treasurer Frerichs, the office has taken additional steps to encourage diverse contractor participation and institutionalize practices that ensure that contractors provide robust disclosure on their commitment to equity, diversity and inclusion.

**Advocacy for Aspirational Goals for MWVD Businesses** – Treasurer Frerichs spearheaded the passage of Public Act 100-969, sponsored by Sen. James Clayborne and Rep. Will Davis, which became law on Aug. 19, 2018. Under the new law, it is an aspirational goal for the Illinois Treasurer to use MWVD businesses for not less than 25 percent of the total dollar amount of funds under management, purchases of investment securities, and other contracts. The law also expressly sets forth the following: The Illinois Treasurer is authorized to incorporate preferences in the procurement process for MWVD firms; is required to review a financial institution’s Community Reinvestment Act (CRA) rating, and required to create and publish an annual report of the utilization of MWVD firms.

Under Treasurer Frerichs, the Office has taken steps to encourage MWVD contractor participation and has instituted language in required documents to complete a bid or proposal submission to track the diversity among its current contractors and highlight areas in need of improvement.

### Current Procedures

The Illinois Treasurer currently includes detailed questions regarding diverse ownership in its Requests for Proposals (“RFPs”). These questions allow the Illinois Treasurer to better understand which communities are competing successfully as well as those that may be falling short. Below is an example of a statement regarding diversity that is included in the Illinois Treasurer’s current RFPs:

- “Respondent’s diversity score will be based on the answers the Respondent provides to the Diversity & Inclusion questions of this RFP. The Evaluation Team shall award a higher diversity score to Respondents that are female, minority, person with disabilities, or veteran owned or managed. Having a higher percentage of subcontractors that are female, minority, person with disabilities, or veteran owned or managed shall also result in higher scores.”

Additionally, below are examples of the Diversity questions that are used in RFPs:

- Is the Respondent or its affiliates female, minority, persons with disabilities, or veteran owned or managed? Please cite with supporting data.
- If publicly owned, please provide the number and percentage of members of the Respondent’s governance board who are female, minority, military veterans, or persons with disabilities. Please cite with supporting data.
- If privately owned, is the Respondent or its affiliates female, minority, persons with disabilities, or veteran-owned or managed? For purposes of this RFP, “female, minority, persons with disabilities, or veteran owned or managed” shall mean being owned or managed by 51% or more of a combination of female, minority, persons with disabilities, or military veterans. Please provide the number and percentage of Respondent’s owners who are female, minority, military veterans, or persons with disabilities. Please cite with supporting data.
- Please describe the Respondent’s prior experience and future capability to participate in Recipient Funds, who are female, minority, persons with disabilities, or veteran owned or managed. For purposes of this RFP, “female, minority, persons with disabilities, or veteran owned or managed” shall mean being owned or managed by 51% or more of a combination of female, minority, persons with disabilities, or military veterans.



- Please provide the number and percentage of Respondent’s professional investment staff who are female, minority, persons with disabilities, or military veterans. Please cite with supporting data.
- Using the definition provided above, what is the percentage of Respondent’s intended use of subcontractors for this Project, if any, that are female, minority, persons with disabilities, or veteran owned or managed? Please cite with supporting data.

### Utilization Rates

The Illinois Treasurer has taken steps to improve data collection by improving communication internally between departments and externally with contractors. Following this improved communication, there has been an increase in responses to requests for diversity data, and the accuracy of the existing active contracts has improved.

The Illinois Treasurer distributed a diversity survey to all current contractors with active contractual agreements with the Office. Out of 75 contractors, the Illinois Treasurer obtained the MWVD status of 55, with 19 claiming MWVD status. This shows a significant increase in the data obtained regarding contractors to the previous fiscal year. In addition, slightly more than 25% of the contractors claim MWVD status, which is a 5% uptick from the prior fiscal year. While several responsive contractors from the previous year did not respond to a data request this year, many new contractors released their data for the first time.

## Officewide Initiatives ✓

**The Illinois Treasurer has made it a priority to transform the office’s culture, policies, and operations to increase opportunities available to diverse persons and businesses. In addition to updating internal policies and programs to advance equity, diversity and inclusion, the Illinois Treasurer participates in various external programs and initiatives to further these goals. These initiatives not only increase the representation of diversity, at all levels, within the financial services industry, but also improves cultural competency.**

**360-Degree Review of Financial Services Partners** – Since 2017, all financial and investment firms seeking to do business with the Illinois Treasurer must disclose how their firm promotes equity, diversity, and inclusion. This includes a 360-degree evaluation, conducted annually through the Office’s “Equity, Diversity, & Inclusion Assessment,” of diversity among its board or owners, executive leadership, workforce, supplier network, and community activities. This evaluation leverages data and information already disclosed to the Equal Employment Opportunity Commission, which divulges the various types of roles at a company (e.g. executives, managers, professionals, technicians, sales, clerical, labor, etc.) by race, ethnicity and gender.

**MWVD Business Liaison** – Since 2017, staff under the Division of Corporate Governance & Sustainable Investment has been specifically dedicated to: guiding MWVD investment firms in doing business with the Illinois Treasurer; assisting firms in understanding transaction needs; completing the certification processes; and best-positioning firms for business opportunities. Staff can be reached at [MWVD@illinoistreasurer.gov](mailto:MWVD@illinoistreasurer.gov).

**Inclusive Management Team** – The Illinois Treasurer ensures his own team reflects the diversity of our state. Since 2015, the Illinois Treasurer has increased the number of diverse executives and administrators from two (2) to thirteen (13) and also added four (4) diverse legal counsels.

**Diversity in Investments Forum** – Since 2016, the Illinois Treasurer has hosted an annual Diversity in Investments Forum, which seeks to educate MWVD financial service provider firms on business opportunities with the Illinois Treasurer, provide networking and relationship-building opportunities, and provide an educational space for the benefit of MWVD investment firms. The forums have attracted hundreds of attendees, received notably high praise from participant surveys, and solidified business opportunities available to MWVD firms.

**Financial Services Pipeline (FSP)** – Since 2016, the Illinois Treasurer is an active member of the [Financial Services Pipeline Initiative](#), which seeks to increase the representation of Latinos and African-Americans, at all levels, within the Chicago area financial services industry by focusing on the talent pipeline, recruitment/hiring, and development/retention. In an effort to increase the representation of African-Americans and Latinos within the financial services sector, the 7th Annual 2020 FSP Intern Career Conference brought together more than 250 interns and students from 14 member firms and 8 non-profit partners across Illinois.

**Advancing Equity in Banking Commission (AEBC)** – Illinois State Treasurer Michael W. Frerichs and Chicago City Treasurer Melissa Conyears-Ervin convened a number of financial institution CEOs across the State of Illinois to discuss and subsequently join the AEBC to design and implement a number of solutions to address the systemic and structural racism within the banking industry. The first convening occurred on June 19, 2020, with CEOs and senior executives from Chicago's leading financial institutions.

**Equity, Diversity & Inclusion Webpage** – The Illinois Treasurer maintains a [webpage](#) that summarizes policies and results related to equity, diversity, and inclusion goals. The webpage serves both as a reporting platform and as a resource for external organizations seeking solutions to enhance their policies and practices.

**Community Outreach and Civic Engagement** – Treasurer Frerichs and his staff have conducted extensive outreach and civic engagement promoting equity, diversity, and inclusion goals. This includes [publicizing reports, newsletters and op-eds, testifying before government committees](#), assisting other government units in operationalizing diversity goals, and advocating on these issues at innumerable events throughout the state and nation.

**Testimonials from MWVD Firms about the Illinois Treasurer** – [Click here](#) to read testimonials from MWVD firms about doing business with the Illinois Treasurer.



# Building Equity

A core tenet of the mission of the Illinois Treasurer is to promote education, access, and opportunity for individuals and governmental bodies across our state to give families the tools to achieve the American Dream. In furtherance of that mission, the Illinois Treasurer is committed to providing equal access for diverse persons to important programs that enable economic empowerment and growth. This is critically important given that communities of color historically have been excluded or faced barriers accessing programs, services, and tools that facilitate economic empowerment and mobility. The Illinois Treasurer seeks to build equity to close this far-reaching gap and provide services that all Illinoisans can use to create lasting economic opportunities.

**Helping All Illinoisans Achieve Financial Success** – Treasurer Frerichs’ Financial Products team helps Illinois’ diverse population by providing the financial tools to achieve the American Dream.

- **ABLE Empowers People with Disabilities** – The “Achieving a Better Life Experience” Program, or ABLE, allows people with disabilities to save and invest without losing eligibility for essential federal benefits. Treasurer Frerichs leads the National ABLE Alliance (“Alliance”), an 18-member consortium that includes states and the District of Columbia, which represents more than one-quarter of the nation’s ABLE-eligible population of people with disabilities. By working together in a bi-partisan fashion, the Alliance offers a best-in-class ABLE program to people with disabilities anywhere in the country. Currently, assets held in the IL ABLE plan top \$13 million and assets in the Alliance top \$108 million. Treasurer Frerichs also sits on the Protection of Individuals with Disabilities in the Criminal Justice System Task Force, that was created in 2019 to make recommendations regarding policies and legislation to protect public safety and the well-being and rights of individuals with disabilities in the criminal justice system.
- **Engaging Illinois Diverse Families in College Savings:** Treasurer Frerichs in his role as Trustee and Administrator of the highly-rated 529 College Savings programs – Bright Start and Bright Directions – led an overhaul of marketing efforts to reflect the diversity of Illinois families. The Office engaged a multi-cultural marketing firm to launch a Spanish-language campaign. Both 529 programs are available to undocumented families with Individual Tax Identification Numbers (ITINs). In 2020, African-American account ownership has increased by 147%, while Latino account ownership increased by 58%.
- **Building Retirement Security with IL Secure Choice:** The Illinois Secure Choice Savings Program, launched in 2018, addresses the growing retirement savings crisis by helping the diverse Illinois workforce save money through payroll contributions into their own Individual Retirement Account (IRA). Knowing the diverse array of workers who were likely to be impacted, Treasurer Frerichs (Chair), alongside the Board, has sought to prioritize diversity and inclusion throughout program implementation and launch. Four of seven Board members are people of color, all program staff are diverse, and key program documents and marketing materials are available in Spanish (certain overview documents are also provided in three other languages besides English and Spanish).



Michael W. Frerichs  
ILLINOIS STATE TREASURER

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September 2020