



January 29, 2014

Mr. Gerald Poliquin  
Secretary of the Board  
National Credit Union Administration  
1775 Duke Street  
Alexandria, VA 22314-3428

Sent via E-mail to: [regcomments@ncua.gov](mailto:regcomments@ncua.gov)

Re: Cornerstone Credit Union League Comments on Proposed Interagency Policy Statement Establishing Joint Standards For Assessing the Diversity Policies and Practices of Regulated Entities

Dear Mr. Poliquin:

This letter represents the views of the Cornerstone Credit Union League ["Cornerstone"] regarding the NCUA's proposal on diversity standards. Cornerstone is the official trade association serving approximately 575 federal and state credit unions in Arkansas, Oklahoma, and Texas combined, and more than 8.4 million credit union members. Cornerstone appreciates the opportunity to comment on this very important issue.

Cornerstone and its member credit unions strongly support diversity. Many credit unions already have policies and practices in place consistent with the intent of the proposal. However, we cannot support the proposal as drafted due to its "one size fits all" approach. Drafted as a joint proposal for all financial institutions, the proposal does not take into consideration the unique nature of credit unions. Instead of joint standards for all, we request that standards appropriate for the unique nature of credit unions be established through NCUA's Office of Minority and Women Inclusion Office ["OMWI Office"]. We urge NCUA to develop standards in a manner that will minimize the information gathering and reporting burden on credit unions. We suggest NCUA consider engaging a task force to further study the issue, and we would be happy to assist with such a task force.

*Background*

Section 342 of the Dodd-Frank Wall Street Reform and Consumer Protection Act ["Dodd-Frank Act"] requires NCUA and other financial institution regulatory agencies to propose standards

for assessing diversity policies and practices. The statutory mandate is quite broad, and it does not address specific requirements of such standards. In fact, section 342(b)(4) of the Dodd-Frank Act states that nothing in the applicable portion of the Act may be construed to require any specific action based on the finding of the assessment. We interpret this to mean that NCUA can collect data where appropriate, but it cannot require credit unions to implement specific diversity related policies or practices.

#### *Procurement and Business Practices – Supplier Diversity*

Cornerstone strongly objects to the requirement that credit unions assess diversity practices in their relationships with their suppliers and contractors. The Dodd-Frank Act does not mandate that the agencies develop any standards relating to assessing diversity of contractor and supplier relationships. Therefore, we request that NCUA exclude data relating to contractor and supplier relationships from any assessment standards.

Credit unions have no way of measuring diversity in their relationships with contractors and suppliers. Many credit unions employ only a handful of employees and simply cannot devote the time and resources to this aspect of the proposal. Credit unions, as not-for-profit member-owned cooperatives, must stress effectiveness and cost-efficiency in their supplier and contractor relationships above other considerations. Also keep in mind that many credit unions serve small rural communities where populations may be less diverse than larger cities.

Taken to the extreme, this proposal would require a credit union that purchases office supplies from Wal-Mart to assess Wal-Mart's diversity policy, which is simply unreasonable; it does not support the intent of the Dodd-Frank Act.

#### *Workplace Profile and Employment Practices*

We believe the criteria included in the proposed standards can be helpful as examples of how a credit union can express its commitment to diversity and inclusion. However, we object to requiring that credit unions develop policies and practices that expressly adhere to the very descriptive factors included in the proposal.

Larger entities subject to the Equal Employment Opportunity Commission ["EEOC"] reporting requirements currently provide data and supporting documentation and likely already have a diversity policy in place. However, there is no legal requirement that smaller entities with fewer than 100 employees maintain a diversity policy or report information under EEOC rules or Dodd-Frank.

Credit unions are typically much smaller than other financial institutions. Many of our small credit unions employ one to five employees. Requiring these small credit unions to gather and report diversity data would likely require significant time from credit unions that are already struggling to comply with ever increasing compliance burdens. When staffing numbers are so few, the data derived regarding diversity is meaningless. Therefore, we urge NCUA to finalize diversity standards that are in line with EEOC reporting requirements, thereby exempting credit unions with fewer than 100 employees from any section 342 assessments.

*Practices to Promote Transparency of Organizational Diversity and Inclusion*

Cornerstone opposes this standard. Requiring a credit union to publicly disclose its diversity policies does not aid NCUA in its assessments.

*Summary*

In sum, Cornerstone urges NCUA to provide guidance through its OMWI office, while at the same time minimizing the burdens on credit unions so that they can focus on serving their members. Thank you for considering our comments. If you have any questions, please do not hesitate to call me at (512) 853-8516.

Sincerely,



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