

From: sharonl@ccul.org
To: [Regulatory Comments](#)
Subject: Comments on Proposed Interagency Standards for Assessing Diversity Policies and Practices
Date: Friday, February 07, 2014 7:29:19 PM
Attachments: [myLetter.pdf](#)

February 07, 2014

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

RE: Comments on Proposed Interagency Standards for Assessing Diversity Policies and Practices

Dear Gerald Poliquin,

I am writing on behalf of the California and Nevada Credit Union Leagues (Leagues), one of the largest state trade associations for credit unions in the United States, representing the interests of more than 400 credit unions and their 10 million member-consumers. The Leagues welcome the opportunity to provide comments to the National Credit Union Administration (NCUA) on the Proposed Interagency Policy Statement Establishing Joint Standards for Assessing the Diversity Policies and Practices of Regulated Entities.

While the Leagues and our member credit unions support diversity in the workplace, we have strong concerns about the proposed Standards. We respectfully submit the following comments.

Scope

Section 342 of the Dodd-Frank Act directed the establishment of an Office of Minority and Women Inclusion (“OMWI Office”) in each Agency. Section 342(b)(2)(C) further requires each Agency’s OMWI Director to develop standards for “assessing” the diversity policies and practices of the entities they regulate. To that end, the Agencies have developed proposed Standards for policies and practices in four main areas:

- Organizational Commitment to Diversity and Inclusion
- Workforce Profile and Employment Practices
- Procurement and Business Practices – Supplier Diversity
- Practices to Promote Transparency of Organizational Diversity and Inclusion

The Leagues applaud the Agencies attempt to take into account individual entities’ circumstances (for example, asset size of the entity, number of employees, governance structure, income, number of members and/or customers, contract volume, geographic location, and community characteristics). In doing so, the following language precedes each set of Standards:

“In a manner reflective of the individual entity’s size and other characteristics...”

The Leagues agree with this language and recommend it be included in the final Standards. We also urge the Agencies to include language specifying that the Standards are provided solely for

illustrative and informational purposes and regulated entities are not required nor expected to have policies and practices that address each Standard.

In further recognition of individual entities' differences, and consistent with the voluntary nature of the Standards, the Leagues encourage the Agencies to specify in the final Policy Statement that private litigants may not rely on the Policy Statement as a whole or on individual Standards in their efforts to challenge a regulated entities' employment or procurement and business practices.

Assessment Approach

The Agencies state that a goal of section 342 is to promote transparency and awareness of diversity policies and practices within the entities they regulate and that the term "assessment" encompasses many different types of assessments, including self-assessment. The proposed Policy Statement notes:

"The assessment envisioned by the Agencies is not one of a traditional examination or other supervisory assessment. Thus, the agencies will not use the examination or supervision process in connection with the proposed Standards."

The Leagues support this self-assessment and voluntary disclosure approach and recommend this language be included in the final Standards. This approach takes into account section 342(b)(4), which states:

"Nothing in section 342(b)(2)(C) may be construed to mandate any requirement on or otherwise affect the lending policies and practices of any regulated entity, or to require any specific action based on the findings of the assessment."

Proposed Standards

Workforce Profile and Employment Practices

The Standards include that entities who file an annual EEO-1 Report or an Affirmative Action Plan use that data to evaluate and assess workforce diversity and inclusion efforts. This makes sense as these entities are already required to collect and report this data.

The Standards further include that other entities "utilize metrics to evaluate and assess workforce diversity and inclusion efforts, such as recruitment, applicant tracking, hiring promotions, separations (voluntary and involuntary), career development support, coaching, executive seminars and retention across all levels and occupations of the organization including executive and managerial ranks."

The Leagues are concerned that this Standard sets an expectation that entities not required to file EEO-1 Reports or Affirmative Action Plans will now be expected to collect and analyze data, thus imposing a new requirement. For many credit unions, this would add a significant burden and demand on already constrained resources.

As mentioned previously, "nothing in section 342(b)(2)(C) may be construed to mandate any requirement." Therefore, the Leagues strongly recommend that the Workforce Profile and Employment Practices Standards be limited to only those entities already required to collect data under the Equal Employment Opportunity Commission or the Office of Federal Contract Compliance Programs and not impose any new requirements or expectations.

Procurement and Business Practices – Supplier Diversity

This set of Standards calls for regulated entities to evaluate and assess their supplier diversity, including prime contractors and sub-contractors. The Leagues fear that such a Standard would be onerous and impractical. Credit unions will face challenges in obtaining such data from contractors and suppliers. Further, credit unions must make decisions based on what is best for their membership – including the supplier's price, quality, financial strength, data security, and

their fit with the credit union's strategic plans for growth. The Leagues recommend the Agencies exclude supplier relationships from the assessment Standards.

Practices to Promote Transparency of Organizational Diversity and Inclusion

The overview of this set of Standards states, "Transparency and publicity can be an important aspect of assessing diversity policies and practices." The Leagues question how public disclosure will aid in conducting diversity assessments.

The Leagues are also concerned that public disclosure of this information can be misinterpreted. For example, credit unions serving small rural communities where populations are less diverse may not achieve diversity in their workplace or with their suppliers. Public disclosure in this case is meaningless and could be misinterpreted when the viewing the whole picture.

The Leagues recommend the Agencies exclude from the final Standards any public disclosure of entities' policies and practices.

Conclusion

The Leagues understand that Section 342 of the Dodd-Frank Act requires the NCUA and other Agencies to develop standards for assessing the diversity policies and practices for credit unions. However, we urge the NCUA and other Agencies to clarify that the Standards are for illustrative and informational purposes, that regulated entities are not required nor expected to have policies and practices that address each Standard, and that private litigants may not rely on the Policy Statement in whole or in part to challenge a regulated entities' employment or procurement and business practices.

The Leagues also recommend the NCUA and other Agencies limit the scope of the Workforce and Employment Standards to those entities already required to collect data under another provision of law, and exclude Supplier Diversity and public disclosure Standards.

Thank you for the opportunity to comment on the Proposed Interagency Policy Statement and for considering our views.

Sincerely,

Diana R. Dykstra
CEO/President
California and Nevada Credit Union Leagues

cc: CCUL