

## TINKER FEDERAL CREDIT UNION

February 7, 2014

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

Sent via Email to: [regcomments@ncua.gov](mailto:regcomments@ncua.gov)

Re: Comments on the proposed Interagency Policy Statement Establishing Joint Standards for Assessing the Diversity Policies and Practices of Entities Regulated by the Agencies

Dear Mr. Poliquin:

This letter is submitted on behalf of Tinker Federal Credit Union (TFCU), a federally-chartered credit union in Oklahoma. TFCU appreciates the opportunity to provide comments regarding the proposed Interagency Policy Statement Establishing Joint Standards for Assessing the Diversity Policies and Practices of Entities Regulated by the Agencies ("Policy Statement").

Section 342(b)(2)(C) of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 ("Dodd-Frank Act") requires that each Office of Minority and Women Inclusion (OMWI) of the NCUA and other applicable Agencies establish standards for assessing the diversity policies and practices of regulated entities. We understand that the proposed Policy Statement responds to that particular Dodd-Frank Act mandate. And, while we appreciate that the proposed Policy Statement suggests a self-assessment approach as opposed to more restrictive rules, it is worth mentioning that section 342(b)(4) 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." We read this provision broadly to indicate that while the NCUA may seek information, it cannot require regulated entities to implement specific diversity policies.

In drafting the proposed diversity standards, the OMWI Directors took into consideration an entity's size and certain other characters such as total assets, number of employees, number of members, geographic location, and community characteristics. To that end, however, the language preceding the standards, "In a manner reflective of the individual entity's size and other characteristics," offers little guidance for the entity in ensuring compliance with the standards. For instance, TFCU is more than \$3 billion in assets and serves approximately 290,000 members state-wide through its online channels and 28 branch locations. As a multiple common-bond credit union, TFCU's field of membership is diverse and includes civilian and military personnel at Tinker AFB and Vance AFB as well as employees of 680 Select Employee Groups (SEGs). Are size and other characteristics to be measured by credit union standards alone or in comparison to all entities regulated by the Agencies? Notably, a credit union's size is

not always indicative of its complexity and large credit unions often share the same issues as smaller credit unions.

In addition to the above comments, we offer the following comments in response to the following key areas which appear to be the focus of the proposed Policy Statement.

#### Organizational Commitment to Diversity and Inclusion

TFCU is committed to diversity. There is a consistent awareness of this commitment throughout the credit union which is reflective in its advertising, employment practices, training, policies, and community outreach. We believe most credit unions share this commitment. Credit unions exist to serve the underserved and, as member-owned, not-for-profit financial cooperatives, can be differentiated from many other regulated entities. Thus, we believe that credit unions are capable of ensuring diversity and inclusion without specific standards that appear to be overreaching, such as including diversity standards within the strategic plan and designating a senior-level Chief Diversity Officer. In sum, we believe that a one-size-fits-all approach to the diversity standards is inappropriate and recommend that the NCUA consider developing standards that are more aligned to the nature and characteristics of credit unions.

#### Workforce Profile and Employment Practices

While TFCU fully supports the intent behind the section 342 proposal and remains committed to ensuring a diverse workplace, TFCU is already subject to EEOC and OFCCP reporting requirements, i.e., the annual filing of the EEO-1 and VETS-100A reports, respectively. In addition, TFCU must maintain an Affirmative Action Plan as provided under the OFCCP. As indicated in the Policy Statement, the Agencies are aware that some entities are subject to these requirements. If the concern is primarily the entities that are *not* subject to these requirements, please consider including a standard for such entities rather than imposing duplicative requirements, i.e., additional compliance burdens, on the entities already subject to the evaluation and monitoring rules of the EEOC and OFCCP.

#### Procurement and Business Practices - Supplier Diversity

Adding a standard that would require credit unions to also assess the diversity practices of their suppliers *and* their suppliers' subcontractors is very troubling. Credit unions, both large and small, establish relationships with vendors to better serve their members. Under current NCUA requirements, credit unions must have in place Vendor Management programs that, among other things, ensure that vendors comply with policies for privacy and confidentiality. As mentioned in the Policy Statement, there are few resources to easily determine if a company is a woman or minority-owned business. If that is to be a significant factor in identifying a potential service provider, attempting to comply would mean that more qualified vendors could be excluded. In addition, it would not be an efficient use of resources and would likely increase costs in this area.

#### Practices to Promote Transparency of Organizational Diversity and Inclusion

TFCU does not object to publicly promoting its diversity policies and practices but questions whether the very specific communication standards listed in the Policy Statement are necessary – especially those that may duplicate requirements (see *Workforce Profile and Employment Practices*).

It is significant that the Agencies state in the proposed Policy Statement that they will not use the examination or supervision processes in connection with the proposed standards. Rather, they are requesting that institutions voluntarily disclose to the appropriate regulators the results

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of self-evaluation assessments. However, this is in conflict with past experiences where agency “guidance” is treated as equivalent to a rule or a law.

In summary, we understand that while NCUA must develop standards for assessing the diversity policies and practices of credit unions under Section 342 of the Dodd-Frank Act, we urge NCUA to implement the standards in a manner that will minimize the information-gathering and reporting burden on credit unions. We are very concerned that diversity-related assessments could lead to additional and unnecessary burdens. While we favor a self-assessment approach over an examination-based approach, we believe that even self-assessment under the proposed standards will be very burdensome to credit unions, including those already reporting data to the EEOC and/or OFCCP. We are also concerned that such standards may be subject to examination scrutiny at some time in the future.

Again, TFCU appreciates the opportunity to comment on the proposal. Please direct any questions concerning the above comments to me at (405) 319-2365 or [porter@tinkerfcu.org](mailto:porter@tinkerfcu.org).

Sincerely,



Michael D. Kloiber  
President/CEO



Christie A. Porter  
SVP, Compliance

cc: Suzanne Yashewski  
Cornerstone Credit Union League