



## Comments of the Regulatory Action Center

Re: Exceptions to Employment Restrictions under the Federal Credit Union Act

Docket ID: NCUA\_FRDOC\_0001-0051

September 24, 2019

The Regulatory Action Center at FreedomWorks Foundation is dedicated to educating Americans about the impact of government regulations on economic prosperity and individual liberty. FreedomWorks Foundation is committed to lowering the barrier between millions of FreedomWorks citizen activists and the rule-making process of government bureaus to which they are entitled to contribute.

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On behalf of over 5.7 million activists nationwide, FreedomWorks Foundation appreciates the opportunity to offer these comments regarding the notice and request for comments on the exceptions to employment restrictions under the Federal Credit Union Act (NCUA\_FRDOC\_0001-0051). This notice seeks comment on the proposed revisions to the Interpretive Ruling and Policy Statements regarding statutory prohibitions against persons who have been convicted of certain offenses from participating in the affairs of an insured credit union. FreedomWorks Foundation is proud to support the proposed rule as a significant step forward for advancing the Trump administration's work on criminal justice reform.

One of the greatest tragedies that has befallen our great nation within the past century has been over-incarceration without careful scrutiny of the effectiveness of our justice system or willingness to facilitate reentry into society after incarceration. Fortunately, policymakers have recently come to recognize that non-violent offenders deserve second chances. In the words of former President George W. Bush: "America is the land of second chance, and when the gates of the prison open, the path ahead should lead to a better life."<sup>1</sup>

In order for America to be the land of second chances, we must first be willing to offer second chances. As the Board itself recognizes in their notice; "many Americans face hiring barriers due to a criminal record, a great number of which are not violent or career criminals, but rather people who made poor choices early in life who have since paid their debt to society." National Credit Union Administration (NCUA) Board Chairman Rodney E. Hood went so far as to assert that second chance hiring is "the civil rights issue of our time." Later on, Hood correctly opines that "too many people have been overlooked or locked out of the financial system," and

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<sup>1</sup> The State of the Union Address. (2004).

[https://www.washingtonpost.com/wp-srv/politics/transcripts/bushtext\\_012004.html](https://www.washingtonpost.com/wp-srv/politics/transcripts/bushtext_012004.html)



“credit unions are better-positioned than any other player in the financial sector to make a big difference when it comes to diversity and inclusion.”<sup>2</sup>

Furthermore, President Trump has made significant strides on criminal justice reform through incredible bipartisanship in the House and Senate and in his administration. Following the passage of the First Step Act last year, President Trump turned his attention to second chance initiatives as well, indicating -- rightly so -- that it should be the “next step” in federal criminal justice reform, fully endorsing second chance hiring.

“America wins when citizens with a criminal record can contribute to their communities as law-abiding members of our society,” President Trump said at a White House event on June 13. He continued, “Too often, former inmates are not considered for jobs even if they’re qualified, rehabilitated, and ready to work. And that’s why we’re taking crucial steps to encourage business to expand second chance hiring practices.”<sup>3</sup> This proposed rule change advances exactly the kind of smart-on-crime, responsible second chances that President Trump and advocates of criminal justice reform know to be good policy.

The proposed rule would make several important changes to the current employment restrictions outlined in the Federal Credit Union Act. The most significant change is the expansion of the current *de minimis* exception to employment restrictions to reduce the scope and number of offenses that require a ruling by the Board. Under the proposed rule, hiring individuals who have received a criminal conviction that resulted in a punishment of imprisonment for a term of one year or less and/or a fine of \$2,500 or less would be automatically approved rather than requiring a full hearing of the Board. People convicted of nonviolent offenses like possession of false identification, simple drug possession, or isolated minor offenses as a young adult would no longer be forced to petition for NCUA approval before being hired. In other words, the proposed rule would allow local managers to make their own hiring decisions rather than relying on Washington bureaucrats.

Chairman Hood is correct in his assessment of employment restrictions. As numerous studies have shown, one of the most important factors in reducing recidivism is the ability to become gainfully employed once released. Towards this end, organizations and firms - both

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<sup>2</sup> National Credit Union Administration. (August 2019). *NCUA Chairman: Credit Unions Can Lead During “a Time of Seismic Change”* [Press Release].  
<https://www.ncua.gov/newsroom/press-release/2019/ncua-chairman-credit-unions-can-lead-during-time-seismic-change>

<sup>3</sup> Donald Trump. (June 13, 2019). *Remarks by President Trump on Second Chance Hiring*. The White House.  
<https://www.whitehouse.gov/briefings-statements/remarks-president-trump-second-chance-hiring/>



private and public - should design systems that break down the hiring barriers faced by people who have a criminal record.

Although there are only around 5,000 credit unions in the United States and thus the tangible impact of the proposed rule change will be limited, NCUA's decision to advance the proposed rule sends a clear and definitive signal in favor of second chances for former offenders. Allowing non-violent offenders to work for our credit unions signals to all other industries that many of the people who have a criminal record are just as worthy to be trusted with important financial information as any other citizen. If non-violent offenders are granted the opportunity to work in these institutions, then, hopefully, other agencies and private firms will take notice and reform their hiring practices.

The implications behind the rule have the potential to be far-reaching. It is encouraging to see federal agencies addressing the hiring barriers unduly faced by former non-violent offenders that threaten our public safety by limiting job opportunities for returning citizens. It is for these reasons that the FreedomWorks Foundation is proud to join like-minded individuals and groups in supporting the administration's efforts to eliminate barriers to employment within federal credit unions. This administration has made effective inroads at addressing the inconsistencies in our criminal justice system and FreedomWorks Foundation looks forward to working with the Department in the future to continue cutting red tape and rolling back those regulations that are most damaging to the American people.

Respectfully submitted,

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