



CONGRESSIONAL REPORT • March 2013

National Credit Union Administration
Office of Minority & Women Inclusion



Office of Minority & Women Inclusion Congressional Report 2012

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Executive Summary

NCUA Board Chairman Debbie Matz established the Office of Minority and Women Inclusion (OMWI) within the National Credit Union Administration (NCUA or the agency) on January 21, 2011. OMWI is responsible for all matters of the agency relating to diversity in management, employment and business activities of NCUA and of its regulated entities, excluding the enforcement of statutes, regulations and executive orders pertaining to civil rights.

Workforce Diversity

NCUA's commitment to developing a culture of diversity and inclusion began prior to the establishment of OMWI. In 2009, Chairman Matz established as one of her top priorities that NCUA be an "employer of choice and reliable partner with elected labor representatives, understanding that employees are its most important asset—and a diverse workforce enriches the agency and its employees, and enhances their output."

The NCUA Board embedded its diversity commitment into the organizational culture by including it as one of the primary goals in the agency's Strategic Plan. Among the goals of this plan is to "Cultivate an Environment that Fosters a Diverse, Well-Trained and Motivated Staff." To realize this goal, NCUA has:

- Approved a Diversity and Inclusion Strategic Plan to implement standards to further promote diversity and inclusion.
- Increased the diversity of the workforce at all levels.

As a result of NCUA's efforts to embed the principles of diversity and inclusion into the culture of the organization, the Partnership for Public Service recognized NCUA as the most improved federal agency among medium-size agencies based on the Office of Personnel Management's 2012 Federal Employee Viewpoint Survey results. Additionally, NCUA's ranking for the Best Places to Work in the Federal Government increased from 16th to 6th.

Business Activity

Throughout the year, NCUA engaged in the development and implementation of a series of processes, procedures and system changes to incorporate the goal of supplier diversity into the agency's procurement process, and to enhance employee awareness of supplier diversity, through the following initiatives:

- Deployment of a new vendor registration form that identifies minority and women-owned businesses (M/WOBs) to the agency;

- Implementation of inclusion guidelines to broaden the diversity of vendors participating in agency contracting; and
- Extensive supplier diversity training of NCUA employees.

For NCUA, 2012 proved to be a year of evolution and progress in supplier diversity. NCUA's contracting payments to vendors during 2012 were relatively modest at \$38.8 million. However, the percentage of amounts paid to M/WOBs increased significantly from 8.1 percent in 2011 to 13.3 percent in 2012.

NCUA has also made significant progress externally. NCUA's presence in the M/WOB business community has expanded through increased outreach efforts. These efforts include not only participation at some of the largest M/WOB events of the year, but also the creation of new partnerships with specialty trade organizations that promote M/WOBs. Through these efforts, NCUA has extended its reach within the M/WOB community and increased inclusion of M/WOBs in its business activities.

Regulated Entities

NCUA continues to actively participate on an interagency working group with other impacted Federal agencies to carry out the mandate of Section 342(b)(2)(c) of the Dodd-Frank Act. The interagency working group is drafting joint standards for uniformly assessing the diversity policies and practices of all financial institutions the agencies regulate. NCUA met and held roundtable meetings with its stakeholders to obtain input on the development of the diversity assessment standards. The stakeholders included credit unions, trade associations, and community and advocacy groups.

In summary, the agency embraces the goal of a diverse workforce and views the diversity and inclusion principles underlying Section 342 of the Dodd-Frank Act as essential to achieving NCUA's core mission. Since the enactment of Section 342, NCUA has achieved notable success in improving diversity, and continues to develop and revise strategies to address challenges. NCUA's diversity- and inclusion-focused strategies advance the agency's goal of making its workforce and business activities more reflective of the America's diversity.

Background

National Credit Union Administration

NCUA is an independent agency of the Executive Branch of the U.S. Government responsible for regulating, chartering, insuring and supervising federal credit unions, as well as for insuring the majority of state-chartered credit unions. With the backing of the full faith and credit of the U.S. Government, NCUA administers the National Credit Union Share Insurance Fund, insuring the deposits of nearly 94 million credit union account holders.

NCUA's mission is to facilitate the availability of credit union services to all eligible consumers, especially those of modest means, through a safe and sound credit union system. As a result, field examiners account for the majority of NCUA's staff positions, representing 68 percent of NCUA's 1,191 employees.

Office of Minority and Women Inclusion

NCUA established OMWI, with the appointment of the OMWI Director, in January 2011. The agency established OMWI as a stand-alone office separate from the Office of Equal Employment Opportunity Programs (EOP) and the Office of Human Resources (OHR). The stand-alone OMWI consists of a Director, an Administrative Assistant, a Business Activities Program Analyst and two Diversity Outreach Program Analysts. The Business Activities Program Analyst is responsible for NCUA's business diversity and for enhancing the inclusion of minority- and women-owned businesses (M/WOBs) in NCUA's contracting and procurement activities. The two Diversity Analysts are responsible for enhancing diversity and inclusion of minorities at all levels in the workforce of the agency and in the credit union industry.

Annual Report for Calendar Year 2012

NCUA's OMWI submits this second annual Report to Congress pursuant to Section 342(e) of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (Dodd-Frank Act) (12 U.S.C. 5452(e)). This report covers the agency's activities under Section 342 of the Dodd-Frank Act for Calendar Year 2012.

NCUA Workforce Diversity

NCUA made workforce diversity a top priority by incorporating it into the agency's culture. Prior to the enactment of Section 342 of the Dodd-Frank Act, NCUA incorporated a specific goal into the agency's Strategic Plan, Goal 4: "Cultivate an Environment that Fosters a Diverse, Well-Trained and Motivated Staff." The agency developed additional diversity standards through the creation of Diversity and Inclusion (D&I) Strategic Plan 2012–2016 approved by the NCUA Board. The primary objective of the D&I Strategic Plan is to establish and implement standards to further promote diversity and inclusion in the workforce and to identify and remove barriers to equal employment opportunity. The D&I Strategic Plan's three primary goals are:

- **Workforce Diversity:** Recruit from a diverse, qualified group of potential applicants to secure a high-performing workforce drawn from all segments of American society.
- **Workplace Inclusion:** Cultivate an environment that encourages collaboration, flexibility, and fairness to enable individuals to contribute to their full potential.
- **Workforce Sustainability:** Develop structures and strategies to equip leaders with the ability to manage diversity, be accountable, measure results, refine approaches on the basis of such data, and institutionalize a culture of inclusion.

The agency's efforts towards diversity and inclusion are demonstrated through the progress made in the breakdown of ethnic representation in the workforce, outreach and recruitment initiatives, leadership programs, management accountability, and diversity and inclusion training.

NCUA Workforce Profile

As of December 31, 2012, NCUA's workforce consisted of 1,191 employees, including 10 temporary employees. The ethnicity of NCUA's workforce is shown in Figure 1.

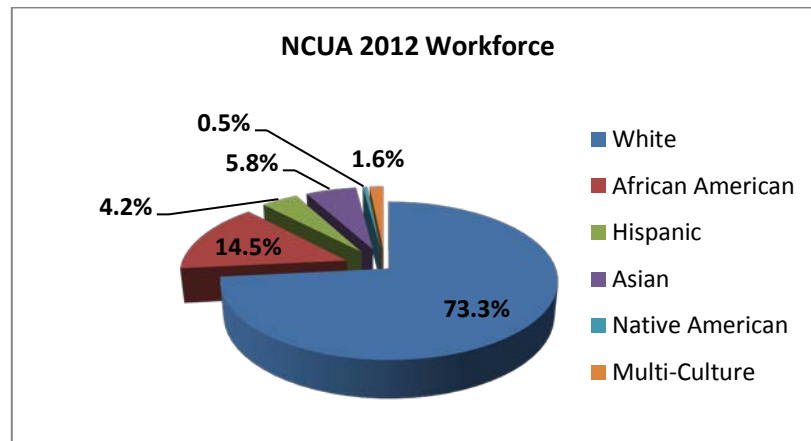


Figure 1

NCUA develops a quarterly Workforce Profile Report that compares our workforce demographic data to that of the national Civilian Labor Force (CLF), with consideration to the Relevant Civilian Labor Force to measure our progress in improving diversity. A review of the December 31, 2012, Workforce Profile Report revealed:

- **Minorities:** The minorities identified in Figure 1 above together represent 27 percent of NCUA's workforce, while they represent 33 percent of the national CLF.¹ Minority representation in NCUA's workforce increased 1.5 percentage points since December 31, 2011.
- **African Americans:** African Americans represent 14.5 percent of NCUA's workforce, while they represent 11.3 percent of the CLF. African American representation in NCUA's workforce increased 0.7 percentage points since December 31, 2011, as shown in Figure 2.
- **Hispanics:** Hispanics represent 4.2 percent of NCUA's workforce, while they represent 14.6 percent of the national CLF. Hispanic representation in NCUA's workforce is consistent with the previous year's representation, as shown in Figure 2.
- **Asians:** Asians, including Native Hawaiian or Pacific Islanders, represent 5.8 percent of NCUA's workforce, while they represent 5.0 percent of the national CLF. Asian representation in NCUA's workforce increased 0.7 percentage points since December 31, 2011, as shown in Figure 2.

¹ Source: U.S. Census Bureau, 2008-2010 American Community Survey

- Native Americans:** Native Americans represent 0.5 percent of NCUA’s workforce, while they represent 0.6 percent of the national CLF. Native American representation in NCUA’s workforce is consistent with the previous year’s representation, as shown in Figure 2.

To improve the percentage of minorities in the applicant pool, NCUA increased the number of outreach events from the previous year and targeted minority serving organizations, with a special emphasis on Hispanic organizations. These actions resulted in an overall increase in NCUA’s minority population from last year. Figure 2 shows a comparison of the minority representation for December 2011 and December 2012.

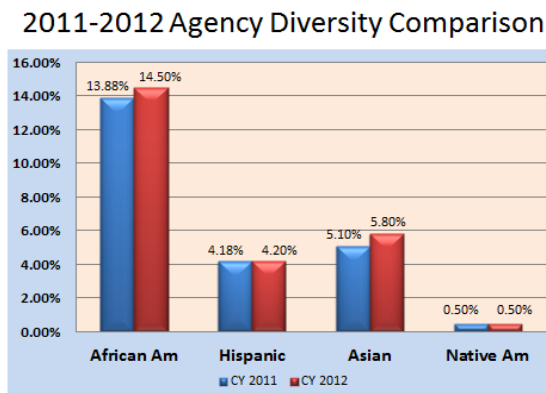


Figure 2

NCUA also considers its gender distribution in analyzing the workforce profile and performing outreach and inclusion efforts. Notably, the agency’s percentage of men at 55 percent and women at 45 percent (as shown in Figure 3) are in line with the national CLF figures of 52.8 percent for men and 47.2 percent for women.

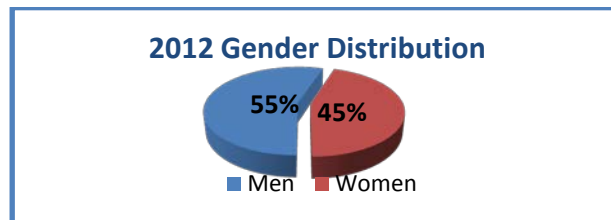


Figure 3

Additionally, the improvement in diversity extends to all levels of the agency’s workforce. Figure 4 displays a comparison of workforce’s diversity in three grade levels: CU-12 and below, CU-13 through CU-16, and senior (executive) staff.

Workforce Diversity Distribution

Grades	2011	2012
CU 12 and Below		
African American	15%	17%
Hispanic American	5%	4%
Asian American	6%	7%
Native American	1%	1%
Multi-Culture	2%	2%
Totals	27%	30%
CU 13-16		
African American	10%	12%
Hispanic American	4%	6%
Asian American	4%	4%
Native American	1%	0%
Multi-Culture	0%	0%
Totals	20%	22%
Senior Staff		
African American	2%	7%
Hispanic American	2%	2%
Asian American	2%	4%
Native American	0%	0%
Multi-Culture	2%	2%
Totals	9%	15%

Figure 4

The most significant change in diversity representation occurred in the senior (executive) positions. Minorities rose from nine to 15 percent of the total senior staff positions, representing an increase of six percent (see Figure 4). Women in senior staff positions also increased from 24 to 41 percent of the total senior staff positions, representing an increase of 17 percent (see Figure 5).

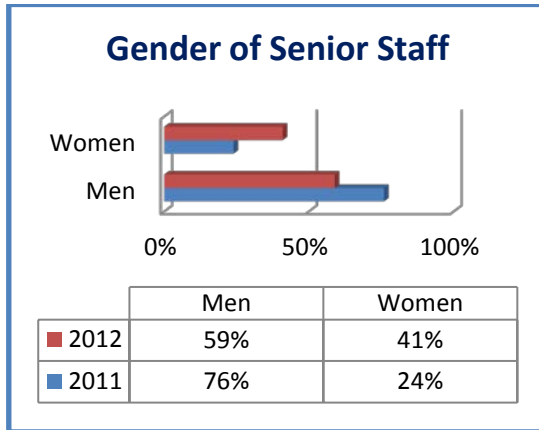


Figure 5

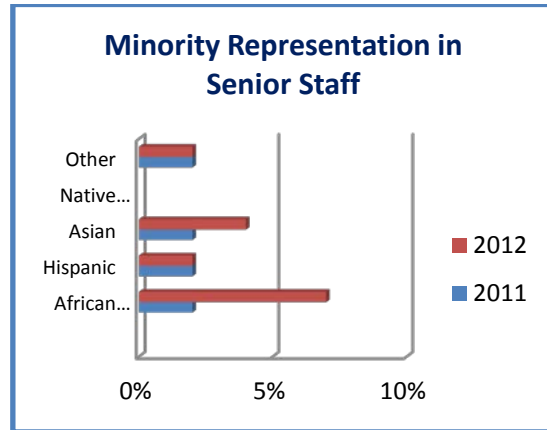


Figure 6

In addition, minority representation increased from 20 percent to 22 percent in supervisory and non-supervisory Grades CU-13 through CU-16 (see Figure 4). These grades typically embody the pipelines that advance to supervisory and executive positions.

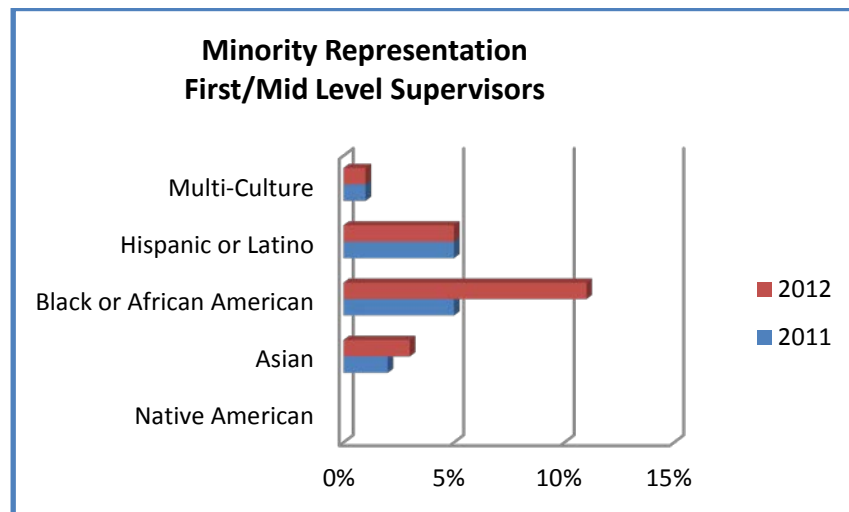


Figure 7

Figure 7 shows the rise in minority representation of first and mid-level supervisors. Minorities represent 20 percent of total first/mid-level supervisors.

Outreach and Recruitment

NCUA initiated a variety of outreach and recruitment efforts to attract women and minorities to the pool of applicants for job vacancies. By increasing outreach efforts, more women, minorities, and organizations became aware of NCUA and its mission. These outreach initiatives consisted of the following:

- NCUA participated in seventeen career expos in 2012, an increase of eight from 2011. To increase minority representation in the applicant pool, six events targeted Hispanics, three targeted African Americans, one targeted Asians, and one targeted Native Americans.
- NCUA developed and utilized an email distribution list for vacancy announcements, consisting of about 300 minority organizations and colleges serving Historically Black, Hispanic, Indian Tribal, women, and other minority groups.
- NCUA advertised vacancies in publications serving minorities, such as Diversity Life and Hispanic Life.
- NCUA partnered with an organization focused on developing opportunities for women and minorities to place talented young women and minorities in industry internships and full-time positions. NCUA partners with the National Association of Securities Professionals in assisting in the sponsorship of their Mentors Luncheon & Career Symposium. The Career Symposium included a full internship/job recruitment exhibition and career development workshops.

Student Intern Program

NCUA performs additional outreach by offering internal and external student intern programs. The programs are:

Internal Student Intern Program

In 2012, the agency directly hired four students in the internal student intern program. Of the four participants, 75 percent were women, one of which was an African American. NCUA converted all four interns to full-time employees.

External Student Intern Program

In 2012, the agency offered student internships through strategic partnerships with the following associations serving minorities:

- National Association for Equal Opportunity in Higher Education;
- Washington Internships for Native Students; and
- Hispanic Association of Colleges and Universities

NCUA provided internships to twelve students identified by these associations. Of the 12 students, 50 percent were women; and 92 percent were minorities. The minorities included six African Americans, three Hispanics, one Native American, and one of multi-cultural heritage. Three students were extended beyond the summer and continue to work at NCUA.

Leadership Development Programs

NCUA offers competitive internal and external leadership development programs that assist in building an inclusive work environment for women and minorities. NCUA's internal Management Development Program is for non-supervisory employees in grades CU-12 through CU-14. The external programs are offered through the USDA Graduate School, consisting of the Aspiring Leader Program for CU-4 through CU-6 grades; New Leader Program for CU-7 through CU-9; and Executive Leader program for CU-11 through CU-13.

All programs aid in providing women and minorities the opportunity to acquire leadership skills or build on current leadership skills that may make them more competitive for future advancement opportunities. They also play a key role in the agency's succession planning process. In 2012, examples of leadership programs that were diverse in ethnicity or in gender include:

- **New Leader Program:** Of the three participants, 67 percent were minorities and 33 percent were women.
- **Executive Leadership Program:** Of the six participants, 50 percent were women, one of which was an African American.
- **Management Development Program:** Of the 11 participants, 27 percent were women, two of which were minorities.

Mentoring and Coaching

NCUA contracts with a vendor to provide executive coaching to its newer executives. The Executive Coaching Program is a formal program that addresses and strengthens the skills necessary to maximize leadership potential, reinforce leadership competencies, enhance performance, and help participants effectively contribute to the successful accomplishment of NCUA's mission. Of the 12 participants in the Executive Coaching Program in 2012, women represented 42 percent and minorities represented 17 percent.

Management Accountability (Performance Standards)

The agency expects senior management to strive to produce a diverse, well-trained and highly motivated workforce that reflects its commitment to this goal. NCUA recently revised the annual performance standards for senior (executive) staff to include diversity and inclusion factors as part of the critical elements for Leading People. Senior staff is accountable for:

- Building and reinforcing a culture committed to recruiting a high-quality, diverse workforce.
- Establishing diverse rating and ranking and interview panels.

- Taking proactive steps to remedy underrepresentation (minority, disabled and veterans) within the agency.

The new performance plans for senior staff became effective in January 2013. The agency is currently working on similar performance plans for other supervisors.

Diversity & Inclusion Training

OMWI developed two well-received videos that provided diversity training to all employees at NCUA's biannual meeting of all staff in April 2012. One video featured the historical perspective of diversity at NCUA, while the other video featured individual employees' perspectives of diversity at the agency. Both emphasized NCUA's commitment to improve diversity through the demonstration of past and current efforts.

Successes

Executive and Pipeline Positions

During 2012, the agency experienced an increase in diversity at all levels of the workforce as follows:

- Women increased from 24 percent to 41 percent in executive positions.
- Minorities increased from 9 percent to 15 percent in executive positions.
- Minorities increased from 20 percent to 22 percent in CU-13 through CU-16 positions.
- Minorities increased from 27 percent to 30 percent in CU-12 and below positions.

Best Place to Work in the Federal Government

As a result of NCUA's efforts to foster a diverse, well-trained and motivated staff, the agency improved its overall Best Places to Work ranking. Based on the results of OPM's 2012 Federal Employee Viewpoint Survey (EVS)², NCUA ranked sixth among twenty-two medium-size federal agencies in the annual *Best Places to Work in the Federal Government* published by the Partnership for Public Service. The Partnership for Public Service also recognized NCUA as the "most improved mid-sized agency."

In each of the EVS's four categories comprising the Human Capital Assessment and Accountability Framework, NCUA scored among the top four out of 37 federal departments and agencies with more than 1,000 employees. NCUA not only scored highly, but data indicate the agency showed some of the strongest improvement in many of the areas measured by the survey.

² OPM's Federal Employee Viewpoint Survey is the tool used to compile the Best Places to Work in the Federal Government report published biannually since 2003, and annually since 2009 by the Partnership for Public Service.

Notable improvements for NCUA on the EVS include:

- Ranking fourth in “Leadership and Knowledge Management,” up from seventeenth in 2011.
- Rating fifth in “Employee Engagement,” achieving among the largest two-year increases.
- Ranking fourth for “Global Satisfaction,” up from fourteenth in 2011.
- Improving in all eleven items assessing employee “Supervision.”
- Demonstrating sizable “Leadership” gains while government-wide results declined.

NCUA performed particularly well in the area of effective leadership, which the Partnership for Public Service describes as a primary factor in employee attitudes toward job satisfaction. Employees gave NCUA strong ratings in the areas of diversity, fairness, and employee empowerment. Additionally, for employee satisfaction and commitment, NCUA ranked as follows among mid-sized agencies:

- 1st among Hispanic employees.
- 2nd among African-American employees.
- 3rd among white, veterans, and male employees.
- 4th among women and Asian employees.

Enhanced Communications

Senior leaders worked diligently to create an environment of open communications, mutual respect, trust, and inclusiveness. The agency conducts annual senior staff retreats to strategize about new and innovative approaches to address agency and economic concerns, and to establish goals for the upcoming year. For the past three years, areas of focus included strategies for improving diversity and inclusion and making NCUA an employer of choice. More importantly, senior leaders concentrated on innovative ways to improve communication. The agency believes open communication descending from the top of the organization through its ranks is the key to an inclusive environment. Methods used to enhance the agency’s communications include:

- Inside NCUA weekly emails to all staff.
- Chairman’s quarterly question-and-answer webinars with all staff.
- Partnership Council, a joint effort by NCUA and the National Treasury Employee Union to collaborate on issues affecting employees.
- Internal Communications Working Group, staff focused on achieving better agency communications.

NCUA Branding

The agency has hired a full time Social Media and Outreach Specialist to expand NCUA's name recognition and branding. This person boosted the awareness of NCUA's name and mission through social media, such as Facebook, Twitter, YouTube, and LinkedIn.

Challenges

NCUA faced challenges, such as the following, in administering minority and women outreach programs:

- Obtaining access to OPM's USA Staffing Applicant Race, National Origin (RNO) data to:
- Establish tracking systems to help identify barriers to minority recruitment, hiring, advancement, development and retention.
- Institute a more efficient applicant dataflow system to measure the effectiveness of various recruitment channels and strategies by allowing applicants to indicate how they learned about NCUA vacancies and provide information on their race, national origin and gender.
 - Although NCUA converted to USA Staffing in early 2012, NCUA discovered in 2013 the above tools will not be available to the agency's EEO and OMWI Offices until NCUA enters into a Memorandum of Understanding with OPM to obtain access to the data. Also, manipulating this data, once it is available, requires additional resources and training on the system.
- Increase the low representation rate of Hispanics in NCUA's workforce, and of minorities at the senior executive level. NCUA has and will continue to engage in outreach and recruitment initiatives to increase these representation rates, including new and innovative strategies.
- NCUA is a small agency whose name and mission are not broadly known to the general public. This lack of awareness may present an impediment to attracting interest in NCUA's employment opportunities. NCUA hired a full time Social Media and Outreach Specialist to address this issue by expanding its name recognition and branding through Facebook, Twitter, YouTube, and LinkedIn. To attract the broadest possible field of candidates, NCUA recently began posting job opportunities to its LinkedIn account.

Moving Forward

In addition to the previous actions taken, NCUA plans to implement the following initiatives in 2013:

Performance Standards for Supervisors

NCUA is revising the performance plans for supervisors to include diversity and inclusion among the critical elements for Management and Supervision, as the agency already has done for senior (executive) staff. The agency expects to begin using the revised performance standards on October 1, 2013.

Pathways

Executive Order 13562 on Recruiting and Hiring Students and Recent Graduates opens up new opportunities to produce a diverse and highly qualified workforce. NCUA will use OPM's Pathways Programs as a tool to assist the agency in reaching a more diverse group of candidates for entry-level positions.

Mentoring Program

The agency's formal mentoring programs are limited to participants in the Management Development Program and USDA's Executives Leadership Program. While other NCUA employees may receive coaching and mentoring from their supervisors, the agency plans to develop a pilot mentoring program for these employees in the near future.

Outreach and Recruitment

The agency is developing a diversity council to focus on a more comprehensive recruitment plan specifically designed to utilize new and innovation ways to address low participation groups, such as Hispanics in the workforce and minorities in the senior executive level.

Business Activity

NCUA Business Activity

Amounts Paid to Contractors

- NCUA paid a total of \$38.8 million to contractors in 2012.
- NCUA paid a total of \$5.2 million to minority- and women-owned businesses in 2012, representing 13.3 percent of its total contracting dollars paid.

Minority- and Women-Owned Business Contracting

Promoting Supplier Diversity

NCUA's efforts to advance and implement supplier diversity in its procurement process are a relatively recent development borne out of the Dodd-Frank Act. As part of its mandate to promote the inclusion of M/WOBs in the agency's contracting during 2012, NCUA completed designing and implementing new procurement policies and procedures to advance and track supplier diversity.

As a starting point, in 2012, NCUA published its first official NCUA Supplier Diversity Policy Statement signed by Chairman Debbie Matz, which underscores the agency's commitment to diversity in the procurement process. NCUA has since incorporated a series of new supplier diversity measures that officially took effect within the contracting process on August 1, 2012. These measures consist of:

- Revising the agency's contracting processes;
- Incorporating new M/WOB inclusion and measurement guidelines for the contracting division;
- Developing new documents and database systems to track NCUA's contracting inclusion activity; and
- Establishing a comprehensive inclusion educational campaign across all NCUA offices.

To ensure the consistent and effective promotion of diversity within the pool of vendors invited to bid, NCUA established a diversity inclusion guideline to apply to its contracting solicitations. The guideline calls for NCUA program offices to ensure that a fair number of qualified M/WOBs are among the vendors invited to bid on each solicitation. To achieve this goal, the OMWI provides direct support to the agency's program offices by researching and assembling lists of qualified M/WOBs that may be invited to bid on a given contract.

As a key element in promoting supplier diversity, OMWI developed and conducted supplier diversity training for approximately 40 NCUA employees in the procurement

process agency-wide. Additionally, OMWI conducted various supplier diversity presentations for NCUA’s senior and executive management to keep them informed of NCUA’s supplier diversity statistics, opportunities, and strategic direction.

As of July 2012, to better track the agency’s supplier diversity performance and program execution, OMWI produced a quarterly Supplier Diversity Report for the entire agency, broken down by region or program office. The report serves as a tool for each department to understand its individual impact on, and contribution to, the agency’s overall supplier diversity profile. NCUA is currently updating certain systems within its contracting process to capture information about the diversity of firms being invited to bid on its contracting opportunities.

Additionally, NCUA finalized and adopted the written “good faith efforts” certification (GFE certificate) required of contractors under Section 342(c)(2) of the Dodd-Frank Act. As of August 1, 2012, all contract awards that exceed the agency’s Simplified Acquisition Threshold of \$100,000 must include a GFE certificate. During 2013, NCUA will commence GFE compliance reviews of vendors that have signed and submitted a GFE certificate.

Supplier Diversity Outreach

Since 2012, NCUA enhanced its relationship with the vendor community and, more specifically, M/WOB vendors. As a first step, NCUA improved its online presence by updating the agency’s “*Contracting Opportunities*” page on its website to include a “*Vendor Registration*” link. This first step allows vendors to make themselves and their interests known to NCUA. Additionally, the agency posted its first online “*How to Do Business with NCUA*” instructional manual. These two improvements have opened the pathway for contact and communication between the M/WOB community and the agency.

To expand M/WOB participation in contracting, NCUA more than doubled its outreach efforts of 2011. In 2012, NCUA’s OMWI participated in five procurement-related events versus two events in 2011. The 2012 events included:

- Office of Small and Disadvantaged Business Utilization Annual Conference;
- Women’s Business Enterprise National Council Annual Conference;
- Minority Enterprise Development Week;
- National Minority Supplier Development Council Annual Conference; and
- Maryland / District of Columbia Minority Supplier Development Council.

Each of these events attracts thousands of M/WOBs that actively participate in both federal and private enterprise contracting. NCUA’s participation in events of a national scope expands the agency’s name recognition and branding within the M/WOB community.

In addition to these efforts, NCUA has conducted a significant number of one-on-one capacity briefings with individual M/WOBs interested in doing business with the agency.

Strategic Partnerships

NCUA expanded its outreach to partner with specialty trade organizations, such as the National Association of Securities Professionals (NASP) and the National Association of Minority and Women-Owned Law Firms (NAMWOLF). Both of these specialty trade organizations represent a significant number of highly qualified M/WOB professionals. NCUA's relationships with these organizations enhance its ability to identify and invite more M/WOBs to pursue agency contracting opportunities.

In addition, NCUA's OMWI participated actively in the initiative to promote collaboration among the business activities analysts of various agencies' OMWI offices. The collaboration has yielded in-depth discussions, sharing of information about qualified M/WOBs, sharing and leveraging of best practices and strategies to assist M/WOBs, and a broadening of scope for supplier diversity planning.

Successes

NCUA has succeeded in certain efforts to advance supplier diversity. Although recently adopted, its new supplier diversity policies already have had a positive impact on how the agency carries out its procurement processes.

Increases in Contracting Dollars Paid to M/WOBs

NCUA experienced a dramatic increase in the amount of contracting dollars paid to M/WOBs during 2012.

- Total dollars paid to M/WOBs in 2012 was \$5.2 million versus \$3.1 million in 2011—a year-over-year increase of 68 percent.
- Total dollars paid to M/WOBs in 2012, as a proportion of total contracting dollars, was 13.3 percent in 2012 versus 8.1 percent in 2011.

These increases reflect the impact of three substantial contract awards to M/WOBs during 2011 and 2012. As for contracts awarded during 2012, NCUA awarded \$3.7 million (8.7 percent) to M/WOBs out of total contract awards of \$42.8 million

Implementation of Supplier Diversity Processes

Although its supplier diversity program is recent, NCUA succeeded in 2012 in integrating a series of new supplier diversity measures into its procurement process. These include establishing a reliable system for tracking and measuring NCUA's supplier diversity status and progress. The implementation of these measures has

enabled key NCUA program offices to collaborate to fulfill the Dodd-Frank Act's supplier diversity objectives.

Supplier Diversity Tracking Systems

NCUA's internal information and accounting systems were not originally designed to capture a vendor's size or its ownership classification (such as minority-owned or women-owned). However, over the past 18 months, NCUA has been updating its processes, documentation, and systems to capture the vendors' size and classification data necessary for an appropriate level of supplier diversity analysis and reporting. These updates and changes have enabled the agency to track M/WOB utilization data and report on it.

Training and Expansion of Supplier Diversity Awareness

NCUA has expanded supplier diversity awareness and adopted the new supplier diversity procedures through training and day-to-day engagement with the agency's contracting office and process. Program offices at NCUA have reached out to OMWI for guidance and support to diversify the list of vendors invited to bid on their contracts. In various instances, the program offices have called upon OMWI to research and identify M/WOBs to include in NCUA contract solicitations.

OMWI Visibility & Outreach

OMWI has also benefitted from added visibility during the course of 2012. OMWI's supplier diversity efforts were highlighted during the agency's semi-annual meeting for all staff, and its collaboration with other agency offices in their contracting activities was one of the agency's success stories during the year featured during the semi-annual meeting.

Although NCUA is not a household name to most outside of the credit union industry, the agency outreach has started to make inroads in publicizing the agency's contracting opportunities within the M/WOB community, as well as the brand and image of the agency as a whole. For supplier diversity to succeed at NCUA, M/WOBs need to know and understand NCUA's mission and the contracting opportunities it generates. In 2012, NCUA's outreach program exposed thousands of M/WOBs to its name, mission and contracting processes and opportunities.

Challenges

NCUA instituted its first round of supplier diversity processes and procedures at the beginning of 2012 with the introduction of a vendor registration form. Although the agency experienced solid progress in the creation and implementation of its supplier diversity program, the agency must make additional efforts to reach parity with the supplier diversity results of other federal agencies.

NCUA Limited Contract Dollars

By its sheer nature, NCUA's average annual contracting volume of between \$40 and \$50 million is modest relative to the billion-dollar budgets of many other federal agencies. M/WOBs naturally tend to dedicate their limited resources to pursue opportunities where contracting dollars abound. As such, NCUA's limited contracting budget may make the agency less attractive to an M/WOB seeking an agency with more abundant contracting opportunities.

Legal Constraints

NCUA does not have the authority to manage supplier diversity through the use of set-aside contracts for M/WOBs. NCUA must carefully adhere to legal precedents that restrict the use of set asides to the most narrow circumstances that survive strict scrutiny (*Adarand Constructors, Inc. v. Peña, 515 U.S. 200 (1995)*).

Concentration of Contract Awards

In 2012, nearly 75 percent of NCUA's contract dollars were captured by the top 25 vendors by contract dollar volume—a ratio that limits opportunities for supplier diversity. Contract amendments and renewals, although legitimate, at times have the unintended effect of further limiting the inclusion of M/WOBs in the agency's competitive procurement process. NCUA is closely studying the types of contracts that are served by the top 25 vendors to identify specific, targeted areas where opportunities for expanded supplier diversity exist.

Large, Long-Term, and Mission-Critical Contractual Obligations

Although its contracting budget is relatively modest, NCUA has large, long-term contracts with certain vendors, such as leases to rent office space for NCUA's five regional offices, mobile phone services to interconnect employees, and specific lodging services for employee travel. These are examples of mission-critical needs that can be performed most efficiently by a specific non-diverse vendor. In these cases, the contracting dollars are not available for inclusion of M/WOBs.

Moving Forward

In addition to its achievements during 2012, NCUA developed new contracting initiatives to implement during the upcoming year. These initiatives are:

Promoting Inclusion of M/WOBs

Subcontracting Plans / Report

NCUA is considering requiring subcontracting reports to capture information about the inclusion and utilization of M/WOBs for subcontracting opportunities. To monitor the diversity of subcontractors working under large majority (that is, non-minority) prime contractors, NCUA is exploring the idea of requesting annual reporting from prime contractors with aggregate NCUA contract revenue exceeding \$1,000,000. NCUA is also

contemplating a requirement for contractors to provide both pre- and post-award M/WOB subcontracting plans in order for the agency to assess the diversity of its majority contractors on contracts exceeding \$500,000.

Supplier Diversity Training

As part of NCUA's continued commitment to enhancing awareness and utilization of the agency's supplier diversity program, the office plans to conduct a training session for NCUA employees to implement the latest systems and process changes for supplier diversity. To this end, NCUA is making changes within the procurement process that will ensure supplier diversity is consistently and automatically considered as part of the contracting, sourcing, and selection process.

Supplier Diversity as Part of NCUA Procurement Manual

In order to formalize supplier diversity as a permanent part of NCUA's procurement process, NCUA plans to officially incorporate its supplier diversity processes and procedures into the *NCUA Procurement Manual*, thus further institutionalizing this objective.

Monitoring Supplier Diversity and Inclusion

In order to improve its supplier diversity data capture and to better diagnose and address any possible barriers to M/WOB utilization at the agency, NCUA established certain new parameters to:

- Incorporate changes to its internal Purchase Request Form to automatically capture the names of vendors that were invited to bid and those that responded. This reporting mechanism will also require that all vendors invited to bid to be registered with the agency.
- Update its online vendor registration form for full online access and submission by any interested vendor. Likewise, NCUA is also creating an intranet vendor registration form for direct and easy access by NCUA personnel.
- Publish its new vendor registration database for direct access by agency personnel during the contracting process.

Conducting Outreach

For 2013, NCUA plans to increase its outreach activity by participating in 40 percent more M/WOB vendor events than it did in 2012. This continued effort on the NCUA's part to expand the agency's presence and opportunities within the M/WOB community will increase the agency's visibility to thousands of additional M/WOBs.

NCUA also plans to reach out and survey its existing M/WOB vendors to determine better ways to market to and attract M/WOB participation in its contracting opportunities. Additionally, NCUA intends to follow-up with M/WOBs that were invited to bid on contracts, but were non-responsive. Through this process, the agency seeks to understand and mitigate any obstacles present to M/WOB participation in its contracting opportunities.

As part of a pilot program to attract more M/WOBs from the information technology (IT) field, NCUA is contemplating an IT-related workshop, in which up to 20 M/WOBs would be invited to meet the agency's IT professionals and discuss possible contracting opportunities in a workshop forum. This event also will familiarize NCUA's IT professionals with qualified IT M/WOBs.

Strategic Partnerships

Memorandum of Understanding with EEOC

To evaluate contractors' compliance with "good faith efforts" requirements mentioned above, NCUA is in the process of finalizing a Memorandum of Understanding with the Equal Employment Opportunity Commission (EEOC) to enable the EEOC to provide NCUA with selected EEO-1 reports. NCUA will use the information these reports yield to determine whether reporting firms remain in compliance with their assertions about the fair inclusion of minorities and women in their respective workforces.

Technical Assistance

NCUA plans to partner with an extensive network of federally funded programs offering technical assistance, including the following:

- Procurement and Technical Assistance Centers (PTAC);
- Small Business Development Centers (SBDC);
- Service Corps of Retired Executives (SCORE);
- Women's Business Centers (WBC); and
- Minority Enterprise Development Centers (MBEC).

This strong network of partners represents a broad range of business consulting, training, and technical assistance services. NCUA intends to work with these partners to offer technical assistance to M/WOBs. Additionally, NCUA will partner with other OMWI offices to encourage each other's vendors to participate in the technical assistance programs offered by the other offices. This assistance will cover business practices such as marketing, finance and operations, as well as identifying appropriate sources of financing.

Credit Union Liquidation Activity – Asset Management Estates (AMEs)

The Asset Management and Assistance Center (AMAC) conducts credit union liquidations and performs management and recovery of assets. This activity is contained within a separate asset management estate (AME) for each liquidated credit union. Additionally, this office assists NCUA regional offices with the review of large complex loan portfolios and actual or potential bond claims. When requested by the region, AMAC also participates in the operational phases of conservatorships and reconstruction of credit union records.

Amount Paid to Contractors

- AMEs paid a total of \$33.4 million to contractors in 2012.
- AMEs paid a total of \$248,926 to M/WOBs in 2012, which represents 0.7 percent of the total paid to all contractors.

Minority and Women-Owned Businesses Contracting

Because of the operational and time-critical nature of the liquidation process, additional contracting methods are available to AMAC in the liquidation context. In mid-2012, OMWI performed an initial impact assessment of AMAC's procurement policies, procedures, and information systems. Based on this assessment, NCUA created a set of supplier diversity policy and inclusion recommendations. In turn, these recommendations supported AMAC's move to institute a series of supplier diversity updates and changes to its procurement processes to promote the inclusion of M/WOBs in its business activities, when practical.

Successes

Supplier Diversity Awareness

After OMWI informed AMAC of the purpose and goals of Section 342 of the Dodd-Frank Act, OMWI and AMAC maintained continued discussions on possible ways to establish supplier diversity in its procurement actions. These discussions increased awareness and led AMAC operating units to start requesting M/WOB referrals to diversify the list of vendors invited to bid.

Promoting Supplier Diversity

AMAC revised its liquidation procurement instruction on vendor selection and contracting processes to include specific references to new supplier diversity procedures. These include the use of NCUA's Vendor Registration Form, the use of OMWI M/WOB referrals for participation in the procurement process, and the inclusion of GFE language in larger contracts. The new procedures are directly linked to the goal of promoting supplier diversity for liquidation procurement.

Promoting Supplier Reporting

AMAC requests that AME suppliers complete the NCUA Vendor Registration Form, in compliance with the updated liquidation procurement instruction.

The supplier diversity initiative is a new process within AMAC's procurement activity. Because credit union AMEs have a separate accounting and procurement process, compliance with Section 342 of the Dodd-Frank Act requires supplemental monitoring and tracking, separate from NCUA's principal procurement process. These separate responsibilities notwithstanding, NCUA are committed to expanding awareness and success in supplier diversity.

Challenges

As NCUA's liquidation arm, AMAC carries out business and contracting activities that differ from those the agency's principal procurement process normally addresses. Some of these differences have presented certain challenges to the implementation and management of AMAC's AME supplier diversity program.

Some of the principal supplier diversity challenges that AMAC faces are listed below:

- A separate system and process for monitoring and measuring the AME's supplier diversity data.
- The duty to preserve credit union assets requires NCUA to act quickly and within transactional scope and size considerations that impact the decision process for vendor selection.
- A credit union's contractual relationships that predate its liquidation are a major consideration in selecting post-liquidation vendors.
- Many liquidated credit unions are located in small communities where the availability of vendors to perform the required services is limited, service needs and locations are not known in advance of the liquidation, and time is of the essence.

Moving Forward

Expanding Opportunities for Supplier Diversity

AMAC updated its liquidation procurement procedures to incorporate supplier diversity as a factor in its procurement considerations. OMWI plans to dedicate additional resources during 2013 to support AMAC in successfully implementing and monitoring new supplier diversity practices.

Supplier Diversity Training

To ensure that supplier diversity is embedded into the liquidation process, OMWI will work closely with AMAC staff to develop appropriate supplier diversity training to meet AMAC's contracting requirements.

Asset Sales

As the liquidation arm of NCUA, AMAC sells the assets that remain following a failed credit union’s merger or liquidation. During 2012, AMAC sold \$20.2 million in real estate owned (REO) and \$22.3 million in other assets (such as loan portfolios, furniture, credit union branches, and loan participation interests). Typically, REO is sold in the open market by real estate brokers. Other assets are usually sold first to credit union-related entities, and then to other interested buyers.

During 2012, AMAC sold \$42.5 million in REO and other assets as follows:

Asset Type	Credit Unions	Private Businesses	Individual Homebuyers	Total
REO	-	\$12.8	\$7.4	\$20.2
Other Assets	\$20.1	\$2.2	-	\$22.3
Total Assets	\$20.1	\$15.0	\$7.4	\$42.5
M/WOB	-	\$1.4	-	\$1.4

Figure 8

Based on the mandate in Section 342, NCUA focused its efforts on identifying minority- and women-owned businesses that purchased AMAC assets. As such, NCUA excluded sales to individual homebuyers and credit unions from the M/WOB calculation. The results are as follows:

- AMAC sold \$15 million in assets to private businesses in 2012.
- AMAC sold \$1.4 million in assets to M/WOBs in 2012, which represents 9.3 percent of the total assets sold to private businesses.

Although AMAC’s sales process was not originally designed to generate detailed information on its asset sales, it has been successful in gathering and providing the necessary data to conduct a diversity analysis of asset sales. AMAC is working on additional processes to capture more purchaser information and refine its ability to further manage the diversity in its business activities. Some of the suggested actions to improve the diversity of its asset purchasers include:

- Requesting registration of privately owned business investors in NCUA’s vendor database.
- Maintaining and expanding a list of potential M/WOB investors to participate in NCUA’s asset sales.
- Working closely with the OMWI to achieve improved inclusion rates for M/WOB investors in future asset sale transactions.

As AMAC's business activities processes and systems evolve, NCUA will be able to improve its tracking and quantifying of AMAC's supplier diversity progress.

Credit Union Diversity

Section 342 (b)(2)(C) of the Dodd-Frank Act requires NCUA to develop standards for assessing the diversity policies and practices of entities regulated by the agency. NCUA continues to diligently work with similarly situated federal agencies to develop uniform diversity assessment standards. The Call Reports submitted by credit unions reveal that the majority is small in asset size and limited in resources. The Call Reports and EEO-1 Reports submitted to the EEOC provide NCUA with an awareness of the diversity composition of the regulated entities' workforces.

Regulated Entities

NCUA's regulated entities consist of 6,888 federally-insured credit unions as of September 30, 2012. These entities include 4,322 federally chartered credit unions and 2,566 state-chartered credit unions that are federally insured by NCUA. The composition of credit unions by total asset size, as of September 30, 2012, is illustrated in Figure 9.

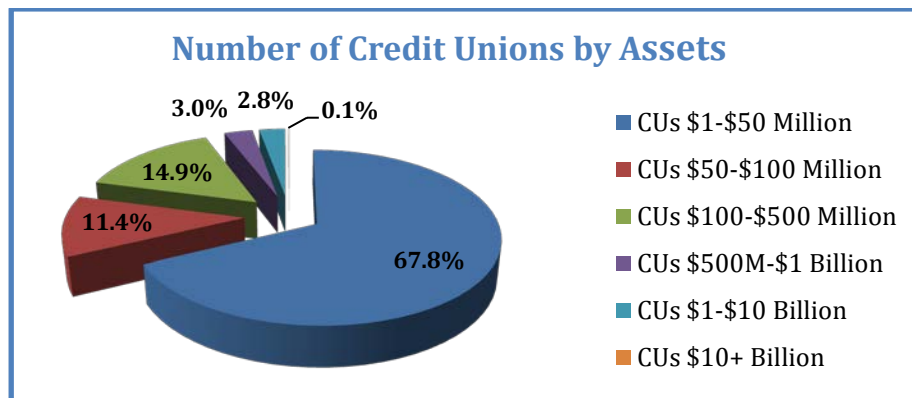


Figure 9

The overwhelming majority of federally insured credit unions are small in asset size. An aggregate of 4,672 credit unions, representing 68 percent, have total assets of less than \$50 million. The number of credit unions with total assets exceeding \$1 billion represents only three percent of all federally insured credit unions. Four credit unions with total assets of \$10 billion or more represent about 0.1 percent of all federally insured credit unions.

In addition to the generally small asset size of credit unions, most have limited resources in human capital. Figure 10 shows the percentage of credit unions by total employees, using September 30, 2012 Call Report data:

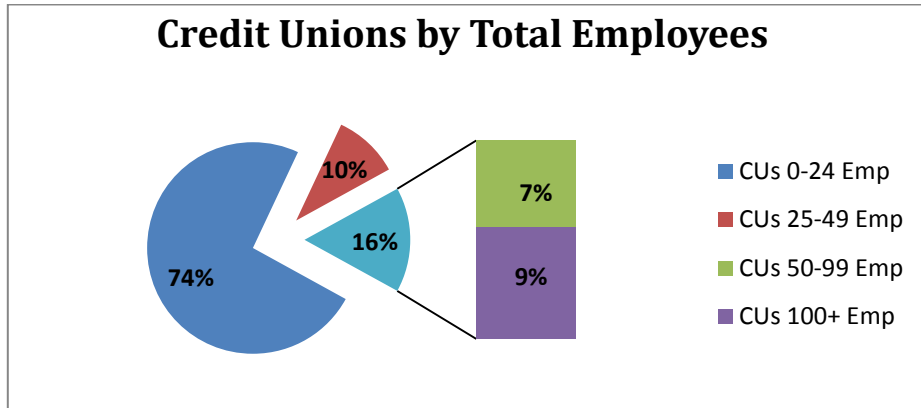


Figure 10

A total of 5,812 credit unions, representing 84 percent of all federally insured credit unions, have total employees of 49 or fewer. Nine percent, or 595 credit unions, have total employees of 100 or greater. Even though only nine percent of all federally insured credit unions have 100 or more employees (Figure 10), these employees in the aggregate represent 64 percent of the (257,756) employees in all federally insured credit unions as illustrated in Figure 11.

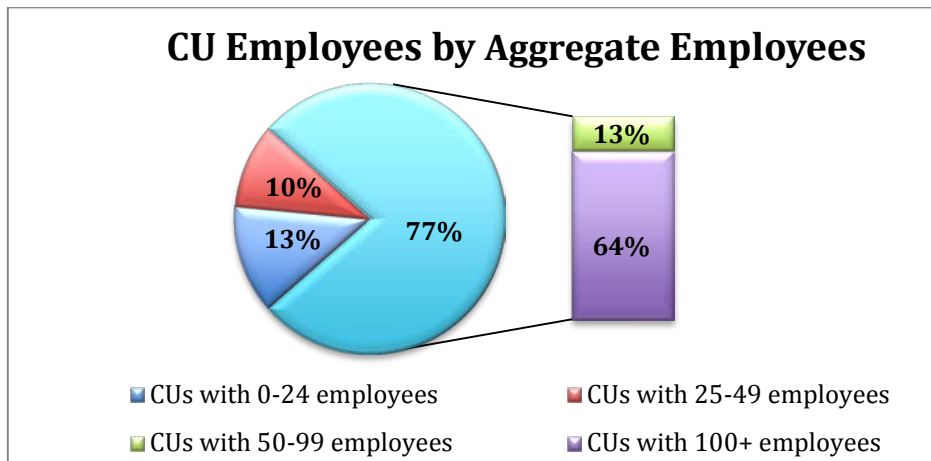


Figure 11

Because of the EEO-1 Report data³ collected by EEOC, NCUA understands the gender, racial, and ethnic demographics of the majority of the credit union workforce as illustrated in Figure 12 below. The EEO-1 Reports submitted by credit unions with at

³The EEO-1 Report requires certain employers to submit employee data by job category and by ethnicity, race, and gender to the EEOC and Office of Federal Contract Compliance annually. Generally, the EEO-1 Report must be submitted by: (1) employers who have 100 or more employees; or (2) employers with 50 or more employees and federal government contracts of \$50,000 or more. More information can be found at <http://www.eeoc.gov/employers/eo1survey/whomustfile.cfm>.

least 100 employees may represent at least 64 percent of all employees in federally insured credit unions. This data fairly represents the diversity in the credit union industry.

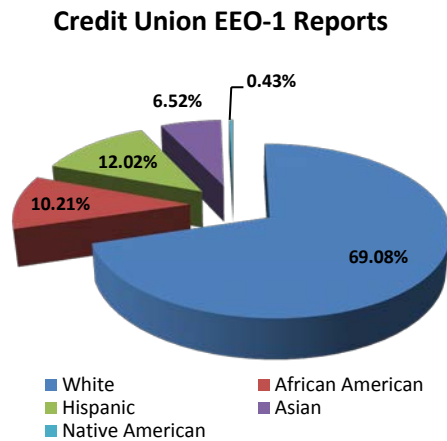


Figure 12

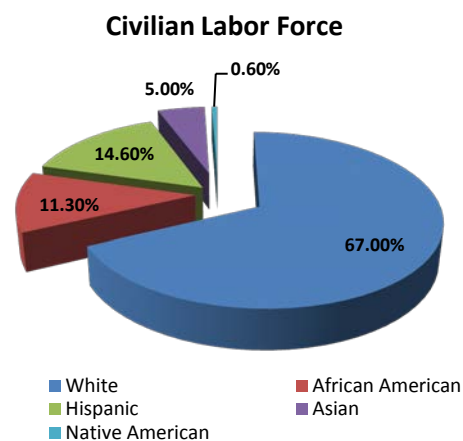


Figure 13

Figure 12 above illustrates the minority composition of employees of credit unions based on the EEO-1 Reports submitted as of September 2011.⁴ Figure 13 shows the minority composition of the national CLF. A comparison of the two charts reveals:

- African Americans comprise 10.21 percent of the total credit union employees compared to 11.3 percent of the national CLF.
- Hispanics comprise 12.02 percent of the total credit union employees compared to 14.6 percent of the national CLF.
- Asians comprise 6.52 percent of the total credit union employees compared to 5.0 percent of the national CLF.
- Native Americans comprise 0.43 percent of the total credit union employees compared to 0.6 percent of the national CLF.

In addition, EEO-1 Report data reveals that women comprise about 70.7 percent of the credit union workforce as compared to 47.2 percent of the national CLF. This data demonstrates the credit unions' workforces are generally diverse and resemble the nation's population. At the same time, diversity at the executive levels needs improvement, including among senior officials and first/mid-level managers.

⁴ Employers must file an EEO-1 Reports by September 30 of each year. EEOC reviews and scrubs the data prior releasing it to the public. EEOC has not yet released the September 30, 2012, reported data.

Diversity Assessment Standards

An interagency working group composed of the financial services agency OMWIs (that is, NCUA, FDIC, Office of the Comptroller of the Currency, Federal Reserve Board, Securities Exchange Commission, and Consumer Finance Protection Bureau) worked closely to develop standards for assessing the diversity policies and practices of entities regulated by each agency. The goal of this interagency working group is to collaborate on an approach towards developing uniform standards for diversity assessments. To this end, in 2012, the interagency working group met with the following stakeholders to solicit input on how to best develop the standards:

- Banking and credit union industry trade representatives to discuss ideas in recognition of the wide-ranging sizes, markets, and complexities of the regulated entities;
- Community interest group representatives to discuss Dodd-Frank Act Section 342 implementation broadly; and
- Industry, trade, and public roundtables throughout the United States, and telephone conferences with industry, trade, and state banking representatives.

In addition, NCUA separately held two roundtable meetings with credit unions varying in complexity of operations, asset sizes, and different geographic locations, in conjunction with representatives from their trade associations. OMWI worked with representatives from the trade associations in setting up the meetings and identifying participants for the meetings. OMWI also met with a couple of credit unions to discuss their diversity practices in more depth. The meetings were held to:

- Solicit input on framing diversity assessment standards that impose the least burden on credit unions; and
- Gain insight on the participants' existing diversity programs, challenges, and successes.

The information and suggestions gathered from these meetings assisted the interagency group's efforts in developing a direction for standards that would promote good diversity practices while not disrupting existing, successful programs or imposing undue burdens on the financial services and banking industry. Attendees responded to questions and shared suggestions and concerns regarding standards and implementation methods. Utilizing this input, as well as diversity best practices research information, the OMWI Directors have drafted proposed interagency standards to ensure consistent content as well as address the following:

- Broadly and generally, applied to entities of varying sizes and complexities.
- Represent currently accepted leading practices within the diversity, equal employment opportunity, and minority procurement industries to provide assistance in meeting the standards.

- Be consistent with other federal guidelines and regulations implemented by federal agency counterparts to whom regulated entities report, such as the EEOC and Office of Federal Contract Compliance Programs (OFCCP).
- Be applied in a manner that the reporting requirements do not pose unreasonable paperwork or burden and may utilize existing reporting requirements as stipulated by EEOC or OFCCP.

To inform federally insured credit unions about the requirements of Section 342 of the Dodd-Frank Act and the agency's actions to comply with it, NCUA published an article entitled "Dodd-Frank Act Requires Regulators to Develop Diversity Standards and Assessments" in the September 2012 issue of *The NCUA Report*. The purpose of the article was to generate discussion within the credit union community and provide another opportunity to solicit comments on how the diversity assessment standards should be framed. *The NCUA Report* is circulated widely within the credit union industry.

Successes

Diversity in Credit Unions

The EEO-1 Report data revealed that credit unions serving diverse fields of membership have achieved some degree of diversity within their workforces—even though many have not established formal diversity policies, programs, or both. As a result, the composition of their workforces resembles that of the nation's population. The 2011 EEO-1 Report data shows that women represent about 70.7 percent, and minorities represent 30.9 percent, of the credit union workforce. Within the national CLF, women represent 47.2 percent and minorities represent 33 percent.

Diversity Assessment Standards

NCUA and the other financial services agencies are working jointly to develop a policy statement and proposed diversity assessment standards addressing workforce and procurement, which reflect leading diversity practices. The policy statement is scheduled to be formally published in the *Federal Register* for public comment in 2013.

Memorandum of Understanding

NCUA signed a Memorandum of Understanding with EEOC to obtain EEO-1 Report data on credit unions. This action enables the agency to obtain EEO-1 Report data to assess more specific information, such as data by different types, sizes and geographic locations, as well as, information on those who have not submitted such reports.

Challenges

The agency anticipates that federally insured credit unions will face challenges with respect to the diversity objectives and requirements of Section 342(b)(2)(c) of the Dodd-Frank Act. The most significant challenges are:

Charter and Field of Membership Restrictions

It is a challenge to develop a set of diversity assessment standards to consistently apply to all financial institutions of varying sizes, operational structures, localities, income streams, number of employees, and business activities. Credit unions generally serve specific geographic “service areas” as defined by their charter and field of membership. Credit unions are limited to the demographics of those areas.

Burden to Small Credit Unions

It will be burdensome for smaller credit unions to achieve diversity in employment and business activities due to their limited human capital, earnings, and other resources. Approximately 68 percent of the federally insured credit unions have total assets of less than \$50 million; and 84 percent have fewer than 50 total employees. As a result, these credit unions are likely to have minimal business activities.

Moving Forward

NCUA will continue to work closely with the interagency working group of financial services agencies to finalize the joint diversity assessment standards for our regulated entities. The proposed standards will be published for comment in the *Federal Register* and the agencies will then jointly finalize them. The agency plans to work with credit unions to educate them about the final assessment standards once they are adopted.

Financial Literacy

Section 342(f)(5) of the Dodd-Frank Act requires NCUA to take affirmative steps to seek diversity in the workforce at all levels of the agency. Where feasible, such steps shall include partnering with inner-city high schools, girls' high schools, and high schools with majority minority populations to establish or enhance financial literacy programs and provide mentoring.

NCUA has taken several steps to promote financial literacy within the credit union community to promote mentoring and financial education among credit union members, students in inner-city schools, and schools with majority minority populations. These steps include:

- Launching “Pocket Cents” micro-website containing financial literacy information for youth.
- Providing technical assistance to CBC Federal Credit Union with the development of a financial literacy program for high schools in the Oxnard, California, area in accordance with the interagency partnership agreement between NCUA, the U.S. Department of Education, and FDIC.
- Participating in the 2012 Financial Capabilities Town Hall Meeting in Oxon Hill, Maryland, hosted by members of the President’s Advisory Council on Financial Capability and Maryland Comptroller Peter Franchot.
- Collaborating with the Securities and Exchange Commission and the Commodity Futures Trading Commission to provide investor education to the credit union community through myCreditUnion.gov.
- Participating with Financial Literacy and Education Commission to plan strategies and initiatives for 2013–2014 focus on “Starting Early for Financial Success.”
- Developing NCUA’s strategy for 2013 America/Military Saves Week (February 25–March 2), including Chairman Matz’s video about the importance of saving.
- Collaborating with the Consumer Federation of America to encourage an impact study to evaluate the last 10 years of America/Military Saves Week efforts.
- Collaborating with the President’s Advisory Council and Defense Credit Union Council (DCUC) on possible research initiatives, including a review of the Bank

Transfer Day, the upswing in credit union membership, and the long-term benefits and impact to the credit union industry.

Partnerships

NCUA partnered with Junior Achievement this year. Junior Achievement representatives participated in NCUA-sponsored workshops to inform credit unions on how they can partner with Junior Achievement to provide financial literacy to high school students as well as credit union members. At the workshops, several credit unions expressed interest in partnering with Junior Achievement.

In addition, the agency participates in an interagency partnership with the U.S. Department of Education and FDIC to work with the Financial Literacy and Education Commission to implement a national strategy on financial literacy and capability. In conjunction with this interagency partnership, NCUA set aside some Community Development Revolving Loan Fund (CDRLF) appropriations to support grants for financial literacy programs in credit unions. These funds have been awarded to low-income designation credit unions (that is, those primarily serving low-income members, low-income communities, or both).

Successes

In 2011, NCUA awarded Financial Literacy Grants of \$181,660 to 42 credit unions to create new partnerships or expand existing partnerships that offer financial education to credit union members and their communities. Although awarded in 2011, many credit unions used the funds or completed the implementation of their financial literacy programs in 2012.

In 2012, NCUA awarded grants for Financial Literacy & Education in School Branches, totaling \$43,000, to nine credit unions to improve financial literacy among students in their communities. Credit unions used the funds to set up and expand branches within educational institutions and to encourage savings among students. Credit union school branches encourage students to build a relationship with a financial institution, giving them practical, age-appropriate experience in a financial environment fostering a savings mindset.

Examples of success in the use of funds provided to credit union members and their communities include:

South Side Community FCU, Chicago, Illinois
Award Reimbursement Amount: \$5,000

The South Side Community FCU conducted 47 financial education classes, held at the credit union's office, two local churches, and two elementary schools.

Participants learned to make more educated financial decisions and were then given access to affordable savings and loan products. The credit union encouraged the 223 participants to set up an appointment with its certified financial counselors for a one-on-one consultation to review their credit, household income and expenses. Some opened accounts and others took out “credit builder” loans, debt consolidation loans, or both. The account balances have grown by eight percent from the previous year. The credit scores of the “credit builder” loan borrower have also increased. Several of the participants consolidated their debts in a single loan at the credit union because of what they learned in our Budgeting/Money Management class. Finally, the credit union conducted a 13-week financial education program on Chicago Cable Access Network Television, which reached about one million people with a 30-minute broadcast. Together these financial literacy programs have added value to the lives the credit union touched.

Santa Cruz Community CU, Santa Cruz, California
Award Reimbursement Amount: \$5,000

The grant helped Santa Cruz Community CU develop a closer partnership with SurePath Financial Solutions, a local consumer credit counseling agency. For the first time in its 34-year history, the credit union had the ability to place SurePath credit counselors in its branch lobbies to assist members face-to-face. The SurePath counselors advised members on financial issues including foreclosure prevention, bankruptcy and debt management. Through this grant, the consultant was able to provide both financial education classes and individual counseling for the credit union’s membership.

Moving Forward

NCUA will continue to promote financial literacy through partnerships with organizations such as those mentioned above, as well as with credit unions and with organizations primarily serving minorities and women. Additionally, the agency will:

- Hire a full time employee primarily responsible for promoting and performing financial literacy for the agency.
- Continue to allocate CDRLF grants towards assisting the promotion of financial literacy to low-income members and their communities.
- Provide financial literacy and mentoring to students of inner city, women’s, or minority high schools and colleges.