

BOARD ACTION MEMORANDUM

TO: NCUA Board

DATE: October 22, 2013

FROM: Director Tawana Y. James
Office of Minority &
Women Inclusion

SUBJ: Proposed Interagency Policy Statement on
Standards to Assess Diversity in Regulated
Entities and Request for Comments

ACTION REQUESTED: Public briefing on the “Proposed Interagency Policy Statement Establishing Joint Standards for Assessing the Diversity Policies and Practices of Entities Regulated by the Agencies and Request for Comment” (“Interagency Policy Statement”) for 60-day comment period.

DATE ACTION REQUESTED: October 24, 2013

OTHER OFFICES CONSULTED: Office of General Counsel

VIEWS OF OTHER OFFICES CONSULTED: Concur

BUDGET IMPACT, IF ANY: None

SUBMITTED TO INSPECTOR GENERAL FOR REVIEW: Yes.

RESPONSIBLE STAFF MEMBERS: Office of Minority and Women Inclusion Director Tawana Y. James, Staff Attorney Steven W. Widerman, and Diversity Outreach Program Analyst Cynthia Vaughn.

SUMMARY: An Interagency Policy Statement was submitted to the Federal Register, and is scheduled to be posted on Friday, October 25, 2013. A press release was submitted yesterday. The NCUA Board took a notation vote to issue the proposed Interagency Policy Statement and Request for Comments on September 18, 2013. To provide transparency, OMWI is providing a public briefing on the proposed Interagency Policy Statement.

Congress enacted the Dodd-Frank Wall Street Reform and Consumer Protection Act (“Act”) to, among other objectives; promote the financial stability of the United States by improving accountability and transparency in the financial system. Section 342 of the Act required each Financial Services Agency¹ (each an “agency”) to establish an Office of Minority and Women Inclusion (“OMWI”). Each OMWI Director is responsible for developing standards for, among other things, assessing the diversity policies and practices of the entities it regulates.

¹ The Financial Services Agencies impacted by Section 342 include the NCUA, FDIC, OCC, FRB, SEC, Treasury, and CFPB.

Pursuant to Section 342(b)(2)(C) of the Act, the Interagency Policy Statement establishes standards for assessing the diversity policies and practices of entities regulated by NCUA, Federal Deposit Insurance Corporation (“FDIC”), Office of the Comptroller of the Currency (“OCC”), Federal Reserve Board and its Banks (“FRB”), U.S. Securities and Exchange Commission (“SEC”), and Consumer Financial Protection Bureau (“CFPB”). NCUA participated with the other agencies in an interagency working group that worked closely to develop standards for assessing the diversity policies and practices of entities regulated by each agency. The group met with various representatives of depository institutions, holding companies, and industry trade groups to solicit input on how best to develop the assessment standards. NCUA held meetings with credit unions to gain insight on the participants’ existing diversity programs, challenges, and successes. Roundtable discussions with financial services professionals and community and consumer advocates provided the agencies with a greater understanding of issues facing minorities and women with respect to employment and business contracting opportunities within the financial services industry.

The information gathered from the meetings assisted the interagency working group in developing proposed standards that promote sound diversity practices while not disrupting existing, successful programs, or imposing undue burdens on the financial services industry. Utilizing this input and diversity best practices research information, the OMWI Directors developed the proposed interagency diversity standards to ensure consistent assessment. These standards address the following four key areas:

1. Organizational Commitment to Diversity and Inclusion
2. Workforce Profile and Employment Practices
3. Procurement and Business Practices – Supplier Diversity
4. Practices to Promote Transparency of Organizational Diversity and Inclusion

The assessment the working group envisions is not one of a traditional examination or other supervisory assessment. Entities required to file an Employer Information Report (EEO-1 Report) with the Equal Employment Opportunity Commission are encouraged to use the proposed standards as a guide in assessing their diversity policies and practices, and to voluntarily disclose their efforts to their respective agency, customers, and the general public.

RECOMMENDED ACTION: None – NCUA Board action taken on September 18, 2013.

ATTACHMENT: Proposed Interagency Policy Statement Establishing Joint Standards for Assessing the Diversity Policies and Practices of Entities Regulated.