

Workforce Development and Meeting Obligations Under CRA October 16, 2019

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National Disability Institute

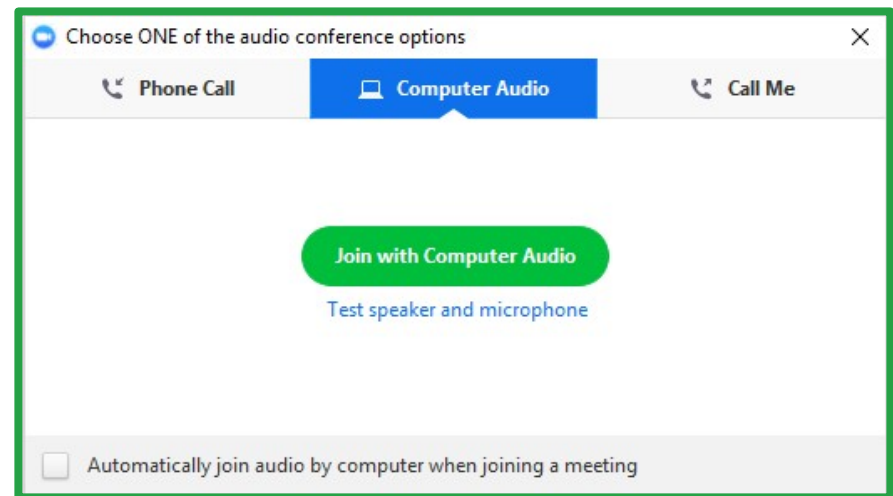
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Panelists

- **Steven Shepelwich**, Senior Community Development Advisor, Federal Reserve Bank of Kansas City, Oklahoma City Branch
- **Virgil Miller**, Group CRA Director/Group Compliance, ARVEST Bank Operations, Inc.
- **Sabrina Ware**, Director, Goodwill TulsaWorks and Job Connection
- **Lisa Mifflin**, District Community Affairs Officer, Office of the Comptroller of the Currency

Agenda

- Overview of CRA and workforce development, how the two can work together
- Some nuts and bolts info on the CRA and how they apply to workforce development
- Discussion of partnership opportunities
- How a bank looks at partnerships around CRA based on their experiences
- Benefits to partnering with a bank, lessons learned
- Telling the story of partnership – recap key takeaways
- Q&A with audience

Steven C. Shepelwich

Steven C. Shepelwich is a Senior Community Development Advisor at the Federal Reserve Bank of Kansas City, Oklahoma City Branch. Steven leads the Bank's efforts to promote economic development and fair and impartial access to financial services in Oklahoma's low- to moderate-income communities and manages the District's workforce development program areas. In this role, Steven has lead research and outreach initiatives on the District's unbanked market, innovations in consumer financial services, asset-based approaches to rural development and workforce development strategies. Steven co-authored the bankers' guide *Engaging Workforce Development: A Framework for Meeting CRA Obligations*.

Steven has worked with national organizations focused on expanding the roles of financial institutions in low-income communities including leading banks and credit unions, microenterprise funds, and affordable housing loan funds throughout the country. Steven began his career by working internationally with microfinance, rural development, and refugee programs in Kenya, Burundi, and India for over six years.



Engaging Workforce Development

- Under the Community Reinvestment Act, banks are encouraged to meet the credit needs in the communities they serve (loans, investments and services)
- Workforce development is an eligible activity but little common awareness by banks and workforce programs
- July 2016 'CRA Q&A' explicitly mentions workforce development

“**economic development initiatives include** provisions for creating or improving access by LMI persons to **jobs or to job training or workforce development programs**” and **access to day care and other supportive services**

Workforce Development: An Overview

- **Workforce development** consists of strategies to develop talent and skills, connect employers and workers and facilitate career mobility.
- **Key Legislation: Workforce Innovation and Opportunity Act (WIOA)** lays a foundation for collaboration
 - Local control
 - Focus on LMI and disadvantaged populations
 - Partnerships and relationship building
 - Data and performance metrics
 - Innovation

Opens new doors for bank engagement in workforce sector

Workforce Development: An Overview_{, cont.}

- **Partners** include state and local workforce development boards, colleges, service providers, chambers, labor groups, and others.
- **Many strategies** such as sector strategies, career pathways, basic skills improvement, work-based training, self-employment, supportive services.

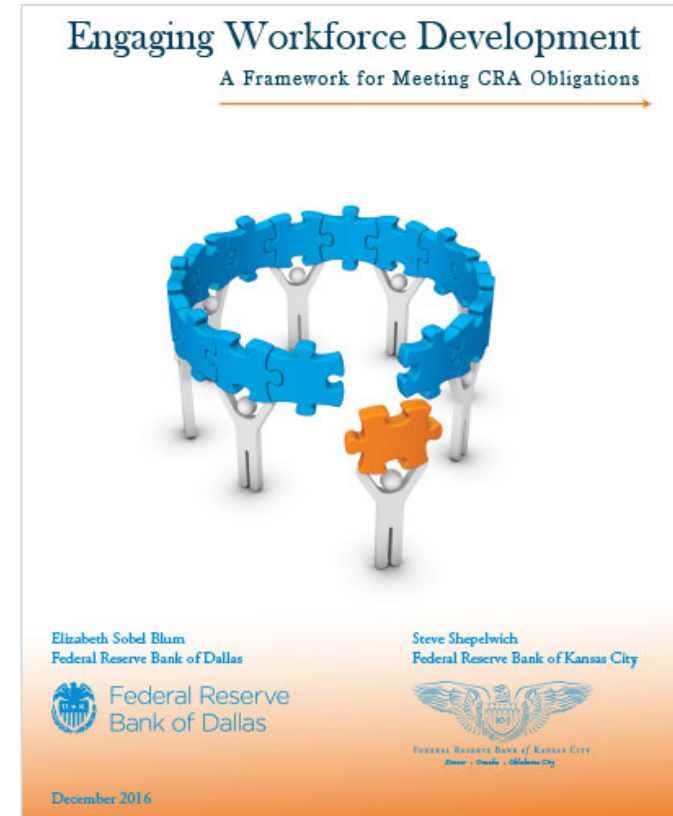
Benefits to Banks

- Improve talent pipeline for the bank and their business customers
- Leverage and expand existing community and economic development activities
- Exhibit responsiveness and innovation in their CRA activities
- Provide value to existing business customers
- Develop access to new regional contacts and market data

Partners and strategies can be mixed & matched to meet specific bank goals

Supportive Activities

- CRA Q&A language clarified
- Training for bank examiners
- Engaging Workforce Development guide produced for banks and partners
- Webinars, trainings for banks and partners



Visit: www.kansascityfed.org/community/workforce

Lisa Mifflin

Lisa Mifflin is the District Community Affairs Officer at the Office of the Comptroller of the Currency. Lisa Mifflin provides Community Reinvestment Act (CRA) technical assistance and community development resources to bankers, agency examiners and other stakeholders in Florida, Oklahoma and Northeast Texas.

Lisa been a financial examiner in Tampa, Florida; a National Bank Examiner and served as examiner-in-charge for community bank supervision, including new banks and problem banks in Florida. She later specialized in examining anti-money laundering programs, consumer protection compliance and the CRA, conducting examinations in banks of all sizes throughout the country. Lisa has also served in the OCC in the Compliance Policy Division and Problem Bank Division in Washington, D.C.

Lisa has a passion for training and development. She served as the college recruiting liaison between the OCC and her alma mater, building the agency's presence on-campus and exposing students to career opportunities in financial institution examining. She has led several training teams of college hires joining the OCC as entry-level examiners. Lisa is also an instructor for agency compliance courses for examiners and bank directors; and is an agency speaker on compliance/CRA related topics for bankers' association meetings, community development conferences and OCC banker outreach programs.





WORKFORCE DEVELOPMENT & MEETING OBLIGATIONS UNDER CRA

How is CRA connected to Workforce Development ?

Evaluating CRA Performance

- The CRA encourages regulated banks to meet the credit needs of the communities in which they operate, including low- and moderate-income neighborhoods, consistent with safe and sound banking operations.
- Banks provide their CRA activities to regulators to demonstrate responsiveness in meeting the credit needs of the communities in which they operate—their assessment areas.
- Regulators evaluate the bank's CRA performance, rate their performance and prepare a public CRA report for each bank (*“public evaluation”*).

Evaluating CRA Performance_{, cont.}

Five Types of CRA Evaluations

- **Small Bank** (Assets under \$321 million)
- **Intermediate Small Bank** (Assets over \$321 million less than \$1.284 billion)
- **Large Bank** (Assets over \$1.284 billion)
- **Wholesale** or **Limited Purpose Bank**
- Banks operating under a CRA **Strategic Plan**

Lending for CRA

- Evaluate bank's record of lending for:
 - Home Mortgage Loans
 - Small Business Loans
 - Small Farm Loans
 - Consumer Loans
- Evaluate lending based on:
 - Borrower ***Income*** or ***Revenue***
 - ***Geography***
 - With the focus on LMI persons, small businesses; and LMI neighborhoods

Community Development for CRA

Loans, Qualified Investments & Services for:

- Affordable housing for low- or moderate-income (LMI) individuals
- Community services targeted to LMI individuals
- Promote *economic development* by providing financing for small business or farms
- Revitalize or stabilize certain geographies
LMI Areas ♦ Rural Distressed or Underserved Areas ♦ Disaster Areas

Economic Development for CRA

- Financing small businesses/farms that support permanent job creation, retention or improvement for LMI persons
- Activities with intermediaries that serve start-ups or new small businesses/farms
- Activities for supportive services for small businesses/farms (shared space, tech, or admin. assistance)
- Activities that support government initiatives for **job training** or **workforce development**

Workforce Development & CRA

The 2016 update Interagency CRA guidance:

Recognizes that Federal, state, local, or tribal economic development initiatives that include provisions for **creating** or **improving access** by low- or moderate-income persons to jobs, or **job training or workforce development programs**, promote economic development.

Workforce Development & CRA_{, cont.}

The 2016 update Interagency CRA guidance:

The Agencies encourage activities that promote economic development through opportunities for low- and moderate-income individuals to obtain higher wage jobs, such as through private industry collaborations with **workforce development programs for unemployed persons**

**How can a bank get CRA
credit for supporting
Workforce Development
activities?**

Types of CRA Activities

- Loans
- Qualified Investments *(includes grants)*
- Services
 - Community Development (CD) Services
 - Certain Bank Volunteer Activities
 - Technical Assistance Activities
 - Retail Banking Services

Examples | CRA Activities

- Organizations supporting activities essential to the capacity of low- and moderate-income individuals or geographies to utilize credit or to **sustain economic development**, for example, job training programs or workforce development programs that enable low-or moderate-income individuals to work.
- For a **workplace activity**, targeted to workers who are LMI

Examples - CD Services

- Providing services related to the bank employees' expertise at the bank
- Serving on the board or committee of a community development organization
- Technical assistance to community development organizations
- Technical assistance to nonprofit, tribal, or governments supporting community development needs

Retail Banking Services

Retail banking services that improve access to financial services, or decrease costs, for low- or moderate-income individuals:

- Low-cost deposit accounts
- Individual development accounts
- Free or low-cost check cashing services

Resource Summary

- FFIEC | www.ffiec.gov/cra
 - CRA Examination Schedules
 - CRA Ratings, CRA Public Evaluations
 - Interagency Q&As on CRA
- OCC | www.occ.gov
 - Community Affairs Publications
- FDIC | www.fdic.gov
 - BankFind
 - Deposit Market Share Report

Virgil L. Miller, Jr.

Virgil L. Miller, Jr. is the Group CRA Director for Arvest Bank Operations. He joined Arvest in December 2013. His career in the financial services industry began in 1977, as a Management Trainee for a Savings and Loan. Virgil has over 40 years in the banking industry mostly in the areas of CRA Compliance and Community Development. Most recently, he worked as Senior Vice President/CRA Officer and Director of Community Development for Metropolitan National Bank (Little Rock).

Prior to joining Metropolitan, he was Senior Vice President/CRA Officer at Worthen Bank (Little Rock), Senior Vice President in Community Development at Boatmen's National Bank (Little Rock) and Senior Vice President in the Community Development Banking Group at NationsBank/Bank of America (Little Rock).



What do Banks need to present to examiners regarding CRA activity?

- The activity has as its primary purpose – Community Development.
- The activity is related to the provision of financial service.
- The activity benefits the assessment area.
- Explanations regarding innovativeness and complexity service provided (as applicable).
- Responsiveness to credit and community development needs.
- The degree to which the service is not routinely provided by others.

CRA Volunteer service activities have included the following:

- Board Service
- Committee Service
- Mock Interviews
- Financial Education
- Providing technical assistance on financial matters to organizations who apply for grants under the Federal Home Loan Bank Affordable Housing Program.

Key things Non-Profits can provide to Banks for Exam:

- Organization the service benefitted.
- Date service provided.
- Name and title of the associate proving the service.
- Capacity in which the associate served the organization.
- Description of the organization's community development purpose.
- Estimate of the number of hours dedicated to the service for the entire review period.

Sabrina Ware

Sabrina Ware is the Director of TulsaWORKS & Job Connection for Goodwill Industries of Tulsa, Inc. for over 34 years. She has extensive experience in building partnerships and designing workforce training programs in a range of industry sectors. She has enjoyed being part of the Goodwill TulsaWORKS Career Academy growth and seeing it impart new skills to those who desire to find a career and not just a job.

Sabrina is a past member of the Oklahoma Rehabilitation Council for state of Oklahoma, a governor appointed position for 5 years on the Employment and Transition Team under past Governor Brad Henry. She received the Distinguished Edgar Helms Award Nominee in 2016 from Goodwill Industries International. Sabrina is highly involved in her community, serving as past president of the Rotary Club of North Tulsa, board member for the Tulsa Route 66 Main Street Board, and member of the Tulsa Area United Way Women's Leadership Council, and Alpha Kappa Alpha Incorporated and Tulsa Talent Hub Committee Advisory.

Sabrina is originally from Junction City, Kansas BS in Rehabilitation Counseling from Emporia State University Emporia, Kansas 1984.



Building Bank Partnerships: The TulsaWORKS Experience

Presentation and Video

Questions for Panelists (Slide 1 of 4)

1. What are key elements of a partnership a bank is looking for to support workforce development activities with a community nonprofit organization?
2. How did the relationship begin with ARVEST Bank? What suggestions do you have for community nonprofits to get the attention of a bank to support workforce development activities?
3. What documentation are you looking for from a bank that would meet OCC requirements for CRA credit for workforce development activities?

Questions for Panelists (Slide 2 of 4)

4. Although current data indicates record low unemployment for working-age adults without disabilities, working-age adults with disabilities still remain predominantly unemployed and underemployed. How can bank regulators direct banks to make workforce development a greater priority with more attention to individuals with disabilities?
5. Can you share your thoughts on inclusive community development? How can banks be more proactive in impacting LMI persons with disabilities through support of workforce development activities?
6. What are CRA collaborations that you are seeking as a bank? How can a community nonprofit get your attention?

Questions for Panelists (Slide 3 of 4)

7. You have identified and written about bank partnerships with community groups that enhance workforce development opportunity for LMI individuals. What are common elements to strong partnerships from a bank and community group perspective?
8. What are outcomes you have achieved in your workforce development partnership with ARVEST Bank?
9. What final advice do you have for community groups and banks to build an effective partnership that advances inclusive workforce development activities?

Resources

- [Banks' Community Reinvestment Act \(CRA\) Opportunities for Promoting Job Creation, Workforce Development, and Place-based Investments](#)
- [NDI Report: Closing the Disability Gap: Reforming the Community Reinvestment Act Regulatory Framework](#)

CDICD November Webinar

Opportunities for Banks to Better Serve People with Disabilities: Mining FDIC Data

November 20 3-4:30 p.m. ET

- **Keith Ernst**, Associate Director for Consumer Research and Examination Analytics, Federal Deposit Insurance Corporation (FDIC)
- **Nanette Goodman**, Research Director, National Disability Institute

Register here:

<https://www.nationaldisabilityinstitute.org/events/nov20-cdicd-webinar/>

Thank You!

To learn more about the Center for Disability-Inclusive Community Development, please visit <https://www.nationaldisabilityinstitute.org/disability-inclusive-community-development/>

For more information about the Center, please contact ...

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