



March 23, 2016

The Honorable Steve Adler  
Mayor  
City of Austin  
301 W 2nd St  
Austin, 78701

**RE: Agenda item 19, "Fair Chance Hiring" ordinance**

Dear Mayor Adler and Council members:

We are writing on behalf of the insured financial services industry representing approximately 1000 charters operating in Texas. Institutions who are members of the three organizations who are signers to this letter write to express our concern regarding the proposed "Fair Chance Hiring" ordinance.

The proposed ordinance would prohibit employers from considering an applicant's criminal history until after a conditional employment offer is made. The effect of this ordinance would be to increase costs and burdens on employers in the hiring process. Our main concern is that the proposed ordinance will negatively impact all financial institutions operating in the City of Austin by increasing the cost and amount of time to fill positions with qualified personnel while at the same time putting them at risk for violating federal law.

The Federal Credit Union Act (§203) prohibits a federally insured credit union from hiring any person convicted of certain crimes. The Federal Deposit Insurance Act (§19) includes similar prohibitions for federally insured banks and community banks. Additionally, the Federal Credit Union Act (§112, 113, 120) and National Credit Union Administration's regulations (12 C.F.R. 713.3, 741.201) require federally insured credit unions to provide bond coverage for employees. FDIC insured banks are subject to similar bond requirements. In most cases, individuals convicted of a crime will be denied bond coverage thereby prohibiting employment at a financial institution. Finally, the federal S.A.F.E. Mortgage Licensing Act (12 U.S.C. §5101-5116) contains additional background check requirements. Although the ordinance is well intended to provide individuals with a "second chance", we simply are prohibited by law from hiring them. Requiring financial institutions to wait until after a conditional offer is provided to run a criminal background check would increase costs and burdens for financial institutions without providing any benefit to the persons you seek to assist. In fact, delaying criminal background checks negatively impacts the very individuals you seek to assist by raising their hopes for a position for which they are not eligible under federal law. Also, certain applications with the financial institution regulators require the submission of fingerprints for criminal background checks.

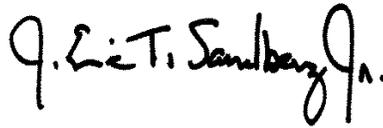
Although we understand that the ordinance, as filed, contains an exception for jobs for which a law disqualifies the individual based on criminal history, we believe that the approach taken by the Texas

Legislature in SB 1902, which permits disclosures of criminal history (including deferred adjudication) to financial institutions, is clearer and a better approach. See Sec. 411.0765 Tex. Gov. Code. Therefore, we request you include an exemption for state and federally chartered financial institutions by adding "4-15-2 (F)(6) a state or federally chartered financial institution". This would clarify that the ordinance would not apply to financial institutions, allowing the ordinance to focus on organizations that are able to hire these individuals. Absent this amendment, we request that the proposed ordinance be withdrawn. Thank you for your consideration of the issues the proposed ordinance would cause financial institutions operating in the City of Austin.

Respectfully yours,



Jeff Huffman  
President  
Texas Credit Union Association



Eric Sandberg  
President and CEO  
Texas Bankers Association



Chris Williston  
CEO  
Independent Bankers Association