

**NATIONAL CREDIT UNION ADMINISTRATION**  
Office of Small Credit Union Initiatives  
Community Development Revolving Loan Fund

**General Guidelines for  
Technical Assistance for Credit Unions**

Financial Education and Financial Literacy Initiative - 2011

Closes: May 20, 2011

Awards Announced: July 22, 2011

*Eligible credit unions may apply for up to \$5,000*

*National Credit Union Administration  
Office of Small Credit Union Initiatives  
Community Development Revolving Loan Fund  
1775 Duke Street  
Alexandria, Virginia 22314*

# **General Guidelines for Technical Assistance for Credit Unions**

## **Financial Education and Financial Literacy Initiative - 2011**

### **1. What is the Purpose of the Community Development Revolving Loan Fund?**

The National Credit Union Administration's (NCUA's) Community Development Revolving Loan Fund (CDRLF) was established by Congress to support credit unions that serve low-income communities by making loans and TAGs available to qualifying institutions. Low-interest loans/deposits are made available to low-income designated credit unions to enhance their financial capacity to, in turn, extend financial services to their members.

Congress appropriates funds to the CDRLF for loans and/or grants. The interest earned on loans is also available as a source of additional funds retained by the program for grant purposes.

### **2. What is the objective of Technical Assistance Grants?**

The objective, or desired outcome, of technical assistance grants is to help low-income credit unions provide financial services to their members and to make the operations of those credit unions more efficient.

### **3. Which credit unions are eligible to apply?**

To participate in the Program, a federally chartered credit union must be currently designated as a "low-income" credit union as set forth in NCUA's Rules and Regulations, Section 701.34. A state chartered credit union must have the equivalent low-income designation from its respective state supervisory authority (SSA) and concurrence from NCUA.

In addition, based on an Office of Management and Budget (OMB) policy directive effective October 31, 2003, credit unions must have a Dun and Bradstreet Universal Numbering System (DUNS) number in order to be eligible to receive grant or loan funding from the CDRLF. As of this printing, a DUNS number may be obtained by calling Dun and Bradstreet, toll-free, at 1-866-705-5711. Or, you may visit the Dun and Bradstreet website, [www.dnb.com](http://www.dnb.com), and click on the links for D&B D-U-N-S number.

## 4. What is the Financial Education and Financial Literacy Initiative?

The Financial Education and Financial Literacy Initiative provides funds to eligible credit unions to work in collaboration with other community organizations, financial institutions, and others to improve the financial literacy levels of credit union members and surrounding community members.

NCUA recognizes the important role that financial education serves in 1) attracting new members through community education events and collaborations; 2) promoting credit union understanding and loyalty; and 3) credit risk mitigation.

### **Why Financial Education?**

The President's Advisory Council on Financial Literacy defines financial literacy as "the ability to use knowledge and skills to manage financial resources effectively for a lifetime of financial well-being." The growth of the financial literacy movement over the past several years has been spurred by the economic downturn and the increase in demand from consumers frustrated and confused by their own lack of knowledge while trying to negotiate a growing array of savings, loan, and investment products. The need is even stronger in low-income designated credit unions where members typically maintain smaller average deposits and access more loans at smaller average amounts. Financial education results in increased savings and fewer delinquencies – important factors for credit union safety and soundness. Credit unions are encouraged to apply to this initiative to create or improve a financial education program.

### **Existing Programs**

NCUA encourages applicants to consider opportunities and resources available through other federal government agencies in support of financial education and financial literacy. Examples of such resources include:

- U.S. Department of the Treasury's My Money.Gov website: [www.mymoney.gov](http://www.mymoney.gov)
- Federal Deposit Insurance Corporation's Money Smart website: [www.fdic.gov/consumers/consumer/moneysmart/index.html](http://www.fdic.gov/consumers/consumer/moneysmart/index.html)
- U.S. Department of Education's GEAR UP (<http://www2.ed.gov/programs/gearup/index.html>) and TRIO (<http://www2.ed.gov/about/offices/list/ope/trio/index.html>) programs
- Freddie Mac's CreditSmart website: [www.freddiemac.com/creditsmart/](http://www.freddiemac.com/creditsmart/)

These websites include links to financial education standards, articles, collaborations, and existing curricula. Other resources to explore include state and local governments, credit union leagues, trade associations, and other non-profits. The credit union should conduct its own due diligence to determine which, if any, of the currently existing programs fit their members' needs.

## **Partnerships**

NCUA believes that credit unions working in partnership with other organizations achieve greater impacts for low-income members and improve the communities in which they operate. The credit union and the partner organization(s) bring different information, resources, and strengths to a project. The Financial Education and Financial Literacy Initiative provides funds for low-income credit unions to create new partnerships or expand on already existing partnerships, in order to provide financial education and training to their members and to the community.

## **What are examples of financial education projects?**

The following is a list of potential financial education project ideas. The examples demonstrate the range of projects that would be acceptable under this grant initiative.

- Partnering with credit counseling organizations to offer credit report training to members that need to improve scores in order to meet lending standards.
- Partnering with local immigrant service organizations to provide financial education to non-English speaking community members.
- Partnering with schools, teacher associations, and parent groups to educate children and youth in schools.
- Adding or enhancing online financial education modules.
- Partnering with city and state housing agencies to provide first-time homebuyer counseling and foreclosure prevention counseling.
- Developing or working with a regional asset development coalition to plan a calendar of monthly education events, or annual financial literacy awareness month events.
- Partnering with a foundation or college to study the short and long-term impact of financial education program offerings.

## **5. How much money is available?**

The amount allocated to the initiative is \$200,000. The maximum grant amount per applicant is \$5,000.

## **6. What are the allowable uses of funds?**

Grant funds may be used to pay the following costs associated with increasing, improving or evaluating financial education programs for the low-income members and surrounding community. This list is intended to be representative of costs that may be approved.

- Implementation costs for new financial counseling or hotline services provided via outside contractor.
- Consultant fees related to:
  - Translation or interpretation services during financial education training and for printed material.

- Development of evaluation tools and subsequent evaluation of program success.
- Fees for speakers or trainers at financial education events.
- Marketing and advertising (brochures, radio, videos, other media) specifically related to promoting the financial education services offered by the credit union.
- Equipment rental, purchase and/or installation, directly related to implementing the project, such as leasing electronic display boards for classroom instruction.
- Purchase costs for established financial education curricula.
- Printing and reproduction costs for financial training material.
- Space rental costs related to financial education and training.
- Rental costs (chairs, tables, projectors).
- Financial education training supplies (calculators, paper, pens, and flip charts).

All approved costs will be detailed in the grant award letter to the credit union.

## 7. How does the grant payment process work?

- First, credit unions must apply for a grant before making any expenditure.
- After receiving a grant approval letter, the credit union may purchase the goods or spend the funds, up to the amount approved.
- After making the expenditure, the credit union must then submit copies of receipts and proof of payment to NCUA for reimbursement. Credit unions should submit all receipts for a single grant commitment number to the Office of Small Credit Union Initiatives (OSCUI) at one time.
- NCUA will review the receipts and process electronic reimbursement for approved expenditures.
- All requests for reimbursement must be received before the end of the commitment period listed in the grant award letter.
- OSCUI will not process incomplete applications. Credit unions may resubmit a grant application, provided the submission deadline has not passed and grant monies have not expired.
- Credit unions must complete the “Grant Outcome Summary” found in the back of these guidelines and submit the completed form with its request for reimbursement. Credit unions failing to submit the summary may be ineligible for future grants.

## 8. How are grant applications evaluated?

Subject to funds availability, grants are awarded after careful consideration of the merits of an application. Grant applications will be considered based on the financial and non-financial factors listed below, as appropriate.

Financial factors include, but are not necessarily limited to, the following:

NCUA CAMEL\* Rating

Net Worth Ratio

Delinquency Ratio

Return on Assets Ratio

Financial factors are used to determine the overall financial condition of the credit union and its ability to carry out the project as described in the grant application.

Non-Financial factors include the following:

Assessment of Management is a determination of whether credit union management has been responsive in addressing concerns cited in examination reports and whether management has the ability to carry out the project described in the grant application.

Purpose is a determination of whether the outcome of the project, as described in the grant application, is consistent with the purpose of the CDRLF as described in Section 705.10 of the NCUA's Rules and Regulations. The purpose would be: (1) providing basic financial and related services to residents in their communities; and (2) improving the operations of the credit union. OSCUI will deny grant applications in which the purpose of the grant is inconsistent with the purpose of the CDRLF.

Assessment of Impact is a determination of the scope and reach of the proposed use of the grant funds. Grant applications with projects having an impact on the community as whole will receive more favorable consideration.

Previous Funding is a determination of whether the credit union has received previous CDRLF grant funding. Section 705.2(b) of NCUA's Rules and Regulations states the purpose of the CDRLF is to gain maximum economic impact on as many participating credit unions as possible. Therefore, credit unions which have NOT received funding in the past will receive priority consideration.

Partnerships are a determination of whether the credit union has developed other partner relationships and has considered other sources of grant funds. Under this

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\* CAMEL ratings are explained in NCUA Letter to Credit Unions No. 07-CU-12. Financial ratios are explained in the Users' Guide for NCUA's Financial Performance Report. Both documents are available on the NCUA website at <http://www.ncua.gov>.

grant initiative, a credit union with a viable partner relationship will receive more favorable consideration.

Leverage is a determination of the degree to which the credit union has acquired resources other than NCUA grants. Leverage measures the total cost of the project compared with the total grant dollars requested from NCUA. If, for example, a project costs \$5,000 and the credit union requests \$5,000 from NCUA, that project's leverage ratio is 1-to-1. If, for example, a project costs \$20,000 and the credit union requests a \$5,000 grant from NCUA, that project has a 4-to-1 leverage ratio. Projects with a higher leverage ratio will receive more favorable consideration.

## 9. Is there anything that would cause an application to be immediately denied?

Yes. A grant application would be declined under the following circumstances:

(a) Grants from the CDRLF are reimbursable grants. Credit unions applying for TAGs must obtain approval of the proposed expenditures before making those expenditures. Therefore, OSCUI will not fund any grant where the credit union has committed to, procured, or purchased the good or service in advance of grant approval.

(b) TAG funds are not provided for recurring operational expenses such as salaries, rent, maintenance agreements, annual audits, funding for the allowance for loan losses, or office supplies.

Salaries to employees are not reimbursable under any CDRLF grant initiative. An individual is considered an employee if the credit union withholds income taxes, withholds and pays Social Security and Medicare taxes, and pays unemployment tax on wages paid.

Expenses for contractors may be reimbursable under certain grant initiatives. In general, the credit union would not withhold or pay any taxes on payments to independent contractors.

(c) Credit unions may not use TAG funds to provide funds to members, such as funding the matching portion of an IDA program or providing gift cards to members.

(d) Credit unions failing to submit summaries for grants previously awarded may be ineligible to receive additional grant funds.

(e) TAG funds may not be used to reimburse NCUA, or any government agency, for any activity.

## 10. Are there restrictions or limits on what will be reimbursed?

Yes. The following restrictions apply to reimbursements under CDRLF grant initiatives. The list highlights the more common reasons that OSCUI would not reimburse expenses.

***Equipment Purchase and Installation:***

*Annual maintenance fees and insurance costs are not reimbursable.*

***Marketing:***

*Marketing and advertising for the general promotion of the credit union will not be reimbursed.*

***Postage:***

*To be reimbursed, the credit union must supply receipts and supporting documentation, such as the number of mailings.*

***Printing/Copying:***

*To be reimbursed, the credit union must supply receipts and supporting documentation, such as the number of copies made.*

***Promotional Items:***

*Promotional items such as gifts, giveaways, souvenirs, or gift cards are not reimbursable.*

***Regular Expenses/Pro-Rated Expenses:***

*Regular expenses of the credit union, such as rent, utilities, and depreciation are not reimbursable under this grant initiative. "Pro-rated" expenses of the credit union, such as a portion of telephone or utility costs, are not reimbursable. These expenses are considered regular operating expenses.*

***Salaries/Contractors:***

*Salaries to employees are not reimbursable under any CDRLF grant initiative. An individual is considered an employee if the credit union withholds income taxes, withholds and pays Social Security and Medicare taxes, and pays unemployment tax on wages paid. In general, the credit union would not withhold or pay any taxes on payments to independent contractors.*

***Travel/Lodging/Meals***

*Travel expenses, such as for an on-site trainer, will be reimbursed at the lesser of actual costs or the US government General Services Administration (GSA) FY2011 per diem rate.*



***Undocumented Expenses:***

*To be reimbursed, credit unions must submit invoices or receipts that correspond to the items listed in the grant award letter, and proof of payment. Requests for reimbursement that do not contain adequate documentation will not be reimbursed.*

## 11. What are the application deadlines?

Application Close Date: May 20, 2011

All grant applications must be received in OSCUI by 5pm Eastern Time on May 20, 2011.

OSCUI will not process applications that are submitted after the closing date.

## 12. What information needs to be submitted with the grant application?

Credit unions must submit a completed Technical Assistance Grant Application. The application must include the signed application form, answers to all questions in the application, and copies of bids, estimates, prices, and other supporting information.

Incomplete grant applications will not be considered. Credit unions may resubmit a completed application provided the application acceptance period is still open, and funds are not exhausted.

## 13. Where should I submit my credit union's completed application?

Applications may be faxed to: (703) 519-4088

Applications may be emailed to: [oscuiapps@ncua.gov](mailto:oscuiapps@ncua.gov)

Credit unions that are unable to fax or email applications should telephone OSCUI at (703) 518-6610.

## 14. When will credit unions know about grant awards?

OSCUI will notify credit union applicants of the grant awards by July 22, 2011.

## 15. What is the reporting requirement after receiving a grant?

Credit unions receiving awards must provide a summary of the impact of the grant funding to OSCUI as stated on the grant application form. The time frame for submitting

the summary will be stated in the award letter. The submission deadline allows reasonable time for the credit union to ascertain the benefits of the grant.

The summary should discuss the overall project and how the funding enabled the credit union to accomplish its objective. Credit unions' success stories provide invaluable supporting information when OSCUI requests annual appropriations from Congress to replenish the grant and loan fund. Credit unions must specify the impact the grant funds have had on the credit union's delivery of service and the consequences upon the community the credit union serves.

Evaluations may be faxed to: 703-519-4088  
Evaluations may be emailed to: [oscuiapps@ncua.gov](mailto:oscuiapps@ncua.gov)

Failure to submit this evaluation will have an impact on the credit union's ability to receive grants in the future.

## 16. How can credit unions contact OSCUI with questions?

Credit unions can contact OSCUI at

Office of Small Credit Union Initiatives  
National Credit Union Administration  
1775 Duke Street  
Alexandria, Virginia 22314

Phone: (703) 518-6610  
Fax: (703) 519-4088  
Email: [oscuiapps@ncua.gov](mailto:oscuiapps@ncua.gov)

*National Credit Union Administration  
Office of Small Credit Union Initiatives  
Community Development Revolving Loan Fund*

<h2 style="margin: 0;">Outcome Summary</h2> <h3 style="margin: 0;">Financial Education and Financial Literacy Initiative - 2011</h3>
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1. CREDIT UNION NAME	
2. MAILING ADDRESS	
MAILING ADDRESS, CON'T	
3. CITY, STATE, ZIP	
4. CREDIT UNION CHARTER NUMBER	
5. COMMITMENT NUMBER	

1. Primary purpose of the project: (select only one)
  - Provide financial education directly to members.
  - Collaborate with partners to coordinate financial education activities.
  - Improve internal capacity to provide financial education directly to members.
2. How many individuals or families did the credit union counsel or train?
3. Did the credit union attract new low-income, unbanked, or otherwise underserved members as a result of its financial education offerings? If so, describe.
4. Did the credit union improve credit union operations or financial profile as a result of its financial education offerings? If so, describe.
5. In the table below, identify the final cost of implementing the project or undertaking the activity—including grant awards from NCUA, the credit union’s own monies, grants from other partners, and all other funds provided to complete the project.

Total cost of the project	
NCUA grant:	\$
Other funds:	\$
<b>Total Cost of Project</b>	<b>\$</b>

Please note that your credit union's success stories provide invaluable supporting information when we request annual appropriations from Congress to replenish the grant and loan fund.

Fax: (703) 519-4088

E-Mail: [OSCUIAPPS@NCUA.GOV](mailto:OSCUIAPPS@NCUA.GOV)