



# UPDATE



AN ELECTRONIC REPORT FROM THE CUNA HR/TRAINING & DEVELOPMENT COUNCIL

## Summit participants compare opportunities, challenges

Participants at the ninth annual CUNA HR/TD Council Summit in Santa Fe, New Mexico, April 30 - May 3, had plenty of opportunity to express themselves. In addition to formal presentations, the group of 170 was asked in an opening rapid survey to list their greatest challenge for the coming year, name recently implemented training programs, and identify technological tools installed in their credit union over the past year.

Some of the top challenges identified by the group include changing cultures to promote a sales culture throughout the organization; staffing, recruiting and retention; affirmative action and EEOC issues; and skill development.

Among the most successful new training programs were diversity training, new product training for staff, and credit union philosophy programs. Less successful were self study programs for managers, and robbery training.

Participants reported installing member relationship management programs, learning management systems, interactive question-and-answer systems and web-based recruiting systems during the past year.

In the closing session, participants were given the opportunity to review notes they made during the summit, then share their thoughts on what was most meaningful to them. The summit ended with an invitation from incoming CUNA HR/TD Council Executive Committee Chairperson Michael Hiller to all council members to join the 2004 conference in Miami.

Some comments by summit participants:

- "We reconnected with our core purpose and re-energized our focus."
- "What a great opportunity to network

and learn new ideas while gathering essential HR knowledge to enhance your abilities."

- "At no other national event will you have the opportunity to be nourished and challenged with people facing the exact same issues that you're currently facing."
- "If you attend one conference in a year, this is the one to select. It covers all pertinent areas, and the networking with other HR professionals and trainers from other credit unions is phenomenal."
- "Stimulating conference that provides learning opportunities on a variety of relevant HR and training topics and many chances to network and share with fellow credit union HR/training professionals."
- "The experience was inspiring... professionally & personally."

Commenting on the overall result of the experience, summit weaver Cindy Stynchula says, "The conference can be summed up in three words: energizing, exhausting and exhilarating! Participants were energized by



Cindy Stynchula

Eric Wahl's message to look for new ways to transcend mediocrity. Attendees were exhausted because there was so much to do in so little time: meaningful and relevant breakout sessions, intimate vendor showcases, high-energy and content-packed general sessions, and entertaining social events.

CUNA HR/TD Council members were exhilarated to learn Chris Clarke-Epstein's secrets to the care and feeding of HR professionals. The summit set a new standard for igniting enthusiasm for the profession and providing tools, ideas, and processes that can be used immediately." ♦

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## Remember the CUNA HR/TD Council Vendor Survey?

If you haven't completed your survey, there's still time! Go to the CUNA HR/TD Council's web site [www.cunahrcouncil.org](http://www.cunahrcouncil.org) and click on Vendor Survey on the right-hand side. It's fun, it's easy, and the information will be helpful to us all.

Thank you!



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## Get your credit union "PHD"



*Heather H. Harris,  
D.E.*

Let's face it, most trainees *and* trainers groan at the mere thought of the "history & philosophy" unit in credit union training. But not Heather Harris, custom training manager with the Michigan Credit Union League. Credit union history and philosophy is her passion and she uses her "Get Your Credit Union PHD" sessions to inform and inspire audiences.

The information Harris presents is in the PHD: Philosophy, History, and Development of Credit Unions. The inspiration comes from finding out how those elements make credit unions different from other financial institutions, how working in a credit union can be a personal and professional opportunity, and imagining the potential of the credit union movement. Even the most jaded and well informed take away something they didn't know, and acquire a more positive attitude.

Harris uses handouts, film clips, power point slides, and her own family to illustrate her sessions. The basics of credit union history are interspersed with her account of her teenage niece's, "I own that," comment to a friend as they pass the credit union and photos of herself taken over the years with the Filene bust in the credit union center. The result is a good general knowledge of how U.S. credit unions developed, credit union principles, and the credit union difference.

The lesson to take from Harris' presentation is that credit union history and philosophy are not "dead" subjects of the past, but ones that continue to be written — and that it is people who work in credit unions and their members who will write them. ♦

*Heather H. Harris, D.E. can be contacted at [h hh@mcul.org](mailto:h hh@mcul.org).*

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## HEARD IT ON THE LISTSERV

The HR/TD Council listserv is an excellent resource through which to obtain advice and council on pending issues, and to network with fellow members. Get up-to-the moment information, make requests, post challenges, and share your experience with other council members. You must be a member of the HR/TD Council to join the listserv: click on the Community tab at the CUNA HR/TD Council web site, then on Listserv, and follow the direc-

tions to subscribe. This month's hot topics and interesting conversations:

**Saturday hours:** Does your credit union offer incentives to staff who volunteer to cover Saturday hours? Responses:

- Almost all staff participates in Saturday hours through a rotating schedule. Hourly employees receive straight pay and overtime after forty hours. Exempt employees are expected to work

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Saturdays under their existing salary agreement.

- Pay time-and-one-half to staff working Saturdays, including part-time staff working twenty hours or more during the regular workweek. Managers and salaried staff receive no additional compensation. Everyone must sign up for at least one Saturday per month unless they can get someone in a corresponding classification to work for them. The burden of covering scheduled Saturdays is the employee's.
- Employees are assigned to work Saturdays and are expected to cover those hours. On occasions, employees are assigned to work branches other than their home branch to ensure all branch employees get at least one full weekend off each month. Employees receive overtime pay if legally required. Employees who call in sick on Saturday on a regular basis receive disciplinary action for pattern absences. Employees are terminated if the absences continue.
- All branches have a Saturday schedule. Vacation schedules are taken into account in creating the Saturday rotation so employees are not scheduled to work immediately before or after their vacation. Full-time hourly employees are paid an extra four hours for Saturday work, at their regular rate of pay. Managers receive \$100 for each Saturday they work. Employees are allowed to wear jeans, tennis shoes and a credit union logo shirt on Saturdays.

**Internship programs:** How do you establish internship programs in your credit union?

- Develop a relationship with a local university and a local high school district to provide internship candidates. Have both institutions submit resumes of potential candidates for a variety of positions. The credit union can conduct a normal interviewing process and hire individuals it feels are best qualified. If they are productive employees, invite them to return during holiday and semester breaks.

**Education expense reimbursement:** What are your policies and dollar caps for reimbursement for employee educational expenses?

Credit unions

- allow employees to take four business related classes per year. There is no cap on the dollar amount.
- cap the reimbursement amount at the

equivalent of a three-hour graduate course at its sponsoring university, currently about \$700.

- provide reimbursement for one class per semester for job-related courses. A grade of "C" or higher is required to qualify for reimbursement, and employees must have one year of service to qualify.
- cap education assistance at \$2,500 annually, but do not require courses to be job related, and do not require employees to pay the reimbursement back if they leave within a certain period of time.
- reimburse employees for up to the rate per credit hour of its nearest public university. This keeps a cap on the amount per credit hour. Employees are also limited to a total of \$3,000 per year in tuition assistance. There is also an annual limit of \$15,000 for the overall credit union reimbursement program.

**Employee personal finance issues:**

Should credit union employees be held to a higher standard in managing their personal finances? Responses:

- Consider a policy which would discipline employees for repeated NSF's and delinquent loans.
- Treating employees like any other member, in the interest of equitable treatment. However, if an employee engages in any kind of fraud, the individual is terminated.
- Tell employees, "as a credit union representative, it is important that you handle your personal finances in a responsible manner. This is important because you handle money and assist with the finances of our members. The responsible management of personal finances includes handling personal accounts properly, paying loans on time, not writing checks against insufficient funds and avoiding excessive indebtedness."
- Educate employees with NSF's and delinquent loans about their financial responsibilities. Although some credit unions have an NSF policy that includes termination for repeated NSF, at this credit union several employees do not have accounts with the credit union. Therefore, employees with accounts at the credit union would be penalized under such a policy while those with accounts at other financial institutions would not.

**Teller stations:** Do your credit union tellers rotate their work stations so that one individual

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does not staff the drive-up all the time? Some responses:

- “We don’t rotate but everyone does drive-up duty. Usually, it’s whoever isn’t busy, although the head teller seems to do most of the drive-up. We share the fun.”
- “Our tellers rotate working drive-up, lobby, and safe deposit area. With this rotation, they also have changes to their work schedule, opening and closing the drive-up and lobby.”
- “Our member service manager schedules a rotation each week at least a week in advance. We have two part-time employees who serve at our drive-up/walk-up

exclusively. We also have a daily posting person who does all night drop, quick drop and ATM transactions for the day.

- “Our tellers rotate on a monthly basis. This ensures that someone does not always get the drive-up, nor do they get the window that everyone faces through our control lines. We also have an express lane on Fridays that handles single transactions. Tellers rotate duties as well as physical location. This ensures everyone knows how to do different jobs. The suggestions they make as they rotate amaze me.” ♦

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## Labor department proposes rules changes



On March 31, 2003 the U.S. Department of Labor (DOL) proposed modifications to the regulations used to qualify employees as exempt (those not subject to overtime requirements) under the Fair Labor Standards Act. The regulations would affect the exempt determinations for executive, administrative, professional, outside sales, and computer employees.

The Fair Labor Standards Act (FLSA) of 1938 is an archaic, Depression-era law intended to stimulate hiring. The law requires payment of a minimum wage and an overtime premium to any nonexempt employee who works over forty hours in one week. The theory of the law is that if it is too expensive to pay workers overtime, an employer will hire additional people instead. Many parts of the law have not been updated in fifty years, are extremely difficult to apply, and make no sense in today’s workplaces.

Most employers are covered by FLSA. Every covered employer must classify its employees as exempt or nonexempt. Under the proposal more people (DOL says 1.3 million) will be eligible for overtime and some

(DOL says 640,000) will become ineligible. The public has ninety days to comment on the proposed changes, which are summarized below. DOL hopes to finalize the new regulations by December of 2003.

### Summary of the proposed changes

**Changes to the salary test:** Typically, to be exempt from FLSA, an employee must satisfy both a salary test **and** a job duties test. Presently, the minimum salary an employee must earn to be exempt is \$8,060 per year. The proposed regulations raise this minimum annual threshold to \$22,100. Any employee paid less will automatically be nonexempt and must be paid overtime. The regulations currently preclude deductions from an exempt employee’s salary except for violations of major safety rules. The proposed regulations will allow full-day (not partial-day) deductions for other disciplinary reasons (e.g. sexual harassment).

**Executive exemption changes:** This exemption is streamlined by the proposed regulations. An employee satisfying the salary

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test will be exempt if his or her primary duty is management of the company or a recognized department, if the employee customarily directs the work of two or more employees, and if the employee has authority (or significant influence) over hiring, firing, promotions, etc. The new regulations drop the requirement that the employee exercise discretion and not do more than a certain percent of nonexempt work.

**Administrative exemption changes:** The proposed regulations make significant changes to the confusing administrative exemption. The proposal continues the requirement that the employee's primary duty be office or nonmanual work directly related to the management or general business operations of the employer or the employer's customers. However, the proposal drops the exercise of "discretion" requirement and replaces it with the requirement that the employee holds a "position of responsibility," defined as "work of substantial importance" or as "work requiring a high level of skill or training." On first blush, this does not seem to be a great clarification of the rule.

**Changes to the professional exemption:** The professional exemption still requires that the employee have the primary duty of performing office or nonmanual work requiring advanced knowledge. The old regulations focused on college or graduate school as the source of this knowledge. The proposed regulations would also allow it to come from military duty, technical schools or work experience. Except for the increase in salary threshold discussed above, and a few other details, the computer professional, artistic professional, and outside sales exemptions are left essentially unchanged.

**New highly compensated employee exemption:** The proposed regulations create a new type of exemption for highly compensated employees who earn at least \$65,000 annually. Such employees will be exempt so long as they perform office or nonmanual work and satisfy at least one of the various exempt job duties discussed above (i.e. they have at least one of the identifiable executive, administrative or professional functions).

What should you do now?

So, what should you do with these proposed regulatory changes to FLSA? Remember, this is only a proposal, but it may be close to the final version. Quite simply, you need to prepare for significant FLSA changes. You need to educate yourself and train involved HR employees and supervisors. You will need to reexamine each of your exempt and nonexempt classifications (i.e., the status of each of your employees) and make sure they comply with the new regulations. For example, remember all employees making less than \$22,100 annually may soon be eligible for overtime, regardless of how you classify them now. You may want to do a full FLSA audit, as in our experience most organizations have positions improperly classified as exempt. ♦

*Jane Haertel  
Executive Vice President  
HRN Management Group  
Salt Lake City, Utah*

*For more information about HRN's products, please visit CUNA's web site, [www.cuna.com](http://www.cuna.com), click on training, then on Human Resource Solutions.*



## House loosens 401(k) rules

The House of Representatives has passed a bill that would allow financial services companies to sell investment advice to workers in 401(k) retirement programs while also giving the workers the ability to sell company stock in those accounts sooner than they can now.

*The New York Times* reports that the action constitutes a victory for investment companies, which want the ability both to administer 401(k) programs and advise employees on where to put their money. Plan administrators are now prohibited from giving investment advice.

The bill hews closely to a proposal made by President Bush early last year in the aftermath of the collapse of Enron and WorldCom and

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the loss of retirement savings by thousands of employees who held large amounts of stock in the companies. The measure would allow workers the freedom to diversify their holdings and give them access to professional investment advice, Republicans say.

The bill faces some opposition in the Senate, which did not act last year when the House passed a nearly identical bill. Its supporters in the House said that the Republican takeover of the Senate last fall gave them reason for optimism but that they remained unsure of its chances.

In addition to loosening the rules on investment advice, the measure would permit employees to sell company stock that they

hold in 401(k) and other similar accounts three years after they receive it. Many companies make some or all of their contributions in stock in an effort to keep the shares in friendly hands and tie the fortunes of workers to those of their companies.

The bill would also require companies to send workers a report on their retirement accounts once every three months, rather than once a year, as is now the law. It would also establish a tax break for people who hire an investment company to advise them on company-sponsored retirement accounts. And it would reduce some fees for small businesses setting up traditional pension programs. ♦

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## Welcome the era of the CGO

You have a CEO, a CFO, maybe a COO and perhaps even a CTO (chief technology officer). A recent article in the *New York Law Journal* describes the onset of the CGO, the chief governance officer.

The purpose of the CGO is to ensure corporate compliance with the myriad of laws that govern business and the workplace. *The New York Law Journal* reports an increasing number of CGO positions were appointed after the Enron scandal in such diverse corporations as Tyco, Disney, Krispy Kreme Doughnuts, Fannie Mae, and Sunoco.

Publicly traded companies in particular can benefit from a CGO-type position because of the general business regulations to which they

are subjected. However, any company with fifteen employees, and certainly businesses with fifty or more employees, can benefit from making sure somebody has CGO-type oversight regarding the vast number of employment laws in effect today.

One logical approach is to ensure this responsibility is expressly defined as an essential function of the legal department, human resources department, or both. If your credit union is large enough and can afford it, compliance could (and probably should) be a full-time position. This is especially true if the compliance function includes, like it should, preventive planning and risk management regarding employment laws. ♦

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## BOOK REVIEW

### Recruiting, Interviewing, Selecting & Orienting Employees

Arthur, Diane  
New York: AMACOM, 1998  
\$59.95

This third edition of the most comprehensive, most authoritative manual produced on the subject of employment provides step-by-step guidelines and ready-made hiring tools needed to get the best employees on board.

*Recruiting, Interviewing, Selecting & Orienting New Employees* walks the reader through the four key stages of the employment



process. This detailed handbook includes hundreds of sample interview questions and dozens of full-length interview dialogs. It also supplies checklists, job ads, an application for employment form, an interview evaluation form, sample letters of acceptance and rejection, and many other valuable, ready-to-go tools.

Author Diane Arthur answers the most often asked questions of recruiters. She includes an expanded list of recruitment sources, questions to ask

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(and not ask) in an interview, selection guidelines, recent developments in employment legislation, and ready-to-use forms.

### Calling avid readers!

Do you have a favorite book you'd like to share with your fellow CUNA HR/TD Council members? Send the title, author, or your

review (if you want to do it yourself) to Beth Ripp, council program coordinator, at [bripp@cuna.coop](mailto:bripp@cuna.coop), for consideration in a future edition of the council newsletter.

We have one request already for a review: *No Excuse! Key Principles for Balancing Life and Achieving Success*, by Jay Rifenburg. If you've read the book, let's hear from you! ♦

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## Turnover rates

Even in a struggling economy, turnover continues to be a major concern to HR professionals. *CUNA's 2002 Salary Survey Report* examines turnover rates in four job classes: teller/member service representative/cashier; loan officer/processor/interviewer; manager; and other positions. The survey finds that for front line positions, replacement rates decrease as average salaries increase. In credit unions with average front line salaries of less than \$15,000, teller replacement rates are about 70 percent. Turnover drops to less than 20 percent among credit unions paying average salaries of \$25,000 or more.

Replacement rates for loan officers are lower than those for front line staff, but higher than those for managers. Turnover among loan officers are slightly higher among credit unions

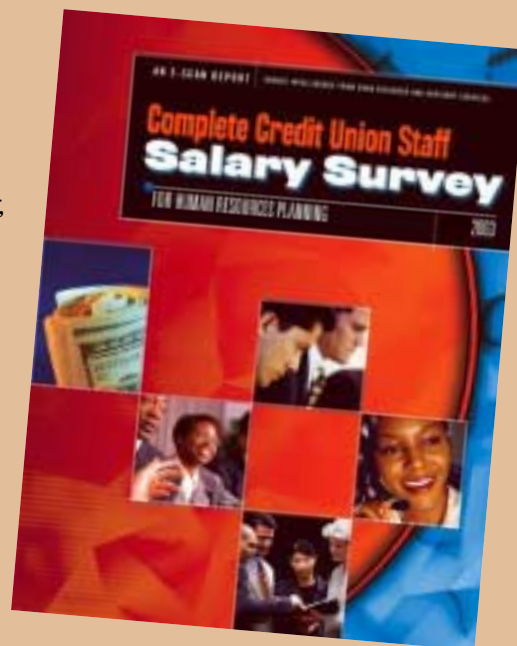
with \$200M or more in assets than in smaller credit unions. Credit unions that pay loan officers an average of \$20,000 or more have lower replacement rates than those that pay less than \$20,000.

Management turnover rates are lower than those for front line and loan officer positions. Replacement rates for management employees is fairly constant between 4 percent and 8 percent, regardless of average salary paid these positions.

The average replacement rate for "other" positions is lowest among credit unions with \$1M to \$5M in assets. Replacement rates for "other" positions in credit unions with \$0M to \$200M in assets are 9-14 percent, while rates in most other asset categories are 17 percent or higher. ♦

### Coming soon!

*CUNA's 2003 Salary Survey Report* is due to be released in August. You may view all of CUNA's reports by visiting CUNA's web site at [www.cuna.org](http://www.cuna.org), clicking on Buy, then on Research.



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## WELCOME NEW MEMBERS

The CUNA HR/TD Council has added forty-five new members recently. By joining their 430 colleagues on the council roster, these experts have demonstrated their commitment to promoting professionalism among credit union human resources and training and development staffs, and developing superior skills. In addition, they join others in networking for the free exchange of ideas and improving the overall effectiveness of their credit union's human resources and training and development operations. We welcome:

**Terri Barboza**  
Admin Asst/HR Mgr  
Pacific Transportation FCU  
Pasadena, CA

**Joanne H. Boozer**  
VP Operations  
Alcoa E & C CU  
Bettendorf, IA

**Wendy W. Brown**  
TD Manager  
Newport News SECU  
Newport News, VA

**Catherine R. Busse**  
Vice President  
Orange County TFCU  
Santa Ana, CA

**Cynthia K. Caldwell**  
Accounting Assistant  
Florida Aircraft FCU  
Palm Beach Gardens, FL

**Denise S. Carothers**  
VP Human Resources  
Deere Harvester CU  
Moline, IL

**Regina M. Colbert**  
Human Resources Manager  
Otero FCU  
Alamogordo, NM

**Lisett Comai**  
Marketing Coordinator  
Vermont FCU  
Burlington, VT

**Barbara Conti**  
SVP Human Resources  
Metropolitan CU  
Chelsea, MA

**Gregory R. Day**  
VP Training  
USC CU  
Los Angeles, CA

**Soraida Deaguero**  
VP Human Resources  
ZIA CU  
Los Alamos, NM

**Laurie Dennee**  
VP Human Resources  
Community First CU  
Appleton, WI

**Kathryn Dougherty**  
Human Resources Coordinator  
MOCSE CVFCU  
Modesto, CA

**Douglas Dave**  
Sr Vice President  
Oklahoma CU League  
Tulsa, OK

**Maryann Doyle**  
Human Resources Manager  
MBTA ECU  
S Boston, MA

**Larry E. Erickson**  
SVP Human Resources  
New Mexico EFCU  
Albuquerque, NM

**Sara J. Ermeti**  
VP Human Resources  
Notre Dame FCU  
Notre Dame, IN

**John T. Flynn**  
AVP Training/Development  
Tri Co FCU  
Randolph, NJ

**Jill Forse**  
AVP Human Resources  
MCT CU  
Port Neches, TX

**Shirley Goo**  
VP Human Resources  
HawaiiUSA FCU  
Honolulu, HI

**Kathleen Hardey**  
Human Resources Director  
Mobiloil FCU  
Beaumont, TX

**Melanie K. Hoffner**  
People Development Manager  
Collins Community CU  
Cedar Rapids, IA

**Vikki D. Huffman**  
VP Member Services  
Peoples FCU  
Nitro, WV

**Laura Ingalls**  
Human Resources Director  
CUNA CU  
Madison, WI

**Jennifer Johnson**  
Human Resources Coordinator  
New Orleans FFCU  
Metairie, LA

**Joan Kane**  
Executive Assistant/HR  
Arizona Media CU  
Phoenix, AZ

**Margeaux M. King**  
Human Resources Manager  
Hiway FCU  
Saint Paul, MN

**Lorraine Kost**  
SVP Human Resources  
Great Lakes CU  
North Chicago, IL

**Chary Krout**  
HR/Training Representative  
First Tech CU  
Beaverton, OR

**James E. Kucinski**  
VP Human Resources  
USA FCU  
Troy, MI

**Cindy Marzullo**  
Training Manager  
State Dept FCU  
Alexandria, VA

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**Annette Matthies**  
VP People Development  
U Of C FCU  
Boulder, CO

**Keith McDonald**  
Human Resources Manager  
Justice FCU  
Chantilly, VA

**Tracy M. Mermet**  
TD Manager  
Merrimack Valley FCU  
North Andover, MA

**Kathy L. Pfeif**  
Human Resources Manager  
Steinbeck CU  
Salinas, CA

**Kristin E. Sayles**  
VP Administration  
Forest Products FCU  
Klamath Falls, OR

**Virginia Sebastian Storage**  
VP Human Resources  
NSWC FCU  
Dahlgren, VA

**Sandy Siegfried**  
Executive Vice President  
Double Eleven CU  
Indianapolis, IN

**Joseph Tripalin**  
Vice President  
CUNA Mutual Insurance  
Madison, WI

**Kathy Trotter**  
Payroll/Benefits Coordinator  
Southeast Financial CU  
Nashville, TN

**Spring T. Tweedell**  
Training Coordinator  
Coca Cola CFFCU  
Atlanta, GA

**Lisa M. Tyo**  
HR/Training Specialist  
SeaComm FCU,  
Massena, NY

**Amy M. Vigil**  
TD Manager  
New Mexico EFCU  
Albuquerque, NM

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Human Resources Officer  
Guadalupe CU  
Santa Fe, NM

**Virginia Wade**  
VP Human Resources  
SAFE CU  
North Highlands, CA



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