



FEDERAL HOUSING FINANCE AGENCY
Office of Minority and Women Inclusion

Annual Report to Congress
January 2012 – December 2012

Federal Housing Finance Agency



Office of Minority and Women Inclusion Section 342 Annual Report to Congress 2012 March 2013

Introduction

The Federal Housing Finance Agency (FHFA or Agency) is responsible for implementing certain provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (Dodd-Frank Act). Pursuant to section 342(e) of the Dodd-Frank Act, the FHFA Office of Minority and Women Inclusion (OMWI), submits this second annual report to Congress outlining the activities, successes, and challenges for the 2012 calendar year.

Part One – Background

I. Agency Overview

FHFA was established by the Housing and Economic Recovery Act of 2008 (HERA) to ensure that the housing Government-Sponsored Enterprises (GSEs) operate in a safe and sound manner so that they serve as a reliable source of liquidity and funding for housing finance and community investment. FHFA is responsible for the effective supervision, regulation, and housing mission oversight of the Federal National Mortgage Association (Fannie Mae), the Federal Home Loan Mortgage Corporation (Freddie Mac), and the Federal Home Loan Bank (FHLBank) System. Since September 2008, FHFA has also served as the conservator of Fannie Mae and Freddie Mac with responsibility for overseeing the management and governance of these entities.

II. FHFA OMWI Responsibilities under the Dodd-Frank Act

On January 21, 2011, FHFA established its OMWI pursuant to section 342 of the Dodd-Frank Act. OMWI leads FHFA's efforts to advance diversity and inclusion, to promote equal employment opportunity (EEO), and, "to the maximum extent possible, the fair inclusion and utilization of minorities, women, and minority-owned and women-owned businesses in all business and activities of the agency at all levels...." It also requires OMWI to assess the diversity policies and practices of entities regulated by the Agency. OMWI is responsible for ensuring compliance with section 342 of the Dodd-Frank Act.

FHFA's OMWI is also responsible for ensuring compliance with section 1116 of HERA, which requires Fannie Mae, Freddie Mac, and the FHLBanks to promote diversity and the inclusion of women and minorities in all activities. It also requires each of FHFA's regulated entities to establish an OMWI, or designate an office, responsible for carrying out OMWI requirements. As a result, FHFA has enforcement authority over the diversity and inclusion practices of its regulated entities that the other Dodd-Frank OMWI offices do not have. The Agency adopted a final rule implementing section 1116 of HERA on December 28, 2010, which became effective on January 27, 2011, and can be found at 12 C.F.R. Part 1207.

Part Two - Business Diversity

I. Agency Procurement Diversity

Sections 342(e)(1) and (2) of the Dodd-Frank Act require FHFA to report the total amounts paid to contractors during the reporting period, as well as the percentage of the amounts paid to minority- and women-owned businesses (MWOBs). FHFA-wide, the total obligated for contracting actions for calendar year 2012 was \$70,869,627. Of this amount, FHFA awarded \$8,213,733 – 11.6 percent of the total – to MWOBs. In addition, of the 833 contracting actions executed during 2012, 166 – 19.9 percent – were with MWOBs.

II. Accomplishments

FHFA's OMWI worked closely with other FHFA offices to improve business diversity. For example, OMWI worked with FHFA's Office of Budget and Financial Management (OBFM) to increase the number of contracting actions with diverse contractors, enhance the MWOB vendor database, and implement a contract clause (see specifics below) required by Section 342 of the Dodd-Frank Act. Other successes included:

- An increased number of potential firms for consideration by FHFA due to improvements to the MWOB vendor database.
- Contract awards to small disadvantaged businesses under the Small Business Administration's (SBA's) 8(a) Business Development Program for FHFA's IT Help Desk, web development, and build-out of IT infrastructure for network cabling, network racks, and patch panels.
- All acquisition plans for solicitations greater than \$500,000, which list potential sources and the business type, are provided to the OMWI office for its review and potential input of MWOB sources.
- Implementation of a contract clause for all contracts above \$150,000 requiring contractors to confirm their commitment to including women and minorities in employment, contracting, and subcontracting. In addition, during the solicitation phase, when appropriate, FHFA includes evaluation criteria for large businesses to address subcontracting opportunities for small, minority-, and women-owned businesses.

With regard to FHFA's responsibilities concerning its regulated entities, OMWI also partnered with the FHFA's Division of Housing Mission and Goals (DHMG) as the Agency explored new approaches to the disposition of foreclosed properties owned by the GSEs (real estate owned, or REO). OMWI worked with DHMG to ensure that the procurement competition and criteria process used to dispose of the REO included assigning value to vendors with high metrics of community commitment. This resulted in the award of \$300 million of REO contracts by Fannie Mae to three vendors, two of which are MWOBs. This process succeeded in finding expertise and experience needed to manage leases and property in ways that preserve community cohesion, pride and real estate values.

III. Strategies to Increase Procurement Opportunities with MWOBs

One major strategy to increase procurement opportunities with MWOBs focused on collaboration with other OMWI offices. For example, OMWI and acquisition representatives from FHFA and the Federal Deposit Insurance Corporation (FDIC) participated in outreach events with the Puerto Rico Industrial Development Company and the Florida Minority Community Reinvestment Coalition (FMCRC). FHFA staff provided information about the procurement needs of the Agency, and provided technical assistance about the contracting process to members of the organizations. FHFA staff also attended an event sponsored by the

Office of the Comptroller of the Currency (OCC) to provide contracting technical assistance to women-owned businesses.

FHFA staff attended “best practice” information sessions sponsored by the SBA and GSA at the events. FHFA staff also met representatives from numerous federal agencies and organizations attending the events who are engaged in outreach to MWOBs to obtain “best practice” information and ideas. In addition, FHFA contracting personnel attended the, “Going Big for Small Business, an Acquisition Learning Seminar,” which focused on the importance of meeting government-wide goals and other small business contracting issues. Discussions were led by representatives of the Office of Federal Procurement Policy (OFPP), the SBA, and the Federal Acquisition Regulatory Council, which is comprised of senior leaders from the Department of Defense, General Services Administration (GSA), and the National Air and Space Administration.

Other FHFA strategies designed to increase procurement activities with MWOBs included participation in several outreach events as exhibitors, speakers, panelists, or as attendees. FHFA participation in the following events and meetings during 2012 provided OMWI with opportunities to network and convey information about the Agency:

- National Minority Enterprise Development Week (MED Week) Conference. This conference is the nation’s premier event for minority entrepreneurs in the public and private sectors. The MED Week Conference offers a venue for minority-owned firms to access information, tools, and resources to grow their businesses.
- National Minority Supplier Development Council Conference and Business Opportunity Fair. This event provides business opportunities for certified Asian, Black, Hispanic, and Native American business enterprises.
- U.S. Hispanic Chamber of Commerce (USHCC). USHCC seeks to bring the issues and concerns of Hispanic-owned businesses to the forefront of the national economic agenda. FHFA staff participated in an outreach event during the Annual Legislative Summit, a USHCC conference in Washington, D.C.
- Puerto Rico Industrial Development Company Trade Mission Meeting. FHFA staff attended an event sponsored by the FDIC in conjunction with the Puerto Rico Federal Contracting Center. This organization works to generate employment and improve the general economy of Puerto Rico by assisting business firms to obtain and perform under federal, state, and municipal government contracts. FHFA staff delivered presentations about the mission and work of the Agency.
- FMCRC. FMCRC works to empower low-income and minority communities by attracting investments for health, education, home ownership, employment, and minority entrepreneurship in Florida. OMWI staff participated in the Let’s Do Business Florida Summit sponsored by FMCRC.
- MANA, A National Latina Organization. OMWI staff participated in MANA’s annual conference in September of 2012. This conference offered a panel session with Latina women who own businesses in an effort to educate other Latinas on how to start their own small business and how to do business with the Federal government. FHFA staff provided conference attendees information about the Agency.

- Congressional Women’s Policy, Inc. OMWI staff attended this event in support of women’s issues, including women-owned businesses. The event was attended by over 300 women, including congressional representatives, government officials, and leaders in industry and commerce.
- US Business Leadership Network (USBLN). The USBLN is a non-profit business-to-business network promoting workplaces, marketplaces, and supply chains where individuals with disabilities are included. OMWI staff met with the Executive Director of the USBLN to provide information about doing business with FHFA.
- National Association of Hispanic Real Estate Professionals (NAHREP). FHFA staff participated on a panel during the NAHREP legislative conference in Washington, D.C. Representatives from Fannie Mae and Freddie Mac also participated in the conference.

IV. Tools for Increasing Procurement Opportunities with MWOBs

FHFA distributes its brochure, *Doing Business with FHFA*, to firms seeking to do business with the Agency. The brochure provides basic technical information about the public contracting process, and it encourages firms to register to be added to the FHFA Interested Sources Database. Further, if a firm has a special category status, the firm is asked to include that in its registration. Special category status firms include: disabled-owned businesses; HUBZone small businesses; minority-owned businesses; women-owned businesses; service-disabled veteran-owned small businesses; SBA’s 8(a) Business Development Program businesses; and small businesses.

In addition, FHFA contracting officers use small business set-asides as much as possible for both open market and GSA schedule awards. FHFA’s use of this proven contracting strategy has increased the dollar amounts and total participation rate of MWOBs in Agency business transactions. Although GSA schedule awards do not require the use of small business set-asides, FHFA acquisition procedures require contracting officers to justify why a GSA acquisition is not a set-aside for small business. FHFA’s use of small business set-asides increases opportunities for MWOBs to receive contracting awards.

V. Challenges Faced in Contracting with Qualified MWOBs

FHFA continues to face a challenge related to several contracts that contain unique requirements and are available from only one source, such as data analysis, modeling, and lease renewals. Also, given FHFA’s small size in comparison to other Federal financial regulators, it has fewer dollars and opportunities to make awards to MWOBs.

Part Three - Agency Employment and Outreach

I. Agency Diversity Profile

FHFA had 585 employees as of December 31, 2012, of which 56.5 percent were male and 43.5 percent were female. Minorities comprised 32.7 percent of FHFA's workforce as of December 31, 2012. Blacks represented the largest of the minority groups at 21.0 percent. Asians, Hispanics, and Native Americans comprised 8.7 percent, 2.7 percent, and 0.2 percent, respectively. Five percent of the workforce did not self-identify their race or national origin. In general, FHFA compares favorably to the Federal government's workforce, which is comprised of 34.1 percent minorities and 43.5 percent females. The Agency also compares favorably to the civilian labor force, which was comprised of 32.4 percent minorities and 46.7 percent females in 2010. In addition, employees with disabilities comprised 7.7 percent of FHFA's total workforce as of December 31, 2012.¹

II. Successes in Recruitment

FHFA uses a variety of methods to recruit and hire a diverse workforce. These methods of recruitment include, but are not limited to, posting positions on job boards, placing advertisements in targeted minority and female publications, and announcing job opportunities with industry, trade, and minority and female professional organizations. FHFA includes hiring managers at recruitment events to enhance recruiting effectiveness. In addition, to increase diversity in executive position candidate pools, FHFA uses external recruiting search firms. FHFA operates a summer intern program that provides opportunities for students to work in a variety of areas, including financial analysis, information technology, economic research, and examinations. Internships offer an excellent opportunity for FHFA hiring officials to assess the qualifications and performance of promising students who may be candidates for future positions. Internships provide participants an introduction to Federal service. Throughout 2012, 56 percent of the interns employed at FHFA were racial or ethnic minority students, and 48 percent were female.

In 2012, FHFA made a concerted effort to expand the pool of diverse candidates for employment opportunities. FHFA staff met with representatives of several organizations that promote workforce diversity to increase their awareness of FHFA and its job opportunities. FHFA also sponsored conferences, provided speakers, and/or recruited applicants for employment at numerous venues throughout the calendar year. These organizations and events include the following:

- Hispanic Association of Colleges and Universities Annual National Conference Career Fair.
- Federal Base Realignment and Closure Job Fair.
- Howard University Law School.
- League of United Latino American Citizens.
- Congressional Hispanic Caucus Institute Career Fair.
- Hispanic Heritage Foundation.
- Urban Financial Services Coalition.
- Latinos for Hire Job Fair.
- Diversity Best Practices Seminar Network and Affinity Leadership Congress.
- MANA Annual Conference (a National Latina Organization).
- Native American Finance Officers Association Annual Conference.
- National Society of Hispanic MBAs Annual Career Fair.
- National Conference on Innovating Diversity and Inclusion in Government.

¹ FHFA employed 585 employees, not including the Office of Inspector General (OIG), as of December 31, 2012.

- National Association of Securities Professionals Roundtable & Commercial Diversity Conference.
- Careers for the Disabled Career Fair.
- Florida Minority Community Reinvestment Coalition Conference.
- Blacks in Government Annual Conference.

Through these various recruitment tools, the Agency has attracted greater demographic diversity in hiring and promotions. During 2012, leadership positions were filled by women and minorities including the Senior Associate Director of the Office of Congressional Affairs and Communications, the Acting Associate Director of OMWI, the Manager of Facilities Operations Management, the Manager for Compensation, the Deputy Human Resources Director, and the Human Capital Manager for Payroll and Benefits.

III. Challenges – Workforce Diversity

FHFA continued to improve strategies as noted above. FHFA’s overall representation of women and minorities compares favorably to that of the federal and private workforces. The Agency will continue its efforts to improve employee diversity in all positions. In addition, the representation of Hispanics within FHFA’s workforce will remain a focus of the Agency’s efforts as it recruits and hires talent for all job categories.

FHFA faces challenges when hiring certain mission-critical positions. For example, FHFA employs a number of Ph.D. economists and specialized examiners to fulfill its mission. Based upon census data, the availability of these skills is low among Hispanics, Blacks, and Native Americans. To address this challenge, FHFA plans to engage more with educational forums, professional associations and foundations. FHFA will enhance its recruitment outreach efforts for mission-critical positions by targeting recruitment venues with a more diversified applicant pool. FHFA plans to leverage its recruitment consultants to identify the best talent among diverse professional communities of economists, market analysts, bank examiners, technology specialists, accountants, and attorneys.

Part Four - Other Information, Findings, Conclusions, and Recommendations

FHFA continues to meet with representatives of diverse contractors who request meetings for general information exchange. FHFA has also met, and will continue to meet, with numerous industry and advocacy groups to discuss the inclusion of MWOBs in product and service contracts. FHFA plans to participate and engage in additional outreach activities to provide vendors with information on how to do business with FHFA and how to take advantage of small business opportunities. A joint event of this nature was planned during 2012 and occurred in February 2013. FHFA and OCC collaborated on this event, which hosted 150 small businesses and featured strategies for prime contractors and small businesses to team on federal contracts.