

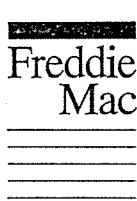
8200 Jones Branch Drive
McLean, VA 22102-3107

Allan Ratner
Vice President
Deputy General Counsel
(703) 903-2691

May 2, 2002

MAY 6 2002

By Courier and Electronic Mail (infoquality@ofheo.gov)

 Andrew Varrieur
Chief Information Officer
Office of Federal Housing Enterprise Oversight
1700 G Street, N.W.
Washington, D.C. 20552

Re: Comments on Proposed Information Quality Guidelines

Dear Mr. Varrieur:

Freddie Mac is pleased to respond to the solicitation of public comments published in the Federal Register on April 2, 2002¹ by providing our comments on the proposed information quality guidelines posted on OFHEO's website. The proposed guidelines respond to the directive of the Office of Management and Budget (OMB) that each federal agency issue guidelines "ensuring and maximizing the quality, objectivity, utility and integrity" of information disseminated to the public.²

We strongly agree that government agencies should have such information quality guidelines in place and that they should meet the principles set forth by OMB, including the following:

- (1) The guidelines should apply to a wide variety of government information dissemination activities that may range in importance and scope; and
- (2) The more important the information, the higher the quality standards to which it should be held.³

Our comments, below, apply these principles to OFHEO's proposal.

I. BACKGROUND

Congress recently enacted legislation aimed at ensuring the quality of information that federal agencies publish.⁴ Specifically, Congress established a procedure whereby OMB must issue information quality guidelines for federal agencies to follow "for ensuring and

¹ 67 Fed. Reg. 15580.

² 67 Fed. Reg. 8452 (Feb. 22, 2002).

³ *Id.*

⁴ Treasury and General Appropriations Act, Pub. L. No. 106-554, Appendix C, § 515, 114 Stat. 2763A-154 (2000).

maximizing the quality, objectivity, utility, and integrity of information (including statistical information) disseminated by Federal agencies . . .”⁵ OMB published its final guidelines, which became effective January 3, 2002.⁶

OMB’s guidelines require several actions by federal agencies. First, effective immediately, the guideline directly require agencies to “take appropriate steps to incorporate information quality criteria into agency information dissemination practices.”⁷

In addition, OMB’s guidelines require each federal agency to issue its own guidelines ensuring and maximizing the quality, objectivity, utility, and integrity of information (including statistical information) disseminated by the agency.⁸ OMB has required agencies to publish guidelines for public comment, consider such comment and make appropriate revisions, and submit a draft report to OMB by July 1, 2002. OMB will review agencies’ submissions for consistency with OMB’s guidelines, and agencies must publish their final guidelines by October 1, 2002.⁹

II. SCOPE OF INFORMATION SUBJECT TO OMB AND OFHEO INFORMATION QUALITY GUIDELINES

A. Scope Generally

OMB has specifically designed its guidelines “to apply to a wide variety of government information dissemination activities that may range in importance and scope.”¹⁰ Consistent with that design, the “Scope” section of OFHEO’s proposal is written in fairly broad terms to encompass all “information dissemination products” “in all media and formats.”¹¹

However, the proposal also suggests a much narrower scope inconsistent with the legislation, OMB guidelines or the language of OFHEO’s proposed guidelines. Specifically, the proposal states that “OFHEO disseminates very little information that would be subject to section 515 [the legislation],”¹² and cites only OFHEO’s quarterly House Price Index as an example of such information.¹³

⁵ *Id.* at § 515(a).

⁶ 67 Fed. Reg. at 8452. OMB first published its final guidelines January 3, 2002, 67 Fed. Reg. 369, and republished them on February 22.

⁷ OMB Guidelines, III.1; 67 Fed. Reg. at 8458.

⁸ *Id.*

⁹ *See id.*, IV.3, IV.4

¹⁰ 67 Fed. Reg. at 8452.

¹¹ OFHEO Proposed Guidelines, III.

¹² *Id.*, II.

¹³ *Id.*

In our view, OFHEO disseminates a great deal of additional information that would fall within the scope of OMB's information quality guidelines. For example, OFHEO disseminates the Enterprises' minimum and critical capital results quarterly, which clearly could have important impacts on public and private sector decisions, and so should be subject to OMB's current and OFHEO's proposed information quality guidelines.¹⁴ Moreover, any dissemination of risk-based capital results could have even more impact, and so clearly should be subject to current and future guidelines.

OFHEO also disseminates to the public its Annual Report to Congress, and OFHEO has announced its intention to issue a study on systemic risk issues. Under OMB's guidelines, the information in both types of documents should be reviewed to ensure that it is placed in context, is accurate, unbiased, reliable, serves public utility and is objective.

B. Working Papers

OFHEO proposes to exempt working papers from the scope of the guidelines. Specifically, the proposal provides that the guidelines do not "apply to opinions if it is clear that what is being offered is someone's opinion, rather than fact or the agency's views. For example, the guidelines do not apply to staff working papers that are preliminary in nature and do not represent the views of the agency."¹⁵ However, while those papers may include a disclaimer stating that the *opinions* in the paper may not necessarily be those of the agency, the papers may also disseminate *information* that will be viewed as an offering of fact. Therefore, the information in such papers should be subject to OMB and OFHEO information quality guidelines.

C. Press Releases

OFHEO has expressly exempted all press releases from the scope of its guidelines. However, in our view, the need to apply information quality standards does not change simply because it is disseminated by way of a press release. In fact, the harm that the guidelines are designed to prevent may be greatest when information not meeting information quality standards is disseminated by way of a press release.¹⁶ On the other hand, a press release that only discloses an agency's position on political or policy issues would appropriately fall outside of the scope of the information quality guidelines. OFHEO's guidelines therefore should provide that OFHEO will review each press

¹⁴ OMB Guidelines, V. 9; 67 Fed. Reg. at 8460.

¹⁵ OFHEO Proposed Guidelines, III.

¹⁶ The FHFB, one of the few agencies that have proposed guidelines at the time of this writing, drafted the scope of its guidelines in favor of covering press releases that include influential information. The FHFB routinely publishes a monthly interest rate survey (MIRS) in a press release. Nevertheless, the FHFB has defined its MIRS as "influential" information subject to its quality standard for influential information, placing importance on the substance of the MIRS rather than its form. See Federal Housing Finance Board *Information Quality Guidelines (Draft)*, ¶ 1.E.1 (March 18, 2002).

release, on a case-by-case basis, to determine whether the information it contains properly falls within the scope of OMB and OFHEO information quality guidelines.

D. Correspondence with Individuals

OFHEO also specifically exempts all correspondence with individuals from its proposed information quality standards.¹⁷ Again, OFHEO's guidelines should provide for pre-release review of the information contained in correspondence to determine on a case-by-case basis whether it falls within the scope of OMB and OFHEO information quality guidelines.

III. "INFLUENTIAL INFORMATION"

OMB directs each federal agency to "apply stricter quality standards to the dissemination of information that is considered to be 'influential,'"¹⁸ which OMB defines to include "information [that] will have or does have a clear and substantial impact on important public policies or important private sector decisions."¹⁹ OMB directs each agency to define "influential" in a manner appropriate for the type of issues the agency handles.²⁰

OFHEO has not proposed any definition of "influential information," nor has OFHEO proposed any higher standards that would apply to such information. Moreover, the introduction to the proposal suggests a very narrow definition of the term. For example, the introduction states that very few products OFHEO disseminates would require a standard of quality higher than the basic standard,²¹ and OFHEO identifies only its quarterly House Price Index as possible "influential" information.²²

Applying OMB's definition, it appears that OFHEO disseminates a great deal of "influential" information. For example, the results of the application of OFHEO's critical, minimum and risk-based capital standards clearly can have important consequences for the Enterprises, and can influence the decisions of market participants and policymakers. Similarly, OFHEO working papers, studies (*e.g.*, OFHEO's systemic risk study), testimony, speeches, and annual and other reports could have important effects on the development of public policies or have important impacts on the decisions of borrowers, market participants and policymakers. As such, such disseminations should be subject to very high standards of quality, standards designed to ensure and maximize the quality, objectivity, utility and integrity of the information, consistent with their potential influence and importance.

¹⁷ OFHEO Proposed Guidelines, III; VI.8.

¹⁸ 67 Fed Reg. at 8455.

¹⁹ OMB Guidelines, V.9; 67 Fed. Reg. at 8460.

²⁰ *Id.*

²¹ OFHEO Proposed Guidelines, III.

²² *Id.*

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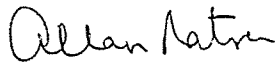
IV. ADMINISTRATIVE CORRECTION MECHANISMS

OFHEO's proposal includes a mechanism under which a person can seek and obtain timely correction of information. We assume that, in the event OFHEO were to become aware that it had released information that was erroneous or otherwise did not meet its information quality standards, OFHEO would itself take steps to correct the information, without requiring the affected person to go through the administrative corrective mechanism.

V. CONCLUSION

We strongly agree that government agencies should have such information quality guidelines in place, and we support OFHEO's development of such guidelines. Please feel free to call me if you would like to discuss these comments or if we can be of any further assistance.

Sincerely,



Allan Ratner
Vice President and Deputy General Counsel

cc: Alfred Pollard