



OFFICE OF FEDERAL HOUSING ENTERPRISE OVERSIGHT

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Office of Finance and Administration

June 29, 2000

MEMORANDUM FOR: David Childs
Budget Analysis Branch
Office of Management and Budget

FROM: Linda L. Gwinn
Acting Associate Director, Office of Finance and Administration

SUBJECT: **Inventory of Commercial Activities**

Pursuant to the requirements of the Federal Activities Inventory Reform (FAIR) Act, P.L. 105-270, OFHEO has reviewed each of its full and part time positions and determined that the majority of positions involved functions and duties that are inherently governmental, while a small percentage of positions are not inherently governmental, as defined by FAIR Act, but must be retained in-house. When Congress created the Office of Federal Housing Enterprise Oversight in 1992, the Office was encouraged to use contracting services rather than hire permanent staff wherever appropriate. Since OFHEO was created, we have reviewed and evaluated our positions on an ongoing basis.

OFHEO currently contracts for both large and small projects. For example, OFHEO contracts for auxiliary assistance in developing a stress test for a risk-based capital standard and for assistance in creating a related data warehouse. Some examples of small contracting projects include contracting for specialized legal services, accounting support, health fairs, and executive compensation reviews. In addition, OFHEO also contracts with or reimburses other federal agencies that support our administrative systems and financial systems for administrative services such as personnel and payroll processing, accounting systems and services, and building services.

Our full time permanent staff is small, with 89 FTP for FY 2000. The small staff provides a core cadre of government professionals who maintain the institutional capacity necessary for OFHEO to be an effective financial institution regulator, develop OFHEO policy and strategic plans, manage the office, and perform oversight of the activities that are already contracted out. Many positions have multiple responsibilities and some contemplate roles that could have characteristics that lend themselves to a contract relationship, but, due to the specialized nature of other duties of the position, remain inherently governmental.

Review of our requirements pursuant to the statute occurs on an ongoing basis and positions have been moved from the outside to the inside and vice versa. Previously, OFHEO contracted for certain information technology functions, but recently brought these services in-house because significant savings could be achieved by having the functions performed in-house,

because the work required unusual confidentiality and continuing evaluation and because OFHEO has to insure consistent, continuous support for these information functions. On the other hand, OFHEO is considering contracting for some examination support, evidencing an initiative in line with the law to consider and to act where possible to utilize non-government resources, even for work undertaken in the past by permanent employees.

OFHEO remains a small agency and continually reviews what needs to be accomplished and how best to accomplish statutorily mandated responsibilities. The process is not static and involves an interpretation and understanding of how job responsibilities evolve over time. OFHEO continually looks to all its requirements, resulting in both large and small contracts for services.

OFHEO will continue to review its activities on a periodic basis to insure that those activities that may be undertaken on a contract basis are accomplished in that manner.

If you have any questions, please contact me at 414-3789.