



June 29, 2001

**MEMORANDUM FOR:** Mr. David Childs  
Office of Federal Procurement Policy

**FROM:** Mark Kinsey  
Associate Director  
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 positions and determined that they are inherently governmental in nature.

OFHEO is a relative newcomer as a federal entity. Created by statute in 1992, the first Director was not sworn in until June of 1993 and immediately set upon the important task of creating a federal agency from scratch. This presented a unique opportunity to make unfettered decisions about organizational developments best suited to carry out the mission of the agency to regulate to financial safety and soundness of Fannie Mae and Freddie Mac (the Enterprises) as prescribed by Congress.

The initial organizational development of OFHEO followed a strategic path aimed toward utilizing the appropriate mix of permanent staff and contract services. In fact, Congress encouraged the Office to use contracting services rather than hire permanent staff wherever appropriate. We have continued in this vein throughout OFHEO's existence. Tasks best performed by the private sector are currently contracted out in order for staff to focus on carrying out our mission-related duties.

OFHEO currently contracts for both large and small projects. For example, OFHEO contracts for outside assistance in validating the complex computer code underlying the stress test for a risk-based capital standard. Some examples of other contracting projects include specialized legal services, EEO services, accounting systems and support, health fairs, dental benefits, personnel and payroll services, ID cards, building services, and Enterprise executive compensation reviews.

While we agree wholeheartedly with the goal of eliminating overlapping and outdated programs, OFHEO, being a relative newcomer as a federal agency, was created by Congress to fill an important gap in the federal financial regulatory regime. There are no overlapping duties in our

mission with other federal agencies. The universe from which we draw the skill sets necessary to perform our duties is very small. Other than the Enterprises themselves, we believe our staff represents the critical mass of individuals able to perform the core duties set forth in our enabling statute.

As part of the Executive Branch, OFHEO appreciates and applauds efforts to deliver services to the taxpayer in the most efficient and effective manner possible. It is important to note that OFHEO is not funded by taxpayer dollars, but by assessments on the companies we regulate. OFHEO, however, continues to strive to ensure that the American public is well served by the decisions we make in allocating our resources and managing our programs.

The number of FTPs in our current staffing plan is small (117). This 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 currently contracted out.

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

Attached you will find OFHEO's report listing our civilian inherently governmental positions as required by the April 3, 2001 Memorandum (M-01-16).

If you have any questions, please contact Jill Weide at (202) 414-3813.