



## Legal Alert: Dodd-Frank Act Requires Federal Agencies to Establish Offices to Evaluate Contractors' Diversity

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This legal alert is the second in a series addressing significant areas of reform enacted under the Dodd-Frank Wall Street Reform Act. In our [first alert](#), *Sweeping Reforms Imposed by Dodd-Frank Act Create Obligations for Employers*, available on our web site at: <http://www.fordharrison.com/shownews.aspx?show=6621>, we addressed requirements related to executive compensation and corporate governance. This alert addresses an aspect of the Act about which federal contractors should be aware: diversity and inclusion requirements.

Under the Act, several agencies involved in regulating the banking and financial industries are required to establish offices responsible for all matters of the agencies related to diversity in management, employment, and business activities. Each office will be known as the Office of Minority and Women Inclusion (OMWI). The director of each office will be charged with developing standards for increased participation of minority-owned and women-owned businesses in agency programs and contracts.

The agencies required to establish OMWI's include: the departmental offices of the Department of the Treasury, the Federal Deposit Insurance Corporation, the Federal Housing Finance Agency, each of the Federal Reserve banks, the Board of Governors of the Federal Reserve system, the National Credit Union Administration, the Office of the Comptroller of the Currency, the Securities and Exchange Commission, and the Bureau of Consumer Financial Protection.

The Act also requires each OMWI to ensure that its procedures for the review and evaluation of contract proposals and for hiring service providers include, to the extent consistent with applicable law, a component that gives consideration to the diversity of the applicant. This procedure must include a written statement that a contractor shall ensure, to the maximum extent possible, the fair inclusion of women and minorities in the workforce of the contractor and subcontractors.

Each OMWI must also develop procedures to allow its director to determine whether an agency or subcontractor has failed to make a good faith effort to include minorities and women in their workforce.

### **Bottom Line:**

Any employer who contracts with an agency required to establish an OMWI

needs to prepare for an additional level of scrutiny in the contracting process. The exact composition and level of activity by these offices remains unclear, but prior experience with other government contracting agencies will certainly be instructive. Ford & Harrison's Government Contracts Practice Group is available as a resource to you as these offices take shape.

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