

# Financial Reform Bill Would Impose Diversity Requirements for Federal Contractors

By Daniel A. Schwartz, Publisher, [Connecticut Employment Law Blog](#); Member, Pullman & Comley LLC

[Connecticut Senator Christopher Dodd](#) has been spearheading a massive financial reform package that will have a noticeable impact on that industry, including many businesses based here in Connecticut.

[The final Conference Report \(which you can download here, all 884 pages worth!\)](#), contains several provisions that will affect financial services employers who will be dealing with either existing or newly created federal agencies in the financial services area.

Section 342 of the bill would create an "Office of Minority and Women Inclusion" in the each of the 20 or so financial-services agencies; those offices would be responsible for all matters "relating to diversity in management, employment and business activities". However, these new offices would not be responsible for enforcement of various civil rights laws.

So what would be the duties of these offices? To develop standards for:

- equal employment opportunity and the racial, ethnic, and gender diversity of the workforce and senior management of the agency;
- increased participation of minority-owned and women-owned businesses in the programs and contracts of the agency, including standards for coordinating technical assistance to such businesses; and
- assessing the diversity policies and practices of entities regulated by the agency.

For contract proposals, the agencies must also set up procedures that include a component that consideration to the diversity of the applicant

(to the extent that it is consistent with other federal anti-discrimination laws).

What types of contracts with federal agencies would be covered? A laundry list, including the services of financial institutions, investment banking firms, mortgage banking firms, asset management firms, brokers, dealers, financial services entities, underwriters, accountants, investment consultants, and -- of some significance to the legal community -- providers of legal services.

Agencies would also be required to take "affirmative steps" -- a phrase used in law many times before -- to seek diversity in the workforce. Indeed, the [Office of Federal Contract Compliance Programs have had a long history of seeking similar information.](#)

[Opponents of the measure](#) have been quick to label this as a "quota" measure and a massive change to existing law, but each cabinet-level office already has an [Office of Civil Rights and Diversity](#).

Regardless, for financial services companies and those that will have contracts with federal agencies, passage of this bill will add another layer of issues that will need to be addressed over the upcoming months and years.