

## Consumer Financial Protection Bureau

### Program Summary by Budget Activity

(Dollars in thousands)

	2011		2012		2013		% Change
	Actual	Estimates	FTE	Amount	FTE	Amount	
Supervision, Enforcement, and Fair Lending & Equal Opportunity	101	59,632	635	214,053	873	261,119	22%
Consumer Education and Engagement/Consumer Response	41	43,339	196	84,585	345	126,025	49%
Research, Markets and Regulations	36	20,359	111	57,736	141	60,544	5%
<b>Total Expenses/Obligations</b>	<b>178</b>	<b>\$123,330</b>	<b>942</b>	<b>\$356,374</b>	<b>1,359</b>	<b>\$447,688</b>	<b>26%</b>

Note: Estimates are based on the best available information at the time the Budget was prepared and are subject to revision. Consistent with the presentation of the CFPB's audited financial statements, the resource estimates in this volume, including staffing allocations, are displayed across three budget activities, with funding for the Bureau's operations and executive management functions allocated among the three activities.

### Background

The Consumer Financial Protection Bureau ("CFPB" or the "Bureau") was established under Title X of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Act").<sup>1</sup> To create a single point of accountability in the federal government for consumer financial protection, the Act consolidated many of the authorities previously shared by seven federal agencies under the Federal consumer financial laws<sup>2</sup> into the CFPB and provided the CFPB with additional authorities. Among the Bureau's tools are authorities to:

- Conduct rulemaking, supervision and enforcement with respect to the Federal consumer financial laws;
- Handle consumer complaints and inquiries;
- Promote financial education;
- Research consumer behavior; and
- Monitor financial markets for risks to consumers.

The CFPB receives a mandatory transfer of funding from the Federal Reserve System in an amount determined by the Director of the

CFPB to be necessary to fund Bureau operations, subject to limits established in the Act. The CFPB is also authorized to request up to \$200 million in discretionary appropriations in Fiscal Years (FY) 2010-2014 if the amount transferred by the Federal Reserve is not sufficient. Any request to secure funding through discretionary appropriations under this provision would be subject to the Congressional appropriations process. The CFPB is not requesting a discretionary appropriation in FYs 2012 or 2013.

### Priorities

In support of the CFPB's strategic goals, the Bureau's key priorities for FYs 2012 and 2013 include:

- Recruit the most qualified employees;
- Build-out core supervision and enforcement capabilities;
- Coordinate supervision and other activities with federal and state agencies;
- Make critical investments in technology, data infrastructure and facilities;
- Expand the Bureau's capacity to receive and respond in a timely manner to consumer complaints for the full range of consumer financial products and services;
- Build efficient and effective management processes;

<sup>1</sup> P.L. 111-203, 124 Stat. 1955 (July 21, 2010)

<sup>2</sup> As used throughout this document, the term "Federal consumer financial laws" has the meaning set forth in Section 1002(14) of the Act.

- Monitor and enforce compliance with the Federal consumer financial laws through supervision in order to protect consumers from illegal acts or practices;
- Protect honest businesses from competitors who use unscrupulous practices to gain an unfair advantage by addressing potential violations of Federal consumer financial laws in a range of markets;
- Promote fair lending compliance and education by working with federal agencies, State regulators, private industry, and fair lending, civil rights, and consumer and community advocates;
- Engage consumers in a timely way through innovative initiatives to educate them about financial issues and use consumer input, including consumer complaint and inquiry data, to identify needed policy changes with particular impact on students, older Americans and servicemembers, as required by the Act;
- Address challenges in the mortgage market and evaluate potential policy problems in a range of consumer finance markets;
- Simplify or update regulations that have become unnecessary, outmoded, overly burdensome, or are otherwise unduly difficult to understand and comply with;
- Produce original research to improve understanding of consumer behavior and market operations and practices to support the CFPB's policymaking and the general functioning of the market;
- Monitor various consumer financial markets for emerging risks, technological advances and other important developments; and
- Issue regulations that promote a fair, transparent, and competitive marketplace for consumer financial products and services after proper consideration of benefits and costs.

## CFPB FY 2013 Budget Highlights

(Dollars in thousands)

Budget Adjustment Table	FTE	Amount
FY 2011 Actual	178	123,330
FY 2012 Estimate	942	356,374
Net FY 2013 Program Changes:		
Supervision, Enforcement, and Fair Lending & Equal Opportunity	238	47,066
Consumer Education and Engagement/Consumer Response	149	41,440
Research, Markets and Regulations	30	2,808
<b>Subtotal FY 2013 Net Program Changes</b>	<b>417</b>	<b>91,314</b>
<b>Total FY 2013 Estimate</b>	<b>1,359</b>	<b>\$447,688</b>

## FY 2013 Budget Adjustments

*Net Program Increases +\$91,314,000/ +417 FTE*

*Supervision, Enforcement, and Fair Lending & Equal Opportunity +\$47,066,000/ +238 FTE*

The CFPB will make critical investments in core supervisory and enforcement capabilities to ensure that the Bureau is positioned to monitor compliance with and enforce the Federal consumer financial laws. Resources will support continued hiring, professional development and travel of field examination, Enforcement and Fair Lending & Equal Opportunity staff; the build-out of core infrastructure necessary to manage the examination process (i.e. risk monitoring, examination scoping, report generation); and the initiation of investigations and enforcement actions. Funding will also allow the CFPB to continue the use of technology that supports a more targeted, risk-based review of loans and entities, which promotes compliance and the efficient use of limited resources.

*Consumer Education and Engagement/ Consumer Response +\$41,440,000/ +149 FTE*

The Act established several offices within the CFPB to support targeted outreach, including Financial Education, Older Americans, Servicemember Affairs, and Students. The Budget provides funding to support additional staff and outreach activities within these and

other consumer engagement offices, which will allow the Bureau to comply with several statutory mandates. These mandates include the development and implementation of work consistent with the National Strategy for Financial Literacy; initiatives for servicemembers and their families; activities to facilitate the financial literacy of older Americans; and initiatives to assist student loan borrowers in resolving complaints related to private student loans and to collect and analyze information on the private student loan marketplace. The Budget also includes funding to continue building the organization's capacity to handle consumer complaints related to credit cards, mortgages and other financial products regulated by the Bureau in a timely manner, as required by the Act.

#### *Research, Markets and Regulations*

*+\$2,808,000/ +30 FTE*

The Budget provides resources to expand expertise in research, markets and regulation offices, and support the use of data assets that allow the Bureau to comply with research, rulemaking, supervision and education mandates, including statutory requirements to analyze and report on the following: (1) developments in markets for consumer financial products or services; (2) access to fair and affordable credit; (3) consumer awareness, understanding and use of disclosures and communications regarding consumer financial products and services; (4) consumer awareness and understanding of costs, risks, and benefits of consumer financial products and services; (5) consumer behavior with respect to consumer financial products and services; and (6) experiences of traditionally underserved consumers. Resources will also support the Bureau's consideration of the potential benefits and costs to consumers and covered persons, including the potential reduction of access by consumers to consumer financial products or services in its rulemakings. The CFPB is

coordinating with other federal agencies, including through the Financial Stability Oversight Council, to ensure the most efficient use of data and avoid duplication.

#### **Explanation of Budget Activities**

---

##### *Supervision, Enforcement, and Fair Lending & Equal Opportunity (\$261,119,000)*

The CFPB's Supervision, Enforcement, and Fair Lending & Equal Opportunity Division oversees depository and non-depository institutions for compliance with the Federal consumer financial laws and brings enforcement actions against those institutions, where appropriate, to address violations of law and in order to protect consumers from illegal acts or practices and to protect honest businesses from unscrupulous competitors.

##### *Consumer Education and Engagement/ Consumer Response (\$126,025,000)*

The Consumer Education and Engagement Division and Consumer Response strive to enhance the ability of consumers to make financial decisions consistent with their personal financial goals. In accordance with statutory requirements, the Bureau maintains the capacity to receive consumer complaints relating to consumer financial products and services over the telephone or through a portal on its website and to facilitate their resolution.

##### *Research, Markets and Regulations*

*(\$60,544,000)*

The Research, Markets and Regulations Division is responsible for monitoring consumer financial markets, improving understanding of consumer behavior and evaluating the benefits and costs of potential policies; as well as implementing the Federal consumer financial laws through regulations, in coordination with other parts of the Bureau, where appropriate. Before the Bureau acts on its own initiative, it will carefully gather evidence about particular practices, products or trends from a wide variety of sources.

## CFPB Performance by Budget Activity

Budget Activity	Performance Measure/Indicator	FY 2012	FY 2013
Supervision, Enforcement, and Fair Lending & Equal Opportunity	Supervision activities (examinations, target reviews, or horizontal reviews) opened during the fiscal year	Baseline	TBD
Consumer Education and Engagement/Consumer Response	Percent of complaints closed within 60 Days	Baseline	TBD
Research, Markets and Regulations	Percent of the mortgage market monitored through data	Baseline	TBD

### Description of Performance

#### *Overall Process for FYs 2012 and 2013*

The CFPB's priority for FY 2011 was to build its staff and capacity to the point where it could begin formal operations on the transfer date. That priority was consistent with Section 1061 of the Act, which provided for the transfer of certain consumer financial protection responsibilities from seven existing agencies to the Bureau by the transfer date – July 21, 2011. In the year leading up to the transfer date and since, Treasury and CFPB staff successfully completed projects critical to establishing key operations of the Bureau, including:

- Started on-site examinations of the largest banks;
- Began investigating possible violations of Federal consumer financial laws;
- Began accepting and facilitating the resolution of consumer complaints and inquiries concerning credit cards and residential mortgage loans;

The CFPB is now in the process of developing a robust set of performance measures to track the Bureau's progress toward achieving its strategic goals in FY 2012 and beyond. The CFPB will use FY 2012 to collect baseline data that will inform target-setting in the future. The CFPB will continue to modify and develop additional measures during FYs 2012 and 2013.

#### *Supervision activities (examinations, targets reviews, or horizontal reviews) opened during the fiscal year*

The CFPB will conduct examinations, target review, or horizontal reviews of the entities over which it has supervisory authority. Included in this figure are a number of entities that will be under a continuous supervision program due to the size and complexity of the entity. The results of these activities will be subject to a rigorous internal review process to ensure consistent, fair, and balanced outcomes that protect consumers. As a new indicator in FY 2012, the Bureau will collect information on the number of supervisory activities throughout the fiscal year in order to assess performance against strategic goals.

#### *Percent of complaints closed within 60 Days*

This measure demonstrates Consumer Response's efficiency in investigating and closing out consumer complaints (following closure by the financial institution). Targets will be set in the future as the Bureau continues to collect baseline data on response times for credit card complaints, as well as other products and services that will be launched in FY 2012.

#### *Percent of the mortgage market monitored through data*

This measure reflects the CFPB's efforts to monitor trends and emerging risks in the mortgage markets. The Bureau is investing in data not just in aggregate but rather at the level of particular consumer transactions.