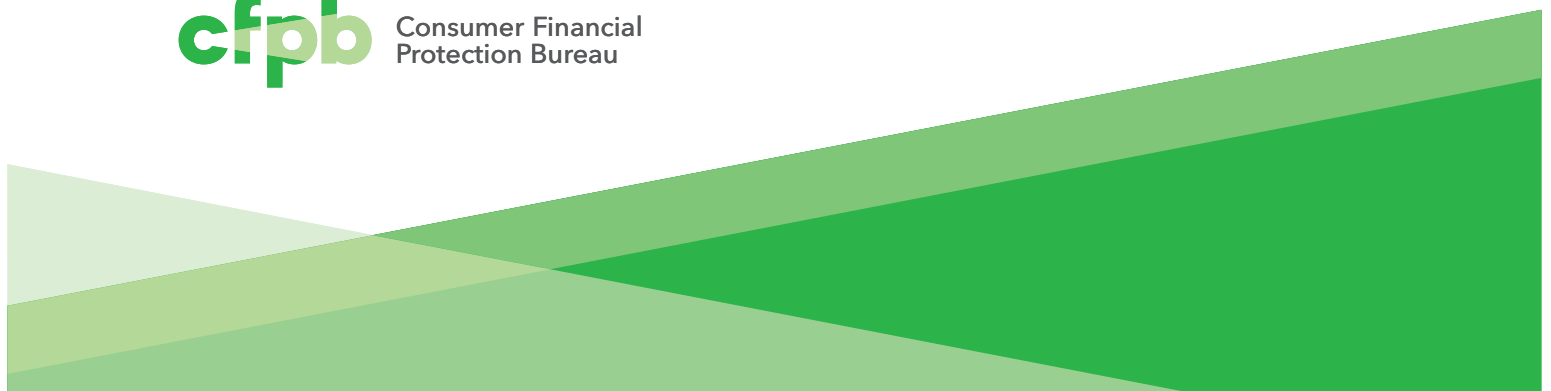


May 2017

The CFPB strategic plan, budget, and performance plan and report



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Message from Richard Cordray

Director of the CFPB



Continuing the Consumer Financial Protection Bureau’s established practice, I am pleased to share an integrated view of planning and performance updates that address requirements set forth in the Government Performance and Results Act (GPRA) of 1993, as amended in the GPRA Modernization Act (GPRAMA) of 2010.

This document presents the CFPB’s goals, investment choices, and accomplishments holistically. Presenting the Bureau’s long-term focus areas, resource allocations, and progress achieved to date in a unified document aims to provide a balanced and transparent status update on the CFPB’s work to American consumers, Congress, and other key stakeholders.

The CFPB’s Strategic Plan for fiscal years 2013-2017 guides our long-range work and provides a comprehensive review of progress that the CFPB achieved in fiscal year (FY) 2016 across its four Strategic Goals. In addition, this document contains the Bureau’s most current view of budget projections for FY 2017-2018 and corresponding measures across its performance goals.

The CFPB continues to strengthen its performance planning and reporting capabilities. This year’s report reflects the Bureau’s continued emphasis on balanced performance planning, accurate data for measuring performance, and evaluating programs with a view toward increasing effectiveness.

To share a few highlights, in FY 2016, the CFPB:

- Provided digital content, materials, and decision tools to more than 8.3 million consumers—nearly 1.5 million more consumers reached than the previous year;
- Handled more than 283,000 consumer complaints across a broad range of financial products, exceeding the 1,000,000 mark for the total number of consumer complaints handled by the CFPB since July 21, 2011;

- Shared investigative information with more than 74 different government agencies in 130 matters;
- Published 24 notable reports about specific consumer financial products, markets, or regulations; and
- Hosted 17 public events on key issues affecting consumer financial markets such as credit cards, mortgages, auto finance, and payday lending.

Results achieved in the course of FY 2016 suggest that the Bureau continues to mature across its focus areas in supervision, enforcement, research, and outreach to American consumers. While the CFPB's resource base is not expected to experience substantial increases in FY 2017-18, the Bureau's work to date indicates that consumers of financial services face challenges across product areas, highlighting the need for the Bureau to leverage available resources carefully. The CFPB will pursue its mission through careful planning, data-driven choices, deployment of innovative operational and technological solutions, and engagement of its workforce across the nation.

Congress created the CFPB as an independent Bureau within the Federal Reserve System as part of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, in direct response to a severe financial crisis. While the immediate effects of the turmoil have receded over the last several years, structural issues that the CFPB has identified through its work clearly signal that the Bureau's mission of protecting American consumers remains as critical as ever. The Bureau will continue to work closely with Congress, businesses, consumer advocates, and Federal, state, and local partners to increase the effectiveness and robustness of its consumer protection efforts.

Sincerely,



Richard Cordray, Director
February 2017

Overview of the CFPB

The Consumer Financial Protection Bureau (CFPB) was established on July 21, 2010 under Title X of the Dodd-Frank Wall Street Reform and Consumer Protection Act Public Law No. 111-203 (Dodd-Frank Act). The CFPB was established as an independent bureau within the Federal Reserve System and is an Executive agency as defined in Section 105 of Title 5, United States Code.

The Dodd-Frank Act authorizes the CFPB to exercise its authorities to ensure that, with respect to consumer financial products and services:

1. Consumers are provided with timely and understandable information to make responsible decisions about financial transactions;
2. Consumers are protected from unfair, deceptive, or abusive acts and practices and from discrimination;
3. Outdated, unnecessary, or unduly burdensome regulations are regularly identified and addressed in order to reduce unwarranted regulatory burdens;
4. Federal consumer financial law is enforced consistently in order to promote fair competition; and
5. Markets for consumer financial products and services operate transparently and efficiently to facilitate access and innovation.

Under the Dodd-Frank Act, on the designated transfer date, July 21, 2011, certain authorities and functions of several agencies relating to Federal consumer financial law transferred to the CFPB in order to accomplish the above objectives. These authorities were transferred from the Board of Governors of the Federal Reserve System (Board of Governors), Office of the Comptroller of the Currency (OCC), Office of Thrift Supervision (OTS), Federal Deposit Insurance Corporation (FDIC), National Credit Union Administration (NCUA), and the Department of Housing and Urban Development (HUD). In addition, Congress vested the Bureau with authority to enforce in certain circumstances the Federal Trade Commission's (FTC) Telemarketing Sales Rule and its rules under the FTC Act, although the FTC retains full authority over these rules. The Dodd-Frank Act also provided the CFPB with certain other Federal consumer financial regulatory authorities.

The GPRA Modernization Act (GPRAMA) of 2010 asks agencies to identify lower-priority program activities, where applicable. The CFPB does not have any lower-priority program activities.

Our organization

Under the Dodd-Frank Act, the Secretary of the Treasury was responsible for establishing the CFPB and performing certain functions of the Bureau until a Director of the CFPB was in place. The Bureau's day-to-day operations were managed by the Special Advisor to the Secretary of the Treasury for the Consumer Financial Protection Bureau until January 4, 2012, when President Obama appointed Richard Cordray as the first Director of the CFPB. Subsequently, the U.S. Senate confirmed the appointment of Richard Cordray on July 16, 2013, and Director Cordray was sworn in as the first Senate-confirmed Director of the CFPB on July 17, 2013.

To accomplish its mission, the CFPB is organized into six primary divisions:

1. **Consumer Education and Engagement:** works to empower consumers with the knowledge, tools, and capabilities they need in order to make better-informed financial decisions by engaging them in the right moments of their financial lives, while addressing the unique financial challenges faced by four specific populations.
2. **Supervision, Enforcement, and Fair Lending:** ensures compliance with Federal consumer financial laws by supervising market participants and bringing enforcement actions when appropriate.
3. **Research, Markets, and Regulations:** conducts research to understand consumer financial markets and consumer behavior, evaluates whether there is a need for regulation, and determines the costs and benefits of potential or existing regulations.
4. **Legal Division:** ensures the Bureau's compliance with all applicable laws and provides advice to the Director and the Bureau's divisions.
5. **External Affairs:** manages the Bureau's relationships with external stakeholders and ensures that the Bureau maintains robust dialogue with interested stakeholders to promote understanding, transparency, and accountability.
6. **Operations:** builds and sustains the CFPB's operational infrastructure to support the entire organization and hears directly from consumers about challenges they face in the marketplace through their complaints, questions, and feedback.

Our mission

The CFPB is a 21st century agency that helps consumer finance markets work by making rules more effective, by consistently and fairly enforcing those rules, and by empowering consumers to take more control over their economic lives.

Our vision

If we achieve our mission, then we will have encouraged the development of a consumer finance marketplace

- where customers can see prices and risks up front and where they can easily make product comparisons;
- in which no one can build a business model around unfair, deceptive, or abusive practices;
- that works for American consumers, responsible providers, and the economy as a whole.

We will achieve our mission and vision through:

Data-driven analysis

The CFPB is a data-driven agency. We take in data, manage it, store it, share it appropriately, and protect it from unauthorized access. Our aim is to use data purposefully, to analyze and distill data to enable informed decision-making in all internal and external functions.

Innovative use of technology

Technology is core to the CFPB accomplishing its mission. This means developing and leveraging technology to enhance the CFPB's reach, impact, and effectiveness. We strive to be recognized as an innovative, 21st century agency whose approach to technology serves as a model within government.

Valuing the best people and great teamwork

At the CFPB, we believe our people are our greatest asset. Therefore, we invest in world-class training and support in order to create a diverse and inclusive environment that encourages employees at all levels to tackle complex challenges. We also believe effective teamwork extends outside the walls of the CFPB. We seek input from and collaborate with consumers, industry, government entities, and other external stakeholders.

We aim to embody the following values in everything we do:

Service

Our mission begins with service to the consumer and our country. We serve our colleagues by listening to one another and by sharing our collective knowledge and experience.

Leadership

Fostering leadership and collaboration at all levels is at the core of our success. We believe in investing in the growth of our colleagues and in creating an organization that is accountable to the American people.

Innovation

Our organization embraces new ideas and technology. We are focused on continuously improving, learning, and pushing ourselves to be great.

Plan overview

Our strategic plan articulates four goals

Goal 1	Prevent financial harm to consumers while promoting good practices that benefit them.
Goal 2	Empower consumers to live better financial lives.
Goal 3	Inform the public, policy makers, and the CFPB's own policy making with data-driven analysis of consumer finance markets and consumer behavior.
Goal 4	Advance the CFPB's performance by maximizing resource productivity and enhancing impact.

In support of each goal we outline

Budget	Resource allocations we will make in order to achieve our goals.
Outcomes	Desired outcomes that further define the focus of our work.
Strategies & investments	Strategies and investments that lay out the actions we will take to accomplish our outcomes.
Performance goals	Specific, measurable goals we will use to assess our progress along with associated measures and indicators.

Budget overview

The CFPB's operations are funded principally by transfers made by the Board of Governors of the Federal Reserve System from the combined earnings of the Federal Reserve System, up to the limits set forth in the Dodd-Frank Act. The Director of the CFPB requests transfers from the Federal Reserve System in amounts that he has determined are reasonably necessary to carry out the Bureau's mission within the limits set forth in the Dodd-Frank Act. Transfers through fiscal year (FY) 2013 were capped at pre-set percentages of the total 2009 operating expenses of the Federal Reserve System. Beginning in FY 2014, the funding caps have been adjusted annually, based on the percentage increase in the employment cost index for the total compensation for State and local government workers, which is published by the Federal Government. Transfers from the Federal Reserve System were capped at \$631.7 million for FY 2016 and are capped at \$646.2 million for FY 2017. For FY 2018, the funding cap will be \$663.0 million. Funds transferred from the Federal Reserve System are deposited into the Bureau of Consumer Financial Protection Fund (Bureau Fund), which is maintained at the Federal Reserve Bank of New York.

Pursuant to the Dodd-Frank Act, the CFPB is also authorized to collect and retain for specified purposes civil penalties obtained from any person for violations of Federal consumer financial laws. The CFPB generally is authorized to use these funds for payments to the victims of activities for which civil penalties have been imposed, and may also use the funds for consumer education and financial literacy programs under certain circumstances. Funds collected by the CFPB under this authority are deposited into the Consumer Financial Civil Penalty Fund (Civil Penalty Fund) separately maintained at the Federal Reserve Bank of New York. Amounts in the Civil Penalty Fund are available without fiscal year limitation.

Bureau Fund

The CFPB Bureau Fund FY 2017 and FY 2018 budget estimates included in this Report allow the Bureau to continue to fulfill its statutory purpose, objectives, and functions pursuant to Section 1021 of the Dodd-Frank Act and will support Bureau operations as it continues to grow and mature as a Federal agency.

In FY 2016, the Bureau Fund incurred \$575.6 million in supporting its mission. The budget estimate for FY 2017 increases to \$646.0 million as the Bureau continues to support the ongoing maintenance of key investments and fulfills approved staffing requirements. However, the FY 2018 budget estimate is \$630.4 million, 2.4 percent lower than the FY 2017 budget estimate. The

budget reductions in FY 2018 can be attributed to several factors: the consumer response system and contact center were re-competed in FY 2017; the Bureau is moving out of its temporary space and back into the Bureau's headquarters (HQ) in Washington, D.C.; and several one-time purchases for the renovation were completed. As discussed throughout this document, these funds will help the Bureau achieve its mission and the four strategic goals outlined in this plan.

Budget by strategic goal

Goal 1	Prevent financial harm to consumers while promoting good practices that benefit them.
Goal 2	Empower consumers to live better financial lives.
Goal 3	Inform the public, policy makers, and the CFPB’s own policy making with data-driven analysis of consumer finance markets and consumer behavior.
Goal 4	Advance the CFPB’s performance by maximizing resource productivity and enhancing impact.

TABLE 1: Budget by strategic goal (\$ in the millions)

	FY 2016*	%	FY 2017**	%	FY 2018**	%
Goal 1	\$264.7	46%	\$286.2	44%	\$286.3	46%
Goal 2	\$125.0	22%	\$147.8	23%	\$134.9	21%
Goal 3	\$50.2	9%	\$58.1	9%	\$59.0	9%
Goal 4	\$135.7	23%	\$153.9	24%	\$150.2	24%
Total	\$575.6	100%	\$646.0	100%	\$630.4	100%

* FY 2016 amounts reflect obligations incurred and include upward adjustments to prior year obligations.
 ** FY 2017 and FY 2018 estimates are based on the best available information at the time the Budget was prepared and are subject to revision.

TABLE 2: FTE by strategic goal

	FY 2016	FY 2017	FY 2018
Goal 1	830	885	910
Goal 2	234	273	290
Goal 3	113	134	143
Goal 4	378	423	449
Total	1,555	1,715	1,792

The proportion of funding across all goals is expected to remain relatively constant through FY 2018. The following discussion provides details on the significant difference between FY 2017 and FY 2018 for each goal.

Staffing resources within Goal 1 continue to increase as the Bureau works towards achieving the approved workforce necessary for the regional supervision and examination offices. Additionally, the Examiner Training and Travel is the largest increase in FY 2017. There is a slight decrease in non-personnel costs in FY 2017, due to lower costs for the Supervision Compliance Tool and e-Law Tools. The Compliance Tool, which intakes batches of loan files from bank and non-bank entities to test compliance with consumer federal financial regulations, was modified, which resulted in lower costs in FY 2017. In FY 2018, the Non-Bank Registration investment is projected to begin to enable the Bureau to identify covered entities and obtain data for proper risk monitoring and investigations. The remaining investments within Goal 1 are continuing at similar levels in FY 2017 and FY 2018.

Within Goal 2, the investment for Consumer Services Awareness Building increases in FY 2017 but returns to FY 2016 levels in FY 2018. The Consumer Services Awareness investment enables the Bureau to provide targeted, meaningful, and accessible assistance and information to consumers when they face decisions about consumer financial products and services. Additionally, investments in consumer education and engagement initiatives also contribute to the increase within Goal 2, in FY 2017 and FY 2018, as the Bureau continues to support Underserved and Special Populations Outreach and Consumer Experience Program. As discussed earlier, in FY 2017, the Consumer Response System and the Consumer Response Contact Center underwent modifications for vendors. As such, the Consumer Response system was transitioned to a new IT infrastructure platform in FY 2017, and the Consumer Response Contact Center was awarded to a new vendor. These transitions will provide a significant decrease in anticipated costs for FY 2018.

Goal 3 has several new initiatives from FY 2016 increasing in FY 2017 and FY 2018. The increases in FY 2017 provide support for the Assessments, Primary Data Collections, and consumer education and engagement activities for Underserved and Special Populations Research. The Assessments investment is an assessment of the effectiveness of rules previously issued by the Bureau, and Primary Data Collections provides research data related to disclosure research, and consumer experiences with small dollar loans. The increase for Underserved and Special Populations Research is due to the design and development of teaching techniques for educational professionals to incorporate financial education skill development in the classroom. The increases will continue in FY 2018.

An increase in the budget supporting Goal 4 reflects the Bureau's growth as a data-driven agency focused on utilizing shared technology platforms across the agency to streamline information, resources, and tools. The investment in the Customer Relationship Management system will enable enhanced collaboration across the Bureau's processes to have a single transactional system for managing various related process workflows. Additionally, costs associated with Technology Infrastructure are projected to increase in FY 2017 and FY 2018 as the Bureau continues to focus on developing its IT capabilities. These capabilities will provide the Bureau with flexibility, scalability, and on-demand capacity that is adequate to support the agile and expanding IT environment. In FY 2018, investments across Goal 4 are expected to level off closer to FY 2017 levels as the development of technology infrastructure and operational support services approach steady-state levels.

There are several other investments that support all Goals. One such expense, the costs for facilities agreements, includes costs incurred by the Bureau to maintain space for regional offices in Chicago, San Francisco, and New York, as well as temporary space in Washington D.C. In FY 2017, the Bureau intends to incur a temporary increase in Furniture, Fixtures and Equipment (FF&E); and Tenant Improvements for the building renovations. The large FF&E investment will be several purchases in FY 2017 as FF&E is designed, selected, purchased, manufactured, delivered, and installed throughout FY 2017. The facilities costs incurred due to the renovation are ending in FY 2017 and will significantly decrease the FY 2018 projected budget. Additionally, the costs associated with Facilities Agreements (Utilities, Security, and Other) for the permanent space will increase in FY 2017 as the Bureau begins the process of moving back and utilizing the renovated headquarters space.

Key investments are described in more detail within the discussion of each goal.

TABLE 3: Key investments (\$ in the millions)

Goal/ Outcome	Key Investment Category	FY 2016	FY 2017	FY 2018
1.1	Disclosure, Design, Testing and Implementation	\$0.1	\$0.6	\$0.1
	Small Business Rulemaking	\$0.0	\$0.0	\$0.4
1.23	e-Law Tools and Support	\$3.8	\$3.1	\$2.8
	Examiner Commissioning Program Development	\$1.7	\$1.6	\$0.0
	Examiner Training and Travel	\$14.1	\$15.8	\$16.4
	Litigation Support	\$5.3	\$5.8	\$5.6
	Non-Bank Registration	\$0.0	\$0.0	\$1.5
	Supervision and Enforcement Training & Travel	\$4.6	\$4.0	\$4.1
	Supervision Compliance Tool	\$3.9	\$3.1	\$2.6
2.1	Consumer Response Operational and Program Support	\$4.1	\$2.9	\$1.9
	Consumer Response System - Complaint Analytics	\$2.6	\$2.7	\$2.0
	Consumer Response System	\$10.1	\$6.7	\$3.9
	Consumer Response Contact Center	\$13.3	\$17.3	\$10.3
	Optimizing CFPB Communication and Consumer Engagement Channels	\$0.8	\$0.6	\$0.4
2.2	Consumer Education Initiatives	\$7.2	\$6.8	\$7.3
	Consumer Experience Program	\$2.3	\$3.1	\$2.7
	Consumer Services Awareness Building	\$14.0	\$15.0	\$14.0
	Financial Education Metrics	\$0.4	\$0.6	\$1.0
	Underserved and Special Populations Programs and Outreach	\$1.2	\$1.8	\$3.1

Goal/ Outcome	Key Investment Category	FY 2016	FY 2017	FY 2018
2.2	Your Money, Your Goals	\$2.3	\$2.4	\$1.5
3.1	Credit Card Database	\$3.3	\$1.9	\$3.2
	HMDA Data Processing	\$0.4	\$0.6	\$0.4
	HMDA Development and Implementation	\$1.0	\$1.1	\$1.2
	National Mortgage Database	\$1.5	\$1.7	\$1.7
	Other Market Data	\$1.2	\$1.4	\$2.0
3.2	Financial Education Research	\$0.6	\$0.9	\$1.1
	Assessments	\$0.0	\$1.9	\$0.0
	Primary Data Collection	\$0.8	\$2.0	\$1.7
	Underserved and Special Populations Research	\$0.6	\$6.4	\$6.8
4.1	Diversity, Inclusion and Equal Opportunity Initiatives	\$1.6	\$2.4	\$0.6
	Human Capital Shared Services, Infrastructure, and Operations	\$7.6	\$7.4	\$7.6
	Learning, Leadership, and Organization Development Facilitation and Design	\$2.0	\$1.9	\$1.8
	Outreach, Candidate Recruiting, and Candidate Selection support	\$1.9	\$2.4	\$2.5
4.2	Customer Relationship Management System	\$8.1	\$10.9	\$10.9
	Cybersecurity	\$9.2	\$10.4	\$11.1
	Data Infrastructure and Analysis	\$5.0	\$6.8	\$7.9
	Design and Software Development Support	\$3.4	\$5.0	\$5.2
	Document Management System	\$0.7	\$0.6	\$0.6

Goal/ Outcome	Key Investment Category	FY 2016	FY 2017	FY 2018
4.2	e-Discovery Services Implementation	\$2.8	\$3.1	\$3.2
	IT Portfolio Management	\$14.4	\$9.7	\$9.8
	Technology Infrastructure	\$23.9	\$31.8	\$31.3
4.3	Audits of the Bureau	\$15.5	\$16.3	\$16.7
	Financial Management Support Services	\$5.4	\$4.8	\$3.7
	Internal Controls	\$0.9	\$0.6	\$0.6
	Procurement Services and Support	\$3.1	\$2.6	\$2.0
ALL	Architecture and Engineering Services for HQ Building Renovation	\$0.2	\$0.3	\$0.0
	Facilities Agreements (Occupancy)	\$18.0	\$17.9	\$21.2
	Facilities Agreements (Occupancy) for Temporary Space	\$18.5	\$15.7	\$3.9
	Facilities Agreements (Tenant Improvements)	\$0.8	\$7.5	\$0.0
	Facilities Agreements (Utilities, Security, Other)	\$3.2	\$8.1	\$14.2
	Facilities Agreements (Utilities, Security, Other) for Temporary Space	\$5.6	\$5.0	\$2.2
	Furniture, Fixtures and Equipment for HQ Building Renovation	\$2.6	\$9.1	\$0.0
	HQ Building Renovation (Other)	\$7.8	\$2.9	\$0.0
	Library Resources and Services	\$2.9	\$3.5	\$3.7
	Personnel Security Investigations	\$1.6	\$1.4	\$1.4
	Other	\$17.3	\$12.0	\$8.7
NON-Pay Total		\$285.2	\$311.9	\$270.5

Budget by object class, program, and FTE

TABLE 4: Budget by object classification (\$ in the millions)

Object Classification	FY 2016	FY 2017	FY 2018
Personnel Compensation	\$214.0	\$248.0	\$269.5
Personnel Benefits	\$76.1	\$85.8	\$90.2
Benefits to Former Personnel	\$0.2	\$0.2	\$0.2
Travel and Transportation of Persons	\$18.3	\$18.8	\$19.1
Transportation of Things	\$0.1	\$0.0	\$0.0
Rents, Communications, and Misc Charges	\$22.5	\$21.2	\$15.8
Printing and Reproduction	\$4.4	\$3.3	\$3.9
Other Contractual Services	\$215.8	\$206.0	\$186.6
Supplies and Materials	\$5.8	\$5.4	\$5.1
Equipment	\$18.2	\$49.8	\$40.0
Land and Structures	\$0.2	\$7.5	\$0.0
Total	\$575.6	\$646.0	\$630.4

From FY 2016 to FY 2017, the Bureau will continue to grow in order to successfully achieve its strategic goals. However, in FY 2018, the Bureau anticipates a decrease in its projected budget.

Expenses related to personnel compensation and benefits continue to represent the largest increases in FY 2017 and FY 2018, driven by increases in the staffing levels within the Operations and Supervision, Enforcement, and Fair Lending programs. The largest increases in Equipment costs from FY 2016 to FY 2017 are due to finishing the infrastructure development at the Bureau's headquarters; however, these costs are projected to decrease in FY 2018. The large decrease in rents, communications, and miscellaneous expenses in FY 2018 are due to the agency moving out of its temporary facilities and back into its renovated headquarters. Other contractual services in FY 2017 and FY 2018 are reflective of a number of existing and new investments across all programs and goals attaining steady-state levels. Other expenses related to travel, printing, supplies, and materials continue at similar levels of FY 2016.

TABLE 5: Budget by program (*\$ in the millions*)

	FY 2016	FY 2017	FY 2018
Office of the Director	\$8.8	\$10.8	\$10.1
Operations	\$67.2	\$77.5	\$82.3
Operations - Consumer Response	\$53.0	\$56.6	\$47.7
Consumer Education and Engagement	\$42.0	\$54.0	\$55.5
Research, Markets, and Regulation	\$39.0	\$46.4	\$48.2
Supervision, Enforcement, and Fair Lending	\$147.8	\$157.9	\$164.5
Legal	\$15.7	\$17.6	\$17.5
External Affairs	\$8.5	\$10.2	\$11.1
Other Programs*	\$2.9	\$4.3	\$4.9
Centralized Services	\$190.7	\$210.7	\$188.6
Total	\$575.6	\$646.0	\$630.4

* Other Programs includes programs such as the Ombudsman and Administrative Law Judges.

The increase in Bureau resources underscores its commitment to its mission to protect and empower consumers.

From FY 2016 into FY 2017, the large increases within Operations and Supervision, Enforcement, and Fair Lending programs are due to the Bureau growing in headcount. Additionally, the large increase in investments within Consumer Education and Engagement center on building consumer awareness of Bureau tools and resources, and are expected to plateau in FY 2018. Increased costs in Research, Markets, and Regulations reflect the Bureau's need to conduct Assessments on Title XIV mortgage regulations under its statutory authority. In FY 2017, Consumer Response realizes a slight increase in funding as it undergoes modifications to the consumer response system and contact center in order to support steady-state operations; however, costs return to steady-state levels in FY 2018.

The Centralized Services costs support budgeted amounts for programmatic and operational services that support the entire agency (e.g., facilities, utilities, and IT-related equipment and

services). The cost of Centralized Services (including rent, facilities, security, maintenance, utilities costs) continues to increase in FY 2017 as the Bureau continues to utilize temporary office space for its Washington, D.C. staff, as planned renovations to the Bureau’s permanent headquarters continue. These renovations update the headquarters building to current energy, environmental, and security standards and make necessary repairs to aging building systems and infrastructure. These renovations include replacement of major infrastructure such as the roof, building enclosure, and heating, water, and electrical systems. The largest renovations and associated temporary facilities costs are currently planned to considerably decrease in FY 2018 as the agency moves back into its headquarters.

TABLE 6: FTE by program

Programs	FY 2016	FY 2017	FY 2018
Office of the Director	34	42	44
Operations	297	345	371
Operations - Consumer Response	148	163	175
Consumer Education and Engagement	69	80	85
Research, Markets, and Regulations	158	178	184
Supervision, Enforcement, and Fair Lending	699	735	754
Legal	71	80	80
External Affairs	44	48	51
Other Programs*	35	44	48
Total	1,555	1,715	1,792

* Other Programs includes programs such as the Ombudsman and Administrative Law Judges.

The increases in full-time equivalent employees (FTEs) support the Bureau’s continued growth toward steady-state operations. The increases within the Operations Division support the Bureau’s technology work and infrastructure analysis. Consumer Response continues to expand to meet the growing needs of consumers and effectively meet the demands associated with the increasing volume of consumer complaints received by the Bureau. Increases in Research, Markets, and Regulations expand the Bureau’s capacity to carry out its Unified Agenda and further develop expertise in market monitoring. The additional workforce within Supervision, Enforcement, and Fair Lending, including the growth of the regional examination workforce,

will enable the Bureau to continue to supervise and enforce compliance with the Federal consumer financial laws across the country. These staffing increases are critical to creating and maintaining a high-performing organization.

Budget authority

Funding required to support the CFPB's operations is obtained primarily through transfers from the Board of Governors of the Federal Reserve System. In accordance with the Dodd-Frank Act, in FY 2013, transfers to the Bureau were capped at 12 percent of the Federal Reserve System's 2009 operating expenses. After FY 2013, the transfer cap was adjusted annually based on the percentage increase in the Employment Cost Index published by the Federal Government for total compensation for State and local government. The inflation-adjusted transfer cap for FY 2017 is \$646.2 million, and the transfer cap for FY 2018 is \$663.0 million. Funds transferred from the Federal Reserve System to fund the operations of the Bureau are transferred into the Bureau Fund quarterly and maintained at the Federal Reserve Bank of New York. The Bureau anticipates requesting less than the transfer cap to fund operations in FY 2017 and FY 2018.

The Federal Reserve Board of Governors (Board), entered into an interagency agreement with the CFPB for the construction of a new system, which the CFPB will maintain, operate, and manage on behalf of the Agencies¹ and the Federal Financial Institutions Examination Council (FFIEC) for the collection, processing, and publication of the Home Mortgage Disclosure Act (HMDA) Data. The CFPB will process the HMDA Data for the Agencies and the FFIEC, and prepare and make available data products to the general public.

In addition to transfers from the Federal Reserve, a small portion of the CFPB's budget resources comes from receipts collected from interest on Treasury securities and filing fees pursuant to the Interstate Land Sales Full Disclosure Act of 1968 (ILSA). ILSA fees are deposited into an account maintained by the Department of the Treasury and may be expended for the purpose of covering all or part of the costs that the Bureau incurs to operate the ILSA Program.

¹ "Agencies" are defined as the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC), the Board of Governors of the Federal Reserve System (Board), and the National Credit Union Administration (NCUA).

TABLE 7: Bureau Fund (\$ in the millions)

Receipts	FY 2016	FY 2017	FY 2018
Transfers from the Federal Reserve Board	\$564.9	\$602.0	\$630.4
Collections	\$3.0	\$3.0	\$3.0
Other Receipts	\$1.0	\$1.0	\$1.0
Unobligated Balances, start of year	\$130.4	\$141.7	\$112.0
Recoveries of Prior Year Obligations	\$18.0	\$10.0	\$10.0
Total Budgetary Resources	\$717.3	\$757.7	\$756.4
Total Obligations	\$575.6	\$646.0	\$630.0

Civil Penalty Fund budget authority

The Dodd-Frank Act authorizes the CFPB to collect and retain for specified purposes civil penalties obtained from any person in a judicial or administrative action under Federal consumer financial laws. The CFPB maintains the Consumer Financial Civil Penalty Fund (CPF) for this purpose. Collections of civil penalties are deposited into the CPF, and such funds are available for payments to victims of activities for which civil penalties have been imposed under the Federal consumer financial laws. To the extent that victims cannot be located or payments are otherwise not practicable, the Bureau is authorized to use such funds for consumer education and financial literacy programs. As directed by the Dodd-Frank Act, the CFPB maintains a separate account for these funds at the Federal Reserve Bank of New York.

On May 7, 2013, the Bureau published in the Federal Register the Civil Penalty Fund rule, 12 C.F.R. part 1075, a final rule governing how the Bureau will use funds in the CPF. This rule states that the Civil Penalty Fund Administrator will allocate funds to classes of eligible victims and, as appropriate, to consumer education and financial literacy programs in accordance with a schedule published by the Bureau on its website.

The CFPB collected \$524.3 million in actual deposits through the end of FY 2016 and expects to collect additional amounts during FY 2017. Of the amounts collected to date, the Bureau allocated \$349.6 million. Approximately \$320.8 million was allocated to compensate harmed consumers and \$28.8 million for consumer education and financial literacy programs. Of the allocated funds, \$71.7 million² was obligated through the end of FY 2016, and an additional \$272.3 million is projected to be obligated in FY 2017.

Additional information regarding allocations from the CPF is available at consumerfinance.gov.

TABLE 8: Civil Penalty Fund (\$ in the millions)

Receipts	FY 2016	FY 2017	FY 2018
Collections	\$182.1	\$7.3	\$0.0
Unobligated Balances, start of year	\$305.6	\$416.0	\$151.1
Total Budgetary Resources	\$487.7	\$423.3	\$151.1
Total Obligations	\$71.7	\$272.3	\$27.0

² \$71.7 million reflects all obligations incurred during FY 2016. The Bureau has subsequently posted an \$18.9 million downward adjustment to its FY 2016 obligations.

GOAL 1

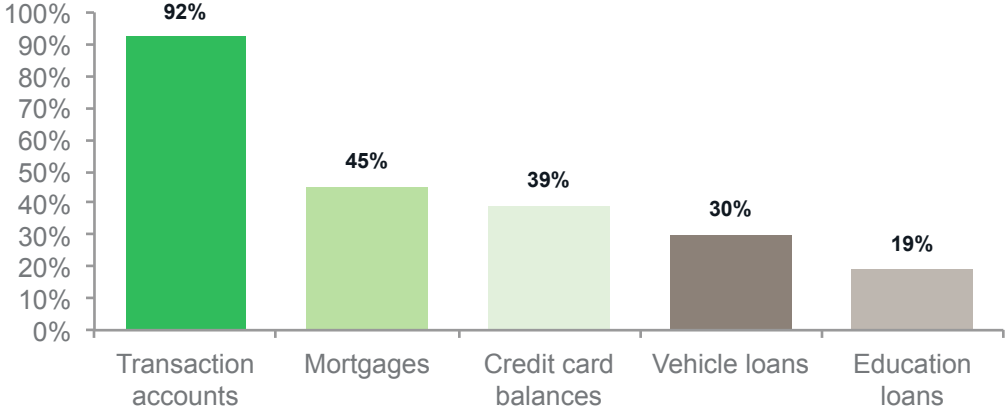
Prevent financial harm to consumers while promoting good practices that benefit them

TABLE 9: Budget for goal 1, by program (*\$ in the millions*)

Goal 1	FY 2016	FY 2017	FY 2018
Office of the Director	\$1.3	\$1.4	\$1.4
Operations	\$0.2	\$0.5	\$0.5
Research, Markets, and Regulation	\$15.1	\$17.7	\$17.9
Supervision, Enforcement, and Fair Lending	\$147.5	\$157.9	\$164.5
Legal	\$5.5	\$7.4	\$7.8
External Affairs	\$1.3	\$1.8	\$2.0
Other Programs	\$1.2	\$1.7	\$2.2
Centralized Services	\$92.6	\$97.7	\$89.9
Total	\$264.7	\$286.2	\$286.3

Introduction

FIGURE 1: Percent of American families that rely on one or more financial products³



Prior to enactment of the Dodd-Frank Act, consumer financial protection had not been the primary focus of any one Federal agency, and no agency could set the rules for and oversee the entire consumer financial market. The result was a system without sufficiently effective rules or consistent enforcement of the law. These factors ultimately contributed to the 2008 financial crisis.

Consumer financial protection is the CFPB’s singular focus. The Dodd-Frank Act increased accountability in government by consolidating consumer financial protection authorities that had existed across seven different Federal agencies into one, the newly formed Consumer Financial Protection Bureau. These authorities include the ability to issue regulations under more than a dozen Federal consumer financial laws. As provided in section 1021 of the Dodd-Frank Act, the purpose of the CFPB is to implement, and where applicable, enforce Federal consumer financial laws consistently for the purpose of ensuring that all consumers have access to markets for consumer financial products and services and that such markets are fair, transparent, and competitive.

In addition, the Dodd-Frank Act gives the CFPB the authority to supervise and examine many non-bank financial service providers previously unsupervised at the Federal level, such as mortgage companies, payday lenders, and private education lenders of any size, and larger participants of other markets that the Bureau defines by rules, such as credit reporting companies. With the consolidation of existing and new authorities, the CFPB is now focused and equipped to prevent financial harm to consumers while promoting practices that benefit consumers across financial institutions.

3 Federal Reserve Board, “2010 Survey of Consumer Finances,” tables 13-10, 6-10 based on public data, last updated 7/19/2012, www.Federalreserve.gov/econresdata/scf/scf_2010.htm (Last viewed 8/23/2012).

TABLE 10: Financial institutions subject to the CFPB supervisory authority for consumer financial protection purposes

Large banks, thrifts, credit unions & their affiliates	Certain non-bank institutions
Representing over \$10 trillion in assets (~75% of total industry)	Including companies engaged in mortgage lending, brokering, and servicing; payday lenders; private education lenders; and larger participants of the consumer debt collection and consumer reporting markets

Industry structure is always changing, and therefore, so too will the number of institutions that fall under the CFPB’s supervisory authority. The CFPB is designed to be agile and adjust its approach to supervising the financial industry in order to respond rapidly to changing consumer needs.

The CFPB will reach its first goal by achieving the following three outcomes:

1. **Outcome 1.1:** Create, adopt, and administer regulations in order to promote a consumer financial marketplace in which: (A) consumers can understand the costs, benefits, and risks associated with consumer financial products and services initially and over the term of the product or service, and (B) consumers are not subject to deceptive, unfair, abusive, or discriminatory practices.
2. **Outcome 1.2:** Supervise institutions to foster compliance with Federal consumer financial laws, promote a fair consumer financial marketplace, and prevent unlawful discrimination.
3. **Outcome 1.3:** Enforce Federal consumer financial laws and hold violators accountable.

Outcome 1.1

Create, adopt, and administer regulations in order to promote a consumer financial marketplace in which: (A) consumers can understand the costs, benefits, and risks associated with consumer financial products and services initially and over the term of the product or service, and (B) consumers are not subject to deceptive, unfair, abusive, or discriminatory practices.

Outcome leader: Associate Director of Research, Markets, and Regulations

Strategies and investments

The following strategies and investments have been put in place to help the CFPB achieve outcome 1.1.

Strategies

- Develop and maintain an efficient fact-based approach to developing, evaluating, revising, and finalizing regulations.
- Develop a rule-writing team with highly advanced skills in relevant and specialized legal, business, and economic areas.
- Work with consumers and industry stakeholders on developing regulations to implement existing Federal consumer financial laws effectively.
- Develop a high-skilled team focused on assisting the Bureau and industry with implementation of adopted regulations.
- Leverage technology to continuously improve the efficiency and effectiveness of Federal rulemaking processes and procedures.

Investments

PERSONNEL

Continue to expand capacity to conduct rulemaking activities, provide interpretive guidance, develop small business compliance guides and provide other implementation support, and evaluate benefits and costs of potential rules.

DISCLOSURE, DESIGN, TESTING, AND IMPLEMENTATION

Continue to conduct and gain expertise in disclosure design and disclosure usability testing.

Qualitative research, such as one-on-one interviews and focus groups, enables the Bureau to put forward proposed forms which consumers are more likely to be able to navigate and comprehend. These investments also contribute to evidence-based market research.

SMALL BUSINESS RULEMAKING

Section 1071 of the Dodd-Frank Act requires lenders to gather and report information about credit applications made by small, women-owned, and minority-owned businesses. The Dodd-Frank Act vests CFPB with authority to prescribe rules and issue guidance necessary to carry out, enforce, and compile data pursuant to section 1071.

Performance goals

The CFPB will assess its progress on achieving outcome 1.1 through the following three performance goals:

Performance goal 1.1.1: Complete consumer protection related rulemakings within nine months of final public comments.

The Bureau has made it a priority to ensure that it puts consumer protection regulations into place, including those implementing statutory requirements, in a timely manner. For this reason, the Bureau believes that completion of its own regulatory proposals within nine months of the close of the final public comment period is a good measure of whether it is meeting this goal.

PERFORMANCE MEASURE

TABLE 11: The percentage of proposed rulemakings, conducted solely by the CFPB, finalized or otherwise resolved within nine months of the due date for receipt of final public comments.⁴

	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Target	NA	75%	75%	75%	75%	75%
Actual	100%	78%	100%	86%	100%*	NA

* The Bureau finalized three substantive rules during the relevant reporting period. Of these, two of the rulemakings included an additional component (e.g. disclosure testing) that exempted them from the nine months to completion metric. Only one rule did not include an additional element and it was completed within the targeted timeframe.

4 This measure does not include interagency rulemakings, rulemakings inherited from the Federal Reserve Board, and rulemakings on which the Bureau expects to do further quantitative research following the receipt of public comments.

PROGRESS UPDATE AND FUTURE ACTION

In 2016, the Bureau issued several substantive rules that were not technical or procedural in nature. Most of these rules included an additional element, such as disclosure testing or a substantial operational requirement that exempts it from the nine-month metric for reporting. For example, in October 2015, the Bureau finalized a proposal issued in FY 2015 to amend Regulation C to implement amendments to the HMDA made by section 1094 of the Dodd-Frank Act. Consistent with section 1094, the Bureau added several new reporting requirements and clarified several existing requirements. The Bureau also modified the institutional and transactional coverage of Regulation C. The final rule was issued a little more than a year after the comment period closed as the Bureau worked to finalize the proposed rule and review over 400 comments. Further, in light of various Dodd-Frank requirements and private market data standards initiatives directly related to the rulemaking, the Bureau believes it was important to conduct a broad dialogue about HMDA and to use the opportunity to comprehensively review the HMDA reporting regime as it was developing the final rule.

In June 2016, the Bureau amended the regulatory text and official interpretations of Regulation Z to revise, as applicable, the dollar amounts for certain provisions implementing amendments to the Truth in Lending Act (TILA) under the Credit Card Accountability Responsibility and Disclosure Act of 2009 (CARD Act), the Home Ownership and Equity Protection Act of 1994 (HOEPA), and the Dodd-Frank Act.

In August 2016, the Bureau issued a final rule amending certain mortgage servicing rules issued in 2013 under the Real Estate Settlement Procedures Act (RESPA) and the TILA. These amendments focus primarily on clarifying, revising, or amending provisions regarding force-placed insurance notices, policies and procedures, early intervention, and loss mitigation requirements under Regulation X's servicing provisions; and periodic statement requirements under Regulation Z's servicing provisions. In conjunction with the final rule, the Bureau issued an interpretive rule under the Fair Debt Collections Practices Act (FDCPA), which constitutes an advisory opinion for purposes of the FDCPA and provides safe harbors from liability for servicers acting in compliance with specified mortgage servicing rules in Regulations X and Z in three specific situations. The Notice of Proposed Rulemaking (NPRM) for the mortgage servicing final rule was issued in November 2014. The rulemaking required testing of consumer disclosures, which extended the amount of time needed to finalize the rule.

The Bureau also issued a number of rules that were interim, procedural, or corrective and did not require notice and comment. Most of these rules consequently became effective immediately upon publication in the Federal Register or within 30 days of publication in the Federal Register. A sample of some of the rules is provided below.

The Bureau issued two rules in March 2016 to address the HELP Rural Communities Act, which was enacted on December 4, 2015. First, the Bureau issued a procedural rule that established a process to apply for an area to be designated as a rural area for purposes of a Federal consumer financial law. Second, the Bureau issued an interim final rule that expanded eligibility for special provisions and an exemption from requirements provided to certain small creditors operating in rural or underserved areas under the Bureau's mortgage rules.

Finally, the Bureau also proposed a number of rules in FY 2016, which have not yet been finalized. For example, in May 2016, the Bureau issued a NPRM concerning the use of agreements providing for arbitration of any future dispute between covered persons and consumers in connection with the offering or providing of certain consumer financial products or services. The rulemaking follows on a report that the Bureau issued to Congress in March 2015 as required by the Dodd-Frank Act, as well as on preliminary results of arbitration research that were released by the Bureau in December 2013. The proposal would prohibit covered providers of certain consumer financial products and services from using an arbitration agreement to bar the consumer from filing or participating in a class action. Under the proposal, companies would still be able to include arbitration clauses in their contracts. However, for contracts subject to the proposal, the clauses would have to say explicitly that they cannot be used to stop consumers from being part of a class action in court. The proposal would also require a covered provider that has an arbitration agreement and that is involved in arbitration pursuant to a pre-dispute arbitration agreement to submit specified arbitral records to the Bureau. As the Bureau considers development of a final rule for spring 2017, it is reviewing and considering comments on the proposed rule.

Performance goal 1.1.2: Complete all five-year regulation assessments on schedule.

Section 1022(d) of the Dodd-Frank Act requires the CFPB to assess each significant rule the Bureau adopts under Federal consumer financial law and publish a report of the assessment within five years of the effective date of such rule. The assessment addresses, among other factors, the rule's effectiveness in meeting the purposes and objectives of Title X of the Dodd-Frank Act, and the specific goals stated by the Bureau.

PERFORMANCE MEASURE

TABLE 12: The percentage of five-year regulation assessments completed on schedule.

	Target	Actual
FY 2012	NA	NA
FY 2013	Develop a plan for meeting a pre-rule baseline	The Bureau began identifying existing data that may be useful for establishing baselines and for analysis of potential changes from those baselines, identifying gaps in the necessary data, and planning for the acquisition of additional data to fill those gaps.
FY 2014	Develop strategies to best isolate the effect of rules	The Bureau continued developing an approach and interpretation of the lookback requirement for all major rules, developed sources of data to monitor impacts of mortgage rules, developed contacts with industry and policy communities to collect data, and continue planning for assessing the impact of the Remittance rule.
FY 2015	Begin collection and analysis of relevant quantitative and qualitative information	The Bureau continued market monitoring, and assessing and preparing data sources, such as the National Mortgage Database (NMDB), HMDA, the Consumer Credit Panel, and rate-sheet data for use in Lookback analysis.
FY 2016	Continue collection and analysis of relevant quantitative and qualitative information. Plan industry outreach regarding the impact of rules that went into effect at the beginning of 2014	The Bureau established a team within RMR that defined the scope of multiple assessments and defined resource needs. The Bureau continued assessing and preparing the above data sources and assessing other in-house data from Supervision and Bureau surveys.
FY 2017	Continue collection and analysis of relevant quantitative and qualitative data. Conduct industry outreach regarding the impact of rules that went into effect at the beginning of 2014*	NA

* The "conducting industry outreach" target was moved from FY 2016 to FY 2017 to assess industry adjustment to the rules over the longest period of time possible since the effective date, which will provide a richer picture of impacts and adjustments and is more likely to reveal trends.

PROGRESS UPDATE AND FUTURE ACTION

The Bureau's first five-year assessments will be due in FY 2019. In FY 2017, the Bureau will launch teams to further refine the scope, outcomes, metrics and analytical methods for the assessments and continue to develop data collection and methodologies to enable the Bureau to draw inferences about the effects of rules.

Performance goal 1.1.3: Ensure that all rulemakings are informed by public outreach processes, such as Small Business Regulatory Enforcement Fairness Act (SBREFA) panels and consumer and industry roundtables.

The Regulatory Flexibility Act, as amended by SBREFA and the Dodd-Frank Act, requires the Bureau to convene a Small Business Review Panel before proposing a rule that will have a significant economic impact on a substantial number of small entities. Other public outreach efforts, such as meetings with consumers and industry stakeholders in the development of a proposal, inform and otherwise assist the Bureau in crafting more effective rules. The Bureau is also interested in exploring ways to increase general consumer involvement in the rulemaking process.

PERFORMANCE MEASURE

TABLE 13: The percentage of significant consumer protection related, notice-and-comment rulemakings informed by public outreach processes

	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Target	NA	NA	100%	100%	100%	100%
Actual	100%	100%	100%	100%	100%	NA

PROGRESS UPDATE AND FUTURE ACTION

Throughout 2016, the Bureau continued efforts to participate in outreach meetings and external events to monitor implementation issues in connection with its mortgage rules. Since 2013, the Bureau has issued regulations as directed by the Dodd-Frank Act to implement certain consumer protections for mortgage originations and servicing, integrate various federal mortgage disclosures, and amend mortgage reporting requirements for institutions covered under HMDA. The Bureau engages in intensive implementation work for each new rule or rule change to facilitate understanding and implementation of rulemaking requirements, including follow-up rulemaking where warranted. For example, the Bureau issued a NPRM in July 2016 to make clarifications and provide further regulatory guidance concerning its rule integrating several federal mortgage disclosures that consumers receive in

connection with applying for and closing on a mortgage loan under the TILA and the RESPA. In August 2016, the Bureau issued a final rule amending certain mortgage servicing rules in Regulations X and Z, for which the Bureau conducted consumer testing of certain disclosures on sample forms provided in the final rule.

The Bureau also conducted numerous other public outreach efforts in FY 2016 to inform and assist the Bureau in developing non-mortgage rules. For example, the Bureau conducted extensive outreach concerning potential rules for debt collectors under the FDCPA in summer 2016, including holding a field hearing, convening an interagency SBREFA panel, and holding a range of outreach meetings with other stakeholders. The CFPB is continuing to engage in policy analysis and further research initiatives in preparation for a rulemaking on overdraft programs on checking accounts, as well as qualitative consumer testing initiatives relating to the opt-in process.

The Bureau is also continuing to develop research on other critical markets to help implement statutory directives and to assess whether regulation of other consumer financial products and services may be warranted. For example, the Bureau is starting its work to implement section 1071 of the Dodd-Frank Act, which amends the Equal Credit Opportunity Act to require financial institutions to report information concerning credit applications made by women-owned, minority-owned, and small businesses. The Bureau is focusing on outreach and research to develop its understanding of the small business market participants, products, and practices in business lending markets and of the potential ways to implement section 1071

Outcome 1.2

Supervise institutions to foster compliance with Federal consumer financial laws, promote a fair consumer financial marketplace, and prevent unlawful discrimination.

Outcome 1.3

Enforce Federal consumer financial laws and hold violators accountable.

Outcome leader: Associate Director of Supervision, Enforcement, and Fair Lending

Background

The Bureau's Division of Supervision, Enforcement, and Fair Lending is responsible for supervising for compliance with and enforcing consumer financial protection law, including fair lending laws. The Division closely coordinates its use of both the supervision and enforcement tools, which work in tandem toward the common goal of preventing financial harm to consumers while promoting good practices that benefit them. For example, information received through enforcement may inform supervision priorities; a particular matter may arise through supervision and ultimately be resolved through enforcement; or compliance with enforcement actions may be monitored through supervision. The Associate Director for SEFL is accountable for both outcomes 1.2 and 1.3. Thus, these outcomes are closely linked and for the purposes of performance reporting, are combined with respect to their constituent performance goals.

Strategies and investments

The following strategies and investments have been put in place to help the CFPB achieve outcome 1.2 and outcome 1.3.

Strategies

- Acquire and analyze qualitative and quantitative information and data pertaining to consumer financial products and service markets and companies.
- Focus resources on institutions and their product lines that pose the greatest risk to consumers, based on their size, nature of the product, and field and market intelligence.

- Implement a framework for sharing information, coordinating activity, and promoting best practices with fellow financial institutions' supervisory and law enforcement agencies to ensure the most effective use of regulatory resources.
- Implement internal policies that facilitate the integration of the CFPB's supervision, enforcement, and fair lending functions.
- Continue to develop an improved technology solution for coordinating supervisory information, capable of recording, storing, tracking, and reporting information on the CFPB's supervisory process.
- Continue utilizing a tool capable of reviewing loan and deposit portfolios for compliance with Federal consumer financial laws.
- Identify opportunities for process improvements in Fair Lending and develop and implement them, similar to previous work done in Supervision and Enforcement.

Investments

PERSONNEL

Continue to develop our staff and supervisory skills to expand the CFPB's capacity to focus on risks to consumers in the policies and practices of consumer financial providers; analyze available data on the activities of providers, on the markets in which they operate, and on the risks to consumers; implement and enforce Federal consumer financial laws consistently for both bank and non-bank consumer financial companies; and, investigate and take actions to address potential violations of Federal consumer financial laws.

EXAMINER TRAINING AND TRAVEL

Continue supporting the development and delivery of training courses essential to maintaining a highly effective workforce. Also, support the travel requirements of the CFPB's distributed workforce in order to effectively carry out its supervision program.

E-LAW TOOLS AND SUPPORT

Maintain and increase capacity of electronic tools that obtain, process, and analyze evidence received in enforcement investigations, enabling the CFPB to bring enforcement actions to address violations of Federal consumer financial laws more efficiently.

LITIGATION SUPPORT

Employ standard investigatory tools to compel documents and testimony and to seek injunctive and monetary remedies through civil actions or administrative proceedings. These functions

require the use of services such as expert witnesses, court reporters, and transcription services.

NON-BANK REGISTRATION

In FY 2018, the Non-Bank Registration investment is projected to begin to enable the Bureau to identify covered entities and obtain data for proper risk monitoring and investigations.

SUPERVISION COMPLIANCE TOOL

Automate data collection and analysis in order to review loan files more thoroughly, use supervision resources more efficiently, and streamline the on-site portion of the exam. This tool assists in improving the CFPB's ability to assess compliance with Federal consumer financial laws, and assess and detect risks to consumers.

SUPERVISION AND ENFORCEMENT TRAINING AND TRAVEL

Continue supporting the development and delivery of training courses essential to maintaining a highly effective supervision and enforcement program. In addition, support the travel requirements of supervision and enforcement work.

EXAMINER COMMISSIONING PROGRAM DEVELOPMENT

The examiner commissioning program (ECP) establishes transparent criteria and a training plan that will provide every examiner the opportunity to pursue their commissioning. Successful completion of the ECP is a significant milestone in an examiner's career, signifying an examiner's attainment of the broad-based technical expertise, knowledge, skills, and tools necessary to perform the duties of a commissioned examiner.

Performance goals

The CFPB will assess the progress on achieving outcomes 1.2 and 1.3 through the following eight performance goals:

Performance goal 1.2.1 / 1.3.1: Perform supervision activities at financial services institutions under the CFPB’s jurisdiction to foster compliance with Federal consumer financial laws.

The CFPB has supervisory authority over banks, thrifts, and credit unions with over \$10 billion in assets and their affiliates (collectively “banks”) and over non-bank institutions (“non-banks”), regardless of size, in certain specific markets: mortgage companies (originators, brokers, servicers, and providers of loan modification or foreclosure relief services); private education lenders; and payday lenders. The CFPB also has supervisory authority over larger participants in other non-bank markets as the CFPB defines by rule. To date, the CFPB has issued five rules defining larger participants in the following markets: consumer reporting (effective September 2012), consumer debt collection (effective January 2013), student loan servicing (effective March 2014), international money transfers (effective December 2014), and automobile financing (effective August 2015). The CFPB’s Offices of Supervision Examinations, Supervision Policy, Enforcement, and Fair Lending collaborate to conduct supervisory activities at these institutions. Supervisory activities foster compliance with Federal consumer financial laws, promote a fair consumer financial marketplace, and prevent unlawful discrimination.

PERFORMANCE MEASURE

TABLE 14: Supervision activities opened during the fiscal year

	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Target	NA	NA	NA	155-170	160-200*	160-200
Actual	149	160	127	150	174	NA

* The FY 2016 target was adjusted from the FY 2014 annual performance plan and report to reflect significant reductions in the Bureau’s backlog of examination reports.

PROGRESS UPDATE AND FUTURE ACTION

In FY 2016, the CFPB continued implementing its supervision program, opening 174 supervisory activities at large banks and non-bank financial institutions. Examination activities generally focus on one of the following institution product lines (IPLs) or a baseline compliance management system:

- automobile finance origination;
- automobile finance servicing;
- consumer reporting;
- credit card account management;
- debt collection;
- deposits;
- mortgage origination;
- mortgage servicing;
- remittance transfer;
- short term, small dollar lending;
- student loan origination; or,
- student loan servicing.

The exam schedule for FY 2017 was informed by strategic priorities for all areas of compliance, including fair lending, taking into account risk assessments across markets and for each institution. The prioritized exam calendar includes 177 exam events scheduled in 2017. CFPB's risk-based prioritization process allows it to compare product lines at particular institutions across charters and markets. The CFPB's prioritization approach assesses risks to the consumer at two levels: the market level and the institution level. At the market level, the Bureau assesses the risk to the consumer from the products offered and industry practices followed. At the institution level, the Bureau considers asset size and market share, nature of product offered and associated risk, and field market intelligence (FMI). FMI includes qualitative and quantitative factors for each IPL, such as the strength of compliance management systems, the existence of other regulatory actions, findings from CFPB's prior exams, metrics gathered from public reports, the number and severity of consumer complaints received, and fair lending-focused information.

The CFPB expanded its Supervision and Examination Manual in FY 2016 by adding or revising examination procedures for

- Mortgage Origination (September 2015)
- TILA Procedures—TILA RESPA Integrated Disclosures, also known as Know Before You Owe Mortgage Disclosures (September 2015)
- RESPA Procedures—TILA RESPA Integrated Disclosures, also known as Know Before You

Owe Mortgage Disclosures (September 2015)

- Automobile Finance (June 2015)
- Mortgage Origination (May 2015; *Superseded with the September 2015 update, see above*)
- RESPA Procedures—TILA RESPA Integrated Disclosures, also known as Know Before You Owe Mortgage Disclosures (April 2015; *Superseded with the September 2015 update, see above*)
- TILA Procedures—TILA RESPA Integrated Disclosures, also known as Know Before You Owe Mortgage Disclosures (April 2015; *Superseded with the September 2015 update, see above*)
- Credit Card Account Management (February 2015)
- Equal Credit Opportunity Act (ECOA) Procedures (October 2015)
- ECOA Baseline Modules (October 2015)

The CFPB continues to coordinate with applicable Federal and state regulators on supervisory activities to minimize regulatory burden, leverage resources, and decrease the risk of conflicting supervisory directives. To facilitate this coordination, the CFPB has memoranda of understanding with, among others, the Federal prudential regulators, the Federal Trade Commission, and over sixty state bank and non-bank supervisory agencies. In addition, the CFPB has a framework with state financial agencies that establishes a dynamic and flexible process for coordination on supervision and enforcement matters.

The CFPB is currently developing a replacement system for the Supervision and Examination System, its system of record for supervision work. The replacement system will organize entities by IPL, capture relationships between entities, schedule examinations, support supervisory workflows, and document the supervision process.

Performance goal 1.2.2 / 1.3.2: Effectively initiate supervisory activities at financial services institutions under the CFPB’s jurisdiction to determine compliance with the Federal fair lending laws, including the Equal Credit Opportunity Act (ECOA) and the Home Mortgage Disclosure Act (HMDA).

The CFPB’s fair lending supervision program assesses whether supervised entities have engaged in, or are engaging in, violations of the Federal fair lending laws within the Bureau’s jurisdiction. The Bureau accomplishes this assessment through examinations that evaluate institutions’ compliance with those laws.

PERFORMANCE MEASURE

TABLE 15: Fair lending supervision activities opened during the fiscal year⁵

	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Target	NA	NA	NA	20-35	20-35	20-35
Actual	67	47	33	27	32	NA

PROGRESS UPDATE AND FUTURE ACTION

The overall number of Fair Lending supervisory activities decreased from FY 2013 (47) to FY 2014 (33) and FY 2015 (27) because, in the Bureau’s earliest years, Fair Lending conducted baseline risk assessments and information gathering surveys of a large number of institutions. In FY 2016, Fair Lending has arrived at a steady-state by initiating 32 total supervisory activities by continuing the process of executing against this earlier baseline work with targeted fair lending reviews, which are more in-depth and take more time and resources than the initial information reviews, and by performing MRA follow-up exams to review findings from previous supervisory work.

The CFPB publishes Supervisory Highlights several times each year to share findings from recent examinations (see Performance goal 1.2.3/1.3.3). In November 2015, the Bureau published the Fall 2015 edition of Supervisory Highlights with sections discussing one aspect of the Bureau’s supervisory work in ECOA targeted mortgage reviews, by describing the Bureau’s methodologies used to evaluate underwriting disparities and providing guidance to institutions on managing fair lending risks in underwriting, and a settlement update stemming from the public enforcement action for ECOA violations at Ally Financial Inc. and Ally Bank (Ally). The Winter 2016 edition of Supervisory Highlights published in March 2016 shared updates to past fair lending settlements reached by the Bureau with Ally and Synchrony Bank, and described recent public enforcement actions that resulted from or were supported by the Bureau’s supervisory activity, including two fair lending matters (Fifth Third Bank and Hudson City Savings Bank). The Mortgage Servicing Special Edition of Supervisory Highlights published in June 2016 reminded institutions that Module 4 of the ECOA baseline review modules, “Fair Lending Risks Related to Servicing,” is used by Bureau examiners to evaluate compliance management systems under ECOA. Among other things, Module 4 contains questions regarding

5 This indicator includes MRA follow-up reviews starting in FY 2015. In addition, this indicator counts mortgage Targeted ECOA Exams and their associated HMDA Data Integrity Exams separately as two examinations. The overall supervision activities indicator combines mortgage Targeted ECOA Exams and their associated HMDA Data Integrity Exam as a single examination.

fair lending training of servicing staff, fair lending monitoring of servicing, and servicing of consumers with Limited English Proficiency. The Summer 2016 edition of Supervisory Highlights, also published in June 2016, highlighted findings from examinations where institutions improperly coded actions taken in reported HMDA data. In addition, the report discussed supervisory observations of special purpose credit programs, which are established and administered to extend credit to a class of persons who otherwise probably would not receive such credit or would receive it on less favorable terms.

Performance goal 1.2.3 / 1.3.3: Issue examination reports within the CFPB’s established time periods following the close of examinations.

Effective supervision of financial institutions to foster compliance with Federal consumer financial laws requires prompt notice to institutions of matters requiring their attention and action to avoid further violations or consumer harm. A thorough report development and review process ensures high-quality reports that appropriately explain what the examination team found and why corrective actions, if any, are expected.

PERFORMANCE MEASURE

TABLE 16: Percentage of examination reports issued within an established period following the close of examinations

	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Target	NA	Baseline	50%	60%	60%	60%
Actual	NA	15%	25%	28%	70%	NA

PROGRESS UPDATE AND FUTURE ACTION

The CFPB continues to focus on issuing high-quality examination reports and supervisory letters in a timely manner. In FY 2015, Supervision modified its processes to account for the need to analyze information obtained after examiners have completed the on-site portion of an examination, and to better monitor reports that do not meet processing milestones. During FY 2016, Supervision continued to analyze the report development and review processes to determine methods for improving and increasing effectiveness and efficiency. Based on that review, Supervision modified its processes from a “calendar” day timeline to a “business” day timeline. Supervision remains dedicated to monitoring and assessing the quality and the timeliness of examination reports and supervisory letters issued.

In May 2016, Supervision released revised templates for supervisory letters and examination reports. The revised templates streamlined areas without losing key content that is

communicated to supervised entities.

The CFPB continues to review and analyze its processes to determine methods for improvement and increased effectiveness and efficiency. The CFPB intends to be transparent about the goals of its supervision program and the steps being taken to achieve those goals, while protecting the confidentiality of the underlying financial institution-specific information.

In line with the CFPB's commitment to transparency, the CFPB has and will continue to publish Supervisory Highlights several times per year to share findings from recent examinations. In addition to these findings—which are communicated without identifying specific institutions, except for enforcement actions already made public – Supervisory Highlights shares remedies that Supervision has obtained for consumers who suffered financial or other harm as a result of violations of law. The purpose of this publication is to provide the public—and in particular, industry – information about supervisory expectations and compliance problems found in examinations so that industry can meet those expectations and improve compliance as needed.

The CFPB published four editions of *Supervisory Highlights* in FY 2016.

- **Fall 2015 (Issue 9)—November 3, 2015:** In this issue of Supervisory Highlights, we reported examination findings in the areas of consumer reporting, debt collection, mortgage origination, mortgage servicing, student loan servicing, and fair lending. The report highlights supervisory work generally completed from May 2015 to August 2015. The report also included information on supervision program developments, such as our new Automobile Finance examination procedures, updated mortgage origination examination procedures, as well as more information on recently released bulletins.
- **Winter 2016 (Issue 10):** In this issue of Supervisory Highlights, we reported findings from recent examinations in the areas of student loan servicing, remittances, mortgage origination, debt collection, fair lending, and consumer reporting. The report highlighted supervisory work generally completed from September 2015 to December 2015, and recapped recent developments to the Bureau's supervision program, such as the release of updated fair lending examination procedures and guidance documents in the areas of credit reporting, in-person debt collection, and preauthorized electronic fund transfers.
- **Mortgage Servicing Special Edition (Issue 11):** In this issue of Supervisory Highlights, we shared findings from recent supervisory examination observations in mortgage servicing. The report also discussed Supervision's approach to mortgage servicing exams, including a description of recent changes to the mortgage servicing chapter of the CFPB Supervision and Examination Manual.
- **Summer 2016 (Issue 12):** In this issue of Supervisory Highlights, we reported examination findings in the areas of auto originations, debt collection, mortgage origination, small-

dollar lending, and fair lending. The report highlighted supervisory work generally completed from January 2016 to April 2016 and included information on our coordination with state and federal regulators on supervisory matters, as well as information on recently released guidance.

Performance goal 1.2.4 / 1.3.4: Supervisory matters requiring attention resolved by the prescribed timeframe.

The CFPB monitors institutions that receive notice of matters requiring attention to ensure that corrective actions are taken within the prescribed timeframe in response to supervisory activities, which fosters compliance with Federal consumer financial laws and promotes a fair consumer financial marketplace.

PERFORMANCE MEASURE

TABLE 17: The percentage of supervisory matters requiring attention resolved by the prescribed timeframe in response to supervisory activities

	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Target	NA	Baseline	80%	80%	80%	80%
Actual	NA	62%	90%	97%	96%	NA

PROGRESS UPDATE AND FUTURE ACTION

Deliberate efforts were made in FY 2014 to ensure CFPB allotted more realistic and reasonable timeframes for supervised institutions to correct matters requiring attention. Regions placed further emphasis on timeframe follow-up to ensure supervised institutions complied with prescribed deadlines.

The CFPB continues to conduct on-site reviews of particular issues or actions that may require independent validation.

Performance goal 1.2.5 / 1.3.5: Cooperate and share information with its partners in local, state, and federal law enforcement as part of its efforts to protect consumers, deter wrongdoers, and build a better marketplace.

This indicator ensures that the CFPB works well with its partners at the local, state, and federal level to share information, subject to the Bureau’s regulations, policies on information sharing, and other legal restrictions, across jurisdictions and to make the best use of limited resources.

PERFORMANCE MEASURE

TABLE 18: Instances in which the CFPB obtains information from local, state, or federal law enforcement partners that contributes to CFPB law enforcement actions, or investigations in which the CFPB cooperates or shares information with law enforcement partners.⁶

	FY 2012	FY 2013	FY 2014	FY 2015	FY2016	FY2017
Target	NA	NA	NA	Share requested investigative information*	Share requested investigative information*	Share requested investigative information*
Actual	22	80	280	186	130	NA

* When investigative information is requested by law enforcement and regulatory agencies, share responsive information where permissible under relevant law and appropriate under the circumstances

PROGRESS UPDATE AND FUTURE ACTION

The Bureau continues to cultivate strong working relationships with its partners at federal, state, and local regulators and law enforcement agencies. In May 2013, the Bureau entered into a framework with state financial regulatory authorities that established a dynamic and flexible process for coordination on supervision and enforcement matters. Since opening its doors in July 2011, the Bureau has signed more than 60 information-sharing MOUs with federal, state, and local governmental agencies.

This fiscal year, the Bureau has shared investigative information with more than 74 different government agencies in 130 instances and will continue to coordinate and cooperate with its partners in the Bureau's efforts to protect consumers. The Bureau is committed to maximizing its ability to protect and assist consumers in coordination with its partners while also ensuring that confidential information relating to consumers and businesses is appropriately protected.

Performance goal 1.2.6 / 1.3.6: Where the Bureau determines enforcement action is warranted, file or settle action within two years of opening its investigation.

Filing enforcement actions in a timely manner is an important measure of the CFPB's effectiveness. The Bureau seeks to balance the need to effectively pursue complex and time-consuming cases while minimizing any unnecessary delay between conduct and resolution.

⁶ For this measure, the Bureau reports each instance when information is shared for the same investigation or in other circumstances as one instance.

Timely pursuit of resolutions increases deterrence and provides consumers with greater protections of law.

PERFORMANCE MEASURE

TABLE 19: Where the Bureau determines enforcement action is warranted, file or settle action within two years of opening its investigation

	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Target	NA	Baseline	Baseline	65%	65%	65%
Actual	NA	Baseline under development	75%	70%	42%	NA

PROGRESS UPDATE AND FUTURE ACTION

Following the determination that enforcement action is warranted, each matter is reviewed at regular intervals to ensure that it is progressing in a timely manner. The CFPB believes the target chosen is reasonable based on the Bureau’s experience so far and the experience of other similar enforcement agencies. The CFPB will, however, continue to monitor this to assess whether it is an appropriate way to measure the Bureau’s performance going forward.

Performance goal 1.2.7 / 1.3.7: Successfully resolve the cases the CFPB files in court and administrative adjudicative proceedings whether by litigation, settlement, issuance of a default judgment, or other means.

This measure ensures that the CFPB successfully resolves as many actions as possible while, at the same time, pursuing complex and challenging actions when appropriate, even when success is not assured.

PERFORMANCE MEASURE

TABLE 20: The percentage of all cases concluded by the CFPB that were successfully resolved through litigation, a settlement, issuance of a default judgment, or other means

	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Target	NA	75%	75%	75%	75%	75%
Actual	100%	100%	100%	100%	100%	NA

PROGRESS UPDATE AND FUTURE ACTION

During FY 2016, the CFPB successfully resolved 100% of its matters through litigation, a settlement, issuance of default judgment, or other means. Through CFPB's successfully resolved cases, the Bureau helped secure restitution, principal reductions, cancelled debt, and other relief for consumers. Some of the Bureau's actions also resulted in civil penalties, which are paid to the Bureau's Civil Penalty Fund, which is used to compensate victims of activities for which civil penalties have been imposed and, to the extent such victims cannot be located or such payments are otherwise not practicable, for the purpose of consumer education and financial literacy programs. The following is a brief discussion of some of these successfully-resolved matters.

The Bureau took action against Wells Fargo Bank, N.A. to address its widespread illegal practices of opening unauthorized deposit and credit card accounts, among other things. In an attempt to generate business, Wells Fargo Bank set sales goals and offered financial incentives to encourage employees to cross-sell financial products and services, such as savings and checking accounts, credit cards, debit and ATM cards, and online banking services, to existing customers. The Bureau's investigation revealed thousands of Wells employees opened unauthorized deposit and credit card accounts to satisfy sales goals and earn financial rewards under the bank's incentive-compensation program. Specifically, the Bureau found that Wells employees engaged in "simulated funding," opening hundreds of thousands of deposit accounts without consumers' knowledge or consent and transferring funds from consumers' authorized accounts to fund the new accounts, causing consumers to incur about \$2 million in fees. The Bureau also found Wells employees opened tens of thousands of unauthorized credit cards resulting in over \$400,000 in fees, opened debit cards and created PINs to activate them without consumers' knowledge or consent, and enrolled consumers in online banking services using false email addresses.

The Bureau determined that these practices violated the Consumer Financial Protection Act's prohibition against unfairness and abusiveness. The Bureau's consent order requires Wells Fargo Bank to pay full restitution to victims, expected to be at least \$2.5 million, and a \$100 million Civil Monetary Penalty. This is the largest penalty imposed or received in an enforcement action to date and reflects the severity of the practices the Bureau addressed. The bank will also pay an additional \$35 million penalty to the Office of the Comptroller of the Currency, and another \$50 million to the City and County of Los Angeles.

The Bureau took action against for-profit college chain Bridgepoint Education, Inc. for deceiving students into taking out institutional loans that cost more than advertised. The Bureau found that the school deceived its students about the total cost of institutional loans that it offered by telling students the wrong monthly repayment amount. As a result, students took out loans without knowing the true cost and were obligated to make payments greater than what they were promised. Specifically, the Bureau found that Bridgepoint told students that borrowers normally paid off loans made by the school with monthly payments of as little as \$25, an amount that was not realistic.

The Bureau’s order requires Bridgepoint to refund all payments made by students toward institutional loans taken out from the school, including principal and interest, a total of about \$5 million. Bridgepoint must also discharge all outstanding debt for its institutional student loans, a total of approximately \$18.5 million. In addition, Bridgepoint will stop making deceptive statements about its institutional student loan program, remove negative information from borrowers’ credit reports, and pay an \$8 million Civil Monetary Penalty. Finally, Bridgepoint will make the cost of college clear by providing students with disclosures via an interactive financial aid awareness tool developed and funded by the Bureau. This tool will show students what it means for them to take out loans to finance their education and the implications of that decision on their future financial obligations.

The Bureau took its first data security enforcement action against Dwolla, an online payment platform for deceiving consumers about its data security practices and the safety of its online payment system. From December 2010 until 2014, Dwolla misrepresented the security of its systems and the steps it took to protect consumers’ information and thereby violated the Consumer Financial Protection Act’s prohibition against deception. The Bureau’s consent order requires Dwolla to stop misrepresenting its data security practices, train employees on the company’s data security policies and procedures, and pay a \$100,000 civil money penalty.

Performance goal 1.2.8 / 1.3.8: Successfully resolve the fair lending cases the CFPB files in court and administrative adjudicative proceedings, whether by litigation, settlement, issuance of a default judgment, or other means.

When the Dodd-Frank Act created within the CFPB an Office of Fair Lending and Equal Opportunity, it set forth as one of that Office’s functions the enforcement of Federal fair lending laws, including ECOA and HMDA. The CFPB seeks to successfully resolve as many fair lending actions as possible while, at the same time, pursuing complex and challenging actions when appropriate, even when success is not assured.

PERFORMANCE MEASURE

TABLE 21: The percentage of all fair lending cases concluded by the CFPB that were successfully resolved through litigation, a settlement, issuance of a default judgment, or other means

	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Target	NA	75%	75%	75%	75%	75%
Actual	100%	NA*	100%	100%	100%	NA

* Although the stipulation for the two public enforcement actions was executed in September 2013, the denominator for this goal is zero because the consent orders were executed in October 2013, and the result is “NA”. These two matters are counted as successfully resolved in the FY2014 results.

PROGRESS UPDATE AND FUTURE ACTION

In FY 2016, the Bureau successfully resolved, through consent orders, both fair lending public enforcement actions concluded that year. After a joint investigation, on February 2, 2016, the CFPB and DOJ announced a settlement with Toyota Motor Credit Corporation, requiring Toyota Motor Credit to pay up to \$21.9 million in relief to consumers harmed by discriminatory auto lending practices. The Bureau found that Toyota Motor Credit charged African-American and Asian and Pacific Islander consumers more in dealer markup for auto loans than similarly-situated non-Hispanic White consumers in violation of the ECOA. Going forward, Toyota Motor Credit is required to reduce dealer discretion to markup the interest rate to only 1.25% above the buy rate for auto loans with terms of five years or less, and 1% for auto loans with longer terms, or to eliminate discretionary markup altogether.

Together with the Department of Justice (DOJ) on June 29, 2016, the Bureau announced a joint action against BancorpSouth for discriminatory mortgage lending practices that harmed African-Americans and other minorities. The complaint filed by the CFPB and DOJ alleges that BancorpSouth engaged in numerous discriminatory practices, including illegally redlining in Memphis; denying certain African Americans mortgage loans more often than similarly situated non-Hispanic white applicants; charging African-American customers for certain mortgage loans more than non-Hispanic white borrowers with similar loan qualifications; and implementing an explicitly discriminatory loan denial policy. The consent order, which was entered by the court on July 25, 2016, requires BancorpSouth to pay \$4 million in direct loan subsidies in minority neighborhoods in Memphis, at least \$800,000 for community programs, advertising, outreach, and credit repair, \$2.78 million to African-American consumers who were unlawfully denied or overcharged for loans, and a \$3 million penalty.

GOAL 2

Empower consumers to live better financial lives

TABLE 22: Budget for goal 2, by program (*\$ in the millions*)

Goal 2	FY 2016	FY 2017	FY 2018
Office of the Director	\$1.3	\$1.4	\$1.8
Operations	\$0.3	\$1.9	\$2.1
Operations - Consumer Response	\$53.0	\$56.6	\$47.7
Consumer Education and Engagement	\$37.4	\$48.2	\$48.4
Legal	\$1.1	\$1.4	\$1.4
External Affairs	\$1.3	\$1.6	\$1.6
Other Programs	\$0.2	\$0.5	\$0.5
Centralized Services	\$30.5	\$36.2	\$31.4
Total	\$125.0	\$147.8	\$134.9

Introduction

FIGURE 2: Percentage of American families affected by select financial products, by type of asset⁷

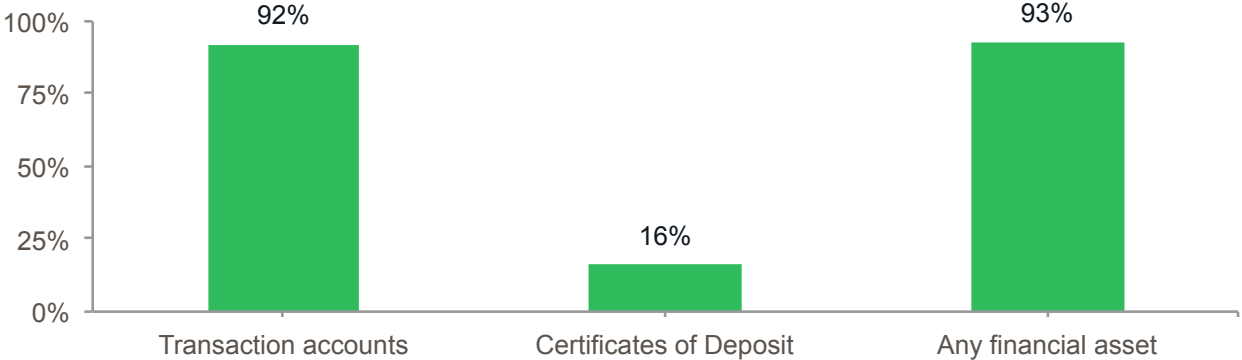
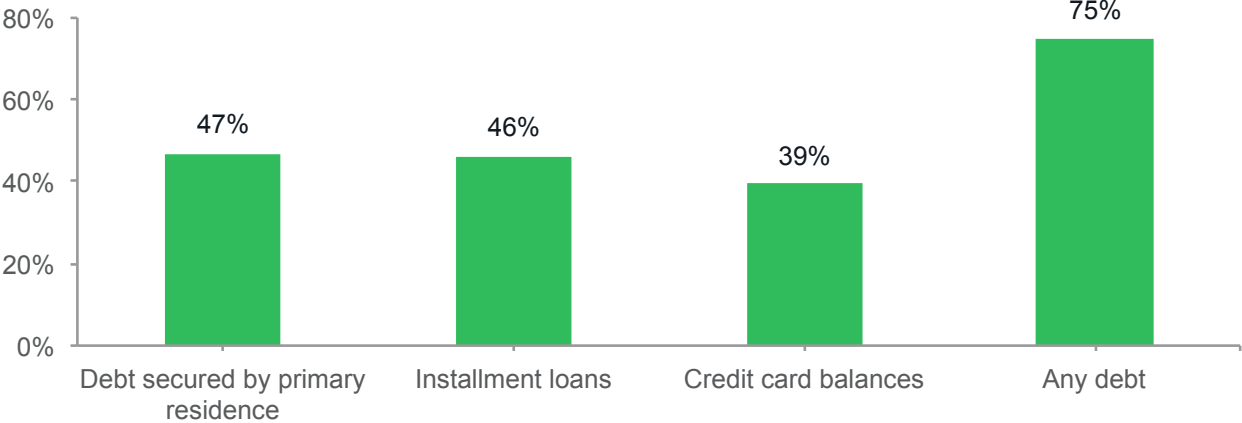


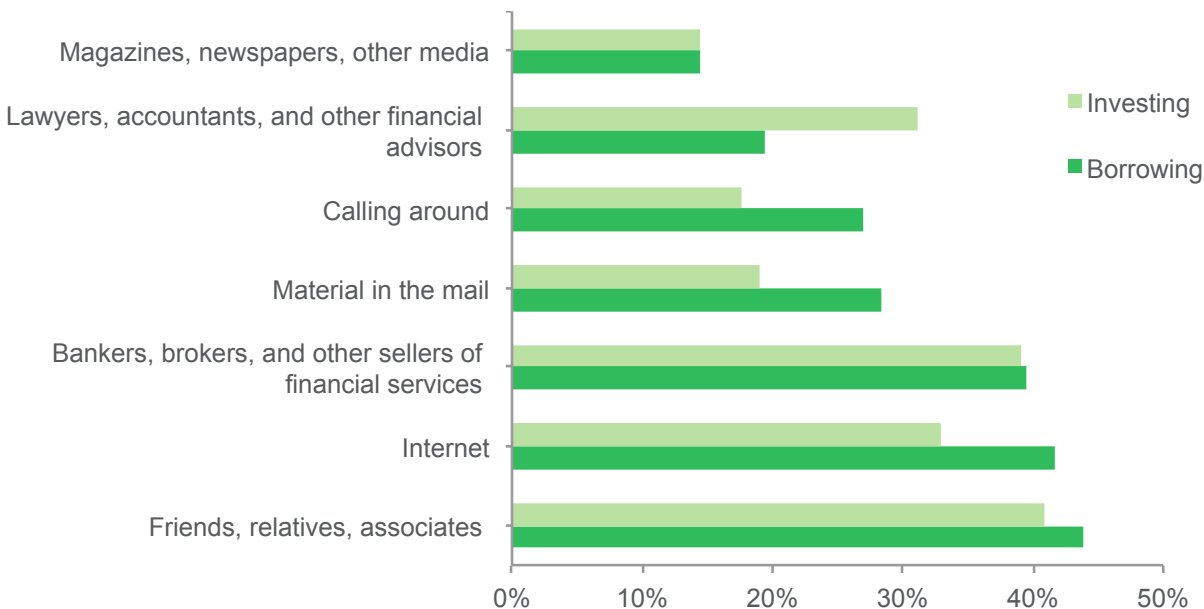
FIGURE 3: Percentage of American families affected by select financial products, by type of debt



The CFPB works to empower consumers with the knowledge, tools, and capabilities they need in order to make better-informed financial decisions by engaging them in the right moments of their financial lives, when they are most receptive to seeking out and acting on assistance. To that end, the CFPB will develop and maintain a variety of tools, programs, and initiatives that provide targeted, meaningful, and accessible assistance and information to consumers at the moment they need it both directly and through others who reach consumers directly.

7 Federal Reserve Board, "Changes in U.S. Family Finances from 2007 to 2010: Evidence from the Survey of Consumer Finances," Federal Reserve Bulletin, Vol 98, No 2, June 2012, pp. 28, 61, www.federalreserve.gov/pubs/bulletin/2012/pdf/scf12.pdf (Last viewed 8/23/2012).

FIGURE 4: Percentage of American families obtaining information about borrowing or investing through various sources⁸



Differences in financial education, capabilities, and skills complicate efforts to encourage better informed financial decision-making. Consumers represent diverse populations with diverse financial needs, choices, and challenges, and they seek out information about financial choices using a variety of channels. Therefore, the CFPB must be flexible and adaptable in addressing the highly diverse needs of American consumers. In addition to analyzing consumer complaints and pursuing financial research and training, the Bureau can accomplish this by ensuring that the Bureau’s workforce reflects the faces, ideas, backgrounds, and experiences of the American public.

The CFPB will reach its second goal by achieving the following two outcomes:

1. **Outcome 2.1:** Collect, monitor, respond to and share data associated with consumer complaints and inquiries regarding consumer financial products or services.
2. **Outcome 2.2:** Help consumers understand the costs, risks, and tradeoffs of financial decisions; build trusted relationships that are interactive and informative to help consumers take control of their financial choices to meet their own goals; and raise the effectiveness of those who provide financial education services to increase financial literacy.

⁸ Federal Reserve Board, “Changes in U.S. Family Finances from 2007 to 2010: Evidence from the Survey of Consumer Finances,” Federal Reserve Bulletin, Vol 98, No 2, June 2012, pg. 19, www.federalreserve.gov/pubs/bulletin/2012/pdf/scf12.pdf (Last viewed 8/23/2012).

Outcome 2.1

Collect, monitor, respond to and share data associated with consumer complaints and inquiries regarding consumer financial products or services.

Outcome leader: Associate Director, Operations

Background

The CFPB provides direct assistance to consumers, in real time, through Consumer Response. Consumer Response hears directly from consumers about the challenges they face in the marketplace, brings their concerns to the attention of companies, and assists in addressing their complaints. Complaints inform the Bureau about business practices that may pose risks to consumers and help with the CFPB’s work to supervise companies, enforce Federal consumer financial laws, and write better rules and regulations. In FY 2016, Consumer Response handled approximately 283,700 complaints.

TABLE 23: Top consumer complaints in FY 2016

Complaint Category	Approximate number of complaints
Debt Collection	86,000
Credit Reporting	52,600
Mortgage	51,300
Credit Card	25,100
Bank Account or Service	27,000
Consumer Loan	15,300
Student Loans	10,700
Payday Loan	4,800
Money Transfers	2,400
Prepaid	3,300
Other Financial Services	2,200
Other	3,000

TABLE 24: Top 3 issues for top 5 products in FY 2016

Issue type	Number of complaints
Debt Collection	
Continued attempts to collect debt not owed	35,000
Disclosure or verification of debt	15,600
Communication tactics	14,200
Credit Reporting	
Incorrect information on credit report	38,800
Credit reporting company's investigation	5,400
Improper use of credit report	3,500
Mortgage	
Problems when unable to pay	20,100
Making payments	20,000
Applying for the loan	5,100
Bank Account or Service	
Account management	12,400
Deposits and withdrawals	6,700
Sending or receiving payments	3,200
Credit Card	
Billing disputes	4,300
Other	3,100
Identity theft / Fraud / Embezzlement	2,900

Consumer Response handled approximately 283,700 consumer complaints across all products in FY 2016 – about 7% more complaints than in FY 2015. Consumers submitted approximately 86,000 debt collection complaints and 52,600 credit reporting complaints, making those the most complained about products and services in FY 2016.

Strategies and investments

The following strategies and investments have been put in place to help the CFPB achieve outcome 2.1.

Strategies

- Collect, analyze, and leverage Consumer Response operational data to enable continuous improvement of the Bureau's services to consumers.
- Develop a seamless approach to delivery of appropriate and useful Consumer Response data within the CFPB and to the public so that information is timely, understandable, and maintains consumer privacy.
- Automate key internal operational systems, particularly the intake and routing process, in order to effectively scale Consumer Response operations.
- Maintain a robust training and development program to support Consumer Response operations as volume increases.

Investments

PERSONNEL

Hire additional staff to support intake, investigations, and data analysis in order to review, route, and address consumer complaints.

CONSUMER RESPONSE OPERATIONAL AND PROGRAM SUPPORT

Assist ongoing internal work to execute and refine its operations strategy, focusing on operational support and performance improvement services.

CONSUMER RESPONSE SYSTEM

Make system investments in order to support the expansion of complaint handling capacity, improve the ease of use of the consumer and company portals, and continue to develop a scalable, risk-based approach to addressing consumer complaints.

CONSUMER RESPONSE CONTACT CENTER PROGRAM SUPPORT

Assist ongoing internal work to execute and refine its operations strategy, focusing on operational support, performance management support, and performance improvement services.

CONSUMER RESPONSE SYSTEM—COMPLAINT ANALYTICS

Complaint analytics will enable the Bureau to classify and review complaints, scrub sensitive information from complaints, weigh risks related to complaints for prioritization, detect emerging trends, analyze patterns, and conduct similarity analyses to glean more insights from complaints to support Bureau work.

OPTIMIZE CFPB COMMUNICATION AND CONSUMER ENGAGEMENT CHANNELS

Improve the user experience according to the consumer’s needs, whether related to submitting a complaint, accessing complaint data, or learning about managing important financial decisions.

Performance goals

The CFPB will assess the progress on achieving outcome 2.1 through the following three performance goals:

Performance goal 2.1.1: Decrease time between receiving and closing a complaint.

Facilitate efficient handling of a consumer complaint throughout the complaint process—from when the CFPB receives a complaint through when the CFPB completes an investigation, if applicable.

PERFORMANCE MEASURES⁹

Intake cycle time

TABLE 25: Ensure complaints are routed to companies for response in a timely manner

	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Target	NA	3 days	3 days	2 days	2 days	2 days
Actual	7 days	1 day	1 day	1 day	< 1 day	NA

⁹ In the 2014 Performance Plan and Report, the Investigations Cycle Time performance measure was phased out due to increased complaint volume, which necessitated an operational shift in Consumer Response. Beginning in FY 2015 the Bureau will prioritize and focus on the continued success of its efforts surrounding complaint intake, company response, and consumer review cycle times.

Company cycle time

TABLE 26: Ensure companies provide timely responses to consumer complaints

	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Target	NA	15 days	15 days	15 days	15 days	15 days
Actual	14 days	12 days	12 days	11 days	11 days	NA

Consumer cycle time

TABLE 27: Ensure consumers have adequate time to review company responses

	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Target	NA	30 days	30 days	30 days	30 days	30 days
Actual	16 days	4 days	2 days	1 day	1 day	NA

PROGRESS UPDATE AND FUTURE ACTION

Complaint volume increased about 7% from approximately 265,500 complaints in FY 2015 to approximately 283,700 complaints in FY 2016. Consumer Response continued to refine its complaint handling processes and systems in FY 2016, increasing efficiencies through process improvements and by adding automation where possible and improving its overall complaint handling operation.

Performance goal 2.1.2: Facilitate the timely response to consumer complaints by companies.

The CFPB facilitates timely response to consumer complaints by using a dedicated company portal to route complaints to companies for response. The company portal is the primary interface between the CFPB and companies. It is an online electronic delivery system that provides secure access and allows companies to view and respond to consumer complaints.

PERFORMANCE MEASURE

TABLE 28: The percentage of complaints routed through the dedicated company portal

	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Target	NA	85%	87%	89%	91%	93%
Actual	83%	87%	91%	94%	85%	NA

PROGRESS UPDATE AND FUTURE ACTION

In FY 2016, the CFPB established company portal access and trained staff of approximately 480 companies, bringing the total count of companies boarded to over 4,300. The Bureau received a large amount of complaints in August and September that required additional information from the consumer before they could be sent to the company, causing the amount of cases still pending as of the end of the year to be higher than expected. In FY 2017, the Bureau will continue its efforts to board companies to provide timely responses to consumer complaints..

Performance goal 2.1.3: Expand capacity to handle consumer complaints.

Consumer complaints inform the Bureau about business practices that may pose risks to consumers and help with the CFPB’s work to supervise companies, enforce Federal consumer financial laws, and write better rules and regulations.

PERFORMANCE MEASURES

TABLE 29: Number of consumer complaints handled

	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Target	NA	125,000	200,000	225,000	275,000*	300,000
Actual	74,000	144,000	240,600	265,500	283,700	NA

* The FY 2016 target was increased by 15,000 compared to the FY 2014 annual performance plan and report based on FY 2015 actual results.

TABLE 30: Percentage of complaints received via web channel

	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Target	NA	NA	NA	66%	68%	70%
Actual	NA	NA	NA	70%	72%	NA

PROGRESS UPDATE AND FUTURE ACTION

The Bureau expanded its public Consumer Complaint Database, which was initially launched in June 2012 and populated with credit card complaints, to include complaints about additional products. In FY 2013, the Bureau added complaint data about mortgages, bank accounts and services, private student loans, other consumer loan complaints, credit reporting, and money transfer complaints as well as fields for sub-issue and state. In November 2013, debt collection complaints were added to the database. Payday complaints were added to the database in July 2014, and in January 2015

the Bureau added prepaid cards, other consumer loans (pawn and title loans), and other financial services to the database. In June 2015, the Bureau began publishing consented-to consumer complaint narratives and optional public company responses for complaints submitted on or after March 19, 2015 with consumer opt-in consent.

Accepting complaints about a broad range of consumer financial products and services and the growing public awareness of the Bureau's tools and resources likely contributed to exceeding the total volume target again in FY 2016.

Outcome 2.2

Help consumers understand the costs, risks, and tradeoffs of financial decisions; build trusted relationships that are interactive and informative to help consumers take control of their financial choices to meet their own goals; and raise effectiveness of those who provide financial education services to increase financial literacy.

Outcome leader: Associate Director, Consumer Education and Engagement

Background

The CFPB works to provide consumers with the information, knowledge, skills and financial capability needed to make well-informed decisions that serve their own life goals. The Bureau also works to enhance the financial knowledge and capability of the country as a whole. In addition to improving overall financial capability, the CFPB focuses on addressing the unique financial challenges faced by four specific populations.

Students

The benefits of higher education are well documented. Four-year college graduates experience a number of economic benefits over high school graduates, including higher median earnings and lower unemployment rates. Evidence indicates that these disparities are growing.¹¹ Demand for higher education and college financing are at all-time highs. Over the past decade, the size of the student loan market has been increasing steadily. At over \$1.4 trillion in loans outstanding, the market for student loans is now the second largest component of household debt after mortgages.¹² In

27.5
MILLION

Population enrolled in colleges and universities⁹

10 U.S. Department of Education, National Center for Education Statistics, 2014 Digest of Education Statistics: Total 12-month enrollment in degree-granting postsecondary institutions, by control and level of institution and state or jurisdiction: 2012-13 and 2013-14, available at nces.ed.gov/programs/digest/d14/tables/dt14_308.10.asp (Last viewed 10/10/2016).

11 College Board Advocacy and Policy Center, "Education Pays 2010 In Brief: The Benefits of Higher Education for Individuals and Society," 2010, trends.collegeboard.org/sites/default/files/brief/education-pays-2010-in-brief.pdf (Last viewed 2/14/2013).

12 Consumer Financial Protection Bureau, Student Loan Servicing (September 2015), available at [http://files.consumerfinance.gov/f/201509_cfpb_student-loan-servicing-report.pdf](https://files.consumerfinance.gov/f/201509_cfpb_student-loan-servicing-report.pdf).

2015, the Bureau noted that this market continues to show elevated levels of borrower distress, observing that more than one in four student loan borrowers are past due or in default.¹³

Older Americans¹⁴

Aging poses a number of unique financial challenges. Older Americans face complicated decisions about finances, retirement, and long-term planning. On average, Americans reaching age 65 today will live to about age 85.¹⁵ Consequently, consumers today will likely need sufficient income and savings to cover 20 years or more in retirement. In addition, retirement years may be more expensive than retirees expect as many will incur increased health and housing expenses in their later years,¹⁶ and many carry mortgages and other debts into retirement.¹⁷ Furthermore, with the decline in coverage from traditional pension plans that pay a regular monthly payment, Social Security is the only guaranteed monthly income for an estimated 69 percent of older consumers.¹⁸

59
MILLION

Population age 62 and older¹³

Servicemembers¹⁹

The CFPB believes servicemembers should be able to accomplish their mission without worrying about illegal or harmful financial practices. Military life has extra challenges with powerful financial repercussions for uniformed military personnel, veterans, military retirees, and their families. The Office of Servicemember Affairs focuses on addressing these financial challenges through educational initiatives, complaint

22
MILLION

Servicemember population (including veterans)¹⁸

13 Consumer Financial Protection Bureau, Student Loan Servicing (September 2015), available at http://files.consumerfinance.gov/f/201509_cfpb_student-loan-servicing-report.pdf.

14 U.S. Census Bureau, 2015 American Community Survey, Table DP05 ACS Demographic And Housing Estimates. Available at http://factfinder.census.gov/bkmk/table/1.0/en/ACS/15_1YR/DP05

15 See, Social Security Administration, Calculators: Life Expectancy (2015), at <http://www.ssa.gov/planners/lifeexpectancy.html> (last visited October 1, 2015).

16 See e.g. Sudipto Banerjee, How Does Household Expenditure Change With Age for Older Americans?, EBRI Issue Brief, No. 9 (Sept. 2014), <http://www.ebri.org/pdf/notespdf/Notes.Sept14.EldExp-Only.pdf>.

17 See CFPB, Snapshot of older consumers and mortgage debt (May 2014), http://files.consumerfinance.gov/f/201405_cfpb_snapshot_older-consumers-mortgage-debt.pdf

18 CFPB, *Issue Brief: Social Security claiming age and retirement security* (Nov. 2015), at 7, available at http://files.consumerfinance.gov/f/201511_cfpb_issue-brief-social-security-claiming-age-and-retirement-security.pdf

19 National Center for Veterans Analysis and Statistics "Veteran Population Projects; FY 2000 to FY 2036;" October 2010, http://www.va.gov/vetdata/docs/QuickFacts/population_quickfacts.pdf (last viewed 8/30/2012)

monitoring, and partnering with other Federal and state agencies on consumer protection measures for the military.

Low-income and economically vulnerable^{20 21}

While the poverty rates declined slightly in 2015, low-income consumers continue to face many challenges to achieving financial stability. According to the latest FDIC survey, 33.5 million households, made up of 66.7 million adults, were unbanked or underbanked in 2015. For some population segments, the combined rate is substantially higher. For example, 49.9% of households earning less than \$15,000 per year, and 35.5% of households earning between \$15,000 and \$30,000 per year, were unbanked or underbanked. Among African American and Hispanic households, the corresponding rates were 49.3% and 45.5%. Unbanked individuals often pay more for financial services and have limited access to other services available through banks and credit unions. Another barrier for millions of low-income consumers is credit access. One in ten adults in the U.S., or about 26 million people, are “credit invisible.”²² An additional 19 million consumers have “unscorable” credit files, with insufficient credit history or old credit history. Consumers with limited credit histories often face difficulty accessing affordable credit as well as other barriers to employment, renting an apartment, or obtaining a cell phone.

60.5
MILLION

Unbanked or underbanked adults¹⁹

43.1
MILLION

Live below the official poverty line²⁰

Strategies and investments

The following strategies and investments have been put in place to help the CFPB achieve outcome 2.2.

Strategies

- Provide tools and information to the public to help individuals make decisions about money that will serve their own life goals.
- Analyze consumer financial experiences and complaints to help shape policy and practices

20 Federal Deposit Insurance Corporation, "2015 FDIC National Survey of Unbanked and Underbanked Households," 2016, <https://www.fdic.gov/householdsurvey/2015/2015appendix.pdf>

21 US Census Bureau Income, Poverty and Health Insurance Coverage in the United States: 2015 <https://www.census.gov/content/dam/Census/library/publications/2016/demo/p60-256.pdf>

22 Consumer Financial Protection Bureau, "Data Point: Credit Invisibles," 2015, available at: http://files.consumerfinance.gov/f/201505_cfpb_data-point-credit-invisibles.pdf

to make the financial environment safer and more beneficial for consumers.

- Encourage the development of effective financial skills and habits by adding financial capability training to other types of social service programs
- Strengthen the impact and effectiveness of K-12 and adult financial education by fostering take-up of best practices, facilitating partnerships, and identifying gaps and seeking to fill them.

Investments

PERSONNEL

Maintain strong, expert staff to develop and implement financial education, consumer engagement, community partnerships, policy, and research activities.

CONSUMER SERVICES AWARENESS BUILDING

Allow the CFPB to increase consumer awareness and usage of the CFPB's tools and resources when faced with decisions about money. Through this investment, the CFPB is able to reach the public directly to highlight services and information that consumers can use, such as Ask CFPB, Consumer Response, Paying for College, and Owning a Home.

CONSUMER EDUCATION INITIATIVES

Continue to develop consumer education initiatives on specific topics with targeted information to communicate financial education information to a diverse range of audiences. The topics include education about mortgages, retirement, building children's financial capability, and other money issues. The approaches include delivery of financial education through libraries and other intermediaries.

UNDERSERVED AND SPECIAL POPULATIONS PROGRAMS AND OUTREACH

Support demonstration or pilot projects for improving financial decision-making for underserved and special populations, including youth, low-income Americans, older Americans, servicemembers and veterans, and other specific populations. Continue to develop and distribute financial education and empowerment information for various populations including servicemembers and veterans, students, older Americans, people who are low-income, or economically vulnerable including people with disabilities, and other specific consumer populations. The goal of distributing these materials is to provide information to special populations and the intermediaries that serve them to improve the financial capability and well-being of consumers.

CONSUMER EXPERIENCE PROGRAM

Enable the CFPB to continue to research, design, develop, launch, and to continually optimize consumer-facing products available through consumerfinance.gov, and to execute strategies to increase awareness of and engagement with these products. The Consumer Experience Program provides useful tools with actionable advice to consumers navigating the most difficult and significant financial decisions they face in the marketplace, including paying for college and owning a home. The CFPB will continue to optimize consumer experience through the use of various communication channels to support the goal of improving consumers' financial education and consumers' ability to manage important financial decisions to meet their own life goals.

YOUR MONEY, YOUR GOALS

The Bureau has continued to expand the Your Money, Your Goals (YMYG) program, which helps consumers manage their finances by identifying financial goals, creating savings plans, and managing debt. In 2016, we collaborated with an additional 50 organizations to provide staff training and technical assistance in implementing YMYG in social services, legal aid, community volunteer, and worker organizations. In FY 2016, these organizations have trained more than 2,400 frontline staff. These trainings are ongoing and will continue into FY 2017. The Bureau also released a new YMYG resource called *Behind on Bills*, a companion guide that works alongside the full YMYG toolkit or stands on its own. Colorful and compact, it is designed so that frontline staff can navigate it quickly and carry it with them when they have offsite meetings or appointments with clients. *Behind on Bills* features eight tools that can help people set financial goals, track and manage income and spending, plan for and prioritize their bills and expenses, and understand their rights and responsibilities when they're contacted by debt collectors.

FINANCIAL EDUCATION METRICS

Continue to define, measure, and gain insight into the factors (e.g., specific knowledge, skills, behaviors) that support consumer financial well-being, to measure and inform the success of consumer financial capability efforts. This work has been designed from its inception to cover three phases: (1) well-being definition and hypotheses development; (2) development of a metric, also called a scale, to measure financial well-being and, (3) a nationally representative survey to provide baseline data (using the metric/scale developed in phase 2) on consumer financial well-being and a dataset to allow quantitative testing of the hypotheses developed in phase 1. With respect to each phase, the work includes sharing the knowledge developed with those who provide or evaluate financial education and financial capability services. The requested budget funds phase 3, and will be used to conduct the national survey and related analyses, and to develop tools and techniques for financial education practitioners to use the financial well-being scale to improve their metrics and service delivery.

Additional investments supporting this outcome can be found under Outcome 3.2.

Performance goals

The CFPB will assess the progress on achieving outcome 2.2 through the following three performance goals:

Performance goal 2.2.1: Significantly increase targeted outreach activities and digital education materials in order to engage consumers at the right moment.

The CFPB works to arm consumers with the knowledge, tools, and capabilities they need in order to make better informed financial decisions that serve their own life goals by engaging them at the right moments of their financial lives, in moments when consumers are most receptive to seeking out and acting on assistance. To that end, the CFPB offers and continues to develop a variety of tools, programs, and initiatives that provide targeted, meaningful, and accessible assistance and information to consumers around life moments that correspond to major financial choices and other money decisions with significant life consequences.

PERFORMANCE MEASURES

TABLE 31: Targeted populations or organizations directly serving targeted populations reached by digital content, decision tools, educational materials and resources.²³

	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Target	NA	808,114	5,000,000	6,500,000	7,500,000	8,500,000
Actual	404,057	1,903,417	5,600,000	6,804,977	8,307,561	NA

TABLE 32: Percentage of new users to ConsumerFinance.gov

	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Target	NA	NA	NA	65%	65%	65%
Actual	NA	61%	60%	67%	70.8%	NA

²³ The actuals and targets represent unique web visitors only. As the CFPB expands data collection capabilities on outreach activities, additional content will be included in this measure.

TABLE 33: Fulfillment orders for print materials²⁴

	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Target	NA	NA	NA	1,500,000	1,750,000	2,000,000
Actual	NA	NA	NA	3,184,250	3,551,961	NA

PROGRESS UPDATE AND FUTURE ACTION

In FY 2016, the CFPB continued to update and release consumer education tools providing information supporting both just-in-time and planning needs. The primary source of just-in-time information, “Ask CFPB,” was redesigned to provide users with a clearer pathway to find relevant content. The redesign also added answer summaries for the most-trafficked questions, links to related content, and an improved mechanism to acquire feedback through rating answers.

The CFPB released a new tool in November 2015, “Planning for Retirement,” to help consumers understand how the choice of when to begin claiming Social Security might affect their future finances. The tool provides a simple, objective, and custom experience that shows the estimated Social Security benefit at key ages and explains how different factors might affect the claiming age decision.

In FY 2016, the CFPB also developed an “auto loan shopping sheet” as part of a new Know Before You Owe initiative aimed at helping consumers shop for an auto loan. The auto loan shopping sheet is a step-by-step guide with additional online resources. It helps consumers see the total cost of a loan and make apples-to-apples comparisons among loan products. The Know Before You Owe auto loan initiative also walks consumers through each step of the auto finance process to help them decide how much they can afford to borrow and what options are right for them.

Performance goal 2.2.2: Improve the understanding of successful financial decision-making approaches by identifying key success factors in financial health.

The CFPB believes that financial education’s primary goal is to help consumers take the steps necessary to make choices that will improve their financial well-being. However, very little empirical research has been conducted regarding what variables measure financial health in terms of real-world outcomes for consumers. By defining these variables through data-driven research, the Bureau will be able to define what knowledge and skills are associated with financial well-being. This research will inform the Bureau’s ongoing efforts to identify, highlight, and spread effective approaches to financial education.

²⁴ Print materials available through the CFPB GPO fulfillment page (<http://promotions.usa.gov/cfpbpubs.html>).

PERFORMANCE MEASURE

TABLE 34: Tools created to identify key success factors in financial education

	Target	Actual
FY 2012	NA	NA
FY 2013	Identify variables that are likely to be key drivers of financial health	Identified the variables that are likely to be key drivers of financial health
FY 2014	Develop and test metrics (questions) that accurately measure these variables	Developed and began testing metrics to measure financial well-being and associated variables
FY 2015	Develop and implement framework for integration into Consumer Education and Engagement Activities; Complete testing financial health metrics	Issued consumer-centric definition of financial well-being, finalized reliable and valid survey scale and scoring procedure for measurement of financial well-being for adults. Developed and integrated into Consumer Education and Engagement Activities a framework of concepts derived from insights gathered through financial well-being research activities
FY 2016	Use metrics to establish a baseline of U.S. consumer financial well-being and begin testing hypotheses of identified success factors in consumer financial decision-making	Published survey scale to measure financial well-being, along with user guide. Designed and received OMB approval to conduct baseline measurement of U.S. consumer financial well-being and testing of hypotheses of identified success factors in consumer financial decision-making
FY 2017	Complete baseline measurement of U.S. consumer financial well-being and testing of hypotheses of identified success factors in consumer financial decision-making	NA

PROGRESS UPDATE AND FUTURE ACTION

The Bureau’s work toward the performance goal is on track, with expected deliverables and interim targets being met according to the anticipated project timeline.

In FY 2016, the Bureau published the new survey scale to measure financial well-being, in

both English and Spanish, along with a guide to using the scale. The Bureau also designed and received OMB approval to conduct a study to produce baseline measurements of U.S. consumer financial well-being. The study will test hypotheses of success factors in consumer financial decision-making identified in FY 2013, using metrics created in FY 2014 and tested and finalized in FY 2015. In addition, in 2016, the Bureau developed and published a developmental model of financial capability based on work in FY 2014 and FY 2015 to understand when and how children and youth develop the skills, attitudes, and other characteristics likely to be key drivers of adult financial well-being. In FY 2017, the Bureau will complete baseline measurement of U.S. consumer financial well-being and testing of hypotheses of the identified success factors in consumer financial decision-making. The CFPB will promote the findings from this research in FY 2017 and beyond. The Bureau will use the findings over time to continue to identify and promote the most effective approaches that support better outcomes for consumers.

Performance goal 2.2.3: Promote fair lending compliance and education by leading and participating in fair lending outreach activities.

As one of its core functions, the Office of Fair Lending and Equal Opportunity is responsible for “working with private industry, fair lending, civil rights, and consumer and community advocates on the promotion of fair lending compliance and education” (Dodd-Frank Act, Section 1013(c)(2)(C).) The CFPB conducts fair lending outreach activities through numerous channels, such as issuing compliance bulletins targeted to industry; delivering speeches and presentations on fair lending and access to credit matters to industry, consumer and community groups, and others; and participating in smaller meetings and discussions with external stakeholders.

PERFORMANCE MEASURE

TABLE 35: Number of outreach activities on fair lending and access to credit

	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Target	NA	55	35	40	40	40
Actual	51	56	66	60	57	NA

PROGRESS UPDATE AND FUTURE ACTION

In FY 2016, the Office of Fair Lending and Equal Opportunity executed against its mission to promote fair, equitable, and nondiscriminatory access to credit for individuals and communities by leading and participating in 57 fair lending outreach activities.

Through numerous speeches, panel remarks, presentations, webinars, blogs, reports, and smaller discussions on fair lending matters, the Bureau reached out to various stakeholders and

engaged with consumers nationwide through listening events, roundtables, and the Fair Lending annual report, and through the Bureau's website, consumerfinance.gov. These engagements allowed the Bureau both to explain existing and emerging fair lending issues and risks to external stakeholders and the public and to inform its fair lending oversight work.

GOAL 3

Inform the public, policy makers, and the CFPB's own policymaking with data-driven analysis of consumer finance markets and consumer behavior

TABLE 36: Budget for goal 3, by program (\$ in the millions)

Goal 3	FY 2016	FY 2017	FY 2018
Office of the Director	\$1.3	\$1.0	\$1.0
Operations	\$0.3	\$0.1	\$0.1
Consumer Education and Engagement	\$4.7	\$5.8	\$7.0
Research, Markets, and Regulation	\$23.9	\$28.7	\$30.3
Supervision, Enforcement, and Fair Lending	\$0.3	\$0.0	\$0.0
Legal	\$1.4	\$1.4	\$1.3
External Affairs	\$1.3	\$2.2	\$2.7
Other Programs	\$0.4	\$0.3	\$0.3
Centralized Services	\$16.7	\$18.6	\$16.4
Total	\$50.2	\$58.1	\$59.0

Introduction

Understanding how consumer financial markets work, the avenues for innovation in financial products and services, and the potential for risk to consumers is a core component of the CFPB's mission. The CFPB's aim is to ground all of its work—from writing rules and litigating enforcement actions to its outreach and financial literacy efforts—in the realities of the marketplace and the complexities of consumer behavior.

This requires use of data; strong partnerships within the CFPB and externally to ensure that the Bureau continues to monitor markets effectively; technology tools and employees with the skills and capabilities needed to analyze data and distill insights.

The CFPB's research will support building an understanding of the markets the Bureau regulates and the nature of consumer behavior in these markets. It will also support the consideration of the potential benefits and costs of the CFPB's work to consumers and institutions, including effects on access by consumers to consumer financial products or services.

In the data used for its analyses, the Bureau will work to ensure that strong protections are in place around personally identifiable information. Datasets will generally aggregate information such that no information is directly identifiable, and research/analysis products resulting from such data will use similarly de-identified information as appropriate. The Bureau treats the information collected from participating persons and institutions consistently with our confidentiality regulations, and all data and analyses are subject to legal and privacy review prior to their release.

The CFPB will reach its third goal by achieving the following two outcomes:

1. **Outcome 3.1:** Monitor markets and conduct research to surface financial trends and emergent risks relevant to consumers.
2. **Outcome 3.2:** Articulate a research-driven, evidence-based perspective on consumer financial markets, consumer behavior, and regulations to inform the public discourse, inform Bureau thinking on priority areas, identify areas where Bureau intervention may improve market outcomes, and support efforts to reduce outdated, unnecessary, or unduly burdensome regulations.

Outcome 3.1

Monitor markets and conduct research to surface financial trends and emergent risks relevant to consumers.

Outcome leader: Associate Director, Research, Markets and Regulations

Strategies and investments

The following strategies and investments have been put in place to help the CFPB achieve outcome 3.1.

Strategies

- Acquire, collect, and maintain the data necessary to properly monitor select markets for emerging risks and positive innovations.
- Coordinate with other federal agencies to ensure the most efficient use of data and avoid duplication.
- Build and maintain technological infrastructure required to support market intelligence through the integration of diverse internal and external data.

Investments

PERSONNEL

Hire additional experts in particular industries as well as additional economists and other researchers.

CREDIT CARD DATABASE

Maintain a credit card database, including both summary and de-identified loan-level data, covering over 80% of the credit card marketplace. This investment will allow the Bureau to conduct empirically sound research essential to informing data-driven decisions throughout Bureau activities.

OTHER MARKET DATA

Acquire and maintain various commercially available market datasets in order to support research and regulations activities.

NATIONAL MORTGAGE DATABASE (NMDB)

Develop and maintain database that will provide the Bureau with a sample of mortgages that are representative of up to 95% of the market.

HMDA DEVELOPMENT AND IMPLEMENTATION

Build the production ready HMDA Platform to intake, process, report errors to financial institutions and allow final submission sign off from filing institutions. This new system will be entirely via a web application, and focused on reducing burden to the filing institutions.

HMDA DATA PROCESSING

Develop the HMDA Platform to allow for the expanded HMDA data to be received beginning January 2019. The primary goal of the system is to reduce burden to filers and costs to the government while keeping the quality of the data high. This process is currently managed by the Federal Reserve Board for the other FFIEC agencies and HUD, and costs are shared by these members. This investment supports data-driven research, regulations, and fair lending activities across the bureau.

Performance goal

The CFPB will assess the progress on achieving outcome 3.1 through the following performance goal:

Performance goal 3.1.1: Monitor the credit card and mortgage markets through data.

The credit card and mortgage markets are both critical to consumers. Having quantitative data on both markets makes it easier for the Bureau to monitor trends and implications for both consumers and providers. These data also strengthen the evidentiary basis for Bureau policy making.

PERFORMANCE MEASURES

TABLE 37: Percentage of the credit card market monitored through data

	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Target	NA	80%	80%	80%	85%	83%
Actual	77%	82%*	80%**	82%	75%	NA

* The actual percentage of the credit card market monitored through data reported for FY 2013 has been adjusted from the FY 2014 annual performance plan and report to reflect a more accurate estimation of the overall consumer credit market in this year.

** The actual percentage of the credit card market monitored through data reported for FY 2014 has been adjusted from the FY 2014 annual performance plan and report to reflect a more accurate estimation of the overall consumer credit market in this year

TABLE 38: Percentage of the mortgage origination and servicing markets monitored through data

	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Target	NA	95%	95%	95%	95%	95%
Actual	95%	90%	90%	90%	90%	NA

PROGRESS UPDATE AND FUTURE ACTION

The reported actual FY 2016 level of performance for data coverage of the mortgage market is 90%, which is lower than the reported FY 2016 target coverage of 95%. The Bureau reports the 90% figure for FY 2016 based on the mortgage market coverage of the HMDA data. The CFPB does have supplementary data from the Nationwide Mortgage Licensing System and Registry and other proprietary mortgage data as well. However, without doing the necessary matches and analysis through the Bureau’s planned NMDB, the Bureau chose to report the HMDA-based estimate alone. The Bureau plans to apply a standard method for assessing data coverage of the mortgage market.

The Bureau also uses other available resources for monitoring the mortgage markets, and supplements these sources with two commercial services for data regarding originations and servicing. One dataset provides servicing data on loans serviced by the largest servicers in the US (just over 55% of outstanding mortgages). We also track aggregate mortgage volume and performance trends using several sources.

In FY 2013, the CFPB began a partnership with the Federal Housing Finance Agency (FHFA) to build the NMDB. This work is expected to continue in FY 2017. For this database, the FHFA has procured (from a credit reporting agency) credit information with respect to a random and representative sample of the mortgages currently held by consumers. The Bureau began to receive data from the NMDB in FY 2016. The NMDB will be the first dataset that will provide a truly representative sample of mortgages so as to allow analysis of mortgages over the life of the loans, including first and second liens and home equity loans.

In all of the data used for its analyses, the Bureau will work to ensure that strong personal privacy protections are in place. The Bureau will generally obtain datasets in a format such that no information is directly identifiable and research/analysis products resulting from such data will use similarly de-identified information. The Bureau treats the information collected from participating persons and institutions consistently with our confidentiality regulations and all data and analyses are subject to internal Bureau legal and privacy review.

Outcome 3.2

Articulate a research-driven, evidence-based perspective on consumer financial markets, consumer behavior, and regulations to inform the public discourse, inform Bureau thinking on priority areas, identify areas where Bureau intervention may improve market outcomes, and support efforts to reduce outdated, unnecessary, or unduly burdensome regulations.

Outcome leader: Associate Director, Research, Markets, and Regulations

Strategies and investments

The following strategies and investments have been put in place to help the CFPB achieve outcome 3.2.

Strategies

- Collect and analyze data in order to improve understanding, regulation, and functioning of consumer financial markets and behavior.
- Develop and maintain the tools and technology required to effectively, efficiently, and securely disseminate data and research for internal and external audiences.
- Institutionalize cross-Bureau collaboration to ensure the Bureau's work is informed by the CFPB's internal research and expertise.
- Help to make the market work better for special populations such as students, older Americans, servicemembers and veterans, and low-income and economically vulnerable consumers through selected policy work.

Investments

PERSONNEL

Expand research capacity in order to achieve Bureau-wide priorities, including the on-boarding of term personnel (via the Intergovernmental Personnel Act) from academic institutions and other governmental research offices.

PRIMARY DATA COLLECTION

Conduct primary data collections through field tests, controlled trials in laboratory settings, and

surveys to inform policy making and build foundational knowledge about how consumers make financial decisions. Analyses from primary data are foundational for the Bureau's policy work and also contribute to evidence-based market research.

The following investments support Outcome 3.2 and Outcome 2.2:

UNDERSERVED AND SPECIAL POPULATIONS RESEARCH

Identify unique factors that influence financial capabilities for youth and issues that particularly affect low-income consumers, other underserved populations, and older Americans, as well as evidence-based practices for effective financial education and financial capability or empowerment. Use this knowledge within the Bureau, and where appropriate, spread it among relevant participants in the field.

FINANCIAL EDUCATION RESEARCH

Develop and test metrics that effectively measure relevant consumer financial knowledge, behavior, and well-being. The results of these studies will help the CFPB, other Financial Literacy and Education Commission agencies, and the broader financial education field to develop and support policies and programs that lead to better financial outcomes, skills, and habits for American consumers.

ASSESSMENTS

Section 1022(d) of the Dodd-Frank Act requires the CFPB to assess each significant rule the Bureau adopts under Federal consumer financial law and publish a report of the assessment within five years of the effective date of such rule. The assessment is intended to address, among other factors, the rule's effectiveness in meeting the purposes and objectives of Title X of the Dodd-Frank Act, and the specific goals the Bureau states for the rule.

Performance goal

The CFPB will assess the progress on achieving outcome 3.2 through the following performance goal:

Performance goal 3.2.1: Increase the number of reports produced about specific consumer financial products, markets, or regulations and on consumer decision-making.

The Bureau conducts qualitative and quantitative research to deepen understanding of consumer decision-making; consumer financial products and markets; and the effects of consumer financial regulations and policies. Periodically, the Bureau publishes reports of its research, including

informational white papers, non-annual Reports to Congress, and “Data Point” reports.

Bureau and independent research are intended to provide the Bureau and other policy makers with a stronger evidentiary foundation for policy making. They are also intended to inform the public and enhance the public’s participation in policy making.

PERFORMANCE MEASURE

TABLE 39: Bureau reports produced about specific consumer financial products, markets, or regulations and on consumer decision-making

	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Target	4	5	5	5	6	6
Actual	2	4	9	6	9	NA

PROGRESS UPDATE AND FUTURE ACTION

Preparing reports is central to the Bureau’s commitment to evidence-based policy making. The Bureau’s Division of Research, Markets, and Regulations (RMR) issued nine reports in FY 2016. These reports are intended to deepen the public’s understanding of these issues and provide the Bureau and other policy makers with a stronger factual foundation on which to make policy judgments.

RMR released the following notable public reports in FY 2016:

- Tools for saving: Using prepaid accounts to set aside funds (September 2016)
- Study of third-party debt collection operations (July 2016)
- Supplemental findings on payday, payday installment, and vehicle title loans, and deposit advance products (June 2016)
- A Profile of 2013 Mortgage Borrowers: Statistics from the National Survey of Mortgage Originations (May 2016)
- Single-Payment Vehicle Title Lending (May 2016)
- Testing of Bankruptcy Periodic Statement Forms for Mortgage Servicing (April 2016)
- Online Payday Loan Payments (April 2016)
- 2015 College credit card agreements (December 2015)
- The Consumer Credit Card Market (December 2015)

In addition to these nine reports released by RMR, the Bureau's Consumer Education and Engagement Division released the following notable public reports in FY 2016:

- 2016 Annual Report of the CFPB Student Loan Ombudsman (October 2016)
- 2016 Financial Literacy Annual Report (October 2016)
- Project Catalyst report: Promoting consumer-friendly innovation (October 2016)
- Financial Coaching: A Strategy to Improve Financial Well-Being (October 2016)
- Building Blocks to Help Youth Achieve Financial Capability: A new model and recommendations (September 2016)
- Report and Recommendations: Fighting Elder Financial Exploitation through Community Networks (August 2016)
- Midyear Update on Student Loan Complaints (August 2016)
- Financial education programs serving immigrant populations Issue brief (July 2016)
- Consumer voices on automobile financing (June 2016)
- Consumer voices on financial rules to live by (March 2016)
- Servicemembers 2015: A Year in Review (March 2016)
- Measuring financial well-being: A guide to using the CFPB Financial Well-Being Scale (December 2015)
- OSA semi-annual snapshot of servicemember complaints (November 2015)
- Issue Brief: Social Security claiming age and retirement security (November 2015)
- Mobile financial services: A summary of comments from the public on opportunities, challenges, and risks for the underserved (November 2015)

The Bureau has information gathering and other data analysis underway that will yield public reports in FY 2017. The Bureau continues to regard knowledge creation and sharing through research reports as an important Bureau goal and is on schedule to meet the FY 2017 goal of publishing at least six reports.

GOAL 4

Advance the CFPB's performance by maximizing resource productivity and enhancing impact

TABLE 40: Budget for goal 4, by program (\$ in the millions)

Goal 4	FY 2016	FY 2017	FY 2018
Office of the Director	\$4.8	\$7.0	\$5.9
Operations	\$66.5	\$75.0	\$79.6
Legal	\$7.6	\$7.3	\$7.0
External Affairs	\$4.6	\$4.5	\$4.7
Other Programs	\$1.2	\$1.8	\$1.9
Centralized Services	\$51.0	\$58.2	\$51.0
Total	\$135.7	\$153.9	\$150.2

Introduction

In order to maximize the effectiveness of the consumer protections established by Federal consumer financial law, the CFPB must acquire, maintain, support, and direct its resources in a way that enables it to operate efficiently, effectively, and transparently. This means developing, maintaining, and continuously improving the policies and controls in place to ensure the CFPB has the resources it needs and puts those resources to the best use possible.

A key mission of the CFPB is to make financial products and services more transparent in the consumer marketplace. The CFPB will strive to achieve the same level of commitment to transparency in its own activities, while respecting consumer privacy and confidentiality. To accomplish this, the CFPB will develop and implement mechanisms and provide channels to maintain an open, collaborative dialogue with the public.

The CFPB will reach its fourth goal by achieving the following four outcomes:

1. **Outcome 4.1:** Attract, engage, and deploy a diverse workforce that meets dynamic challenges and provides effective oversight of the consumer financial marketplace.
2. **Outcome 4.2:** Enable the innovative use of technology for the benefit of efficient internal processes and effective public engagement.
3. **Outcome 4.3:** Enable the operation of a high-performing organization by ensuring effective and efficient management, protection of CFPB resources, rigorous internal controls, and full compliance with the law.
4. **Outcome 4.4:** Increase public confidence in consumer financial markets by maintaining the CFPB's transparency, accountability, and meaningful channels for feedback.

Outcome 4.1

Attract, engage, and deploy a diverse workforce that meets dynamic challenges and provides effective oversight of the consumer financial marketplace.

Outcome leader: Associate Director, Operations

Background

The CFPB continues to pursue a strategic imperative to recruit and hire highly qualified individuals, focusing on filling vacancies at its headquarters in Washington, D.C., and in its examiner workforce distributed across the country. To do so, the CFPB continues to identify and adopt best practices from the private and public sectors to hire, train, and develop a diverse workforce with the knowledge, skills and abilities required to effectively achieve the Bureau's mission.

The Bureau is placing an increased emphasis on the development and retention of those highly qualified individuals now on staff. This expanded focus will allow improvement efforts targeting the employee experience, development, retention, and engagement.

Strategies and investments

The following strategies and investments have been put in place to help the CFPB achieve outcome 4.1.

Strategies

- Recruit and retain a high-quality, diverse staff through effective workforce planning and talent acquisition methods, enhanced job design strategy and techniques, strong engagement, and a comprehensive diversity and inclusion program.
- Offer effective workforce learning, development and performance management programs in support of a high-performing workforce.
- Continue to sustain and improve human capital infrastructure by creating and applying human capital policies, improving human capital information systems, effectively allocating and prioritizing resources, and using mutual accountabilities to achieve desired human capital outcomes.
- Focus on culture to build a work environment where the Bureau is more deliberate about how staff invests time and works together, engaging and enabling the workforce to continue doing their best work for sustainable, long-term impact.

Investments

PERSONNEL

Continue to build capacity across the Bureau by hiring high-performing, diverse employees.

HUMAN CAPITAL SHARED-SERVICES, INFRASTRUCTURE, AND OPERATIONS

Continue to provide a variety of services, including pay and leave administration support, employee benefits administration and support, and human capital helpdesk and reporting support for timekeeping, personnel documentation, and performance management systems.

LEARNING, LEADERSHIP, AND ORGANIZATION DEVELOPMENT FACILITATION AND DESIGN

Support the development of high-quality learning solutions including core competency training, new supervisor training, leadership training, diversity and inclusion training, and manager skill-building through coaching and organization development services. Support the improvement of organizational and group effectiveness through organizational interventions, workforce planning, and group or team action planning support.

OUTREACH, CANDIDATE RECRUITING, AND CANDIDATE SELECTION SUPPORT

Invest in candidate outreach, sourcing, recruiting, and selection support services to reach, attract, and hire high-performing, diverse staff, using both traditional and digital outreach strategies. Maintain strategic focus on developing diverse pipelines of talent and utilizing tailored candidate assessment methods to enhance quality of hire. Build and maintain strategic partnerships with colleges, universities, professional organizations, and affinity groups that serve diverse populations.

ENHANCE CANDIDATE ASSESSMENT TOOLS AND STRATEGIES AND IMPROVE THE APPLICANT EXPERIENCE

Ensure that hiring managers receive referral lists with the best qualified candidates. Build out capacity to work with hiring managers to design effective job analyses and assessments to enhance management's ability to hire the best qualified candidates. Revise vacancy announcements to clarify directions for applying and requirements to be considered. Communicate with applicants through all stages of the hiring process to foster a better applicant experience.

DIVERSITY, INCLUSION, AND EQUAL OPPORTUNITY INITIATIVES

Strengthen senior leadership engagement in personnel and organizational matters by establishing an internal executive governance group to oversee the development, implementation, and communication of critical workforce and culture-related initiatives across the Bureau. Through

this group, raise awareness of systemic opportunities to enhance Bureau culture, foster greater cross-divisional collaboration, and set Bureau-wide metrics for employee engagement.

Performance goals

The CFPB will assess the progress on achieving outcome 4.1 through the following two performance goals:

Performance goal 4.1.1: Recruit and retain high-performing, diverse employees with the right skills and abilities to meet mission driven goals and objectives.

A wide array of skills and abilities, which represent diversity in organizational makeup, is required for success in achieving the Bureau’s mission. The CFPB assesses progress and performance on this goal by measuring employee perceptions of 1) the technical competence of the workforce and 2) diversity and inclusion. Strategies to improve in these areas target organizational effectiveness, workforce planning, and diversity and inclusion interventions at the office, division, and organizational levels.

PERFORMANCE MEASURES²⁵

TABLE 41: Annual Employee Survey (AES) rating on perceptions of technical competence of the CFPB staff (% favorable)²⁶

	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Target	NA	68.5%	68.5%	63%	64%	68.5%
Actual	65%	66.7%	62.3%	67.4%	67.9%	NA

25 In the FY 2014 annual performance plan and report, the performance measure for perceptions of workplace diversity and inclusiveness of the CFPB staff (% favorable), a two-item metric, was replaced by the “Inclusion Quotient.” OPM has defined the Inclusion Quotient as comprised of five habits (Fair, Open, Cooperative, Supportive and Empowering) that together help to enable a diverse, inclusive workplace. The CFPB now uses this metric in lieu of the more limited two-item metric.

26 The technical competence composite is comprised of ratings on three items from the AES, including “the workforce has the job-relevant knowledge and skills necessary to accomplish organizational goals.”

TABLE 42: Inclusion Quotient: Annual Employee Survey rating on perception of inclusion and diversity (% favorable)

	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Targets	NA	NA	NA	63.5%	65%	67%
Actuals	NA	65.3%	61.6%	65.8%	67.5%	NA

PROGRESS UPDATE AND FUTURE ACTION

To more clearly focus on the conditions that enhance inclusion, in the framework of the current Performance Plan and Report, the CFPB embraced the framework defined by the Office of Personnel Management’s (OPM) Office of Diversity and Inclusion - the Inclusion Quotient. OPM has defined the Inclusion Quotient as comprised of five habits (Fair, Open, Cooperative, Supportive and Empowering) that together help to enable a diverse, inclusive workplace. Baseline measures from FY 2013 and FY 2014 have been used to establish this metric and to estimate improvement over time.

In FY 2016, the Office of Minority and Women Inclusion (OMWI) conducted activities to enhance diversity and inclusion at the Bureau including:

- Developing and implementing a policy to govern employee-formed resource groups focused on common interests, including those representing women, minorities, persons with disabilities, and others;
- Continuing mandatory diversity and inclusion training for staff, managers, and senior leaders; and
- Providing technical assistance to leaders on incorporating diversity and inclusion goals in their divisional strategic plans.

These efforts helped support diversity and inclusion at the Bureau in FY 2016. The Inclusion Quotient, which rates employees’ perceptions of inclusion and diversity, increased by 1.7% from last year and exceeded the FY 2016 target by 2.5%. In FY 2017, OMWI will continue to build on these programs to support diversity and inclusion.

In FY 2016, the Bureau recruited and hired approximately 228 new employees. OHC, OMWI, and OCR collaborated to develop targeted recruiting strategies and to enhance workplace diversity. Strategies applied in FY 2016 included:

- Partnering with affiliate organizations to reach qualified diverse professionals.

- Recruiting at 25 diversity and inclusion focused career events.
- Using the Partnership for Public Service’s “Student Ambassador Program,” and programs such as The Washington Center to staff academic year internships to reinforce the Bureau’s diverse talent pipeline.

The Bureau continued to apply enhanced candidate assessment tools to support hiring at all levels of the organization. OHC, OMWI, and OCR provided structured interview training to hiring managers and those involved in hiring interviews across the Bureau to facilitate hiring decisions that are made on job-related factors. In FY 2016, 46 interviewers were trained in conducting structured interviews. The trainings were conducted on a quarterly basis as well as offered on an on-demand basis.

In addition to maintaining a strong focus on recruiting and hiring high-performing diverse employees, the Bureau also placed a special emphasis in FY 2016 on expanding tools, resources, and opportunities to help existing staff accelerate their career development. Examples include: developing and delivering a new Career Development Workshop available to all CFPB employees; launching a new Team Member Competency model which defines expectations and requirements for non-supervisor team members at all levels of the organization; and leveraging the Centralized Detail Posting Process to advertise internal detail opportunities to Bureau employees, allowing approximately 50 employees the opportunity to explore a new assignment and develop new skills.

Performance goal 4.1.2: Increase the level of employee engagement.

Engagement has been described as a state of passion and commitment to the organization’s goals on the part of each employee, which leads to their willingness to invest discretionary effort to ensure success. In the case of the CFPB, maintaining the initial motivation and excitement of the new workforce is critical to our future success. Individual employee’s perception of the level of employee engagement is one way to measure the Bureau’s success in engaging its employees.

PERFORMANCE MEASURE

TABLE 43: Annual Employee Survey engagement composite rating (% favorable)²⁷

	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Target	NA	76.5%	76.5%	72%	73%	75%
Actual	NA	73%	70.5%	74.1%	72.9%	NA

²⁷ The employee engagement composite is comprised of ratings on nine items from the AES survey, such as “my work gives me a feeling of personal accomplishment” and “the work I do is important.”

PROGRESS UPDATE AND FUTURE ACTION

As the Bureau matures as an organization, senior leadership is choosing to focus on building a work environment where we are more deliberate about how we invest our time and work together in order to do our best work for sustainable, long-term impact. This group oversees the development, implementation, and communication of a number of culture initiatives and management excellence practices.

The Bureau puts a special emphasis on activities surrounding the Annual Employee Survey. This includes encouraging broad participation, providing robust analysis of results at the division level in a structured and consistent manner, further improving on successes started or achieved as a result of previous year action planning efforts, and working directly with leaders of all divisions to initiate action planning based on most recent findings. The CFPB will continue to work in a sustainable, focused fashion to develop and reinforce action and communication across the organization.

Outcome 4.2

Enable the innovative use of technology for the benefit of efficient internal processes and effective public engagement.

Outcome leader: Associate Director, Operations

Background

The CFPB is committed to staying on the leading edge of technology and leveraging its technological resources to provide significant business value with lower costs. From developing online products that help inform consumers to making critical data available internally and to the public, technology is and will continue to be core to the CFPB accomplishing its mission.

Strategies and investments

The following strategies and investments have been put in place to help the CFPB achieve outcome 4.2.

Strategies

- Establish a secure, responsive and cost-effective technology infrastructure to enable a 21st century agency.
- Continue to build, develop and improve next-generation online tools that help consumers get answers to questions, make financial decisions, and confront difficult financial circumstances.
- Maintain a robust platform for the public to visualize and make use of data maintained by the Bureau, such as consumer complaint data.
- Create a suite of enterprise-wide technology capabilities that maximizes the efficiencies of resources and minimizes costs.

Investments

PERSONNEL

Hire additional staff to enable the organization's continued support of Bureau activities including managing, operating, and safeguarding the IT systems that host and store the CFPB's data; designing and developing tools to facilitate data-driven analysis and consumer education; and implementing a 21st century cloud-based infrastructure that serves as the foundation for

innovative technology.

TECHNOLOGY INFRASTRUCTURE

Manage and continue to build out CFPB's technology infrastructure, ensuring that it is flexible, scalable, and capable of sustaining the Bureau's present needs and future growth.

CYBERSECURITY

Continue to enhance a robust cybersecurity program that secures and safeguards communications, data, and IT resources through a combination of comprehensive policies, continuous monitoring, and leading technologies.

IT PORTFOLIO MANAGEMENT

Enhance the successful deployment of projects through the continued use of disciplined methodologies including project management and agile development and facilitate the development of the long-term technology strategy that guides future mission capabilities. We have built out a three-year project roadmap which is continuously updated based on existing business needs and is used to manage technology resources.

DATA INFRASTRUCTURE AND ANALYSIS

Continue to build and develop a data-driven strategy that is deployed on technology architecture with scalable capabilities that will allow the Bureau to use and manage data in order to conduct high quality analyses and aid in decision-making.

DESIGN AND SOFTWARE DEVELOPMENT SUPPORT

Continue to strengthen the Bureau's capacity to design, develop, implement, and maintain new tools with enhanced capabilities, features, and functionalities for a variety of business applications that support the Bureau's mission. In FY16, we launched a significant redesign of our public-facing website which incorporates user-centered design practices and responsive design features.

E-DISCOVERY SERVICES IMPLEMENTATION

Created a shared service center that supports the legal needs and obligations of the Bureau. This includes Congressional requests, Enforcement and Fair Lending investigations and actions, FOIA requests, internal investigations and litigation, managing regulatory comments, Supervision requests for information, and market studies with unstructured documents. This investment also includes the necessary technology and resources needed to collect internal documents as well as store and process large amounts of documents to be reviewed in order

to discover specific and responsive documents relevant to an external investigation, internal investigation, or third-party request.

CUSTOMER RELATIONSHIP MANAGEMENT SYSTEM

Launched a customer relationship management tool that will enable the Bureau to better coordinate internal and external interactions and workflows. The initial use of the CRM System will enable the Bureau to more efficiently process consumer complaints. Future instances of the CRM will also include managing documents and workflow for Bureau examination staff.

DOCUMENT MANAGEMENT SYSTEM

Begin launch of a streamlined enterprise-wide system to better manage, synchronize and share documents within the Bureau. This investment will support improved coordination between stakeholders, as well as systematic improvements in version control, document storage, collaboration, user permissions, reductions in human error, and document templates. Examples of expected improved processes include streamlining documentation requirements for the rule-writing process, tracking official documentation for enforcement matters, and centralizing and responding to oversight requests and engagements.

Performance goals

The CFPB will assess the progress on achieving outcome 4.2 through the following two performance goals:

Performance goal 4.2.1: Release new datasets to the public, where legally permissible and appropriate, to allow for innovative uses of the data by individuals, non-profit entities, and businesses for the benefit of consumers.

The public uses data released by the government to build tools and provide resources to consumers to help them make the best financial decisions. The CFPB wants to support a culture of information and transparency by releasing useful data to the public when doing so is legally permissible and appropriate.

PERFORMANCE MEASURE

TABLE 44: Provision of data to the public in legally permissible and appropriate instances²⁸

	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Target	NA	5	7	7	9	9
Actual	3	4	7	8	10	NA

PROGRESS UPDATE AND FUTURE ACTION

In FY 2016, the Bureau launched the Planning for Retirement Tool, an interactive, online tool designed to help consumers decide when to claim their Social Security retirement benefits. The tool makes claiming-age benefit estimates easy to access, makes trade-offs easy to understand, and helps users consider the impact of different life factors. Also in FY 2016, the Bureau updated the Paying for College tool to include program-level data.

Performance Goal 4.2.2: Improve the efficiency of internal processes and procedures.

Technology can help us improve the efficiency of the CFPB so that the Bureau serves more consumers in a better way.

PERFORMANCE MEASURE

TABLE 45: Efficiency of internal processes and procedures

	Target	Actual
FY 2012	NA	Launched AskCFPB; Launched an upgrade of the Intranet including an upgraded wiki, personnel directory, and internal news feed; Deployed a performance management system
FY 2013	Deploy a business intelligence tool; Deploy a business process automation platform and develop applications leveraging it	Development of Business Intelligence Tool; Debt Collection Product Launch; Paying for College; Infrastructure Independence Phase I

²⁸ Datasets are reported on a cumulative basis.

	Target	Actual
FY 2014	Continue to build out core infrastructure services	Established a change management process governed by a Change Control Board; Re-engineered AWS environment and continued to mature digital platforms and infrastructure; Made key steps in becoming independent from the Department of the Treasury
FY 2015	Operate and maintain core infrastructure services; Deploy mission capabilities to support Supervision and Enforcement activities	Achieved full DO independence and established CFPB-managed technology infrastructure
FY 2016	Stabilize and further build out core infrastructure services; streamline, monitor, and report on processes to deliver key technology services across the Bureau	Launched WiFi capabilities across the Bureau; launched Salesforce technology platform for workflow and case management; launched enhanced data environment for use by Bureau researchers and economists; deployed Splunk platform to continuously monitor the enterprise for security threats; Implemented tool for all PMs to provide weekly status reports and automated project portfolio monitoring
FY 2017	Continue to stabilize, build out, and maintain core infrastructure services; streamline, monitor, and report on processes to deliver key technology services across the Bureau. Begin rolling out next-generation devices for CFPB staff	NA

PROGRESS UPDATE AND FUTURE ACTION

In FY 2016, the Bureau continued to execute against its long-term technology plan. It focused on upgrading and improving the CFPB-managed technology infrastructure and on deploying enterprise tools to support Bureau-wide business needs.

Outcome 4.3

Enable the operation of a high-performing organization by ensuring effective and efficient management, protection of the CFPB resources, rigorous internal controls, and full compliance with the law.

Outcome leader: Associate Director, Operations

Background

The CFPB has the obligation to act as a good steward of public funds. The CFPB will monitor its operations and conduct periodic evaluations to ensure it maintains good financial practices and robust internal controls.

Strategies and investments

The following strategies and investments have been put in place to help the CFPB achieve outcome 4.3.

Strategies

- Use data to supervise and coordinate all financial operations of the Bureau consistent with the requirements of laws and regulations.
- Develop a team of high-performing professionals with expertise in budget, financial management, procurement, internal controls, and travel operations.
- Develop and maintain integrated accounting and financial management, and travel systems in order to support the effective execution of resources.

Investments

PERSONNEL

Maintain staff to ensure resources continue to be used efficiently and effectively, and transparency and accountability are upheld.

AUDITS OF THE BUREAU

Continue to work with the Office of Inspector General (OIG) of the Board of Governors of the Federal Reserve System and the Bureau of Consumer Financial Protection, the Government

Accountability Office (GAO), and an independent contractor for external auditing and oversight of the Bureau's operations and budget.

FINANCIAL MANAGEMENT SUPPORT SERVICES

Continue to provide financial management services in the areas of budget execution, purchasing, accounts payable, accounts receivable, and general ledger and fixed assets.

PROCUREMENT SERVICES & SUPPORT

Ensure proper adherence to all relevant federal acquisitions regulations and guidelines while continuing to develop a flexible, efficient and responsive procurement environment.

INTERNAL CONTROLS

Continue to invest in resources that maintain effective internal controls, and follow appropriate models for internal controls, such as the Federal Managers' Financial Integrity Act of 1982 (FMFIA), and the objectives on financial reporting as established under Dodd-Frank and best practices derived from OMB Circular A-123.

Performance goals

The CFPB will assess the progress on achieving outcome 4.3 through the following three performance goals:

Performance goal 4.3.1: Obtain an unmodified "clean" audit opinion on the CFPB's financial statements.²⁹

An unmodified opinion from GAO of the CFPB's internal operations confirms that the Bureau maintains sound financial practices and robust internal controls.

29 The American Institute of Certified Public Accountant's Auditing Standards Board updated sections of the Statements of Auditing Standards with respect to the definition of the types of audit reports issued. Based on these changes, reports on audited financial statements will use the term 'unmodified opinion' instead of 'unqualified opinion' beginning in fiscal year 2013.

PERFORMANCE MEASURE

TABLE 46: Unmodified “clean” audit opinion on financial statements

	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Target	NA	Unmodified audit opinion	Unmodified audit opinion	Unmodified audit opinion	Unmodified audit opinion	Unmodified audit opinion
Actual	Unqualified audit opinion	Unmodified audit opinion	Unmodified audit opinion	Unmodified audit opinion	Unmodified audit opinion	NA

PROGRESS UPDATE AND FUTURE ACTION

The CFPB received an unmodified opinion from the GAO on its FY 2016 financial statements. GAO also previously provided unmodified opinions on the Bureau’s FY 2015, 2014, 2013, 2012 and 2011 financial statements. In FY 2015, GAO identified one significant deficiency regarding the recordation of property and equipment. In FY 2016, CFPB took action toward remediating the significant deficiency, but GAO maintained the significant deficiency as of the end of FY 2016. In FY 2016, GAO cited no instances of non-compliance with laws and regulations. The CFPB will continue to take appropriate steps to implement a timely corrective action.

Performance goal 4.3.2: Award 90% of contracts competitively.

Competing procurement actions allows for competitive market pricing, stronger proposal submissions, and a distributed vendor base in support of the Bureau. Public value is also derived when money is spent effectively.

PERFORMANCE MEASURES

TABLE 47: Percentage of contracts competitively awarded overall

	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Target	NA	90%	90%	90%	90%	90%
Actual	93%	83%	86%	94%	91%	NA

TABLE 48: Percentage of professional, administrative, and management services contracts competitively awarded

	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Target	NA	NA	NA	90%	90%	90%
Actual	NA	NA	92%	83%	87%	NA

TABLE 49: Percentage of automatic data processing and telecommunication services contracts competitively awarded

	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Target	NA	NA	NA	90%	90%	90%
Actual	NA	NA	76%	91%	94%	NA

PROGRESS UPDATE AND FUTURE ACTION

The CFPB is currently tracking competition and reporting data measurements within the agency on an annual basis. The Office of Procurement is currently finalizing a live dashboard of competition data that will be available to all Bureau employees. At 90%, the CFPB’s competition goals for FY 2013 through FY 2017 are ambitious but realistic and designed to position the Bureau as a leader-by-example in stewarding public money. The CFPB does not aim for 100% competition, as the Bureau has a range of routine exempt needs including expert witness services, conferences, and subscriptions. In addition to the principle of competition, the Office of Procurement partners with the OMWI to develop tools and resources for increasing opportunities to minority-owned and women-owned businesses.

In FY 2016, out of approximately \$189 million that CFPB obligated in contracts, \$171 million, or 91%, were awarded on a competitive basis. Of CFPB’s contracting dollars obligated in FY 2016, CFPB’s Office of Procurement oversaw the award of 44% of the contracting dollars, the General Services Administration (GSA) oversaw the award of 8% of the contracting dollars, and the Bureau of the Fiscal Service (BFS), under CFPB’s direction, oversaw the award of 48% of the contracting dollars. The Office of Procurement met the target of 90% competitive awards for the contracting funds it awarded. GSA, which is overseeing the construction of the renovated building at 1700 G Street, competitively awarded 100% of its contracting dollars in FY 2016. BFS supports the Office of Procurement under a yearly interagency agreement as part of a shared-service package which also includes human resources, finance, and travel support services. Of the dollars awarded on CFPB’s behalf by BFS, 89% were awarded competitively. The top two service categories for FY 2016 were Professional, Administrative, and Management support

and Automatic Data Processing and Telecommunication support. Of the dollars awarded in FY 2016 for professional, administrative and management support service contracts, 87% were awarded on a competitive basis. 94% of the dollars awarded for automatic data processing and telecommunication support service contracts were competitive.

The CFPB will continue working strenuously inside the agency, as well as with the BFS partners, to continue meeting the Bureau’s 90% goal for FY 2017.

Performance goal 4.3.3: Distribute funds collected through enforcement actions to identified victims within 24 months.

This goal tracks the disbursement of Bureau-administered redress funds and CPF payments to eligible identified victims within 24 months of identifying victims. The Dodd-Frank Act authorizes the CFPB to enforce Federal consumer financial laws. Under this authority, the CFPB brings cases which may result in redress to harmed consumers. In some cases, the Bureau will be responsible for obtaining redress funds from the defendant and distributing those funds to the harmed consumers. In addition, the Dodd-Frank Act gives the Bureau the authority to obtain civil money penalties in enforcement actions and to deposit those penalties in the CPF. It may then use amounts in the CPF for payments to the victims of activities for which civil penalties have been imposed.

PERFORMANCE MEASURE

TABLE 50: Percentage of funds collected through the enforcement of Federal consumer financial laws that is distributed to identified victims within 24 months

	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Target	NA	Baseline	100%	100%	100%	100%
Actual	NA*	Baseline under development	100%	100%	100%	NA

* The Bureau did not collect redress funds on behalf of victims in FY 2012.

PROGRESS UPDATE AND FUTURE ACTION

In FY 2016, the Bureau distributed CPF and Bureau-administered redress payments to all eligible identified victims within 24 months of identifying the victims. In FY 2016, the Bureau made payments totaling \$145 million to 1.3 million consumers in 13 cases involving CPF and Bureau-administered redress funds.

Outcome 4.4

Increase public confidence in consumer financial markets by maintaining the CFPB's transparency, accountability, and meaningful channels for feedback

Outcome leader: Associate Director, External Affairs

Background

Since transparency is at the core of how the CFPB operates, the CFPB will provide clear information both on the use of resources and on its performance. To that end, the CFPB will communicate substantively and frequently across a wide and diverse range of external stakeholders, including industry and consumer groups and other Bureau stakeholders. The CFPB aims to actively engage all stakeholders that could potentially be affected by the Bureau's work, with the understanding that there is much insight to be gained from varied stakeholders representing distinct points of view.

Strategies and investments

The following strategies and investments have been put in place to help the CFPB achieve outcome 4.4.

Strategies

- Gather input from stakeholders on the CFPB's policies and operations to ensure the Bureau is effectively communicating its activities, meeting transparency goals, and actively soliciting feedback.
- Enhance program efficiency through regular analysis of operations data.
- Maintain and enhance a highly effective and usable online presence that supports multiple digital services.

Investments

EXTERNAL STAKEHOLDER ENGAGEMENT

Continue to increase capacity to allow the Bureau to solicit a broad range of perspectives from a wide variety of stakeholders, to further amplify the Bureau's work externally including through live-streaming events and providing video links to past events on the Bureau's website, and to coordinate, support, and inform the work of the Bureau.

Performance goal

The CFPB will assess the progress on achieving outcome 4.4 through the following performance goal:

Performance goal 4.4.1: Engage the public by hosting public field hearings, town hall meetings, Consumer Advisory Board meetings, and other events on consumer finance issues.

The CFPB aims to engage with the public on consumer finance issues (a) to ensure that consumers and interested parties have visibility into the Bureau's work and have meaningful opportunities for public input and (b) to ensure that the Bureau's work is informed by regular input from varied perspectives representing distinct points of view.

PERFORMANCE MEASURE

TABLE 51: Number of public field hearings, town hall meetings, Consumer Advisory Board meetings, and other public events hosted annually

	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Target	NA	8	9	13	13	13
Actual	8	11	13	15	17	NA

PROGRESS UPDATE AND FUTURE ACTION

The Bureau hosted 17 public events in FY 2016, focused on key issues affecting consumer financial markets such as student loans, debt collection, mortgages, arbitration, and payday lending. These included two meetings of its Consumer Advisory Board (CAB), three meetings of its Community Bank Advisory Council, and two meetings of its Credit Union Advisory Council:

1. Denver, Colorado field hearing on arbitration SBREFA in October 2015
2. Washington D.C. Credit Union Advisory Council meeting in October 2015

3. Washington D.C. Consumer Advisory Board meeting in October 2015
4. Washington D.C. public event on the Bureau's retirement tool in November 2015 with SSA
5. Houston, Texas public town hall on small dollar lending in January 2016
6. Louisville, Kentucky field hearing on checking account screening in February 2016
7. Washington D.C. Consumer Advisory Board meeting in February 2016
8. Washington D.C. Credit Union Advisory Council meeting in March 2016
9. Albuquerque, New Mexico field hearing on arbitration in May 2016
10. Kansas City, Missouri field hearing on small dollar lending in June 2016
11. Little Rock, Arkansas Consumer Advisory Board meeting in June 2016
12. Memphis, Tennessee public town hall on small dollar lending in June 2016
13. Oakland, California public town hall on small dollar lending in July 2016
14. Sacramento, California field hearing on debt collection in July 2016
15. Washington D.C. Credit Union Advisory Council meeting in September 2016
16. Dallas, Texas public town hall on financial education in September 2016
17. Washington D.C. Community Bank Advisory Council meeting in September 2016

The Bureau also participated in dozens of public events hosted by others in FY 2016, including testifying before Congress on six occasions to discuss policy, operations, and budget matters. As of the end of FY 2016, the Bureau had testified before Congress 62 times since the Bureau's inception.

Appendix

Appendix A: Program evaluation, data validation, and management challenges

Program Evaluations and Research

The CFPB has launched program evaluation efforts across its four Strategic Goals to ensure continuous identification of opportunities for enhancement and increased effectiveness of its supervision and enforcement programs, research and regulations efforts, consumer education and engagement initiatives, as well as internal operations in the areas of procurement, talent management, technology and innovation, and others. The Bureau utilizes internal and external resources and a variety of processes to conduct regular evaluations and introduce course corrections as necessary.

The following highlights key evaluation efforts undertaken by the CFPB across the four Strategic Goals in FY 2016, identifies areas for planned assessments and research in FY 2017-2018, and summarizes review, audit and program performance management processes implemented by the Bureau for cross-goal assessments.

Goal 1

In support of Outcome 1.1, the Bureau's Research, Markets, and Regulations Division (RMR) executed actions that served as evaluative efforts to improve Bureau rulewriting deliverables, associated analyses, and procedures. These included:

- Continued disclosure testing for major rulemakings, which informed the draft and final regulations; and
- Reviewing and renewing the Bureau's Paperwork Reduction Act (PRA) burden estimates for inherited regulations, identifying areas for improvements.

In support of Outcomes 1.2 and 1.3, during FY 2016, the Bureau's Supervision, Enforcement, and Fair Lending Division (SEFL) continues to implement and monitor improvements identified during its FY 2015 program evaluation effort to improve the efficiency and effectiveness of the Office of Enforcement. In FY 2015, Enforcement implemented a best practice guide to help staff complete their work. The best practice guide outlines major phases of the enforcement process and clarifies key steps and decision points. In FY 2016, Enforcement continues to implement, expand and evaluate the impact of process improvements.

The CFPB continues to review and analyze its processes to determine methods for improvement and increased effectiveness and efficiency in its supervision program. In FY 2015, Supervision modified its processes to account for the need to analyze information obtained after examiners have completed the on-site portion of an examination, and to better monitor reports that do not meet processing milestones. During FY 2016, Supervision continued to analyze the report development and review processes to determine methods for improving and increasing effectiveness and efficiency. Based on that review, Supervision modified its processes from a "calendar" day timeline to a "business" day timeline. Supervision remains dedicated in monitoring and assessing the quality and the timeliness of examination reports and supervisory letters issued.

In May 2016, Supervision released revised templates for supervisory letters and examination reports. The revised templates streamlined areas without losing key content that is communicated to supervised entities.

Goal 2

In FY 2016, the Bureau's Consumer Education and Engagement Division (CEE) continued assessing its consumer outreach initiatives in both its Consumer Engagement Office, Office for Older Americans, and Office of Financial Education to advance Outcome 2.2. In the efforts, the Offices use website analytics and academic research to evaluate the impact of initiatives on consumers. In particular:

- The Office of Consumer Engagement conducted a field research study to begin to assess the impact of the current version of the “Owning a Home” suite of tools and resources for homebuyers. The randomized control study surveys prospective homebuyers at multiple points in time as they navigate the homebuying and mortgage process with the goal of yielding rich insights about consumer attitudes and behaviors throughout the process. This study will help us evaluate the degree to which exposure to the Owning a Home suite of resources influences consumer behaviors, attitudes, and approaches to obtaining a mortgage; the degree to which exposure to messages promoting shopping influences the same behaviors, attitudes, and approaches; and the degree to which increased comparison shopping behavior leads to improved consumer outcomes. The study will likely generate insights into the mechanisms by which the Owning a Home suite of resources affects consumer behavior and attitudes, who benefits the most from the Owning a Home resources, and possible future upgrades. The fielding period for the study concluded in September 2016 and is currently in the data analysis stage.
- The Office of Financial Education measures the impact of its information, tools, and activities for parents. Through the Money as You Grow section of our website, we can measure the number of visitors to the site and the activities and informational pages they visit/download and where they spend time. We also monitor qualitative inputs from conversations with parents and parent organizations, including through focus groups, allowing us to make continuing improvements to the site. Since revamping the site, compared to the prior fiscal year we more than doubled the number of unique visits, we saw a 32% increase in return visits to the site, and we find that more than 60% of visits consistently result in a deeper engagement with further content on the site. As we continuously improve the site we monitor these quantitative inputs and seek additional qualitative feedback.
- In 2016, the Office of Financial Empowerment began the process of retaining a contractor to conduct an independent program evaluation of Your Money, Your Goals. The evaluation will start in early 2017, with a process-study component. An outcome-measurement component will follow, which will assess organizational and client level impacts. These two phases will combine qualitative and quantitative data to learn whether the processes are working to distribute Your Money, Your Goals resources into the field effectively to the organizations trained to use them. Once those materials are being used in the field, the evaluation will help us learn how they are being used, and whether the clients who use program materials benefit subjectively, objectively, or both.
- The Office of Consumer Engagement, which manages Ask CFPB, gathers data monthly on usage, whether visitors are new or returning, popularity of topics and questions, and user ratings of individual questions. The Office also periodically conducts user and usability testing to gain insight into what is working well, what needs updating or optimization, and opportunities to expand or improve the overall value of Ask CFPB.

In FY 2017 and onward, CEE plans to employ similar methodologies to help track the outcomes of additional initiatives, including a consumer education campaign facilitating parents' discussions with children about money, the Ask CFPB database of frequently asked consumer financial questions, and the Your Money, Your Goals program.

Goal 3

RMR undertook several efforts in FY 2016 to assess the effectiveness of its programs and facilitate achievement of Outcomes 3.1 and 3.2. RMR's program evaluation efforts contributed to the improvement of internal processes, as well as influenced the impact of external, mission-driven programs. These efforts included:

- Continuing the development of the National Mortgage Database and the Consumer Credit Panel that will allow the Bureau to monitor markets and conduct research to surface financial trends and emergent risks relevant to consumers.
- Completing procurements to establish capabilities for conducting formal surveys and controlled trials in economic laboratory settings and conducting initial experiments that will allow the Bureau to improve its knowledge on consumer finance decision-making.

RMR will continue to maintain its data and research capabilities in support of the Bureau's research mission.

Goal 4

To support achievement of Outcome 4.1, in FY 2016, the CFPB's Operations Division engaged in implementing the findings and recommendations from a FY 2015 evaluation of the Bureau's FY 2012 and FY 2013 performance management programs.

The initial study focused on examining potential root causes for distributional differences in FY 2012 and FY 2013 in employee performance ratings. The evaluation considered multiple perspectives and inputs including but not limited to: statistical diversity reports, testimony, listening session reports, focus groups, and performance management policies.

Based on the evaluation, findings, and recommendations from the engagement and from a joint labor-management working group, the CFPB made several program enhancements in FY 2016 including delivering a new Career Development Workshop and rolling out a new Team Member competency model which defines expectations and requirements for non-supervisory team members at all levels of the organization.

The Bureau will continue to make additional improvements to its performance management program in FY 2017.

Cross-goal audits and performance management reviews

Government Accountability Office (GAO): The GAO conducts studies or investigations related to the CFPB's programs every year. In addition, GAO performs an annual audit of the CFPB's financial statements and internal controls, as required by the Dodd-Frank Act.

Office of the Inspector General of the Board of Governors of the Federal Reserve System and the Consumer Financial Protection Bureau (OIG): The OIG is an independent oversight authority within the Board of Governors of the Federal Reserve System that conducts audits, inspections, evaluation, and other reviews of programs and operations of the CFPB and investigations into allegations of potential misconduct by staff or contractors. The mission of the OIG is to detect fraud, waste and abuse, and to promote integrity, economy, efficiency and effectiveness in the CFPB's programs and operations. The OIG's audit reports are available on the OIG's website.

Independent Performance Audit: In accordance with the Dodd-Frank Act, the CFPB orders an annual independent audit of the operations and budget of the Bureau. The purpose of this audit is to provide objective analyses to improve program performance and operations, reduce costs, facilitate decision-making, and contribute to public accountability. The audits for prior years are available on the Bureau's website.

TriAnnual Performance Reviews: On a triannual basis, the CFPB executives, including all Goal Leaders, review progress toward achieving the Bureau's strategic goals and outcomes, in part using the performance goals and measures outlined in this plan. At these points, course corrections are made as needed.

Data Validation

Following the Bureau's Data Accuracy and Reliability policy, the CFPB takes continuous steps to ensure that performance information is complete, accurate, and reliable. The following captures key efforts by Strategic Goal and specifically focuses on data sources, summarizes levels of accuracy and data verification approaches, and identifies data limitations along with compensatory counteractions.

Strategic Goal 1

OUTCOME 1.1

- **Data sources:** To advance Outcome 1.1, the Bureau utilized a range of data sources, including the Federal Register, regulations.gov, and the CFPB website (consumerfinance.gov/notice-and-comment). Rulemakings are considered finalized when a final rule is issued by the Bureau and posted to the Bureau's website (see Procedure Related to Rulemaking, Docket No. CFPB-2012-0051).
- **Level of accuracy and data verification:** The data sources listed above were reviewed to determine all proposed rulemakings covered by the performance metrics. This includes all consumer protection related rulemakings conducted solely by the CFPB in which the final public comment period closed between January 1, 2015 and December 31, 2015 (and thus could have been finalized or otherwise resolved within a 9 month period occurring in FY 2016 (from October 1, 2015 through September 30, 2016)) and all significant consumer protection-related, notice-and-comment rulemakings informed by public outreach processes.
- **Advantages, limitations, and mitigating actions:** No limitations and reasonable level of accuracy - the Federal Register and Regulations.gov provide an accurate and extensive record of all rulemakings promulgated by the Bureau.

OUTCOMES 1.2 AND 1.3

- **Data sources:** The CFPB captures and stores data about its supervision and enforcement activities in several systems of record, including LawBase and the Supervision and Examination System (SES). Metrics and measures for the performance goals in support of Strategic Goal 1 are updated based on data housed in these systems on a quarterly basis, followed by focused management reviews to assess progress toward achieving the Bureau's Strategic Goals and Outcomes.
- **Level of accuracy and data verification:** CFPB provides training to users on proper use of the data systems described above to ensure data verification and validation. The SES Data Entry Policy was updated in August 2015 and is currently being reviewed and revised to offer additional guidance. Revisions included additional SES fields to ensure data used to track supervisory activities are entered into SES on a timely basis. For example, the headquarters Office of Supervision Examinations conducts analysis and notifies appropriate parties if there are any data validation issues, as outlined for performance goals 1.2.4/1.3.4. Additionally, senior management conducts quarterly data quality and validation reviews to further assess and re-affirm data accuracy.
- **Advantages, limitations, and mitigating actions:** Although the data is frequently reviewed for accuracy, as discussed above, the CFPB continues to improve its ability to track its supervision and enforcement activities. For example, SES was recently enhanced to allow for accurate tracking of supervisory and applicable enforcement actions. These

modifications have significantly enhanced the CFPB's ability to measure its supervision and applicable enforcement activities. Continued improvements to SES and LawBase, as needed, will assist in capturing key supervisory and enforcement data.

Strategic Goal 2

OUTCOME 2.1

- **Data sources:** The Bureau's Office of Consumer Response tracks progress against Outcome 2.1 using data from its case management system.
- **Level of accuracy and data verification:** The management of the Bureau's Consumer Response function conducts regular data reviews and cross-checks accuracy for all key performance measures, including Intake Cycle Time, Company Cycle Time, and Consumer Cycle Time. The team also tracks the proportion of complaints routed through the dedicated company portal and the number of consumer complaints handled by Consumer Response.
- **Advantages, limitations, and mitigating actions:** No data limitations are known to affect this indicator.

OUTCOME 2.2

- **Data sources:** To identify key success factors in financial health, the CFPB has embarked on a rigorous, multi-year effort to determine the nature of consumer financial well-being, and to learn what factors support it. The first stage of research laid the theoretical groundwork for later quantitative research:
 - Reviewed more than 150 articles from a dozen fields;³⁰
 - Conducted one-on-one interviews with adult consumers and financial practitioners—professionals who provide financial advice, education, services or products to consumers;
 - Transcribed and analyzed 1,600 pages of interview transcripts, from which responses were sorted, coded, and then cataloged using qualitative data analysis software. This first phase culminated in the public release of a definition of financial well-being grounded in the experiences of consumers.
 - In FY 2014, the research focused on developing a new, psychometrically sound, reliable and valid survey scale to measure financial well-being. The development of such a scale

30 These include Consumer Finance, Economics, Behavioral Economics, Psychology (cognitive and developmental), Health, Education, Philosophy, Conservation, Environmental Science, Sociology, and Marketing.

was completed in FY 2015 and was released to the public for use by financial education researchers and practitioners in FY 2016.³¹

- In FY 2017, the CFPB will use the new scale in a nationally representative survey to measure the state of financial well-being among U.S. adults and key subpopulations of interest. The survey will also allow us to quantitatively test previously developed hypotheses about key success factors in financial health.

User activity on consumerfinance.gov is tracked by the Digital Analytics team using Google Analytics. For more detail see Outcome 4.2.

- **Level of accuracy and data verification:** The first element of the Bureau's strategy to obtain quality data and analysis was to procure third-party vendors with specialized expertise in all elements of the desired research activities. In addition, a team of subject matter experts from Consumer Education and Engagement, the Data Analytics Team, and the CFPB's Office of Research review, provide feedback, and ensure the quality of research processes and deliverables.
- **Advantages, limitations, and mitigating actions:** The Bureau's efforts build on rigorous research and quality data. In the next phase, survey scales and hypotheses will be validated through consumer testing at scale. Throughout FY 2015, the CFPB tested and finalized metrics of financial well-being identified in FY 2014 and prepared for large scale quantitative testing of the hypotheses for success. This quantitative testing effort started at the end of FY 2015 and is expected to conclude in FY 2017.

Strategic Goal 3

OUTCOME 3.1

- **Data sources:** The CFPB Credit Card Database is sourced from Office of the Comptroller of the Currency (OCC) and the CFPB's supervisory data collection. The Bureau currently uses several resources for monitoring the mortgage markets including primarily, data gathered under HMDA and commercially available data regarding originations and servicing. The Bureau is preparing to use the National Mortgage Database (NMDB) as a new source for monitoring the mortgage market.
- **Level of accuracy and data verification:** For credit card data, the data verification and validation process occurs in two main phases. In the first instance, the external contractor responsible for collecting and processing the supervisory data on behalf of the CFPB puts the data through a systematic validation process to ensure that the

31 Consumer Financial Protection Bureau, Measuring Financial Well-Being: A guide to using the CFPB Financial Well-Being Scale, 2015

data is coded correctly and uniformly across issuers. In the second main phase of data verification, the CFPB staff reviews the data productions by examining emerging trends and analyzes the data for unusual patterns. For data related to mortgages, the data sources described above are widely used by government and private-sector analysts in understanding the mortgage market. The HMDA data are statutorily required and are carefully collected and verified by the agencies collecting the data.

- **Advantages, limitations, and mitigating actions:** During the development of the NMDB, the Bureau currently relies upon the combination of public and proprietary datasets described above to analyze the market. Of these data, the HMDA data provides the highest level of coverage at a commonly referenced level of 90% of the market. We supplement these data with the commercial and regulatory datasets described above which individually have more restricted coverage but include additional variables and are reported more frequently and with shorter delays. Once developed, the NMDB will have a greater set of reported variables than the currently available data.

OUTCOME 3.2

- **Data sources:** Data source used was the CFPB website for reports dated between October 1, 2015 and September 30, 2016. Reports are considered finalized when the Bureau issues and posts the final report to the Bureau's website.
- **Level of accuracy and data verification:** The data source listed above was reviewed to account for all major research reports published by the Division of Research, Markets, and Regulations in FY 2016.
- **Advantages, limitations, and mitigating actions:** The number of reports published does not necessarily equate to influence in the field. The Bureau may explore and track metrics which may better reflect the influence of our research. Such metrics may include, but are not limited to: the number of comments on blog posts announcing the report, popular press citations of Bureau reports, or academic citations of Bureau reports.

Strategic Goal 4

OUTCOME 4.1

- **Data sources:** Annual Employee Survey (AES) results are captured through an online survey administered under an Interagency Agreement (IAA) for reimbursable government services offered by the Office of Personnel Management’s (OPM) Human Resources Solutions group. The IAA provides warranties that services provided for AES meet professional and legal standards. OPM’s USASurvey branded online survey administration tool is used to gather data. This tool is subject to the variety of information security guidelines for government information technology projects and systems. To ensure that all intended employees are invited to complete the annual employee survey, email addresses for the employee population are provided to OPM as the basis for survey invitation.
- **Level of accuracy and data verification:** The following steps are taken to verify data summaries for item and index level results.
 - OPM provides independent verification and reporting of Bureau-wide AES results prior to releasing data to the Bureau.
 - The CFPB’s Office of Human Capital (OHC) conducts analysis and generates summary reports.
 - Any and all discrepancies between posted and calculated results are subject to 100% verification in collaboration with OPM vendor.
 - At a broader level of verification, comparison data from OPM for government-wide results is monitored and verified through data cross checking.
 - In the final steps of survey processing, CFPB posts results to external website and sends internet link and posted results to OPM to meet regulatory guidance.
- **Advantages, limitations, and mitigating actions:** The Bureau continues to monitor and evaluate the reliability and validity of these metrics as additional baseline data become available. Adjustment to outcomes, components, or targets may be necessary as measures are better understood.

OUTCOME 4.2

- **Data sources:** All data reported from the Digital Analytics team comes from Google Analytics. Data is collected on an as-needed basis through an API that connects directly with Google Servers and stores the data in an Excel template. For internal work, we have developed and launched “V1.0” of a T&I-wide balanced scorecard— a set of metrics that will allow T&I to more effectively monitor and manage performance—and take corrective actions as needed. This scorecard leverages existing sources of internal business information from across the Bureau.

- **Level of accuracy and data verification:** Data is pulled by a Google Analytics Certified analyst who performs thorough quality control checks to ensure all data reported is accurate. The data is then sent to a second Google Analytics Certified analyst who does an additional Quality Control check to re-verify that all data reported is accurate. The data is checked against the user interface on Google Analytics. The T&I-wide balanced scorecard leverages existing sources of internal business information, after it has already been verified and validated.
- **Advantages, limitations, and mitigating actions:** No data limitations are known to affect this indicator.

OUTCOME 4.3

- **Data sources:** For the audit opinion performance goal, the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 requires that GAO conducts an audit of the Bureau's annual financial statements. The data for this measure comes from the audit report issued by GAO after the close of the fiscal year, which is provided to the CFPB directly and published on GAO's website. For the performance goal related to distribution of funds, the data is provided on an ongoing basis by the payments administrator assigned to each case.
- **Level of accuracy and data verification:** For the audit opinion performance goal, the data comes from and is verified against the audit report issued by GAO annually. GAO performs its review in accordance with Generally Accepted Government Auditing Standards. For the distribution of funds performance goal, the CFPB reviews the data continuously and reviews up front the timelines by which the victim lists are approved and the date distributions commence.
- **Advantages, limitations, and mitigating actions:** No data limitations are known to affect this indicator.

OUTCOME 4.4

- **Data sources:** The CFPB's External Affairs Division tracks progress toward the outcome through the division's Triannual Performance Reviews.
- **Level of accuracy and data verification:** The CFPB's External Affairs Division verifies and validates data quarterly by reviewing the CFPB's blog, newsroom, and other materials (which are publicly available on the Bureau's website) that announce, report on, and otherwise provide information about public events hosted by the CFPB.
- **Advantages, limitations and mitigating actions:** No data limitations are known to affect this indicator.

Management challenges

As identified by CFPB's OIG, the CFPB faces challenges in the areas of information security, workforce management, controls over management operations, workforce management, and physical infrastructure.³² As part of its ongoing, continuous improvement efforts, the CFPB is addressing these challenges.

1. Ensuring an effective information security program

To advance its mission-critical activities, the CFPB collects and stores several forms of sensitive information. Ensuring effective information security presents an important challenge to the CFPB and all federal agencies due to the advanced and persistent threats to information technology (IT) infrastructures.

The CFPB has transitioned its IT infrastructure from the U.S. Department of the Treasury and continues to mature its information security program. However, it has yet to fully implement its information security continuous monitoring program.

AGENCY ACTIONS

The CFPB has taken several steps to develop and implement an information security continuous monitoring program consistent with federal requirements. Additionally, the Bureau's internal cyber operations team coordinates with its network provider to monitor and protect against the unauthorized transfer of data and other threats. The CFPB is also currently evaluating additional solutions to centralize and automate its information security continuous monitoring program and activities. The agency will continue to assess contractors for compliance with its IT requirements.

Responsible Executive: Associate Director, Operations

Related Outcome: 4.2, Enable the innovative use of technology for the benefit of efficient internal processes and effective public engagement.

Related Performance Goal: 4.2.2, Improve the efficiency of internal processes and procedures.

2. Ensuring comprehensive policies and procedures are in place and followed

The CFPB does not yet have a comprehensive set of policies and procedures for some program

32 Office of Inspector General: Board of Governors of the Federal Reserve System, Consumer Financial Protection Bureau, 2015 List of Major Management Challenges for the CFPB, <http://oig.federalreserve.gov/reports/cfpb-management-challenges-sep2015.pdf>

areas such as travel. In other cases, CFPB faces challenges in fully ensuring that all staff members were aware of and complied with its existing policies and procedures, such as in the financial reporting processes related to travel, property, equipment, and software.

AGENCY ACTIONS

The CFPB continues to build and implement a framework of policies and procedures for its many programs. In the past year, the CFPB took action to resolve numerous OIG recommendations focused on developing and implementing policies and procedures. The CFPB implemented an internal controls and evaluation program and revamped its inventory management system to fix deficiencies. The CFPB will continue to improve employee awareness of and compliance with its existing policies and procedures.

Responsible Executive: Associate Director, Operations

Related Outcome: 4.3, Enable the operation of a high-performing organization by ensuring effective and efficient management, protection of the CFPB resources, rigorous internal controls, and full compliance with the law.

Related Performance Goal: 4.3.1, Obtain an unqualified “clean” audit opinion on the CFPB’s financial statements

3. Maturing the Human Capital Program

Since beginning operations in 2011, the CFPB has worked to build its human capital programs and develop a high-performing and engaged workforce. Looking forward, the CFPB should seek to further develop its human capital programs by strengthening its workforce planning processes, including succession planning, and fully implementing its new performance management system.

AGENCY ACTIONS

In 2016, the CFPB conducted a workforce planning analysis and allocated additional employees to assist in developing the CFPB’s succession plan. The CFPB also began a two-year implementation of a new performance management system. From garnering the employee union’s endorsement to training managers on the new system’s requirements prior to agency-wide rollout, the Bureau has worked closely with employees to develop and implement this new system. The CFPB plans to continue to strengthen its workforce planning efforts and monitor its new performance management system.

Responsible Executive: Associate Director, Operations

Related Outcome: 4.1, Attract, engage, and deploy a workforce that meets dynamic challenges and provides effective oversight of the consumer financial marketplace.

Related Performance Goal: 4.1.1, Recruit and retain high-performing, diverse employees with the right skills and abilities to meet mission driven goals and objectives; 4.1.2, Increase the level of employee engagement.

4. Managing and acquiring sufficient workspace to support CFPB activities

The CFPB is in the process of renovating its headquarters office building in Washington, D.C. Potential risks for the Bureau include project delays and increased project costs. Significant delays in the headquarters renovation could affect the CFPB's short-term ability to provide office space for its employees and increase project costs. The CFPB has secured swing space during the renovation; however, the occupancy agreement for the current swing space expires at approximately the same time as the projected completion date of the headquarters renovation. If the project is delayed, the occupancy agreement will need to be extended or other space will need to be acquired.

Further, the CFPB does not have a process in place for consistently collecting, maintaining, and using information to help inform future space-planning decisions. Implementing such a process could help the agency effectively plan for and utilize its office space to meet long-term mission needs.

AGENCY ACTIONS

To help ensure that the headquarters renovation stays on schedule, a CFPB official is routinely present at the construction site. Additionally, the CFPB requires its construction management company to manage project costs, maintain a project schedule, and provide monthly progress reports. Once the renovation is complete, the CFPB will need to acquire additional office space for its employees in Washington, D.C. Looking forward, the CFPB is developing a process to standardize collection, maintenance, and use of information to assist in space-planning activities.

Responsible Executive: Associate Director, Operations

Related Outcome: 4.3, Enable the operation of a high-performing organization by ensuring effective and efficient management, protection of the CFPB resources, rigorous internal controls, and full compliance with the law.

Related Performance Goal: N/A

Appendix B: Organizational chart

Bureau structure

Last updated on Mar. 20, 2017

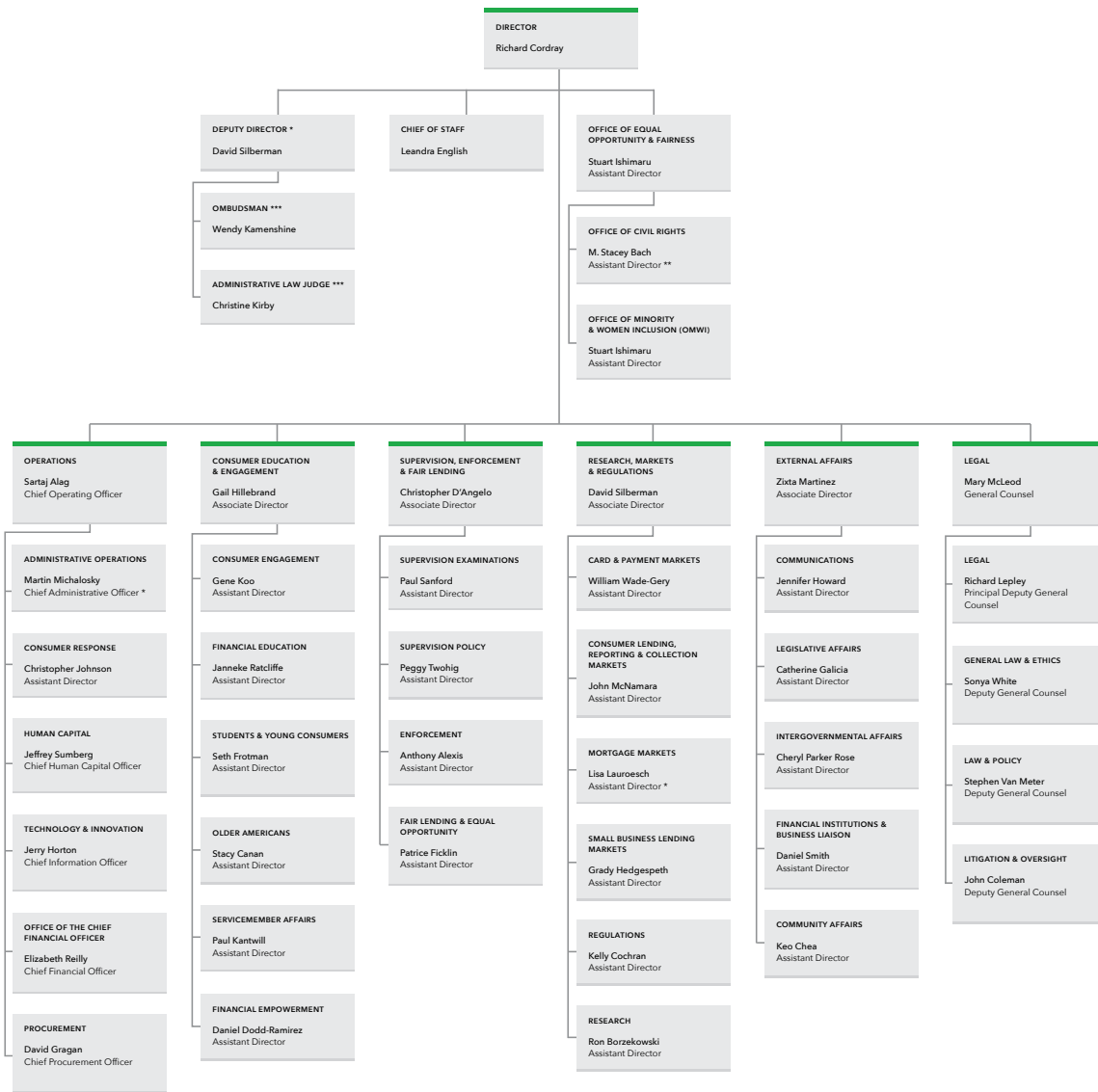


CHART LEGEND

- * Position currently filled on an acting basis
- ** Position has direct reporting responsibilities to the Director
- *** Position is not part of the CFPB Director's Office

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