

DECEMBER 2012

Growing our Human Capital

ANNUAL REPORT TO CONGRESS



Consumer Financial
Protection Bureau

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1. Introduction

About the CFPB

The Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act), signed into law on July 21, 2010 by President Obama, established the Consumer Financial Protection Bureau (CFPB or Bureau). To increase accountability for the supervision and enforcement of laws governing consumer financial products and services, the Dodd-Frank Act centralized at the CFPB consumer protection authorities located throughout the government. The CFPB is tasked with protecting consumers by making markets for consumer financial products and services work for American families. The CFPB began operation July 21, 2011 and received its full authorities upon the appointment of the Director, Richard Cordray, on January 4, 2012.

Purpose of this report

Section 1067 of the Dodd-Frank Act requires the Bureau to submit an annual report to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Financial Services of the House of Representatives that includes a Recruitment and Retention Plan, a Training and Workforce Development Plan, and a Workplace Flexibilities Plan.

On July 21, 2011, the CFPB provided Congress with the Bureau's first annual report titled "Developing our Human Capital." Since its submission, the CFPB has continued making progress in building the Bureau and developing the workforce needed to successfully accomplish the Bureau's mission.

With this document, we submit our second annual report as required by Section 1067 of the Dodd-Frank Act. In it we describe progress since July 21, 2011 and note the Bureau's strategies and planned activities within each of the following:

1. Recruitment and Retention Plan,
2. Training and Workforce Development Plan, and
3. Workforce Flexibilities Plan.

Human Capital key strategies

The Office of Human Capital (OHC) has identified three key human capital strategies for the Bureau:

Recruitment, Engagement, Compensation, and Benefits

Recruit and retain a high-quality, diverse staff through effective workforce planning and talent acquisition methods, strong engagement, a comprehensive diversity and inclusion program, and a competitive compensation and benefits package.

Learning, Development, and Performance Management

Create and sustain a high-performing workforce through innovative workforce learning, development, and performance management programs.

Human Capital Infrastructure

Develop human capital infrastructure by creating human capital policies, improving human resource (HR) information systems, effectively allocating and prioritizing resources, and using mutual accountabilities (e.g., human capital staff, hiring managers, senior leadership, etc.) to achieve desired human capital outcomes.

Recruitment and Retention Plan

Under the Dodd-Frank Act, the CFPB Recruitment and Retention Plan must address the specific activities aimed at ensuring the Bureau effectively recruits and retains a high quality and diverse workforce. Specifically, the Dodd-Frank Act requires that we describe our efforts in the following areas:

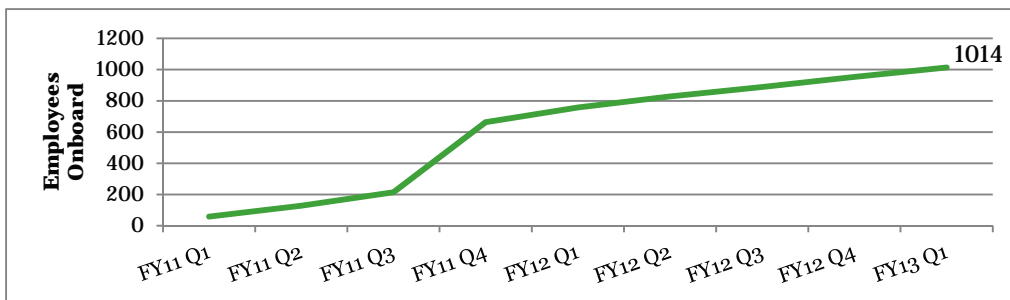
Dodd-Frank Act, Section 1067(b)(2)(C): Recruitment and Retention Plan	<ul style="list-style-type: none"> (i) The steps necessary to target highly qualified applicant pools with diverse backgrounds (ii) Streamlined employment application processes (iii) The provision of timely notification of the status of employment applications to applicants (iv) The collection of information to measure indicators of hiring effectiveness
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Current state

Over the past year, the CFPB continued to build its workforce by identifying and recruiting the best qualified people to meet immediate and long-term staffing needs.

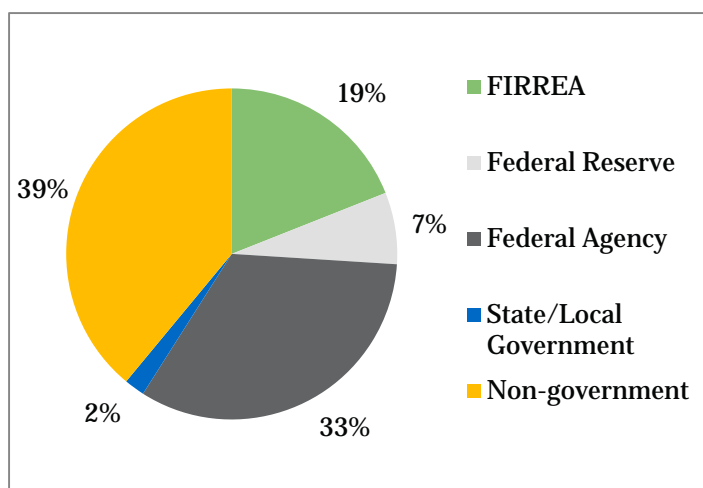
As of November 3, 2012, the Bureau had 1,014 employees. The Bureau’s growth since FY2011 is indicated in Figure 1.

FIGURE 1: PAST WORKFORCE GROWTH



The Bureau's workforce grew to 663 employees by the end of FY2011, including 232 transfer employees from other Federal agencies^a as a result of functions transferred to the Bureau pursuant to the Dodd-Frank Act. In FY2012, the workforce grew by 307 employees to 970 total employees as of September 22, 2012. The CFPB workforce growth has been fueled by experienced staff from Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA)^b agencies; other Federal, state, and local government agencies; and from the private sector. Figure 2 shows the sources of the Bureau's workforce after one year.

FIGURE 2: SOURCES OF THE BUREAU'S WORKFORCE



Beyond the diversity of the hires' professional experience, the Bureau's workforce represents diversity of gender, race, national origin, veteran's status, age, and targeted disabilities. Table 1 shows a current snapshot of the Bureau's diversity after one year.

^a These agencies include the Office of the Comptroller of the Currency, the Office of Thrift Supervision, the Federal Deposit Insurance Corporation, the Federal Reserve System, and the Department of Housing and Urban Development.

^b FIRREA agencies include the Federal Deposit Insurance Corporation, National Credit Union Administration, Farm Credit Administration, former Office of Thrift Supervision, Office of the Comptroller of the Currency, and Federal Housing Finance Agency.

The Bureau exceeds FIRREA comparisons with respect to gender (49% female at the CFPB vs. 44% female at other FIRREA agencies) and minority employees (34% of staff self-identify as a minority at the CFPB vs. 29% of FIRREA employees)^c.

TABLE 1: DEMOGRAPHIC SNAPSHOT OF THE CFPB WORKFORCE AS OF NOVEMBER 3, 2012

	DIVERSITY						
	On-board	% Female	% Minority	% Veterans	Under 40	40+	Targeted Disabilities
BUREAU	1014	49%	34%	12%	51%	49%	1%

Key accomplishments

Over the past year, the CFPB enhanced its recruitment and hiring processes to meet the needs of the growing organization. The Bureau designed a robust workforce planning process, innovative recruitment strategies, and improvements to the hiring process including the development of tailored candidate assessment tools. Concurrently, the CFPB provides compensation and benefits policies, programs, and practices that allow the Bureau to attract and retain a high quality workforce.

Workforce planning

The CFPB created and implemented a comprehensive workforce planning process to improve planning and staffing of Bureau positions. This process aligns with the annual budget process and identifies workforce requirements to allow for proactive planning tied to mission-driven hiring needs. The workforce planning team conducted a structured organizational design

^c Comparison data as of September 2012 (FIRREA) and November 3, 2012 (CFPB); includes FIRREA Agencies listed previously with the exception of the Office of Thrift Supervision

analysis of each Division and then collaborated with representatives from the Divisions to develop, review, finalize, and implement organizational designs according to organizational design criteria. These organizational designs provided the Bureau with detailed information on the positions to be filled through FY2014. In addition, a position management process was established to facilitate requests by Divisions for additional hires or changes to the organizational charts. This prioritization of positions ensures a consistent approach to recruitment, focuses Bureau resources on critical hires, and provides oversight of any organization change efforts.

Recruitment

Evaluation of web analytics data shows a dramatic increase in candidate interest in job opportunities at the CFPB. This is due largely to the enhanced recruitment strategy implemented over the past year. This strategy involves external outreach which includes attending professional conferences and holding large-scale recruitment events for high-volume positions. The Talent Acquisition Team also leverages the power of social media and the web to reach diverse talent pools with the competencies to meet the Bureau's needs. Additionally, the CFPB hosted 13 information sessions for college and university students to promote the CFPB's suite of high potential development programs and participated in an additional 40 college recruiting events and 11 diversity events including career fairs and information sessions hosted by affinity groups (e.g., Historically Black Colleges and Universities, Hispanic-Serving Institutions, and Asian American organizations).

Involving the Bureau's diverse set of current employees and leaders is also at the core of the Bureau's recruitment strategy. The CFPB has cultivated a recruitment culture to supplement its formal recruiting efforts (e.g., USAJobs and Bureau website posting of job announcements). This culture has resulted in a vibrant employee referral network featuring over 200 staff self-designated as recruiters and more than half of all staff following the CFPB on LinkedIn. This network shares and promotes key job opportunities across their professional and academic networks.

Specific recruitment programs include:

- A broad and creative recruiting initiative that incorporated social media, event recruiting, and other tools to promote the CFPB's Design + Technology Fellows

program. The program sought to recruit outstanding web and graphic designers and developers to bolster the Bureau's Technology & Innovation Team;

- Implementation of the Office of Personnel Management's new Pathways hiring program to attract students and recent graduates to the Federal government and the CFPB. Pathways includes Internship, Presidential Management Fellow, and Recent Graduate Programs; and
- A recruitment campaign for Examiner positions, which included large-scale, event-based recruitment. For example, the CFPB hosted two industry discussions to introduce risk and compliance professionals to the work of our Supervision team and invite them to apply for the CFPB's Examiner positions.

Hiring process

The CFPB's hiring process progressed from focusing on immediate, high-impact hiring needs to an integrated, long-term hiring strategy, based on workforce-planning best practices. The CFPB's Office of Human Capital, Technology & Innovation Team, and shared service providers worked together to enhance the application process so that it is clear and applicants receive timely updates regarding the status of their application. In addition, OHC created tailored assessment methods (e.g., structured interviews, work sample reviews) to support selections for specific positions. These candidate assessment strategies enhanced the pool of highly qualified candidates, enabled hiring managers to make objective, data-driven employee selection decisions, and built a workforce that demonstrates the key competencies for success. Enhanced assessment strategies were used to select and hire positions such as: Design + Technology Fellows, management and executive positions, Supervision Examiners, Consumer Response Specialists (Investigations), and Economists.

Retention

The CFPB's retention strategy includes an employee engagement program, which connects Headquarters and the Bureau's distributed workforce to support a shared workforce commitment to the CFPB's mission and values. The Bureau recognizes that a truly diverse, inclusive, and engaged workforce is vital to our protection of American consumers and living our core values of Serve, Lead, and Innovate. The Employee Engagement Team administered the CFPB's inaugural OPM-directed Annual Employee Survey to solicit input from employees on

their experience at the CFPB. In response to the results of the survey, the Bureau has moved forward with some initial action plans and strategies to address survey findings while determining what long-term strategies are needed to better support the workforce. Additionally, the CFPB's Office of Minority and Women Inclusion (OMWI) is planning strategies to educate the workforce, maximize retention of a diverse, inclusive, and qualified workforce, and provide technical assistance to leadership.

The Bureau's retention strategy also includes constructing a market-based competitive compensation and benefits package that supports the Bureau's strategy to build a highly skilled, flexible, and high-performing workforce. The Bureau accomplished this through the implementation of comprehensive benefits and work-life flexibility programs and the development and enhancement of the Bureau's compensation policies. In addition, the CFPB collaborated with The Federal Reserve Board and FIRREA peers to ensure that the CFPB's policies and practices were comparable.

Future action items^d

The CFPB will continue to develop, enhance, and implement workforce planning, recruitment, selection, and engagement strategies to ensure that the Bureau is effectively identifying, selecting, and retaining a highly-qualified and diverse workforce. Similarly, the CFPB will refine its compensation and benefits packages and related policies and practices as needed in order to not only attract the best candidates from both the public and private sectors but to also motivate and sustain the existing workforce. Specific efforts in recruitment and retention include the italicized items below and the corresponding activities under each item.

^d Timeframes for completion of future action items vary.

Conduct annual workforce planning processes, integrated with the annual budget process, to identify workforce gaps and proactively plan for mission-driven hiring needs

- Complete implementation of a new position management and position approval process based on completion of Bureau-wide organization charts; and
- Use a newly designed position management tracking tool to analyze trends in fill and vacancy rates, position characteristics, and position distribution across the Bureau.

Design and launch strategic and innovative outreach practices and programs that maximize the ability to recruit from a broad spectrum of diverse potential applicants, including those from a variety of geographic regions, academic sources, professional disciplines, veterans, socioeconomic groups, and legally protected classes (e.g., women, minorities, persons with disabilities, and people over 40)

- Continue to develop targeted communications highlighting the best aspects of a career at the Bureau;
- Continue to collaborate with stakeholders across the Bureau to enhance recruiting and outreach to diverse populations, professional organizations, affinity groups, and educational institutions;
- Enhance the CFPB's suite of social media tools to reach broad audiences for recruiting;
- Continue to improve the CFPB candidate experience by better communicating opportunities, position requirements, information about how to apply, and application status; and
- Refine the Bureau's talent pipeline by recruiting high-potential, diverse summer interns as a key source for entry-level professional development programs, thereby creating a continuous cycle of talent.

Streamline and enhance employment application processes while notifying applicants of the status of employment applications through the best means possible

- Enhance the use of the CFPB's jobs page to describe the Federal application and hiring process for applicants wishing to enter the Federal system; and
- Expand candidate notification processes where warranted and feasible.

Identify and hire the best candidates through innovative and tailored assessment and selection strategies and processes

- Continue to identify candidate assessment opportunities and develop enhanced assessment strategies;
- Evaluate effectiveness of previously established assessment approaches and refine as necessary; and
- Evaluate impact of enhanced assessment process (e.g., time-to-fill, decision quality, and applicant experience), which includes administering a quality-of-hire survey to hiring managers to solicit input on the hiring process and initiate improvements.

Provide compensation and benefits policies, programs, and practices that allow the Bureau to attract, retain, and sustain high-quality employees

- Continue to benchmark existing programs to peer agencies as outlined in the Dodd-Frank Act; and
- Evaluate current compensation and benefits programs and policies and revise as necessary.

Assess the Bureau's organizational culture and implement diversity and inclusion strategies

- Assess our workforce and organizational culture through enhanced recruitment, hiring, relationship building, and outreach; and

- Educate the workforce and provide technical assistance to leadership to maximize retention of a diverse, inclusive, and qualified workforce.

Create a data-driven engagement program that aligns with and promotes the CFPB's mission, vision, values, and strategy and supports the CFPB workforce through mutual accountabilities (e.g., human capital staff, hiring managers, senior leadership, etc.)

- Continue to conduct the annual employee, new hire , and exit surveys for Bureau employees and analyze, distribute, and act on survey results;
- Further refine and develop a targeted and robust engagement strategy (e.g., conduct a gap analysis and incorporate industry best practices);
- Develop and implement a communication strategy including a targeted strategy for the distributed workforce; and
- Partner with leadership throughout the CFPB to promote alignment and integration of both the engagement and communication strategy.

Training and Workforce Development Plan

Under the Dodd-Frank Act, the Training and Workforce Development Plan must address the identification of skills and expertise necessary for an effective workforce and the development of a learning strategy to address those needs for all employees, including leadership. Specifically, the Dodd-Frank Act requires that we describe our efforts in the following areas:

Dodd-Frank Act, Section 1067(b)(2)(A): Training and Workforce Development Plan	(i) Identification of skill and technical expertise needs and actions taken to meet those requirements
	(ii) Steps taken to foster innovation and creativity
	(iii) Leadership development and succession planning
	(iv) Effective use of technology by employees

Current state

Training and workforce development has, to date, focused on programs such as employee orientation, immersion into the CFPB's culture, and an Excellence through Communication and Collaboration program. Concurrently, the CFPB's learning and development programs have evolved over the past year in an effort to sustain the workforce and support the needs of the growing Bureau.

To meet the requirements of the Dodd-Frank Act, the CFPB cultivates a learning environment in which employees have a continuous, enhanced opportunity to develop through learning processes that are analyzed, monitored, developed, and aligned with goals and objectives. The CFPB accomplishes this by identifying and developing the technical skills and expertise of the workforce and fostering strong leadership, which ensures long-term excellence in management

across the Bureau. The CFPB plans to move beyond its initial just-in-time training interventions towards broader curricula focused on organizational problem solving, innovation, and leadership development.

Furthermore, the CFPB is committed to supporting and developing a high-performing workforce through its merit-based performance management program driven by the values of service, leadership, and innovation and supported by ongoing feedback and development.

Key accomplishments

As the CFPB's workforce increased in number, the Bureau prioritized the creation of a comprehensive training and workforce development program to ensure that our workforce continued to grow in terms of job-related knowledge, skills, and abilities. Over the last year, the CFPB accomplished this by identifying the skills and expertise needed for positions across the Bureau, developing learning programs for employees and leaders, and managing employee performance through a performance management program.

The CFPB conducted a training needs assessment and identified technical and non-technical training needs, priorities, and recommendations. The outcome of this assessment supports strategic imperatives through the implementation of a training and workforce development program. The Talent Management Team created an individual development plan template and guidance as well as a career development workshop that all employees can use to focus on their individual growth. A job task and competency analysis was initiated for examiner positions to support development of specialized competency-based learning programs and the examiner commissioning program.

Over the past year, the CFPB instituted the following training and workforce development initiatives:

- Supervisory Exam System Training for Examiners;
- Examiner On-the-Job Training (OJT) Module Program;
- Fair Lending Course for Examiners;

- “Just-in-Time” Live Meeting training sessions for Examiners on regulatory requirements and examination procedures, including, but not limited to discussions on Fair Lending Mortgage Servicing, Credit Card Add-On Products, Payday Lending and Deposits, and the SAFE Act;
- Financial Modeling and Analysis Workshops;
- A coaching and facilitation program for senior management at the CFPB;
- An Executive Career Ladder Development Agreement and process for building executive competencies;
- A “Leading Through Growth” Workshop for Supervisors;
- Tailored developmental programs for special employee populations at the CFPB, including the Director’s Financial Analyst and the Design + Technology Fellow programs; and
- Two learning policies which enable employees to access non-academic external training and education programs as well as professional certification, licenses, and membership.

The Bureau offers innovative and creative approaches to informal learning, as well as encourages employees to utilize technology for their learning and development needs.

Highlights include:

- A speaker series to inform employees on new products, trends, and market issues hosted by the Research, Markets and Regulations Division;
- A “Lunch and Learn” Speaker Series, featuring content ranging from the CFPB functional office overviews, to financial product and regulation reviews, to work-life balance issues;
- A Learning Management System to track and report on compliance with orientation attendance, mandatory training completion, other online course completion, classroom training workshops, and on-the-job training events;

- A catalog of online courses targeted to address the CFPB core competencies and basic supervisory skills; and
- A variety of examination tools, including a full catalog of computer-based training modules on consumer compliance laws and regulations and general banking topics, a series of job aids that summarize important regulatory requirements, and access to a Regulatory Compliance Manual, which provides helpful commentary and explanation of consumer compliance regulatory requirements.

In addition to learning programs, the CFPB focused on defining effective performance measures and managing employee performance in our inaugural performance cycle. The Bureau implemented a merit-based performance management program in FY2012 based on the principle of ongoing feedback and development. This included designing and implementing a mid-year 360° developmental feedback process, year-end self-assessments, and a multi-source narrative feedback gathering process at year-end. The CFPB's management team piloted the 360° development feedback and the multi-source narrative feedback processes in FY2012; this process is currently under review for implementation across the entire workforce.

The performance management program also included the creation of standard performance objectives for mission-critical jobs, implementing an automated performance management tool, conducting extensive performance management training, and facilitating calibration workshops to ensure consistent application of the program. Continuous evaluation and improvement of this program is essential to the development of the CFPB workforce.

Future action items

The CFPB strives to be a 21st century learning organization, which prioritizes the development of an organizational culture and values that support learning and result in an agile organization able to meet changing mission requirements. The CFPB will continue efforts to provide employees with continuous, enhanced opportunities to learn, develop, and share knowledge to ensure that they have the technical competence to effectively regulate the complex consumer financial marketplace.

Learning and development strategies are building upon initial programs to explore and refine human capital metrics, explore competency and skill gaps based on performance management and other evolving data sources, and respond to those gaps with new learning programs, organizational development programs, and leadership strategies. Specific efforts in training and workforce development include the italicized items below and the corresponding activities under each item.

Identify mission-critical occupations and develop competency models to support recruiting, learning, and performance management

- Review and revise core competency model;
- Develop competency model for mission-critical positions;
- Begin to integrate competency model into processes such as candidate assessment, employee development, and performance management; and
- Begin to develop strategy to measure and close competency gaps in mission-critical occupations.

Establish career maps that leverage competency models to aid in individual development planning and learning program design

- Continue to implement individual development planning process;
- Begin to create career maps and leverage career maps in curriculum design;
- Leverage capabilities in learning management system as necessary (e.g., career maps and training programs); and
- Develop learning strategy for mission-critical jobs including competency-based learning and development programs.

Develop and implement comprehensive and innovative managerial training for incumbent and new managers, as well as executive development programs

- Identify additional needs for managerial and executive training;
- Develop managerial and executive training strategy;
- Leverage coaching program; and
- Identify need for developing and utilizing succession planning strategies.

Continually assess, monitor, and improve upon the performance management program and system

- Refine and improve upon performance management program and system implemented in FY2012; and
- Provide continuous guidance and training to the workforce on the performance management program and system.

Workplace Flexibilities Plan

Under the Dodd-Frank Act, the Workplace Flexibilities Plan must address the development and implementation of workforce flexibilities. Specifically, the Dodd-Frank Act requires that we describe our efforts in the following areas:

Dodd-Frank Act,	(i) Telework
Section	(ii) Flexible work schedules
1067(b)(2)(B):	(iii) Phased retirement
Workplace	(iv) Reemployed annuitants
Flexibilities Plan	(v) Part-time work
	(vi) Job sharing
	(vii) Parental leave benefits and childcare assistance
	(viii) Domestic partner benefits
	(ix) Other workplace flexibilities

Current state

The CFPB continues to offer extensive and innovative workplace programs and flexibilities that enhance the health, morale, commitment, and productivity of the workforce, increase business efficiencies, and promote the Bureau's mission.

As the CFPB grew quickly over a short period of time, it became increasingly important to institute and document policies and procedures to ensure compliance and uniformity in how the Bureau treats employees, while developing additional policies that address key areas of interest to employees such as telework and alternative work schedules.

The human capital policy experts ensure that our workforce programs reflect maximum use of all flexibilities available to Federal agencies with regard to a mix of appointment authorities and terms of employment. The Bureau recognizes that an integrated approach to workplace flexibility will promote employee engagement and productivity, a healthy environment and healthy workers, continuity of operations, and economic efficiencies.

Key accomplishments

The CFPB continued to develop, implement, and revise workplace policies and programs over the past year to adhere to the Dodd-Frank Act as well as enhance the workplace for all employees.

In addition to key programs already in place by July 2011 and still in use – including, but not limited to, policies on reemployed annuitants and part-time work; domestic partner benefits for CFPB-specific vision, dental, and life insurance; a domestic partner subsidy for health benefits; short-term and long-term disability insurance; and emergency child care services - specific offerings developed and implemented over the last year include:

- Voluntary Leave Transfer Program to assist employees affected by their own or a family member's medical emergency;
- Sick Leave Policy, which includes expanded use of sick leave for the birth or adoption of a child;
- Open Door and Administrative Grievance Policy;
- Alternative Work Schedules Policy, which offers two different flexible work schedules to employees;

- Expanded Telework Program including telework in emergency situations, which has a high rate of participation. In addition to the 29% of employees whose duty stations are their homes, another 40% have a telework agreement in place;
- Enhanced Annual Leave Policy; ^c
- Onsite childcare services for headquarters employees; and
- Lactation rooms in all Washington, DC office buildings.

Future action items

The CFPB is committed to providing and continuously improving workplace flexibilities in an effort to attract, engage, and retain the Bureau’s workforce and enhance the workplace. OHC will collaborate with management and staff to explore additional workforce flexibilities and “best practices” in the public and private sectors. Specific efforts to enhance workplace flexibilities include the italicized items below and the corresponding activities under each item.

Provide and manage relevant and desirable work-life flexibilities (e.g., telework, flexible work schedules, enhanced leave benefits, support for nursing mothers, and emergency dependent care services) tailored to the CFPB’s mission needs

- Implement a nursing mothers’ policy, outlining additional guidance on space and time available for lactation purposes, as well as guidance for employees in the field; and
- Promote availability of an extensive network of in-home and center-based providers of care for children and dependent adults.

^c Effective January 13, 2013.

Develop and implement workplace flexibilities that leverage critical skills and experiences and retain mission-critical expertise

- Assess the need to expand the Reemployed Annuitants program for special initiatives (i.e., retired Examiners); and
- Assess and implement additional workplace flexibilities to the extent that they further the Bureau's mission and strategic goals (e.g., a job-sharing program and increased opportunities for part-time staff) where appropriate.