February 2015

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

Consumer Financial Protection Bureau

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Message from Richard Cordray

Director of the CFPB

Continuing the Consumer Financial Protection Bureau's (CFPB's or 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.

I am proud to share the CFPB's Strategic Plan for fiscal years 2013-2017, which guides our long-range work, as well as a comprehensive review of progress that the CFPB achieved in fiscal year (FY) 2014 across its four Strategic Goals. In addition, this document contains the Bureau's most current view of budget projections for FY 2015-2016, 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 2014, the CFPB:

- Provided digital content, materials, and decision tools to over 5.6 million consumers – nearly triple the number of consumers reached in the previous year;
- Handled over 240,000 consumer complaints across a broad range of financial products and issue types;

- Shared investigative information with more than 50 different government agencies in 280 matters;
- Published 9 notable reports about specific consumer financial products, markets, or regulations, including the CARD Act Report, a report on Arbitration Study Preliminary Results, and others; and
- Hosted 13 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 fiscal year 2014 suggest that the Bureau continues to mature across its areas of focus in supervision, enforcement, research, and outreach to American consumers. While the CFPB's resource base is not expected to experience substantial increases in FY2015-16, the Bureau's work to date indicates that consumers of financial services face challenges across product areas, highlighting the need for the Bureau to maintain a sharp focus on leveraging available resources carefully. The CFPB will ensure effectiveness of its actions based on careful planning, data-driven choices, deployment of innovative operational and technological solutions, and engaging of its mission-focused 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 continuously its effectiveness and the robustness of its consumer protection efforts.

Sincerely,

Richard Cordray

Richard Cordray, Director
February 2015

Overview of the CFPB

The Bureau of Consumer Financial Protection, known as 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. The Bureau 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.

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 recess 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 marketplaces 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 without exceeding the limits in the Dodd-Frank Act. Transfers through FY 2013 were capped at pre-set percentages of the total 2009 operating expenses of the Federal Reserve System. In fiscal years 2014, 2015, and beyond, the cap is adjusted annually based on the percentage increase in the employment cost index published by the Federal Government for the total compensation for State and local government workers. Transfers from the Federal Reserve System are capped at $618.7 million for FY 2015. For FY 2016, the transfer cap is estimated to be $631.7 million. Funds transferred from the Federal Reserve System are transferred 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 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) maintained at the Federal Reserve Bank of New York.

Bureau Fund

The CFPB FY 2015 and FY 2016 budget estimates included in this Report will support the operations of the Bureau and its continued growth and maturity as a Federal agency. These resources will enable the Bureau to continue to fulfill its statutory obligations, and its mission to make rules more effective, by consistently and fairly enforcing those rules, and by empowering consumers to take more control over their financial lives.

The FY 2016 budget estimate of $605.5 million is 4.0% percent above the FY 2015 budget estimate of $582.0 million. The FY 2015 budget estimate is 16.9% higher than total FY 2014 actuals. To achieve the four strategic goals outlined in this plan, the FY 2015 and 2016 budget estimates support additional staff, especially for supervision and examination activities, ongoing operations, and key investments, with a focus on developing IT infrastructure, cybersecurity, and data management projects.

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.

The data below provide a view of our budgetary resources by strategic goal. As shown below, the proportion of funding across all goals is expected to remain relatively constant through FY 2016. Activities related to regulation, supervision, and enforcement activities -- which are included in Goal 1 -- represent the largest portion of the FY 2016 budget at 47% and primarily support the continued growth of the regional supervision and examination workforce as the CFPB moves towards steady-state operation. Other key investments in FY 2015 and FY 2016 are devoted to activities under Goal 2, which include expanding capacity and systems to improve the handling, processing, and analysis of consumer complaints as well as helping consumers understand the costs, risks, and tradeoffs of financial decisions through financial education outreach.

The proportion of funding for Goal 3 and 4 remains stable in FY 2015 and FY 2016, as the Bureau approaches steady state in its research and market monitoring functions and develops an independent in-house technology infrastructure.

TABLE 1: Budget by strategic goal

	FY 2014	%	FY 2015	%	FY 2016	%
Goal 1	$223,201,323	45%	$269,243,012	46%	$282,221,984	47%
Goal 2	$109,884,880	22%	$125,842,574	22%	$125,945,170	21%
Goal 3	$48,719,230	10%	$50,314,830	9%	$54,865,093	9%
Goal 4	$116,089,878	23%	$136,619,296	23%	$142,487,396	24%
Total	**$497,895,311**	**100%**	**$582,019,712**	**100%**	**$605,519,643**	**100%**

FY 2015 and FY 2016 estimates are based on the best available information at the time the Budget was prepared and are subject to revision. FY 2014 amounts reflect obligations incurred and include upward adjustments to prior year obligations. Percentages may not add to 100% due to rounding.

Budget by program

Over the FY 2015 – FY 2016 time period, the budget provides additional resources for all programs. Supervision, Enforcement, and Fair Lending drive the increases in funding over this two-year window primarily to support additional personnel to help the Bureau ensure compliance with Federal consumer financial laws. The Operations Division realizes the second largest increase, which primarily supports additional IT personnel and new and continuing technology investments.

Centralized Services include the cost of certain administrative and operational services provided centrally to other programs (e.g., building space, utilities, and IT related equipment and services). Centralized Services in FY 2015 also includes the full annual cost of an additional, temporary space for Washington, D.C. staff, including rent, security, maintenance, utilities, and other physical space costs, as planned renovations to the Bureau's permanent headquarters update the building to current energy, environmental, and security standards and make necessary repairs. These renovations include replacement of major infrastructure such as the roof, building enclosure, and heating, water, and electrical systems; the current headquarters building has not undergone a significant renovation since it was constructed in 1976. The CFPB entered into an interagency agreement with the General Services Administration (GSA) in FY 2013 to manage the renovation process.

Centralized Services increases in FY 2015 as the Bureau continues to invest in technology infrastructure. In FY 2016, costs related to contracts for software design, development, and cybersecurity are expected to decline as the Bureau continues to hire additional IT staff. Overall IT costs are also expected to slightly decline as the Bureau realizes savings from building its own independent technology infrastructure.

The budget for the Office of the Director decreases slightly in FY 2016 over FY 2015, but increased in FY 2015 significantly due to the relocation of the Office of Minority and Women Inclusion, which is now within the Office of the Director.

FY 2015 and 2016 funding changes for Consumer Education and Engagement as well as Research, Markets, and Regulations are due to continued staff growth, as well as the continued development and maturation of a variety of key investments in their respective life cycle stages. These are detailed in the Summary of Key Investments table and in each goal discussion.

TABLE 2: Budget by program

	FY 2014	FY 2015	FY 2016
Office of the Director	$4,184,770	$7,863,958	$6,633,602
Operations	$57,734,131	$72,636,327	$79,170,400
Operations - Consumer Response	$54,714,754	$58,939,728	$57,845,684
Consumer Education, and Engagement	$28,437,833	$37,175,980	$41,882,538
Research, Markets, and Regulation	$34,942,643	$39,930,979	$42,869,994
Supervision, Enforcement, and Fair Lending	$135,757,099	$157,209,275	$171,691,956
Legal	$12,424,331	$18,712,993	$20,220,859
External Affairs	$6,203,348	$7,440,801	$8,406,885
Other Programs*	$2,574,264	$3,214,942	$3,569,068
Centralized Services**	$160,922,138	$178,894,729	$173,228,657
Total	**$497,895,311**	**$582,019,712**	**$605,519,643**

*Other Programs include the Director's Financial Analyst Program, Ombudsman, and Administrative Law Judges.
**Centralized Services include the cost of certain administrative and operational services provided centrally to other programs (e.g., building space, utilities, and IT-related equipment and services).

FTE by program

The table below reflects full-time equivalent employees (FTEs) by program. The Bureau will continue to expand capacity over FY 2014 levels in order to successfully achieve its strategic goals. Staffing levels in all programs across the Bureau are projected to increase, with the largest growth in Supervision, Enforcement, and Fair Lending, as the Bureau continues to staff its regional examination workforce. Staffing increases in Research, Markets, and Regulations support a new Regulatory Implementation Unit and other programmatic needs. The Bureau will also continue to increase staffing levels in Consumer Response in order to ensure sufficient capacity to handle the increasing volume of consumer complaints. Planned staffing in the Operations program offices will continue to support the Bureau's development of the internal infrastructure to support more efficient workflows and communications, critical to creating and maintaining a high-performing organization. More detail on personnel investments is included in each discussion by goal.

TABLE 3: FTE by program

Programs	FY 2014	FY 2015*	FY 2016*
Office of the Director	24	28	30
Operations	249	288	331
Consumer Response	159	177	192
Consumer Education and Engagement	66	70	75
Research, Markets, and Regulations	127	150	168
Supervision, Enforcement, and Fair Lending	633	691	747
Legal	59	68	74
External Affairs	37	41	46
Other Programs	25	24	27
Total	**1,379**	**1,537**	**1,690**

*Projected FTE

Budget by object class

The table below provides a view of the CFPB's budget by spending category or object classification. Personnel compensation and benefits represent the largest increases over the two-year horizon as the Bureau continues to hire additional personnel as described above. Total travel expenses are also projected to increase over time as the examination workforce continues to grow and conduct examination activities across the country. The growth in funds allocated to Rents, Communications, and Miscellaneous charges primarily represents annual rental increases for headquarters and regional space, the full annual cost of the Bureau's temporary space in Washington D.C. during the planned headquarters renovation, and cost to obtain space for the Southeast regional office.

Decreases in Other Contractual Services and Equipment are also planned in FY 2016, as the Bureau completes infrastructure projects initiated in earlier years, like network and technology infrastructure independence, and scales back on contracted support while moving toward steady-state.

TABLE 4: Budget by object classification

Object Classification	FY 2014	FY 2015	FY 2016
Personnel Compensation	$171,702,260	$208,928,899	$238,415,925
Personnel Benefits	$65,271,703	$75,037,415	$85,639,458
Benefits to Former Personnel	$39,246	$125,000	$125,000
Travel and Transportation of Persons	$17,232,663	$20,515,794	$21,155,356
Transportation of Things	$114,159	$132,504	$134,448
Rents, Communications, and Misc. Charges	$11,049,627	$16,849,240	$18,434,212
Printing and Reproduction	$2,424,626	$3,153,411	$3,114,011
Other Contractual Services	$200,031,608	$213,501,442	$198,823,747
Supplies and Materials	$4,552,106	$5,576,133	$5,349,166

Object Classification	FY 2014	FY 2015	FY 2016
Equipment	$21,452,780	$37,199,874	$33,728,320
Land and Structures	$4,023,950	$1,000,000	$600,000
Interest and Dividends	$583	-	-
Total	**$497,895,311**	**$582,019,712**	**$605,519,643**

Summary of key investments

The table below details the funding levels for the Bureau's key non-personnel investments by outcome. In Goal 1, the budget for e-law tools and support is expected to remain relatively constant, while the budget for examiner training, travel and litigation support increases with the expansion of personnel and casework. A moderate increase for the development of Supervision and Fair Lending Compliance Tools is expected for FY 2015 but will level off in FY 2016.

In Goal 2, the budget for the Consumer Response System and Contact Center is expected to remain relatively constant, while funding is increased for Consumer Education Initiatives, Consumer Services Awareness Building, and Consumer Response Complaint Analytics. The Bureau also expects to realize savings in FY 2015 and FY 2016 in Consumer Response Operational and Program Support.

In Goal 3, the budget remains fairly constant – changes are largely due to the lifecycle of various investments. In Goal 4, significant growth from FY 2014 funding levels are expected in a variety of technology investments, including Cybersecurity as well as in Data Infrastructure and Analysis. Goal 4 also increases due to new initiatives, such as Customer Relationship Management, Document Management System, Extranet, and e-Discovery Services. Finally, the cost of conducting required audits of the Bureau is also expected to increase from FY 2014 levels.

There are additional investments in facilities agreements for space, utilities and security that support all goals. Costs for facilities agreements include costs incurred by the Bureau to maintain space for headquarters and the regional offices in Chicago, San Francisco, and New York.

The headquarters renovation project required the relocation of CFPB employees to temporary space. As a result, the budget includes costs to cover the need for temporary space, as well as related facilities and security requirements. These costs will end upon the return of CFPB employees to the headquarters building following completion of the renovation. The renovation project also requires additional architecture and engineering services to support the technical management of the renovation during the construction process.

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

TABLE 5: Key investments (in millions)

Outcome	Key Investment Description	FY 2014	FY 2015	FY 2016
1.1	Disclosure, Design, Testing, and Implementation	0.2	0.6	-
1.2 / 1.3	Examiner Training and Travel	15.3	18.4	18.5
	e-Law Tools and Support	10.7	9.4	9.7
	Supervision Compliance Tool	4.4	4.6	4.6
	Litigation Support	1.8	4.4	4.7
	Fair Lending Compliance Tool	0.5	1.2	-
2.1	Consumer Response System and Contact Center Support	23.4	24.7	23.8
	Consumer Response Operational and Program Support	6.5	2.6	1.7
	Optimizing CFPB Communication and Consumer Engagement Channels	1.8	2.2	0.4
	Consumer Response System – Complaint Analytics	1.7	3.0	3.0
2.2	Consumer Experience Program	4.8	3.0	4.3
	Consumer Education Initiatives	2.9	4.4	4.2
	Underserved and Special Populations Programs and Outreach	2.7	5.1	4.9
	Consumer Services Awareness Building	2.3	7.9	8.0
	Your Money, Your Goals	0.5	1.0	0.3
3.1	Credit Card Database	3.0	3.1	3.1
	Mortgage Database	1.4	1.3	1.4
	Other Market Data	1.1	0.9	1.0

Outcome	Key Investment Description	FY 2014	FY 2015	FY 2016
	HMDA Development and Implementation	1.3	1.3	0.7
	HMDA Data Processing	0.6	0.6	0.6
3.2	Know Before You Owe: Mortgage e-Closing	2.2	-	-
	Evidence-Based Consumer Research	2.1	0.7	-
	Underserved and Special Populations Research	1.7	0.6	1.4
	Primary Data Collection	1.2	2.3	2.0
	Financial Education Research	1.1	0.4	1.2
	Financial Education Metrics	0.8	0.1	1.4
	Financial Education Innovations	0.4	0.5	0.5
4.1	Human Capital Shared Services, Infrastructure, and Operations	8.3	9.6	10.0
	Outreach, Candidate Recruiting, and Candidate Selection Support	2.8	2.7	2.5
	Learning, Leadership, and Organization Development Facilitation and Design	2.3	3.7	3.8
	Diversity and Inclusion Initiatives	0.5	1.7	-
4.2	Technology Infrastructure	33.1	22.9	22.6
	Technology Infrastructure - Shared Services	12.4	11.2	3.4
	IT Portfolio Management	10.9	13.2	12.2
	Design and Software Development Support	6.3	6.4	4.8
	Cybersecurity	3.4	7.1	6.9
	Data Infrastructure and Analysis	2.0	6.6	8.5
	e-Discovery Services Implementation	0.3	5.4	5.8

Outcome	Key Investment Description	FY 2014	FY 2015	FY 2016
	Extranet	-	2.5	3.0
	Customer Relationship Management System	-	2.3	1.8
	Document Management System	-	1.5	1.3
4.3	Audits of the Bureau	8.8	10.3	10.5
	Financial Management Support Services	6.9	8.7	8.3
	Internal Controls	1.7	1.5	1.3
ALL	Facilities Agreements (Occupancy)	19.1	19.6	21.0
	Facilities Agreements (Utilities, Security, Other)	8.7	5.8	3.8
	Facilities Agreements (Occupancy) for Temporary Space	4.1	10.0	11.0
	Facilities Agreements (Utilities, Security, Other) for Temporary Space	6.5	5.1	5.5
	Architecture and Engineering Services for HQ Building Renovation	1.9	1.0	0.6
	Personnel Security Investigations	1.3	1.2	1.2
	Other*	23.3	33.8	30.3
Total**		**$260.9**	**$297.9**	**$281.3**

* Includes administrative costs such as training, supplies, printing, transportation and programmatic costs as well as adjustments to prior year obligations.
** Grand totals may differ slightly from summation of individual line items due to rounding.

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. Transfers are capped at a pre-set percentage of the total 2009 operating expenses of the Federal Reserve System, subject to an annual adjustment. Beginning in FY 2014, transfers to the Bureau are capped at 12 percent of the Federal Reserve System's operating expenses. Transfer caps are adjusted annually based on the percentage increase in the employment cost index by the Federal Government for total compensation for state and local government workers as specified in the Dodd-Frank Act. The inflation-adjusted transfer cap for FY 2015 is $618.7 million, and the transfer cap for FY 2016 is $631.7 million. Funds transferred from the Federal Reserve System to fund the operations of the Bureau are transferred into the Bureau Fund and maintained at the Federal Reserve Bank of New York. The Bureau anticipates requesting less than the transfer cap to fund operations in FY 2015 and FY 2016.

In addition to transfers from the Federal Reserve, a small portion of the CFPB's funding 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.

TABLE 6: Bureau Fund (in millions)

Receipts	FY 2014	FY 2015	FY 2016
Transfers from the Federal Reserve Board	$533.8	$539.0	$605.5
Other Receipts	$0.3	$0.3	$0.3
Unobligated Balances, start of year	$88.4	$139.2	$96.5
Recoveries of Prior Year Obligations	$14.9	-	-
Total Budgetary Resources	**$637.4**	**$678.5**	**$702.3**
Total Obligations	**$497.9**	**$582.0**	**$605.5**

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. If 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 $159.0 million in actual deposits to the Civil Penalty Fund by the end of FY 2014 and expects to collect additional amounts during FY 2015. Of the amounts collected to date, the Bureau allocated $157.4 million. Approximately $144 million has been allocated to compensate harmed consumers, and $13.4 million was allocated for consumer education and financial literacy programs. Of the $13.4 million allocated for consumer education and financial literacy programs, $0.8 million was obligated in FY 2014, $4.2 million is planned to be obligated in FY 2015, and $4.2 million is planned to be obligated in FY 2016.

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

TABLE 7: Civil Penalty Fund (in millions)

Receipts	FY 2014	FY 2015	FY 2016
Collections	$77.5	$23.0	$0.0
Unobligated Balances, start of year	$81.5	$157.1	$38.1
Total Budgetary Resources	**$159.0**	**$180.1**	**$38.1**
Total Obligations	**$1.9**	**$142.0**	**$35.0**

GOAL 1

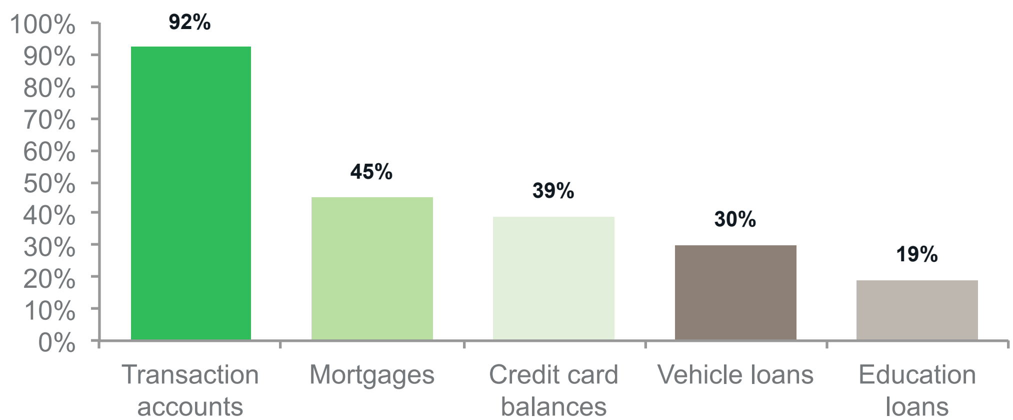
Prevent financial harm to consumers while promoting good practices that benefit them

TABLE 8: Budget for goal 1, by program

Goal 1	FY 2014	FY 2015	FY 2016
Office of the Director	$884,043	$1,121,119	$1,301,262
Research, Markets, and Regulation	$11,282,674	$14,435,325	$15,327,768
Supervision, Enforcement, and Fair Lending	$135,757,099	$157,209,275	$171,691,956
Legal	$4,897,501	$6,507,806	$7,130,337
External Affairs	$930,502	$1,116,120	$1,261,033
Other Programs	$1,354,430	$1,343,289	$1,479,941
Centralized Services	$68,095,074	$87,510,078	$84,029,687
Total	**$223,201,323**	**$269,243,012**	**$282,221,984**

Introduction

FIGURE 1: Percent of American families that rely on one or more financial product[1]



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 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. 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.

1 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).

FIGURE 2: Financial institutions subject to CFPB supervisory authority for consumer financial protection purposes

Large banks, thrifts, credit unions & their affiliates	Certain nonbank 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.
- Leverage technology to continuously improve the efficiency and effectiveness of the 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, 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.

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 9: 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.[2]

	FY 2012	FY 2013	FY 2014	FY 2015	FY2016
Target	NA	75%	75%	75%	75%
Actual	100%	78%	100%	NA	NA

PROGRESS UPDATE AND FUTURE ACTION

In FY 2014, the Bureau finalized and issued a number of rulemakings within nine months of the closing of a final comment period occurring in 2013. The Bureau finalized a number of technical and clarifying amendments to the mortgage rules issued in January 2013 to implement consumer protection provisions enacted by the Dodd-Frank Act. These amendments focused on matters such as loss mitigation procedures under Regulation X's servicing provisions, amounts counted as loan originator compensation to retailers of manufactured homes and their employees for purposes of applying points and fees thresholds under the Home Ownership and Equity Protection Act and the Ability-to-Repay rules in Regulation Z, exemptions available to creditors that operate predominantly in "rural or underserved" areas for various purposes under the mortgage regulations, application of the loan originator compensation rules to bank tellers and similar staff, and the prohibition on creditor-financed credit insurance. The Bureau also adjusted the effective dates for certain provisions of the loan originator compensation rules.

2 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.

In October 2013, the Bureau made additional updates to its title XIV mortgage origination and servicing rules issued in January 2013. Among other things, these rules required that consumers receive counseling before obtaining high-cost mortgages and that servicers provide periodic account statements and rate adjustment notices to mortgage borrowers, and engage in early intervention for delinquent borrowers. Regarding servicing, on October 13, 2013, the Bureau issued an interim final rule suspending periodic statements and certain loss mitigation notices for consumers in bankruptcy, so the Bureau could consider how its servicing rules interact with other laws which may prohibit contacts with consumers such as the Bankruptcy Code and the Fair Debt Collections Practices Act. Based on the comments and further analysis, the Bureau issued a proposal to provide clearer guidance to servicers for consumers in bankruptcy in November 2014. Also in October 2013, the Bureau clarified the specific disclosures that must be provided before counseling for high-cost mortgages can occur.

In November, 2013, the Bureau issued a final rule under Sections 1098 and 1100A of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) along with forms that combined certain disclosures that consumers receive in connection with applying for and closing on a mortgage loan under the Truth in Lending Act (Regulation Z) and the Real Estate Settlement Procedures Act (Regulation X). The final rule was issued a little over a year after the initial proposal, during which time the Bureau put several prototype forms through rigorous qualitative and quantitative consumer testing to ensure that the disclosures would inform consumers about the costs, benefits and risks of loan offers. The Bureau also periodically sought input from the general public between testing rounds, posting the prototype forms on its "Know Before you Owe" webpage—that webpage received over 150,000 visits and generated over 27,000 public comments. The Bureau considered these comments, as well as 2,800 letters submitted in response to the rules proposed to implement the forms. The Bureau's final rule issued in November 2013 established new disclosure requirements and forms in Regulation Z for most closed-end consumer credit transactions secured by real property.

Also in November 2013, the Bureau issued a final interpretive rule[3] describing data instructions for lenders to use in complying with the requirement under the High-Cost Mortgage and Homeownership Counseling Amendments to the Truth in Lending Act (Regulation Z) and Homeownership Counseling Amendments to the Real Estate Settlement Procedures Act (RESPA Homeownership Counseling Amendments). These rules require creditors to provide applicants with a list of homeownership counselors using data made available by the Bureau or Department of Housing and Urban Development (HUD).

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3 The Bureau issued this rule without first issuing a proposal, because it provides technical instructions for which notice and comment is not required under the Administrative Procedures Act.

In 2013, the Bureau amended its 2012 final rule governing remittances under the Electronic Fund Transfer Act (EFTA). The 2012 final rule provided new protections for consumers transferring money to other consumers or businesses abroad, including disclosures, and error resolution and cancellation rights. In late 2012 the Bureau proposed to amend and clarify the rules and to extend the compliance deadline, with comments on both due on January 15 and 30th, 2013. The Bureau finalized both proposals on May 22, 2013. This final rule made optional the disclosure of foreign taxes and certain foreign fees and adjusted providers' liability in certain circumstances where a consumer made a mistake. Following on the May 2013 final rule, the Bureau made additional clarifying amendments and a technical correction to the remittances rule on August 14, 2013. The remittance transfer rule, including all of the 2013 amendments, took effect on October 28, 2013.

During FY 2014, the Bureau also issued proposed and final rules modifying earlier mortgage ability-to-repay and mortgage servicing rules it had issued in 2013. These rules provide mortgage lenders with an ability to cure mortgages that exceed the points and fees cap for "qualified mortgages." They also clarify how the mortgage and servicing rules apply to certain nonprofits who lend primarily to low- and moderate-income consumers. In addition, the Bureau issued proposed and final rules simplifying existing rules governing annual privacy notices under the Gramm-Leach-Bilely Act. Finally, the Bureau proposed and finalized narrow changes to the rules for its TILA-RESPA combined forms to ensure that consumers who lock interest rates after application receive timely disclosures and to clarify disclosure requirements for construction loans.

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 the Bureau states for the rule.

PERFORMANCE MEASURE

TABLE 10: The percentage of five-year regulation assessments completed on schedule.

Year	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.
FY2015	Begin collection and analysis of relevant quantitative and qualitative information	NA
FY2016	Continue collection and analysis of relevant quantitative and qualitative information. Plan and conduct industry outreach regarding the impact of rules that went into effect at the beginning of 2014	NA

PROGRESS UPDATE AND FUTURE ACTION

The Bureau's first five-year assessments will be due in 2018. The Bureau will in FY 2015 continue to develop strategies to best isolate data on the effects of rules to enable the Bureau to conduct before-and-after reviews of certain rules, as well as begin collection of relevant quantitative and qualitative information for the assessments.

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

	FY 2012	FY 2013	FY 2014	FY 2015	FY2016
Target	NA	100%	100%	100%	100%
Actual	100%	100%	100%	NA	NA

PROGRESS UPDATE AND FUTURE ACTION

In August 2014, the Bureau published for public comment in the *Federal Register* a proposed rule amending Regulation C to implement amendments to the Home Mortgage Disclosure Act (HMDA) made by section 1094 of the Dodd-Frank Act. Consistent with section 1094 of the Dodd-Frank Act, the Bureau also proposed to add several new reporting requirements and to clarify several existing requirements, and proposed certain changes to institutional and transactional coverage under Regulation C. This proposal was informed by extensive public outreach efforts, including Small Business Review Panel meetings with small business entities in early 2014 as well as other roundtable events and outreach meetings with industry stakeholders and consumer advocates. The Bureau also received valuable input from members of its Consumer Advisory Board (CAB), Credit Union Advisory Council (CUAC), and Community Bank Advisory Council (CBAC).

Throughout FY 2014, staff continued to participate in numerous outreach meetings and external events to monitor implementation issues in connection with its mortgage rules. Following the issuance of the final TILA-RESPA Integrated Disclosures rule in November 2013, Bureau staff participated in numerous roundtables, outreach meetings, and external events to allow stakeholders an opportunity to provide input and discuss any issues presented by the implementation of the rule. The Bureau considered this feedback as it formulated and issued additional proposals to clarify or address some of the matters and issues raised in connection with these rules. The CFPB also encouraged all stakeholders to submit formal written comments on these proposals.

The Bureau also conducted numerous other public outreach efforts in FY 2014 to inform and assist the Bureau in developing non-mortgage rules. For example, following the Bureau's release of an advance notice of proposed rulemaking (ANPR) related to debt collection practices in November 2013, Bureau staff continued to participate in outreach events and meetings that included both consumers and industry participants to obtain information and feedback on communications issues, data integrity and information flows, and other topics listed in the ANPR. Furthermore, the Bureau in FY 2014 continued to conduct outreach in connection with its remittances rule, including conducting interviews with regulated entities, which informed revisions to its regulations implementing provisions of the Dodd-Frank Act that established a new system of federal protections for remittance transfers sent by consumers in the United States to individuals and businesses in foreign countries. Finally, in connection with prepaid cards, the Bureau conducted outreach as well as interview testing with consumers around the country to help the Bureau develop and design a model disclosure, and posted the model disclosures on its website for public consideration and feedback.

In FY 2015, the CFPB intends to continue to undertake its public outreach efforts to consumers and industry stakeholders as it considers topics for other possible future consumer protection related rules.

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 product 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 institution 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 a technology solution for coordinating supervisory information, capable of recording, storing, tracking, and reporting information on the CFPB's supervisory process.
- Continue implementing a tool capable of reviewing loan and deposit portfolios for compliance with Federal consumer financial laws.

Investments

PERSONNEL

Hire additional staff 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 nonbank 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 examiner commissioning and 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.

SUPERVISION COMPLIANCE TOOL

Automate data 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 will improve the CFPB's ability to assess compliance with Federal consumer financial laws, and assess and detect risks to consumers.

FAIR LENDING COMPLIANCE TOOL

Modules for analysts and examiners to visualize public data sets to identify and investigate potential fair lending matters are being built to share research insights, utilize analytical resources more efficiently, and provide robust analysis on a wider range of examinations. Additional modules currently being developed will streamline examination processes and procedures, increasing process transparency and resource allocation.

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.

Performance goals

The CFPB will assess the progress on achieving outcome 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's Supervision Examinations, Supervision Policy, Enforcement, and Fair Lending Offices collaborate to conduct supervisory activities at bank and nonbank institutions. The CFPB's supervisory authority includes banks, thrifts, and credit unions with over $10 billion in assets, and their affiliates, as well as certain nonbank consumer financial service providers of any size, such as mortgage lenders, brokers, and servicers; private education lenders; payday lenders; and larger participants of other nonbank markets as the CFPB defines by rule. To date the CFPB has issued rules for the consumer reporting, debt collection, student loan servicing, and international money transfer markets. These supervisory activities will foster compliance with Federal consumer financial laws, promote a fair consumer financial marketplace, and prevent unlawful discrimination.

PERFORMANCE MEASURE

TABLE 12: Supervision activities opened during the fiscal year

	FY 2012	FY 2013	FY 2014	FY 2015	FY2016
Target	NA	NA	NA	155-170	165-180
Actual	149	160	127	NA	NA

PROGRESS UPDATE AND FUTURE ACTION

In FY 2014, the CFPB continued to implement its supervision program, opening 127 supervisory activities at large banks and nonbank financial institutions. These activities included continuing existing supervision program product areas including mortgage origination, mortgage servicing, credit cards, deposits, student lending, short-term, small dollar loans, consumer reporting agencies and nonbank debt collectors. They also included the first ever review of nonbank student loan servicers.

The CFPB expanded its Supervision and Examination Manual by adding or revising chapters on:

- HMDA resubmission schedule and guidelines (October 2013)
- Remittance transfer examination procedures (October 2013)
- Updated Regulation E examination procedures, including remittance transfers (October 2013)
- TILA procedures – Higher-Priced Mortgage Loan Appraisals, Loan Originator Compensation , Ability-to-Repay/Qualified Mortgages, High-Cost Mortgages, and Mortgage Servicing Requirements (November 2013)
- RESPA procedures – home ownership and equity protection, mortgage servicing requirements (November 2013)
- Education loan examination procedures (December 2013)
- Mortgage Servicing examination procedures (January 2014)
- Mortgage Origination examination procedures (January 2014)
- Examination report and supervisory letter templates and cover letters (May 2014)

The CFPB has also continued 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 Bureau has entered into memoranda of understanding with, among others, the Federal prudential regulators, the Federal Trade Commission, and over sixty state bank and nonbank supervisory agencies. In addition, the CFPB has entered into a framework with state financial agencies that establishes a dynamic and flexible process for coordination on supervision and enforcement matters.

The CFPB is also determining a development plan for a replacement system to the Supervision and Examination System, its system of record for supervision work. The Bureau continues to develop and implement a replacement system that will organize entities by institution product line, 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. The Bureau accomplishes this assessment through examinations that evaluate institutions' compliance with those laws.

PERFORMANCE MEASURE

TABLE 13: Fair lending supervision activities opened during the fiscal year

	FY 2012	FY 2013	FY 2014	FY 2015	FY2016
Target	NA	NA	NA	20-35	20-35
Actual	67	47	33	NA	NA

PROGRESS UPDATE AND FUTURE ACTION

The decrease in supervision activities reflects risk-based prioritization decisions about where to focus supervisory resources and a reduction in the number of new HMDA Data Integrity Exams.

The overall number of Fair Lending supervisory activities has decreased from FY 2012 (67) to FY 2014 (33) because, at the outset of the Bureau, Fair Lending conducted baseline risk assessments and information-gathering surveys of a large number of institutions. Fair Lending is now executing against this earlier baseline work with targeted fair lending reviews, which are more in-depth and take more time and resources than initial information gathering. Hence there are fewer supervisory reviews than in the initial period.

To increase the transparency of CFPB supervisory processes, the Bureau published its HMDA Resubmission Schedule and Guidelines in October, 2013, that provide instruction and additional detail on the HMDA Verification Examination Process. In October, the Bureau also published a bulletin that addresses mortgage lenders' compliance with HMDA and its implementing regulation, Regulation C. Also in October, the Bureau joined the OCC, FRB, FDIC, and NCUA to issue an interagency statement to address industry questions about whether creditors would be liable under the disparate impact doctrine of the ECOA and Regulation B by originating only qualified mortgages as defined under the Bureau's Ability-to-Repay and Qualified Mortgage Standards Rule. In January 2014, the Bureau published the Winter 2013 issue of *Supervisory Highlights* with sections discussing non-public supervisory actions, the HMDA and Regulation C Bulletin, and Qualified Mortgage and fair lending. The Spring 2014 *Supervisory Highlights* followed in May with a section on documenting exceptions to credit standards to mitigate fair lending risks. Finally, in September 2014, the Bureau published the Summer 2014 edition of *Supervisory Highlights* describing the Bureau's fair lending supervisory activity in the indirect auto lending market so that industry participants can use the information to manage fair lending risks.

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 required.

PERFORMANCE MEASURE

TABLE 14: Percentage of examination reports issued within an established period following the close of the examination

	FY 2012	FY 2013	FY 2014	FY 2015	FY2016
Target	NA	Baseline	50%	60%	60%
Actual	NA	15%	25%	NA	NA

PROGRESS UPDATE AND FUTURE ACTION

The CFPB continues to focus on issuing high-quality examination reports and supervisory letters in a timely manner. During FY 2014, Supervision utilized a third party consultant to analyze the exam report writing and review process (exam report process) to increase its efficiency and serve the goals of the division and the CFPB.

Having an adequate baseline of reports issued in FY 2013 and FY 2014, the analysis concluded that the report review process should be divided into full review and expedited review tracks. The expedited track would be for straight-forward reports and can be reviewed more quickly. The full review track would continue to be for complex reports. By changing the review tracks, the CFPB anticipates an increase in efficiency, resulting in reports and letters being issued in a timely manner. The new report review processes will be fully implemented in FY 2015.

Even after recommended improvements are fully implemented, the CFPB will continue to review and analyze its processes to determine methods for improvement and increased effectiveness and efficiency.

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

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

PERFORMANCE MEASURE

TABLE 15: 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	FY2016
Target	NA	Baseline	80%	80%	80%
Actual	NA	62%	90%	NA	NA

PROGRESS UPDATE AND FUTURE ACTION

During FY 2014, the CFPB analyzed the data used to determine the actual result of 62% for FY 2013 regarding the corrective actions taken within the prescribed timeframe in response to supervisory activities by supervised institutions. This analysis facilitated a path to a stronger methodology and quality assurance process. In addition, the strong methodology revealed a higher percentage of MRAs having been completed than previously estimated.

To ensure a reliable calculation, several significant modifications were made:

- In Q3 FY 2014, the CFPB revised its templates for examination reports and supervisory letters went into effect. Changes to the templates allow for the matters requiring attention to be presented in one place, simplifying reports and reducing repetition. All matters requiring attention now require a specific prescribed timeframe.
- In Q4 FY 2014, the CFPB enhanced its ability to monitor and track the progress of supervisory matters requiring attention by implementing enhanced tracking fields in the Supervision and Examination System (SES).
- In Q4 FY 2014, the CFPB issued an SES Data Entry Policy, SEFL Staff Memorandum 2014-05. The purpose of the policy is to ensure that the data used to track supervisory activities is accurately entered into SES on a timely basis.

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

The CFPB has and will continue to issue *Supervisory Highlights* several times per year, through which it apprises the public and the financial services industry of noteworthy findings of the Bureau's supervision program. 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 have suffered financial or other harm as a result of violations of law. The CFPB believes that *Supervisory Highlights* will help providers of financial products and services better understand the Bureau's supervisory expectations so that they can ensure their operations remain in compliance with Federal consumer financial laws and serve their customers in a fair and transparent way.

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.

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 16: : 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.[4]

	FY 2012	FY 2013	FY 2014	FY 2015	FY2016
Target	NA	NA	NA	Share requested investigative information[5]	Share requested investigative information[4]

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

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

	FY 2012	FY 2013	FY 2014	FY 2015	FY2016
Actual	22	80	280	NA	NA

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, which now has 62 government signatories to date. Since opening its doors in July 2011, the Bureau has signed more than 60 other information-sharing MOUs with federal, state, and local governmental agencies. This fiscal year, the Bureau has shared investigative information with more than 51 different government agencies in 280 matters 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. Timely pursuit of resolutions increases deterrence and provides consumers with greater protections of law.

PERFORMANCE MEASURE

TABLE 17: 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	FY2016
Target	NA	Baseline	Baseline	65%	65%
Actual	NA	Baseline under development	75%	NA	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. Because the CFPB opened its doors on July 21, 2011, the Bureau is only now able to set performance targets for this goal. 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 18: 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	FY2016
Target	NA	75%	75%	75%	75%
Actual	100%	100%	100%	NA	NA

PROGRESS UPDATE AND FUTURE ACTION

Through the Bureau's actions in FY 2014, CFPB helped secure orders for more than $92 million in civil penalties and more than $4 billion in relief to consumers who fell victim to various violations of consumer financial protection laws. Those penalties go into the Civil Penalty Fund, which is used to compensate wronged consumers and provide financial education. During FY 2014, the CFPB successfully resolved all enforcement actions concluded that year for various violations of the Dodd-Frank Act. CFPB ordered Bank of America to provide approximately $727 million in relief to consumers harmed by unfair sales, billing, and fulfillment of certain credit card add-on products. GE Capital Retail Bank and CareCredit LLC were ordered to provide approximately $34 million in relief to consumers for unfair and deceptive enrollment processes and disclosures in health-care credit card enrollment. US Bank was ordered to provide $48 million to consumers and a $5 million penalty for charging consumers for add-on products that they did not receive. American Express was ordered to provide approximately $59.5 million in relief to consumers and to pay $9.6 million in penalties for unfair billing tactics for and deceptive marketing of credit card add-on products.

In the first action ever taken under the 2013 Mortgage Servicing Rules, Flagstar Bank was ordered to pay $27.5 million in redress to consumers and a $10 million fine for violations in its mortgage servicing and loss mitigation practices. In a separate action, CFPB worked with 49 states and D.C. to obtain an order against Ocwen, the largest non-bank mortgage servicer, to pay an estimated $2 billion in loan modification relief to consumers harmed by its mortgage servicing practices, to pay $125 million to consumers to foreclosure victims, and to adhere to stricter servicing guidelines. The CFPB also worked with the U.S. Department of Justice, Department of Housing and Urban Development, and 49 states and D.C. to obtain $540 million in relief for consumers harmed by the mortgage servicing practices of Suntrust Mortgage Inc.

The CFPB obtained approximately $92 million in debt relief from Colfax Capital Corporation and Culver Capital, LLC for harm to about 17,000 U.S. Servicemembers and other consumers involving the company's predatory lending scheme. The CFPB also ordered Ace Cash Express to pay $5 million to consumers and a $5 million penalty for abusive, deceptive and unfair practices in debt collection and for pushing borrowers into payday loans they could not afford.

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, 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 19: : 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	FY2016
Target	NA	75%	75%	75%	75%
Actual	100%	NA[6]	100%	NA	NA

6 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 2014, the Bureau successfully resolved through consent orders all fair lending public enforcement actions concluded that year. In October 2013, the Bureau announced two public enforcement actions against Bureau-supervised home mortgage lenders related to HMDA and Regulation C. The Bureau ordered one bank, Washington Federal, a federally insured depository institution headquartered in Seattle, Washington (Washington Federal is now Washington Federal N.A.), and one nonbank, Mortgage Master, Inc., a nonbank based in Walpole, Massachusetts, to pay civil money penalties ($34,000 and $425,000, respectively) for violating HMDA, which requires certain mortgage lenders to accurately collect and report data about mortgage loan applications. The entities also were required to correct and resubmit HMDA data and develop and implement an effective HMDA compliance management system to prevent future violations.

In December 2013, the Bureau and the Department of Justice (DOJ) ordered Ally Financial Inc. and Ally Bank (Ally) to pay $80 million in damages to consumers who were harmed by Ally's discriminatory dealer markup and compensation policy between April 2011 and December 2013. The CFPB and DOJ determined that more than 235,000 African-American, Hispanic, and Asian and Pacific Islander borrowers paid higher interest rates for their auto loans because of Ally's discriminatory pricing system. The Consent Order also required Ally to hire a settlement administrator to distribute funds to harmed African-American, Hispanic, and Asian and Pacific Islander borrowers, identified by the CFPB and the DOJ. Ally was also required to pay an $18 million penalty to the CFPB's Civil Penalty Fund. In addition, Ally must monitor dealer markups to prevent future discrimination or may choose to eliminate dealer markup policies altogether. These orders represent the federal government's largest-ever auto loan discrimination settlement in history.

Also in December 2013, the Bureau and DOJ filed a joint complaint against and consent order with National City Bank for charging higher prices on mortgage loans to African-American and Hispanic borrowers than similarly creditworthy white borrowers between the years 2002 and 2008. The consent order requires National City Bank, through its successor PNC Bank, to pay $35 million in restitution to harmed African-American and Hispanic borrowers, and to hire a settlement administrator to distribute funds to victims identified by the CFPB and DOJ. On September 16, 2014, the Bureau published a blog post (available in English and Spanish) announcing the selection of a settlement administrator. The post provided information to consumers on contacting the administrator and submitting settlement forms, including eligibility claims.

In June 2014, the Bureau and DOJ ordered GE Capital Retail Bank (GE Capital), now known as Synchrony Bank, to provide $169 million in relief to about 108,000 borrowers excluded from debt relief offers because of their national origin. As part of that action, the Bureau found and the DOJ alleged that GE Capital excluded cardholders with Spanish-preferred indicators on their accounts or with mailing addresses in Puerto Rico from two collection offers that were provided to other similarly situated cardholders between January 2009 and March 2012. This order represents the federal government's largest credit card discrimination settlement in history. As part of the CFPB consent order, GE Capital must also refund $56 million to approximately 638,000 consumers who were subjected to deceptive marketing practices.

GOAL 2

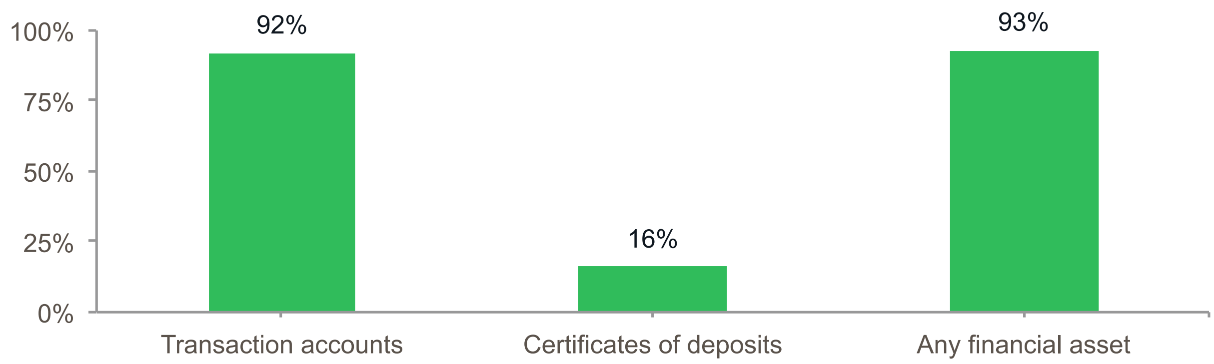
Empower consumers to live better financial lives

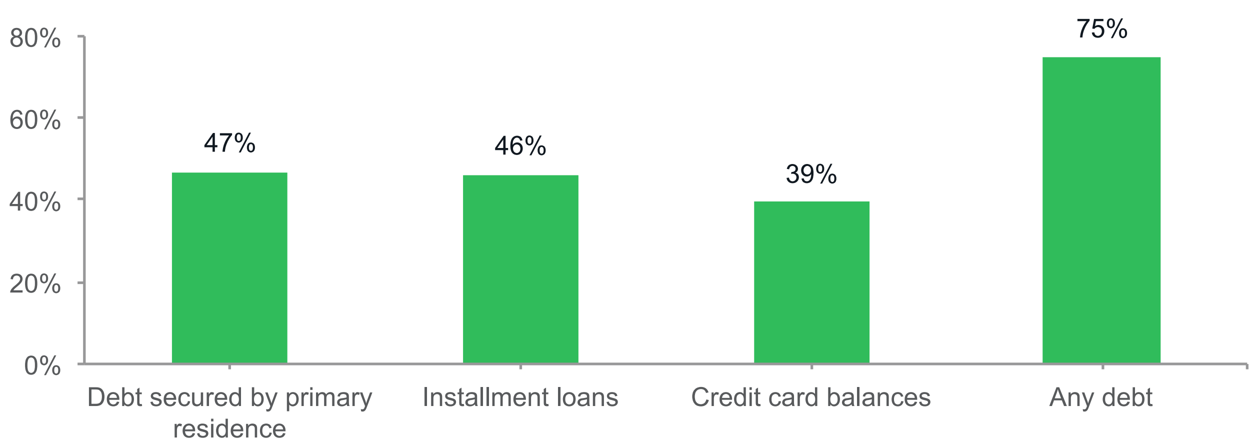
TABLE 20: Budget for goal 2, by program

Goal 2	FY 2014	FY 2015	FY 2016
Office of the Director	$884,043	$1,121,119	$1,301,262
Operations–Consumer Response	$54,714,754	$58,939,728	$57,845,684
Consumer Education, and Engagement	$22,014,261	$32,754,626	$34,480,986
Legal	$920,381	$1,325,419	$1,419,529
External Affairs	$930,502	$1,116,120	$1,261,033
Other Programs	$136,947	$97,091	$107,937
Centralized Services	$30,283,992	$30,488,471	$29,528,739
Total	**$109,884,880**	**$125,842,574**	**$125,945,170**

Introduction

TABLE 21: Percentage of American families affected by select financial products, by type of asset[7]

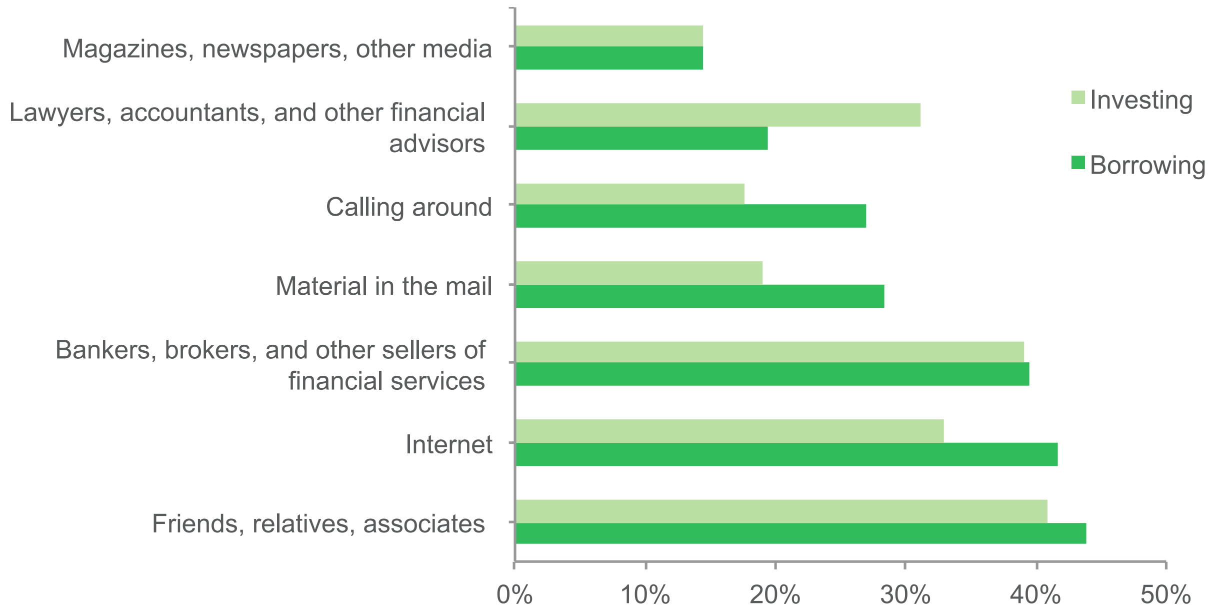




The CFPB works to empower consumers with the knowledge, tools, and capabilities they need in order to make better-informed financial decisions by engaging them in the right moments of their financial lives, when they are most receptive to seeking out and acting on assistance. To that end, the CFPB will 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.

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)

TABLE 23: Percentage of American families obtaining information about borrowing or investing through various sources[8]



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; 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 our 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 effectiveness of those who provide financial education services to increase financial literacy.

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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 its Office of 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 2014, Consumer Response handled approximately 240,600 complaints.

TABLE 24: Top consumer complaints in FY 2014

Complaint category	Approximate number of complaints
Debt Collection	86,900
Mortgage	50,400
Credit Reporting	40,600
Bank Account or Service	21,700
Credit Card	18,300
Consumer Loan	8,200
Student Loans	6,200
Payday Loan	4,900
Money Transfers	1,900
Other Financial Service	1,100
Prepaid	400

TABLE 25: Top 3 issues for top 5 products in FY 2014

Issue type	Number of complaints
Debt Collection	
Continued attempts to collect debt not owed	30,900
Communication tactics	18,100
Taking or threatening an illegal action	11,500
Mortgage	
Problems when unable to pay	24,900
Making payments	17,500
Applying for the loan	3,900
Credit Reporting	
Incorrect information on credit report	30,900
Credit reporting company's investigation	3,400
Unable to obtain report or score	3,300
Bank Account or Service	
Account management	10,400
Deposits and withdrawals	5,200
Sending or receiving payments	2,300
Credit Card	
Billing disputes	3,100
Other	2,300
Identity theft / Fraud / Embezzlement	2,000

The CFPB's Office of Consumer Response used a phased approach to the rollout of complaint handling by product. In FY 2014, Consumer Response added the ability to handle complaints about payday loans, prepaid cards, credit repair, debt settlement, and pawn and title loans, and virtual currency.

Consumer Response handled approximately 240,600 consumer complaints across all products in FY 2014 – nearly 100,000 more complaints than in FY 2013.

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 and product coverage increase.

Investments

PERSONNEL

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

CONSUMER RESPONSE SYSTEM AND CONTACT CENTER SUPPORT

Make system investments in order to support the expansion of complaint handling to new products, improve the ease of use of the consumer and company portals, develop a scalable, risk-based approach to addressing consumer complaints, and make complaint data available to stakeholders through portals and via expansions to the existing public Consumer Complaint Database.

CONSUMER RESPONSE OPERATIONAL AND PROGRAM SUPPORT

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

OPTIMIZE CFPB COMMUNICATION AND CONSUMER ENGAGEMENT CHANNELS

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

CONSUMER RESPONSE SYSTEM—COMPLAINT ANALYTICS

Gain greater efficiency and effectiveness of complaint handling to respond to the anticipated increase of interactions with consumers as the Bureau adds to the number of available services and as these services become better known to the public.

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 MEASURE

Intake cycle time

TABLE 26: Ensure complaints are routed to companies for response in a timely manner

	FY 2012	FY 2013	FY 2014	FY 2015	FY2016
Target	NA	3 days	3 days	2 days	2 days
Actual	7 days	1 day	1 day	NA	NA

Company cycle time

TABLE 27: Ensure companies provide timely responses to consumer complaints

	FY 2012	FY 2013	FY 2014	FY 2015	FY2016
Target	NA	15 days	15 days	15 days	15 days
Actual	14 days	12 days	12 days	NA	NA

Consumer cycle time

TABLE 28: Ensure consumers have adequate time to review company responses

	FY 2012	FY 2013	FY 2014	FY 2015	FY2016
Target	NA	30 days	30 days	30 days	30 days
Actual	16 days	4 days	2 days	NA	NA

Investigations cycle time

TABLE 29: Ensure investigations are completed in a timely manner

	FY 2012	FY 2013	FY 2014
Target	NA	45 days	45 days
Actual	78 days	78 days	56 days

PROGRESS UPDATE AND FUTURE ACTION

Complaint volume increased about 67% from 144,000 complaints in FY 2013 to 240,600 in FY 2014. In addition, Consumer Response added the ability to accept complaints about payday loans, prepaid cards, credit repair and debt settlement services, title and pawn loans, and virtual currency during FY 2014. These volume increases translated into increased investigations workload and consequently to an investigations cycle time in FY 2014 that exceeded the target of 45 days. Consumer Response continued to refine its complaint handling processes and systems in FY 2014, increasing efficiencies through improvements to product-specific complaint intake forms and automation where possible, for example, by addressing the increased complaint volume and complexity, and improving its overall complaint handling operation. Process refinements implemented in the investigations part of the complaint lifecycle as well as product-specific training in FY 2013 and FY 2014 continued to reduce the Investigations Cycle Time. Based on increased complaint volume necessitating an operational shift, beginning in FY 2015 the Bureau will focus on the continued success of its efforts surrounding complaint intake, company response, and consumer review cycle times.

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 30: The percentage of complaints routed through the dedicated company portal

	FY 2012	FY 2013	FY 2014	FY 2015	FY2016
Target	NA	85%	87%	89%	91%
Actual	83%	87%	91%	NA	NA

PROGRESS UPDATE AND FUTURE ACTION

In FY 2014, the CFPB established company portal access and trained staff of approximately 700 companies to respond to complaints on the portal and made routing improvements to exceed the target. In FY 2015, the Bureau will continue its work to ensure companies can access and use the company portal 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 MEASURE

TABLE 31: Number of consumer complaints handled

	FY 2012	FY 2013	FY 2014	FY 2015	FY2016
Target	NA	125,000	200,000	225,000	260,000
Actual	74,000	144,000	240,600	NA	NA

TABLE 32: Percentage of complaints received via web channel[9]

	FY 2012	FY 2013	FY 2014	FY 2015	FY2016
Target	NA	NA	NA	66%	68%
Actual	NA	NA	NA	NA	NA

PROGRESS UPDATE AND FUTURE ACTION

In FY 2014, the Bureau expanded the products and services about which it accepts complaints beyond credit cards, mortgages, bank accounts and services, consumer loans, private student loan, money transfers, credit reporting, and debt collection complaints. In FY 2014, the CFPB began to accept complaints about payday loans, prepaid cards, credit repair and debt settlement services, title and pawn loans, and virtual currency. These expansions, coupled with continued high volumes of debt collection complaints and growing public awareness of the Bureau are thought to have contributed to exceeding the total volume target. The Bureau plans to continue to expand its complaint handling capacity to accept other products and services under its authority.

The Bureau also 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.

9 Performance measure added as a "balanced" metric per OIG recommendation, actuals will be reported starting in FY 2015. This metric represents consumer awareness of the CFPB and its offerings, including complaint handling. The metric will measure the number of complaints submitted, directly to the CFPB's web channel rather than through other federal and state agencies.

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, and financial education needed in order to make well-informed decisions. 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.[12] 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 $1.2 trillion in loans outstanding, the market for student loans is now the second largest component of household debt after mortgages.[13]

29
MILLION

Population enrolled in colleges and universities[10]

74.3
MILLION

Population ages 18-34[11]

10 U.S. Department of Education, National Center for Education Statistics, Fall 2010 and Fall 2011, table prepared August 2013, http://nces.ed.gov/programs/digest/d13/tables/dt13_308.10.asp (Last viewed 10/10/2014)

11 U.S. Census Bureau, American FactFinder, Table Prepared October 2014, available at: http://factfinder.census.gov/faces/nav/jsf/pages/community_facts.xhtml (Accessed 10/10/2014)

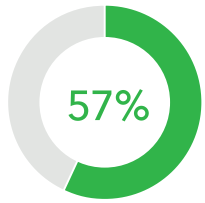
12 College Board Advocacy and Policy Center, "Education Pays 2010 In Brief: The Benefits of Higher Education for Individuals and Society," 2010, http://trends.collegeboard.org/sites/default/files/brief/education-pays-2010-in-brief.pdf (Last viewed 2/14/2013)

13 The Department of Education and Consumer Financial Protection Bureau, "Private Student Loans Report," July 20, 2012, www.consumerfinance.gov/reports/private-student-loans-report/ (last viewed 9/10/12)

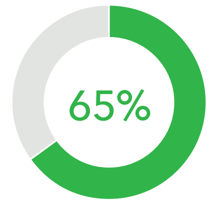
Rising levels of indebtedness may have a life-long impact on young Americans' ability to buy homes, participate in the economy, save for retirement and pursue careers in public service, and may influence the way they interact with the financial services marketplace.[14]

A CLOSER LOOK

Over half of all students graduate with debt.[15] Total balance of student debt outstanding is large and growing. Today, outstanding student debt is over $1.2 trillion.[16]



Percent of students who earned bachelor's degrees in 2011-2012 from the public four-year university at which they began graduated with debt. Average debt per borrower was $22,000.



Percent of students who earned bachelor's degrees in 2011-2012 from the private nonprofit four-year colleges at which they began graduated with debt. Average debt per borrower was $28,000.

14 Consumer Financial Protection Bureau, "Student Loan Affordability." May 2013, http://www.consumerfinance.gov/reports/student-loan-affordability/

15 College Board Advocacy and Public Center, "Trends in Student Aid" http://trends.collegeboard.org/student-aid/figure-tables/average-debt-levels-public-sector-bachelors-degree-recipients-over-time (last viewed 12/13/2013)

16 The Department of Education and Consumer Financial Protection Bureau, "Private Student Loans Report," July 20, 2012, http://www.consumerfinance.gov/reports/private-student-loans-report/ (last viewed 9/12/2012)

Older Americans

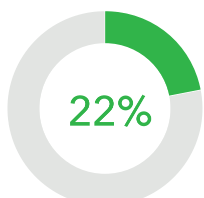
Aging poses a number of unique financial challenges. Older Americans face complicated decisions about finances, retirement, and long-term planning. With the shift away from defined-benefit plans, making sound financial choices is especially important. While many Americans have saved money in a 401(K) or IRA, many others have not. According to the FINRA 2012 Financial Capability study, only 41% of non-retired respondents indicated that they had a 401(K), IRA, or other self-directed retirement plan.[18] Furthermore, Older Americans are frequently targeted for scams and financial exploitation. As people age, some will experience a decline in their ability to handle finances which puts them at risk of making poor decisions and increases the risk that they will become victims of financial exploitation by scam artists, or even by family members or legal fiduciaries.

55 MILLION

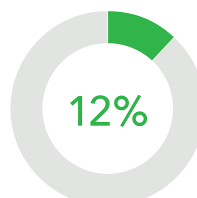
Population age 62 and older[17]

A CLOSER LOOK

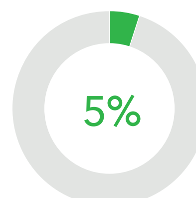
As we age, we face a number of complicated decisions related to finances, retirement, and long-term planning. Aging may impact one's ability to manage finances. This makes older Americans particularly susceptible to financial mistreatment and exploitation.



Percent of Americans 71+ with mild cognitive impairment.[19]



Percent of Americans 65+ with Alzheimer's disease.[20]



Percent of Americans 60+ who are victims of financial mistreatment by a family member.[21]

17 U.S. Census Bureau, American FactFinder, Table Prepared October 2014, available at: http://factfinder.census.gov/faces/nav/jsf/pages/community_facts.xhtml (Accessed 10/10/2014)

18 Financial Capability in the United States, FINRA Investment Education Foundation, http://www.usfinancialcapability.org/downloads/NFCS_2012_Report_Natl_Findings.pdf

19 B.L. Plassman et al., "Prevalence of Cognitive Impairment without Dementia in the United States," Archives of Internal Medicine 148, no 6: 427-34

20 Alzheimer's Association Study, "2014 Alzheimer's Disease Facts and Figures," 2014, http://www.alz.org/downloads/Facts_Figures_2014.pdf (last viewed 12/9/14)

21 R. Acierno et al, "Prevalence and Correlates of Emotional, Physical, Sexual and Financial Abuse and Potential Neglect in the United States: The National Elder Mistreatment Study," American Journal of Public Health 100 no 2: 292-7

Servicemembers

The CFPB believes servicemembers should be able to accomplish their mission without worrying about illegal or harmful financial practices. Military life has extra challenges that can lead to powerful financial repercussions for uniformed military personnel, veterans, military retirees, and their families.

22
MILLION

Population (including veterans)[22]

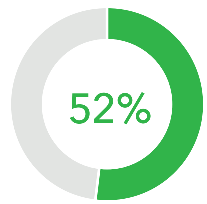
A CLOSER LOOK

Servicemembers are an attractive target for lenders with both good and bad practices.

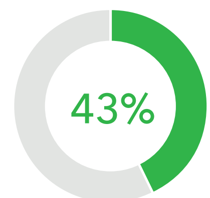
- Servicemembers are required to pay their legitimate debts and can lose their security clearances over financial problems. Lenders are more confident they can collect these debts.
- Military families often start young, with big money management decisions being undertaken by first-time decision makers[23]

Servicemembers face unique risks.

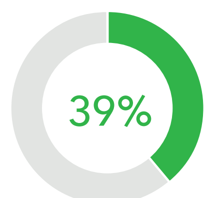
- Deployments, change of duty stations, and emergencies can lead to unplanned and unique financial challenges and leave servicemembers without adequate resources to resolve them.
- Loyalty to the service leads marketers to tie their pitches to the military, a strategy called "affinity marketing" that can cause servicemembers to overlook unfavorable aspects of the marketed products.
- Frequent relocation can mean household separation requiring the creation of two households and other unforeseen expenses.



Percent of the force that is married.[25]



Percent that have two children.[26]



Percent of enlisted servicemembers less than 25 years old.[24]

22 National Center for Veterans Analysis and Statistics "Veteran Population Projects; FY 2000 to FY 2036;" October 2010, www.va.gov/vetdata/docs/QuickFacts/population_quickfacts.pdf (last viewed 11/7/2014)

23 Office of the Deputy Under Secretary of Defense, "2012 Demographics: Profile of the Military Community," 11/20/2013 2011, http://defense.gov/home/features/2011/0111_initiative/strengthening_our_military_january_2011.pdf (last viewed 8/30/2012)

24 Department of Defense, "2012 Demographics: Profile of the Military Community" 11 www.militaryonesource.mil/12038/MOS/Reports/2012_Demographics_Report.pdf

25 Department of Defense, "2012 Demographics: Profile of the Military Community" 12 www.militaryonesource.mil/12038/MOS/Reports/2012_Demographics_Report.pdf

26 Department of Defense, "2012 Demographics: Profile of the Military Community" 111 www.militaryonesource.mil/12038/MOS/Reports/2012_Demographics_Report.pdf

Low-income and economically vulnerable

The CFPB focuses on identifying approaches that help this population achieve economic stability, and works to ensure that the financial marketplace works for all consumers, including those who have been traditionally underserved.

Underbanked: an individual who has a checking or savings account and also used payday lending or certain other services from nonbanks.

Unbanked: an individual who does not have either a checking or savings account.

67.6 MILLION

Unbanked or underbanked adults[27]

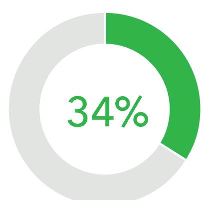
45.3 MILLION

Live below the official poverty line[28]

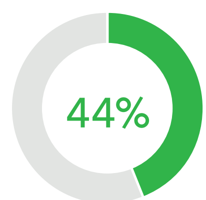
Economically vulnerable: low income households, consumers with thin or no credit file, and households with limited savings. The CFPB focuses on approaches that enhance the financial capability of low-income and other economically vulnerable consumers.

A CLOSER LOOK

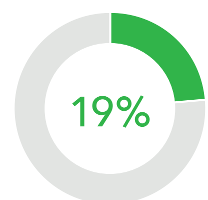
Many Americans are, or are at risk of becoming economically vulnerable. Lower income households are more likely to be underserved.



Percent of Americans who live on income below two times the poverty line (roughly $46,000 for a family of four).[29]



Percent of Americans who have almost no savings and would fall into poverty after three months of job loss or illness that left them without an income.[30]



Percent of households with income $30,000 or less are unbanked.[31]

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27 Federal Deposit Insurance Corporation, "2013 National Survey of Unbanked and Underbanked Households," 2013, www.fdic.gov/householdsurvey/2013report.pdf (last viewed 12/18/14)

28 U.S. Department of Commerce, "Income and Poverty in the United States: 2013" September 2014, pg. 17, table 5, www.census.gov/content/dam/Census/library/publications/2014/demo/p60-249.pdf (last viewed 1/5/2015)

29 U.S. Department of Commerce, "Income and Poverty in the United States: 2013" September 2014, pg. 17, table 5, www.census.gov/content/dam/Census/library/publications/2014/demo/p60-249.pdf (last viewed 1/5/2015)

30 Corporation for Enterprise Development, "2013 Asset and Opportunity Scorecard," http://scorecard.assetsan-dopportunity.org/2014/measure/liquid-asset-poverty-rate (last viewed 1/5/2015)

31 Federal Deposit Insurance Corporation, "2013 National Survey of Unbanked and Underbanked Households," 2013, www.fdic.gov/householdsurvey/2013report.pdf (last viewed 12/18/14)

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 to help shape policy and products to make the financial environment safer and more beneficial for consumers.
- Collaborate with third parties to 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 and seeking to fill gaps.

Investments

PERSONNEL

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

CONSUMER EXPERIENCE PROGRAM

Enable the CFPB to continue to research, design, develop, launch, and continually optimize consumer-facing products available through consumerfinance.gov, and execute strategies to increase awareness of and engagement with these products. The Consumer Experience Program is a platform for offering modules that provide 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 optimize consumer experience through the use of various communication channels to support the goal of improving consumers' financial education and ability to manage important financial decisions.

CONSUMER EDUCATION INITIATIVES

Continue to develop consumer education initiatives on specific topics with low-cost, targeted information to communicate financial education information to a diverse range of audiences. The topics include education about remittance transfers and the approaches include delivery of financial education through libraries.

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, and other specific populations. Continue to develop and distribute financial education and empowerment information for various populations including service members, 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 financial security of consumers.

YOUR MONEY, YOUR GOALS

The Bureau has launched the *Your Money, Your Goals* program, which is used by social services staff to help consumers manage their finances by identifying financial goals, creating savings plans and managing debt. The Bureau conducted a field test of the financial empowerment toolkit for social services staff that equips them to "have the money talk" in ways that work within their service delivery model. Following the field test, the toolkit was revised and subsequently launched nationally.

CONSUMER SERVICES AWARENESS BUILDING

This investment allows the CFPB increase awareness of the CFPB's offerings to the public. Through this investment, the CFPB will be able to reach directly consumers with relevant information in Ask CFPB, support consumers through Consumer Response, educate consumers through Paying for College, and provide insights about consumer protection issues.

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 by engaging them at the right moments of their financial lives, in moments when the consumer is most receptive to seeking out and acting on assistance. To that end, the CFPB offers and is developing 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 MEASURE

TABLE 33: Targeted populations or organizations directly serving targeted populations reached by digital content, decision tools, educational materials and resources.[32]

	FY 2012	FY 2013	FY 2014	FY 2015	FY2016
Target	NA	808,114	5,000,000	6,500,000	7,500,000
Actual	404,057	1,903,417	5,600,000	NA	NA

TABLE 34: Percentage of new users to ConsumerFinance.gov[33]

	FY 2012	FY 2013	FY 2014	FY 2015	FY2016
Target	NA	NA	NA	65%	65%
Actual	NA	61%	60%	NA	NA

TABLE 35: Fulfillment orders for print materials[34, 35]

	FY 2012	FY 2013	FY 2014	FY 2015	FY2016
Target	NA	NA	NA	1,500,000	1,750,000
Actual	NA	NA	NA	NA	NA

32 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.

33 Performance measure added as a “balanced” metric per OIG recommendation, actuals will be reported starting in FY 2015

34 Orders for print materials available through the CFPB GPO fulfillment page (http:/promotions.usa.gov/cfpbpubs.html)

35 Performance measure added as a “balanced” metric per OIG recommendation, actuals will be reported starting in FY 2015.

PROGRESS UPDATE AND FUTURE ACTION

In FY 2014, the CFPB continued to serve consumers with just-in-time financial information through Ask CFPB, an online database of consumers' common questions around financial products and services. The CFPB launched a major release of Paying for College, an online suite of information and tools for helping consumers to understand their after-graduation monthly debt payments before choosing a financial aid package. The CFPB also made investments in building awareness of this and other Bureau resources that will maximize the awareness and value of the Bureau's various products for consumers.

In FY 2015, the CFPB will continue improving its existing suite of consumer experience products, and working to expand it to cover consumers' key decisions about retirement. All of this work will be supported by the implementation of a strategy that drives awareness and maximizes the reach and impact of the CFPB's tools and information.

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 to take the steps necessary to make choices that will improve their financial well-being and help them reach their own life goals. However, prior to the start of the CFPB's work, very little empirical research had been conducted in the financial education field 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 health. This research will inform the Bureau's ongoing efforts to identify, highlight, and spread effective approaches to financial education.

PERFORMANCE MEASURE

TABLE 36: Tools created to identify key success factors in financial education

Year	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.

Year	Target	Actual
FY2015	Develop and implement framework for integration into Consumer Education and Engagement Activities; Complete testing financial health metrics	NA
FY2016	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.	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 2013, the Bureau conducted a broad array of research to identify what specific knowledge, behavior, and personal traits are likely to predict financial well-being for American consumers. This included a thorough formal review of the most relevant research literature; designing, completing and analyzing extended one-on-one interviews with a socioeconomically and geographically broad sample of working-age and older Americans and professional financial practitioners; and soliciting and collecting collaborative input and peer discussion from academic, policy and practicing experts. Based on this, the CFPB has developed a preliminary, first-of-its-kind, comprehensive definition of financial well-being that speaks to the goals and perspectives of consumers, as well as a set of specific variables that are likely to be key drivers of financial well-being.

In FY 2014, the CFPB developed and began testing metrics (measurement tools) that accurately measure consumer financial well-being and associated concepts. The Bureau anticipates that the testing of the measurement tools will be completed in Q2 2015. These measurement tools will allow the CFPB and others to more accurately assess consumer financial health, target educational efforts, test hypotheses about key drivers of financial health, and assess the effectiveness of different approaches to improving consumer financial well-being. Also in FY 2014, the CFPB began an effort to understand when and how children and youth develop the skills, attitudes, and other characteristics identified in 2013 to likely to be key drivers of financial well-being. The early findings from this work have been shared with the Financial Literacy and Education Commission and have informed the CFPB activities to encourage and support parents and caregivers in talking to their children about money.

In FY 2015 the CFPB's Division of Consumer Education and Engagement will continue assessing how to integrate this project's findings and new measurement tools into other consumer education and engagement initiatives. This may include the Bureau's research projects, direct-to-consumer resources, and recommendations for intermediaries to encourage the spread of effective approaches to the financial education field. This effort is detailed under "Underserved and Special Populations Research" in the Investments section of Outcome 3.2.

In FY 2016 the Bureau will use the finalized metrics to measure baseline consumer financial well-being, as well to begin testing 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. The CFPB will then promote the findings from this research and use the findings to continue to test 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 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 37: Number of outreach activities on fair lending and access to credit

	FY 2012	FY 2013	FY 2014	FY 2015	FY2016
Target	NA	55	35	40	40
Actual	51	56	66	NA	NA

PROGRESS UPDATE AND FUTURE ACTION

In FY 2014, 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 66 fair lending outreach activities.

Through numerous speeches, panel remarks, presentations, and smaller discussions on fair lending matters, the Bureau reached out to various stakeholders and engaged with consumers nationwide through public field hearings, listening events, roundtables, and town halls, 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 also informed the Bureau's fair lending oversight work.

In FY 2014, the CFPB issued a bulletin on HMDA compliance management and resubmission (CFPB Bulletin 2013-11) to help increase transparency around the Bureau's supervisory process in mortgage lending and to provide guidance to industry actors on effective fair lending compliance. The Bureau also joined the OCC, FRB, FDIC, and NCUA to issue an interagency statement to address industry questions about whether creditors would be liable under the disparate impact doctrine of the ECOA and Regulation B by originating only qualified mortgages as defined under the Bureau's Ability-to-Repay and Qualified Mortgage Standards Rule. In January 2014, the Bureau published the Winter 2013 issue of *Supervisory Highlights* with sections discussing public enforcement actions, the HMDA and Regulation C Bulletin, and Qualified Mortgage and fair lending. The Spring 2014 *Supervisory Highlights* followed in May with a section on documenting exceptions to credit standards to mitigate fair lending risks. In addition, the Bureau published a Summer 2014 edition of *Supervisory Highlights* describing the Bureau's fair lending supervisory activity in the indirect auto lending market so that industry participants can use the information to ensure that their operations remain in compliance with the ECOA and Regulation B. Finally, the Bureau hosted an auto finance field hearing to facilitate a constructive dialogue between Bureau staff, a wide range of auto finance market participants and the public on the financing of auto sales.

During FY 2014, the Bureau has been able to meet more of the increasing demand for presentations on the Bureau's fair lending and access to credit matters by developing a growing cadre of speakers versed in fair lending activities at the Bureau. Accordingly, the Bureau is raising the targets for FY 2015 and FY 2016 to 40 outreach events.

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 38: Budget by program, goal 3

Goal 3	FY 2014	FY 2015	FY 2016
Office of the Director	$884,043	$1,121,119	$1,301,262
Consumer Education, and Engagement	$6,423,572	$4,421,354	$7,401,552
Research, Markets, and Regulation	$23,659,970	$25,495,654	$27,542,226
Legal	$1,214,253	$1,802,601	$2,030,975
External Affairs	$930,502	$1,116,120	$1,261,033
Other Programs	$434,577	$246,793	$274,361
Centralized Services	$15,172,313	$16,111,189	$15,053,684
Total	**$48,719,230**	**$50,314,830**	**$54,865,093**

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, including the Office of Financial Research, 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.

NATIONAL MORTGAGE DATABASE

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

OTHER MARKET DATA

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

HMDA DEVELOPMENT AND IMPLEMENTATION

Support a concept-of-operations study and development of future-state functional requirements in consideration of a potential redesign of the current HMDA framework.

HMDA DATA PROCESSING

Development for collecting and processing Home Mortgage Disclosure Act (HMDA) data, as mandated under the Dodd Frank Act. This process is currently managed by the Federal Reserve Board for the CFPB and costs are shared by members of the Federal Financial Institutions Examination Council. 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 MEASURE

TABLE 39: Percentage of the credit card market monitored through data

	FY 2012	FY 2013	FY 2014	FY 2015	FY2016
Target	NA	80%	80%	80%	95%
Actual	77%	85%	88%	NA	NA

TABLE 40: Percentage of the mortgage origination and servicing markets monitored through data

	FY 2012	FY 2013	FY 2014	FY 2015	FY2016
Target	NA	95%	95%	95%	95%
Actual	95%	90%	90%	NA	NA

PROGRESS UPDATE AND FUTURE ACTION

The reported Actual FY 2014 level of performance for data coverage of the mortgage market is 90%, which is lower than the reported FY 2014 target coverage of 95%. The Bureau reports the 90% figure for FY 2014 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 National Mortgage Database (NMDB), the Bureau chose to report the HMDA-based estimate alone. Going forward, the Bureau plans to apply a standard method for assessing data coverage of the mortgage market.

The Bureau also uses other available resources (HMDA, call reports) 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 53% of outstanding mortgages); another dataset provides information on loans extant in private label securities.

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 2015. 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 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 firsts, seconds, and home equity loans.

In all of the data used for its analyses, the Bureau will work to ensure that strong protections are in place around personally identifiable information. 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 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 our work is informed by the CFPB's internal research and expertise.
- Help to make the market safer 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.

EVIDENCE-BASED MARKET RESEARCH

Conduct evidence-based research to inform policy-making and build foundational knowledge about how consumers make financial decisions. Investments also include disclosure design, testing, and implementation in support of the Bureau's regulations. The results of evidence-based market research help to inform the development of model forms, are used in analyses of rulemaking, and contribute to foundational understanding about the regulation and functioning of consumer financial markets. The Bureau's pursuit of such evidence-based research also advances the general field of consumer financial research, and enhances the Bureau's reputation as a leading institution in the field.

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.

KNOW BEFORE YOU OWE – MORTGAGE E-CLOSING

Establish a dialogue and pilot tests regarding the documentation associated with closing and potential electronic innovations in the market that might create a more educational and empowering process for consumers.

The following four investments support Outcome 3.2 and, additionally Outcome 2.2:

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.

UNDERSERVED AND SPECIAL POPULATIONS RESEARCH

Identify unique factors that influence financial capabilities for youth, low-income consumers, older Americans, and other underserved populations, as well as evidence-based practices for effective financial education and empowerment. Related pilot programs will advance the understanding of interventions that can continue to optimize financial decision-making.

FINANCIAL EDUCATION INNOVATIONS

Design, develop, and arrange for testing of strategies to improve consumer financial decision-making.

FINANCIAL EDUCATION METRICS

Conduct research to determine how to measure financial well-being, and identify the knowledge, skills, and habits associated with financially capable consumers. The Bureau will develop and test metrics that effectively measure relevant consumer financial knowledge, behavior, and well-being. The results of this study 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. This is a continuation of the financial education metrics project which began in FY 2013. In FY 2015, the financial education metrics project will extend its findings from adult financial well-being research (metrics project) to children and youth and advance the findings from the quantitative testing of the financial well-being metrics developed for working adults. This project is described in more detail in performance goal 2.2.2.

Performance goals

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

	FY 2012	FY 2013	FY 2014	FY 2015	FY2016
Target	4	5	5	5	6
Actual	2	4	9	NA	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 ten prominent reports in FY 2014. These reports are intended to deepen the public's understanding of these issues and provide the Bureau and other policy maker with a stronger factual foundation on which to make policy judgments. In FY 2014, RMR introduced a new "Data Point" report series. Data Point reports are prepared by the RMR Office of Research to provide an evidence-based perspective on consumer financial markets, consumer behavior, and regulations to inform the public discourse.

The Bureau's Division RMR released the following notable public reports in FY 2014:

- CARD Act Report (October 2013)
- Understanding the Effects of Certain Deposit Regulations on Financial Institutions' Operations (November 2013)
- Arbitration Study Preliminary Results (December 2013)
- Annual Report to Congress: 2013 College Credit Card Agreements (December 2013)
- Data Point: Payday Lending (March 2014)
- Data Point: Medical Debt and Credit Scores (May 2014)
- Report to Congress on the Use of Remittance Histories in Credit Scoring (July 2014)
- Data Point: Checking Account Overdraft (July 2014)
- Manufactured-housing Consumer Finance in the U.S. (September 2014)

In addition to these nine reports released by the Bureau's Research, Markets and Regulations Division, the Bureau's Consumer Engagement and Education's division released the following notable public reports in FY 2014:

- Empowering low-income and economically vulnerable consumers (November 2013)
- Navigating the Market: A comparison of spending on financial education and financial marketing (November 2013)
- Rigorous Evaluation of Financial Capability Strategies: Why, When, and How (January 2014)
- Snapshot of complaints received from servicemembers, veterans, and their families (March 2014)

- Midyear Report on Private Student Loans (April 2014)
- Snapshot of Older Consumers and Mortgage Debt (May 2014)
- 2014 Financial Literacy Annual Report (July 2014)
- Building Financial Capability in Youth Employment Programs (August 2014)
- Financial Wellness at Work (August 2014)

The Bureau has information gathering and other data analysis underway that will yield public reports in FY 2015. These research areas include: continued review and examination of pre-dispute arbitration clauses and their effects on consumers and other planned topics. The Bureau exceeded the FY 2014 targets because two reports intended for publication in FY 2013 were delayed until FY 2014. 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 2015 goal of publishing at least five reports.

GOAL 4

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

TABLE 42: Budget by program, goal 4

Goal 4	FY 2014	FY 2015	FY 2016
Office of the Director	$1,532,642	$4,500,600	$2,729,817
Operations	$57,734,131	$72,636,327	$79,170,400
Legal	$5,392,196	$9,077,167	$9,640,018
External Affairs	$3,411,841	$4,092,441	$4,623,787
Other Programs	$648,310	$1,527,769	$1,706,828
Centralized Services	$47,370,758	$44,784,992	$44,616,546
Total	**$116,089,878**	**$136,619,296**	**$142,487,396**

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, DC, 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.

As the Bureau continues to work toward full capacity over the next couple of years, the Bureau is also 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, 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.

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. Invest in services such as social media, strategic pipeline development, and 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.

DIVERSITY AND INCLUSION 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 inclusiveness. Strategies to improve in these areas target organizational effectiveness, workforce planning, diversity and inclusiveness interventions at the group and organizational levels.

PERFORMANCE MEASURE

TABLE 43: Annual Employee Survey (AES) rating on perceptions of technical competence of the CFPB staff (% favorable)[36]

	FY 2012	FY 2013	FY 2014	FY 2015	FY2016
Target	NA	68.5%	68.5%	63%	64%
Actual	65%	66.7%	62.3%	NA	NA

TABLE 44: Annual Employee Survey rating on perceptions of workplace diversity and inclusiveness of the CFPB staff (% favorable, two-item diversity and inclusion metric)[37]

	FY 2012	FY 2013	FY 2014	FY 2015	FY2016
Target	NA	76%	76.5%	NA	NA
Actual	74.8%	76%	75.4%	NA	NA

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

37 The workplace diversity and inclusiveness composite is comprised of ratings on two items from the AES survey, which are "managers/supervisors/team leaders work well with employees of different backgrounds." and "my supervisor supports my need to balance work and other life issues."

TABLE 45: Inclusion Quotient: Annual Employee Survey rating on perception of inclusion and diversity (% favorable)

	FY 2012	FY 2013	FY 2014	FY 2015	FY2016
Target	NA	NA	NA	63.5%	65%
Actual	NA	65.3%	61.6%	NA	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 expanded the measure of diversity and inclusion and 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 estimate a reasonable level of improvement for FY 2015. The CFPB will use this metric in lieu of the more limited two-item metric defined in FY 2012.

In FY 2014, the Bureau recruited and hired approximately 200 new employees. The Offices of Human Capital (OHC), Minority and Women Inclusion (OMWI), and Equal Employment Opportunity (EEO) collaborated to develop targeted recruiting strategies and to enhance workplace diversity. Strategies applied in FY 2014 included:

- Partnering with affiliate organizations to reach qualified diverse professionals.
- Recruiting at 23 minority-focused career events.
- Strengthening and expanding the Bureau's social media outreach strategy.
- Using the Partnership for Public Service's "Student Ambassador Program," and programs such as Hispanic Association of Colleges and Universities (HACU) internships to reinforce the Bureau's diverse talent pipeline.

These efforts enabled the CFPB to build a stronger student hiring pipeline to employment with the Bureau.

The Bureau continued to apply enhanced candidate assessment tools to support hiring at all levels of the organization. OHC, OMWI, and EEO, 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. More than 200 interviewers were trained in conducting structured interviews during FY2014, and trainings will continue in an on demand approach going forward.

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.[38] In the case of the CFPB, maintaining the initial motivation and excitement of the new workforce is critical to our future success. Individual employees' perception of the level of employee engagement is one way to measure the Bureau's success engaging its employees.

PERFORMANCE MEASURE

TABLE 46: Annual Employee Survey engagement composite rating (% favorable)[39]

	FY 2012	FY 2013	FY 2014	FY 2015	FY2016
Target	NA	76.5%	76.5%	72%	73%
Actual	NA	73%	70.5%	NA	NA

PROGRESS UPDATE AND FUTURE ACTION

In FY 2014, the CFPB experienced a minor decline in results related to employee engagement. Notable affected areas relate to empowerment, cooperation, and creativity and innovation. With this realization, the CFPB modified the expected level of improvement in FY 2015 and beyond.

The CFPB considers FY 2014-2015 as a time for regrouping on our people priorities, and the Bureau is making a concerted effort to form a stable base for more sustainable improvement toward developing and maintaining a high quality, diverse, and engaged workforce. To maintain the motivation and engagement of the Bureau's workforce, in FY 2015 the Director will initiate an internal governance group to ensure that the CFPB's leadership continues to focus on the Bureau's people priorities as well as policy priorities. This group will oversee the development, implementation, and communication of a number of workforce culture related initiatives. Furthermore, the CFPB continues to forge a strong partnership with National Treasury Employees Union (NTEU) resulting in successful negotiation of several policies that are beneficial to all employees.

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38 Frank, F.D., Finnegan, R.P. and Taylor, C.R. (2004) 'The race for talent: retaining and engaging workers in the 21st century', Human Resource Planning, Vol 27, No 3, pp12-25

39 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."

The Bureau puts a special emphasis on activities surrounding the yearly Annual Employee Survey. This includes encouraging broad participation, providing robust analysis of results at the Division and office levels 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 work in a sustainable, focused fashion to develop and reinforce action and communication across the organization. Progress with respect to improving employee engagement requires consistent and concerted effort over time. As such, the CFPB will work in a sustainable, focused fashion to develop and reinforce action and communication across the organization, with a goal of restoring engagement levels to the FY 2013 level.

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

Facilitate the CFPB's infrastructure independence efforts by allowing for the migration of critical services to a flexible, scalable CFPB-managed infrastructure capable of sustaining the Bureau's future growth.

TECHNOLOGY INFRASTRUCTURE – SHARED SERVICES

In FY 2014, the CFPB continued to use DO Treasury services while completing three of five milestones towards independence from DO Treasury services. The final two milestones will be completed in FY 2015.

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.

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.

DATA INFRASTRUCTURE AND ANALYSIS

Continue to build and develop a data driven strategy that is deployed on a technology architecture with scalable capabilities that will allow the Bureau's to use and manage data in order to conduct predictive analytics and aid in better decision making.

CUSTOMER RELATIONSHIP MANAGEMENT SYSTEM

Develop customer relationship management tools that will enable the Bureau to better coordinate internal interactions and workflows, as well as interactions with the public. For example, this investment will support continued improvement of Service Desk operations, as well as improving the management of communications with the public as part of the rule-making process and consumer education and engagement initiatives. The CRM System will enable staff to share contacts, coordinate interactions and strengthen the Bureau's network. Coordinated interactions will bolster stakeholder analysis by improving the quality of stakeholder profiles. This investment will also support the management and measurement of advocacy, and outreach.

DOCUMENT MANAGEMENT SYSTEM

Develop a streamlined enterprise file 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, centralizing and responding to oversight requests and engagements.

EXTRANET

Develop infrastructure to streamline the data intake process with external entities. This investment will also support maintaining strong data security that will be able to scale with the Bureau's evolving data-intake needs, especially in collecting materials from supervised institutions, file sharing with partner agencies, managing public comments for proposed rulemaking, and developing consumer education, and empowerment tools.

E-DISCOVERY SERVICES IMPLEMENTATION

Create a shared service center to support 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.

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 47: Provision of data to the public in legally permissible and appropriate instances[40]

	FY 2012	FY 2013	FY 2014	FY 2015	FY2016
Target	NA	5	7	7	9
Actual	3	4	7	NA	NA

PROGRESS UPDATE AND FUTURE ACTION

In FY 2013, the CFPB released four datasets including the Consumer Complaint Database, the Credit Card Agreement Database, the College Credit Card agreements and the Survey of Credit Card Pricing Plans. Additionally, in September 2013, the CFPB provided access to the HMDA data via its website.

In FY 2014, the CFPB launched its public data platform for Home Mortgage Disclosure Act data, and updated the information with 2013 mortgage originations. This information will be available for use by industry advocates and consumers to intuitively search and work with the data and conduct analysis. The CFPB also released eRegs, a searchable tool for federal financial regulations. eRegs currently covers two major regulations for the financial industry, Reg Z and Reg E, and the Bureau is looking at potential opportunities for expansion. Also in FY 2014, the CFPB built out its Paying for College web site, with cost information on over 2,000 educational institutions.

40 Datasets are reported on a cumulative basis.

Going forward, the Bureau will continue to gather and release data for the benefit of the general public. The CFPB plans to launch the Owning a Home tool in FY 2015. This will include Rate Checker – a data-driven tool that helps consumers benchmark against current mortgage rates and terms in the market.

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 48: Efficiency of internal processes and procedures

Year	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
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
FY2015	Operate and maintain core infrastructure services; Deploy mission capabilities to support Supervision and Enforcement activities	NA
FY2016	Stabilize and further build out core infrastructure services; streamline, monitor and report on processes to deliver key technology services across the Bureau	NA

PROGRESS UPDATE AND FUTURE ACTION

In FY 2013, the Bureau developed a business intelligence tool that provides a user-friendly platform for exploring and analyzing data. This platform was implemented in the first quarter FY 2014. During FY 2013, the Bureau initiated an effort to prioritize and manage the Bureau's information technology needs resulting in more streamlined and disciplined processes. The results of the prioritization efforts allowed for the successful deployment of over 50% of technology projects, including the Debt Collection and Paying for College product launches.

In FY 2014, the Bureau continued the work to build out the core infrastructure capabilities and create a long term technology strategy that guides future mission capabilities.

In FY 2014, the Bureau developed a five year long-term plan to build out infrastructure capabilities and improve technology service levels across IT support services. The Bureau also migrated its cf.gov platform to a more secure, scalable environment and made significant progress re-engineering the AWS environment to prepare for future digital activities. The Bureau also made key steps in becoming independent from the Department of the Treasury by migrating email, Blackberry, service desk ticketing, and the active directory to CFPB-ownership and began migration to a CFPB owned laptop image.

In FY 2015, the Bureau will continue to monitor progress against its long-term plan and continue to focus on core infrastructure activities. The Bureau will also complete the implementation of independent technology infrastructure.

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.

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.[41]

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

PERFORMANCE MEASURE

TABLE 49: Unmodified "clean" audit opinion on financial statements

	FY 2012	FY 2013	FY 2014	FY 2015	FY2016
Target	NA	Unmodified audit opinion	Unmodified audit opinion	Unmodified audit opinion	Unmodified audit opinion
Actual	Unqualified audit opinion	Unmodified audit opinion	Unmodified audit opinion	NA	NA

41 The America 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.

PROGRESS UPDATE AND FUTURE ACTION

The CFPB has received an unmodified opinion from the GAO on its FY 2014 financial statements. GAO also previously provided unqualified opinions on the Bureau's FY 2013, 2012 and 2011 financial statements. In FY 2014, GAO identified one material weakness in the CFPB's internal control over financial reporting related to the accrual process. 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 allow 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 MEASURE

TABLE 50: Percentage of contracts competitively awarded overall

	FY 2012	FY 2013	FY 2014	FY 2015	FY2016
Target	NA	90%	90%	90%	90%
Actual	93%	83%	86%	NA	NA

TABLE 51: Percentage of professional, administrative, and management services contracts competitively awarded[42]

	FY 2012	FY 2013	FY 2014	FY 2015	FY2016
Target	NA	NA	NA	90%	90%
Actual	NA	NA	92%	NA	NA

TABLE 52: Percentage of automatic data processing and telecommunication services contracts competitively awarded[42]

	FY 2012	FY 2013	FY 2014	FY 2015	FY2016
Target	NA	NA	NA	90%	90%
Actual	NA	NA	76%	NA	NA

42 Performance measure added as a "balanced" metric per OIG recommendation.

PROGRESS UPDATE AND FUTURE ACTION

The CFPB is currently tracking competition and reporting data measurements within the agency on a quarterly basis.

At 90%, the CFPB's competition goals for FY 2015 through FY 2016 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 principle of competition, the Office of Procurement partners with the OMWI to develop tools and resources for increasing opportunities to minority and women owned businesses.

In FY 2014, out of approximately $147 million that CFPB awarded in contracts, $127 million, or 86%, were awarded on a competitive basis.

CFPB's Office of Procurement met the target of 90% competitive awards for 47% of the total procurement dollars that are managed internally. The CFPB utilizes the Bureau of the Fiscal Service (BFS) for contracting support, which covered the remaining 53% of the procurement spend within this past fiscal year. BFS supports the Office of Procurement under a yearly inter-agency 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, 81% were awarded competitively.

The top two service categories for FY 2014 were Professional, Administrative, and Management support and Automatic Data Processing and Telecommunication support. Of the dollars awarded in FY 2014 for professional, administrative and management support service contracts, 92% were awarded on a competitive basis. 76% 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 bring the percentage of competitive awards in line with the Bureau's 90% goal for FY 2015 through FY 2016.

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

This goal tracks the disbursement of CPF payments and Bureau-administered redress funds 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 litigates 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 Civil Penalty Fund. It may then use amounts in the Civil Penalty Fund for payments to the victims of activities for which civil penalties have been imposed.

TABLE 53: 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	FY2016
Target	NA	Baseline	100%	100%	100%
Actual	NA [42]	Baseline under development	100%	NA	NA

PROGRESS UPDATE AND FUTURE ACTION

In FY 2014 the Bureau distributed CPF and Bureau-administered redress payments to all eligible identified victims within 24 months of identifying the victims. In FY 2014, the Bureau made payments totaling $10.2 million to consumers in three cases involving Civil Penalty Fund and Bureau-administered redress funds.

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

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 range of external stakeholders, including industry and consumer groups. The CFPB aims to actively engage all stakeholders that could potentially be affected by the Bureau, 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 goals

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.

TABLE 54: 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	FY2016
Target	NA	8	9	13	13
Actual	8	11	13	NA	NA

PROGRESS UPDATE AND FUTURE ACTION

The Bureau hosted 13 public events in FY 2014, focused on key issues affecting consumer financial markets such as credit cards, mortgages, auto finance, and payday lending. These included three meetings of its Consumer Advisory Board (CAB):

1. Chicago field hearing in October of 2013 on credit cards
2. Washington DC forum in November of 2013 on auto finance
3. Boston field hearing in November of 2013 on mortgages
4. Dallas field hearing in December of 2013 on arbitration clauses
5. Phoenix event in January of 2014 on mortgage servicing
6. Washington DC CAB meeting in February of 2014
7. Nashville field hearing in March of 2014 on payday loans
8. Washington DC forum in April of 2014 on mortgage closings
9. New Orleans field hearing in June of 2014 on mobile payments

10. Reno CAB meeting in June of 2014
11. El Paso field hearing in July of 2014 on consumer complaints
12. Indianapolis field hearing in September of 2014 on auto lending
13. Washington DC CAB meeting in September of 2014

The Bureau also participated in dozens of public events hosted by others in FY2014, including testifying before Congress on 9 occasions to discuss policy, operations and budget matters.

In FY 2015 and beyond, the Bureau will continue to host events on issues having an impact on financial consumers. In May of 2014, the Bureau announced that going forward, meetings of the full Consumer Advisory Board and Councils would be open to the public.[44] Therefore the Bureau has increased its target number of public field hearings, town hall meetings, Consumer Advisory Board meetings, and other public events hosted annually from nine public events per year to 13 beginning in FY2015, as the Bureau hosts twice-yearly meetings of both the Community Bank Advisory Council and Credit Union Advisory Council which will be open to the public.

The Bureau will also continue to testify on important issues at the request of Congress.

44 www.consumerfinance.gov/blog/our-board-and-council-meetings-are-changing

Appendix

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

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 2014, identifies areas for planned assessments and research in FY 2015-2016, 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 2014, the Bureau's Supervision, Enforcement and Fair Lending Division (SEFL) executed a comprehensive program evaluation effort involving a third party consultant to analyze the exam report writing and review process (exam report process) and identify opportunities for increasing its efficiency. Key findings and recommendations of this project are as follows:

- The analysis concluded that the report review process should be divided into full review and expedited review tracks. The expedited track would be for reports that are relatively straight-forward and can be reviewed more quickly. The full review track would continue to be for reports with some complexity. By segmenting the review tracks, and providing granular timeframes, the CFPB anticipates an increase in efficiency, resulting in reports and letters being issued in a more timely manner. The new report review processes will be fully implemented in FY 2015.
- Each decision point in the examination process now has a single decision maker, as well as a set of input providers, ratifiers, and individuals to be notified. These "decision rights" are formally codified in a SEFL-wide policy - SEFL Integration 3.0.
- The examination process is now supported by a range of performance management tools, including an exam management dashboard, an accompanying policy document regarding the data fields necessary to implement it; output templates for key decision letters, memos, memoranda of understanding, and roll-up exam reports.

Building on successes of FY 2014 evaluation and performance improvement efforts, in FY 2015, the Office of Enforcement will engage a third party to study the current planning measures, techniques, and administrative duties leading up to the commencement of enforcement work on an assigned issue. The project will also focus on analysis and evaluation of how final work products are created, edited, and cleared within Enforcement as well as by other stakeholders across the Bureau. The primary goal of this study is to find and eventually implement potential efficiencies in Enforcement's administrative, planning, and review processes.

Goal 2

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

- Consumer Engagement began to measure the impact that its Paying for College web tool has on viewers. This effort involves tracking consumer use of the tool through website analytics and determining the various levels of engagement by consumers. The result of the evaluation is an assumed base savings to consumers driven by website engagement. Based on analysis of web traffic and potential cost savings from avoiding costly default, the team found that the tool had its highest impact in Repay Student Debt. The team also used the analysis to explore potential updates for the Student Loans and Student Banking guides, as well as ways to improve the process in the future, particularly around benchmarking performance for updates or creation of new tools.
- The Office for Older Americans uses a variety of web analytics to assess the outcomes of Money Smart for Older Adults (MSOA). The Office also tracks the MSOA's reach through training sessions and hard-copy orders of the materials. The combination of these metrics is used to assess the program's outcomes, and the relative impact of different delivery mechanisms such as webinars, face-to-face trainings, and single promotional events like Dear Abby caregivers' package. The team has been able to target low-cost and high-impact strategies for promoting MSOA materials that can be leveraged in the future. Furthermore, by connecting these metrics to research on the impact of education on reducing fraud victimization, the team was able to develop assumptions about the amount of money that older consumers who read or participate in a Money Smart training event could potentially protect against a scam or fraud. Using these metrics, the team was able to identify and track the events that led to improvements in the estimated return on investment from 2:1 to 10:1 in FY 2014.

In FY 2015 and onward, CEE plans to develop similar methodologies to help track the usage of selected additional initiatives,, including the Ask CFPB database of frequently asked consumer financial questions, and the Your Money Your Goals program. These evaluation efforts will lead to establishment of additional balanced metrics for CEE performance in the future.

Goal 3

The Division of Research, Markets & Regulations (RMR) undertook several efforts in FY 2014 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:

- Publishing a report of a review, based on in-depth interviews with a small sample of firms, of the costs of complying with deposit-related federal consumer protection regulations.
- Initiating major procurements to establish capabilities for conducting formal surveys and controlled trials in economic laboratory settings 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 2014, the CFPB's Operations Division engaged an independent third party consulting firm to conduct a rigorous evaluation of the Bureau's internal communications practices:

- The project focused on multiple perspectives: channel, content, source and employee segment utilizing one-on-one interviews, surveys, observation, and analyses of various CFPB communications.
- The evaluation effort yielded several key findings:
  - Different employee segments demonstrated distinct needs and behaviors related to communications;
  - Employees across the Bureau signaled the need for increased visibility and transparency around Bureau-wide topics;
  - Existing channels were not optimized for communication flow.

Based on the evaluation and recommendations from the engagement, the CFPB will launch efforts in FY 2015 to improve and centralize internal communications. These efforts will be founded on best practices and tailored approaches for the Bureau's unique and evolving culture and structure.

Specifically, in FY 2015, the internal communications team will perform the following activities:

- Build out and execute against the operating model for Operations Communications;
- Coordinate communications with the Front Office and the Director;
- Improve internal communication of operations-related "static" content;
- Develop and launch management communications model for cascading information throughout the Bureau;
- Build, launch and deploy communications tools and execute Operations-related "campaigns" as needed.

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.

Quarterly Performance Reviews: On a quarterly 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 steps continuously 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, 2013 and December 31, 2013 (and thus could have been finalized or otherwise resolved within a 9 month period occurring in FY 2014 (from Oct. 1, 2013 through September 30, 2014)) 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 data about its supervision and enforcement activities through 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:** Data verification and validation are ensured by training points of contact on how to properly use the data systems described above. At the end of FY 2014, the SES Data Entry Policy went into effect. A key purpose of the policy

is to ensure that the data used to track supervisory activities is accurately entered into SES on a timely basis. For example, for performance goals 1.2.4/1.3.4, the headquarters Office of Supervision Examinations conducts analysis and notifies appropriate parties if there are any data validation issues. Quarterly data quality and validation reviews occur with senior management participation to further assess and re-affirm data accuracy.

- **Advantages, limitations and mitigating actions:** Although the data is reasonably accurate, as discussed above, the CFPB continues to improve its ability to track its supervision and enforcement activities. The Bureau has modified SES to allow for accurate tracking of matters requiring attention. These modifications have significantly enhanced the CFPB's ability to measure its supervision activities. Improvements to SES and LawBase will continue as needed to 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 Investigations Cycle Time, proportion of complaints routed through the dedicated company portal, as well as the count of 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;[45]

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

- Conducted one-on-one interviews with adult consumers[46] and financial practitioners—professionals who provide financial advice, education, services or products to consumers;[47]
- Transcribed and analyzed 1,600 pages of interview transcripts, from which responses were sorted, coded, and then cataloged using qualitative data analysis software.

  In FY 2014, the research focused on developing new, psychometrically sound, reliable and valid survey scales to measure financial well-being. The development of these scales is anticipated to be completed in FY 2015.

  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 high quality data and analysis was to procure 3rd 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 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 reasonable data quality. In the next phase, survey scales and hypotheses will be validated through consumer testing at scale. Throughout FY 2015, the CFPB will test and finalize metrics of financial well-being identified in FY 2014 and prepare for large scale quantitative testing of the hypotheses for success is expected in FY 2016.

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 the Home Mortgage Disclosure Act (HMDA) and commercially available data regarding originations and servicing.
- **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

46 Forty one of the consumers were between the ages of 18 and 61 and another 18 over the age of 61.

47 Self-identified professions included: financial planner, elder lawyer, credit counselor, consumer loan officer, financial educator, financial advisor, social worker, financial coach, tax preparation adviser, and financial service professional.

of the CFPB puts the data through a systematic validation process to ensure that the 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 National Mortgage Database (NMDB), the Bureau currently relies upon the combination of public and proprietary datasets described above to analyze the market. Of these data, the Home Mortgage Disclosure Act (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, 2013 and September 30, 2014. 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, & Regulations in FY 2014.

- **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 Performance America 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. For example, based on the analysis, in the current Report for FY 2015 and beyond, the CFPB added an AES analysis metric to align more closely with government-wide best practices.

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.
- **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.
- **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 by including in internal weekly reports of each External Affairs Office to the Associate Director and to the Bureau's Chief of Staff and Deputy Director information documenting each EA Office's weekly external stakeholder engagements, interactions, communications, input, and feedback.
- **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

1. Building and sustaining a high-performing workforce

Attracting, engaging, and deploying a workforce is a key outcome within the CFPB's strategic goal to advance the agency's performance by maximizing its resource productivity and enhancing its impact. In 2012, the Office of Human Capital issued its *Human Capital Strategic Plan FY2013–FY2015* that aligns with the CFPB's goals and outcomes. This plan includes the goal of attracting, engaging, and deploying a workforce to meet dynamic challenges and to provide effective oversight of the consumer financial marketplace. The CFPB faces challenges in meeting this goal due to competition for highly qualified staff with the unique skill sets needed to fulfill its mission. Further, as the agency seeks to build and sustain a high-performing workforce, it will need to strengthen workforce planning, establish appropriate training and development programs, implement an effective performance management system, and put in place a comprehensive diversity and inclusion program.

IDENTIFYING MISSION-CRITICAL TECHNICAL, MANAGERIAL, AND LEADERSHIP SKILLS THROUGH WORKFORCE PLANNING

A key first step in ensuring that the CFPB has a workforce that can effectively carry out its mission is identifying the critical technical, managerial, and leadership skills through workforce planning. The CFPB has established a workforce planning process, but the CFPB has acknowledged the need to broaden its workforce planning to include identifying mission-critical occupations and related competency models, emerging needs, and potential skills gaps.

As a new agency, the CFPB had to quickly build its workforce while simultaneously identifying and recruiting the best-qualified people to meet immediate and long-term staffing needs. Managing a current workforce of more than 1,400 employees requires appropriate management and leadership skills. In its most recent human capital annual report to Congress, the CFPB reported skill development initiatives for managers and supervisors; however, the agency needs to further cultivate management and leadership competencies and develop a long-term approach to workforce planning.

Agency Actions

In the CFPB's *Human Capital Strategic Plan FY2013–FY2015*, workforce planning is a component of the first human capital strategy. The plan outlines several initiatives related to workforce planning, including the need to continually assess workforce planning needs. The CFPB reports on its workforce planning efforts in its annual reports to Congress. In the December 2013 report, the CFPB states that its workforce planning process aligns with the annual budget process and identifies workforce requirements proactively. Additionally, the agency has conducted a structured organizational design analysis of each division.

2. Recruiting and retaining a highly skilled, diverse workforce

The CFPB has identified as one of its key human capital strategies the need to recruit and retain a highly skilled, diverse staff through effective workforce planning and talent acquisition methods, as well as through diversity and inclusion programs. A challenge for retaining a qualified and diverse workforce relates to the CFPB's performance management system. In early 2014, the CFPB acknowledged disparities in employee performance evaluations. As a result, the performance management system that was implemented in fiscal year 2013 is being replaced.

Further, the Dodd-Frank Act requires federal financial agencies, including the CFPB, to develop standards for equal employment opportunity and the racial, ethnic, and gender diversity of the agency's workforce, and to report annually on the recruitment and retention of minorities and women and on other diversity practices. In March 2014, the CFPB reported in its Office of Minority and Women Inclusion annual report that agency officials acknowledged the need to continue strengthening the agency's efforts to hire a diverse workforce. In addition, while the CFPB acknowledges that in aggregate the agency is diverse, its workforce could better reflect the nation's multicultural composition. Retention of a diverse workforce is also a challenge, and the CFPB plans to assist managers and leaders in developing diversity and inclusion strategies to strengthen employee retention efforts. As the CFPB continues to create a high-performing workforce, such challenges will continue to be an area of focus.

Agency Actions

The CFPB noted in its most recent human capital annual report to Congress that it continues to develop its human capital practices, including several ongoing initiatives related to workforce planning, recruitment, and retention. Initiatives include the implementation of a new process for position management and position approval to ensure a consistent approach to recruitment. Additionally, as reported in its human capital annual report to Congress, the CFPB has partnered with diversity and professional groups as part of its recruitment efforts. The CFPB's *No Fear Act Annual Report FY 2013* states that the agency continues to build its equal employment opportunity program and has identified goals for the next two years to establish and administer affirmative plans to ensure that the CFPB has a demographically diverse workforce. In response to developments in early 2014, the CFPB conducted its own internal analysis of the performance management system results for 2013. Based on the findings of this analysis, the CFPB is collaborating with the collective bargaining unit that was established in May 2013 to develop a new performance management system and is taking additional steps to promote fairness and inclusion in the workplace.

3. Implementing new management operations

The CFPB continues to establish and implement its internal management operations as it seeks to provide effective oversight of the consumer financial marketplace. Establishing appropriate internal controls—including policies and procedures that clearly define roles and responsibilities—and effectiveness measures should continue to be an area of focus for the CFPB as the organization continues to grow and the consumer financial products and services that the agency regulates continue to evolve.

STRENGTHENING CONTROLS

As mentioned earlier, the CFPB must continue its effort to establish and implement appropriate operational controls related to supervision and develop an effective human capital infrastructure. In addition, our audits and evaluations of procurement, travel, supervision, and enforcement found areas where CFPB needed to clarify roles and responsibilities. We also noted that the CFPB needed to timely develop and deploy sound policies and procedures in these key areas.

Agency Actions

The CFPB has established a team within the Chief Financial Officer's organization to focus on internal controls. The CFPB has also made progress in establishing new agency operations and defining division-level performance goals and measures. The CFPB continues to ensure that its operations align with its FY2013-2017 Strategic Plan. In addition, many of our audits and evaluations have noted progress in assigning roles and responsibilities, as well as in establishing policies and procedures.

4. Ensuring an effective information security program

GAO continues to include protecting the federal government's information systems and the nation's cybercritical infrastructure as a priority for federal agencies. The OIG has likewise identified information security as a major management challenge for the CFPB due to the advanced, persistent threat to government information technology (IT) infrastructure. The CFPB management focuses on improving its information security program and ensuring that information is properly protected.

IMPROVING THE INFORMATION SECURITY PROGRAM

As the CFPB evolves, it continues to mature and improve its information security program to comply with the new National Institute of Standards and Technology requirements. The CFPB has taken steps over the past year to develop, document, and implement an information security program; however, we have identified opportunities to improve this program through automation, centralization, and other enhancements to ensure that the Federal Information Security Management Act of 2002 (FISMA) requirements are met.

Agency Actions

The Bureau has finalized its information security policy, developed information security procedures and standards in several areas, and developed an information security strategy. The CFPB has also implemented processes that are generally consistent with federal requirements for identity and access management, incident response and reporting, risk management, plans of action and milestones, remote access management, and contractor systems. Further, the CFPB is developing an enterprise architecture that will include security architecture to help guide agency investments in information security.

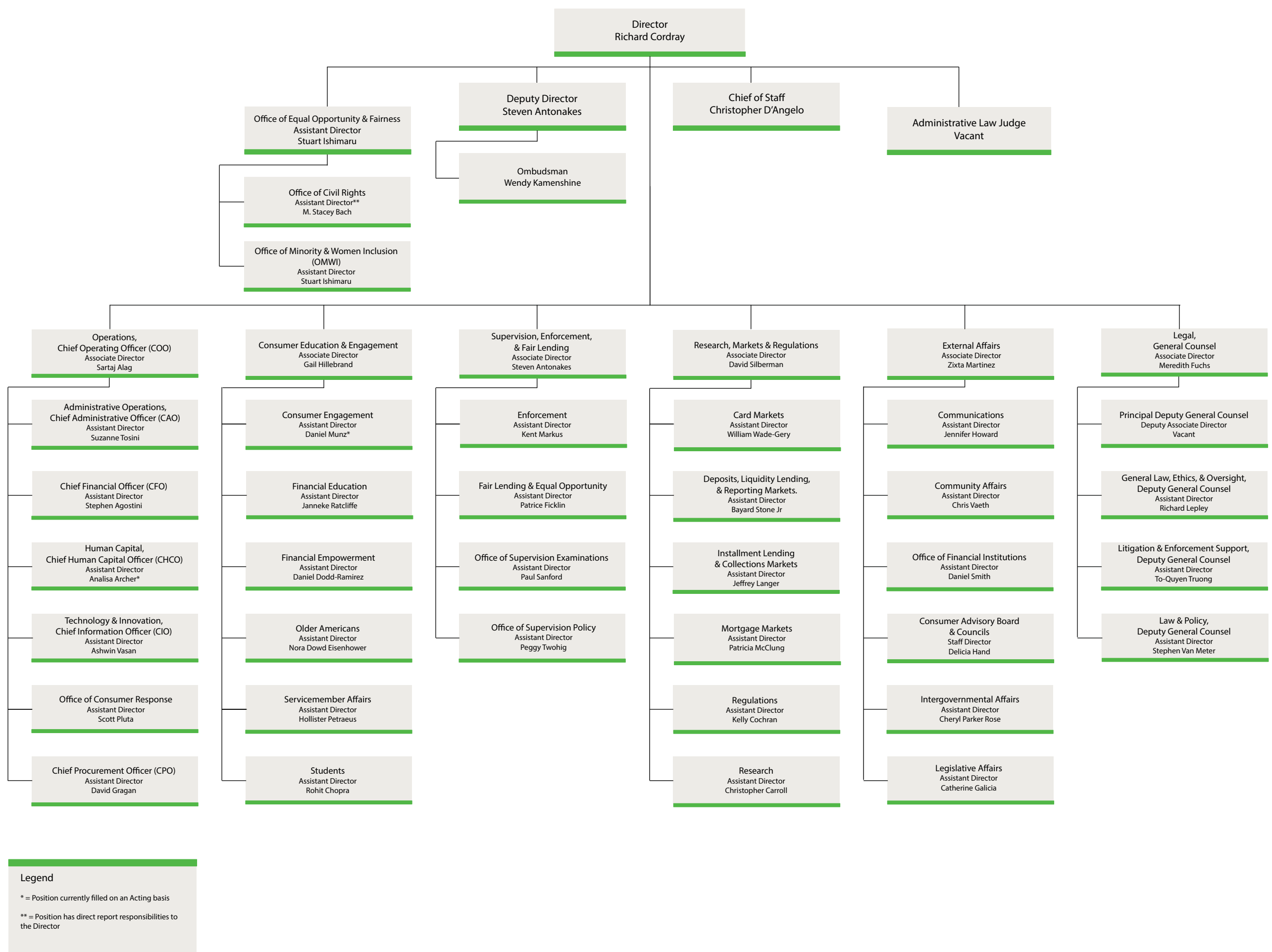
5. Ensuring protection of personally identifiable information

Protecting personally identifiable information in federal systems is critical because its loss or unauthorized disclosure can lead to serious consequences for individuals and for the agencies responsible for the systems. The CFPB must continue to ensure that sensitive information is adequately protected within the systems it owns and maintains and within those maintained on its behalf by contractors and other entities. The CFPB does not track the financial habits of individual Americans. Much of the information the Bureau collects does not contain data that directly identifies individuals. Instead, in the normal course of carrying out its statutory mandate to protect consumers, the Bureau collects information about accounts from consumers who seek the Bureau's help through our consumer response function. The Bureau also collects information from institutions that are the subject of supervisory examinations or enforcement activity, from industry whistleblowers and third parties who may have information relevant to an enforcement action, and in support of its market monitoring and rulemaking responsibilities.

Agency Actions

The CFPB has designated a Chief Privacy Officer, who is responsible for the agency's privacy compliance and operational activities. The CFPB has also developed privacy incident policies, published systems of records notices, and performed privacy impact assessments of various systems that collect or store personal information. Further, the agency has implemented a number of management, operational, and technical controls to ensure that privacy information is sufficiently protected.

Appendix B: Organizational chart



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