

February 2016

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

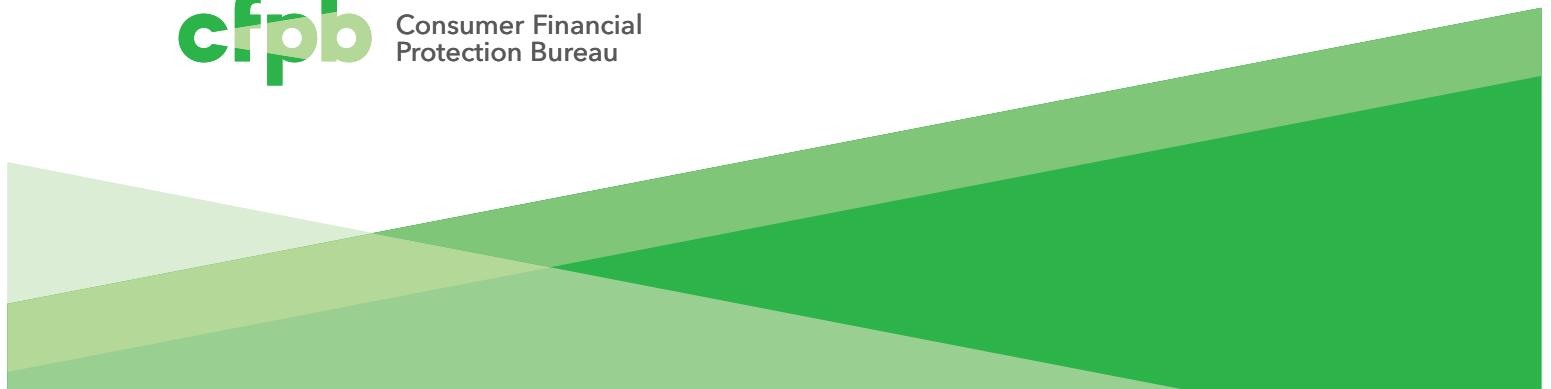


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Message from Richard Cordray

Director of the CFPB



Continuing the Consumer Financial Protection Bureau's (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) 2015 across its four Strategic Goals. In addition, this document contains the Bureau's most current view of budget projections for FY 2016-2017 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 2015, the CFPB:

- Provided digital content, materials, and decision tools to more than 6.8 million consumers—nearly 1.2 million more consumers reached than the previous year;
- Handled more than 265,000 consumer complaints across a broad range of financial products, exceeding the 700,000 mark for the total number of consumer complaints handled by the CFPB since July 21, 2011 and expanded the Consumer Complaint Database to include consumer narratives;

- Shared investigative information with more than 100 different government agencies in 186 matters;
- Published 6 notable reports about specific consumer financial products, markets, or regulations, including the Data Point: Credit Invisibles report, the Arbitration Study report, and others; and
- Hosted 15 public events on key issues affecting consumer financial markets such as credit cards, mortgages, auto finance, and payday lending.

Results achieved in the course of FY 2015 suggest that the Bureau continues to mature across its focus areas in supervision, enforcement, research, and outreach to American consumers. While the CFPB's resource base is not expected to experience substantial increases in FY 2016-17, the Bureau's work to date indicates that consumers of financial services face challenges across product areas, highlighting the need for the Bureau to leverage available resources carefully. The CFPB will ensure effectiveness of its actions based on careful planning, data-driven choices, deployment of innovative operational and technological solutions, and engagement 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 the effectiveness and robustness of its consumer protection efforts.

Sincerely,



Richard Cordray, Director
February 2016

Overview of the CFPB

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

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

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

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

Our organization

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

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

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

Our mission

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

Our vision

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

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

We will achieve our mission and vision through:

Data-driven analysis

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

Innovative use of technology

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

Valuing the best people and great teamwork

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

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

Service

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

Leadership

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

Innovation

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

Plan overview

Our strategic plan articulates four goals

Goal 1

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

Goal 2

Empower consumers to live better financial lives.

Goal 3

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

Goal 4

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

In support of each goal we outline

Budget

Resource allocations we will make in order to achieve our goals.

Outcomes

Desired outcomes that further define the focus of our work.

Strategies & investments

Strategies and investments that lay out the actions we will take to accomplish our outcomes.

Performance goals

Specific, measurable goals we will use to assess our progress along with associated measures and indicators.

Budget overview

The CFPB's operations are funded principally by transfers made by the Board of Governors of the Federal Reserve System from the combined earnings of the Federal Reserve System, up to the limits set forth in the Dodd-Frank Act. The Director of the CFPB requests transfers from the Federal Reserve System in amounts that he has determined are reasonably necessary to carry out the Bureau's mission within the limits set forth in the Dodd-Frank Act. Transfers through FY 2013 were capped at pre-set percentages of the total 2009 operating expenses of the Federal Reserve System. In FY 2014, FY 2015 and beyond, the funding caps have been adjusted annually, based on the percentage increase in the employment cost index for the total compensation for state and local government workers, which is published by the Federal Government. Transfers from the Federal Reserve System were capped at \$618.7 million for FY 2015 and are capped at \$631.7 million for FY 2016. For FY 2017, the funding cap will be \$646.2 million. Funds transferred from the Federal Reserve System are deposited into the Bureau of Consumer Financial Protection Fund (Bureau Fund), which is maintained at the Federal Reserve Bank of New York.

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

Bureau Fund

The CFPB Bureau Fund FY 2016 and FY 2017 budget estimates included in this Report allow the Bureau to continue to fulfill its statutory purpose, objectives, and functions pursuant to Section 1021 of the Dodd-Frank Act and will support Bureau operations as it continues to grow and mature as a Federal agency.

The FY 2017 budget estimate of \$636.1 million is 5.0% percent above the FY 2016 budget estimate of \$605.9 million. The budget supports additional operations, policy, and examination staff, and key investments supporting improvements to the consumer response system, consumer education and engagement initiatives, as well as IT infrastructure and system

implementation projects. The increase from FY 2016 to FY 2017 reflects primarily an increase in staffing, especially in the Operations; Research, Markets, and Regulations; and the Supervision, Examination and Fair Lending programs. The remaining increase will support migration of the consumer response function to the Bureau's enterprise solution to support steady state operations, improvements to support increased contact volume and enhance the services of the contact center, and efforts to raise public awareness of Bureau tools and resources. As discussed throughout this document, these funds will help the Bureau achieve its mission and the four strategic goals outlined in this plan.

Budget by strategic goal

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

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

	FY 2015*	%	FY 2016**	%	FY 2017**	%
Goal 1	\$252.0	48%	\$279.4	46%	\$292.5	46%
Goal 2	\$107.8	20%	\$131.6	22%	\$139.9	22%
Goal 3	\$46.4	9%	\$56.3	9%	\$57.3	9%
Goal 4	\$118.2	23%	\$138.6	23%	\$146.4	23%
Total	\$524.4	100%	\$605.9	100%	\$636.1	100%

* FY 2015 amounts reflect obligations incurred and include upward adjustments to prior year obligations.

** FY 2016 and FY 2017 estimates are based on the best available information at the time the Budget was prepared and are subject to revision.

TABLE 2: FTE by strategic goal

	FY 2015	FY 2016	FY 2017
Goal 1	799	874	928
Goal 2	231	242	263
Goal 3	97	114	130
Goal 4	338	393	436
Total	1,465	1,623	1,757

The proportion of funding across all goals is expected to remain relatively constant through FY 2017. The following discussion provides details on the significant increases in FY 2016 and FY 2017 for each goal.

An increase in regulations and examination staff represents the largest increase in Goal 1. Examiner training and travel also increases to support the continued growth of the regional supervision and examination workforce. Additional increases in e-law tools and litigation support are expected to continue to support enforcement activities. In FY 2017, support for small business rulemaking activities is proposed to carry out the Bureau's statutory obligations under Section 1071 of the Dodd-Frank Act. Finally, a moderate surge for the development of a Supervision Compliance Tool is expected to begin in earnest in FY 2016 but will plateau in FY 2017.

As discussed earlier, the increase in Consumer Response represents a significant portion of the increase in Goal 2. Amounts budgeted for the consumer response system and the contact center will support steady-state and service enhancements. Additionally, investments in consumer education and engagement initiatives also contribute to the increase in Goal 2.

New initiatives in FY 2016 and FY 2017 will result in an increase in the budget supporting Goal 3, although to a lesser extent. The increases largely support investments in consumer education and engagement activities for underserved and special populations as well as lookbacks or assessments of the effectiveness of rules previously issued by the Bureau.

An increase in the budget supporting Goal 4 reflects the Bureau's evolution as a data-driven agency focused on protecting its infrastructure as it continues to grow. In FY 2017, investments across Goal 4 are expected to level off closer to FY 2015 levels as the development of technology infrastructure and operational support services approach steady-state levels.

There are several other investments that support all Goals. One such expense, the costs for facilities

agreements, includes costs incurred by the Bureau to maintain space for regional offices in Chicago, San Francisco, and New York, as well as temporary space in Washington D.C. during the renovation of the Bureau's headquarters, which is projected to conclude by the end of FY 2017. There will be an associated temporary increase in facilities costs during FY 2017 while facilities services are phased in at the renovated headquarters building, but this will level out when most Bureau staff return to the headquarters location upon completion of the renovation. The Bureau also expects to incur a corresponding temporary increase in Furniture, Fixtures and Equipment for the headquarters building renovation necessary to furnish the newly renovated space prior to occupation.

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

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

Outcome	Key Investment Description	FY 2015	FY 2016	FY 2017
1.1	Disclosure, Design, Testing, and Implementation	\$0.6	\$1.1	\$0.4
	Small Business Rulemaking	-	-	\$2.0
1.2 / 1.3	Examiner Training and Travel	\$15.6	\$17.8	\$18.0
	e-Law Tools and Support	\$7.0	\$3.3	\$1.7
	Litigation Support	\$3.0	\$6.5	\$6.8
	Supervision Compliance Tool	\$2.6	\$4.2	\$2.0
	Review of Enforcement Processes	\$1.6	-	-
	Supervision and Enforcement Training & Travel	\$1.1	\$2.4	\$2.6
	Examiner Commissioning Training Program	\$1.0	\$1.6	\$1.6
	Nonbank Registration	-	\$1.5	\$1.0
	Consumer Reporting Studies	-	-	\$3.8
2.1	Consumer Response System and Contact Center Support	\$22.7	\$29.7	\$35.5
	Consumer Response Operational and Program Support	\$2.9	\$4.1	\$2.1
	Consumer Response System—Complaint Analytics	\$2.8	\$2.7	\$2.7
	Optimizing CFPB Communication and Consumer Engagement Channels	\$0.7	\$1.0	\$0.7
2.2	Consumer Services Awareness Building	\$6.5	\$14.0	\$11.0
	Consumer Education Initiatives	\$3.8	\$5.4	\$6.0
	Underserved and Special Populations Programs and Outreach	\$1.7	\$3.6	\$4.2
	Consumer Experience Program	\$1.3	\$2.5	\$3.7

Outcome	Key Investment Description	FY 2015	FY 2016	FY 2017
	Your Money, Your Goals	\$1.1	\$0.9	\$1.0
3.1	Credit Card Database	\$2.9	\$3.1	\$3.3
	Other Market Data	\$1.6	\$1.5	\$0.6
	National Mortgage Database	\$1.4	\$1.6	\$1.5
	HMDA Development and Implementation	\$1.2	\$2.1	\$1.6
	HMDA Data Processing	\$0.7	\$0.8	\$1.0
3.2	Primary Data Collection	\$1.0	\$1.8	\$0.7
	Underserved and Special Populations Research	\$0.6	\$2.4	\$2.0
	Financial Education Research	\$0.6	\$1.2	\$2.1
	Lookbacks	-	\$3.3	\$2.5
4.1	Human Capital Shared Services, Infrastructure, and Operations	\$7.2	\$7.7	\$7.7
	Learning, Leadership, and Organization Development Facilitation and Design	\$2.1	\$2.6	\$2.7
	Outreach, Candidate Recruiting, and Candidate Selection support	\$1.4	\$2.5	\$1.8
	Diversity, Inclusion and Equal Opportunity Initiatives	\$0.9	\$3.2	\$2.2
4.2	Technology Infrastructure	\$21.8	\$31.2	\$27.1
	Technology Infrastructure - Shared Services	\$17.1	\$2.9	\$1.5
	Cybersecurity	\$7.5	\$9.3	\$8.1
	IT Portfolio Management	\$6.6	\$11.5	\$10.1
	Data Infrastructure and Analysis	\$4.7	\$8.1	\$8.4
	Design and Software Development Support	\$4.1	\$6.6	\$6.4

Outcome	Key Investment Description	FY 2015	FY 2016	FY 2017
4.3	e-Discovery Services Implementation	\$3.9	\$4.4	\$5.5
	Customer Relationship Management System	\$1.7	\$6.0	\$5.4
	Extranet	\$0.8	\$0.3	\$0.2
	Document Management System	\$0.1	\$2.5	\$1.0
ALL	Audits of the Bureau	\$16.3	\$14.2	\$14.1
	Financial Management Support Services	\$4.2	\$4.7	\$4.8
	Procurement Services & Support	\$1.8	\$2.7	\$2.5
	Internal Controls	\$0.9	\$1.7	\$1.1
	Facilities Agreements (Occupancy)	\$19.2	\$20.4	\$21.9
	Facilities Agreements (Utilities, Security, Other)	\$5.3	\$3.8	\$12.8
	Facilities Agreements (Occupancy) for Temporary Space	\$10.0	\$10.0	\$10.1
	Facilities Agreements (Utilities, Security, Other) for Temporary Space	\$5.0	\$5.6	\$5.8
	Architecture and Engineering Services for HQ Building Renovation	\$2.5	-	-
	Furniture, Fixtures and Equipment for HQ Building Renovation	-	\$3.0	\$10.0
	Library Resources & Services	\$2.7	\$3.4	\$3.5
	Personnel Security Investigations	\$1.3	\$1.7	\$1.6
	Other*	\$23.4	\$15.8	\$13.3
Total		\$258.5	\$305.9	\$311.7

Budget by object class, program, and FTE

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

Object Classification	FY 2015	FY 2016	FY 2017
Personnel Compensation	\$192.3	\$219.2	\$238.5
Personnel Benefits	\$73.4	\$80.6	\$85.7
Benefits to Former Personnel	\$0.3	\$0.2	\$0.2
Travel and Transportation of Persons	\$17.8	\$18.6	\$19.0
Transportation of Things	\$0.1	\$0.2	\$0.2
Rents, Communications, and Misc Charges	\$16.9	\$15.6	\$17.7
Printing and Reproduction	\$2.5	\$2.8	\$3.1
Other Contractual Services	\$191.7	\$225.7	\$232.3
Supplies and Materials	\$5.5	\$5.0	\$5.1
Equipment	\$21.4	\$38.0	\$34.3
Land and Structures	\$2.5	-	-
Total	\$524.4	\$605.9	\$636.1

In FY 2016 and FY 2017, the Bureau will continue to expand its capacity in order to successfully achieve its strategic goals. Expenses related to personnel compensation and benefits represent the largest increases in FY 2016 and FY 2017, driven by increases in the staffing levels within the Operations and Supervision, Enforcement, and Fair Lending programs. Travel expenses are also projected to increase as the examination workforce continues to grow and conduct various examination activities across the country. The growth in funds allocated to rents, communications, and miscellaneous expenses are due to annual rental increases for headquarters and regional space, and the cost to obtain new space for the Southeast region. The increase in other contractual services in FY 2016 and FY 2017 is reflective of a number of existing and new investments across all programs and goals. Equipment cost increases from FY 2015 to FY 2016 stem from infrastructure development.

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

	FY 2015	FY 2016	FY 2017
Office of the Director	\$8.0	\$9.7	\$10.1
Operations	\$57.4	\$69.4	\$71.7
Operations - Consumer Response	\$50.8	\$59.3	\$63.7
Consumer Education and Engagement	\$26.3	\$42.9	\$44.9
Research, Markets, and Regulations	\$34.4	\$45.8	\$47.8
Supervision, Enforcement, and Fair Lending	\$140.8	\$161.6	\$167.9
Legal	\$13.4	\$15.4	\$16.4
External Affairs	\$7.0	\$8.1	\$9.0
Other Programs*	\$2.8	\$2.8	\$3.3
Centralized Services	\$183.5	\$190.9	\$201.3
Total	\$524.4	\$605.9	\$636.1

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

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

Consumer Response realizes an increase in funding as it continues to develop and enhance the consumer response system and contact center in order to support steady-state operations and enhance services. The largest investments within Consumer Education and Engagement focus on building consumer awareness of Bureau tools and resources. Increased costs in the Research, Markets, and Regulations reflect the Bureau's need to conduct Lookbacks on Title XIV mortgage regulations under its statutory authority.

Within Centralized Services, the increased costs support budgeted amounts for programmatic and operational services that support the entire agency (e.g., facilities, utilities, and IT-related equipment and services). The cost of Centralized Services (including rent, facilities, security, maintenance, utilities costs) increases as the Bureau continues to utilize temporary office space for its Washington, D.C. staff, as planned renovations to the Bureau's permanent headquarters

continue. These renovations will update the headquarters building to current energy, environmental, and security standards and make necessary repairs to an aging building systems and infrastructure. These renovations include replacement of major infrastructure such as the roof, building enclosure, and heating, water, and electrical systems. The 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.

TABLE 6: FTE by program

Programs	FY 2015	FY 2016	FY 2017
Office of the Director	32	39	42
Operations	266	313	348
Operations - Consumer Response	151	150	156
Consumer Education and Engagement	62	73	87
Research, Markets, and Regulations	133	162	185
Supervision, Enforcement, and Fair Lending	678	742	776
Legal	65	74	82
External Affairs	39	46	51
Other Programs	39	24	30
Total	1,465	1,623	1,757

The increases in full-time equivalent employees (FTEs) support the Bureau's continued growth toward steady-state operations. The increases within the Operations Division support the Bureau's data-driven work and analysis. Increases in Research, Markets, and Regulations expand the Bureau's capacity to carry out its Unified Agenda and further develop expertise in market monitoring. The additional workforce within Supervision, Enforcement, and Fair Lending including the growth of the regional examination workforce, will enable the Bureau to continue to supervise and enforce compliance with the Federal consumer financial laws across the country. The Bureau will also continue to increase FTE levels to support consumer response functions and effectively meet the demands associated with the increasing volume of consumer complaints received by the Bureau. These staffing increases are critical to creating and maintaining a high-performing organization.

Budget authority

Funding required to support the CFPB's operations is obtained primarily through transfers from the Board of Governors of the Federal Reserve System. In accordance with the Dodd-Frank Act, in FY 2013, transfers to the Bureau were capped at 12 percent of the Federal Reserve System's 2009 operating expenses. After FY 2013, the transfer cap was adjusted annually based on the percentage increase in the Employment Cost Index published by the Federal Government for total compensation for state and local government. The inflation-adjusted transfer cap for FY 2016 is \$631.7 million, and the transfer cap for FY 2017 is \$646.2 million. Funds transferred from the Federal Reserve System to fund the operations of the Bureau are transferred into the Bureau Fund quarterly and maintained at the Federal Reserve Bank of New York. The Bureau anticipates requesting less than the transfer cap to fund operations in FY 2016 and FY 2017.

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

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

Receipts	FY 2015	FY 2016	FY 2017
Transfers from the Federal Reserve Board	\$485.1	\$564.9	\$636.1
Other Receipts	\$0.3	\$0.3	\$0.3
Unobligated Balances, start of year	\$139.5	\$130.0	\$90.4
Recoveries of Prior Year Obligations	\$29.5	\$1.0	\$1.0
Total Budgetary Resources	\$654.4	\$696.2	\$727.8
Total Obligations	\$524.4	\$605.9	\$636.1

Civil Penalty Fund budget authority

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

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

The CFPB collected \$342.1 million in actual deposits through the end of FY 2015 and expects to collect additional amounts during FY 2016. Of the amounts collected to date, the Bureau allocated \$239.3 million. Approximately \$210.5 million was allocated to compensate harmed consumers and \$28.8 million for consumer education and financial literacy programs. Of the \$28.8 million allocated to consumer education and financial literacy programs, \$12.3 million was obligated through the end of FY 2015, and an additional \$16.5 million is projected to be obligated in FY 2016.

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

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

Receipts	FY 2015	FY 2016	FY 2017
Collections	\$183.1	\$18.9	-
Unobligated Balances, start of year	\$157.1	\$305.6	\$137.6
Total Budgetary Resources	\$340.2	\$324.5	\$137.6
Total Obligations	\$34.6	\$186.9	\$119.5

GOAL 1

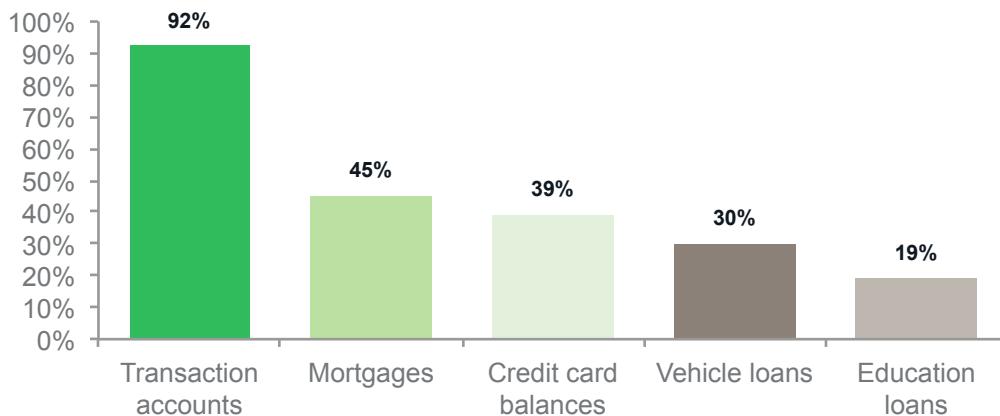
Prevent financial harm to consumers while promoting good practices that benefit them

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

Goal 1	FY 2015	FY 2016	FY 2017
Office of the Director	\$1.4	\$1.2	\$1.4
Operations	-	\$0.2	\$0.2
Research, Markets, and Regulation	\$12.5	\$15.9	\$18.9
Supervision, Enforcement, and Fair Lending	\$140.8	\$160.8	\$167.0
Legal	\$5.2	\$5.5	\$6.2
External Affairs	\$1.0	\$1.3	\$1.3
Other Programs	\$1.3	\$0.9	\$1.3
Centralized Services	\$89.8	\$93.6	\$96.2
Total	\$252.0	\$279.4	\$292.5

Introduction

FIGURE 1: Percent of American families that rely on one or more financial product¹



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

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

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

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).

TABLE 10: Financial institutions subject to the 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 Federal rulemaking processes and procedures.

Investments

PERSONNEL

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

DISCLOSURE, DESIGN, TESTING, AND IMPLEMENTATION

Continue to conduct and gain expertise in disclosure design and disclosure usability testing. Qualitative research, such as one-on-one interviews and focus groups, enables the Bureau to put forward proposed forms which consumers are more likely to be able to navigate and comprehend.

These investments also contribute to evidence-based market research.

SMALL BUSINESS RULEMAKING

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

Performance goals

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

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

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

PERFORMANCE MEASURE

TABLE 11: The percentage of proposed rulemakings, conducted solely by the CFPB, finalized or otherwise resolved within nine months of the due date for receipt of final public comments.²

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

PROGRESS UPDATE AND FUTURE ACTION

In FY 2015, the Bureau issued a number of rulemakings within nine months of the closing of a final comment period.

The Bureau issued a number of technical and clarifying amendments to the mortgage 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.

issued in January 2013 to implement consumer protection provisions enacted by the Dodd-Frank Act. The Bureau issued a rule in October 2014 that provides an alternative small servicer definition for non-profit entities that meet certain requirements and amends the existing exemption from the ability-to-repay rule for non-profit entities that meet certain requirements. This rule also provides a cure mechanism for the points and fees limit that applies to qualified mortgages. While not included in this calculation, the Bureau issued an interpretive rule providing guidance to clarify that the Bureau's Ability-to-Repay Rule incorporates the existing definition of "assumption" under Regulation Z.

In January 2015, the Bureau finalized amendments to the TILA-RESPA Integrated Disclosures rulemaking. This rule extends the timing requirement for revised disclosures when consumers lock a rate or extend a rate lock after the Loan Estimate is provided and permits certain language related to construction loans for transactions involving new construction on the Loan Estimate. This rule also amended the 2013 Loan Originator Final Rule to require placement of the Nationwide Mortgage Licensing System and Registry ID (NMLS ID) on the integrated disclosures. Additionally, the Bureau made non-substantive corrections, including citation and cross-reference updates and wording changes for clarification purposes, to various provisions of Regulations X and Z, as amended or adopted by the 2013 TILA-RESPA Final Rule.

During FY 2015, and at the end of FY 2014, the Bureau finalized two larger participant rulemakings. The first rule defines larger participants in a market for international money transfers. Specifically, this rule identifies a market for international money transfers and defines "larger participants" of this market that are subject to the Bureau's supervisory authority. In June 2015, the Bureau finalized a rule defining larger participants in the market for automobile financing. Among other things, the final rule identifies a market for automobile financing and defines "larger participants" of this market that are subject to the Bureau's supervisory authority. In addition, the rule defines certain automobile leasing activity as a financial product or service.

Following up on the Bureau's 2011 Streamlining RFI, the Bureau finalized amendments to Regulation P, which implements the Gramm-Leach-Bliley Act. Regulation P requires, among other things, that financial institutions provide an annual disclosure of their privacy policies to their customers. The amendment created an alternative delivery method for this annual disclosure, which financial institutions will be able to use under certain circumstances.

In August 2014, the Bureau finalized amendments to subpart B of Regulation E, which implements the Electronic Fund Transfer Act, and the official interpretation to the regulation. This final rule extends a temporary provision that permits insured institutions to estimate certain pricing disclosures pursuant to section 1073 of the Dodd-Frank Act. Absent further action by the Bureau, that exception would have expired on July 21, 2015. Based on a determination that the termination of the exception would negatively affect the ability of insured

institutions to send remittance transfers, the Bureau issued a rule extending the temporary exception by five years from July 21, 2015, to July 21, 2020. The Bureau also made several clarifications and technical corrections to the regulation and commentary.

Finally, during FY 2015, the Bureau proposed a rule to amend 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 proposed to add several new reporting requirements and to clarify several existing requirements. The Bureau also proposed changes to institutional and transactional coverage under Regulation C. Today, HMDA data are the preeminent data source for regulators, researchers, economists, industry, and advocates studying and analyzing trends in the mortgage market for a variety of purposes, including general market and economic monitoring, as well as assessing housing needs, public investment, and possible discrimination. The final rule was issued a little over a year after the close of the comment period: as the Bureau worked to finalize the proposed rule, the Bureau took a number of issues into consideration, including over 400 comments. Further, in light of the various Dodd-Frank Act requirements and private market data standards initiatives, the Bureau believes that it is important to conduct a broad public dialog about the HMDA rulemaking and to use implementation of the new HMDA requirements as an opportunity to comprehensively review the HMDA reporting regime. In particular, the Bureau used this rulemaking to assess whether there were opportunities to improve upon the data collected, reduce unnecessary burden on financial institutions, and, as appropriate, modernize and streamline the manner in which financial institutions collect and report data.

The Bureau also proposed a number of rules in FY 2015, which have not yet been finalized.

The Bureau also proposed a rulemaking to address certain mortgage servicing rules issued in 2013. The proposal focuses primarily on clarifying, revising, or amending provisions regarding force-placed insurance notices, policies and procedures, early intervention, and loss mitigation requirements under Regulation X's servicing provisions; and periodic statement requirements under Regulation Z's servicing provisions. The proposed amendments also address proper compliance regarding certain servicing requirements when a consumer is a potential or confirmed successor in interest, is in bankruptcy, or sends a cease communication request under the Fair Debt Collection Practices Act. The proposed rule makes technical corrections to several provisions of Regulations X and Z. The Bureau proposed and finalized revisions to the regulatory definitions of small creditor, and rural and underserved areas, for purposes of certain special provisions and exemptions from various requirements provided to certain small creditors under the Bureau's mortgage rules.

The Bureau proposed a rule to create comprehensive consumer protections for prepaid financial products. Among other things, the proposal would require prepaid companies to limit

consumers' losses when funds are stolen or cards are lost, investigate and resolve errors, provide easy and free access to account information, and adhere to credit card protections if a credit product is offered in connection with a prepaid account. The Bureau also proposed new "Know Before You Owe" prepaid disclosures that would provide consumers with clear information about the costs and risks of prepaid products upfront.

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

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

PERFORMANCE MEASURE

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

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

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

PROGRESS UPDATE AND FUTURE ACTION

The Bureau's first five-year assessments will be due in FY 2019. In FY 2016, the Bureau will continue to develop data collection and methodologies to enable the Bureau to draw inferences about the effects of rules.

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

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

PERFORMANCE MEASURE

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

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

PROGRESS UPDATE AND FUTURE ACTION

In March 2015, under SBREFA, the Bureau released an outline of proposals under consideration for the payday lending, vehicle title lending, and installment lending rulemaking. As part of the SBREFA process, in April 2015, the Bureau along with the Office of Management and Budget and the Small Business Administration's Chief Counsel for Advocacy, met with small lenders that may be affected by the rulemaking to obtain feedback on the proposals. This rulemaking builds on Bureau research, including a white paper the Bureau published on payday and advance deposit loan in April 2013, a data point providing additional research in March 2014, and ongoing analysis.

Throughout FY 2015, 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 2015 to inform and assist the Bureau in developing non-mortgage rules. This work includes rulemakings to revise regulations the Bureau inherited from other agencies and the issuance of a proposed rule governing prepaid cards, as well as continued research and other preparations for rulemakings to address several longstanding issues regarding debt collection, payday loans and deposit advance programs, and overdraft features on deposit accounts. Furthermore, the Bureau in FY 2015 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.

In FY 2016, 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 products and service markets and companies.
- Focus resources on institutions and their product lines that pose the greatest risk to consumers, based on their size, nature of the product, and field and market intelligence.

- Implement a framework for sharing information, coordinating activity, and promoting best practices with fellow financial institutions' supervisory and law enforcement agencies to ensure the most effective use of regulatory resources.
- Implement internal policies that facilitate the integration of the CFPB's supervision, enforcement, and fair lending functions.
- Continue to develop 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

Continue to develop our staff and supervisory skills to expand the CFPB's capacity to focus on risks to consumers in the policies and practices of consumer financial providers; analyze available data on the activities of providers, on the markets in which they operate, and on the risks to consumers; implement and enforce Federal consumer financial laws consistently for both bank and 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 maintaining a highly effective workforce. Also, support the travel requirements of the CFPB's distributed workforce in order to effectively carry out its supervision program.

E-LAW TOOLS AND SUPPORT

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

LITIGATION SUPPORT

Employ standard investigatory tools to compel documents and testimony and to seek injunctive and monetary remedies through civil actions or administrative proceedings. These functions require the use of services such as expert witnesses, court reporters, and transcription services.

SUPERVISION COMPLIANCE TOOL

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

REVIEW OF ENFORCEMENT PROCESSES

Engage third-party consultant to study the current planning measures, techniques, and administrative duties leading up to the commencement of enforcement work on an assigned issue. The primary goal of this effort is to find and eventually implement potential efficiencies in Enforcement's administrative, planning, and review processes.

SUPERVISION AND ENFORCEMENT TRAINING AND TRAVEL

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

EXAMINER COMMISSIONING TRAINING PROGRAM

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

NONBANK REGISTRATION

Manage and maintain an enterprise level registration program to facilitate the supervision of financial institutions or entities supervised by the CFPB.

CONSUMER REPORTING STUDY

Study to develop and improve metrics to assess the accuracy of consumer reports. Develop tools and benchmarks to monitor accuracy of consumer reporting industry-wide and at specific companies.

Performance goals

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

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

The CFPB has supervisory authority over banks, thrifts, and credit unions with over \$10 billion in assets and their affiliates (collectively “banks”) and over nonbank institutions (“nonbanks”), regardless of size, in certain specific markets: mortgage companies (originators, brokers, servicers, and providers of loan modification or foreclosure relief services); private education lenders; and payday lenders.

The CFPB also has supervisory authority over larger participants in other nonbank markets as the CFPB defines by rule. To date, the CFPB has issued five rules defining larger participants in the following markets: consumer reporting (effective September 2012), consumer debt collection (effective January 2013), student loan servicing (effective March 2014), international money transfers (effective December 2014), and automobile financing (effective August 2015). The CFPB’s Offices of Supervision Examinations, Supervision Policy, Enforcement, and Fair Lending collaborate to conduct supervisory activities at these institutions. Supervisory activities foster compliance with Federal consumer financial laws, promote a fair consumer financial marketplace, and prevent unlawful discrimination.

PERFORMANCE MEASURE

TABLE 14: Supervision activities opened during the fiscal year

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

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

PROGRESS UPDATE AND FUTURE ACTION

In FY 2015, the CFPB continued implementing its supervision program, opening 150 supervisory activities at large banks and nonbank financial institutions. Examination activities generally focus on one of the following institution product lines (IPLs) or a baseline compliance management system:

- automobile finance origination;

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

The exam schedule for FY 2016 was informed by strategic priorities for all areas of compliance, including fair lending, taking into account risk assessments across markets and for each institution. The prioritized exam calendar includes 191 exam events scheduled in 2016. CFPB's risk-based prioritization process allows it to compare product lines at particular institutions across charters and markets. The CFPB's prioritization approach assesses risks to the consumer at two levels: the market level and the institution level. At the market level, the Bureau assesses the risk to the consumer from the products offered and industry practices followed. At the institution level, the Bureau considers asset size and market share, nature of product offered and associated risk, and field market intelligence (FMI). FMI includes qualitative and quantitative factors for each IPL, such as the strength of compliance management systems, the existence of other regulatory actions, findings from CFPB's prior exams, metrics gathered from public reports, the number and severity of consumer complaints received, and fair-lending-focused information.

The CFPB expanded its Supervision and Examination Manual in FY 2015 by adding or revising examination procedures for:

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

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

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

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

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

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

PERFORMANCE MEASURE

TABLE 15: Fair lending supervision activities opened during the fiscal year³

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

PROGRESS UPDATE AND FUTURE ACTION

The overall number of Fair Lending supervisory activities has decreased from FY 2013 (47) to FY 2014 (33) and FY 2015 (27) because, in the Bureau's earliest years, Fair Lending conducted baseline risk assessments and information gathering surveys of a large number of institutions. In FY 2015, Fair Lending has continued the process of executing against this earlier baseline work with targeted fair lending reviews, which are more in-depth and take more time and resources than the initial information reviews. The decrease also reflects risk-based prioritization decisions about where to focus supervisory resources, based on past examination work as well as additional prioritization inputs. Hence, there are fewer supervisory reviews overall than in previous periods.

The CFPB publishes *Supervisory Highlights* several times each year to share findings from recent examinations (see Performance goal 1.2.3/1.3.3). In October 2014, the Bureau published the Fall 2014 issue of *Supervisory Highlights* with sections discussing the Bureau's supervisory observations in conducting HMDA Data Integrity Reviews (HMDA Reviews) at dozens of bank and nonbank mortgage lenders, and a discussion of the Bureau's public enforcement action for ECOA violations at GE Capital Retail Bank, now known as Synchrony Bank. The Winter 2015 edition of *Supervisory Highlights* published in March 2015 included information on the Bureau's supervisory observations regarding violations related to the failure of banks and nonbanks to consider forms of income protected by ECOA and Regulation B when applying for credit, such as public assistance income, and also provided information regarding adverse action notice deficiencies and failure to provide these notices in a timely manner. The Winter 2015 edition discussed the CFPB bulletin issued on November 18, 2014 that provides guidance to help lenders avoid prohibited discrimination against consumers receiving Social Security disability income. The bulletin reminds lenders that requiring unnecessary documentation from consumers who receive Social Security disability income may raise fair lending risk, and calls

³ This indicator includes MRA follow-up reviews starting in FY 2015. In addition, this indicator counts mortgage Targeted ECOA Exams and their associated HMDA Data Integrity Exams separately as two examinations. The overall supervision activities indicator combines mortgage Targeted ECOA Exams and their associated HMDA Data Integrity Exam as a single examination.

attention to standards and guidelines that may help lenders comply with the law. The Summer 2015 edition of *Supervisory Highlights* published in June, 2015 discussed the CFPB bulletin issued on May 11, 2015 that provides guidance to help lenders avoid prohibited discrimination against applicants whose income includes vouchers from the Section 8 Housing Choice Voucher (HCV) Homeownership Program. The bulletin also reminds lenders that discriminating against consumers because some or all of their income is from a public assistance program may violate federal fair lending protections.

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

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

PERFORMANCE MEASURE

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

	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Target	NA	Baseline	50%	60%	60%	60%
Actual	NA	15%	25%	28%	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 2015, Supervision continued to analyze the report development and review processes to determine methods for improving and increasing effectiveness and efficiency. Based on that review, Supervision modified its processes to account for the need to analyze information obtained after examiners complete the on-site portion of an examination and to better monitor reports that do not meet processing milestones. Based on that review, Supervision modified its processes to account for the need to analyze information obtained after examiners have completed the on-site portion of an examination, and to better monitor reports that do not meet processing milestones.

Additionally, in Q4 FY 2015, Supervision began a new project that will include a review of current templates for supervisory letters and examination reports. The project will look for areas that can

be streamlined without losing key content that should be communicated to supervised entities.

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

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

The CFPB published three editions of *Supervisory Highlights* in FY 2015.

- Fall 2014 (Issue 6)—October 28, 2014: This issue of *Supervisory Highlights* reports examination findings in the areas of mortgage servicing, student loan servicing, consumer reporting, debt collection, and deposits. The report highlights supervision work generally completed between March 2014 and June 2014 and includes information about public enforcement actions that resulted, at least in part, from the Bureau's supervisory work.
- Winter 2015 (Issue 7)—March 11, 2015: This issue of *Supervisory Highlights* includes examination findings in the areas of mortgage origination, consumer reporting, debt collection, fair lending, and deposits. It highlights supervision work generally completed between July 2014 and December 2015 and includes information about remedial actions that resulted, at least in part, from the Bureau's supervisory work.
- Summer 2015 (Issue 8)—June 23, 2015: Issue 8 of *Supervisory Highlights* covers examination findings in the areas of mortgage origination, fair lending, mortgage servicing, deposits, short term, small dollar lending, and debt collection. It highlights supervision work generally completed between January 2015 and April 2015 and includes information about recent public enforcement actions that were a result, at least in part, of CFPB's supervisory work. This report also includes information on recent supervision program developments, such as updated mortgage origination examination procedures reflecting mortgage disclosure changes, as well as more information on CFPB's risk-based approach to supervision.

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

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

PERFORMANCE MEASURE

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

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

PROGRESS UPDATE AND FUTURE ACTION

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

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

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

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

PERFORMANCE MEASURE

TABLE 18: Instances in which the CFPB obtains information from local, state, or federal law enforcement partners that contributes to CFPB law enforcement actions, or investigations in which the CFPB cooperates or shares information with law enforcement partners.⁴

	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Target	NA	NA	NA	Share requested investigative information*	Share requested investigative information*	Share requested investigative information*
Actual	22	80	280	186	NA	NA

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

PROGRESS UPDATE AND FUTURE ACTION

The Bureau continues to cultivate strong working relationships with its partners at federal, state, and local regulators and law enforcement agencies. In May 2013, the Bureau entered into a framework with state financial regulatory authorities that established a dynamic and flexible process for coordination on supervision and enforcement matters. Since opening its doors in July 2011, the Bureau has signed more than 60 information-sharing MOUs with federal, state, and local governmental agencies. On September 2, 2015, the Bureau and HUD signed a Memorandum of Understanding, delineating among other things, how each agency will use and properly share information to enhance fair lending compliance and interagency collaboration. In particular, HUD will have access to the Bureau's Government Portal which will allow HUD to view the Bureau's consumer complaints. HUD, in turn, will provide quarterly reports to the Bureau that describes the fair lending complaints that it has received.

This fiscal year, the Bureau has shared investigative information with more than 107 different government agencies in 186 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.

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

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

	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Target	NA	Baseline	Baseline	65%	65%	65%
Actual	NA	Baseline under development	75%	70%	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. The CFPB believes the target chosen is reasonable based on the Bureau's experience so far and the experience of other similar enforcement agencies. The CFPB will, however, continue to monitor this to assess whether it is an appropriate way to measure the Bureau's performance going forward.

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

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

PERFORMANCE MEASURE

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

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

PROGRESS UPDATE AND FUTURE ACTION

During FY 2015, the CFPB successfully resolved over 50 cases against corporate or individual entities through litigation, a settlement, issuance of default judgment, or other means. Through CFPB's successfully resolved cases, the Bureau helped secure restitution, principal reductions, cancelled debt, and other relief for consumers. Some of the Bureau's actions also resulted in civil penalties, which are paid to the Bureau's CPF, which is used to compensate harmed consumers and provide financial education. The following is a brief discussion of some of these successfully-resolved matters.

The Bureau took action against Sprint Corporation and Verizon Wireless to address their illegally billing wireless consumers hundreds of millions of dollars in unauthorized third-party charges. At the Bureau's request, federal courts ordered Verizon and Sprint to pay a total of \$120 million in redress directly to consumers. These actions, which were coordinated with the Federal Communications Commission and state attorneys general, also resulted in \$38 million in state and federal fines and penalties.

The Bureau took its first enforcement action to protect consumers against illegal overdraft fees, ordering Regions Bank to pay approximately \$49 million in consumer relief and a \$7.5 million penalty.

In partnership with the Navajo Nation, the Bureau helped halt an illegal tax refund scheme run by S/W Tax Loans, Inc. that used tax-preparation franchises to steer low-income consumers, including many citizens of the Navajo Nation, toward high-cost refund-anticipation loans. CFPB's action resulted in a court order of approximately \$254,000 in consumer redress and required the defendants to pay \$438,000 in civil penalties. Furthermore, the final order bars the individual defendants from offering financial products associated with tax refunds and from investing, financing, or working for any entity that offers such products for a period of five years.

Along with authorities in 47 states, the Bureau took action against JPMorgan Chase for selling bad credit card debt and illegally robo-signing court documents. The Bureau and the states

found that Chase sold “zombie debts” to third-party debt buyers, which include accounts that were inaccurate, settled, discharged in bankruptcy, not owed, or otherwise not collectible. The Bureau’s order required Chase to permanently cease all attempts to collect, enforce in court, or sell more than 528,000 consumers’ accounts. Chase was also ordered to pay at least \$50 million in cash refunds to consumers, as well as \$136 million in penalties to the CFPB and the states.

The CFPB took action against Encore Capital Group and Portfolio Recovery Associates (PRA), the two largest debt buyers in the country, for their illegal debt collection activities. The Bureau found that Encore Capital Group and PRA bought debts that were potentially inaccurate, lacking documentation, or unenforceable. Without verifying the debt, the companies collected payments by pressuring consumers with false statements and filing lawsuits using robo-signed affidavits. The CFPB ordered the companies to overhaul their debt collection and litigation practices, stop reselling debts to third parties, and stop collecting on certain debts. As a result of the Bureau’s action, Encore will pay up to \$42 million in consumer relief and PRA will pay \$19 million. Encore and PRA will also pay penalties of \$10 million and \$8 million, respectively.

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

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

PERFORMANCE MEASURE

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

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

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

PROGRESS UPDATE AND FUTURE ACTION

In FY 2015, the Bureau successfully resolved, through consent orders, all four fair lending public enforcement actions concluded that year. On May 28, 2015, the CFPB and the DOJ filed a joint complaint against Provident Funding Associates (Provident) alleging discrimination in mortgage lending, along with a proposed order to settle the complaint, which was entered by the court on June 18, 2015. The complaint alleges that from 2006 to 2011, Provident charged over 14,000 African-American and Hispanic borrowers more in brokers' fees than similarly-situated non-Hispanic white borrowers on the basis of race and national origin. The complaint alleges that Provident's conduct constituted discrimination in violation of ECOA. Provident is required under the order to pay \$9 million in damages to harmed African-American and Hispanic borrowers.

On July 14, 2015, CFPB and DOJ resolved an action with American Honda Finance Corporation (Honda), requiring Honda to put in place new measures to address discretionary auto loan pricing and compensation practices. Honda's past practices resulted in thousands of African-American, Hispanic, and Asian and Pacific Islander borrowers paying higher interest rates than similarly-situated non-Hispanic white borrowers for their auto loans. As part of the resolution, Honda changed its pricing and compensation system to substantially reduce dealer discretion and minimize the risks of discrimination, and is required to pay \$24 million in damages to affected borrowers.

On September 24, 2015, the CFPB and the DOJ filed a joint complaint against Hudson City Savings Bank (Hudson City)⁵ alleging unlawful redlining practices in mortgage lending that denied residents in majority-Black-and-Hispanic neighborhoods fair access to mortgage loans. The complaint alleges that from at least 2009 to 2013 Hudson City illegally redlined by providing unequal access to credit to neighborhoods in New York, New Jersey, Connecticut, and Pennsylvania. Specifically, Hudson City structured its business to avoid and thereby discourage residents in majority-Black-and-Hispanic neighborhoods from accessing mortgages. The proposed consent order was entered by the court on November 4, 2015, requiring Hudson City to pay \$25 million in direct loan subsidies to qualified borrowers in the affected communities, \$2.25 million in community programs and outreach, and a \$5.5 million penalty. This represents the largest redlining settlement in history as measured by such direct subsidies.

On September 28, 2015, CFPB and DOJ resolved an action with Fifth Third Bank (Fifth Third), requiring Fifth Third to put in place new measures to address discretionary auto loan

⁵ On September 30, 2015, the Board of Governors of Federal Reserve System approved M&T Bank Corporation's (M&T) application to acquire Hudson City Bancorp, Inc. and its subsidiary Hudson City Savings Bank, F.S.B. and the merger of Hudson City Savings Bank, F.S.B. with and into M&T's subsidiary, Manufacturers Banking and Trust Company (M&T Bank), with M&T Bank as the surviving institution.

pricing and compensation practices. Fifth Third's past practices resulted in thousands of African-American and Hispanic borrowers paying higher interest rates than similarly-situated non-Hispanic white borrowers for their auto loans. As part of the resolution, Fifth Third will change its pricing and compensation system by substantially reducing discretionary mark ups to minimize the risks of discrimination. The consent orders require that Fifth Third pay \$18 million in damages to affected borrowers.

GOAL 2

Empower consumers to live better financial lives

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

Goal 2	FY 2015	FY 2016	FY 2017
Office of the Director	\$1.4	\$1.2	\$1.4
Operations	-	\$0.3	\$0.3
Operations - Consumer Response	\$50.8	\$59.3	\$63.7
Consumer Education and Engagement	\$22.4	\$38.1	\$39.1
Legal	\$1.0	\$1.1	\$1.2
External Affairs	\$1.0	\$1.2	\$1.4
Other Programs	\$0.1	\$0.2	\$0.1
Centralized Services	\$31.2	\$30.2	\$32.7
Total	\$107.9	\$131.6	\$139.9

Introduction

FIGURE 2: Percentage of American families affected by select financial products, by type of asset⁶

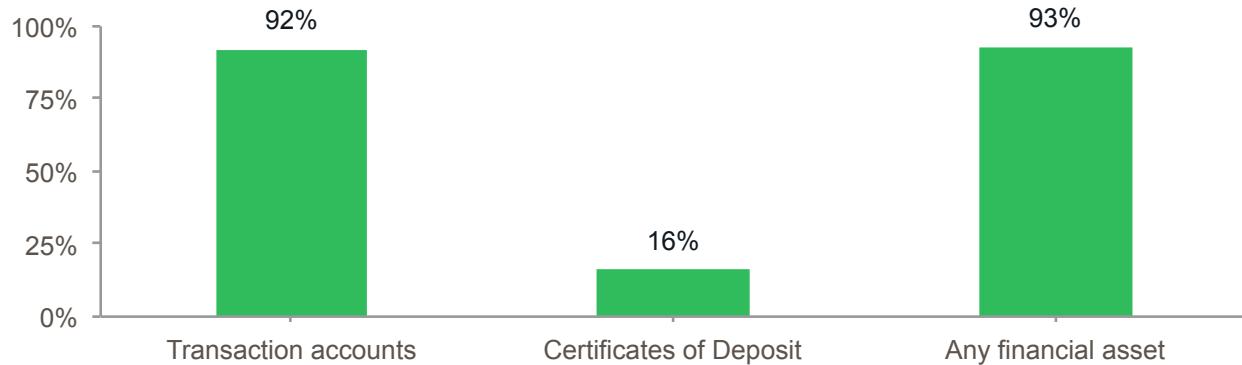
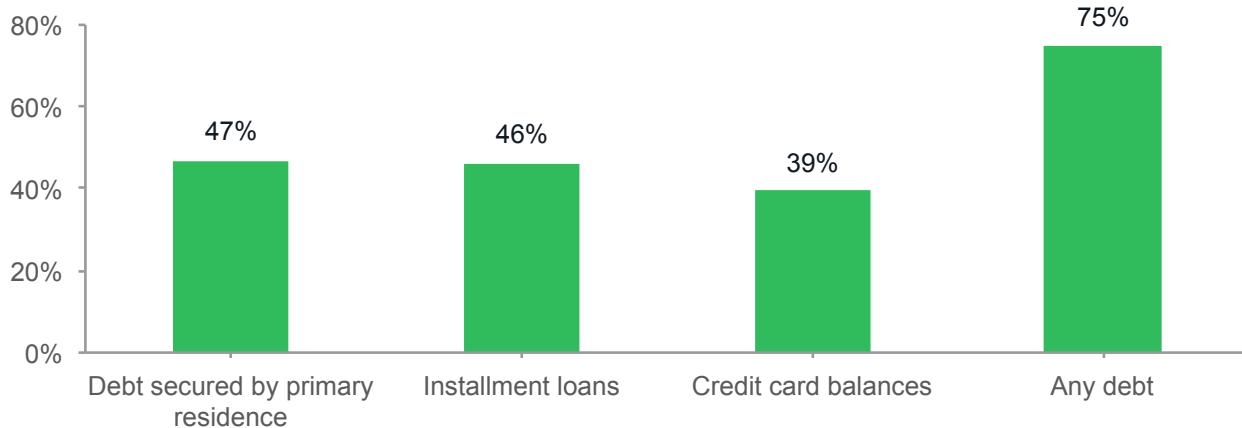


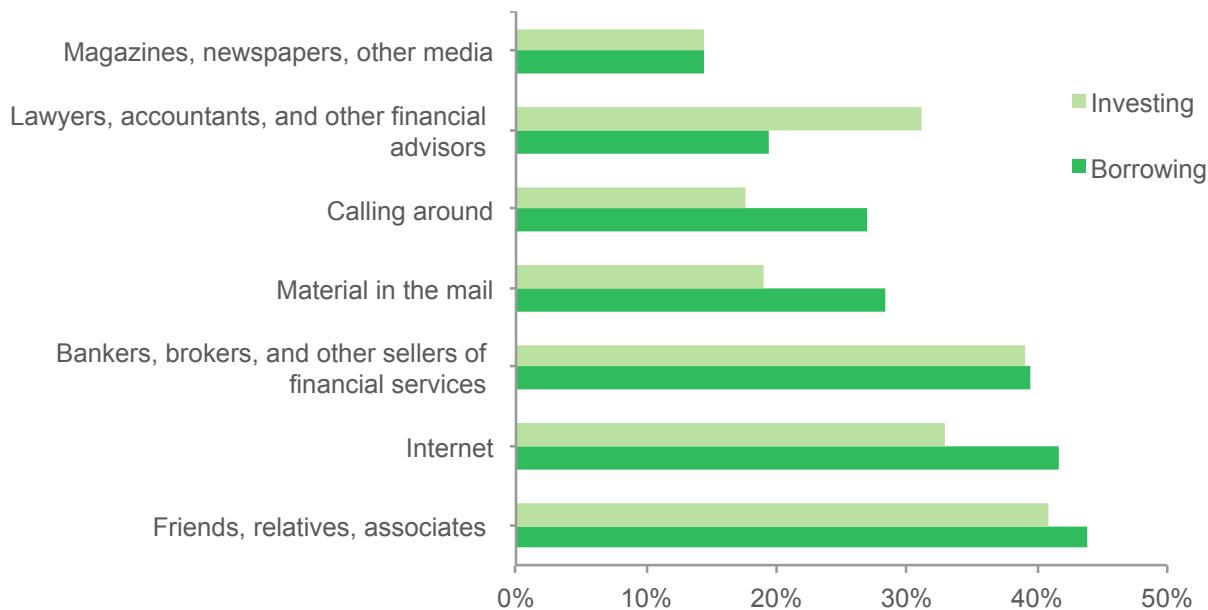
FIGURE 3: Percentage of American families affected by select financial products, by type of debt



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

⁶ Federal Reserve Board, "Changes in U.S. Family Finances from 2007 to 2010: Evidence from the Survey of Consumer Finances," Federal Reserve Bulletin, Vol 98, No 2, June 2012, pp. 28, 61, www.federalreserve.gov/pubs/bulletin/2012/pdf/scf12.pdf (Last viewed 8/23/2012)

FIGURE 4: Percentage of American families obtaining information about borrowing or investing through various sources⁷



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

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

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

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, pg. 19, www.federalreserve.gov/pubs/bulletin/2012/pdf/scf12.pdf (Last viewed 8/23/2012)

Outcome 2.1

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

Outcome leader: Associate Director, Operations

Background

The CFPB provides direct assistance to consumers, in real time, through Consumer Response. Consumer Response hears directly from consumers about the challenges they face in the marketplace, brings their concerns to the attention of companies, and assists in addressing their complaints. Complaints inform the Bureau about business practices that may pose risks to consumers and help with the CFPB's work to supervise companies, enforce Federal consumer financial laws, and write better rules and regulations. In FY 2015, Consumer Response handled approximately 265,500 complaints.

TABLE 23: Top consumer complaints in FY 2015

Complaint Category	Approximate number of complaints
Debt Collection	84,700
Credit Reporting	54,300
Mortgage	50,400
Credit Card	20,800
Bank Account or Service	20,700
Consumer Loan	13,000
Student Loans	7,500
Payday Loan	5,700
Money Transfers	2,200
Prepaid	2,100
Other Financial Services	1,700

TABLE 24: Top 3 issues for top 5 products in FY 2015

Issue type	Number of complaints
Debt Collection	
Continued attempts to collect debt not owed	34,000
Communication tactics	15,200
Taking or threatening an illegal action	12,600
Credit Reporting	
Incorrect information on credit report	43,400
Credit reporting company's investigation	4,200
Unable to obtain report or score	3,300
Mortgage	
Problems when unable to pay	22,700
Making payments	18,600
Applying for the loan	4,300
Credit Card	
Billing disputes	3,300
Other	2,600
Identity theft / Fraud / Embezzlement	2,300
Bank Account or Service	
Account management	8,800
Deposits and withdrawals	5,400
Sending or receiving payments	2,700

Consumer Response handled approximately 265,500 consumer complaints across all products in FY 2015—about 10% more complaints than in FY 2014. Consumers submitted approximately 84,700 debt collection complaints and 54,300 credit reporting complaints, making those the most complained about products and services in FY 2015.

Strategies and investments

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

Strategies

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

Investments

PERSONNEL

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

CONSUMER RESPONSE SYSTEM AND CONTACT CENTER SUPPORT

Make system investments in order to support the expansion of complaint handling capacity, improve the ease of use of the consumer and company portals, continue developing 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.

CONSUMER RESPONSE SYSTEM—COMPLAINT ANALYTICS

Complaint analytics will enable the Bureau to classify and review complaints, scrub sensitive

information from complaints, weigh risks related to complaints for prioritization, detect emerging trends, analyze patterns, and conduct similarity analyses to glean more insights from complaints to support Bureau work.

OPTIMIZE CFPB COMMUNICATION AND CONSUMER ENGAGEMENT CHANNELS

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

Performance goals

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

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

Facilitate efficient handling of a consumer complaint throughout the complaint process.

PERFORMANCE MEASURES⁸

Intake cycle time

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

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

Company cycle time

TABLE 26: Ensure companies provide timely responses to consumer complaints

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

⁸ In the 2014 Performance Plan and Report, the Investigations Cycle Time performance measure was phased out due to increased complaint volume, which necessitated an operational shift in Consumer Response. Beginning in FY 2015 the Bureau will prioritize and focus on the continued success of its efforts surrounding complaint intake, company response, and consumer review cycle times.

Consumer cycle time

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

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

PROGRESS UPDATE AND FUTURE ACTION

Complaint volume increased about 10% from approximately 240,600 complaints in FY 2014 to approximately 265,500 complaints in FY 2015. Consumer Response continued to refine its complaint handling processes and systems in FY 2015, increasing efficiencies through process improvements and by adding automation where possible and improving its overall complaint handling operation.

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

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

PERFORMANCE MEASURE

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

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

PROGRESS UPDATE AND FUTURE ACTION

In FY 2015, the CFPB established company portal access and trained staff of approximately 950 companies to respond to complaints on the portal and made routing improvements to exceed the target. In FY 2016, 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 MEASURES

TABLE 29: Number of consumer complaints handled

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

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

TABLE 30: Percentage of complaints received via web channel

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

PROGRESS UPDATE AND FUTURE ACTION

The Bureau expanded its public Consumer Complaint Database, which was initially launched in June 2012 and populated with credit card complaints, to include complaints about additional products. In FY 2013, the Bureau added complaint data about mortgages, bank accounts and services, private student loans, other consumer loan complaints, credit reporting, and money transfer complaints as well as fields for sub-issue and state. In November 2013, debt collection complaints were added to the database. Payday complaints were added to the database in July 2014, and in January 2015 the Bureau added prepaid cards, other consumer loans (pawn and title loans), and other financial services to the database. In June 2015, the Bureau began publishing consented-to consumer complaint narratives and optional public company responses for complaints submitted on or after March 19, 2015 with consumer opt-in consent.

Accepting complaints about a broad range of consumer financial products and services and the growing public awareness of the Bureau's tools and resources likely contributed to exceeding the total volume target again in FY 2015. The Bureau will continue to expand its complaint handling capacity to accept other products and services under its authority over time.

Outcome 2.2

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

Outcome leader: Associate Director, Consumer Education and Engagement

Background

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

Students

The benefits of higher education are well documented. Four-year college graduates experience a number of economic benefits over high school graduates, including higher median earnings and lower unemployment rates. Evidence indicates that these disparities are growing.¹⁰ 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.¹¹ In 2015, the Bureau noted that this market continues to show elevated levels of borrower distress,

**27.5
MILLION**

Population enrolled in colleges and universities⁹

⁹ U.S. Department of Education, National Center for Education Statistics, 2014 Digest of Education Statistics: Total 12-month enrollment in degree-granting postsecondary institutions, by control and level of institution and state or jurisdiction: 2011-12 and 2012-13, available at https://nces.ed.gov/programs/digest/d14/tables/dt14_308.10.asp (Last viewed 11/04/2015)

¹⁰ 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)

¹¹ 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 9/10/12)

observing that more than one in four student loan borrowers are past due or in default.¹²

Older Americans

Aging poses a number of unique financial challenges. Older Americans face complicated decisions about finances, retirement, and long-term planning. On average, Americans reaching age 65 today will live to about age 85.¹⁴ Consequently, consumers today will likely need sufficient income and savings to cover 20 years or more in retirement. In addition, retirement years may be more expensive than retirees expect as many will incur increased health and housing expenses in their later years,¹⁵ and many carry mortgages and other debts into retirement.¹⁶ Furthermore, with the decline in coverage from traditional pension plans that pay a regular monthly payment, Social Security is the only guaranteed monthly income for an estimated 69 percent of older consumers.¹⁷

57
MILLION

Population age 62 and older¹³

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 with powerful financial repercussions for uniformed military personnel, veterans, military retirees, and their families. The Office of Servicemember Affairs focuses on addressing these financial challenges through educational initiatives, complaint monitoring, and partnering with other Federal and state agencies on consumer protection measures for the military.

22
MILLION

Servicemember population (including veterans)¹⁸

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

¹³ U.S. Census Bureau, 2014 American Community Survey, Table DP05 ACS Demographic And Housing Estimates. Available at http://factfinder.census.gov/bkmk/table/1.0/en/ACS/14_1YR/DP05

¹⁴ See, Social Security Administration, Calculators: Life Expectancy (2015), at <http://www.ssa.gov/planners/lifeexpectancy.html> (last visited October 1, 2015).

¹⁵ See e.g. Sudipto Banerjee, How Does Household Expenditure Change With Age for Older Americans?, EBRI Issue Brief, No. 9 (Sept. 2014), <http://www.ebri.org/pdf/notespdf/Notes.Sept14.EldExp-Only.pdf>.

¹⁶ See CFPB, Snapshot of older consumers and mortgage debt (May 2014), http://files.consumerfinance.gov/f/201405_cfpb_snapshot_older-consumers-mortgage-debt.pdf

¹⁷ CFPB, *Issue Brief: Social Security claiming age and retirement security* (Nov. 2015), at 7, available at http://files.consumerfinance.gov/f/201511_cfpb_issue-brief-social-security-claiming-age-and-retirement-security.pdf

¹⁸ National Center for Veterans Analysis and Statistics “Veteran Population Projects; FY 2000 to FY 2036;” October 2010, http://www.va.gov/vetdata/docs/QuickFacts/population_quickfacts.pdf (last viewed 8/30/2012)

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.

60.5

MILLION

Unbanked or underbanked adults¹⁹

46.7

MILLION

Live below the official poverty line²⁰

Strategies and investments

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

Strategies

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

Investments

PERSONNEL

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

CONSUMER SERVICES AWARENESS BUILDING

This investment allows the CFPB to increase consumer awareness of the CFPB's tools and resources. Through this investment, the CFPB is able to reach the public directly to highlight helpful services and information such as Ask CFPB, Consumer Response, Paying for College, and Owning a Home.

¹⁹ Federal Deposit Insurance Corporation, "2013 National Survey of Unbanked and Underbanked Households," 2014, <https://www.fdic.gov/householdsurvey/2013execsumm.pdf>

²⁰ US Census Bureau Income, Poverty and Health Insurance Coverage in the United States: 2014 <https://www.census.gov/content/dam/Census/library/publications/2015/demo/p60-252.pdf>

CONSUMER EDUCATION INITIATIVES

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

UNDERSERVED AND SPECIAL POPULATIONS PROGRAMS AND OUTREACH

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

CONSUMER EXPERIENCE PROGRAM

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

YOUR MONEY, YOUR GOALS

The Bureau has launched the Your Money, Your Goals program to help consumers manage their finances by identifying financial goals, creating savings plans, and managing debt. We have developed toolkits to help staff in social services and legal aid organizations, community volunteers, and worker organizations to “have the money talk” in ways that work within their service delivery models. In FY 2014 and FY 2015, the Bureau developed partnerships with 10 national, state, tribal, and local organizations and trained over 6,000 frontline social services staff across their networks.

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

Performance goals

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

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

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

PERFORMANCE MEASURES

TABLE 31: Targeted populations or organizations directly serving targeted populations reached by digital content, decision tools, educational materials and resources.²¹

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

TABLE 32: Percentage of new users to ConsumerFinance.gov

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

²¹ The actuals and targets represent unique web visitors only. As the CFPB expands data collection capabilities on outreach activities, additional content will be included in this measure.

TABLE 33: Fulfillment orders for print materials²²

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

PROGRESS UPDATE AND FUTURE ACTION

In FY 2015, 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 Owning a Home, an online suite of information and tools designed to encourage and support mortgage shopping and to help consumers understand their choices and decision points as they select a better mortgage. 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 2016, the CFPB will continue expanding and improving its existing suite of consumer experience products, e.g., by launching a Planning for Retirement tool, and updating its Paying for College and Ask CFPB tools. The Bureau's strategy to increase public awareness and use of its tools and resources will be supported by investments to maximize their reach and impact.

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

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

²² Print materials available through the CFPB GPO fulfillment page (<http://promotions.usa.gov/cfpbpubs.html>).

PERFORMANCE MEASURE

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

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

PROGRESS UPDATE AND FUTURE ACTION

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

In FY 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 developed a preliminary, first-of-its-kind, comprehensive definition of financial well-being that speaks to the goals and perspectives of consumers and has identified 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 testing of the measurement tools was completed in 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 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 continued to assess how to integrate this project's findings and new measurement tools into other consumer education and engagement initiatives. This includes the Division's strategic planning activities and 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. The Bureau also finalized a valid and reliable survey scale to measure the financial well-being of adult consumers and completed a thorough planning process. The next phase of work will be to conduct a nationally-representative survey to measure the financial well-being of American consumers and quantitatively test hypotheses about the specific factors that support higher levels of financial well-being.

In FY 2016, the Bureau will use the finalized metrics to measure baseline consumer financial well-being and 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 promote the findings from this research in FY 2016 and use the findings over time to continue to identify and promote the most effective approaches that support better outcomes for consumers.

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

As one of its core functions, the Office of Fair Lending and Equal Opportunity is responsible

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

PERFORMANCE MEASURE

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

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

PROGRESS UPDATE AND FUTURE ACTION

In FY 2015, 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 60 fair lending outreach activities.

Through numerous speeches, panel remarks, presentations, webinars, 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 to inform the Bureau’s fair lending oversight work.

In FY 2015, the CFPB issued two fair lending-related bulletins. On November 18, 2014, the CFPB issued a bulletin providing guidance to help lenders avoid prohibited discrimination against consumers receiving Social Security disability income (CFPB Bulletin 2014-03). The bulletin reminds lenders that requiring unnecessary documentation from consumers who receive Social Security disability income may raise fair lending risk, and calls attention to standards and guidelines that may help lenders comply with the law. On May 11, 2015, the Bureau issued a bulletin providing guidance to help lenders avoid prohibited discrimination against applicants whose income includes vouchers from the Section 8 Housing Choice Voucher (HCV) Homeownership Program (CFPB Bulletin 2015-02). The bulletin reminds lenders that discriminating against a consumer because some or all of their income is from a public assistance program may violate federal fair lending protections.

GOAL 3

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

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

Goal 3	FY 2015	FY 2016	FY 2017
Office of the Director	\$1.4	\$1.2	\$1.3
Operations	-	\$0.3	\$0.3
Consumer Education and Engagement	\$3.9	\$4.8	\$5.8
Research, Markets, and Regulation	\$22.0	\$29.9	\$28.9
Supervision, Enforcement, and Fair Lending	-	\$0.8	\$1.0
Legal	\$1.4	\$1.3	\$1.4
External Affairs	\$1.0	\$1.2	\$1.4
Other Programs	\$0.2	\$0.4	\$0.3
Centralized Services	\$16.5	\$16.4	\$17.0
Total	\$46.4	\$56.3	\$57.4

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.

OTHER MARKET DATA

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

NATIONAL MORTGAGE DATABASE (NMDB)

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

HMDA DEVELOPMENT AND IMPLEMENTATION

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 HMDA data. This process is currently managed by the Federal Reserve Board for the CFPB and certain other agencies, and costs are shared by members of the Federal Financial Institutions Examination Council and HUD. This investment supports data-driven research, regulations, and fair lending activities across the Bureau.

Performance goal

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

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

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

PERFORMANCE MEASURES

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

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

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

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

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

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

PROGRESS UPDATE AND FUTURE ACTION

The reported actual FY 2015 level of performance for data coverage of the mortgage market is 90%, which is lower than the reported FY 2015 target coverage of 95%. The Bureau reports the 90% figure for FY 2015 based on the mortgage market coverage of the HMDA data. The CFPB does have supplementary data from the Nationwide Mortgage Licensing System and Registry and other proprietary mortgage data as well. However, without doing the necessary matches and analysis through the Bureau's planned NMDB, the Bureau chose to report the HMDA-based estimate alone. The Bureau plans to apply a standard method for assessing data coverage of the mortgage market.

The Bureau also uses other available resources for monitoring the mortgage markets, and supplements these sources with two commercial services for data regarding originations and servicing. One dataset provides servicing data on loans serviced by the largest servicers in the US (just over 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 2016. For this database, the FHFA has procured (from a credit reporting agency) credit information with respect to a random and representative sample of the mortgages currently held by consumers. The Bureau expects to begin receiving data from the NMDB in FY 2016. The NMDB will be the first dataset that will provide a truly representative sample of mortgages so as to allow analysis of mortgages over the life of the loans, including first and second liens and home equity loans.

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

Outcome 3.2

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

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

Strategies and investments

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

Strategies

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

Investments

PERSONNEL

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

PRIMARY DATA COLLECTION

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

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

The following investments support Outcome 3.2 and Outcome 2.2:

UNDERSERVED AND SPECIAL POPULATIONS RESEARCH

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

FINANCIAL EDUCATION RESEARCH

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

LOOKBACKS

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

Performance goal

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

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

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

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

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

PERFORMANCE MEASURE

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

	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Target	4	5	5	5	6	6
Actual	2	4	9	6	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 six reports in FY 2015. These reports are intended to deepen the public’s understanding of these issues and provide the Bureau and other policy makers with a stronger factual foundation on which to make policy judgments.

RMR released the following notable public reports in FY 2015:

- Study of Prepaid Account Agreements (November 2014)
- Consumer Credit Reports: A Study of Medical and Non-Medical Collections (December 2014)
- College Credit Card Agreements Annual Report to Congress (December 2014)
- Consumers’ Mortgage Shopping Experience (January 2015)
- Arbitration Study Report to Congress (March 2015)
- Data Point: Credit Invisibles (May 2015)

In addition to these six reports released by RMR, the Bureau's Consumer Education and Engagement Division released the following notable public reports in FY 2015:

- Annual Report of the Student Loan Ombudsman (October 2015)
- Annual Financial Literacy Report to Congress (October 2015)
- Increasing Savings at Tax-time: Promising Practices for the Field (September 2015)
- Student loan servicing: Analysis of public input and recommendations for reform (September 2015)
- Overseas & Underserved: Student Loan Servicing and the Cost to our Men and Women in Uniform (July 2015)
- Midyear Update on Student Loan Complaints (June 2015)
- A closer look at reverse mortgage advertisements and consumer risks (June 2015)
- Complaints Received from Servicemembers, Veterans, and their Families, 2011-2014 (April 2015)
- Advancing K-12 Financial Education: A Guide for Policymakers (April 2015)
- Snapshot of reverse mortgage complaints December 2011—December 2014 (February 2015)
- Financial well-being: The goal of financial education (January 2015)
- College Credit Card Agreements: Annual Report to Congress (December 2014)
- Snapshot of Debt Collection Complaints Submitted by Older Consumers (November 2014)

The Bureau has information gathering and other data analysis underway that will yield public reports in FY 2016. 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 2016 goal of publishing at least six reports.

GOAL 4

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

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

Goal 4	FY 2015	FY 2016	FY 2017
Office of the Director	\$3.7	\$6.0	\$5.9
Operations	\$57.6	\$68.7	\$70.9
Legal	\$5.8	\$7.4	\$7.5
External Affairs	\$3.8	\$4.5	\$5.0
Other Programs	\$1.2	\$1.3	\$1.6
Centralized Services	\$46.1	\$50.7	\$55.5
Total	\$118.2	\$138.6	\$146.4

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.

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

Strategies and investments

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

Strategies

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

Investments

PERSONNEL

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

HUMAN CAPITAL SHARED-SERVICES, INFRASTRUCTURE, AND OPERATIONS

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

LEARNING, LEADERSHIP, AND ORGANIZATION DEVELOPMENT FACILITATION AND DESIGN

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

OUTREACH, CANDIDATE RECRUITING, AND CANDIDATE SELECTION SUPPORT

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

DIVERSITY, INCLUSION, AND EQUAL OPPORTUNITY INITIATIVES

Strengthen senior leadership engagement in personnel and organizational matters by establishing an internal executive governance group to oversee the development, implementation, and communication of critical workforce and culture-related initiatives across the Bureau. Through this group, raise awareness of systemic opportunities to enhance Bureau culture, foster greater cross-divisional collaboration, and set Bureau-wide metrics for employee engagement.

Performance goals

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

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

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

PERFORMANCE MEASURES²³

TABLE 41: Annual Employee Survey (AES) rating on perceptions of technical competence of the CFPB staff (% favorable)²⁴

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

²³ In the FY 2014 annual performance plan and report, the performance measure for perceptions of workplace diversity and inclusiveness of the CFPB staff (% favorable), a two-item metric, was replaced by the “Inclusion Quotient.” OPM has defined the Inclusion Quotient as comprised of five habits (Fair, Open, Cooperative, Supportive and Empowering) that together help to enable a diverse, inclusive workplace. The CFPB now uses this metric in lieu of the more limited two-item metric.

²⁴ The technical competence composite is comprised of ratings on three items from the AES, including “the workforce has the job-relevant knowledge and skills necessary to accomplish organizational goals.”

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

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

PROGRESS UPDATE AND FUTURE ACTION

In FY 2015, the Office of Minority and Women Inclusion (OMWI) conducted activities to enhance diversity and inclusion at the Bureau including:

- Developing the Mentoring Bank Program pilot to facilitate professional development for staff;
- Continuing mandatory diversity and inclusion training for staff, managers, and senior leaders; and
- Providing technical assistance to leaders on setting diversity and inclusion goals in their divisional strategic plans.

These efforts helped support diversity and inclusion at the Bureau in FY 2015. The Inclusion Quotient, which rates employees' perceptions of inclusion and diversity, increased by 4.2% from last year and exceeded the FY 2015 target by 2.3%. In FY 2016, OMWI will continue to build on these programs to support diversity and inclusion.

In FY 2015, the Bureau recruited and hired approximately 225 new employees. The Offices of Human Capital (OHC), OMWI, and Civil Rights (OCR) collaborated to develop targeted recruiting strategies and to enhance workplace diversity. Strategies applied in FY 2015 included:

- Partnering with affiliate organizations to reach qualified diverse professionals.
- Recruiting at 26 minority-focused career events.
- Using the Partnership for Public Service's "Student Ambassador Program," and programs such as The Washington Center to staff academic year internships to reinforce the Bureau's diverse talent pipeline.

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 OCR provided structured interview training to hiring managers and those involved in hiring interviews across the Bureau to facilitate hiring decisions that are made on job-related factors. In FY 2015, 50 interviewers were trained in conducting structured interviews to add to the capacity of the 200 interviewers trained in 2014, and trainings will continue in an on-demand approach going forward.

In addition to maintaining a strong focus on recruiting and hiring high-performing diverse employees, the Bureau also placed a special emphasis in FY 2015 on expanding tools, resources, and opportunities to help existing staff accelerate their career development. Examples include: creating a Career Path Guide that profiles the roles available within the Bureau and the skills required to be successful in those roles; launching a Career Planning Framework that provides tools and resources for individual development planning; and a Centralized Detail Posting Process that advertises internal detail opportunities to Bureau employees.

Finally, the Bureau launched a new Leadership Competency Model that defines expectations and requirements for leaders at all levels of the organization. The competency model is currently utilized for selection and learning and development of Bureau leaders. A new competency model for non-supervisory staff will be launched in FY 2016.

Performance goal 4.1.2: Increase the level of employee engagement.

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

PERFORMANCE MEASURE

TABLE 43: Annual Employee Survey engagement composite rating (% favorable)²⁵

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

²⁵ The employee engagement composite is comprised of ratings on nine items from the AES survey, such as "my work gives me a feeling of personal accomplishment" and "the work I do is important."

PROGRESS UPDATE AND FUTURE ACTION

As the Bureau matures as an organization, senior leadership is choosing to focus on building a work environment where we are more deliberate about how we invest our time and work together in order to do our best work for sustainable, long-term impact. This group oversees the development, implementation, and communication of a number of culture initiatives and management excellence practices. The following initiatives are currently underway: norms implementation, measurement and evaluation of norms implementation, employee outreach and involvement, and integrated planning of people-related programs.

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

Outcome 4.2

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

Outcome leader: Associate Director, Operations

Background

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

Strategies and investments

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

Strategies

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

Investments

PERSONNEL

Hire additional staff to enable the organization's continued support of Bureau activities including managing, operating, and safeguarding the IT systems that host and store the CFPB's data; designing and developing tools to facilitate data-driven analysis and consumer education;

and implementing a 21st century cloud-based infrastructure that serves as the foundation for innovative technology.

TECHNOLOGY INFRASTRUCTURE

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

TECHNOLOGY INFRASTRUCTURE—SHARED SERVICES

In FY 2015, the CFPB continued towards independence from DO Treasury services, with a majority of services transitioned in FY 2015. The FY 2016 and FY 2017 budgets reflect a modicum of investment in this area to ensure the transition to independence from DO Treasury services is completed as orderly and efficiently as possible.

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 to use and manage data in order to conduct predictive analytics and aid in decision making.

DESIGN AND SOFTWARE DEVELOPMENT SUPPORT

Continue to strengthen the Bureau's capacity to design, develop, implement, and maintain new tools with enhanced capabilities, features, and functionalities for a variety of business applications that support the Bureau's mission.

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.

CUSTOMER RELATIONSHIP MANAGEMENT SYSTEM

Develop customer relationship management tools that will enable the Bureau to better coordinate internal and external interactions and workflows. The CRM System will enable staff to share contacts and coordinate interactions to bolster communications with stakeholders. This investment will also support the management and measurement of engagement and outreach efforts.

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.

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, and centralizing and responding to oversight requests and engagements.

Performance goals

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

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

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

PERFORMANCE MEASURE

TABLE 44: Provision of data to the public in legally permissible and appropriate instances²⁶

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

²⁶ Datasets are reported on a cumulative basis.

In FY 2015, the Bureau launched the Owning a Home tool. This tool includes Rate Checker—a data-driven tool that helps consumers benchmark against current mortgage rates and terms in the market. Also, in 2015, the Bureau expanded the Consumer Complaint Database. The latest release now includes consumer complaint narratives for which the consumer has consented to have his or her narrative published once it has been scrubbed of personal information. The release also includes the company’s public response.

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

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

PERFORMANCE MEASURE

TABLE 45: Efficiency of internal processes and procedures

	Target	Actual
FY 2012	NA	Launched AskCFPB; Launched an upgrade of the Intranet including an upgraded wiki, personnel directory, and internal news feed; Deployed a performance management system
FY 2013	Deploy a business intelligence tool; Deploy a business process automation platform and develop applications leveraging it	Development of Business Intelligence Tool; Debt Collection Product Launch; Paying for College; Infrastructure Independence Phase I
FY 2014	Continue to build out core infrastructure services	Established a change management process governed by a Change Control Board; Re-engineered AWS environment and continued to mature digital platforms and infrastructure; Made key steps in becoming independent from the Department of the Treasury
FY 2015	Operate and maintain core infrastructure services; Deploy mission capabilities to support Supervision and Enforcement activities	Achieved full DO independence and established CFPB-managed technology infrastructure

	Target	Actual
FY 2016	Stabilize and further build out core infrastructure services; streamline, monitor, and report on processes to deliver key technology services across the Bureau	NA
FY 2017	Continue to stabilize, build out, and maintain core infrastructure services; streamline, monitor, and report on processes to deliver key technology services across the Bureau. Begin rolling out next-generation devices for CFPB staff	NA

PROGRESS UPDATE AND FUTURE ACTION

In FY 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 of 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. 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 continued to monitor progress against its long-term plan and continued to focus on core infrastructure activities. The Bureau also completed DO independence and now manages its own technology infrastructure. The Bureau also deployed technologies associated with infrastructure independence, such as communications technologies.

In FY 2016, the Bureau will continue to execute against its long-term technology plan. It will focus on upgrading and improving the CFPB-managed technology infrastructure. It will also deploy enterprise tools to support Bureau-wide business needs.

Outcome 4.3

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

Outcome leader: Associate Director, Operations

Background

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

Strategies and investments

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

Strategies

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

Investments

PERSONNEL

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

AUDITS OF THE BUREAU

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

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

FINANCIAL MANAGEMENT SUPPORT SERVICES

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

PROCUREMENT SERVICES & SUPPORT

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

INTERNAL CONTROLS

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

Performance goals

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

Performance goal 4.3.1: Obtain an unmodified "clean" audit opinion on the CFPB's financial statements.²⁷

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

²⁷ The American Institute of Certified Public Accountant's Auditing Standards Board updated sections of the Statements of Auditing Standards with respect to the definition of the types of audit reports issued. Based on these changes, reports on audited financial statements will use the term 'unmodified opinion' instead of 'unqualified opinion' beginning in fiscal year 2013.

PERFORMANCE MEASURE

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

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

PROGRESS UPDATE AND FUTURE ACTION

The CFPB received an unmodified opinion from the GAO on its FY 2015 financial statements. GAO also previously provided unmodified opinions on the Bureau’s FY 2014, 2013, 2012 and 2011 financial statements. In FY 2014, GAO identified one material weakness in CFPB’s internal control over financial reporting related to the accrual process and in FY 2015, CFPB remediated this finding. In FY 2015, GAO identified one significant deficiency regarding the recordation of property and equipment and cited no instances of non-compliance with laws and regulations. The CFPB will continue to take appropriate steps to implement a timely corrective action.

Performance goal 4.3.2: Award 90% of contracts competitively.

Competing procurement actions 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 MEASURES

TABLE 47: Percentage of contracts competitively awarded overall

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

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

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

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

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

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 2013 through FY 2017 are ambitious but realistic and designed to position the Bureau as a leader-by-example in stewarding public money. The CFPB does not aim for 100% competition, as the Bureau has a range of routine exempt needs including expert witness services, conferences, and subscriptions. In addition to the principle of competition, the Office of Procurement partners with the OMWI to develop tools and resources for increasing opportunities to minority-owned and women-owned businesses.

In FY 2015, out of approximately \$242 million that CFPB awarded in contracts, \$226 million, or 94%, were awarded on a competitive basis.

Of CFPB's contracting dollars spent for FY 2015, CFPB's Office of Procurement oversaw the expenditure of 25% of the contracting dollars, the General Services Administration (GSA) oversaw the expenditure of 44% of the contracting dollars, and the Bureau of the Fiscal Service (BFS), under CFPB's direction, oversaw the expenditure of 31% of the contracting dollars. The Office of Procurement met the target of 90% competitive awards for the contracting funds it awarded. GSA, which is overseeing the construction of the renovated building at 1700 G Street, competitively awarded nearly all of its contracting dollars in FY 2015. 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, 89% were awarded competitively.

The top two service categories for FY 2015, exclusive of construction, were Professional, Administrative, and Management support and Automatic Data Processing and Telecommunication support. Of the dollars awarded in FY 2015 for professional, administrative and management support service contracts, 83% were awarded on a competitive basis. 91% 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 2016 through FY 2017.

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

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

PERFORMANCE MEASURE

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

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

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

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 CPF and Bureau-administered redress funds. In FY 2015, the Bureau made payments totaling \$22.4 million to consumers in three cases involving CPF and Bureau-administered redress funds.

Outcome 4.4

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

Outcome leader: Associate Director, External Affairs

Background

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

Strategies and investments

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

Strategies

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

Investments

EXTERNAL STAKEHOLDER ENGAGEMENT

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

Performance goal

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

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

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

PERFORMANCE MEASURE

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

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

PROGRESS UPDATE AND FUTURE ACTION

The Bureau hosted 15 public events in FY 2015, focused on key issues affecting consumer financial markets such as student loans, debt collection, mortgages, arbitration, and payday lending. These included two meetings of its Consumer Advisory Board (CAB), three meetings of its Community Bank Advisory Council, and two meetings of its Credit Union Advisory Council:

1. Washington DC Credit Union Advisory Council meeting in October 2014
2. Washington DC public forum on checking accounts in October 2014

3. Washington DC Community Bank Advisory Council meeting in October 2014
4. Long Beach, California public event on debt collection in October 2014 with FTC
5. Wilmington, Delaware field hearing on prepaid cards in November 2014
6. Oklahoma City field hearing on medical debt in December 2014
7. Washington DC Consumer Advisory Board meeting in February 2015
8. Newark, New Jersey field hearing on arbitration in March 2015
9. Washington DC Credit Union Advisory Council meeting in March 2015
10. Richmond, Virginia field hearing on payday lending in March 2015
11. Washington DC Community Bank Advisory Council meeting in April 2015
12. Milwaukee, Wisconsin field hearing on student loans in May 2015
13. Omaha, Nebraska Consumer Advisory Board meeting in June 2015
14. Washington DC public event on mortgages (Know Before You Owe) in August 2015
15. Washington DC Community Bank Advisory Council meeting in September 2015

The Bureau also participated in dozens of public events hosted by others in FY 2015, including testifying before Congress on four occasions to discuss policy, operations, and budget matters. As of the end of FY 2015, the Bureau had testified before Congress 56 times since the Bureau's inception.

In FY 2016 and beyond, the Bureau will continue to host events on issues having an impact on financial consumers. The Bureau will also continue to testify on important issues at the request of Congress.

Appendix

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

Program Evaluations and Research

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

The following highlights key evaluation efforts undertaken by the CFPB across the four Strategic Goals in FY 2015, identifies areas for planned assessments and research in FY 2016-2017, 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 2015, the Bureau’s Supervision, Enforcement, and Fair Lending Division (SEFL) executed a comprehensive program evaluation effort involving a third-party consultant to study the current planning measures, techniques, and administrative duties leading up to the commencement of enforcement work. The project also included 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 was to find and eventually implement potential efficiencies in Enforcement’s administrative, planning, and review processes.

This project built on the successes of an FY 2014 evaluation and performance improvement effort surrounding the Bureau’s exam report writing and review process. SEFL continues to monitor, review, and improve policies and procedures around this process on an ongoing basis.

Goal 2

In FY 2015, the Bureau’s Consumer Education and Engagement Division (CEE) began 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 academic research 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 impact that various levels of engagement have on consumers. The result of the evaluation is an assumed base savings to consumers driven by website engagement and student loan and banking metrics. 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 similar approach to assess the impact that its Money Smart for Older Adults guide—in both paper and digital formats—has on its users. Incorporated in this analysis is the Office’s outreach through training sessions and any subsequent paper orders of the materials. The result is an assumed base savings to older adults driven by engagement both digitally and in paper form with the product and metrics associated with preventing scams and fraud targeting older adults. The team has been able to target low-cost and high-impact strategies for promoting the materials that it can leverage in the future. For example, specific events highlighting the guides in FY 2014 led to improvements in the estimated return on investment from 2:1 to 10:1.

In FY 2016 and onward, CEE plans to employ similar methodologies to help track the outcomes of additional initiatives, including a consumer education campaign facilitating parents’ discussions with children about money, the Ask CFPB database of frequently asked consumer financial questions, and the Your Money Your Goals program.

Goal 3

RMR undertook several efforts in FY 2015 to assess the effectiveness of its programs and facilitate achievement of Outcomes 3.1 and 3.2. RMR’s program evaluation efforts contributed to the improvement of internal processes, as well as influenced the impact of external, mission-driven programs. These efforts included:

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

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

Goal 4

To support achievement of Outcome 4.1, in FY 2015, the CFPB’s Operations Division engaged an independent third-party consulting firm to conduct a rigorous evaluation of the Bureau’s FY 2012 and FY 2013 performance management programs.

The project focused on examining potential root causes for distributional differences in FY 2012 and FY 2013 in employee performance ratings. The evaluation considered multiple perspectives

and inputs including but not limited to: statistical diversity reports, testimony, listening session reports, focus groups, and performance management policies.

Based on the evaluation, findings, and recommendations from the engagement and from a joint labor-management working group, the CFPB made several program enhancements on performance standards, communication and training, system simplification, and program compliance and evaluation.

The Bureau will continue to make additional improvements to its performance management program in FY 2016.

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, 2014 and December 31, 2014 (and thus could have been finalized or otherwise resolved within a 9 month period occurring in FY 2015 (from October 1, 2014 through September 30, 2015)) and all significant consumer protection-related, notice-and-comment rulemakings informed by public outreach processes.
- **Advantages, limitations, and mitigating actions:** No limitations and reasonable level of accuracy - the Federal Register and Regulations.gov provide an accurate and extensive record of all rulemakings promulgated by the Bureau.

OUTCOMES 1.2 AND 1.3

- **Data sources:** The CFPB captures and stores data about its supervision and enforcement activities in several systems of record, including LawBase and the Supervision and Examination System (SES). Metrics and measures for the performance goals in support of Strategic Goal 1 are updated based on data housed in these systems on a quarterly basis, followed by focused management reviews to assess progress toward achieving the Bureau's Strategic Goals and Outcomes.
- **Level of accuracy and data verification:** CFPB provides training to users on proper use of the data systems described above to ensure data verification and validation.

Effective early FY 2015, the SES Data Access Policy ensures user permissions remain in alignment with the SES Data Entry Policy. In addition, SES user permissions were thoroughly reviewed and updated. The SES Data Entry Policy was updated near the end of FY 2015. Revisions included additional SES fields to ensure data used to track supervisory activities are entered into SES on a timely basis. For example, the headquarters Office of Supervision Examinations conducts analysis and notifies appropriate parties if there are any data validation issues, as outlined for performance goals 1.2.4/1.3.4. Additionally, senior management conducts quarterly data quality and validation reviews to further assess and re-affirm data accuracy.

- **Advantages, limitations, and mitigating actions:** Although the data is frequently reviewed for accuracy, as discussed above, the CFPB continues to improve its ability to track its supervision and enforcement activities. For example, SES was recently enhanced to allow for accurate tracking of supervisory and applicable enforcement actions. These modifications have significantly enhanced the CFPB's ability to measure its supervision and applicable enforcement activities. Continued improvements to SES and LawBase, as needed, will assist in capturing key supervisory and enforcement data.

Strategic Goal 2

OUTCOME 2.1

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

OUTCOME 2.2

- **Data sources:** To identify key success factors in financial health, the CFPB has embarked on a rigorous, multi-year effort to determine the nature of consumer financial well-being, and to learn what factors support it. The first stage of research laid the theoretical groundwork for later quantitative research:

- Reviewed more than 150 articles from a dozen fields;²⁸
- Conducted one-on-one interviews with adult consumers and financial practitioners—professionals who provide financial advice, education, services or products to consumers;
- Transcribed and analyzed 1,600 pages of interview transcripts, from which responses were sorted, coded, and then catalogued using qualitative data analysis software. This first phase culminated in the public release of a definition of financial well-being grounded in the experiences of consumers.

In FY 2014, the research focused on developing a new, psychometrically sound, reliable and valid survey scale to measure financial well-being. The development of such a scale was completed in FY 2015 and is anticipated to be released to the public for use by financial education researchers and practitioners in FY 2016.

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

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

Strategic Goal 3

OUTCOME 3.1

- **Data sources:** The CFPB Credit Card Database is sourced from Office of the Comptroller of the Currency (OCC) and the CFPB’s supervisory data collection. The Bureau currently uses several resources for monitoring the mortgage markets including primarily, data gathered under HMDA and commercially available data regarding originations and servicing. The Bureau is preparing to use the National Mortgage Database (NMDB) as a

²⁸ These include Consumer Finance, Economics, Behavioral Economics, Psychology (cognitive and developmental), Health, Education, Philosophy, Conservation, Environmental Science, Sociology, and Marketing.

new source for monitoring the mortgage market.

- **Level of accuracy and data verification:** For credit card data, the data verification and validation process occurs in two main phases. In the first instance, the external contractor responsible for collecting and processing the supervisory data on behalf of the CFPB puts the data through a systematic validation process to ensure that the data is coded correctly and uniformly across issuers. In the second main phase of data verification, the CFPB staff reviews the data productions by examining emerging trends and analyzes the data for unusual patterns. For data related to mortgages, the data sources described above are widely used by government and private-sector analysts in understanding the mortgage market. The HMDA data are statutorily required and are carefully collected and verified by the agencies collecting the data.
- **Advantages, limitations, and mitigating actions:** During the development of the NMDB, the Bureau currently relies upon the combination of public and proprietary datasets described above to analyze the market. Of these data, the HMDA data provides the highest level of coverage at a commonly referenced level of 90% of the market. We supplement these data with the commercial and regulatory datasets described above which individually have more restricted coverage but include additional variables and are reported more frequently and with shorter delays. Once developed, the NMDB will have a greater set of reported variables than the currently available data.

OUTCOME 3.2

- **Data sources:** Data source used was the CFPB website for reports dated between October 1, 2014 and September 30, 2015. Reports are considered finalized when the Bureau issues and posts the final report to the Bureau's website.
- **Level of accuracy and data verification:** The data source listed above was reviewed to account for all major research reports published by the Division of Research, Markets, and Regulations in FY 2015.
- **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 USA Survey branded online survey administration tool is used to gather data. This tool is subject to the variety of information security guidelines for government information technology projects and systems. To ensure that all intended employees are invited to complete the annual employee survey, email addresses for the employee population are provided to OPM as the basis for survey invitation.
- **Level of accuracy and data verification:** The following steps are taken to verify data summaries for item and index level results.
 - OPM provides independent verification and reporting of Bureau-wide AES results prior to releasing data to the Bureau.
 - The CFPB's Office of Human Capital (OHC) conducts analysis and generates summary reports.
 - Any and all discrepancies between posted and calculated results are subject to 100% verification in collaboration with OPM vendor.
 - At a broader level of verification, comparison data from OPM for government-wide results is monitored and verified through data cross checking.
 - In the final steps of survey processing, CFPB posts results to external website and sends internet link and posted results to OPM to meet regulatory guidance.
- **Advantages, limitations, and mitigating actions:** The Bureau continues to monitor and evaluate the reliability and validity of these metrics as additional baseline data become available. Adjustment to outcomes, components, or targets may be necessary as measures are better understood.

OUTCOME 4.2

- **Data sources:** All data reported from the Digital Analytics team comes from Google Analytics. Data is collected on an as-needed basis through an API that connects directly with Google Servers and stores the data in an Excel template.
- **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 require that GAO conducts an audit of the Bureau's annual financial statements. The data for this measure comes from the audit report issued by GAO after the close of the fiscal year, which is provided to the CFPB directly and published on GAO's website. For the performance goal related to distribution of funds, the data is provided on an ongoing basis by the payments administrator assigned to each case.
- **Level of accuracy and data verification:** For the audit opinion performance goal, the data comes from and is verified against the audit report issued by GAO annually. GAO performs its review in accordance with Generally Accepted Government Auditing Standards. For the distribution of funds performance goal, the CFPB reviews the data continuously and reviews up front the timelines by which the victim lists are approved and the date distributions commence.
- **Advantages, limitations, and mitigating actions:** No data limitations are known to affect this indicator.

OUTCOME 4.4

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

Management challenges

As identified by CFPB's OIG, the CFPB faces challenges in the areas of information security, workforce management, controls over management operations, and physical infrastructure.²⁹ As part of its ongoing, continuous improvement efforts, the CFPB is addressing these challenges.

1. Ensuring an Effective Information Security Program

The CFPB's OIG has identified information security as a major management challenge for the CFPB due to the advanced, persistent threat to government information technology (IT) infrastructure.

IMPROVING THE INFORMATION SECURITY PROGRAM

The CFPB continues to mature and improve its information security program to align with new guidance provided by the National Institute of Standards and Technology. Improvements include enhancements to automation, centralization, and implementation, including in the area of continuous monitoring, to ensure that the requirements of the Federal Information Security Management Act of 2002, as amended by the Federal Information Security Modernization Act of 2014 (FISMA), are met. While improvements have been made, additional work is needed in four high-priority security risk areas: continuous monitoring, configuration management, security training, and incident response and reporting.

ENSURING THE SECURITY OF CONTRACTOR-OPERATED INFORMATION SYSTEMS

The CFPB also faces challenges in ensuring that contractors implement information security controls that meet agency requirements. The risks associated with contractor-provided services can be heightened in cloud computing-based environments because the agency may have limited insight or knowledge of the security processes of contractors.

TRANSITIONING INFORMATION SECURITY AND IT RESOURCES FROM TREASURY TO THE CFPB'S INFRASTRUCTURE

Although the CFPB has made significant progress, the Bureau still faces challenges in transitioning information security and IT resources from Treasury and building its IT infrastructure.

PROTECTING PERSONALLY IDENTIFIABLE INFORMATION

While protecting consumers, ensuring regulatory compliance, and monitoring the consumer financial marketplace for risks to consumers, the CFPB collects, processes, stores, and shares

²⁹ Office of Inspector General: Board of Governors of the Federal Reserve System, Consumer Financial Protection Bureau, 2015 List of Major Management Challenges for the CFPB, <http://oig.federalreserve.gov/reports/cfpb-management-challenges-sep2015.pdf>

privacy-related information associated with consumer financial products and services. The CFPB may share PII to fulfill its enforcement responsibilities or statutory or regulatory requirements. CFPB has signed memorandums of understanding with federal, state, and local government entities regarding the potential sharing of data and the treatment of shared data.

GAO conducted an audit of the CFPB in September 2014 and found that the CFPB lacks written procedures and comprehensive documentation for a number of processes and has not yet fully implemented a number of privacy control steps and information security practices.

AGENCY ACTIONS

The CFPB has taken steps to develop, document, and implement an information security program. The Bureau has also made progress in centralizing its information security program by building out its Cybersecurity Program Management Office, which engages with oversight teams to implement the cybersecurity program at the CFPB.

The CFPB has also taken steps to promote collaboration among security, IT, and procurement staff to ensure that security requirements for third-party contractors are identified and accounted for during solicitations.

The CFPB developed a phased approach to transitioning IT services from Treasury and developing its IT infrastructure. The CFPB has already transitioned e-mail, file shares, mobile devices, Active Directory, remote access, the wide area network, SharePoint, and laptop images to CFPB-managed infrastructure.

The CFPB hired a Chief Data Officer, who leads a set of teams that work closely with the Chief Information Security Officer to ensure that data are protected. One primary focus of the Chief Data Officer is to provide centralized data governance and management of CFPB data sets. In this role, the Chief Data Officer is also charged with implementing the CFPB's Information Governance Policy and addressing many of GAO's findings. Further, the CFPB has a Chief Privacy Officer, who is responsible for the agency's privacy compliance and operational activities.

2. Building and Sustaining a High-Performing and Diverse Workforce

A key outcome for the CFPB's strategic goal of advancing the agency's performance by maximizing its resource productivity and enhancing its impact is attracting, engaging, and deploying a high-performing and diverse workforce. The CFPB faces challenges in meeting this goal, however, due to competition from other employers for the highly qualified staff that the CFPB needs to fulfill its mission. Further, as the Bureau seeks to build and sustain a high-performing and diverse workforce, it will need to strengthen workforce planning and develop an improved performance management system.

RECRUITING AND RETAINING A HIGHLY SKILLED, DIVERSE WORKFORCE

In order to remain competitive, the CFPB must successfully address evolving expectations regarding diversity, workplace flexibility, career progression, communication, and continuous learning. Another important consideration for the CFPB in recruiting and retaining staff is engaging in succession planning.

The CFPB supports the development of a diverse, highly qualified employee base and recognizes that there is an opportunity to increase minority representation, specifically in certain mission-critical positions. Although the CFPB has taken steps to enhance its diversity and inclusion practices, there are opportunities that exist for the CFPB to enhance diversity and inclusion efforts, such as implementing a diversity and inclusion strategic plan as well as a formal succession planning process.

DEVELOPING AND IMPLEMENTING A NEW PERFORMANCE MANAGEMENT SYSTEM

The CFPB faces challenges in developing and implementing a new performance management system. The OIG's prior audit work noted that there were statistically significant differences in CFPB employees' performance ratings for FY 2012 and FY 2013 based on gender, race/ethnicity, and age. The CFPB has taken several actions to address these differences in its performance ratings. Specifically, the CFPB commissioned an independent third-party review to analyze the potential root causes of the rating disparities and to examine the sufficiency of the CFPB's efforts to understand and address these disparities. Also, the CFPB transitioned to a two-level performance management system for FY 2014 and FY 2015, and it has been working with the National Treasury Employees Union to develop a new performance management system for FY 2016 and beyond.

AGENCY ACTIONS

The CFPB has made a number of improvements to its human capital processes. For example, the CFPB developed more robust competency models for all CFPB positions. This effort resulted in the development of competency models that help to support a variety of human resource practices and functions, such as the succession planning process and performance management system. In addition, the CFPB has begun the Workforce of the Future initiative, which is intended to ensure that the CFPB has a skilled and productive workforce to fulfill its mission for the long term. This initiative includes an articulation of how the CFPB's practices should evolve to create the workforce experience that enables people to do their best work for sustainable, long-term impact. The CFPB also placed the Office of Minority and Women Inclusion and the Office of Civil Rights under a newly formed Office of Equal Opportunity and Fairness within the Office of the Director.

The CFPB has taken several steps to recruit and retain a highly qualified, diverse workforce. For

example, the CFPB recruited applicants from a broad range of geographical areas, continued to review data to identify underrepresentation, and targeted its recruiting to ensure that the agency reaches a diverse pool of talent. To ensure workforce retention, the CFPB has taken a number of steps, including using career ladders, providing opportunities for cross-functional work within and outside the agency, providing training opportunities, and fostering a mission-focused work environment. The CFPB has also conducted listening sessions with its employees to identify and respond to perceptions of fairness, equality, diversity, and inclusion.

The CFPB has made progress in developing a new performance management system. In addition to creating new standard operating procedures for performance management program evaluation, compliance, training attendance, and training evaluation, it established a joint labor-management working group with the National Treasury Employees Union to further improve the performance management program.

3. Strengthening Controls Over Management Operations

The CFPB continues to implement management processes and controls as it seeks to provide effective oversight of the consumer financial marketplace. Recognizing the importance of internal controls, the CFPB established a team in the Office of the Chief Financial Officer to review, monitor, and improve internal control. CFPB's OIG noted that the CFPB needs to strengthen its controls over contract management and can improve its information system security controls and management controls related to the Consumer Complaint Database.

STRENGTHENING OPERATIONAL CONTROLS

The OIG's recent work identified several areas to strengthen operational controls: reviewing and revising policies and procedures governing travel and improving contract management controls and oversight.

STRENGTHENING CONTROLS FOR THE CONSUMER COMPLAINT DATABASE

In June 2015, the CFPB enhanced the Consumer Complaint Database to include consumer complaint narratives. CFPB's OIG audit and evaluation work identified opportunities to improve information system security controls and management controls related to the Consumer Complaint Database.

AGENCY ACTIONS

The CFPB has made progress in implementing internal controls for its key management operations. For example, in response to the control deficiencies that were identified in the CFPB's contracting activities, the agency has started implementing corrective actions. Further, the CFPB identified several areas on which to focus, including the development, review, and revision

of policies and procedures for procurement. In addition, the CFPB has taken steps to improve the reliability and timeliness of the data in the Consumer Complaint Database and the related secure information systems.

4. Maintaining Physical Infrastructure

The CFPB is currently renovating its headquarters building, managing swing space until the renovation is complete, and planning to establish office space in its Southeast region.

HEADQUARTERS RENOVATION

The headquarters building that the CFPB is leasing has not undergone significant renovation since it was constructed in 1976. The CFPB headquarters renovation is a multi-year project that poses several challenges for the CFPB, including managing and mitigating schedule and cost risks. The CFPB has partnered with GSA to assist with the renovation project. As the renovations move forward, the CFPB will need to ensure that management control activities associated with the renovation project are operating effectively.

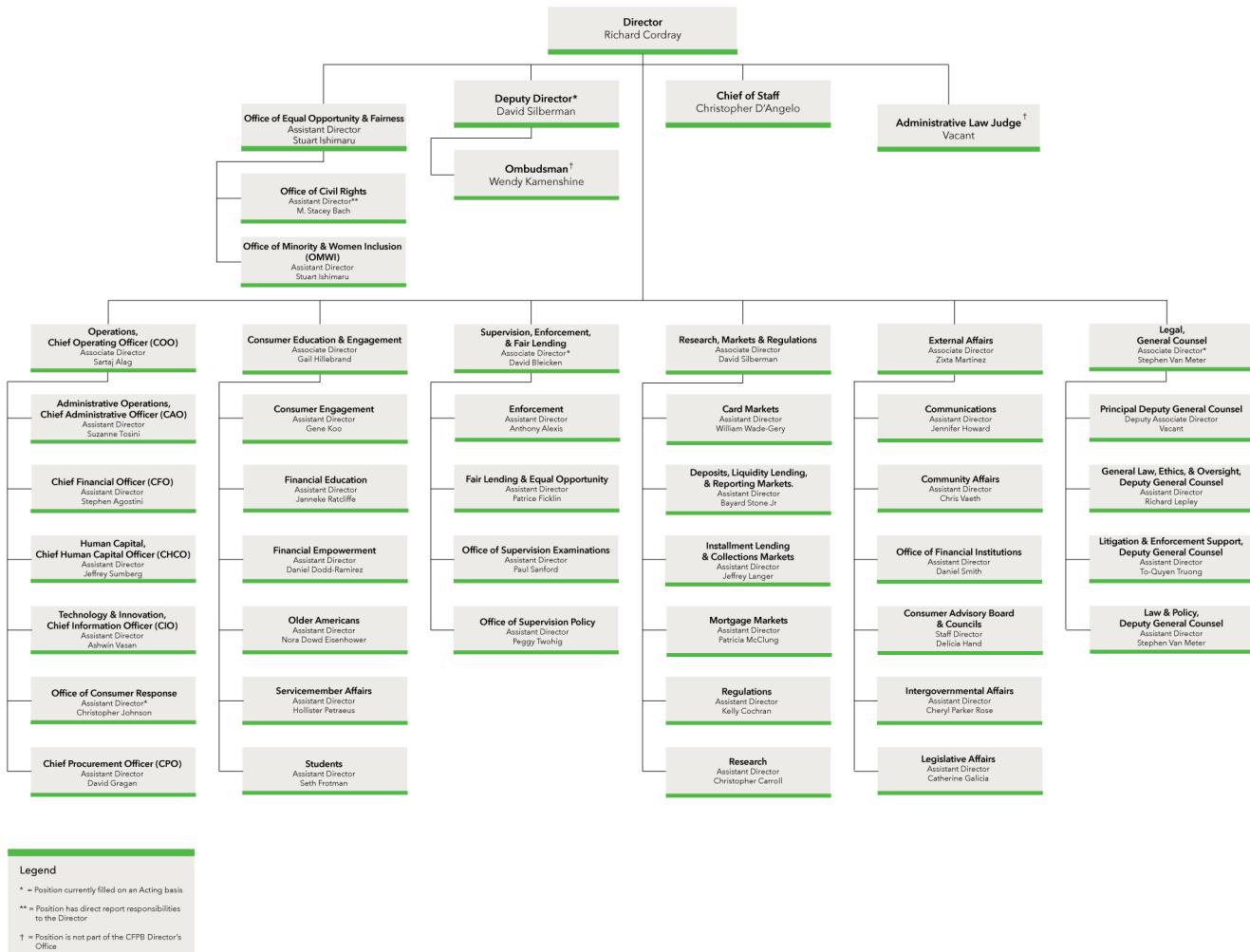
SPACE PLANNING

CFPB employees are currently occupying office space in two locations while the headquarters renovation is ongoing. Once the renovation is complete, the headquarters building will only accommodate a portion of the displaced employees; thus, additional space will still be required. The CFPB will need to determine an optimal location for those employees not returning to the headquarters building while managing and mitigating schedule and cost risks. The CFPB should continue to ensure that its space needs are managed appropriately as it seeks to obtain office space for its Southeast region.

AGENCY ACTIONS

The CFPB established a memorandum of understanding with GSA to provide assistance with its renovation needs. The construction management contract includes specific controls aimed at managing costs throughout the design and construction phases of the renovation project so that the renovation budget is not exceeded. In addition, the construction contract type and delivery method is expected to help ensure that the budget is not exceeded and to give the CFPB additional control over the design and corresponding costs. The CFPB plans to coordinate with GSA regarding its space needs for personnel at the headquarters location and in the Southeast region

Appendix B: Organizational chart



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