

# CFO update for the second quarter of fiscal year 2013

JAN 1 – MAR 31, 2013

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## Bureau Fund

As of March 31, the end of the second quarter of fiscal year 2013, the Consumer Financial Protection Bureau (CFPB) had spent just over \$188 million (including commitments, obligations, and outlays)<sup>1</sup> to carry out the authorities of the Bureau under Federal financial consumer law. Approximately \$92 million was spent on employee compensation and benefits for the 1,168 CFPB employees who were on-board by the end of the quarter.

In addition to payroll expenses, the largest obligations for the quarter were related to other contractual services. Large obligations of \$1 million and over made during the second quarter to government and non-government vendors included:

- \$11.6 million for a one-year building occupancy agreement with the Office of the Comptroller of the Currency.
- \$10.0 million to the Department of Treasury for various administrative support services, including information technology and human resource systems support;
- \$3.8 million for maintaining ongoing operations of the CFPB's consumer contact center and enhancements to the case management database;
- \$3.0 million for a services contract to collect anonymous data from credit card issuers. The data, which carefully exclude any Personally Identifiable Information (PII) in order to maintain the anonymity and protect the privacy of consumers, will be used to monitor conditions in consumer credit markets, to study credit card industry dynamics, to evaluate compliance with consumer laws, and to analyze other issues in support of the Bureau's research, monitoring, and supervision missions;
- \$2.2 million for architectural and engineering services for CFPB's Washington, DC headquarters office building;
- \$1.9 million to a contractor to develop and execute a study on the cost of regulatory compliance;
- \$1.8 million for enterprise-wide cloud hosting infrastructure and system administration support and services;
- \$1.6 million to a contractor to provide internal control support services to assure the effectiveness of internal controls over financial reporting;
- \$1.0 million for web development and design support services for Technology and Innovation projects.

Table 1 and table 2 categorize second quarter CFPB spending by expense category and division/program area:

Table 1: Fiscal Year 2013 year to date spending by expense category

<b>Expense Category</b>	<b>Fiscal Year 2013</b>
Personnel Compensation	68,417,000
Benefit Compensation	23,736,000
Travel	5,886,000
Transportation of Things	114,000
Rents, Communications, Utilities & Misc.	4,031,000
Printing and Reproduction	112,000
Other Contractual Services	71,677,000
Supplies & Materials	1,797,000
Equipment	12,289,000
<b>Total (as of 3/31/13)</b>	<b>\$ 188,059,000</b>

Table 2: Fiscal Year 2013 year to date spending by division/program area

<b>Division/Program Area</b>	<b>Fiscal Year 2013</b>
Office of the Director	2,287,000
Chief Operating Officer	49,821,000
Consumer Education & Engagement	6,065,000
Research, Markets & Regulations	16,543,000
Supervision, Enforcement, Fair Lending	51,970,000
Legal Division	4,964,000
External Affairs	2,200,000
Other Programs <sup>2</sup>	341,000
Centralized Services <sup>3</sup>	53,868,000
<b>Total (as of 3/31/13)</b>	<b>\$ 188,059,000</b>

## FY 2013 Funds Transfers Received from the Federal Reserve

The CFPB is funded principally by transfers from the Federal Reserve System, up to the limits set forth in the Dodd-Frank Act. Funding from the Federal Reserve System for fiscal year 2013 was capped at 12 percent (or approximately \$598 million) of the total 2009 operating expenses of the Federal Reserve System. Funds transferred into the Bureau Fund during the fiscal year are below the statutory cap.

As of March 31, CFPB received the following transfers in FY 2013. The amounts and dates of the transfers are shown below.

\$136.2 M	October 15, 2012
\$108.0 M	January 15, 2013

## Civil Penalty Fund

Pursuant to the Dodd-Frank Act, the CFPB is also authorized to collect and retain for specified purposes civil penalties collected from any person in any judicial or administrative action under federal consumer financial laws. The CFPB generally is authorized to use these funds for payments to victims of activities for which civil penalties have been imposed, but may also use the funds for purposes of consumer education and financial literacy programs under certain circumstances. The CFPB maintains a separate account for these funds at the Federal Reserve Bank of New York.

In the first quarter of FY 2013, the CFPB settled enforcement actions against American Express and Payday Loan Debt Solution, Inc. (PLDS), which resulted in the institutions entering into four separate consent orders. American Express agreed to pay a total of \$14.1 million in civil penalties to CFPB and to provide relief directly to consumers identified in the action. PLDS agreed to pay a total of \$5,000 in civil penalties to CFPB and provide \$100,000 in redress for harmed consumers.

In the second quarter of FY 2013, the CFPB settled an enforcement action against several defendants in the case of Gordon, et al. This resulted in the collection of \$1 in civil money penalties, as well as injunctive and other significant relief.

For additional information on CFPB's Civil Penalty Fund,  
see <http://www.consumerfinance.gov/budget/civil-penalty-fund/>

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<sup>1</sup> Definitions. For the purposes of this update, outlays are payments that result when the CFPB issues checks, disburses cash, or makes electronic transfers of funds to pay off a current fiscal year obligation. A commitment is a reservation of funds in anticipation of a future obligation. An obligation is a transaction or agreement that creates a legal liability and obligates the government to pay for goods and services ordered or received.

<sup>2</sup> Other Programs comprises the costs of the Office of Ombudsman, Administrative Law Judges, and other CFPB programs.

<sup>3</sup> Centralized Services include the cost of certain administrative and operational services provided centrally to other Divisions (e.g., building space, utilities, and IT-related equipment and services).