Office of Inspector General

Evaluation Report 2016-MO-C-011

The CFPB's Coordination for Targeted Consumer Financial Education Aligns With Best Practices and Can Benefit From Federal Partner Insights

July 25, 2016

Board of Governors of the Federal Reserve System
Consumer Financial Protection Bureau

Report Contributors

Bettye Latimer, Project Lead
Spencer Brooks, Auditor
Brian Murphy, Auditor
Ann Recht, Auditor
Anne Keenaghan, OIG Manager
Timothy Rogers, Senior OIG Manager for Management and Operations
Melissa Heist, Associate Inspector General for Audits and Evaluations

Abbreviations

CEE	Division of Consumer Education and Engagement
CFPB	Consumer Financial Protection Bureau
DOD	U.S. Department of Defense
Dodd-Frank Act	Dodd-Frank Wall Street Reform and Consumer Protection Act
DOL	U.S. Department of Labor
Education	U.S. Department of Education
EJCC	Elder Justice Coordinating Council
Financial Empowerment	Office of Financial Empowerment
FLEC	Financial Literacy and Education Commission
GAO	U.S. Government Accountability Office
MOU	memorandum of understanding
OIG	Office of Inspector General
Older Americans	Office of Financial Protection for Older Americans
Servicemember Affairs	Office of Servicemember Affairs
SSA	Social Security Administration
Students	Office for Students
Treasury	U.S. Department of the Treasury

Executive Summary:

The CFPB's Coordination for Targeted Consumer Financial Education Aligns With Best Practices and Can Benefit From Federal Partner Insights

2016-MO-C-011 **July 25, 2016**

Purpose

The Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) mandated that the Consumer Financial Protection Bureau (CFPB) develop and implement a strategy to improve the financial literacy of consumers and initiatives to educate and empower consumers to make better-informed financial decisions. The CFPB's Division of Consumer Education and Engagement (CEE) is implementing the mandate through various initiatives that may be coordinated with other organizations, including federal agencies. The Office of Inspector General conducted an evaluation to assess the CEE's coordination with federal agency partners regarding targeted consumer financial education.

Background

The Dodd-Frank Act mandated the creation of offices or functions in the CFPB that address the consumer financial protection needs and concerns of specific populations, namely, students, older Americans, servicemembers, and traditionally underserved individuals. The Dodd-Frank Act directs the CFPB to coordinate these offices' consumer protection efforts with federal and state agencies as the offices deem appropriate.

Results of Evaluation

Overall, we found that the interagency coordination process steps followed by the CEE offices that target students, older Americans, servicemembers, and traditionally underserved individuals align with interagency coordination best practices. Further, the targeted offices have processes in place to help mitigate risks related to interagency coordination that were identified by other federal agencies that provide consumer financial education.

To identify the most relevant best practices, we asked 27 financial education practitioners to rate the best practices for effective interagency coordination identified by the U.S. Government Accountability Office (GAO) based on the practitioners' experiences coordinating with other agencies on consumer financial education efforts. After the practitioners identified the most relevant best practices, we mapped and compared the coordination process steps for each of the targeted offices to these best practices through a series of interviews with the targeted offices' employees. Additionally, the 27 practitioners described agency practices, lessons learned, and associated risks from their own interagency coordination experiences that were not previously identified by GAO.

We found that the targeted offices' coordination process steps aligned with GAO and federal agency practices; accordingly, we have no formal recommendations. However, we identified some tools that may improve the targeted offices' coordination efforts. Specifically, we noted that the targeted offices could benefit from developing a tracking tool to manage interagency coordination, implementing a standard approach to minimize unwanted duplication of efforts, and expanding their draft policy on memorandums of understanding for interagency coordination to cover both formal and informal coordination.

In response to our draft report, the Associate Director for Consumer Education and Engagement noted her appreciation for our benchmarking efforts and welcomed our identification of tools and approaches that may further enhance the targeted offices' coordination efforts.

Summary of Recommendations, OIG Report 2016-MO-C-011

Number	Page	Recommendation	Responsible office
No recommendations			

Office of Inspector General

Board of Governors of the Federal Reserve System
Consumer Financial Protection Bureau

July 25, 2016

MEMORANDUM

TO: Gail Hillebrand
Associate Director, Division of Consumer Education and Engagement
Consumer Financial Protection Bureau

FROM: Melissa Heist Timothy P Rogers for
Associate Inspector General for Audits and Evaluations

SUBJECT: OIG Report 2016-MO-C-011: *The CFPB's Coordination for Targeted Consumer Financial Education Aligns With Best Practices and Can Benefit From Federal Partner Insights*

The Office of Inspector General has completed its final report on the subject evaluation. We conducted this evaluation (1) to assess the extent to which certain Division of Consumer Education and Engagement offices' coordination with federal agencies aligns with best practices for effective interagency coordination and (2) to obtain insights from certain CEE offices' federal partners to identify opportunities to strengthen the effectiveness of interagency coordination.

We provided you with a draft of our report, which does not contain formal recommendations, for review and comment. In your response, you welcome our identification of tools and approaches that may further enhance the targeted offices' coordination efforts. We have included your response as appendix C to our report.

We appreciate the cooperation that we received from CFPB staff during our audit. Please contact me if you would like to discuss this report or any related issues.

cc: Daniel Dodd-Ramirez, Assistant Director for the Office of Financial Empowerment
Holly Petraeus, Assistant Director for the Office of Servicemember Affairs
Nora Dodd Eisenhower, Assistant Director for the Office of Financial Protection for Older Americans
Seth Frotman, Assistant Director for the Office for Students
Stephen Agostini, Chief Financial Officer
Jacqueline Becker, Acting Deputy Inspector General

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Introduction

Objectives

The Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) mandated that the Consumer Financial Protection Bureau (CFPB) develop and implement a strategy to improve the financial literacy of consumers and initiatives to educate and empower consumers to make better-informed financial decisions. The CFPB's Division of Consumer Education and Engagement (CEE) is implementing the mandate through various initiatives that may be coordinated with other organizations, including federal agencies.

The Office of Inspector General (OIG) conducted an evaluation to assess the CEE's coordination with federal agencies regarding targeted consumer financial education. Our evaluation objectives were to

- assess the extent to which certain CEE offices' coordination with other federal agencies aligns with best practices for effective interagency coordination

- obtain insights from the federal partners of these CEE offices to identify opportunities to strengthen the effectiveness of interagency coordination

For the purpose of this evaluation, we referred to U.S. Government Accountability Office (GAO) publications, which have defined the terms *coordination* and *collaboration* as "any joint activity by two or more organizations that is intended to produce more public value than could be produced when the organizations act alone."[1] Our evaluation scope covered the CEE's coordination with 10 federal agencies[2] to implement consumer financial education for targeted demographics.[3]

We benchmarked with 27 consumer financial education practitioners from the 10 federal agencies in our scope to understand their coordination efforts and identify which best practices were relevant for consumer financial education coordination. Further, those practitioners who

1. U.S. Government Accountability Office, *Results-Oriented Government: Practices That Can Help Enhance and Sustain Collaboration among Federal Agencies*, GAO-6-15, October 21, 2005, and U.S. Government Accountability Office, *Managing for Results: Key Considerations for Implementing Collaborative Mechanisms*, GAO-12-1022, September 27, 2012.

2. The 10 federal agencies are the National Credit Union Administration, the Federal Trade Commission, the Social Security Administration, the U.S. Securities and Exchange Commission, the Federal Deposit Insurance Corporation, the Board of Governors of the Federal Reserve System, the U.S. Department of Labor, the U.S. Department of Defense, the U.S. Department of Education, and the U.S. Department of Housing and Urban Development. We selected these 10 agencies because their consumer financial education efforts most closely align with the consumer financial education efforts of the targeted offices.

3. The targeted demographics are students; older Americans; servicemembers; and traditionally underserved individuals, which includes low-income and economically vulnerable consumers.

coordinated with the CEE offices that are focused on targeted demographics—hereafter, the targeted offices—provided insights and feedback on the experiences of their joint efforts. Because those federal agencies coordinate directly with the targeted offices, we refer to them as the targeted offices' federal partners. For additional information regarding our scope and methodology, see appendix A.

Background

The CFPB was established by the Dodd-Frank Act. The CFPB's statutory objectives include exercising its authorities under federal consumer financial law for the purpose of ensuring that individuals are provided with timely and understandable information to make responsible financial decisions.[4] The Dodd-Frank Act mandated the creation of offices or functions addressing the consumer financial protection needs and concerns of specific populations, namely, students, older Americans, servicemembers, and traditionally underserved individuals. The act also required the CFPB to establish a student loan ombudsman. The Dodd-Frank Act directs the CFPB to coordinate the targeted offices' consumer protection efforts with federal and state agencies as the offices deem appropriate.

Division of Consumer Education and Engagement

Consumer financial education is a critical component of the CFPB's mandate. Accordingly, the CEE uses a variety of initiatives and methods to provide individuals with information to consider when making financial decisions. The CEE works with a broad range of governmental, private, and nonprofit entities in its consumer financial education efforts. For the purpose of this evaluation, we focused on the CEE's coordination with federal agencies who also perform consumer financial education. For the efforts within our scope, we were informed that no money was transferred between agencies for services. Specific interagency agreements were developed as needed between the targeted offices and partnering agencies.

The CEE consists of six offices, including four that focus on the targeted populations specified in the Dodd-Frank Act. The targeted offices are the Office of Servicemember Affairs (Servicemember Affairs), the Office for Students (Students), the Office of Financial Protection for Older Americans (Older Americans), and the Office of Financial Empowerment (Financial Empowerment).[5] The remaining two offices are the Office of Financial Education, which develops and implements consumer financial education initiatives, conducts research related to financial education, and supports the targeted offices, and the Consumer Engagement Office, which develops digital resources and tools to help the agency engage consumers online.

The CEE's four targeted offices strive to increase consumers' financial capability by coordinating formally and informally with other governmental and private organizations to leverage resources and expertise.[6] Formal coordination is documented in a written agreement,

4. 12 U.S.C. § 5511(b)(1).

5. In fiscal year 2015, the four targeted CEE offices were allotted $7,480,834.

6. The federal agencies included in the following targeted office descriptions may not be an all-inclusive list of the CEE's federal partners.

such as a signed memorandum of understanding (MOU). In contrast, informal coordination is generally not documented in an MOU or other type of written agreement; however, it may be documented or agreed upon through emails and phone conversations. The Dodd-Frank Act requires Servicemember Affairs to establish a formal MOU when coordinating with the U.S. Department of Defense (DOD) and requires Students to establish a formal MOU when coordinating with the U.S. Department of Education (Education).

Servicemember Affairs

Servicemember Affairs' mandate is to develop and implement initiatives to educate servicemembers and their families to make informed decisions about financial products and services. The office is staffed by 10 full-time employees. The Dodd-Frank Act requires Servicemember Affairs to coordinate efforts among federal agencies, as appropriate, regarding consumer financial products and services offered to or used by servicemembers and their families. The office coordinates with DOD, the U.S. Department of Labor (DOL), the Federal Trade Commission, and the U.S. Department of Veteran Affairs. One example of an initiative in which the office engaged in interagency coordination is financial coaching for servicemembers who are transitioning to civilian life. This initiative places CFPB-trained financial coaches at select DOL American Job Center locations.[7] For this initiative, Servicemembers Affairs also coordinates with Financial Empowerment to provide financial coaching for nonmilitary low-income and economically vulnerable individuals.

Students

Students, which is staffed by eight full-time employees, provides information and tools to help students and younger Americans make informed financial decisions and monitors complaints about private student loans. The Assistant Director of Students also serves as the agency's Student Loan Ombudsman.[8] The Student Loan Ombudsman is required to provide timely assistance to students or borrowers of private education loans and disseminate information to assist in consumer decisionmaking. Students coordinates with Education, the U.S. Department of the Treasury (Treasury), and DOD. One recent coordinated effort was to produce a "financial aid shopping sheet" for prospective students who are deciding how to pay for their college education. Students can use this tool to compare financial aid offers from different colleges as well as develop comparison-shopping skills that can be applied to other major financial decisions in the future.

7. The financial coaching initiative is the first consumer financial education and financial literacy program funded with Civil Penalty Fund money. The CEE funds the initiative and provides the program manager for the initiative. The OIG has published two reports on the CFPB's Civil Penalty Fund: *The CFPB's Civil Penalty Fund Victim Identification Process Is Generally Effective but Can Be Enhanced*, OIG Report 2016-FMIC-C-001, January 19, 2016, and *Audit of the CFPB's Civil Penalty Fund*, OIG Report 2014-AE-C-001, January 16, 2014.

8. Section 1035 of the Dodd-Frank Act required the Secretary of the Treasury, in consultation with the Director of the CFPB, to create the position of Private Education Loan Ombudsman in the CFPB. One of the ombudsman's functions is to informally resolve complaints in collaboration with Education.

Older Americans

The Dodd-Frank Act mandated the establishment of Older Americans, whose functions include, among other things, facilitating the financial literacy of individuals 62 years or older on protection from unfair, deceptive, and abusive practices and providing information to help this demographic make financial decisions. The office is staffed by eight full-time employees. Older Americans develops programs to recognize the warning signs of unfair, deceptive, or abusive practices. Additionally, Older Americans is required to coordinate with federal agencies, as appropriate, to promote consistent, effective, and efficient enforcement. Older Americans coordinates with the Federal Deposit Insurance Corporation, the U.S. Department of Health and Human Services, the U.S. Securities and Exchange Commission, the Social Security Administration (SSA), and the Federal Trade Commission. Recently, Older Americans and the Federal Deposit Insurance Corporation jointly developed a product that provides information and tips to help prevent common frauds, scams, and other types of elder financial exploitation.

Financial Empowerment

The Dodd-Frank Act required that the CFPB have an office whose functions include providing information, guidance, and technical assistance regarding the offering of consumer financial products or services to traditionally underserved individuals and communities. Financial Empowerment, which is staffed by eight full-time employees, focuses on strengthening financial consumer protection and enhancing the financial capability of low-income and other economically vulnerable consumers. Financial Empowerment coordinates with the U.S. Department of Health and Human Services, DOL, the U.S. Department of Housing and Urban Development, the SSA, and the U.S. Department of Agriculture. As an example of its coordination efforts, Financial Empowerment launched a program with DOL to strengthen the financial capability of youth and adults with disabilities by targeting these groups with a wide range of financial education resources, asset-building strategies, and consumer protection information.

Multiagency Groups for Consumer Financial Education Collaboration

The CEE participates in two multiagency collaborative groups that focus on consumer financial education issues: the Financial Literacy and Education Commission (FLEC) and the Elder Justice Coordinating Council (EJCC).

Financial Literacy and Education Commission

In 2003, Congress established FLEC with a mandate to improve the financial literacy and education of individuals and to coordinate consumer financial education efforts in the federal government.[9] FLEC currently comprises representatives of 21 federal agencies and the White House Domestic Policy Council. The Secretary of the Treasury chairs FLEC, and Treasury officials coordinate FLEC meetings. FLEC holds three public meetings a year for consumers

9. See Financial Literacy and Education Improvement Act, Pub. L. No. 108-159, Tit. V, § 513, 117 Stat. 2003 (2003) (codified at 20 U.S.C. §§ 9701-9709).

and interested parties; panelists at these meetings have presented on topics such as youth savings, financial coaching, and financial security through saving and investing. FLEC identifies areas of duplication in financial literacy programs and encourages interagency coordination for consumer financial education by bringing the relevant practitioners together to work on subcommittees; however, agency participation on subcommittees is voluntary.

The Dodd-Frank Act requires the CFPB to be a member of FLEC and designates the Director of the CFPB to serve as Vice Chairman. Additionally, CEE staff members work on various FLEC subcommittees.

Elder Justice Coordinating Council

The EJCC was established by the Elder Justice Act of 2009, which is a part of the Affordable Care Act, to coordinate activities across the federal government related to elder abuse, neglect, and exploitation. The EJCC, which comprises representatives of 12 federal agencies, is chaired by the Secretary of Health and Human Services. Older Americans is an active member of the EJCC and collaborates with EJCC members on various working groups.

The OIG's Approach to Assessing Effective Interagency Coordination

Identifying GAO Best Practices

As part of our work to assess whether the CFPB's interagency coordination efforts are effective for consumer financial education, we identified a September 2012 GAO report—*Key Issues to Consider for Implementing Interagency Collaborative Mechanisms*—that defines 26 best practices for effective interagency coordination, grouped into seven categories. According to GAO, these best practices can be used to guide policy development, program implementation, oversight and monitoring, and information sharing and communication. The seven best practices categories for interagency coordination are defined as follows:

- *Outcomes and Accountability*. Agencies should have clearly defined short-term and long-term outcomes and a method to track and monitor progress. Agencies can use strategic and annual performance plans as tools to drive collaboration with other agencies and establish complementary goals and strategies for achieving results. Establishing clear goals based on what the agencies have in common can shape the coordinating agencies' vision and define the coordinating agencies' purpose. Further, a shared purpose provides agencies with a reason to participate in the process.

- *Bridging Organizational Cultures*. Diverse organizational cultures are bridged when coordinating agencies establish ways to operate across agency boundaries, such as developing common terminology, establishing mutual trust, and fostering open lines of communication. Establishing positive working relationships between participants from different agencies bridges organizational cultures.

- *Leadership*. Coordinating agencies should discuss and consider leadership over the duration of the coordinated effort in order to mitigate transitions and inconsistent leadership, which can weaken the effectiveness of collaboration. Designating one leader centralizes accountability and can speed decisionmaking. If leadership is shared, the leading agencies' roles and responsibilities should be clearly identified and agreed upon.

- *Clarity of Roles and Responsibilities*. Coordinating agencies should define and agree upon their respective roles and responsibilities. Additionally, coordinating agencies should agree to a process for making and enforcing decisions.

- *Participants*. Participants, defined as all relevant agency representatives included in making policy and program decisions for the coordinated efforts, should have full knowledge of the relevant resources in their agency; be able to commit staff resources and regularly attend activities; and have the appropriate knowledge, skills, and abilities to contribute to the effort. Participants can come from federal agencies, state and local entities, and organizations from the private and nonprofit sectors.

- *Resources*. Resources include the staff, information technology, and physical and financial resources that coordinating agencies provide to initiate or sustain the collaborative effort.

- *Written Guidance and Agreements.* Written guidance and agreements can strengthen the commitment that agencies make to work together by documenting the ways in which they will coordinate. Agencies should develop ways to continually update and monitor these agreements. Not all arrangements need to be documented through written guidance and agreements.

GAO generally found that implementing as many of the 26 best practices as possible that fall within these seven categories leads to more effective interagency coordination. GAO also acknowledged that there is a wide range of situations and circumstances in which agencies work together, and depending on each situation, addressing a few of the practices may be sufficient for effective collaboration. Thus, we initiated a benchmarking effort to determine which practices were most relevant for consumer financial education coordination among federal agencies.

Identifying Relevant Practices, Risks, and Insights Through Benchmarking

We interviewed 27 practitioners at the 10 federal agencies within our scope to discuss interagency coordination practices for consumer financial education. The practitioners identified certain practices as the most relevant GAO best practices by completing a questionnaire on the practices. To maintain objectivity, the evaluation team did not ask follow-up questions after the practitioners completed the questionnaire. Additionally, the 27 practitioners described practices not previously identified by GAO, lessons learned, and associated risks from their own interagency coordination experiences. Further, the practitioners provided feedback on the targeted offices, with a few practitioners suggesting areas for improvement.

Most Relevant GAO Best Practices as Rated by Practitioners

We surveyed the 27 practitioners and asked them to rate the 26 best practices identified by GAO. The practitioners rated the practices based on their experience coordinating with other agencies on consumer financial education efforts. The ratings were *1—essential*, *2—very important*, *3—important*, *4—slightly important*, and *5—not important*. For each practice, we calculated the percentage of practitioners that rated each practice *1—essential* or *2—very important*.

Approximately three-quarters of the practitioners we surveyed considered 13 of the GAO best practices to be either *essential* or *very important* for effective interagency consumer financial education coordination. Table 1 provides the GAO best practice, the associated category, and the percentage of practitioners who rated the practice as either *essential* or *very important*. These top 13 practices are in five of the seven broad categories identified by GAO, with two categories—Bridging Organizational Cultures and Participants—represented most frequently. The two categories that are not represented in the top 13 practices are Written Guidance and Agreements, and Resources. As noted, GAO acknowledges that there are a variety of situations in which addressing a few of the best practices may be sufficient for effective collaboration. For a list of the 26 GAO best practices with the practitioners' aggregated ratings, see appendix B.

Table 1: GAO Best Practices as Rated by Federal Partner Practitioners[a]

Best practice	Category	Percentage of respondents rating practice *essential* or *very important*
Identifying the missions and organizational cultures of the participating agencies.	Bridging Organizational Cultures	89
Tracking and monitoring progress toward short-term and long-term outcomes.	Outcomes and Accountability	85
Having roles and responsibilities clearly identified and agreed upon if leadership will be shared between one or more agencies.	Leadership	85
Identifying the commonalities between the participating agencies' missions and cultures and identifying potential challenges.	Bridging Organizational Cultures	85
Having short-term and long-term outcomes clearly defined.	Outcomes and Accountability	85
Developing ways for operating across agency boundaries.	Bridging Organizational Cultures	81
Participants having full knowledge of the relevant resources in your agency.	Participants	81
Participants having the appropriate knowledge, skills, and abilities to contribute.	Participants	80
Ensuring all relevant participants are included from the participating agencies.	Participants	78
Agreeing on common terminology and definitions between agencies.	Bridging Organizational Cultures	74
Clarifying roles and responsibilities of participants.	Roles and Responsibilities	74
Participants having the ability to regularly attend activities of the collaborative mechanism.	Participants	74
Identifying a lead agency or individual.	Leadership	74
Articulating and agreeing to a process for making and enforcing decisions.	Roles and Responsibilities	59
Participants having the ability to commit relevant resources.	Participants	59
Having the means to recognize and reward accomplishments related to collaboration.	Outcomes and Accountability	56
Identifying how leadership will be sustained over the long term.	Leadership	44
Developing online tools or other resources to facilitate joint interactions.	Resources	41
Determining how the collaborative mechanism will be staffed.	Resources	41
Identifying if interagency funding is needed or permitted to fund the collaborative mechanism.	Resources	37
Developing ways to continually update or monitor written agreements.	Written Guidance and Agreements	37

Best practice	Category	Percentage of respondents rating practice *essential* or *very important*
Having a collaboration-related competency or performance standard against which individual performance can be evaluated.	Outcomes and Accountability	37
Tracking funds in a standardized manner if interagency funding is needed and permitted.	Resources	37
Having incentives available to encourage staff or agencies to participate.	Resources	33
Having the participating agencies document their agreement regarding how they will be collaborating.	Written Guidance and Agreements	33
Having compatible technological systems with the other agency.	Resources	26

Source: OIG analysis of questionnaire responses from 27 consumer financial education practitioners.

[a]The top 13 practices are set off from the rest by a heavy line.

Additional Practices of Practitioners Based on Lessons Learned

We also asked the consumer financial education practitioners to describe their own practices or lessons learned for effective interagency coordination based on their experience. The practitioners described practices that were not covered by GAO's list of practices. Additional practices identified included the following:

- Establish an agenda for interagency meetings.
- Ensure regular communication among all agencies involved in an initiative.
- Establish an agreed-upon cross-agency plan that identifies staff assignments and holds staff accountable for tasks and decisions.
- Establish a tool to actively track and maintain relationships, initiatives, and other elements for continuity of operations.

Risks to Interagency Coordination Identified by Practitioners

Through our benchmarking effort, we also asked practitioners to identify the risks or challenges they found most significant for effective interagency coordination. Responses from several agencies we interviewed described two inherent risks and challenges that could potentially hinder interagency coordination:

- A lack of staff availability and a limited number of staff members committed to consumer financial education may limit the effectiveness of an interagency effort.

- Unanticipated complexities navigating another agency's internal approval or clearance process could cause delays.

Perspectives on Duplication

Since 2011, GAO has been statutorily mandated to identify and report annually to Congress on federal programs, agencies, offices, and initiatives that have duplicative goals or activities.[10] GAO has noted from this work that duplication can hinder program performance and cause inefficiencies but also stated that duplication may be warranted at times based on the nature of the interagency effort.[11] As part of its annual reporting, GAO has stated that federal financial literacy programs and resources are spread widely among many federal agencies, raising concerns of potential duplication. While GAO has noted little evidence of duplication, the volume of federal agencies involved in financial literacy programs increases the risk of inefficiency and highlights the need for strong coordination of these efforts.

As part of the structured benchmarking interviews, we noted that practitioners from 9 of the 10 federal agencies have informal processes in place to assess the potential effect or possibility of duplication. Further, during our benchmarking conversations, practitioners from 3 of the 10 federal agencies stated that duplication is "not always a bad thing" when it comes to educating consumers. Having multiple federal agencies involved in financial literacy efforts can have certain advantages. In particular, agencies may have varied expertise and experience addressing specific issue areas or serving specific populations.

A recent initiative that was developed by Older Americans in collaboration with the SSA demonstrated coordination between agencies with similar expertise. Both parties agreed that Older Americans would provide an improved, user-friendly retirement planning tool that would incorporate the SSA's retirement calculations. This retirement planning tool is available on the CFPB's public website. Subsequent to our benchmarking effort, the Chairman of the Senate Banking, Housing, and Urban Affairs Committee and the Chairman of the Senate Budget Committee requested information from the CFPB about this retirement planning tool. The congressional letter specifically inquired about the accuracy of retirement estimates provided by the CFPB's retirement planning tool in comparison to the SSA's Quick Calculator.[12] The letter also included other questions, such as why the CFPB decided to develop a Social Security benefits planner when the SSA maintains a similar planning tool on its public website. In its response, the CFPB addressed these issues, including concerns regarding the accuracy of retirement calculations,[13] and also described a number of steps it took to avoid duplication with the SSA.

10. GAO has published a series of reports on duplication and cost savings; the most recent report is *2015 Annual Report: Additional Opportunities to Reduce Fragmentation, Overlap, and Duplication and Achieve Other Financial Benefits*, GAO-15-404SP, April 14, 2015.

11. U.S. Government Accountability Office, *Opportunities to Reduce Potential Duplication in Government Programs, Save Tax Dollars, and Enhance Revenue*, GAO-11-318SP, March 1, 2011.

12. The SSA's Quick Calculator estimates Social Security benefits based on information provided by the user. The Quick Calculator does not access earning records; instead, it estimates earnings based on the earnings history and date of birth provided by the user, which results in rough Social Security benefit estimates.

13. The OIG did not conduct testing on the individual CFPB and SSA initiatives as part of this evaluation, nor did we conduct additional testing in response to the congressional request.

Practitioners' Positive Insights on the Targeted Offices' Efforts

Overall, the practitioners viewed the CFPB's targeted offices favorably and provided examples to support their opinions. For example, a few practitioners noted that the targeted offices' authority granted under the Dodd-Frank Act provides the CFPB with a unique advantage compared to other federal agencies implementing consumer financial education initiatives. Additionally, practitioners said that the Dodd-Frank Act's authority provides the targeted offices with a more public-facing platform to better access targeted consumer groups. The comments below are paraphrased or quoted directly, as noted, from our interviews with the federal consumer financial education practitioners.

- The targeted offices' staff are a valuable asset for conducting consumer financial education. The targeted offices have "experienced staff who have worked in their particular field for many years and bring a wealth of information and substantive knowledge to projects."

- One of the biggest strengths of the targeted offices in the area of consumer financial education is their scope and the variety of outreach methods they use to reach vulnerable populations.

- The targeted offices provide "great leadership and [are] always communicating."

- "The CFPB is a young and flexible agency with increased maneuverability in the consumer financial education space."

- The targeted offices have reduced costs through coordination with other agencies that are attending the same conferences by sharing conference tables and promoting the partnering agency's products as well as their own.

Practitioners' Constructive Feedback on the Targeted Offices' Efforts

A few of the practitioners provided constructive feedback on how the targeted offices could improve their interagency coordination. The comments below were made by at least one practitioner from a federal agency and are paraphrased or quoted directly, as noted, from our interviews with the practitioners.

- The targeted offices could publish more research on the effectiveness of consumer financial education efforts. Specifically, it was stated that "with such limited resources available for research within consumer financial education, it is important for the CEE to share results with other agencies."

- The targeted offices add value and their "quest to pursue their goals" was noted; however, it was stated that the targeted offices should be mindful of federal agencies that serve the same demographic and remain focused on their mandate as a means to reduce potential duplication.

- The targeted offices can improve their communication methods by providing information and feedback that was agreed upon at the outset of the collaboration effort.

- The targeted offices can proactively share information to assist potential federal partners who may be unfamiliar with previous CFPB initiatives and the targeted offices' resources.

Targeted Offices' Processes Align With Certain Best Practices for Interagency Coordination and Mitigate Certain Risks

The four CEE targeted offices' interagency coordination processes align with the best practices identified as most important from our benchmarking with the 27 consumer financial education practitioners. Further, the targeted offices used methods to help mitigate risks that were identified by the practitioners. As noted by GAO, addressing as many of the identified best practices for interagency coordination as possible leads to more effective implementation of collaborative mechanisms, thereby improving the effectiveness of interagency coordination.

Targeted Offices' Coordination Processes Align With Certain Best Practices

We found that the targeted offices' coordination process steps align with the 13 GAO best practices rated as most important by the 27 practitioners in our benchmarking effort. To facilitate our review, we mapped the coordination process steps for each of the targeted offices to the identified GAO best practices through a series of interviews with the targeted offices' employees.

Targeted Offices Generally Follow the Same Coordination Process Steps

Through our discussions with employees in the CEE's four targeted offices, we identified the following steps that were common in their interagency coordination efforts:

- *Identify an initiative*. Consumer financial education initiatives are identified through various avenues, such as conversations with external collaborating entities (FLEC and EJCC), assessment of consumer complaints, additional research, internal conversations among CEE offices, and statutory mandates or congressional requests, among others.

- *Identify federal agency partners and discuss resources.* Federal partners are identified through various means, including interagency groups, federal mandates, and personally developed relationships. During this process, the targeted offices and federal partners discuss staff availability, staff time and expertise, and other components relevant to the specific coordinated effort. The targeted offices also consider mission alignment and commonalities with federal partners and identify the appropriate contacts.

- *Identify which agency will lead an initiative*. Federal agency partners agree on which agency should be the lead agency of an initiative. In choosing the lead, agencies take into account which agency initiated the consumer financial education effort and which agency has the available staff and the skills required to best take a leadership role.

- *Receive agreement from federal agency partners to coordinate*. Agreement to coordinate is mainly obtained by establishing the roles and responsibilities of the targeted offices and the federal partners and the milestones for the desired deliverables. This may be captured through either written or verbal agreements.

- *Implement the initiative*. The targeted offices and their federal partners work to complete their agreed-upon deliverables.

- *Monitor progress*. The targeted offices internally monitor their progress toward milestones and deliverables. Specifically, targeted offices' management is briefed on the status of the initiative. Further, the targeted offices have check-ins with federal partners to communicate progress. Generally, monitoring is done informally through emails, phone calls, or periodic in-person meetings.

- *Clearance process and completion*. The targeted offices follow internal guidelines regarding the clearance process prior to issuance of an initiative to the public and develop a plan with federal partners for disseminating and communicating the information to the public.

Although the four targeted offices follow these same general process steps, the way in which a step is conducted may vary by office. This variation can be due to the initiative's scope, the available staff members, and the expertise of the individuals involved.

Targeted Offices' Coordination Process Steps Align With GAO Best Practices

We found that the targeted offices' coordination process steps align with the 13 most important GAO best practices identified by the consumer financial education practitioners. Table 2 summarizes our assessment of how some of the targeted offices' process steps align with the identified best practices and provides specific examples of how the targeted offices demonstrated the best practices.

Table 2: Examples of How Some of the Targeted Offices' Coordination Process Steps Align With GAO Best Practices

Top 13 GAO best practices (grouped by GAO category)	Aligned targeted office coordination process step	Examples of specific initiatives that demonstrated the best practices
Bridging Organizational Cultures • Identifying the missions and organizational cultures of the participating agencies. • Identifying the commonalities between the participating agencies' missions and cultures and identifying potential challenges. • Developing ways for operating across agency boundaries. • Agreeing on common terminology and definitions between agencies.	Identify federal agency partners and discuss resources.	Financial Empowerment and DOL identified a commonality between their missions when planning an interagency effort to provide financial capability services to youth participating in various DOL employment programs.
Participants • Participants having full knowledge of the relevant resources in your agency. • Participants having the appropriate knowledge, skills, and abilities to contribute. • Participants having the ability to regularly attend activities of the collaborative mechanism. • Ensuring all relevant participants are included from the participating agencies.	Identify federal agency partners and discuss resources.	Older Americans and the SSA collaborated to create a "Planning for Retirement" tool and noted that the collaboration benefited from the competence of the individuals involved.
Leadership • Identifying a lead agency or individual. • Having roles and responsibilities clearly identified and agreed upon if leadership will be shared between one or more agencies.	Identify which agency will lead an initiative. Receive agreement from federal agency partners to coordinate.	Students coordinated with Education and Treasury to consult on the implementation of a presidential memorandum for a Student Aid Bill of Rights. Leadership was tasked to Education and Treasury, and Students understood its role as consultative.
Roles and Responsibilities • Clarifying roles and responsibilities of participants.	Receive agreement from federal agency partners to coordinate.	Servicemembers and DOL clarified their respective roles and responsibilities for the CFPB's Financial Coaching initiative in a memorandum of agreement.

Top 13 GAO best practices (grouped by GAO category)	Aligned targeted office coordination process step	Examples of specific initiatives that demonstrated the best practices
Outcomes and Accountability • Having short-term and long-term outcomes clearly defined.	Receive agreement from federal agency partners to coordinate.	Older Americans and the SSA agreed to build a “Planning for Retirement” tool to help consumers make an informed decision on when to claim social security benefits to maximize the benefit, as opposed to automatically claiming at the earliest possible age. The agencies discussed and documented the desired short-term and long-term outcomes of the initiative. Financial Empowerment and DOL collaborated on the Financial Capability and Youth Employment Programs and documented agreed-upon outcomes as well as the roles and responsibilities of the agencies involved.
Outcomes and Accountability • Tracking and monitoring progress toward short-term and long-term outcomes.	Monitor progress.	Servicemembers and DOL collaborated on the Financial Coaching initiative, establishing agreed-upon outcomes with specific dates for completion as well as deliverables. The partners verbally updated each other on progress made throughout the effort. Students, Treasury, and Education collaborated on the Joint Statement of Principles on Student Loan Servicing, establishing short-term and long-term milestones and monitoring progress through email and phone calls.

Source: OIG analysis.

Targeted Offices' Coordination Process Steps Align With Practitioners' Practices

We found that the targeted offices aligned with certain additional practices noted during benchmarking. Table 3 summarizes this alignment.

Table 3: Examples of How Some of the Targeted Offices' Coordination Process Steps Align With Federal Agencies' Practices

Federal agencies' practices	Aligned targeted office coordination process step	Examples of specific initiatives that demonstrated the best practices
Establish an agenda for interagency meetings.	Identify federal agency partners and discuss resources.	Servicemembers and the DOD stakeholders meet regularly to collaborate and discuss legal issues affecting servicemembers. Agendas are used in these meetings to guide this interagency coordination.
Ensure regular communication among all agencies involved in an initiative.	Monitor progress.	Older Americans demonstrated regular communication while collaborating with the SSA to develop a retirement tool. This effort required regular communication to ensure that each agency was able to contribute to the coordinated effort.
Establish an agreed-upon cross-agency plan.	Receive agreement from federal agency partners to coordinate.	Financial Empowerment demonstrated this practice by documenting each respective agency's roles and responsibilities in an initiative's work plan, which was shared with the partnering agency.

Source: OIG analysis of benchmarking data.

Targeted Offices Have Processes to Help Mitigate Identified Risks

As a part of this evaluation, we asked the targeted offices and the 27 practitioners included in our benchmarking effort about risks and challenges that could affect interagency coordination. The practitioners identified risks that occur with coordination generally and that are not specific to coordination with the targeted offices. In addition to the risks identified from benchmarking efforts, the targeted offices identified two additional risks—receiving commitment on milestones and deliverables, and turnover of staff involved with the collaborative effort. We found that the targeted offices have processes in place to mitigate these risks.

- *Limited staff availability.* The targeted offices mitigate the challenge of limited staff availability by coordinating with federal partners and leveraging their available staff. The targeted offices also identify the expertise needed for their initiatives and leverage the skills, knowledge, and expertise of other federal agencies.

- *Delays caused by complex internal approval processes.* The targeted offices cannot control the internal approval process of their federal partners; however, the targeted offices have established guidelines for their own clearance process to promote efficiency.

- *Duplicative efforts.* The targeted offices aim to avoid the negative aspects of duplication by staying abreast of the consumer financial education activities of other federal agencies through regular communication with the federal agencies involved in consumer financial education; interagency groups, such as FLEC and EJCC; and the CEE’s own research efforts.

- *Receiving agreement on milestones and deliverables*. One targeted office uses a work plan to define and document agreed-upon milestones and deliverables. The remaining offices confirm milestones and deliverables with their federal partners through emails, conversations, and periodic in-person meetings. During our benchmarking, other agencies also noted that milestones and deliverables were communicated through similar means.

- *Turnover of staff involved with the collaborative effort.* The targeted offices mitigate this risk by establishing communication with employees at various levels in the federal agency partner, from staff members to senior leadership. Maintaining communication with employees at multiple levels within the federal partner minimizes the risk of losing the time it would take to reestablish communication if a particular point of contact leaves the partnering federal agency.

Suggested Tools That May Improve the Targeted Offices' Coordination Efforts

Although we found that the targeted offices' coordination processes align with GAO's and the practitioners' best practices, we identified some tools to enhance interagency coordination efforts that the targeted offices did not use. These tools could enhance the targeted offices' monitoring efforts, help them further mitigate duplication, and provide a framework for coordination.

Tracking Tools May Help the Targeted Offices Manage Interagency Coordination

Several of the practitioners we interviewed maintained a tracking tool for interagency coordination efforts. One agency uses a software package to track work plans, agency contact information, and contents of discussions that occur throughout the coordination process. Two other agencies maintain internal tracking documents that serve as a relationship inventory of who the agencies are coordinating with at any given time.

While Older Americans maintained a stakeholder inventory of the practitioners at the federal agencies, the other targeted offices do not keep such a list. Rather, each individual office meets regularly with CEE management and the other targeted offices to discuss coordination efforts, so that federal partnerships are well known within the CEE. Such meetings notwithstanding, the use of a tracking tool would establish a record that can be shared throughout the CEE offices, could potentially help identify additional opportunities for coordinated efforts, and could alleviate knowledge gaps in the event of staff turnover.

A Formalized Approach for Avoiding Duplication May Help the Targeted Offices Manage Potential Risks

GAO notes that federal financial literacy resources are spread across multiple agencies and that some agencies have overlapping goals and activities, "raising the risk of inefficiency and underscoring the importance of coordination" to minimize the risk of duplication.[14] As noted, we found that the targeted offices try to mitigate the risk of unwanted duplication, including ensuring communication with appropriate levels in the federal partners and leveraging FLEC to identify potential areas of duplication. In addition, during the initiative identification process, targeted offices conduct research to determine whether the initiative already exists.

Although the targeted offices work to reduce unnecessary duplication, the offices do not employ a consistent approach. We suggest that the targeted offices consider implementing a standard approach that all offices use to address this potential risk. Such an approach may help the targeted offices to better address potential risks related to unnecessary duplication.

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14. U.S. Government Accountability Office, *Financial Literacy Overview of Federal Activities, Programs, and Challenges*, GAO-14-556T, April 30, 2014.

Implementing Policies on Interagency Coordination May Provide a Framework for Interagency Efforts

We noted that the targeted offices have a draft policy that will provide guidance on when an MOU is required for interagency coordination. This draft policy identifies GAO best practices as factors to consider when drafting an MOU. Practitioners from one of the federal agencies we consulted in our benchmarking indicated that the agency had a formal policy regarding interagency coordination. As the CEE finalizes its draft policy on when to use an MOU, we suggest that it consider expanding the policy to cover formal and informal types of interagency coordination. We further suggest that the policy incorporate GAO best practices, as GAO found that employing best practices for interagency coordination enhances the coordination's effectiveness.

Management's Response

In response to our draft report, the Associate Director for Consumer Education and Engagement noted her appreciation for the benchmarking efforts we performed and said that those efforts would further support the CFPB's work across the federal government. In addition, the Associate Director stated that she welcomed our identification of tools and approaches that may further enhance the targeted offices' coordination efforts.

Appendix A
Scope and Methodology

To accomplish our objectives, we reviewed sections of the Dodd-Frank Act to gain an understanding of the authorities and coordination requirements for the CEE's targeted offices. We relied on relevant reports from GAO that identified interagency coordination best practices. We also reviewed the CEE's clearance guidelines and memorandum clearance process, the CEE's quarterly performance reports, MOUs between the CEE and other federal agencies, the CEE's 2015 operating plan, the CEE's strategic plan, and the *CFPB Strategic Plan, Budget, and Performance Plan and Report*. In addition, we reviewed correspondence between the CEE and its federal partners, the frameworks and work plans for the targeted offices' initiatives, project plans, and deliverables with milestone dates.

We limited our scope to coordination activities with federal agencies, even though the targeted offices coordinate with a broad range of governmental, private, and nonprofit entities. We selected 10 federal agencies because their consumer financial education coordination efforts are similar to those of the targeted offices. These 10 agencies are the National Credit Union Administration, the Federal Trade Commission, the SSA, the Securities and Exchange Commission, the Federal Deposit Insurance Corporation, the Board of Governors of the Federal Reserve System, DOL, DOD, Education, and the U.S. Department of Housing and Urban Development. We judgmentally selected these 10 agencies based on publicly available information. These 10 agencies do not represent all the federal partners with whom the CEE coordinates on consumer financial education initiatives or programs. Further, we did not test the outcomes of the coordination activities between the targeted offices and their federal partners.

We interviewed CEE senior officials and staff members, GAO officials, and practitioners from 10 federal agency partners. We met with Treasury officials to discuss their role in FLEC and the influence FLEC has on its members to coordinate with each other on consumer financial education topics. We attended a public FLEC meeting and observed officials representing federal agencies coordinating with each other in that setting. We also met with a U.S. Department of Justice official as a representative of the EJCC to discuss the EJCC's role and its level of coordination with Older Americans.

We interviewed practitioners from the targeted offices' federal partners to discuss the GAO best practices, to obtain insights on targeted offices' interagency coordination, and to identify opportunities to strengthen the effectiveness of the CEE's interagency coordination efforts. In addition, we developed a questionnaire in which the 27 practitioners from the 10 federal agencies rated the most relevant GAO best practices for interagency coordination. We analyzed the questionnaire responses to assess the relative importance of the practices within the consumer financial education field. We considered the most relevant practices to be those that received an *essential* or *very important* rating.

We conducted our fieldwork from August 2015 to February 2016. We performed our evaluation in accordance with the *Quality Standards for Inspection and Evaluation* issued in January 2012 by the Council of the Inspectors General on Integrity and Efficiency.

Appendix B
Questionnaire Results

To accomplish our objectives, we conducted benchmarking research with 27 consumer financial education practitioners from 10 federal agencies. As part of our benchmarking, the practitioners completed a questionnaire to rate the most relevant best practices for interagency coordination. The aggregated results from the 27 questionnaires that show the relative significance of each GAO best practice are presented in table B-1.

Table B-1: Compiled Ratings of 27 Consumer Financial Education Practitioners for GAO's 26 Best Practices

GAO best practice, by category	Essential	Very important	Important	Slightly important	Not important
Outcomes and Accountability					
A. Having short-term and long-term outcomes clearly defined.	14	9	3	0	1
B. Tracking and monitoring progress toward short-term and long-term outcomes.	12	11	3	1	0
C. Having a collaboration-related competency or performance standard against which individual performance can be evaluated.	1	9	8	7	2
D. Having the means to recognize and reward accomplishments related to collaboration.	2	13	4	7	1
Bridging Organizational Cultures					
E. Identifying the missions and organizational cultures of the participating agencies.	16	8	2	1	0
F. Identifying the commonalities between the participating agencies' missions and cultures and identifying potential challenges.	11	12	4	0	0
G. Developing ways for operating across agency boundaries.	12	10	4	1	0
H. Agreeing on common terminology and definitions between agencies.	8	12	2	5	0
Leadership					
I. Identifying a lead agency or individual.	9	11	5	0	2
J. Having roles and responsibilities clearly identified and agreed upon if leadership will be shared between one or more agencies.	10	13	1	2	1
K. Identifying how leadership will be sustained over the long-term.	4	8	7	6	2
Roles and Responsibilities					
L. Clarifying roles and responsibilities of participants.	10	10	6	1	0

GAO best practice, by category	Essential	Very important	Important	Slightly important	Not important
M. Articulating and agreeing to a process for making and enforcing decisions.	8	8	9	2	0
Participants					
N. Ensuring all relevant participants are included from the participating agencies.	8	13	4	2	0
O. Participants having full knowledge of the relevant resources in your agency.	8	14	4	0	1
P. Participants having the ability to commit relevant resources.	12	4	8	3	0
Q. Participants having the ability to regularly attend activities of the collaborative mechanism.	8	12	5	2	0
R. Participants having the appropriate knowledge, skills, and abilities to contribute.	8	12	2	3	0
Resources					
S. Identifying if interagency funding is needed or permitted to fund the collaborative mechanism.	4	6	14	2	1
T. Tracking funds in a standardized manner if interagency funding is needed and permitted.	3	7	10	4	3
U. Determining how the collaborative mechanism will be staffed.	6	5	11	5	0
V. Having incentives available to encourage staff or agencies to participate.	3	6	6	10	2
W. Having compatible technological systems with the other agency.	3	4	11	4	5
X. Developing online tools or other resources to facilitate joint interactions.	2	9	9	6	1
Written Guidance and Agreements					
Y. Having the participating agencies document their agreement regarding how they will be collaborating.	1	8	8	9	1
Z. Developing ways to continually update or monitor written agreements.	1	9	8	8	1

Source: OIG analysis of questionnaire responses. Two individuals did not have a response for statement R.

Appendix C
Management's Response

1700 G Street, N.W., Washington, DC 20552

July 13, 2016

Ms. Melissa Heist
Associate Inspector General for Audits and Evaluations
Board of Governors of the Federal Reserve System and
Consumer Financial Protection Bureau
20th and Constitution Avenue NW
Washington, D.C. 20551

Dear Ms. Heist,

We appreciate the opportunity to respond to the report entitled *The CFPB's Coordination for Targeted Consumer Financial Education Aligns with Best Practices and Can Benefit from Federal Partner Insights.*

The report describes the results of an evaluation of the interagency coordination between the CFPB's Consumer Education and Engagement Division's targeted consumer population offices and other federal agencies. We are pleased that your evaluation found that these coordination efforts align with interagency coordination best practices and that the offices have processes in place to help mitigate risks related to interagency coordination. We also welcome your identification of tools and approaches that may further enhance these coordination efforts.

More broadly, we appreciate the benchmarking process that your team undertook as part of this evaluation. This benchmarking combined the Government Accountability Office's best practices for interagency coordination with the views of federal government agency staff, and it identified those coordination practices that are the most important to coordination of work in consumer financial education. As the report states, consumer financial education is a critical component of the CFPB's mandate. Our work with other federal agencies is described in this report, including the CFPB's role as Vice-Chair of the Financial Literacy and Education Commission and other initiatives. This cooperative work is integral to our success in fulfilling our consumer financial education mandate. The benchmarking effort described in this report will further support our work across the federal government to increase consumers' financial capability in order to help individuals and families to reach their own life goals.

Thank you for your insights and observations.

Sincerely,

Gail Hillebrand
Associate Director for Consumer Education and Engagement
Consumer Financial Protection Bureau

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Office of Inspector General
Board of Governors of the Federal Reserve System
Consumer Financial Protection Bureau

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