

SEFL Organizational Review Decisions Information

During my tenure as Associate Director, I have been continually impressed by your dedication to the Bureau's mission of promoting fair and transparent consumer financial markets and protecting consumers as well as by the quality of work and effort that you deliver each and every day in order to protect the American people. I want to thank you for that commitment and, in particular, for your perseverance through such an uncertain and challenging time.

I have also noticed opportunities for improvement: achieving more effective and consistent coordination and collaboration across our component offices; working more closely as a team with a unified strategy; and generally executing more efficiently. These were some of the goals I brought to the SEFL Organizational Review when it kicked off in February of this year.

As this review took shape, I made a conscious decision to ensure that all SEFL staff had multiple opportunities to provide feedback directly. It was very important to both the Director and me that the foundation of this effort come from you; we wanted to ensure we considered what *you* thought was working well and wasn't, and how *you* thought SEFL could improve.

Thus, we launched an extensive data gathering effort that consisted of a SEFL-wide survey, interviews with SEFL leadership and Bureau stakeholders, and focus groups that engaged directly with SEFL staff. We heard from 63% of you through the survey, a remarkable response rate that demonstrates just how many SEFL voices sought to be heard. In interviews, we heard from 59 SEFL managers representing every SEFL component office and region. And in the focus groups, which were open to everyone in SEFL, we talked with more than 120 SEFL staff who candidly shared their perspectives. Thank you to everyone who participated in this effort and for the high-quality feedback you provided.

In addition to the above data gathering, the Assistant Directors of ENF, OSE, and OSP all submitted materials in which they articulated what they identified as SEFL's improvement opportunities as well as how they recommended addressing those opportunities.

Lastly, I requested that the working group consult with academic sources related to organizational design; the working group, in consultation with OHC, synthesized more than 20 academic sources into a research paper for my review.

Based on all of this information, I made specific recommendations to the Director, which she approved. While these changes will affect the way we do our work, and will improve how we serve the American public, I want to note that **each and every one of you will be staying in SEFL and will have a job at the same pay band and with the same pay, and some promotional opportunities may be available.** Some of these changes will require bargaining with NTEU over impact and implementation.

The Director's approval of my recommendations resulted in the decisions listed below. Brief information supporting each decision is included below as well as relevant notes concerning certain positions. Please refer to the Supplemental Information Attachment for more relevant information that informed these decisions. Please also review the attached notional future state organizational charts that reflect these decisions at your convenience.

I. Overall SEFL Structure

The Bureau will create the Office of SEFL Policy & Strategy (OSPS), disband the Office of Supervision Policy (OSP), rename the Office of Supervision Examinations (OSE) to the Office of Supervision (SUP), and establish a SEFL Operations Section (SEFL OPS) to deliver operations services SEFL-wide, resulting in the following SEFL offices and section:

- Supervision, Enforcement and Fair Lending Front Office (SEFL FO)
 - SEFL Operations Section (Reports to the Deputy Associate Director in the SEFL FO)
- Office of Enforcement (ENF)
- Office of SEFL Policy & Strategy
- Office of Supervision

This reorganization allows for more effective and consistent delivery of policy, strategic planning, tool choice and operational/administrative functions SEFL-wide. The centralization of these functions will increase efficiency, promote role clarity, reduce friction, establish consistency in policy and strategic outcomes SEFL-wide, and leverage existing expertise across SEFL.

II. Office of SEFL Policy & Strategy

Most of OSP (except some administrative/operational staff transitioning to SEFL OPS and some staff from the Compliance Technology Supervision Support Team relocating to SUP), OSE HQ's Reporting Analytics, Monitoring, Prioritization and Scheduling (RAMPS) Team, and Enforcement's Policy and Strategy Team (ENF PST) personnel and functions will be moved to the Office of SEFL Policy & Strategy to concentrate all SEFL policy and strategic functions into one organizational unit. OSPS will be organized by Institution Product Line (IPL), mirroring the current distribution of subject matters in OSP. ENF PST attorneys will be reassigned onto IPL teams and will have the opportunity to express preferences with respect to the IPLs. They will also be able to compete for five of the six IPL Manager roles and the second Deputy Assistant Director position. Each IPL Manager will report directly to the Principal Deputy Assistant Director of OSPS while RAMPS and other cross-coordination staff will report to a second Deputy Assistant Director of OSPS.

The Office of SEFL Policy & Strategy will assume responsibility for the following functions critical to the effectiveness of SEFL:

- Tool-Choice Processes/Recommendations (e.g., ARC, Triage)
- Triage process remains the same for discretionary supervisory events (e.g., Type 20s, etc.) with negative option for OSPS for discretionary supervisory events that would not otherwise enter triage
- Management of Clearance
- Policy/Legal Issue Analysis and Determinations
- Exam Support (e.g., Coordination with the Legal Division and Office of Regulations, Novel/Complex Legal Issues from Examinations, etc.) with the exception of training in support of examinations (which will move to SEFL OPS)
- Supervisory Highlights
- Prioritization/Strategic Planning (ENF and SUP)
- Approval of RAMs and OIMs originating from ENF

Tool Choice determinations and processes were identified as a critically important issue throughout the SEFL organizational review. The relocation of most of OSP (with the exception of certain administrative/operational staff), RAMPS, and ENF PST personnel and functions, and specifically those functions listed above, into OSPS will allow for:

- The centralization and streamlining of critical tool-choice decisions, thereby reducing friction and promoting efficiency across SEFL.
- The establishment of a consistent and unified SEFL approach to policy and strategic planning across both enforcement and supervision tools, which will also allow SEFL to more effectively interface with other Bureau stakeholders when coordinating across policy matters, including, for example, the Research, Markets & Regulations Division; the Office of Fair Lending and Equal Opportunity; and the Legal Division.
- Increased role clarity across SEFL.
- The preservation of the expertise of the affected staff.

Position Notes:

- **OSPS Assistant Director:** Peggy Twohig will be reassigned from Assistant Director of OSP to Assistant Director of the Office of SEFL Policy & Strategy.
- **OSPS Principal Deputy Assistant Director:** Alice Hrdy will be reassigned from Principal Deputy Assistant Director of OSP to the Principal Deputy Assistant Director of Office of SEFL Policy & Strategy.
- **OSPS IPL Managers and Deputy Assistant Director:** [REDACTED] will be reassigned to the Originations IPL Manager position. The other IPL Manager positions, as well as the other Deputy Assistant Director position, will be competed with only impacted employees eligible to compete.

III. Office of Enforcement & Office of Supervision Functions

The Office of Enforcement and the Office of Supervision will retain the following functions respectively:

- **Office of Enforcement:** Litigation & Litigation Support (except e-Law Litigation Support which will move to SEFL OPS); Investigations; and Monitoring & Compliance of Non-Supervised Entities under Consent Order.
- **Office of Supervision:** Supervisory Activity (e.g., Examinations, Continuous Monitoring, and other supervisory contacts); Monitoring & Compliance of Supervised Entities under Consent Order; and Nationwide Multistate Licensing System & Registry (NMLS) and Interstate Land Sales (ILS).

The retention of these functions in their current organizational units will allow for the effective execution of a unified SEFL strategy developed by the OSPS under the direction of the SEFL Associate Director. It also limits the scope of any potential disruption caused by the recommended structural and functional reorganization. Furthermore, it does not overburden the new OSPS with functions better and more efficiently performed by line attorneys in ENF and/or commissioned examiners in SUP. The NMLS and ILS functions are being retained in SUP to minimize disruption and because they are regulatory in nature, similar to a licensing function.

Additionally, I will instruct the newly constituted OSPS to develop recommendations for me to further improve tool-choice decision making, prioritization, strategic planning, and coordination both across the regions and SEFL overall. In this way, OSPS will serve as the primary input to my decision-making on the use of the enforcement and supervision tools. ENF and SUP are thus tasked solely with executing against my policy and strategy decisions based on the recommendations from the new OSPS. In addition, this proposal eliminates the second deputy position in OSE.

Position Notes:

- **Office of Enforcement:** There are no structural or positional changes in the Office of Enforcement with the exceptions of the relocation of the Enforcement Policy & Strategy team to the Office of SEFL Policy & Strategy and the relocation of the e-Law Litigation Support Team, ENF training personnel, and ENF RMO/AO resources to SEFL OPS. Tom and Cara will continue their tremendous leadership as Assistant Director and Principal Deputy.
- **Office of Supervision:** There are two important notes regarding the leadership of the Office of Supervision.
 - **Assistant Director:** Given the retirement of former OSE Assistant Director Paul Sanford, the new Office of Supervision Assistant Director position will be competed. SEFL leadership is working with OHC to post for the position as soon as possible.
 - **Deputy Assistant Director:** There will no longer be two deputies in the Office of Supervision. Instead, a revised role will be developed and will serve as the sole deputy in the Office of Supervision. This position will be at the CN-81 level and competed internal to SEFL.

IV. SEFL Operations Section

The Bureau will consolidate all SEFL operational and administrative functions into a single organizational unit, called the SEFL Operations Section (SEFL OPS), which will report to the Deputy Associate Director in the SEFL FO. The unit will consist of e-Law Litigation Support and ENF training personnel from ENF; Supervision Learning & Development, the OSE Management & Strategy Team, and the OSE Systems Team, except the NMLS and ILS Teams from OSE; and the RMOs/AOs from all SEFL component Offices except for the regions. SEFL OPS will be tasked with the following core, operational duties for all of SEFL:

- Audit & Enterprise Risk Management Functions
- Budget
- Human Capital
- Internal & External Operating Metrics
- Learning & Development (including Examiner Commissioning)
- Procurement
- Technology & Data Management (including Records Mgmt., Privacy, Knowledge Mgmt., etc.)
- Administrative and operational support in the Regions will continue to report to their respective Regional Directors and they will have an informal reporting relationship to the new SEFL Operations Section.

Position Notes:

- **SEFL Operations Section Chief:** This position will manage the new SEFL OPS organizational unit and will report directly to the Deputy Associate Director of SEFL. This position will be competed internal to SEFL.
- **SEFL Operations Learning & Development Lead:** This position will manage a SEFL-wide Learning & Development strategy and team. [REDACTED] will be reassigned into this position.
- **SEFL Operations Support Lead:** This position will manage a centralized team of SEFL AOs and RMOs. [REDACTED] will be reassigned into this position. I have requested that [REDACTED] submit to me an organizational plan for his team, and any manager positions in [REDACTED] unit will be competed across his unit.
- **SEFL Operations Technology & Data Management Lead:** This position will manage technology and data across the SEFL division. [REDACTED] will be reassigned into this position. [REDACTED] will be reassigned to SEFL OPS to continue leading the e-Law Litigation Support team under [REDACTED].

Under the Director's leadership, we have stressed the importance of division-level accountability for operational/administrative functions across the Bureau's divisions, including those functions outlined above. This decision will improve, strengthen, and unify the delivery of these functions throughout SEFL by consolidating them into a single centralized unit, allowing for efficiencies of scale and opportunities to improve our current processes and service delivery. Additionally, SEFL FO management will allow for a greater degree of oversight and visibility into the operation of these functions.