

## **Criteria for Use of Civil Penalty Fund Monies for Consumer Education and Financial Literacy Programs**

Section 1017(d)(2) of the Consumer Financial Protection Act of 2010 (CFPA) authorizes the Bureau to use Civil Penalty Fund (CPF) money for consumer education and financial literacy programs in certain circumstances. This provision of the CFPA presents the opportunity to increase the effectiveness of financial education in the U.S. in helping and motivating consumers to make sound financial decisions that serve their own financial goals. The CFPB has identified criteria that will help CFPB fulfill its statutory mission when utilizing CPF monies to award contracts for consumer education and financial literacy programs.

Subject to the requirements of the Federal Acquisition Regulation (FAR) and in consultation with technical and program experts and cross-Bureau staff, the Contracting Officer may incorporate into individual procurements criteria that demonstrate the following:

### **Contractor and Contract Requirements:**

- Proven track record of
  - (a) direct service in consumer education or financial literacy – which may include financial capability – to a general or targeted population; or
  - (b) providing evaluative services that can assess the effectiveness of direct-service consumer education or financial literacy programs; or
  - (c) providing technical services that can support direct-service consumer education or financial literacy programs;
- Proven track record with similar type projects or demonstrated capacity to conduct program;
- Demonstrated
  - (a) knowledge/understanding of
    - (i) products and services available in the financial services marketplace, or financial challenges or financial decision-making challenges for consumers; and
    - (ii) to the extent applicable, any targeted population to be served; or

- (b) expertise in providing evaluative services that can assess the effectiveness of consumer education or financial literacy programs; or
- (c) expertise in providing technical services that can support consumer education or financial literacy programs;
- Sufficient financial and other information to demonstrate the soundness of the contractor’s accounting system and “responsibility” of the contractor;
- Neither the organization nor any related entity has been found to have violated any federal consumer financial law in any Bureau enforcement action; and
- The contract will include limitations on a contractor’s rights to use any products generated under its contract to achieve financial gain independent of the CFPB contract.

Program Requirements:

- Promotes and enhances economic security of consumers;
- Includes specific outcome targets;
- Promotes and enhances financial literacy;
- Furthers the Bureau’s mission and strategic goals;
- Has a duration of one to three years;
- Effectiveness data (if any) that is generated from the work will be made available to others in the financial education community; and
- Does one of the following:
  - Develops decision-making skills;
  - Facilitates the removal or breaking down of economic barriers for consumers to access financial products and/or services; or
  - Promotes and/or enhances opportunities for savings.

OR

- Evaluates the effectiveness of programs that meet the foregoing program requirements.

● OR

- Provides technical services to support programs that meet the foregoing program requirements.

*Additional Program Factors:*

- Includes an evaluation component to ensure the work's effectiveness in increasing financial literacy or consumer access to appropriate financial products or services, or provider has evidence of such effectiveness;
- Is promising for future replication and/or can be sustained beyond the program period;
- Has empirically based reasons to predict successful outcomes;
- Addresses the needs of one or more at-risk populations;
- Incorporates sensitivities to specific cultural, linguistic, or demographic characteristics;
- Enhances opportunities for asset building, such as increasing savings, for lower income households; or
- Has as its primary purpose to serve consumers/improve consumer outcomes.