

STATEMENT OF LIZA A. STRONG
Before the Committee on Financial Services
Oversight and Investigations Subcommittee
U.S. House of Representatives

May 21, 2014

Good morning Chairman McHenry, Ranking Member Green, and members of the Subcommittee.

My name is Liza Strong, and I am the Lead of Labor and Employee Relations at the Consumer Financial Protection Bureau. I have held that position since July 2011. Prior to joining the Bureau, I worked in the Office of Thrift Supervision, and prior to that, at the Federal Aviation Administration. I have significant experience in federal government personnel matters. I am appearing today to make this brief statement and answer your questions pursuant to the Subcommittee's subpoena, dated May 8, 2014.

It has been, and continues to be, my pleasure to work as a public servant. In particular, I am proud to be part of the work the Bureau is doing to protect American consumers. I believe the Bureau's mission—to make markets for consumer financial products and services functional and safe—is very important.

That is why I am deeply troubled by allegations about discrimination at the Bureau. On March 6, 2014, American Banker published an article alleging racial disparities in the Bureau's performance evaluations. Additionally, on April 2, 2014, this Subcommittee heard testimony from Ms. Angela Martin, a Bureau employee, and Ms. Misty Raucci, a contractor, alleging discrimination. Those allegations are not consistent with what I have observed during my time at the Bureau.

The performance review information reported by American Banker was compiled by the Bureau at the request of the National Treasury Employees Union, the union that represents Bureau employees. It is part of my job to facilitate responses to NTEU requests for information, which I did in this case. It is not part of my job to actually collect the information or evaluate or assess the data requested. Instead, my office serves as a conduit for the requests. Although I have not been involved in the Bureau's assessment of the data, I am aware that the Bureau was analyzing

the performance review information for signs of disparate impact even before American Banker published its story.

I do not have a role in addressing any performance review process issues that may have occurred in the past. My role in revising the performance review process is limited to helping negotiate the Bureau's collective bargaining agreement with the NTEU going forward. In that context, Director Richard Cordray asked me to facilitate an open dialogue with the NTEU about its vision for performance management, which I have done. During recent contract negotiations, the NTEU presented its own plan for the performance review process, which the Bureau has now accepted. Our cooperative efforts with the NTEU will continue through a working group focused on ensuring that the performance review process at the Bureau is fair and effective.

In addition to working with the NTEU, I also manage investigations of individual employee grievances. Employee grievances are separate from EEO complaints, which are handled by a different office. My office is currently handling numerous employee grievances. The grievances involve a variety of issues, with a relatively small number alleging any sort of discrimination. We take all grievances very seriously, and fully investigate each one.

Angela Martin's grievance was no different. When Ms. Martin first alleged mistreatment by one of her peers, my office undertook a thorough investigation that included numerous interviews and the collection of signed statements. We did not find evidence to corroborate Ms. Martin's allegations, but still took a number of proactive steps to address Ms. Martin's concerns. These included providing a coach for Ms. Martin's co-worker, which he readily accepted, recommending that roles and responsibilities be clarified, and encouraging Ms. Martin and her co-worker to engage in mediation. While Ms. Martin's co-worker was willing to engage in mediation, Ms. Martin declined that opportunity. Meanwhile, two of Ms. Martin's direct reports raised serious concerns about Ms. Martin's management style. They complained of abuse that justified their temporary re-assignment to another supervisor.

When Ms. Martin alleged retaliation by her manager, in part because two of her reports were temporarily reassigned, we took that complaint equally seriously. I engaged what I thought at the time was a competent, independent third-party to investigate Ms. Martin's retaliation claim—Defense Investigators Group. What I received in return from DIG, and Ms. Raucci specifically, was an incomplete work product that did not meet the goals set forth in DIG's own statement of work. Ms.

Rauci's investigation did not meet even minimal standards. For example, she failed to obtain signed statements from the people she interviewed, did not provide Ms. Martin's supervisor a full opportunity to respond to the allegations against him, and did not provide sufficient documentation to support her conclusions. The President of DIG conceded that Ms. Rauci's work was unacceptable, and, in many respects, did not address the allegations she was supposed to investigate. After giving Ms. Rauci a chance to correct the issues, I received a second investigation report that was no better than the first one. Ms. Rauci and DIG failed to address any of the problems with the previous report. The Bureau is working to fill the gaps left by the DIG report.

Throughout this time, the Bureau worked very hard to accommodate Ms. Martin's demands. In addition to paying Ms. Martin a monetary settlement, on at least two occasions the Bureau essentially created positions for her, in two different divisions, at the same pay and grade. We put significant effort into designing each position according to Ms. Martin's specifications. She declined one of them outright, and is now dissatisfied with the other. I feel that the Bureau went to great lengths to help Ms. Martin get to a place where she could be happy and productive.

For nearly a year and a half, I kept an open-door policy with respect to Ms. Martin, and always made myself available to assist her however I could. I have never witnessed management be anything but professional and accommodating to her. I was surprised when, during the April 2 hearing, it was alleged that I attempted to influence DIG's conclusions. I have never done that, and in fact, the allegation does not make sense. Had I wanted to pre-determine the outcome of the investigation, I would not have outsourced it. Although these allegations against me are not true, in order to maintain the integrity of the investigation into Ms. Martin's claims, I recused myself after the April 2 hearing and turned over my investigation file to a co-worker. I am no longer involved, but it is my understanding that the investigation is ongoing.

As a woman and a minority, I am sensitive to the issues that have been raised about discrimination at the Bureau. But I honestly believe that the Bureau cares about treating its employees fairly. I know I do. My team and I work hard to give each grievance the attention it requires to achieve a good and just outcome for everyone involved. I also know that the Bureau is taking these allegations very seriously. The Bureau is focused on correcting any problems that may have occurred in the past, and is dedicated to preventing any discrimination, either intentional or unintentional, in the future.

In addition to the previous submission and supporting documentation I provided to the Subcommittee, I look forward to the opportunity today to deliver a more complete picture of these issues. I am happy to answer any questions you may have.