

Floor Statement by U.S. Senator Charles E. Grassley
Nomination of Richard Cordray/
Creation of a Consumer Financial Protection Bureau Inspector General
Tuesday, July 16, 2013

Mr. President, during the debate over the budget, Dr. Coburn and I offered an amendment to create a separate and independent Inspector General within the Consumer Financial Protection Bureau (CFPB).

We introduced this amendment because, thanks to a quirk in Dodd-Frank, the CFPB is the only major federal agency without its own Inspector General.

Dodd-Frank created the CFPB, but it did not create a CFPB-specific Inspector General.

Instead, because Dodd-Frank funded the CFPB through the Federal Reserve, the CFPB ended up sharing an Inspector General with the Federal Reserve.

This created a problem.

Right now, the CFPB's Inspector General has a split role.

He serves as both the Inspector General for the Federal Reserve and the CFPB.

This creates confusion and a battle for resources.

In fact, the Inspector General has already had to create two separate audit plans.

He also has had to hire employees that can oversee both the Federal Reserve and the CFPB.

The end result is an office split by two very important, but very different priorities.

Dodd-Frank created the CFPB within the Federal Reserve in order to fund the Bureau without having to use Congressional appropriations.

This was a marriage of convenience.

The CFPB's function is very different from the Federal Reserve.

Despite this, years after Dodd-Frank was passed, this unique situation remains.

My concern is that if you have one Inspector General trying to cover two different entities, the end result is that neither gets fully overseen.

Since the passage of the Inspector General Act of 1978, Congress has believed that each department and agency needs its own independent Inspector General.

This has been a longstanding bipartisan position.

Currently, there are 73 Inspectors General in every single cabinet level department and almost all independent agencies.

Even small independent agencies like the Federal Maritime Commission and the National Science Foundation have their own IGs.

If each of these agencies has its own independent Inspector General, shouldn't the CFPB?

So far, the Majority has opposed common sense changes like this to the CFPB.

During the budget debate, when Dr. Coburn and I introduced the amendment to create a CFPB specific IG, the majority would not allow it to be brought up for a vote.

The position I heard over and over was that the Majority did not want to re-litigate Dodd-Frank.

I did not hear any concerns related to the merits of my proposal.

Our amendment wasn't about re-litigating anything.

It is about creating accountability and oversight at the CFPB.

Because the CFPB is funded directly by the Federal Reserve, there are few if any Congressional oversight checks on the CFPB.

That makes an independent Inspector General even more important.

Right now, Mr. Cordray's nomination is the only tool the Senate has to create transparency and accountability within the CFPB.

As we consider this nomination, I hope we will remember that and consider the Senate's role in overseeing the CFPB and what steps we can take to make the CFPB more transparent and more accountable to the American people.