



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

January 15, 2014

H.R. 3519 **Bureau of Consumer Financial Protection Accountability and Transparency Act of 2013**

As ordered reported by the House Committee on Financial Services on November 21, 2013

SUMMARY

Under current law, the Bureau of Consumer Financial Protection (CFPB) operates as an autonomous agency within the Federal Reserve System (FRS) with its operating costs funded from FRS earnings. H.R. 3519 would establish the CFPB as an independent agency (outside of the FRS) subject to the annual appropriations process; the bill would authorize the appropriation of funds for fiscal years 2014 and 2015 to cover the agency's cost of operations.

CBO estimates that enacting H.R. 3519 would reduce direct spending by \$6.1 billion over the 2014-2023 period. Pay-as-you-go procedures apply because enacting the legislation would affect direct spending. Enacting the legislation would not affect revenues.

In addition, CBO estimates that implementing H.R. 3519 would cost \$730 million over the 2014-2016 period, assuming appropriation of the necessary amounts to operate the CFPB for part of 2014 and all of 2015.

H.R. 3519 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would not affect the budgets of state, local, or tribal governments.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 3519 is shown in the following table. The costs of this legislation fall within budget function 370 (commerce and housing credit).

	By Fiscal Year, in Millions of Dollars												2014-	2014-
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2019	2024	
CHANGES IN DIRECT SPENDING														
Estimated Budget Authority	-225	-505	-532	-556	-571	-586	-603	-620	-638	-657	-668	-2,975	-6,161	
Estimated Outlays	-146	-509	-528	-552	-569	-584	-600	-617	-635	-654	-667	-2,888	-6,061	
CHANGES IN SPENDING SUBJECT TO APPROPRIATION														
Estimated Authorization Level	225	505	0	0	0	0	0	0	0	0	0	730	730	
Estimated Outlays	146	509	75	0	0	0	0	0	0	0	0	730	730	

BASIS OF ESTIMATE

For this estimate, CBO estimates that the bill will be enacted near the middle of fiscal year 2014, that the necessary amounts will be appropriated near the start of each year, and that spending will follow historical patterns for operation of the CFPB.

The Dodd-Frank Wall Street Reform and Consumer Financial Protection Act (Public Law 111-203) established the CFPB to regulate the offering and provision of consumer financial products. The annual operating costs of the CFPB are paid through transfers from the earnings of the Federal Reserve and are recorded as expenditures in the federal budget. CBO estimates that the agency will spend about \$6 billion over the remaining months of fiscal year 2014 through 2024.

Direct Spending

H.R. 3519 would terminate transfers from the FRS to fund the CFPB’s operating costs. CBO estimates that enacting this change to the method of funding the agency would reduce direct spending by about \$6 billion over the 2014-2024 period.

Spending Subject to Appropriation

H.R. 3519 would authorize amounts necessary to carry out the statutory authorities of the Financial Product Safety Commission (as the CFPB would be renamed under the bill) for fiscal years 2014 and 2015. CBO estimates that implementing this provision would cost \$730 million over the 2014-2016 period. Although spending for the CFPB beyond 2015 is not authorized by the H.R. 3519, CBO estimates that continued operations of the agency over the entire 2014-2024 period would cost about \$6 billion.

PAY-AS-YOU-GO CONSIDERATIONS

The Statutory Pay-As-You-Go Act of 2010 establishes budget-reporting and enforcement procedures for legislation affecting direct spending or revenues. The net changes in outlays that are subject to those pay-as-you-go procedures are shown in the following table.

CBO Estimate of Pay-As-You-Go Effects for H.R. 3519, as ordered reported by the House Committee on Financial Services on November 21, 2013

	By Fiscal Year, in Millions of Dollars												2014-	2014-
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2019	2024	
NET DECREASE IN THE DEFICIT														
Statutory Pay-As-You-Go Impact	-146	-509	-528	-552	-569	-584	-600	-617	-635	-654	-667	-2,888	-6,061	

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.R. 3519 contains no intergovernmental or private-sector mandates as defined in UMRA and would not affect the budgets of state, local, or tribal governments.

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