



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

September 5, 2014

H.R. 4604 **CFPB Data Collection Security Act**

As ordered reported by the House Committee on Financial Services on June 11, 2014

SUMMARY

H.R. 4604 would direct the Bureau of Consumer Financial Protection (CFPB) to establish an “opt out” list, which would include the names of consumers that forbid the bureau from collecting information that can be used to distinguish their identity (that is, personally identifiable information). The CFPB would be required to develop a method that allows consumers to add or remove their names from the opt-out list; the bureau would be prohibited from collecting such information about individuals who have made that notification, except for efforts to investigate consumer complaints. H.R. 4604 also would limit the time that the bureau may keep personally identifiable information after collection, and require all employees that have access to such information to hold a “confidential” security clearance.

CBO estimates that enacting H.R. 4604 would cost the CFPB \$83 million over the 2015-2024 period, thus increasing direct spending by that amount; therefore, pay-as-you-go procedures apply. Enacting H.R. 4604 would not affect revenues or spending subject to appropriation.

H.R. 4604 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 effect of H.R. 4604 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										2015- 2019	2015- 2024
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024		
CHANGES IN DIRECT SPENDING												
Estimated Budget Authority	6	6	9	9	9	9	9	9	9	9	39	84
Estimated Outlays	5	6	9	9	9	9	9	9	9	9	38	83

BASIS OF ESTIMATE

For this estimate, CBO expects that the legislation will be enacted in 2014 and that spending will follow historical trends for the CFPB. The CFPB is permanently authorized to spend amounts transferred from the Federal Reserve; because that funding is not subject to appropriation, the CFPB’s expenditures are recorded in the budget as direct spending. CBO estimates that enacting H.R. 4604 would increase direct spending by \$83 million over the 2015-2024 period.

H.R. 4604 would require the CFPB to provide consumers with an opportunity to notify the bureau that the agency may not collect information that can be used to distinguish their identity. The CFPB would be prohibited from using such information for those individuals who provided the notification, unless the information is used to investigate consumer complaints. Based on information from the CFPB, CBO estimates that enacting this provision would increase the agency’s costs by \$54 million over the 2015-2024 period to develop a system to allow individuals to add or delete their names from the list, to maintain the list, and to ensure compliance with the new restrictions.

The bill also would establish a limit on the amount of time the agency would be able to hold personally identifiable information. With regard to complaints filed by a consumer, the bureau would be required to delete such information within 60 days of a determination that no further action would be taken; for data collected in an examination, the bureau would be required to delete the information after three examinations; and finally, for any other personally identifiable information, the bureau would be required to delete the information within 60 days of collection. Based on information from the bureau, CBO estimates that enacting this provision would increase direct spending by \$19 million over the 2015-2024 period. The bulk of those costs would be incurred to monitor a records management system to ensure compliance with the deadlines.

Finally, the bill would require confidential security clearances for all CFPB employees that have access to personally identifiable information. Based on information from the CFPB, CBO estimates that enacting this provision would increase direct spending by about \$1 million per year, or \$10 million over the 2015-2024 period, to cover the cost of obtaining and maintaining security clearances for all employees that work with personally identifiable information.

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 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. 4604, as ordered reported by the House Committee on Financial Services on June 11, 2014

	By Fiscal Year, in Millions of Dollars												2014-	2014-
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2019	2024	
NET INCREASE OR DECREASE (-) IN THE DEFICIT														
Statutory Pay-As-You-Go Effect	0	5	6	9	9	9	9	9	9	9	9	38	83	

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.R. 4604 contains no intergovernmental or private-sector mandates as defined UMRA and would not affect the budgets of state, local, or tribal governments.

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