



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

Revised April 21, 2016

H.R. 1486 **Taking Account of Bureaucrats' Spending Act of 2016**

As ordered reported by the House Committee on Financial Services on April 13, 2016

SUMMARY

Under current law, the Bureau of Consumer Financial Protection (CFPB) is permanently authorized to spend amounts transferred from the Federal Reserve, subject to certain limits. H.R. 1486 would change the law so that spending for the CFPB would be subject to the annual appropriation process. The bill would authorize the appropriation of \$485 million for fiscal year 2017, the amount provided by the Federal Reserve in fiscal year 2015.

CBO estimates that enacting H.R. 1486 would reduce direct spending by \$6.6 billion over the 2017-2026 period; therefore, pay-as-you-go procedures apply. (Enacting the bill would not affect revenues.) CBO estimates that implementing the bill would cost \$485 million over the 2017-2021 period, assuming appropriation of the specified amount.

CBO estimates that enacting the legislation would not increase net direct spending or on-budget deficits in one or more of the four consecutive 10-year periods beginning in 2027.

H.R. 1486 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. 1486 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 | | | | | | | | | | 2017- | 2017- |
|---|--|------|------|------|------|------|------|------|------|------|--------|--------|
| | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2021 | 2026 |
| DECREASES IN DIRECT SPENDING | | | | | | | | | | | | |
| Estimated Budget Authority | -580 | -638 | -651 | -664 | -678 | -692 | -706 | -720 | -735 | -750 | -3,211 | -6,814 |
| Estimated Outlays | -377 | -618 | -646 | -659 | -673 | -687 | -701 | -715 | -730 | -745 | -2,973 | -6,551 |
| INCREASES IN SPENDING SUBJECT TO APPROPRIATION | | | | | | | | | | | | |
| Authorization Level | 485 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 485 | 485 |
| Estimated Outlays | 315 | 170 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 485 | 485 |

BASIS OF ESTIMATE

For this estimate, CBO assumes that the bill will be enacted near the beginning of fiscal year 2017, that the authorized amount will be appropriated in 2017, and that spending will follow historical patterns for operations of the CFPB.

The Dodd-Frank Wall Street Reform and Consumer Financial Protection Act established the CFPB as an independent agency that is authorized to spend amounts from the Federal Reserve. H.R. 1486 would not affect the amount of federal revenues received by the Federal Reserve, but it would end CFPB’s authority to spend those amounts. The CFPB’s budget is expected to total \$565 million (net of the effects of sequestration) in 2016.

Direct Spending

H.R. 1486 would terminate the permanent authority for the CFPB to be funded through transfers from the Federal Reserve. Based on information from the agency, CBO estimates that enacting that change would reduce direct spending by about \$6.6 billion over the 2017-2026 period.

Spending Subject to Appropriation

H.R. 1486 would authorize an appropriation for CFPB in 2017 equal to the \$485 million transferred to the CFPB by the Federal Reserve in 2015. CBO has not estimated any authorizations for years after 2017 because H.R. 1486 would only authorize appropriations for the CFPB in 2017. However, CBO expects that operating the CFPB from 2018 through 2026 would cost between \$5 billion and \$6 billion, assuming the CFPB continues its current activities and appropriations are provided each year.

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. 1486, as ordered reported by the House Committee on Financial Services on April 13, 2016

| | By Fiscal Year, in Millions of Dollars | | | | | | | | | | | | 2016- | 2016- |
|------------------------------------|--|------|------|------|------|------|------|------|------|------|------|--------|--------|-------|
| | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2021 | 2026 | |
| NET DECREASE IN THE DEFICIT | | | | | | | | | | | | | | |
| Statutory Pay-As-You-Go Impact | 0 | -377 | -618 | -646 | -659 | -673 | -687 | -701 | -715 | -730 | -745 | -2,973 | -6,551 | |

INCREASE IN LONG-TERM DIRECT SPENDING AND DEFICITS

CBO estimates that enacting the legislation would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2027.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.R. 1486 contains no intergovernmental or private-sector mandates as defined in UMRA and would not affect the budgets of state, local, or tribal governments.

PREVIOUS ESTIMATE

This estimate corrects a typographical error in the cost estimate CBO transmitted for the same bill on April 20, 2016. This version makes clear on page one that implementing the bill would cost \$485 million over the 2017-2021 period, assuming appropriation of the specified amount. That correction makes the reference to estimated discretionary costs consistent with other references to those costs in the estimate.

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