Congressional Budget Office
Cost Estimate

February 5, 2020

H.R. 4328, Protecting Innocent Consumers Affected by a Shutdown Act

As ordered reported by the House Committee on Financial Services on September 20, 2019

By Fiscal Year, Millions of Dollars	2020	2020-2025	2020-2030
Direct Spending (Outlays)	*	*	*
Revenues	0	0	0
Increase or Decrease (-) in the Deficit	*	*	*
Spending Subject to Appropriation (Outlays)	*	15	not estimated

Statutory pay-as-you-go procedures apply?	Yes	**Mandate Effects**	
Increases on-budget deficits in any of the four consecutive 10-year periods beginning in 2031?	No	Contains intergovernmental mandate?	Yes, Under Threshold
		Contains private-sector mandate?	Yes, Under Threshold

* = between zero and $500,000.

Bill Summary

H.R. 4328 would prohibit consumer reporting agencies (CRAs) from assembling any consumer report that includes adverse information about any action or inaction taken by a furloughed federal employee during a government shutdown and for 90 days following a shutdown. Some federal contractors and District of Columbia employees whose compensation is affected by a shutdown would receive the same protections. Under the bill, users of consumer reports would be prohibited from taking adverse action against those employees and contractors based on adverse information collected during a shutdown period.

In the event of a government shutdown, H.R. 4328 would require nationwide CRAs to establish and maintain a database of federal employees and contractors whose compensation is affected by the shutdown. Federal agencies would be required to provide the CRA industry with a list of furloughed federal employees and affected contractors. That database would be shared with the Consumer Financial Protection Bureau (CFPB), entities that provide information to CRAs, and users of consumer reports.

Federal Cost

The ability of the federal government to share information about employees and contractors is constrained by existing privacy laws. The Privacy Act of 1974, 5 U.S.C. 552, prevents government agencies from sharing any personally identifiable information it maintains about

an individual with other agencies or private sources unless the agency obtains the individual's consent.

CBO estimates that creating the electric authorization process would be similar to the effort that was required to develop another federal system known as Login.gov. The cost of developing Login.gov—a system that offers 14 million users secure access to 18 federal agencies and more than 30 applications—was $30 million over a four year period. CBO anticipates that obtaining consent from all furloughed federal employees and contractors under H.R. 4328 would require a system with a single application and fewer users. On that basis, CBO estimates that creating the new database would cost $15 million over the 2020-2025 period, or less than $1 million per major federal agency. Most of those costs would be subject to the availability of appropriated funds.

Enacting H.R. 4328 could affect direct spending by some agencies that are allowed to use fees, receipts from the sale of goods, and other collections to cover operating costs. CBO estimates that any net changes in direct spending by those agencies would be negligible because most of them can adjust amounts collected to reflect changes in operating costs.

Based on information from the CFPB, CBO estimates that CFPB would need the services of two full-time employees at a cost of $200,000 per employee to issue regulations and establish processes to implement the bill's requirements in 2020. On that basis, CBO estimates that enacting H.R. 4328 would increase direct spending by less than $500,000 over the 2020-2030 period. The CFPB is permanently authorized to receive funding from the Federal Reserve in an amount necessary to carry out its operations and can spend those amounts without further appropriation.

Mandates

H.R. 4328 contains intergovernmental and private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA). CBO estimates that the cost of the mandates would not exceed UMRA's intergovernmental or private-sector threshold ($84 million and $168 million in 2020, respectively, adjusted annually for inflation).

The bill would impose private-sector mandates by placing new requirements and prohibitions on consumer reporting agencies. Using industry data, CBO estimates that CRAs would spend roughly $80 million to comply with those mandates.

Specifically, CRAs would be required to:

- Create a shared database for each shutdown of the federal government to log federal employees and contractors affected by the shutdown,
- Access the new database periodically to ensure the accuracy of information it holds,

- Create a website and a toll-free telephone number for use by consumers to self-certify as an employee affected by a shutdown, and
- Disclose to consumers, upon request, the rights of employees affected by a shutdown.

The bill also would prohibit CRAs from including adverse information in consumer reports, and users of those reports from knowingly taking an adverse action against an employee based on information contained in their consumer report about actions that occurred during the period of a federal government shutdown. That prohibition would impose an intergovernmental and private-sector mandate because individuals in the public and private sector use consumer reports for background checks and personnel decisions. The incremental cost for users to disregard adverse information in a consumer report would be small.

Finally, the bill would impose an additional intergovernmental mandate by requiring the District of Columbia to disclose a list to CRAs identifying employees affected by a shutdown of the federal government. The cost to supply the list would be small because the District of Columbia already possesses the information to be reported under the bill.

The CBO staff contacts for this estimate are Matthew Pickford and David Hughes (for federal costs) and Rachel Austin (for mandates). This estimate was reviewed by H. Samuel Papenfuss, Deputy Director of Budget Analysis.