

At a Glance

H.R. 5332, Protecting Your Credit Score Act of 2019

As ordered reported by the House Committee on Financial Services on December 11, 2019

By Fiscal Year, Millions of Dollars	2020	2020-2025	2020-2030
Direct Spending (Outlays)	1	15	25
Revenues	0	0	0
Increase or Decrease (-) in the Deficit	1	15	25
Spending Subject to Appropriation (Outlays)	0	*	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?	< \$5 billion	Contains intergovernmental mandate?	Yes, Under Threshold
		Contains private-sector mandate?	Yes, Over Threshold

* = between zero and \$500,000.

The bill would

- Require the Consumer Financial Protection Bureau (CFPB) to issue rules that impose new requirements on consumer reporting agencies (CRAs) and entities that furnish information to CRAs
- Require the CFPB to hire a credit reporting ombudsman to coordinate bureau activity regarding CRAs
- Impose private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) by placing new requirements on CRAs, financial institutions, and entities that furnish information to CRAs
- Impose intergovernmental mandates as defined in UMRA by requiring users of consumer reports to notify CRAs of adverse actions taken against a consumer

Estimated budgetary effects would primarily stem from

- Increases in direct spending for additional CFPB staff

Detailed estimate begins on the next page.



Bill Summary

H.R. 5332 would direct the Consumer Financial Protection Bureau (CFPB) to issue rules requiring consumer reporting agencies (CRAs) to provide consumers with free online access to their consumer reports and credit scores. The bill also would require CRAs to be staffed to adequately conduct reinvestigations of disputed information in consumers' files. The rules would establish standards for CRAs to safeguard consumer information and include a schedule for CRAs to audit the accuracy of personally identifiable information in consumer files.

H.R. 5332 also would require the CFPB to hire a credit-reporting ombudsman to identify and resolve persistent errors in CRAs' reports, enhance the bureau's supervision of CRAs, and report to the Congress annually about consumers' complaints. The bureau would be required to establish a public registry of CRAs and report to the Congress on whether its own examinations sufficiently address the security risks faced by consumers whose information is held by CRAs.

Finally, the bill would require the Government Accountability Office (GAO) to report to the Congress on the feasibility of CRAs' methods of identifying consumers' information.

Estimated Federal Cost

The costs of the legislation fall within budget function 370 (commerce and housing credit).

Basis of Estimate

CBO assumes that H.R. 5332 would be enacted in 2020. The CFPB has permanent authority, not subject to annual appropriation, to spend amounts transferred from the Federal Reserve. CBO's estimates of the cost of the requirements in the bill are based on information from the CFPB and on the cost of similar activities.

In total, CBO estimates that enacting H.R. 5332 would increase direct spending by \$25 million over the 2020-2030 period. The components of that cost are detailed below.

- CBO estimates that the CFPB would need to hire 20 employees, at an annual cost of \$220,000 each, for about 18 months to issue the required rules for a total cost of \$7 million over the 2020-2021 period.
- CBO estimates that the CFPB would need to hire an ombudsman and five additional staff near the end of 2020 to fulfill various duties, at an initial annual cost of \$220,000 with adjustments in later years for inflation, or \$17 million over the 2020-2030 period.
- CBO estimates that the cost to the CFPB of other required activities would be \$1 million over the 2020-2030 period.
- CBO estimates that the cost for GAO to report to the Congress would be less than \$500,000 and would be subject to the availability of appropriated funds.



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 Table 1.

Table 1.
CBO's Estimate of the Statutory Pay-As-You-Go Effects of H.R. 5332, the Protecting Your Credit Score Act of 2019, as Ordered Reported by the House Committee on Financial Services on December 11, 2019

	By Fiscal Year, Millions of Dollars											2020-2025	2020-2030
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030		
	Net Increase in the Deficit												
Pay-As-You-Go Effect	1	7	1	2	2	2	2	2	2	2	2	15	25

Increase in Long-Term Deficits

CBO estimates that enacting H.R. 5332 would not increase on-budget deficits by more than \$5 billion in any of the four consecutive 10-year periods beginning in 2031.

Mandates

The bill contains intergovernmental and private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA). CBO estimates that the costs of the intergovernmental mandates would fall below the UMRA threshold (\$84 million in 2020, adjusted annually for inflation). CBO estimates that the aggregate cost of the private-sector mandates would exceed the threshold established in UMRA (\$168 in 2020, adjusted annually for inflation).

Mandate That Applies to Private Entities Only

H.R. 5332 would impose new requirements on CRAs, financial institutions, entities that furnish information to CRAs, and entities that use consumer reports to make personnel decisions.

Under current law, CRAs must provide annual consumer reports, for free, upon request by a consumer. H.R. 5332 would require CRAs to include the consumer's credit score for free with the consumer report. Using industry data, CBO estimates that CRAs would provide free credit scores in about 20 million consumer reports each year, at an average cost of approximately \$9.50 per score. Thus, CBO estimates that it would cost CRAs roughly \$198 million annually to comply with this requirement.

CRAs would be required to jointly develop an online portal to give consumers unlimited free access to various services including consumer reports, security freezes, and credit scores. According to industry sources, the cost to develop the portal would be roughly \$50 million.



H.R. 5332 would impose a number of other requirements on CRAs, which CBO estimates would impose small compliance costs. The bill would require CRAs to:

- Allow consumers to opt-out (free of charge) of having their information sold,
- Ensure the accuracy of information in consumer reports by matching social security numbers,
- Maintain a sufficient number of trained personnel to conduct reinvestigations of information under dispute by a consumer,
- Disclose new information to consumers regarding dispute reinvestigations and requests for their consumer report,
- Regularly audit information contained in consumer reports,
- Communicate with other CRAs to ensure a consumer's dispute is noted in their file at all relevant CRAs,
- Notify consumers within 30 days (current law requires notification within 60 days) of an adverse action taken against a consumer as the result of information contained in their consumer report, and
- Register with CFPB.

The bill would require CFPB to establish rules and appropriate standards for CRAs to safeguard and protect customer records and information. However, because the CFPB has not yet established those rules, CBO cannot determine the costs to comply.

The bill would require financial institutions that acquire a consumer's debt to provide notice to the consumer when supplying adverse information to a CRA. Because current law already requires a number of financial institutions to provide such notice, the cost to expand the requirement to a broader field of institutions would be small.

H.R. 5332 would require entities that furnish information to CRAs to reinvestigate disputes from consumers if the claimant presents new or additional information. To qualify for a reinvestigation, the consumer must supply information deemed acceptable by CFPB. Because CBO cannot anticipate the type of information that CFPB would deem acceptable or the number of new reinvestigations that would be requested, we cannot determine the cost of the mandate.

Mandate That Applies both to Public and Private Entities

The bill would require users of consumer reports to notify CRAs of any adverse actions taken against a consumer as a result of information contained in the report. That prohibition would impose an intergovernmental and private-sector mandate because individuals in both the public and private sector use consumer reports for background checks and personnel decisions. Current law already requires a number of the mandated entities to report



information regarding an adverse action directly to consumers. Therefore, the incremental cost to notify CRAs would be small because the mandated entities already collect the information required to be disclosed under the bill.

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