

H.R. 5003, Fair Debt Collection Practices for Servicemembers Act

As passed by the House of Representatives on March 2, 2020

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)	*	*	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?	No
		Contains private-sector mandate?	Yes, Cannot Determine Costs
* = between zero and \$500,000.			

H.R. 5003 would prohibit debt collectors, as defined under the Fair Debt Collection Practices Act (FDCPA), from engaging in certain practices to collect a debt from a member of the armed forces. Under the act, debt collectors would be prohibited from communicating with a member's superior officer to learn the member's location, threatening to have the member's rank reduced, or threatening to have the member's security clearance revoked.

CBO assumes that H.R. 5003 will be enacted in fiscal year 2020. The Federal Trade Commission (FTC) is primarily responsible for enforcing violations of the FDCPA. Using information from the FTC, CBO estimates that it would cost the agency less than \$500,000 over the 2020-2025 period to enforce potential violations of the amended statute; any spending would be subject to the availability of appropriated funds.

In addition, CBO estimates that it would cost the Consumer Financial Protection Bureau (CFPB) less than \$500,000 over the 2020-2030 period to update FDCPA regulations. The CFPB has permanent authority, not subject to annual appropriation, to spend amounts transferred from the Federal Reserve.

H.R. 5003 would impose private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) by prohibiting debt collectors from threatening members of the armed forces and their dependents with certain adverse actions, or from communicating with the superior officers of the indebted service members to learn their location. The cost of the

mandate would be the revenue lost by collectors who would have succeeded, absent the prohibitions in the act, in receiving payments on the affected outstanding debts. According to published information from the CFPB, active-duty service members hold roughly \$3 billion just in student loans that are in deferral, delinquency, or default. Because CBO cannot determine the level of collections that could be directly attributed to activities prohibited under the act, CBO cannot determine whether the cost of the mandates would exceed the private-sector threshold established in UMRA (\$168 million in 2020, adjusted annually for inflation).

The act contains no intergovernmental mandates as defined in UMRA.

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