



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

November 13, 2017

H.R. 3072 **Bureau of Consumer Financial Protection Examination and Reporting Threshold Act of 2017**

As ordered reported by the House Committee on Financial Services on October 12, 2017

Under current law, in order to assess and enforce compliance with federal consumer financial laws, the Consumer Financial Protection Bureau (CFPB) conducts examinations of and requires reporting from insured depository institutions and insured credit unions with total assets of more than \$10 billion. For financial institutions with assets below \$10 billion, compliance with consumer financial laws is performed by other financial regulators: the Federal Deposit Insurance Corporation (FDIC), the National Credit Union Administration (NCUA), the Office of the Comptroller of the Currency (OCC), and the Federal Reserve. H.R. 3072 would raise the asset threshold for CFPB's regulatory authority over financial institutions from \$10 billion to \$50 billion.

Because enacting H.R. 3072 would affect direct spending and revenues, pay-as-you-go procedures apply. However, CBO estimates that enacting H.R. 3072 would have an insignificant effect on deficits over the 2018-2027 period.

CBO estimates that enacting H.R. 3072 would not increase net direct spending or significantly increase on-budget deficits in any of the four consecutive 10-year periods beginning in 2028.

Moving responsibilities from the CFPB to the other financial regulators would decrease costs for the CFPB and increase costs to the FDIC, NCUA, OCC, and Federal Reserve to take on additional enforcement responsibilities. CBO estimates that on net, implementing H.R. 3072 would have an insignificant effect on the federal deficit over the 2018-2027 period.

Based on information from the CFPB, CBO expects that staff currently allocated to enforcing consumer financial laws for banks with assets between \$10 billion and \$50 billion would be reallocated to examination and enforcement responsibilities for other financial institutions. However, CBO estimates travel and administrative costs for the agency would decline by about \$8 million over the 2018-2017 period.

CBO estimates that gross costs for the FDIC, OCC, and NCUA would increase by about \$8 million over the 2018-2027 period. However, those agencies are authorized to collect fees and assessments from regulated institutions to cover administrative expenses. CBO expects that only half of those costs would be recovered within the 2018-2027 period, with the remaining amount would be collected after 2027. As a result, CBO estimates that, on net, enacting H.R. 3072 would increase direct spending by \$4 million over the 2018-2027 period.

Increased administrative costs of the Federal Reserve are reflected in the budget as a reduction in revenue. CBO estimates that implementing H.R. 3072 would decrease revenues by \$4 million over the 2018-2027 period.

H.R. 3072 contains no intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA).

If the OCC and the NCUA increase fees to offset the costs associated with implementing the bill, H.R. 3072 would increase the cost of an existing mandate on private entities required to pay those assessments. CBO estimates that the incremental cost of the mandate would be small and would fall well below the annual threshold for private-sector mandates established in UMRA (\$156 million in 2017, adjusted annually for inflation).

The CBO staff contacts for this estimate are Stephen Rabent (for federal costs), Nathaniel Frentz (for revenues), and Logan Smith (for mandates). The estimate was approved by H. Samuel Papenfuss, Deputy Director for Budget Analysis.