

H.R. 3618, Free Credit Scores for Consumers Act of 2019

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

By Fiscal Year, Millions of Dollars	2020	2020-2024	2020-2029
Direct Spending (Outlays)	1	2	2
Revenues	0	0	0
Deficit Effect	1	2	2
Spending Subject to Appropriation (Outlays)	0	0	0
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 2030?	No	Contains intergovernmental mandate?	No
		Contains private-sector mandate?	Yes, Over Threshold

Under current law, nationwide credit reporting agencies (CRAs) are required to provide to consumers, annually upon request, a free credit report that lists factors such as bill payment history, current debt, and other elements used to assess creditworthiness. H.R. 3618 would require CRAs to:

- Provide to consumers, annually upon request, a statement containing a FICO credit score, an educational credit score (which measures credit risk, but cannot be used by lenders), or an explanation why neither can be furnished. Besides the credit score itself, the statement would identify factors that contributed to the score, the range of possible scores under the model used, and the distribution of scores among recipient consumers.
- Provide to consumers, upon request, their past two years of credit scores on file.
- Include a free credit score with any free credit report that must be furnished under current law. (For example, CRAs must provide a free credit report to consumers that assert they are identity theft victims.)
- Increase transparency efforts and to notify consumers of their right to receive free credit reports and scores.

Using information from the Consumer Financial Protection Bureau, CBO estimates that enacting the bill would increase direct spending by \$2 million for the agency to issue rules to



implement the bill over the 2020-2021 period. Issuing rules would require the services of five full-time employees at an annual cost of \$200,000 each.

H.R. 3618 contains private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA). CBO estimates that the cost of those mandates would exceed UMRA's private-sector threshold (\$164 million in 2019, adjusted annually for inflation).

Using industry data, CBO estimates that CRAs would provide free credit scores to about 20 million consumers each year. The costs would vary depending on prices negotiated between the CRA and the entities that provide credit scores. Using an estimated negotiated cost per score of \$9 (the median in the range of likely cost), CBO estimates that CRAs would spend roughly \$185 million annually to comply with the mandate.

On the basis of industry information, CBO estimates that CRAs also would spend about \$50 million annually to comply with the following requirements:

- Disclose at least four key factors that positively affect a consumer's credit score or educational credit score (credit score statements already list key factors that negatively affect scores—also required by the bill);
- Maintain scores in a consumer's file for at least two years; and
- Establish and maintain a portal for consumers' online or phone access to scores.

CRAs could not refer to an educational credit score as a credit score in any application, solicitation, marketing, or informational material. That prohibition would impose minimal costs on CRAs, CBO estimates.

Finally, H.R. 3618 would require private education, motor vehicle, and residential mortgage lenders to give consumers a copy of any credit report or score used in underwriting a loan. Because lenders already possess that information, their cost to comply with the mandate would be small.

The bill 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 Assistant Director for Budget Analysis.