

113TH CONGRESS }  
1st Session } HOUSE OF REPRESENTATIVES { REPORT  
21 113-

BUREAU OF CONSUMER FINANCIAL PROTECTION  
ACCOUNTABILITY AND TRANSPARENCY ACT OF 2013

Feb 6, 2014  
DECEMBER --, 2013.—Committed to the Committee of the Whole House on the State  
of the Union and ordered to be printed

Mr. HENSARLING, from the Committee on Financial Services,  
submitted the following

R E P O R T

together with

Mia . VIEWS

[To accompany H.R. 3519]

[Including cost estimate of the Congressional Budget Office]

The Committee on Financial Services, to whom was referred the bill (H.R. 3519) to amend the Consumer Financial Protection Act of 2010 to make the Bureau of Consumer Financial Protection an independent agency, having considered the same, reports favorably thereon with an amendment and recommends that the bill as amended do pass.

The amendment is as follows:

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the “Bureau of Consumer Financial Protection Accountability and Transparency Act of 2013”.

SEC. 2. MAKING THE BUREAU AN INDEPENDENT AGENCY.

The Consumer Financial Protection Act of 2010 is amended—

(1) in section 1011—

(A) in subsection (a)—

(i) by striking “in the Federal Reserve System,”; and

(ii) by striking “Bureau of Consumer Financial Protection” and inserting “Financial Product Safety Commission”; and

(B) in subsection (e), by striking “, including in cities in which the Federal reserve banks, or branches of such banks, are located,”;

(2) in section 1012(c), by striking paragraphs (2), (3), (4), and (5); and

(3) in section 1014(b), by striking “Not fewer than 6 members shall be appointed upon the recommendation of the regional Federal Reserve Bank Presidents, on a rotating basis.”.

**SEC. 3. BRINGING THE BUREAU INTO THE REGULAR APPROPRIATIONS PROCESS.**

Section 1017 of the Consumer Financial Protection Act of 2010 is amended—

(1) in subsection (a)—

(A) by amending the heading of such subsection to read as follows: “BUDGET, FINANCIAL MANAGEMENT, AND AUDIT.—”;

(B) by striking paragraphs (1), (2), and (3);

(C) by redesignating paragraphs (4) and (5) as paragraphs (1) and (2), respectively; and

(D) by striking subparagraphs (E) and (F) of paragraph (1), as so redesignated;

(2) by striking subsections (b) and (c);

(3) by redesignating subsections (d) and (e) as subsections (b) and (c), respectively; and

(4) in subsection (c), as so redesignated—

(A) by striking paragraphs (1), (2), and (3) and inserting the following: “(1) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as may be necessary to carry out this title for each of fiscal years 2014 and 2015.”; and

(B) by redesignating paragraph (4) as paragraph (2).

**SEC. 4. DEEMING OF NAME.**

Any reference in a law, regulation, document, paper, or other record of the United States to the Bureau of Consumer Financial Protection shall be deemed a reference to the Financial Product Safety Commission.

## **PURPOSE AND SUMMARY**

As a bureau of the Federal Reserve System, which is itself an independent agency, the Consumer Financial Protection Bureau (CFPB) is exempted from the Congressional budgetary and appropriations process, instead receiving its funding directly from the Federal Reserve with no oversight or control from Congress or any executive branch agency or official. Accordingly, Congress's traditional use of the "power of the purse" to hold executive agencies accountable to the American people is of little to no use when it conducts oversight of the CFPB. H.R. 3519, the Bureau of Consumer Financial Protection Accountability and Transparency Act of 2013, subjects the funding for the CFPB to the regular congressional authorization and appropriations processes.

## **BACKGROUND AND NEED FOR LEGISLATION**

Under section 1017 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, the CFPB receives its funding from the Board of Governors of the Federal Reserve System and is not subject to the congressional authorization or the traditional appropriations process. To obtain its funding, the Bureau merely submits an annual budget proposal to the Board of Governors based on the amount it expects to need, and the money is transferred to its operating account. The only limitation on the CFPB's funding is that it may not draw down more than 12 percent of the annual operating expenses of the Federal Reserve System. As a general matter, the Federal Reserve's annual excess cash is remitted to the Treasury, so every dollar spent by the CFPB means one less dollar available for deficit reduction.

Given the utter lack of budgetary constraints under which it operates, it is not surprising that the Bureau has grown rapidly. For its first full year of existence, fiscal year 2012, the CFPB had a budget of \$299.8 million and a full-time equivalent employee count of 831. In fiscal year 2013, its budget grew to \$541.4 million, with an employee count of 1,214; for fiscal year 2014, its requested budget is \$497.5 million and 1,545 employees.

H.R. 3519 subjects the CFPB to the regular authorizing and appropriations processes of Congress to bring more fiscal and budgetary accountability to the CFPB.

## **HEARINGS**

The Committee on Financial Services' Subcommittee on Financial Institutions and Consumer Credit held a hearing on H.R. 3519 on October 29, 2013.

## **COMMITTEE CONSIDERATION**

The Committee on Financial Services met in open session on November 20, 2013, and ordered H.R. 3519 to be reported favorably to the House with an amendment by a recorded vote of 32 yeas to 24 nays (recorded vote no. FC-42), a quorum being present.

## **COMMITTEE VOTES**

Clause 3(b) of rule XIII of the Rules of the House of Representatives requires the Committee to list the record votes on the motion to report legislation and amendments thereto.

1. A motion by Chairman Hensarling to report the bill (H.R. 3519) with an amendment to the House with a favorable recommendation was agreed to by a record vote of 32 yeas to 24 nays (recorded vote no. FC-42).

[please see attached vote tally]

Record vote no. FC-42

Representative	Yea	Nay	Present	Representative	Yea	Nay	Present
Mr. Hensarling .....	X	-----	-----	Ms. Waters .....	-----	X	-----
Mr. Bachus .....	X	-----	-----	Mrs. Maloney (NY) .....	-----	X	-----
Mr. King (NY) .....	X	-----	-----	Ms. Velázquez .....	-----	X	-----
Mr. Royce .....	X	-----	-----	Mr. Watt .....	-----	X	-----
Mr. Lucas .....	X	-----	-----	Mr. Sherman .....	-----	X	-----
Mr. Gary G. Miller (CA) .....	X	-----	-----	Mr. Meeks .....	-----	X	-----
Mrs. Capito .....	X	-----	-----	Mr. Capuano .....	-----	X	-----
Mr. Garrett .....	X	-----	-----	Mr. Hinojosa .....	-----	X	-----
Mr. Neugebauer .....	X	-----	-----	Mr. Clay .....	-----	-----	-----
Mr. McHenry .....	X	-----	-----	Mrs. McCarthy (NY) .....	-----	-----	-----
Mr. Campbell .....	-----	-----	-----	Mr. Lynch .....	-----	X	-----
Mrs. Bachmann .....	X	-----	-----	Mr. David Scott (GA) .....	-----	X	-----
Mr. McCarthy (CA) .....	X	-----	-----	Mr. Al Green (TX) .....	-----	X	-----
Mr. Pearce .....	X	-----	-----	Mr. Cleaver .....	-----	X	-----
Mr. Posey .....	X	-----	-----	Ms. Moore .....	-----	X	-----
Mr. Fitzpatrick .....	X	-----	-----	Mr. Ellison .....	-----	X	-----
Mr. Westmoreland .....	X	-----	-----	Mr. Perlmutter .....	-----	-----	-----
Mr. Luetkemeyer .....	X	-----	-----	Mr. Himes .....	-----	X	-----
Mr. Huizenga (MI) .....	X	-----	-----	Mr. Peters (MI) .....	-----	X	-----
Mr. Duffy .....	X	-----	-----	Mr. Carney .....	-----	X	-----
Mr. Hurt .....	X	-----	-----	Ms. Sewell (AL) .....	-----	X	-----
Mr. Grimm .....	X	-----	-----	Mr. Foster .....	-----	X	-----
Mr. Stivers .....	X	-----	-----	Mr. Kildee .....	-----	-----	-----
Mr. Fincher .....	X	-----	-----	Mr. Murphy (FL) .....	-----	X	-----
Mr. Stutzman .....	X	-----	-----	Mr. Delaney .....	-----	X	-----
Mr. Mulvaney .....	X	-----	-----	Ms. Sinema .....	-----	X	-----
Mr. Hultgren .....	X	-----	-----	Mrs. Beatty .....	-----	X	-----
Mr. Ross .....	X	-----	-----	Mr. Heck (WA) .....	-----	X	-----
Mr. Pittenger .....	X	-----	-----				
Mrs. Wagner .....	X	-----	-----				
Mr. Barr .....	X	-----	-----				
Mr. Cotton .....	X	-----	-----				
Mr. Rothfus .....	X	-----	-----				

## **COMMITTEE OVERSIGHT FINDINGS**

Pursuant to clause 3(c)(1) of rule XIII of the Rules of the House of Representatives, the Committee has held hearings and made findings that are reflected in this report.

## **PERFORMANCE GOALS AND OBJECTIVES**

Pursuant to clause 3(c)(4) of rule XIII of the Rules of the House of Representatives, the Committee states that H.R. 3519 subjects the CFPB to the regular authorization and appropriation processes of Congress.

## **NEW BUDGET AUTHORITY, ENTITLEMENT AUTHORITY, AND TAX EXPENDITURES**

In compliance with clause 3(c)(2) of rule XIII of the Rules of the House of Representatives, the Committee adopts as its own the estimate of new budget authority, entitlement authority, or tax expenditures or revenues contained in the cost estimate prepared by the Director of the Congressional Budget Office pursuant to section 402 of the Congressional Budget Act of 1974.

## **COMMITTEE COST ESTIMATE**

The Committee adopts as its own the cost estimate prepared by the Director of the Congressional Budget Office pursuant to section 402 of the Congressional Budget Act of 1974.

## **CONGRESSIONAL BUDGET OFFICE ESTIMATES**

Pursuant to clause 3(c)(3) of rule XIII of the Rules of the House of Representatives, the following is the cost estimate provided by the Congressional Budget Office pursuant to section 402 of the Congressional Budget Act of 1974:

[Please see attached CBO Estimate]



CONGRESSIONAL BUDGET OFFICE  
U.S. Congress  
Washington, DC 20515

*Douglas W. Elmendorf, Director*

January 15, 2014

Honorable Jeb Hensarling  
Chairman  
Committee on Financial Services  
U.S. House of Representatives  
Washington, DC 20515

Dear Mr. Chairman:

The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 3519, the Bureau of Consumer Financial Protection Accountability and Transparency Act of 2013.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Susan Willie, who can be reached at 226-2860.

Sincerely,

A handwritten signature in black ink, appearing to read 'Douglas W. Elmendorf'.

Douglas W. Elmendorf

Enclosure

cc: Honorable Maxine Waters  
Ranking Member



## CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

January 15, 2014

### **H.R. 3519** **Bureau of Consumer Financial Protection Accountability** **and Transparency Act of 2013**

*As ordered reported by the House Committee on Financial Services on November 21, 2013*

#### **SUMMARY**

Under current law, the Bureau of Consumer Financial Protection (CFPB) operates as an autonomous agency within the Federal Reserve System (FRS) with its operating costs funded from FRS earnings. H.R. 3519 would establish the CFPB as an independent agency (outside of the FRS) subject to the annual appropriations process; the bill would authorize the appropriation of funds for fiscal years 2014 and 2015 to cover the agency's cost of operations.

CBO estimates that enacting H.R. 3519 would reduce direct spending by \$6.1 billion over the 2014-2023 period. Pay-as-you-go procedures apply because enacting the legislation would affect direct spending. Enacting the legislation would not affect revenues.

In addition, CBO estimates that implementing H.R. 3519 would cost \$730 million over the 2014-2016 period, assuming appropriation of the necessary amounts to operate the CFPB for part of 2014 and all of 2015.

H.R. 3519 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would not affect the budgets of state, local, or tribal governments.

#### **ESTIMATED COST TO THE FEDERAL GOVERNMENT**

The estimated budgetary impact of H.R. 3519 is shown in the following table. The costs of this legislation fall within budget function 370 (commerce and housing credit).



	By Fiscal Year, in Millions of Dollars												2014-	2014-
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2019	2024	
CHANGES IN DIRECT SPENDING														
Estimated Budget Authority	-225	-505	-532	-556	-571	-586	-603	-620	-638	-657	-668	-2,975	-6,161	
Estimated Outlays	-146	-509	-528	-552	-569	-584	-600	-617	-635	-654	-667	-2,888	-6,061	
CHANGES IN SPENDING SUBJECT TO APPROPRIATION														
Estimated Authorization Level	225	505	0	0	0	0	0	0	0	0	0	730	730	
Estimated Outlays	146	509	75	0	0	0	0	0	0	0	0	730	730	

## BASIS OF ESTIMATE

For this estimate, CBO estimates that the bill will be enacted near the middle of fiscal year 2014, that the necessary amounts will be appropriated near the start of each year, and that spending will follow historical patterns for operation of the CFPB.

The Dodd-Frank Wall Street Reform and Consumer Financial Protection Act (Public Law 111-203) established the CFPB to regulate the offering and provision of consumer financial products. The annual operating costs of the CFPB are paid through transfers from the earnings of the Federal Reserve and are recorded as expenditures in the federal budget. CBO estimates that the agency will spend about \$6 billion over the remaining months of fiscal year 2014 through 2024.

### Direct Spending

H.R. 3519 would terminate transfers from the FRS to fund the CFPB's operating costs. CBO estimates that enacting this change to the method of funding the agency would reduce direct spending by about \$6 billion over the 2014-2024 period.

### Spending Subject to Appropriation

H.R. 3519 would authorize amounts necessary to carry out the statutory authorities of the Financial Product Safety Commission (as the CFPB would be renamed under the bill) for fiscal years 2014 and 2015. CBO estimates that implementing this provision would cost \$730 million over the 2014-2016 period. Although spending for the CFPB beyond 2015 is not authorized by the H.R. 3519, CBO estimates that continued operations of the agency over the entire 2014-2024 period would cost about \$6 billion.

## 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 the following table.

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**CBO Estimate of Pay-As-You-Go Effects for H.R. 3519, as ordered reported by the House Committee on Financial Services on November 21, 2013**

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By Fiscal Year, in Millions of Dollars													2014-	2014-
2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2019	2024	2019	2024
<b>NET DECREASE IN THE DEFICIT</b>														
Statutory Pay-As-You-Go Impact	-146	-509	-528	-552	-569	-584	-600	-617	-635	-654	-667	-2,888	-6,061	-6,061

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## INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.R. 3519 contains no intergovernmental or private-sector mandates as defined in UMRA and would not affect the budgets of state, local, or tribal governments.

### ESTIMATE PREPARED BY:

Federal Costs: Susan Willie

Impact on State, Local, and Tribal Governments: Melissa Merrell

Impact on the Private Sector: Paige Piper/Bach

### ESTIMATE APPROVED BY:

Theresa Gullo

Deputy Assistant Director for Budget Analysis

## **FEDERAL MANDATES STATEMENT**

The Committee adopts as its own the estimate of Federal mandates prepared by the Director of the Congressional Budget Office pursuant to section 423 of the Unfunded Mandates reform Act.

## **ADVISORY COMMITTEE STATEMENT**

No advisory committees within the meaning of section 5(b) of the Federal Advisory Committee Act were created by this legislation.

## **APPLICABILITY TO LEGISLATIVE BRANCH**

The Committee finds that the legislation does not relate to the terms and conditions of employment or access to public services or accommodations within the meaning of the section 102(b)(3) of the Congressional Accountability Act.

## **EARMARK IDENTIFICATION**

H.R. 3519 does not contain any congressional earmarks, limited tax benefits, or limited tariff benefits as defined in clause 9 of rule XXI.

## **DUPLICATION OF FEDERAL PROGRAMS**

Pursuant to section 3(j) of H. Res. 5, 113th Cong. (2013), the Committee states that no provision of H.R. 3519 establishes or reauthorizes a program of the Federal Government known to be duplicative of another Federal program, a program that was included in any report from the Government Accountability Office to Congress pursuant to section 21 of Public Law 111-139, or a program related to a program identified in the most recent Catalog of Federal Domestic Assistance.

## **DISCLOSURE OF DIRECTED RULEMAKING**

Pursuant to section 3(k) of H. Res. 5, 113th Cong. (2013), the Committee states that H.R. 3519 does not direct any rulemaking.

## **SECTION-BY-SECTION ANALYSIS OF THE LEGISLATION**

### *Section 1. Short Title*

This section cites H.R. 3519 as the “Bureau of Consumer Financial Protection Accountability and Transparency Act of 2013.”

### *Section 2. Making the Bureau an Independent Agency.*

This section makes the CFPB a standalone independent agency, no longer a bureau of the Federal Reserve System, and renames it the “Financial Product Safety Commission.”

*Section 3. Bringing the Bureau into the Regular Appropriations Process.*

This section subjects the CFPB to the regular authorizing and appropriations processes of Congress.

**CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED**

[Please see attached Ramseyer file]

## CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman):

## CONSUMER FINANCIAL PROTECTION ACT OF 2010

# TITLE X—BUREAU OF CONSUMER FINANCIAL PROTECTION

\* \* \* \* \*

## Subtitle A—Bureau of Consumer Financial Protection

### SEC. 1011. ESTABLISHMENT OF THE BUREAU OF CONSUMER FINANCIAL PROTECTION.

(a) BUREAU ESTABLISHED.—There is established [in the Federal Reserve System,] an independent bureau to be known as the “[Bureau of Consumer Financial Protection] *Financial Product Safety Commission*”, which shall regulate the offering and provision of consumer financial products or services under the Federal consumer financial laws. The Bureau shall be considered an Executive agency, as defined in section 105 of title 5, United States Code. Except as otherwise provided expressly by law, all Federal laws dealing with public or Federal contracts, property, works, officers, employees, budgets, or funds, including the provisions of chapters 5 and 7 of title 5, shall apply to the exercise of the powers of the Bureau.

\* \* \* \* \*

(e) OFFICES.—The principal office of the Bureau shall be in the District of Columbia. The Director may establish regional offices of the Bureau[, including in cities in which the Federal reserve banks, or branches of such banks, are located,] in order to carry out the responsibilities assigned to the Bureau under the Federal consumer financial laws.

### SEC. 1012. EXECUTIVE AND ADMINISTRATIVE POWERS.

(a) \* \* \*

\* \* \* \* \*

(c) AUTONOMY OF THE BUREAU.—

(1) \* \* \*

[(2) AUTONOMY.—Notwithstanding the authorities granted to the Board of Governors under the Federal Reserve Act, the Board of Governors may not—

[(A) intervene in any matter or proceeding before the Director, including examinations or enforcement actions, unless otherwise specifically provided by law;

[(B) appoint, direct, or remove any officer or employee of the Bureau; or

[(C) merge or consolidate the Bureau, or any of the functions or responsibilities of the Bureau, with any division or office of the Board of Governors or the Federal reserve banks.

[(3) RULES AND ORDERS.—No rule or order of the Bureau shall be subject to approval or review by the Board of Governors. The Board of Governors may not delay or prevent the issuance of any rule or order of the Bureau.

[(4) RECOMMENDATIONS AND TESTIMONY.—No officer or agency of the United States shall have any authority to require the Director or any other officer of the Bureau to submit legislative recommendations, or testimony or comments on legislation, to any officer or agency of the United States for approval, comments, or review prior to the submission of such recommendations, testimony, or comments to the Congress, if such recommendations, testimony, or comments to the Congress include a statement indicating that the views expressed therein are those of the Director or such officer, and do not necessarily reflect the views of the Board of Governors or the President.

[(5) CLARIFICATION OF AUTONOMY OF THE BUREAU IN LEGAL PROCEEDINGS.—The Bureau shall not be liable under any provision of law for any action or inaction of the Board of Governors, and the Board of Governors shall not be liable under any provision of law for any action or inaction of the Bureau.]

\* \* \* \* \*

#### SEC. 1014. CONSUMER ADVISORY BOARD.

(a) \* \* \*

(b) MEMBERSHIP.—In appointing the members of the Consumer Advisory Board, the Director shall seek to assemble experts in consumer protection, financial services, community development, fair lending and civil rights, and consumer financial products or services and representatives of depository institutions that primarily serve underserved communities, and representatives of communities that have been significantly impacted by higher-priced mortgage loans, and seek representation of the interests of covered persons and consumers, without regard to party affiliation. [Not fewer than 6 members shall be appointed upon the recommendation of the regional Federal Reserve Bank Presidents, on a rotating basis.]

\* \* \* \* \*

#### SEC. 1017. FUNDING; PENALTIES AND FINES.

(a) [TRANSFER OF FUNDS FROM BOARD OF GOVERNORS] *BUDGET, FINANCIAL MANAGEMENT, AND AUDIT.*—

[(1) IN GENERAL.—Each year (or quarter of such year), beginning on the designated transfer date, and each quarter

thereafter, the Board of Governors shall transfer to the Bureau from the combined earnings of the Federal Reserve System, the amount determined by the Director to be reasonably necessary to carry out the authorities of the Bureau under Federal consumer financial law, taking into account such other sums made available to the Bureau from the preceding year (or quarter of such year).

**[(2) FUNDING CAP.—**

**[(A) IN GENERAL.—**Notwithstanding paragraph (1), and in accordance with this paragraph, the amount that shall be transferred to the Bureau in each fiscal year shall not exceed a fixed percentage of the total operating expenses of the Federal Reserve System, as reported in the Annual Report, 2009, of the Board of Governors, equal to—

**[(i)** 10 percent of such expenses in fiscal year 2011;

**[(ii)** 11 percent of such expenses in fiscal year 2012; and

**[(iii)** 12 percent of such expenses in fiscal year 2013, and in each year thereafter.

**[(B) ADJUSTMENT OF AMOUNT.—**The dollar amount referred to in subparagraph (A)(iii) shall be adjusted annually, using the percent increase, if any, in the employment cost index for total compensation for State and local government workers published by the Federal Government, or the successor index thereto, for the 12-month period ending on September 30 of the year preceding the transfer.

**[(C) REVIEWABILITY.—**Notwithstanding any other provision in this title, the funds derived from the Federal Reserve System pursuant to this subsection shall not be subject to review by the Committees on Appropriations of the House of Representatives and the Senate.

**[(3) TRANSITION PERIOD.—**Beginning on the date of enactment of this Act and until the designated transfer date, the Board of Governors shall transfer to the Bureau the amount estimated by the Secretary needed to carry out the authorities granted to the Bureau under Federal consumer financial law, from the date of enactment of this Act until the designated transfer date.]

**[(4)] (1) BUDGET AND FINANCIAL MANAGEMENT.—**

**(A) \* \* \***

\* \* \* \* \*

**[(E) RULE OF CONSTRUCTION.—**This subsection may not be construed as implying any obligation on the part of the Director to consult with or obtain the consent or approval of the Director of the Office of Management and Budget with respect to any report, plan, forecast, or other information referred to in subparagraph (A) or any jurisdiction or oversight over the affairs or operations of the Bureau.

**[(F) FINANCIAL STATEMENTS.—**The financial statements of the Bureau shall not be consolidated with the fi-

nancial statements of either the Board of Governors or the Federal Reserve System.]

[(5)] (2) AUDIT OF THE BUREAU.—

(A) \* \* \*

\* \* \* \* \*

[(b) CONSUMER FINANCIAL PROTECTION FUND.—

[(1) SEPARATE FUND IN FEDERAL RESERVE ESTABLISHED.—There is established in the Federal Reserve a separate fund, to be known as the “Bureau of Consumer Financial Protection Fund” (referred to in this section as the “Bureau Fund”). The Bureau Fund shall be maintained and established at a Federal reserve bank, in accordance with such requirements as the Board of Governors may impose.

[(2) FUND RECEIPTS.—All amounts transferred to the Bureau under subsection (a) shall be deposited into the Bureau Fund.

[(3) INVESTMENT AUTHORITY.—

[(A) AMOUNTS IN BUREAU FUND MAY BE INVESTED.—The Bureau may request the Board of Governors to direct the investment of the portion of the Bureau Fund that is not, in the judgment of the Bureau, required to meet the current needs of the Bureau.

[(B) ELIGIBLE INVESTMENTS.—Investments authorized by this paragraph shall be made in obligations of the United States or obligations that are guaranteed as to principal and interest by the United States, with maturities suitable to the needs of the Bureau Fund, as determined by the Bureau.

[(C) INTEREST AND PROCEEDS CREDITED.—The interest on, and the proceeds from the sale or redemption of, any obligations held in the Bureau Fund shall be credited to the Bureau Fund.

[(c) USE OF FUNDS.—

[(1) IN GENERAL.—Funds obtained by, transferred to, or credited to the Bureau Fund shall be immediately available to the Bureau and under the control of the Director, and shall remain available until expended, to pay the expenses of the Bureau in carrying out its duties and responsibilities. The compensation of the Director and other employees of the Bureau and all other expenses thereof may be paid from, obtained by, transferred to, or credited to the Bureau Fund under this section.

[(2) FUNDS THAT ARE NOT GOVERNMENT FUNDS.—Funds obtained by or transferred to the Bureau Fund shall not be construed to be Government funds or appropriated monies.

[(3) AMOUNTS NOT SUBJECT TO APPORTIONMENT.—Notwithstanding any other provision of law, amounts in the Bureau Fund and in the Civil Penalty Fund established under subsection (d) shall not be subject to apportionment for purposes of chapter 15 of title 31, United States Code, or under any other authority.]

[(d)] (b) PENALTIES AND FINES.—



(1) \* \* \*

\* \* \* \* \*

[(e)] (c) AUTHORIZATION OF APPROPRIATIONS; ANNUAL REPORT.—

[(1) DETERMINATION REGARDING NEED FOR APPROPRIATED FUNDS.—

[(A) IN GENERAL.—The Director is authorized to determine that sums available to the Bureau under this section will not be sufficient to carry out the authorities of the Bureau under Federal consumer financial law for the upcoming year.

[(B) REPORT REQUIRED.—When making a determination under subparagraph (A), the Director shall prepare a report regarding the funding of the Bureau, including the assets and liabilities of the Bureau, and the extent to which the funding needs of the Bureau are anticipated to exceed the level of the amount set forth in subsection (a)(2). The Director shall submit the report to the President and to the Committee on Appropriations of the Senate and the Committee on Appropriations of the House of Representatives.

[(2) AUTHORIZATION OF APPROPRIATIONS.—If the Director makes the determination and submits the report pursuant to paragraph (1), there are hereby authorized to be appropriated to the Bureau, for the purposes of carrying out the authorities granted in Federal consumer financial law, \$200,000,000 for each of fiscal years 2010, 2011, 2012, 2013, and 2014.

[(3) APPORTIONMENT.—Notwithstanding any other provision of law, the amounts in paragraph (2) shall be subject to apportionment under section 1517 of title 31, United States Code, and restrictions that generally apply to the use of appropriated funds in title 31, United States Code, and other laws.]

(1) AUTHORIZATION OF APPROPRIATIONS.—*There are authorized to be appropriated such sums as may be necessary to carry out this title for each of fiscal years 2014 and 2015.*

[(4)] (2) ANNUAL REPORT.—The Director shall prepare and submit a report, on an annual basis, to the Committee on Appropriations of the Senate and the Committee on Appropriations of the House of Representatives regarding the financial operating plans and forecasts of the Director, the financial condition and results of operations of the Bureau, and the sources and application of funds of the Bureau, including any funds appropriated in accordance with this subsection.

\* \* \* \* \*

## **MINORITY VIEWS**

[Please see attached Minority views]

## **Minority Views**

### **H.R. 3519, "Bureau of Consumer Financial Protection Accountability and Transparency Act of 2013"**

We believe that subjecting the Consumer Financial Protection Bureau (CFPB or Bureau) to the appropriations process would deprive it of its independence as a bank regulator. Other bank regulators, including the Federal Reserve (FRB), the Office of the Comptroller of the Currency (OCC) and the Federal Deposit Insurance Corporation (FDIC), are generally not subject to the appropriations process. The CFPB already has a budget cap, which it cannot increase through assessments or premiums the way other financial regulators can. The CFPB is also required to testify to Congress on its budget twice annually, making it one of the most accountable and transparent agencies in the government. This change would profoundly weaken the CFPB, politicizing what should be an independent financial regulator and making it significantly more challenging for it to fulfill its mission of protecting consumers, including service members, students, seniors and the financial system at large.

Alvin Water

Rubin Flomayosa

Tom Scott

Carl B. my  
age Beatty

Emil Kildee

James A. Hise

John C. Casey

Dani Sewell

Wm. Lacy Clay

Ed Perlmutter

Brad Scher

Stephen D. Regal

Keith Ellison

Michael E. Caporaso

Wendell Si

Bill Foster

Al Franken

Denny Heck

Gregory E. Meeks

Lamar Smith

Pat

Emanuel Cleaver

## Union Calendar No.

113TH CONGRESS  
1ST SESSION

# H. R. 3519

[Report No. 113-]

To amend the Consumer Financial Protection Act of 2010 to make the  
Bureau of Consumer Financial Protection an independent agency.

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### IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 18, 2013

Mr. NEUGEBAUER introduced the following bill; which was referred to the  
Committee on Financial Services

DECEMBER --, 2013

Reported with an amendment, committed to the Committee of the Whole  
House on the State of the Union, and ordered to be printed

[Strike out all after the enacting clause and insert the part printed in italics]

# **A BILL**

To amend the Consumer Financial Protection Act of 2010  
to make the Bureau of Consumer Financial Protection  
an independent agency.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Bureau of Consumer  
5 Financial Protection Accountability and Transparency Act  
6 of 2013”.

7 **SEC. 2. MAKING THE BUREAU AN INDEPENDENT AGENCY.**

8 The Consumer Financial Protection Act of 2010 is  
9 amended—

10 (1) in section 1011—

11 (A) in subsection (a), by striking “in the  
12 Federal Reserve System,”; and

13 (B) in subsection (c), by striking “, includ-  
14 ing in cities in which the Federal reserve banks,  
15 or branches of such banks, are located,”;

16 (2) in section 1012(c), by striking paragraphs  
17 (2), (3), (4), and (5); and

18 (3) in section 1014(b), by striking “Not fewer  
19 than 6 members shall be appointed upon the rec-  
20 ommendation of the regional Federal Reserve Bank  
21 Presidents, on a rotating basis.”.

22 **SEC. 3. BRINGING THE BUREAU INTO THE REGULAR AP-**  
23 **PROPRIATIONS PROCESS.**

24 Section 1017 of the Consumer Financial Protection  
25 Act of 2010 is amended—

1           (1) in subsection (a)—

2           (A) by amending the heading of such sub-  
3           section to read as follows: “BUDGET, FINAN-  
4           CIAL MANAGEMENT, AND AUDIT.—”;

5           (B) by striking paragraphs (1), (2), and  
6           (3);

7           (C) by redesignating paragraphs (4) and  
8           (5) as paragraphs (1) and (2), respectively; and

9           (D) by striking subparagraphs (E) and (F)  
10          of paragraph (1), as so redesignated;

11          (2) by striking subsections (b) and (c);

12          (3) by redesignating subsections (d) and (e) as  
13          subsections (b) and (c), respectively; and

14          (4) in subsection (c), as so redesignated—

15           (A) by striking paragraphs (1), (2), and  
16           (3) and inserting the following:

17           “(1) AUTHORIZATION OF APPROPRIATIONS.—

18           There are authorized to be appropriated such sums  
19           as may be necessary to carry out this title for each  
20           of fiscal years 2014 and 2015.”; and

21           (B) by redesignating paragraph (4) as  
22           paragraph (2).



1 **SECTION 1. SHORT TITLE.**

2       *This Act may be cited as the “Bureau of Consumer*  
3 *Financial Protection Accountability and Transparency Act*  
4 *of 2013”.*

5 **SEC. 2. MAKING THE BUREAU AN INDEPENDENT AGENCY.**

6       *The Consumer Financial Protection Act of 2010 is*  
7 *amended—*

8           (1) *in section 1011—*

9               (A) *in subsection (a)—*

10                   (i) *by striking “in the Federal Reserve*  
11 *System,”; and*

12                   (ii) *by striking “Bureau of Consumer*  
13 *Financial Protection” and inserting “Fi-*  
14 *nancial Product Safety Commission”; and*

15               (B) *in subsection (e), by striking “, includ-*  
16 *ing in cities in which the Federal reserve banks,*  
17 *or branches of such banks, are located,”;*

18           (2) *in section 1012(c), by striking paragraphs*  
19 *(2), (3), (4), and (5); and*

20           (3) *in section 1014(b), by striking “Not fewer*  
21 *than 6 members shall be appointed upon the rec-*  
22 *ommendation of the regional Federal Reserve Bank*  
23 *Presidents, on a rotating basis.”.*

1 **SEC. 3. BRINGING THE BUREAU INTO THE REGULAR APPRO-**  
2 **PRIATIONS PROCESS.**

3 *Section 1017 of the Consumer Financial Protection*  
4 *Act of 2010 is amended—*

5 *(1) in subsection (a)—*

6 *(A) by amending the heading of such sub-*  
7 *section to read as follows: “BUDGET, FINANCIAL*  
8 *MANAGEMENT, AND AUDIT.—”;*

9 *(B) by striking paragraphs (1), (2), and*  
10 *(3);*

11 *(C) by redesignating paragraphs (4) and*  
12 *(5) as paragraphs (1) and (2), respectively; and*

13 *(D) by striking subparagraphs (E) and (F)*  
14 *of paragraph (1), as so redesignated;*

15 *(2) by striking subsections (b) and (c);*

16 *(3) by redesignating subsections (d) and (e) as*  
17 *subsections (b) and (c), respectively; and*

18 *(4) in subsection (c), as so redesignated—*

19 *(A) by striking paragraphs (1), (2), and (3)*  
20 *and inserting the following:*

21 *“(1) AUTHORIZATION OF APPROPRIATIONS.—*

22 *There are authorized to be appropriated such sums as*  
23 *may be necessary to carry out this title for each of*  
24 *fiscal years 2014 and 2015.”; and*

25 *(B) by redesignating paragraph (4) as*  
26 *paragraph (2).*

1 **SEC. 4. DEEMING OF NAME.**

2       *Any reference in a law, regulation, document, paper,*  
3 *or other record of the United States to the Bureau of Con-*  
4 *sumer Financial Protection shall be deemed a reference to*  
5 *the Financial Product Safety Commission.*