

BUREAU OF CONSUMER FINANCIAL PROTECTION
ADVISORY BOARDS ACT

APRIL 6, 2015.—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

[To accompany H.R. 1195]

[Including cost estimate of the Congressional Budget Office]

The Committee on Financial Services, to whom was referred the bill (H.R. 1195) to amend the Consumer Financial Protection Act of 2010 to establish advisory boards, and for other purposes, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

PURPOSE AND SUMMARY

H.R. 1195, the “Bureau of Consumer Financial Protection Advisory Boards Act,” would create a Small Business Advisory Board at the Bureau of Consumer Financial Protection (CFPB). The bill would also codify two other advisory committees created by the CFPB, the Credit Union Advisory Council and the Community Bank Advisory Council. Each board or council advises the CFPB regarding concerns of its established membership. The Director of the CFPB is required to appoint at least 15, but no more than 20, members to each board or council.

BACKGROUND AND NEED FOR LEGISLATION

Section 1014 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (P.L. 111-203) establishes a Consumer Advisory Board to advise and consult with the CFPB in the exercise of its functions under the Federal consumer financial laws and to provide information on emerging practices in the consumer financial products or services industry. The CFPB has created three additional advisory committees: the Credit Union Advisory Council, the

Community Bank Advisory Council, and the Academic Research Council.

In order to ensure that small business owners have the opportunity to provide input to the CFPB, Representatives Pittenger and Heck introduced H.R. 1195, the Bureau of Consumer Financial Protection Small Business Advisory Board Act. This bill amends section 1014 of the Dodd-Frank Act to create a small business advisory board to advise the CFPB regarding small business concerns. There must be no fewer than 15 and no more than 20 members. Eligible members include individuals representing small business concerns that extend credit and service loans; provide real estate settlement services; sell, provide or issue prepaid cards; provide check cashing, check collection or check guarantee services; or collect, analyze or provide consumer report information.

Appearing before the Financial Services Committee, Patrick Miller, President and Chief Executive Officer, CBC Federal Credit Union, testified as follows:

Shortly after the CFPB was established, the Bureau's leadership announced the creation of a credit union advisory council (CUAC). This group, which CUNA strongly supports, advises the agency on the impact of the Bureau's proposals on credit unions. CUAC shares information, analyses, recommendations and the unique perspective of not-for-profit financial institutions with the agency director and staff. However, since CUAC is not required by law, it could be abolished at any time. We believe CUAC is an important resource for the agency and also provides a forum for credit union officials to provide direct feedback to the agency on how proposals and final rules will affect credit unions' operations. Representatives Robert Pittenger and Denny Heck have introduced H.R. 1195, the Bureau of Consumer Financial Protection Advisory Boards Act, which would codify the CFPB Credit Union Advisory Council as a legal requirement and require the CFPB to reimburse all CUAC members for their travel and lodging expenses incurred to attend meetings of the CUAC. We are strongly supportive of this legislation.

In a letter to the Committee dated March 24, 2015, the Independent Community Bankers of America stated that "[t]he Small Business Advisory Board would help ensure that small businesses, which play a critical role in job creation, are accommodated in CFPB rulemakings. Codification of the Community Bank and Credit Union Advisory Councils would ensure the advisory councils enjoy equivalent status to the Small Business Advisory Council. The Community Bank Advisory Council is an invaluable forum for community bankers and CFPB officials to share information and perspectives on the practical impact of rulemakings."

HEARINGS

The Committee on Financial Services held no hearings on H.R. 1195 in the 114th Congress. However, while the Committee did not hold a specific legislative hearing on this measure, it held a hearing entitled "The Semi-Annual Report of the Bureau on Consumer

Financial Protection” on March 3, 2015, at which matters relating to this measure were discussed.

COMMITTEE CONSIDERATION

The Committee on Financial Services met in open session on March 25, 2015 and March 26, 2015, and ordered H.R. 1195 to be reported favorably to the House without amendment by a recorded vote of 53 yeas to 5 nays (Record vote no. FC-15), 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. The sole vote in committee was a motion by Chairman Hensarling to report the bill favorably to the House without amendment. The motion was agreed to by a recorded vote of 53 yeas to 5 nays (Record vote no. FC-15), a quorum being present.

Record vote no. FC-15

Representative	Yea	Nay	Present	Representative	Yea	Nay	Present
Mr. Hensarling	X			Ms. Waters (CA)	X		
Mr. King (NY)	X			Mrs. Maloney (NY)	X		
Mr. Royce	X			Ms. Velázquez		X	
Mr. Lucas	X			Mr. Sherman	X		
Mr. Garrett	X			Mr. Meeks	X		
Mr. Neugebauer	X			Mr. Capuano		X	
Mr. McHenry	X			Mr. Hinojosa			
Mr. Pearce	X			Mr. Clay		X	
Mr. Posey	X			Mr. Lynch		X	
Mr. Fitzpatrick	X			Mr. David Scott (GA)	X		
Mr. Westmoreland				Mr. Al Green (TX)	X		
Mr. Luetkemeyer	X			Mr. Cleaver	X		
Mr. Huizenga (MI)	X			Ms. Moore	X		
Mr. Duffy	X			Mr. Ellison		X	
Mr. Hurt (VA)	X			Mr. Perlmutter	X		
Mr. Stivers	X			Mr. Himes	X		
Mr. Fincher	X			Mr. Carney	X		
Mr. Stutzman	X			Ms. Sewell (AL)	X		
Mr. Mulvaney	X			Mr. Foster	X		
Mr. Hultgren	X			Mr. Kildee	X		
Mr. Ross	X			Mr. Murphy (FL)	X		
Mr. Pittenger	X			Mr. Delaney	X		
Mrs. Wagner	X			Ms. Sinema	X		
Mr. Barr	X			Mrs. Beatty	X		
Mr. Rothfus	X			Mr. Heck (WA)	X		
Mr. Messer	X			Mr. Vargas	X		
Mr. Schweikert	X						
Mr. Dold	X						
Mr. Guinta	X						
Mr. Tipton	X						
Mr. Williams	X						
Mr. Poliquin	X						
Mrs. Love	X						
Mr. Hill	X						

COMMITTEE OVERSIGHT FINDINGS

Pursuant to clause 3(c)(1) of rule XIII of the Rules of the House of Representatives, the findings and recommendations of the Committee, based on oversight activities under clause 2(b)(1) of rule X of the Rules of the House of Representatives, are incorporated in the descriptive portions of 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. 1195 will create the Small Business Advisory Board, thus providing small business owners who are affected by the Consumer Financial Protection Bureau's regulatory and enforcement activities with the opportunity to advise the Bureau, and will codify two other advisory committees previously created by the Bureau's director.

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:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, April 3, 2015.

Hon. JEB HENSARLING,
*Chairman, Committee on Financial Services,
House of Representatives, Washington, DC.*

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 1195, the Bureau of Consumer Financial Protection Advisory Boards Act.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Susan Willie.

Sincerely,

KEITH HALL,
Director.

Enclosure.

H.R. 1195—Bureau of Consumer Financial Protection Advisory Boards Act

Summary: H.R. 1195 would amend current law to establish three groups to provide advice to the Bureau of Consumer Financial Protection (CFPB). The boards would provide information to the CFPB about the practices of small businesses, credit unions, and community banks that offer financial products to consumers.

CBO estimates that implementing H.R. 1195 would increase direct spending by \$9 million over the 2015–2025 period; therefore, pay-as-you-go procedures apply. CBO estimates that enacting the bill would not affect revenues. Implementing H.R. 1195 would not affect discretionary spending because the CFPB is permanently authorized to spend amounts transferred from the Federal Reserve System.

H.R. 1195 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 effect of H.R. 1195 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—											2016– 2020	2016– 2025	
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025				
CHANGES IN DIRECT SPENDING														
Estimated Budget Authority ..	1	1	1	1	1	1	1	1	1	1	1	4	9	
Estimated Outlays	1	1	1	1	1	1	1	1	1	1	1	4	9	

Note: Components may not sum to totals because of rounding.

Basis of estimate: For this estimate, CBO assumes that H.R. 1195 will be enacted near the end of fiscal year 2015 and that spending will follow historical patterns for similar activities. The CFPB is permanently authorized to spend amounts transferred from the Federal Reserve System; because such spending is not subject to appropriation, CFPB expenditures are recorded in the budget as direct spending.

H.R. 1195 would amend current law to establish three groups to provide advice to the CFPB:

- The Small Business Advisory Board would provide information on the practices of small businesses that offer financial products and services;
- The Credit Union Advisory Council would provide advice to the agency on financial products or services that affect credit unions; and
- The Community Bank Advisory Council would provide advice on financial products or services that affect community banks.

Based on information from the CFPB, CBO estimates that the agency would spend about \$200,000 annually for each new advisory group for compensation, travel, and support of board meetings. In addition, CBO expects the CFPB would add two staff positions to provide ongoing administrative support for the boards at an annual cost of about \$250,000. In total, CBO estimates that enacting H.R.

1195 would increase direct spending by about \$850,000 each year or about \$9 million over the 2016–2025 period.

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.

CBO ESTIMATE OF PAY-AS-YOU-GO EFFECTS FOR H.R. 1195, AS ORDERED REPORTED BY THE HOUSE COMMITTEE ON FINANCIAL SERVICES ON MARCH 26, 2015

	By fiscal year, in millions of dollars—											2015– 2020	2015– 2025	
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025			
	NET INCREASE OR DECREASE (–) IN THE DEFICIT													
Statutory Pay-As-You-Go Impact	0	1	1	1	1	1	1	1	1	1	1	1	4	9

Note: Components may not sum to totals because of rounding.

Intergovernmental and private-sector impact: H.R. 1195 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; 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

The Committee estimates that three advisory committees within the meaning of section 5(b) of the Federal Advisory Committee Act would be created by this legislation and that the advisory committees established herein comply with the requirements set forth in such section 5(b).

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. 1195 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(g) of H. Res. 5, 114th Cong. (2015), the Committee states that no provision of H.R. 1195 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(i) of H. Res. 5, 114th Cong. (2015), the Committee states that H.R. 1195 does not require any directed rulemakings.

SECTION-BY-SECTION ANALYSIS OF THE LEGISLATION

Section 1. Short title

This section cites H.R. 1195 as the “Bureau of Consumer Financial Protection Advisory Boards Act.”

Section 2. Establishment of advisory boards within the Bureau of Consumer Financial Protection

This section amends the Consumer Financial Protection Act of 2010 (12 U.S.C. 5494) to insert a new section requiring the Director of the CFPB to establish a Small Business Advisory Board to advise and consult with the Bureau in the exercise of the CFPB’s functions under the Federal consumer financial laws and to provide information on emerging small business practices, including regional trends and concerns.

This section also requires the Director of the CFPB to establish a Credit Union Advisory Council and a Community Bank Advisory Council to advise and consult with the CFPB on consumer financial products or services that impact credit unions and community banks.

For each of the Small Business Advisory Board, the Credit Union Advisory Council, and the Community Bank Advisory Council, the Director is required to appoint no fewer than 15 and no more than 20 members. In appointing members to the Small Business Advisory Board, the Director is encouraged to ensure the participation of minority- and women-owned small business concerns and their interests, without regard to party affiliation. In appointing members to the Credit Union Advisory Council and Community Bank Advisory Council, the Director is encouraged to ensure the participation of credit unions and community banks predominantly serving traditionally underserved communities and populations and their interests, without regard to political affiliation. The board and two councils must each meet at least twice each year, and members who are not full-time employees of the United States are permitted compensation and travel expenses for attending meetings.

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 (new matter is printed in italic and existing law in which no change is proposed is shown in roman):

DODD-FRANK WALL STREET REFORM AND CONSUMER PROTECTION ACT

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) **SHORT TITLE.**—This Act may be cited as the “Dodd-Frank Wall Street Reform and Consumer Protection Act”.

(b) **TABLE OF CONTENTS.**—The table of contents for this Act is as follows:

*	*	*	*	*	*	*
TITLE X—BUREAU OF CONSUMER FINANCIAL PROTECTION						
*	*	*	*	*	*	*
Subtitle A—Bureau of Consumer Financial Protection						
*	*	*	*	*	*	*
<i>Sec. 1014A. Advisory Boards.</i>						
*	*	*	*	*	*	*

TITLE X—BUREAU OF CONSUMER FINANCIAL PROTECTION

SEC. 1001. SHORT TITLE.

This title may be cited as the “Consumer Financial Protection Act of 2010”.

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Subtitle A—Bureau of Consumer Financial Protection

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SEC. 1014A. ADVISORY BOARDS.

(a) **SMALL BUSINESS ADVISORY BOARD.**—

(1) **ESTABLISHMENT.**—*The Director shall establish a Small Business Advisory Board—*

(A) to advise and consult with the Bureau in the exercise of the Bureau’s functions under the Federal consumer financial laws applicable to eligible financial products or services; and

(B) to provide information on emerging practices of small business concerns that provide eligible financial products or services, including regional trends, concerns, and other relevant information.

(2) **MEMBERSHIP.**—

(A) **NUMBER.**—*The Director shall appoint no fewer than 15 and no more than 20 members to the Small Business Advisory Board.*

(B) *QUALIFICATION.*—Members appointed pursuant to subparagraph (A) shall be representatives of small business concerns that—

- (i) provide eligible financial products or services;
- (ii) are service providers to covered persons; and
- (iii) use consumer financial products or services in financing the business activities of such concern.

(C) *ADDITIONAL CONSIDERATIONS.*—In appointing members pursuant to subparagraph (A), the Director is encouraged to ensure the participation of minority- and women-owned small business concerns and their interests, without regard to party affiliation.

(3) *MEETINGS.*—The Small Business Advisory Board—

(A) shall meet from time to time at the call of the Director; and

(B) shall meet at least twice each year.

(b) *CREDIT UNION ADVISORY COUNCIL.*—

(1) *ESTABLISHMENT.*—The Director shall establish a Credit Union Advisory Council to advise and consult with the Bureau on consumer financial products or services that impact credit unions.

(2) *MEMBERSHIP.*—The Director shall appoint no fewer than 15 and no more than 20 members to the Credit Union Advisory Council. In appointing such members, the Director is encouraged to ensure the participation of credit unions predominantly serving traditionally underserved communities and populations and their interests, without regard to party affiliation.

(3) *MEETINGS.*—The Credit Union Advisory Council—

(A) shall meet from time to time at the call of the Director; and

(B) shall meet at least twice each year.

(c) *COMMUNITY BANK ADVISORY COUNCIL.*—

(1) *ESTABLISHMENT.*—The Director shall establish a Community Bank Advisory Council to advise and consult with the Bureau on consumer financial products or services that impact community banks.

(2) *MEMBERSHIP.*—The Director shall appoint no fewer than 15 and no more than 20 members to the Community Bank Advisory Council. In appointing such members, the Director is encouraged to ensure the participation of community banks predominantly serving traditionally underserved communities and populations and their interests, without regard to party affiliation.

(3) *MEETINGS.*—The Community Bank Advisory Council—

(A) shall meet from time to time at the call of the Director; and

(B) shall meet at least twice each year.

(d) *COMPENSATION AND TRAVEL EXPENSES.*—Members of the Small Business Advisory Board, the Credit Union Advisory Council, or the Community Bank Advisory Council who are not full-time employees of the United States shall—

(1) be entitled to receive compensation at a rate fixed by the Director while attending meetings of the Small Business Advisory Board, the Credit Union Advisory Council, or the Community Bank Advisory Council, including travel time; and

(2) be allowed travel expenses, including transportation and subsistence, while away from their homes or regular places of business.

(e) *DEFINITIONS.*—*In this section—*

(1) the term “eligible financial product or service” means a financial product or service that is offered or provided for use by consumers primarily for personal, family, or household purposes as described in clause (i), (iii), (v), (vi), or (ix) of section 1002(15)(A); and

(2) the term “small business concern” has the meaning given such term in section 3 of the Small Business Act (15 U.S.C. 632).

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