

Memorandum

To: Members, Subcommittee on Financial Institutions and Consumer Credit

From: Committee Majority Staff

Date: October 24, 2013

Subject: October 29, 2013, Financial Institutions and Consumer Credit Subcommittee Hearing on “Legislative Proposals to Reform the Consumer Financial Protection Bureau.”

The Subcommittee on Financial Institutions and Consumer Credit will hold a hearing on “Legislative Proposals to Reform the Consumer Financial Protection Bureau” at 3:00 p.m. on Tuesday, October 29, 2013, in room 2128 of the Rayburn House Office Building. This will be a one-panel hearing with the following witnesses:

- Jess Sharp, Executive Director, U.S. Chamber Center for Capital Markets Competitiveness
- Robert S. Tissue, SVP and CFO, Summit Financial Group, Inc., on behalf of the West Virginia Bankers Association
- Lynette Smith, President/CEO, Washington Gas Light Federal Credit Union, on behalf of the National Association of Federal Credit Unions
- Damon A. Silvers, Director of Policy and Special Counsel, AFL-CIO

This hearing will examine bills (and a discussion draft that is attached to this Memorandum) that are designed to promote greater accountability and transparency at the Consumer Financial Protection Bureau (“CFPB”). Each of the proposed bills focuses on one or more of three principal reform areas:

1. Reforming the leadership structure of the CFPB, including replacing the director with a five-member commission and modifying the ability of the Financial Stability Oversight Council to set aside a CFPB rule;
2. Reforming the funding mechanism of the CFPB, including subjecting the CFPB to regular appropriations, removing the ability of the CFPB to derive funding from the Federal Reserve, and moving CFPB employees to the General Schedule for compensation; and
3. Addressing concerns about the CFPB’s efforts to collect personally identifiable consumer financial data.

H.R. 450: “Bureau of Consumer Financial Protection Accountability Act”

Introduced by Representative Posey, the Bureau of Consumer Financial Protection Accountability Act amends the Consumer Financial Protection Act of 2010 to subject the CFPB to

regular appropriations; repeals the requirement of an annual transfer to the CFPB of funds from the Board of Governors of the Federal Reserve System; repeals establishment of the CFPB Fund; and authorizes appropriations for FY2013.

H.R. 2385: “CFPB Pay Fairness Act of 2013”

Introduced by Representative Duffy, the CFPB Pay Fairness Act of 2013 amends the Dodd-Frank Wall Street Reform and Consumer Protection Act (P.L. 111-203) (“Dodd-Frank Act”), with respect to compensation of employees of the CFPB, to require the CFPB Director to set and adjust the rates of basic pay for CFPB employees in accordance with the General Schedule for Federal employees, and provides an effective date 90 days following enactment.

H.R. 2402: “Consumer Financial Protection Commission Act of 2013”

Introduced by Representative Duffy, the Consumer Financial Protection Commission Act of 2013 amends the Consumer Financial Protection Act of 2010 to replace the position of Director of the CFPB with a bipartisan five-member Commission composed of the Vice Chairman for Supervision of the Federal Reserve System and four additional members appointed by the President, by and with the advice and consent of the Senate; provides that members serve staggered 5-year terms and can be removed only for cause; provides that a Chair of the Commission, who serves the principal executive officer of the Bureau, shall be appointed by the President from among members of the Commission; prohibits the Chair of the Commission from making requests for estimates related to appropriations without prior Commission approval; and sets compensation for the Chair at level I of the Executive Schedule and compensation for other members at level II of the Executive Schedule.

H.R. 2446: “Responsible Consumer Financial Protection Regulations Act of 2013”

Introduced by Chairman Emeritus Bachus, the Responsible Consumer Financial Protection Regulations Act of 2013 amends the Consumer Financial Protection Act of 2010 to replace the position of Director of the CFPB with a bipartisan five-member Commission, all of whom are appointed by the President, by and with the advice and consent of the Senate; provides that members serve staggered 5-year terms and can be removed only for cause; provides that a Chair of the Commission, who serves the principal executive officer of the CFPB, shall be appointed by the President from among members of the Commission; prohibits the Chair of the Commission from making requests for estimates related to appropriations without prior Commission approval; and sets compensation for the Chair at level I of the Executive Schedule and compensation for other members at level II of the Executive Schedule.

H.R. 2571: “Consumer Right to Financial Privacy Act of 2013”

Introduced by Representative Duffy, the Consumer Right to Financial Privacy Act of 2013 amends the Dodd-Frank Act to prohibit the CFPB from requesting, accessing, collecting, using, retaining, or disclosing nonpublic personal information about a consumer unless the CFPB clearly and conspicuously discloses to the consumer, in writing or in an electronic form, what information will be requested, obtained, accessed, collected, used, retained, or disclosed; and the consumer informs the CFPB, before such information is requested, obtained, accessed, collected, used, retained, or disclosed, that such information may be requested, obtained, accessed,

collected, used, retained, or disclosed; subjects CFPB contractors to the same restrictions and conditions; and amends the Right to Financial Privacy Act of 1978 to repeal the exemption from its application the examination by or disclosure to the CFPB of financial records or information in the exercise of its authority with respect to a financial institution.

H.R. 3183: “A bill to provide consumers with a free annual disclosure of information the Bureau of Consumer Financial Protection maintains on them”

Introduced by Representative Westmoreland, this bill amends the Consumer Financial Protection Act of 2010 to require the CFPB to provide, starting one year following enactment and within fifteen days of a consumer’s request, one free annual report disclosing all information about that consumer held by the CFPB, the sources of such information, and the identity of any person or Federal department or agency to which the CFPB disclosed such information.

H.R. 3192: “Bureau of Consumer Financial Protection Accountability Act of 2013”

Introduced by Representative Duffy, the Bureau of Consumer Financial Protection Accountability Act of 2013 amends the Consumer Financial Protection Act of 2010 to subject the CFPB to regular appropriations; repeals the requirement of an annual transfer to the CFPB of funds from the Board of Governors of the Federal Reserve System; repeals establishment of the CFPB Fund; and authorizes appropriations for FY2014.

H.R. 3193: “Consumer Financial Protection Safety and Soundness Improvement Act of 2013”

Introduced by Representative Duffy, the Consumer Financial Protection Safety and Soundness Improvement Act of 2013 amends the Consumer Financial Protection Act to authorize the Chairperson of the Financial Stability Oversight Council to issue a stay of, or set aside, any regulation issued by the CFPB upon a determination by the majority of Council members that the regulation is inconsistent with the safe and sound operations of U.S. financial institutions; and requires the CFPB, in making a rule, to consider the impact of the rule on the financial safety or soundness of an insured depository institution.

H.R. ____: “Bureau of Consumer Financial Protection Accountability and Transparency Act of 2013”

Circulated by Representative Neugebauer, this discussion draft would amend the Consumer Financial Protection Act of 2010 to reassign the CFPB as a dependent bureau of the Department of the Treasury rather than an independent bureau of the Federal Reserve System; subject the CFPB to the regular Congressional authorization and appropriations processes; repeal the establishment of the Bureau of Consumer Financial Protection Fund; and authorize annual appropriations.

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