

SB 1540 A BUDGET REPORT and MEASURE SUMMARY

Joint Committee On Ways and Means

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Reviewed By: Matt Stayner, Legislative Fiscal Office

**Department of Consumer and Business Services
2019-21**

PRELIMINARY

Budget Summary*

	2019-21 Legislatively Adopted Budget	2020 Committee Recommendation	Committee Change from 2019-21 Leg. Adopted	
			\$ Change	% Change
Other Funds	\$ -	\$ 165,752	\$ 165,752	
Total	\$ -	\$ 165,752	\$ 165,752	

Position Summary

Authorized Positions	0	2	2
Full-time Equivalent (FTE) Positions	0.00	0.34	0.34

* Excludes Capital Construction Expenditures

Summary of Revenue Changes

Senate Bill 1540 establishes a regulatory program for student loan servicers. The revenue needed to establish the program will be borrowed from the Consumer and Business Services Fund for the 2019-21 biennium. The Department of Consumer and Business Services will repay the loan and pay for the operating costs of this new regulatory program in future biennia by charging a fee on the regulated entities. Senate Bill 1540 requires the fees to be set to recover the cost of regulating the industry.

Summary of Transportation and Economic Development Subcommittee Action

The Subcommittee recommended an increase of \$165,752 Other Funds expenditure limitation and the establishment of two positions (0.34 FTE) for the Department of Consumer and Business Services (DCBS) to regulate the student loan servicing industry, including \$58,066 in Personal Services and \$107,686 in Services and Supplies. The regulatory program established by the bill becomes effective on July 1, 2021. DCBS will hire one permanent, full-time Program Analyst 3 (0.21 FTE) in February 2021, to serve as an ombudsman and perform advocacy and outreach related to the new program and one permanent, full-time Financial Examiner 1 (0.13 FTE) in April 2021, to perform licensing, financial examination and compliance work related to the student loan servicing industry.

The Services and Supplies expenditure limitation includes Attorney General costs, a contract to develop a borrower education program, and position-associated Services and Supplies costs. These costs are to be phased out in the development of the 2021-23 budget. Costs for the 2021-23 biennium are uncertain at this time. DCBS will work during the interim to define the resource needs of the regulatory program and make an additional request during the 2021-23 budget development process.

DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION

Department of Consumer and Business Services
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DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
<u>SUBCOMMITTEE ADJUSTMENTS</u>									
SCR 18-00 - Division of Financial Regulation									
Personal Services	\$ -	\$ -	\$ 58,066	\$ -	\$ -	\$ -	\$ 58,066	2	0.34
Services and Supplies	\$ -	\$ -	\$ 107,686	\$ -	\$ -	\$ -	\$ 107,686		
TOTAL SUBCOMMITTEE ADJUSTMENTS	\$ -	\$ -	\$ 165,752	\$ -	\$ -	\$ -	\$ 165,752	2	0.34

PRELIMINARY