

SB 485 BUDGET REPORT and MEASURE SUMMARY

Joint Committee On Ways and Means

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Reviewed By: Ben Ruef, Legislative Fiscal Office

**Department of Consumer and Business Services
2021-23**

PRELIMINARY

Budget Summary*

	2019-21	2021 - 23	2021-23	Committee Change from 2019-21	
	Legislatively Approved Budget ⁽¹⁾	Current Service Level	Committee Recommendation	Committee Change from 2019-21 Leg. Approved	
				\$ Change	% Change
Other Funds Limited	\$ -	\$ -	\$ 362,436	\$ 362,436	100.0%
Total	\$ -	\$ -	\$ 362,436	\$ 362,436	100.0%

Position Summary

Authorized Positions	0	0	2	2
Full-time Equivalent (FTE) positions	0.00	0.00	1.34	1.34

⁽¹⁾ Includes adjustments through January 2021

* Excludes Capital Construction expenditures

Summary of Revenue Changes

SB 485 creates a new licensing and regulatory program for student loan servicers within the Department of Consumer and Business Services (DCBS). DCBS will recover the cost of regulating student loan servicers with application and renewal fees set by administrative rule. DCBS estimates approximately 40 student loan servicers will be required by SB 485 to obtain a license. DCBS would borrow internally from the Consumer and Business Services Fund to pay for the start-up costs of the new program. The fees DCBS sets for 2021-23 will include the reimbursement of program start-up costs and interest.

The bill also allows DCBS to impose civil penalties for violations of up to \$5,000 for a single violation and up to \$20,000 for continuous violations. The cost of administrative proceedings against a servicer may also be assessed as a civil penalty. Civil penalties under this bill are paid to the General Fund.

Summary of Transportation and Economic Development Subcommittee Action

SB 485 creates a new licensing and regulatory program for student loan servicers within DCBS, requiring student loan servicers to obtain a license and meet minimum net worth and liquidity requirements. DCBS would have authority to take control of a failing licensee’s property, business, and assets, or petition the court for a receiver. DCBS would set the application form and content requirements by rule, including the license and renewal fee, and surety bond requirements. The measure also requires DCBS to designate a student loan ombudsman to review and attempt to resolve complaints from borrowers, compile, and analyze data on consumer complaints, analyze the student loan market and state and federal regulatory frameworks and make recommendations to state agencies and the legislature, and establish a borrower education program.

The Subcommittee recommended \$362,436 Other Funds expenditure limitation and two positions (1.34 FTE) to carry out the work of the bill. DCBS will hire one permanent, full-time Program Analyst 3 (0.71 FTE) to act as the Student Loan Ombudsman and perform program oversight and analysis and one permanent, full-time Financial Examiner 1 (0.63 FTE) to act as a Licensing Specialist and Compliance Examiner to process Servicer applications and renewals, ensure licensing requirements are met, and handle inquiries pertaining to Servicer licensing and examinations. The Subcommittee recommendation includes \$142,922 in services and supplies expenditures, including \$48,200 in Attorney General charges related to enforcement actions, \$50,000 to contract with a learning management program to meet continuing education requirements, \$26,000 for materials and travel related to consumer outreach, and \$18,722 in personal service related services and supplies.

PRELIMINARY

DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION

Department of Consumer and Business Services
 Patrick Heath - 503-983-8670

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
<u>SUBCOMMITTEE ADJUSTMENTS (from CSL)</u>									
SCR 018 Division of Financial Regulation									
Personal Services	\$ -	\$ -	\$ 219,514	\$ -	\$ -	\$ -	\$ 219,514	2	1.34
Services and Supplies	\$ -	\$ -	\$ 142,922	\$ -	\$ -	\$ -	\$ 142,922		
TOTAL ADJUSTMENTS	\$ -	\$ -	\$ 362,436	\$ -	\$ -	\$ -	\$ 362,436	2	1.34
SUBCOMMITTEE RECOMMENDATION	\$ -	\$ -	\$ 362,436	\$ -	\$ -	\$ -	\$ 362,436	2	1.34

PRELIMINARY