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Slashing CFPB budget to fund tax cuts for billionaires would gut the agency, increase financial harms and fraud, and let financial predators off the hook

For fourteen years, the Consumer Financial Protection Bureau (CFPB) has kept everyday people safe from financial fraud and harm and held banks, payday lenders, and Big Tech firms accountable when they scammed and hurt people. Created on the heels of the 2008 financial crisis, the CFPB was purposefully structured to be an independent agency with a secure funding stream (drawn from the Federal Reserve and not taxpayer funds), not dependent on Congress and insulated from political and economic pressures. This helped the agency return $21 billion to over 200 million people through restitution and cancelled debts.[1]

And because it has been so effective at seeking accountability when financial institutions engage in misconduct, the Republican Congress has included severe cuts to the CFPB in the budget reconciliation package that effectively prevents the agency from fulfilling its statutory mandates to protect people. These cuts do not balance the budget, they just help fund tax cuts to the richest households and these attempts to shut down the CFPB to protect powerful banks, predatory lenders, and tech billionaires instead of standing up for consumer interests.

The CFPB cuts would not balance the budget but would prevent the Bureau from protecting people from financial fraud and harm — all to pay for a billionaire tax break. Republicans in Congress are trying to gut the CFPB to fund tax cuts for the wealthiest families and to let financial firms pick people's pockets without any consequences. House Republicans passed legislation[2] proposing a 70 percent cut to the CFPB's budget[3] while a recent Senate Banking Committee majority staff memo reveals plans to eliminate *all* mandatory CFPB funding and require the Bureau to seek funding entirely from the annual appropriations process.[4] Reducing the CFPB's Federal Reserve draw has no effect on the federal budget, but it benefits billionaires and powerful corporate interests. It would starve the CFPB of sufficient staff and resources to carry out its consumer protection mission, allowing corporate interests to engage in misconduct with impunity.

Slashing the CFPB's budget and hurting its ability to keep people safe from financial fraud and harm could trigger another financial crisis. Congress created the CFPB because the other regulators failed to protect consumers and enforce consumer financial protection laws leading up to the 2008 financial crisis. This lack of regulatory oversight enabled an explosion of predatory mortgages and affiliated risky securities that triggered a financial crisis that devastated the economy, led to 16 million foreclosures, cost millions of people their jobs, and eliminated $17 trillion of U.S. household wealth.[5] When people struggle to make ends meet, junk fees and unfair charges can upend a family's entire financial life, harm their credit, and make it harder to obtain housing or secure employment.

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[1] Consumer Financial Protection Bureau (CFBP). About the Bureau. Accessed May 5, 2025.
[2] Financial Services Committee Print. Providing for reconciliation pursuant to H.Con.Res.14, the Concurrent Resolution on the Budget for Fiscal Year 2025. 119th Congress. (2025).
[3] The House Financial Services Committee voted to cap the CFPB funding to 5% of Federal Reserve operating expenses from 2009, which translates to a cap of $249 million for FY 2025. Currently the cap is 12%, and adjusted for inflation, the current cap would be $823.1 million, representing a 70% cut to the CFPB's budget.
[4] Condon, Christopher and Steven Dennis. "Senate GOP plans to boost CFPB scrutiny, cut fed employee pay." Bloomberg Law. June 4, 2025.
[5] ATTOM. [Press release]. "U.S. foreclosure activity increases from 2022 but still below pre-pandemic levels." January 11, 2024. There were 16.6 million foreclosures between 2007 and 2015 before foreclosures dropped below 1 million a year; Emmons, William R. and Bryan J. Noeth. Federal Reserve Bank of St. Louis. "Household financial stability: Who suffered most from the crisis." July 1, 2012; Greenstone, Michael et al. Brookings Institution. "Unemployment and Earnings Losses: A Look at Long-Term Impacts of the Great Recession on American Workers." November 4, 2011.

Slashing the CFPB's budget would jeopardize its ability to fulfill its statutory mandates. These include fielding consumer complaints, enforcing all federal consumer financial protection laws and fair lending laws, and protecting certain populations like older adults and military servicemembers. The CFPB operates with incredible efficacy and efficiency, and a massive funding cut to its budget would not be cost savings measures but would incapacitate the CFPB. Slashing the budget could jeopardize mandates to:

Protect older people, servicemembers, and student borrowers. The cuts would make it nearly impossible to maintain congressionally mandated CFPB programs and offices that protect older people, servicemembers, student borrowers, and work to keep these populations safe from financial fraud and harms.[6] The CFPB found unique fraud risks for servicemembers and older adults from digital payment apps.[7] It pursued predatory student lenders, including requiring Navient to pay $120 million in redress for harmful lending practices and banning it from federal student loan.[8] Gutting the agency's funding would systemically eliminate the its ability to provide the necessary protections and enforcement actions mandated by Congress.

Maintain the consumer complaints database. The cuts could jeopardize the statutorily mandated consumer complaints database, which requires the CFPB to collect, investigate, and respond to consumer complaints about financial services.[9] Since 2011, the CFPB's Office of Consumer Response has helped get timely responses from more than 6,100 financial companies.[10]

Enforce civil rights laws and make sure that everyone has fair, equitable, and nondiscriminatory access to credit. A gutted CFPB would be unable to vigorously enforce fair lending laws such as the Equal Credit Opportunity Act and the Home Mortgage Disclosure Act. Communities of color, women, and individuals residing in lower-income areas face high levels of discrimination that make it harder and more expensive to access credit to secure housing, get a business loan, or other credit. Unchecked discrimination undermines the market and hurts both the directly impacted individuals as well as the communities where they live.

Enforce consumer financial protection laws. The CFPB works to make sure credit reports are accurate and that any disputed debts on credit reports are resolved in a timely manner under the Fair Credit Reporting Act. Unresolved credit report mistakes can lower people's credit scores and result in years of more expensive loans.[11] In 2023, half of the CFPB complaints were related to credit reports.[12] Gutting the CFPB would make it harder for people to address and remedy credit report mistakes as quickly as possible and would expose people to abusive and illegal debt collection practices.

Enforce laws that protect homebuyers. The cuts could interfere with statutorily mandated duties to regulate mortgage servicers,[13] maintain key mortgage disclosures, and protect families on the brink of foreclosure. The failure of other regulators to enforce these protections helped contribute to the housing collapse and the 2008 financial crisis. Even the Mortgage Bankers Association, the National Association of Homebuilders, and the National Association of Realtors agree that "virtually all financial transactions for residential real estate in the United States depend upon compliance with the CFPB's rules, and consumers rely on the rights and protections provided by those rules."[14]

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[6] 12 U.S.C. § 5493(g)(1); 12 U.S.C. § 5493(e)(1); 12 U.S.C. § 5535(a) (2010).
[7] Marek, Lynne. "US servicemembers ensnared by digital payment app scams." Dive Brief. June 22, 2023.
[8] CFPB. [Press release]. "CFPB Bans Navient from Federal Student Loan Servicing and Orders the Company to Pay $120 Million for Wide-Ranging Student Lending Failures." September 12, 2024.
[9] 12 U.S.C. § 5493(b)(3) (2010).
[10] Consumer Financial Protection Bureau (CFPB). Consumer complaint program. Accessed May 5, 2025.
[11] Fair Credit Reporting Act. 15 USC § 1681 et seq. (1970).
[12] Consumer Financial Protection Bureau (CFBP). About the Bureau. Accessed May 6, 2025.
[13] 12 U.S.C. § 2605(j)(3) (2010).
[14] Brief of Mortgage Bankers Association et al. as Amicus Curiae in Support of Petitioners, *CFPB v. Community Financial Services Association*, No. 22-448 (U.S. May 15, 2023).