



**Americans for Financial Reform**  
1629 K St NW, 10th Floor, Washington, DC, 20006  
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July 16, 2014

Dear Representative,

On behalf of Americans for Financial Reform, we are writing to convey our strong opposition to H.R. 5016, a bill that would place funding restrictions on our financial regulatory agencies. Sections of this bill would undermine consumer protections that are currently in place, weaken Wall Street reforms, and hurt the ability of regulators to do an efficient job protecting the economy.

There are a number of provisions within the bill that our coalition believes would be harmful. These are outlined below.

**Sections 501-502** of the bill would seriously undermine the Consumer Financial Protection Bureau (CFPB) and interfere with the agency's ability to fulfill its consumer-protection mission. The CFPB—the nation's only financial regulator completely devoted to consumer protection—has been busy protecting consumers by ensuring that markets work in an open, transparent, and fair way. These sections would eliminate the CFPB's independent funding and undermine its ability to be an effective watchdog by making it the only bank regulator funded through the appropriations process.

This change would leave the CFPB vulnerable to financial industry efforts to cut off funding in retaliation for doing its job. Bank regulators have historically been funded outside of the appropriations process to avoid this outcome, which poses serious risks to our financial system and our economy. Furthermore, the source of funding for the CFPB was suitably and comprehensively debated during the authorization of the Committee of jurisdiction. This is not a debate that should be, or needs to be, rehashed. The financial crisis clarified just how important it is for Congress to support financial regulators ability to avoid industry capture, and stand up for the public interest. We urge you to defend effective consumer financial protection and oppose this proposal.

**Sections 503-504** of the bill add burdensome, unnecessary and duplicative reporting requirements regarding CFPB funding and operations. The CFPB already regularly and publicly reports on its spending plans and finances. The CFPB also routinely testifies before

Congressional Committees on its performance and its budget, and is subject to oversight at least as extensive as any other federal financial regulator.

**Section 125** of the bill would eliminate independent funding for the Office of Financial Research (OFR) and place the office under the annual appropriations process. This would subject the office to additional political pressures and could lead to funding shortfalls that prevent technology investments or necessary hiring. The OFR was specifically created in the wake of the financial crisis to be an independent analyst of risks to the U.S. economy. In this capacity it works to inform the Financial Stability Oversight Council (FSOC), the U.S. Congress, and the public as a whole. An important goal of the OFR is to prevent a situation like the years leading up to the 2008 financial crisis where critical emerging risks to the financial system were not properly understood by separate and often uncoordinated financial regulators. The OFR's funding arrangement is crucial to ensuring its independence and should not be changed.

**Section 632** of the bill is a policy rider that would effectively eliminate a key systemic risk protection in the Dodd-Frank Act. Its inclusion in a spending bill is inappropriate. This section would for practical purposes eliminate the 'swaps push out' provision of the Dodd-Frank Act, which requires financial institutions that have access to the federal banking safety net to remove risky derivative activities from taxpayer-insured banks and place them in separate affiliates supported exclusively by private capital. When this legislation was separately considered as H.R. 992, it was opposed by 119 Democrats, 3 Republicans, the Treasury Secretary, FDIC Vice Chair Tom Hoenig, and former FDIC Chair Sheila Bair.

**Section 625** of the bill would prevent the Securities and Exchange Commission (the SEC) from spending from the Reserve Fund for the next year, and thus would place improper and unnecessary restrictions on the agency. The Dodd-Frank Act created the Reserve Fund to help assist the SEC's long-range planning and budgeting, and because Congress accepted that the SEC needs resources to respond to unforeseen crises. Congress already enjoys oversight of the Reserve Fund, and the SEC is required to notify appropriate committees within ten days of making a Reserve Fund obligation. Reversing existing law on the Reserve Fund would create uncertainty within the SEC and lead to greater instability within financial markets. The bill would also provide \$1.35 billion to fund the SEC. This amount is \$300 million below the President's FY2015 budget request and is inadequate.

Aside from including ideological provisions that do not belong in legislation meant to fund financial services and general government agencies and programs, this bill actively undercuts important components of Wall Street reform. In addition, if passed it would fail to provide the amount of funding necessary for these offices to responsibly and efficiently fulfill their important missions.

We urge you to oppose this bill, and specifically oppose the components of the bill outlined above. AFR supports measures to fix the problems discussed above, including Representative Holt's amendment to strike sections 501-504. Thank you.

Sincerely,

Americans for Financial Reform

## **Following are the partners of Americans for Financial Reform.**

*All the organizations support the overall principles of AFR and are working for an accountable, fair and secure financial system. Not all of these organizations work on all of the issues covered by the coalition or have signed on to every statement.*

- AARP
- A New Way Forward
- AFL-CIO
- AFSCME
- Alliance For Justice
- American Income Life Insurance
- American Sustainable Business Council
- Americans for Democratic Action, Inc
- Americans United for Change
- Campaign for America's Future
- Campaign Money
- Center for Digital Democracy
- Center for Economic and Policy Research
- Center for Economic Progress
- Center for Media and Democracy
- Center for Responsible Lending
- Center for Justice and Democracy
- Center of Concern
- Center for Effective Government
- Change to Win
- Clean Yield Asset Management
- Coastal Enterprises Inc.
- Color of Change
- Common Cause
- Communications Workers of America
- Community Development Transportation Lending Services
- Consumer Action
- Consumer Association Council
- Consumers for Auto Safety and Reliability
- Consumer Federation of America
- Consumer Watchdog
- Consumers Union
- Corporation for Enterprise Development
- CREDO Mobile
- CTW Investment Group
- Demos
- Economic Policy Institute
- Essential Action
- Green America
- Greenlining Institute
- Good Business International

- HNMA Funding Company
- Home Actions
- Housing Counseling Services
- Home Defender's League
- Information Press
- Institute for Agriculture and Trade Policy
- Institute for Global Communications
- Institute for Policy Studies: Global Economy Project
- International Brotherhood of Teamsters
- Institute of Women's Policy Research
- Krull & Company
- Laborers' International Union of North America
- Lawyers' Committee for Civil Rights Under Law
- Main Street Alliance
- Move On
- NAACP
- NASCAT
- National Association of Consumer Advocates
- National Association of Neighborhoods
- National Community Reinvestment Coalition
- National Consumer Law Center (on behalf of its low-income clients)
- National Consumers League
- National Council of La Raza
- National Council of Women's Organizations
- National Fair Housing Alliance
- National Federation of Community Development Credit Unions
- National Housing Resource Center
- National Housing Trust
- National Housing Trust Community Development Fund
- National NeighborWorks Association
- National Nurses United
- National People's Action
- National Urban League
- Next Step
- OpenTheGovernment.org
- Opportunity Finance Network
- Partners for the Common Good
- PICO National Network
- Progress Now Action
- Progressive States Network
- Poverty and Race Research Action Council
- Public Citizen
- Sargent Shriver Center on Poverty Law
- SEIU
- State Voices
- Taxpayer's for Common Sense
- The Association for Housing and Neighborhood Development
- The Fuel Savers Club

- The Leadership Conference on Civil and Human Rights
- The Seminal
- TICAS
- U.S. Public Interest Research Group
- UNITE HERE
- United Food and Commercial Workers
- United States Student Association
- USAction
- Veris Wealth Partners
- Western States Center
- We the People Now
- Woodstock Institute
- World Privacy Forum
- UNET
- Union Plus
- Unitarian Universalist for a Just Economic Community

***List of State and Local Partners***

- Alaska PIRG
- Arizona PIRG
- Arizona Advocacy Network
- Arizonans For Responsible Lending
- Association for Neighborhood and Housing Development NY
- Audubon Partnership for Economic Development LDC, New York NY
- BAC Funding Consortium Inc., Miami FL
- Beech Capital Venture Corporation, Philadelphia PA
- California PIRG
- California Reinvestment Coalition
- Century Housing Corporation, Culver City CA
- CHANGER NY
- Chautauqua Home Rehabilitation and Improvement Corporation (NY)
- Chicago Community Loan Fund, Chicago IL
- Chicago Community Ventures, Chicago IL
- Chicago Consumer Coalition
- Citizen Potawatomi CDC, Shawnee OK
- Colorado PIRG
- Coalition on Homeless Housing in Ohio
- Community Capital Fund, Bridgeport CT
- Community Capital of Maryland, Baltimore MD
- Community Development Financial Institution of the Tohono O'odham Nation, Sells AZ
- Community Redevelopment Loan and Investment Fund, Atlanta GA
- Community Reinvestment Association of North Carolina
- Community Resource Group, Fayetteville A
- Connecticut PIRG
- Consumer Assistance Council
- Cooper Square Committee (NYC)
- Cooperative Fund of New England, Wilmington NC

- Corporacion de Desarrollo Economico de Ceiba, Ceiba PR
- Delta Foundation, Inc., Greenville MS
- Economic Opportunity Fund (EOF), Philadelphia PA
- Empire Justice Center NY
- Empowering and Strengthening Ohio's People (ESOP), Cleveland OH
- Enterprises, Inc., Berea KY
- Fair Housing Contact Service OH
- Federation of Appalachian Housing
- Fitness and Praise Youth Development, Inc., Baton Rouge LA
- Florida Consumer Action Network
- Florida PIRG
- Funding Partners for Housing Solutions, Ft. Collins CO
- Georgia PIRG
- Grow Iowa Foundation, Greenfield IA
- Homewise, Inc., Santa Fe NM
- Idaho Nevada CDFI, Pocatello ID
- Idaho Chapter, National Association of Social Workers
- Illinois PIRG
- Impact Capital, Seattle WA
- Indiana PIRG
- Iowa PIRG
- Iowa Citizens for Community Improvement
- JobStart Chautauqua, Inc., Mayville NY
- La Casa Federal Credit Union, Newark NJ
- Low Income Investment Fund, San Francisco CA
- Long Island Housing Services NY
- MaineStream Finance, Bangor ME
- Maryland PIRG
- Massachusetts Consumers' Coalition
- MASSPIRG
- Massachusetts Fair Housing Center
- Michigan PIRG
- Midland Community Development Corporation, Midland TX
- Midwest Minnesota Community Development Corporation, Detroit Lakes MN
- Mile High Community Loan Fund, Denver CO
- Missouri PIRG
- Mortgage Recovery Service Center of L.A.
- Montana Community Development Corporation, Missoula MT
- Montana PIRG
- New Economy Project
- New Hampshire PIRG
- New Jersey Community Capital, Trenton NJ
- New Jersey Citizen Action
- New Jersey PIRG
- New Mexico PIRG
- New York PIRG
- New York City Aids Housing Network
- New Yorkers for Responsible Lending

- NOAH Community Development Fund, Inc., Boston MA
- Nonprofit Finance Fund, New York NY
- Nonprofits Assistance Fund, Minneapolis M
- North Carolina PIRG
- Northside Community Development Fund, Pittsburgh PA
- Ohio Capital Corporation for Housing, Columbus OH
- Ohio PIRG
- OligarchyUSA
- Oregon State PIRG
- Our Oregon
- PennPIRG
- Piedmont Housing Alliance, Charlottesville VA
- Michigan PIRG
- Rocky Mountain Peace and Justice Center, CO
- Rhode Island PIRG
- Rural Community Assistance Corporation, West Sacramento CA
- Rural Organizing Project OR
- San Francisco Municipal Transportation Authority
- Seattle Economic Development Fund
- Community Capital Development
- TexPIRG
- The Fair Housing Council of Central New York
- The Loan Fund, Albuquerque NM
- Third Reconstruction Institute NC
- Vermont PIRG
- Village Capital Corporation, Cleveland OH
- Virginia Citizens Consumer Council
- Virginia Poverty Law Center
- War on Poverty - Florida
- WashPIRG
- Westchester Residential Opportunities Inc.
- Wigamig Owners Loan Fund, Inc., Lac du Flambeau WI
- WISPIRG

***Small Businesses***

- Blu
- Bowden-Gill Environmental
- Community MedPAC
- Diversified Environmental Planning
- Hayden & Craig, PLLC
- Mid City Animal Hospital, Pheonix AZ
- UNET



