



**Americans for Financial Reform**  
1629 K St NW, 10th Floor, Washington, DC, 20006  
202.466.1885

June 16, 2015

Dear Representative,

On behalf of the undersigned organizations, we are writing to express our opposition to the Financial Services and General Government appropriations bill. Key elements of this bill would undermine the capacity of financial regulators to protect consumers and oversee our financial markets. By removing independent funding for the Consumer Financial Protection Bureau (CFPB), this legislation would subject the CFPB to limitations placed on no other banking regulator. This change would significantly weaken a landmark accomplishment of the Dodd-Frank Act, which established the CFPB as the nation's first independent regulator of consumer financial markets.

This appropriations bill would also significantly underfund the Securities and Exchange Commission (SEC) by denying over \$200 million in funding necessary to provide proper oversight of investment professionals and securities markets.

We oppose provisions of this legislation that would eliminate the CFPB's independent funding (Sections 501-502) and subject it to a variety of new reporting demands (Sections 503-504). Since 1863, it has been the policy of this nation to immunize its banking regulators from special-interest influence by providing them with funding independent of the highly-politicized appropriations process. Like the other bank regulatory agencies, the CFPB is currently funded in a way that insulates it from the pressures that Wall Street and other financial sectors—including payday and other high-cost lenders, as well as debt collectors and credit bureaus—can too easily manipulate and hamper the agency's performance. Changing the CFPB's independent funding would leave the CFPB more vulnerable than the Federal Reserve, the OCC, and the FDIC to industry influence, once again treating consumer financial protection as a less important matter. It would give Wall Street and the worst elements of the financial services industry endless lobbying opportunities to deny the CFPB the funding to do its job if and when the regulator took action that a sector of the industry did not like.

Additional reporting requirements on the CFPB are also unnecessary and uncalled for, and appear to be an effort to simply drain agency resources. The CFPB is already fully accountable to Congress and is subject to extensive statutory reporting requirements:

- Since its 2011 inception its director or senior staff have testified to Congress at least 54 times, including twice-annually on its Semi-Annual Reports to Congress, a requirement only otherwise imposed on the Federal Reserve Board.
- Section 1016 of the Dodd-Frank Act itemizes 9 separate categories of detailed information to be included in those reports.

- The Act (Section 1017) also requires that the CFPB prepare annual financial statements and submit to an annual GAO audit, which is required to be submitted to the Congress.
- The Act (Section 1017(e)(4)) also requires submission of an annual report to the “Committee on Appropriations of the Senate and the Committee on Appropriations of the House of Representatives regarding the financial operating plans and forecasts of the Director, the financial condition and results of operations of the Bureau, and the sources and application of funds of the Bureau, including any funds appropriated in accordance with this subsection.”

We also object to provisions of this legislation impacting the SEC. The bill freezes SEC funding at \$1.5 billion, a level that was already several hundred million below the SEC’s request last year and is even further below the 2016 request. The SEC has a deficit neutral funding mechanism that is financed through fees on Wall Street, meaning that SEC funding does not impact general taxpayer revenues and does not reduce the funds available for other agencies. There is thus no budgetary justification for this underfunding. Indeed, weakening the SEC’s capacity to provide oversight of investment markets could expose investors and taxpayers to significant losses.

To make the funding situation even worse, Section 624 of the legislation bans the SEC from using the contingency fund created by Dodd-Frank to address unexpected demands on the agency. Especially given that the legislation would put the SEC in a position where funding for basic operations is inadequate, it is completely inappropriate to remove access to the agency’s contingency fund.

Additionally, the SEC would also be impacted by Section 623 of the legislation, which would charge already overworked and underfunded regulatory agencies with completing yet another report on regulatory burdens and the regulatory review process, in addition to other mandates that already exist from the White House and various statutory requirements. This is a one-sided and unnecessary report intended to make a political point, not to advance the public interest.

Finally, we oppose Section 625 of the legislation which would prohibit the SEC from using any funds to promulgate a rule requiring disclosure of corporate political spending. The agency should have full powers to exercise its mandate of requiring disclosures of material information to investors. This rulemaking is wildly demanded and should not be foreclosed in a funding bill.

Thank you for the opportunity to comment on this legislation.

Sincerely,

Alabama Appleseed Center for Law & Justice  
Alliance for a Just Society  
Americans for Financial Reform  
Center for Responsible Lending  
Consumer Action  
Consumer Federation of America  
Consumers Union

Empire Justice Center  
ESOP: Empowering and Strengthening Ohio's People  
Main Street Alliance  
MFY Legal Services, Inc.  
NAACP  
National Association of Consumer Advocates  
National Consumer Law Center (on behalf of its low income clients)  
National Fair Housing Alliance  
National People's Action  
New Economy Project  
New Jersey Citizen Action  
Public Citizen  
Tennessee Citizen Action  
The Other 98%  
U.S. PIRG  
Woodstock Institute