

**Statement of Chairman Richard J. Durbin**  
**Subcommittee Markup of FY 2012 Bill**  
**Financial Services and General Government Appropriations**  
**Wednesday, September 14, 2011**

**As Prepared for Delivery**

Good morning. I am pleased to convene this business meeting and markup session of the Financial Services and General Government Appropriations Subcommittee. I welcome my colleagues and others in attendance.

The purpose of today's session is to consider and approve our Fiscal Year 2012 spending bill for the Departments, agencies, and programs within our jurisdiction and advance it to the full committee for consideration tomorrow afternoon.

It has been a privilege and pleasure to chair this Subcommittee for the past five years. I have enjoyed the opportunity to work with Senator Jerry Moran, my friend and distinguished Ranking Member, in developing this important bill.

Our work has provided a valuable opportunity to learn about the responsibilities, functions, and budgetary needs of the diverse array of agencies and programs under our jurisdiction. The bill provides resources for the Department of the Treasury, the Executive Office of the President and White House operations, the Federal Judiciary, the District of Columbia, and more than two dozen independent Federal agencies.

The Federal agencies under our jurisdiction and their workforces perform a host of vital functions in ensuring the delivery of important government services to the public – many that may seem obscure or that may be taken for granted. These range from:

- deciphering complex tax law provisions so that a taxpayer may accurately file a return to safeguarding our financial system from abusive and illicit practices such as money laundering;
- from protecting investors from fraud and monitoring financial markets for manipulation to spurring small business development;
- from monitoring the safety of consumer products to regulating Federal elections and enforcing campaign finance laws;
- from protecting whistleblowers and victims of prohibited personnel practices to managing a vast inventory of government property; and
- from upholding ethics laws to regulating unfair and deceptive trade practices.

Over the course of this year, the Subcommittee conducted five public hearings to evaluate the budgets and activities of several of the agencies and critical programs over which this

Subcommittee exercises oversight responsibility. These hearings, as well as meetings with various agency officials and careful scrutiny of budget justification materials, enriched our understanding of agency needs and guided the challenging task of allocating resources.

We have deliberated carefully to make tough decisions within the Committee's funding guidance in the face of many worthy needs, as required by the debt ceiling law. We've crafted a spending bill that is fiscally responsible. So much so that the federal agencies and programs carried in this bill are facing real pain and potentially disruptive setbacks.

Some agencies will be forced to furlough staff, reduce the number of grant recipients, defer needed projects that would improve efficiency and transparency, and relegate promising initiatives to the back burner. I deeply regret these difficult circumstances.

The bill allocates budgetary resources totaling \$44.6 billion, comprised of \$21.7 billion in discretionary spending and \$21.7 billion in mandatory spending. The bill includes an additional \$167 million for SBA disaster resources.

The discretionary funds are \$224 million below the FY11 enacted level (a 1% decrease) and \$4.26 billion below the President's request, effectively a 16.4% cut below what was sought. It is important to emphasize that the FY11 level enacted in April was itself a cut of 10% below the FY10 enacted level for our accounts.

And due to a statutory change in the scorekeeping treatment of SEC transaction fees enacted in the Dodd-Frank Act, the Subcommittee had to fill a \$547 million gap in budget authority in the bill, effectively making the reduction below the FY11 enacted level equivalent to a cut of \$771 million or 3.4%.

And to appreciate the magnitude of the spending reduction from an even more sobering perspective, I note that when this Subcommittee convened on July 27, 2010 to mark up our FY11 bill, I presented a bill funding the agencies in our jurisdiction at the allocation level of \$25.4 billion. The discretionary budget authority level of \$21.7 we are allocating today is \$3.7 billion, or a cut of 14.4% below the level of our FY11 Committee bill. The reductions we have had to make in developing this bill are considerable.

### **KEY COMPONENTS:**

I would like to describe some of the key components of the bill:

#### **CFTC and SEC**

My top priority again this year is to continue to address the resource needs of two of our nation's premier financial regulatory agencies: the Commodity Futures Trading Commission and the Securities and Exchange Commission. Both the CFTC and the SEC occupy pivotal positions at the forefront of stimulating and sustaining economic growth and prosperity in our country – and in protecting investors.

Moreover, as a result of the historic enactment of the comprehensive Dodd-Frank Act last year, these two agencies acquired substantially expanded responsibilities. The clock began ticking as soon as the legislation was signed on many statutory deadlines for issuing studies and a plethora of new regulations. Addressing the significant additional resource needs for this monumental undertaking rests with this subcommittee.

For the CFTC, the bill recommends funding of \$240 million, which is an increase of \$37.7 million or 18% above the Fiscal Year 2011 enacted level of \$202.3 million. When I assumed the chairmanship of this Subcommittee at the start of the 110<sup>th</sup> Congress, the FY07 full-year CR provided \$98 million for the CFTC. In each of the past five years, the Subcommittee has included steady and necessary increases to support the widening scope of the CFTC's work.

The Wall Street reform law brings comprehensive regulation to the over-the-counter derivatives marketplace. The CFTC mobilized quickly and has made noteworthy progress in promulgating proposed rules in a transparent environment with considerable opportunity for public input and consultation.

For the SEC, the bill recommends \$1.407 billion, an increase of \$222.5 million or 19% over the FY11 enacted level of \$1.185 billion. The appropriated funding is to be fully offset by receipts of securities transaction fees. The SEC must ever remain vigilant as an investor's advocate. This Committee will expect strict accountability and looks forward to closely overseeing the agency's use of the funding.

Like the CFTC, the SEC is engaged in the development of nearly 100 new rules, exercising new authority to conduct investigations and bring lawsuits against companies and individuals who are suspected of financial wrongdoing, and implementing important new tools to better protect investors.

The resources recommended in this bill will also support accelerating several key information technology investments to equip the CFTC and the SEC with sophisticated electronic tools to analyze and collect market data in real-time.

## **SMALL BUSINESS**

Small business development must be a fundamental part of our economic recovery. Through the Small Business Administration, this bill provides critical access to credit during these challenging economic times by supporting more than \$65 billion in lending to small businesses. The bill also supports entities such as Small Business Development Centers which provide critical advice to small businesses and emerging entrepreneurs.

The bill also includes funding to ensure that SBA's disaster response team can fully respond to Hurricane Irene and other disasters that may occur this year. We will continue to monitor needs in this account as we learn more information about losses from Hurricane Irene.

## **CDFI**

The bill supports community development and access to financial services, including alternatives to predatory lending, by providing \$200 million for the Community Development Financial Institutions Fund. Included in that funding is \$36 million to support the new “Bank On USA” program, which will expand financial services to those not served by traditional financial services, and \$22 million to support a healthy foods financing program.

## **ONDCP**

The bill maintains funding for two popular anti-drug programs. The High Intensity Drug Trafficking Areas program is funded at last year’s level of \$238.5 million and the Drug-Free Communities program is funded at \$92.6 million, just slightly below last year’s level.

## **IRS**

**Business Systems:** The Committee is pleased to include \$330.2 million, an increase of \$66.8 million or 25.4% above the FY11 enacted level of \$263.3 million, for the IRS’s highest priority: investment in a modernized account database which will be the centerpiece of the migration from obsolete legacy systems to state-of-the-art data systems. This will facilitate daily posting, expedited refund processing, and enhanced customer service beginning with the 2012 filing season.

**Key Accounts:** The overall funding recommended for the IRS accounts of \$11.66 billion constitutes 54% of the Committee’s discretionary allocation. This is \$458.7 million, or an overall cut of 3.7%, below the FY11 enacted level. The budgetary circumstances this year have stymied the Committee’s ability to address critical needs of the IRS as it has historically done.

The situation we face for FY12 severely constrains the funding levels available for the three largest IRS components: taxpayer services, tax law enforcement, and support of IRS operations. The Committee regrets the adverse impact that this reduction will have on the IRS’s ability to achieve the projected return on investment if planned new investments in enforcement initiatives do not occur. Moreover, the Committee is aware that IRS’s capacity to be responsive to taxpayer inquiries and provide optimum level of service will suffer.

## **CPSC**

After three years of significant increases, the Consumer Product Safety Commission, is funded at slightly below last year’s level. This was a difficult decision since strengthening this agency has been a priority of mine. However, with the \$114.5 million

provided, I believe the Commission will still be able to carry out the mandates of the landmark reauthorization of 2008.

### **Judiciary**

The bill provides \$6.93 billion in mandatory and discretionary funding for the Federal Judiciary, an increase of \$26.7 million or 0.4% above the FY11 enacted level. While this represents an overall increase for the Courts, in reality, most accounts within the Judiciary are cut below last year's level. The increases are devoted to particularly acute needs of the Courts, such as security. In addition, these funds will help mitigate:

- the loss of staff in court offices, probation, and pretrial services offices;
- the inability to provide payments to panel attorneys for the full year; and
- the suspension of civil jury trials before the end of the year.

I now turn to Senator Moran for any remarks he would like to make.