



COMMITTEE *on* APPROPRIATIONS

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For Immediate Release: June 24, 2014
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SUMMARY: FISCAL YEAR 2015
FINANCIAL SERVICES AND GENERAL GOVERNMENT APPROPRIATIONS BILL
Subcommittee Mark: June 24, 2014

Washington, DC - The fiscal year 2015 Financial Services and General Government (FSGG) Appropriations bill includes proposed budget authority of \$22.673 billion, \$607 million more than the 2014 enacted level of \$22.066 billion and \$1.1 billion less than the President's request of \$23.833 billion.

U.S. Senator Tom Udall (D-N.M.), Chairman of the Appropriations Subcommittee on Financial Services and General Government, issued the following statement:

"In crafting this bill, we targeted resources to boost job creation and community development, enhance consumer protection, promote greater economic stability, and make government more efficient and responsive to taxpayers. This bill supports Americans as they start and build small businesses, and provides resources to expand access to loans and technical assistance. It protects investors and promotes a fair, safe and robust marketplace. It safeguards our financial markets from abusive and illicit practices. It streamlines the federal government's IT procurement, improving customer service and efficiency. And by increasing funding for the Privacy and Civil Liberties Oversight Board, the bill helps ensure we can protect our national security and our constitutional rights."

The bill protects the public and consumers by focusing on five priority areas:

- Protecting investors from fraud and manipulation of the financial markets;
- Safeguarding the financial system from abusive and illegal practices such as money laundering and deciphering complex tax code provisions so that a taxpayers can accurately file a return;
- Promoting a fair, safe and robust marketplace by preventing fraud and enforcing against it and other unfair business practices, and also protecting against unreasonable risks of injury or death from consumer products, and by promoting rapid, reliable a communications network;
- Creating jobs by supporting Americans who start, build and grow small businesses and by providing seed financing for community development; and
- Ensuring the appropriate balance between anti-terrorism efforts, privacy and civil liberties.

Protecting investors and monitoring financial markets for fraud and manipulation

Commodity Futures Trading Commission (CFTC): Farmers and businesses that use the futures markets to manage risk, as well as pensions and endowments, rely on the CFTC to properly monitor the markets to guard against fraud, manipulation or systemic risk. Bringing more transparency and accountability to the futures and derivatives markets is crucial. The bill provides \$280 million for the CFTC. This funding level is \$65 million more than the fiscal year 2014 enacted level of \$215 million. These resources will ensure that needed staffing and sophisticated technologies are in place to foster open, competitive and financially sound futures and swaps markets.

Securities and Exchange Commission (SEC): The strength of our economy and the soundness of our financial markets depend upon investor confidence in the financial disclosures and statements released by publicly traded companies for which SEC's oversight is indispensable. The bill includes \$1.7 billion to help SEC fulfill its mandate to protect investors, promote capital formation and maintain fair, honest and efficient stock and securities markets. This funding level is \$350 million more than the fiscal year 2014 enacted level and is fully offset by fees collected on transactions.

Safeguarding our financial system

Financial Crimes Enforcement Network (FinCEN): The battle against terrorism and crime must be fought on all fronts, including by tracking and disrupting illicit financial activity and preventing terrorists, criminals and rogue nations from accessing the U.S. financial system to launder proceeds from crimes that threaten our national security. The bill provides \$108.7 million for the FinCEN, which plays a critical role in safeguarding our financial system by collecting and disseminating financial data; creating and enforcing regulations to promote safety and security in U.S. financial institutions; and supporting federal, state and local law enforcement efforts to fight and stop terrorist financing, money laundering, narcotics trafficking and other illicit financial activity.

Ensuring Fair Administration of the Tax Code

Internal Revenue Service (IRS): Failing to collect what taxpayers owe leaves the federal budget short about \$345 billion per year, primarily due to underreported income. The IRS needs resources to provide timely responses to millions of taxpayers who seek assistance, acquire better tools to identify unreported income, pursue tax cheats, execute ever-expanding responsibilities under the tax code and improve collection rates to narrow the tax gap.

The bill provides \$11.527 billion, \$236 million more than fiscal year 2014, and \$950 million less than the President's request. Funding in this bill will begin to restore needed resources to help the IRS perform its functions after four consecutive years of cuts and freezes that have compromised the capacity of the IRS to respond to taxpayers and to pursue tax cheats. It is counterintuitive to shortchange the very agency responsible for collecting 92 percent of the revenues needed for the operations of our federal government and generates a return on investment of \$4 for every \$1 spent. Funding cuts are counterproductive to helping the IRS chart a course of corrective action to remedy serious shortcomings in its management and internal controls.

Protecting the public and consumers

Consumer Product Safety Commission (CPSC): The bill provides the requested \$123 million, \$5 million more than the fiscal year 2014 enacted level, for the independent regulatory agency responsible for protecting the public against unreasonable risks of injury from consumer products. With this funding, CPSC will continue to enhance import surveillance activities at the nation's ports of entry to prevent hazardous products from entering the U.S. consumer marketplace. The CPSC will continue development of mandatory product safety rules for durable infant and toddler products. It will expand global outreach efforts to help safer products enter the United States.

Federal Trade Commission (FTC): A marketplace can only thrive if consumers can count on robust, open competition and trustworthy information about products and services. The bill provides \$293 million for the FTC to detect and eliminate illegal collusion, prevent anticompetitive mergers, combat consumer fraud, fight identity theft and promote consumer privacy. Since the financial crisis, the FTC has been particularly diligent about working to protect consumers from mortgage and debt reduction scams. The recommended level enables the FTC to continue to protect consumers and markets, but is \$5 million less than the fiscal year 2014 level due to the completion of one-time project.

Federal Communications Commission (FCC): Promoting and maintaining a robust yet adaptable communications network is critical to our daily lives – from communicating during emergencies, to promoting economic growth, to fostering political debate and individual expression. The bill provides the President's request of \$375 million for the FCC, \$36 million more than the fiscal year 2014 enacted level, to carry out this mission and ensure all Americans have access to the system by promoting competition and protecting consumers.

Supporting Job Creation

Small Business Administration (SBA): Ensuring small businesses have the tools to grow is critical for our nation's fragile economic recovery. Over the last two decades, small and new businesses created two out of every three net new jobs in the U.S., and today over half of all working Americans own or work for a small business. To ensure that small businesses have access to credit and critical technical assistance, the bill includes \$896 million for the SBA. The bill provides \$225 million, a 14 percent increase from fiscal year 2014, for entrepreneurial development grants, including \$30 million for State Trade and Export Promotion, \$22.3 million for microloan technical assistance and funding for other key programs that provide technical assistance, training and business planning guidance for starting and growing small businesses. The bill includes \$195 million for business loans and allows the SBA to guarantee up to \$19 billion in 7(a) loans to expand access to capital for small business owners and an additional \$7.5 billion for refinancing of 504 loans to help small business owners refinance unwieldy commercial mortgages. Finally, the bill includes \$187 million to support disaster lending to businesses of all sizes, homeowners and renters recovering after major natural disasters.

Community Development Financial Institutions (CDFI) Fund: Investing in our communities is more critical than ever as our economy works to recover. The CDFI Fund has the unique ability to leverage private sector investment in community development projects like affordable housing, retail development and lending to small businesses, filling some of the gap left by private sector investment after the financial crisis. The bill supports community development in underserved areas, including in Tribal nations, by providing \$230 million for the CDFI Fund. The bill includes \$35 million to expand access to healthy foods, \$18 million for the Bank Enterprise Award program and \$1 million to promote CDFI expansion into underserved communities, especially in rural areas. The bill also authorizes the Department of the Treasury to guarantee \$1 billion in bonds to CDFIs, at no cost to the taxpayer, by providing long-term, low-rate financing for community development in our nation's communities hardest hit by the economic downturn.

Protecting privacy and civil liberties

Privacy and Civil Liberties Oversight Board (PCLOB): The bill includes \$8 million for the PCLOB to help ensure that federal laws and policies related to terrorism appropriately consider privacy and civil liberties. These resources, \$4.9 million above the fiscal year 2014 enacted level, will enable the PCLOB to pursue its mission without delay. The PCLOB is now contributing a much-needed voice to the ongoing debate over mass surveillance.

Other Key Funding Highlights

Enforcing Economic Sanctions: This bill includes \$106.5 million for the Office of Terrorism and Financial Intelligence, the treasury office that is responsible for the implementation of economic sanctions.

The Federal Judiciary: Our citizens rely on a federal court system that guarantees the rights of all Americans, ensures the right to a defense and secures public safety through the use of probation officers to supervise offenders living in our communities. The bill provides \$6.72 billion in discretionary funding for the federal courts, an increase of \$204 million from the fiscal year 2014 enacted level and a decrease of \$15 million from the budget request. This level of funding will help the courts continue to recover from the impacts of sequestration and several years of essentially flat funding. In recent years, the judiciary lost more than 3,300 staff in clerks of court and probation and pretrial services offices. This modest increase will help federal courts continue to backfill vacancies in probation and pretrial offices and in the Defender Services account.

General Services Administration (GSA): For construction and acquisition of federal buildings, the bill includes \$508 million, a decrease of \$237 million less than the request and \$2.3 million more than the fiscal year 2014 enacted level. For repair of federal buildings, the bill includes \$1.1 billion, \$160.3 million less than the budget request and \$19.5 million more than the fiscal year 2014 enacted level. Within the Federal Buildings Fund, rental of space and building operations are fully funded, as are all other GSA accounts.

Inspectors General (IG): Throughout the federal government, agency IGs serve as instrumental watchdogs of government operations, programs and use of resources to prevent and detect waste, fraud and abuse and promote economy, effectiveness and efficiency. Inspectors General, while independent, are expected to keep the agency head and Congress up to date on and fully informed of weaknesses, egregious and flagrant problems and recommendations for corrective action. The bill provides the requested funding for various Inspectors General as follows:

- Treasury Inspector General: \$35.4 million, an increase of \$0.6 million from the fiscal year 2014 enacted level;
- Special Inspector General for Troubled Asset Relief Program (TARP): \$34.2 million, a decrease of \$0.6 million from the fiscal year 2014 enacted level;
- Treasury Inspector General for Tax Administration: \$157.4 million, \$1.04 million above the fiscal year 2014 enacted level;
- Federal Deposit Insurance Corporation Inspector General: \$34.6 million, equal to the fiscal year 2014 enacted level;
- General Services Administration Inspector General: \$67 million, an increase of \$2 million from the fiscal year 2014 enacted level;
- Office of Personnel Management Inspector General: \$25.7 million, \$300,000 below the fiscal year 2014 enacted level.

The bill also adds a new mandate requiring that fiscal year 2015 budget justifications submitted to the Congress by agencies funded in the bill explain how the proposed spending addresses the top management challenges identified by the agency's IG.

National Archives and Records Administration: The bill includes \$362.2 million for the national record keeper tasked with managing the government's archives and records, operating the Presidential libraries, administering the Information Security Oversight Office, publishing the Federal Register, making grants for historical documentation, mediating Freedom of Information

Act (FOIA) disputes and coordinating controlled unclassified information. This is \$6.4 million below the fiscal year 2014 funding level and \$5 million above the request. The bill designates \$5 million for the National Historical Publications and Records Commission, a grant-making agency whose focus is the documentary heritage of the United States.

District of Columbia: The bill recommends \$701 million in special federal payments for over a dozen distinct purposes relating to the District of Columbia. This is \$28 million above the fiscal year 2014 enacted funding. Of the total, \$580 million are at the President's requested levels for the salaries and expenses of the local courts (\$256 million); defender services (\$91 million); and pre-trial and post-conviction offender supervision (\$232 million). All these accounts are fully dependent on federal funds for their operations and independent of the local government. The remaining \$121 million are designated for the District government. Of this \$121 million, \$83 million is for education-related functions (\$42 million for elementary and secondary school improvement and \$40 million for the District of Columbia Tuition Assistance Grants for post-secondary education). The bill recommends \$16 million for the Clean Rivers Project to remediate combined sewer overflow into waterways of the nation's capital and \$5 million for prevention and treatment to address the HIV/AIDS epidemic. In addition to the special federal payments, the annual bill approves the District's annual \$12 billion local operating budget.

Executive Office of the President: The bill includes \$683 million for the Executive Office of the President. Within this amount:

- \$222.3 million is for White House Office and Operations, equal to the budget request and \$13.3 million above the fiscal year 2014 enacted level, for the staffing and operations of the White House, including the National Security and Homeland Security Councils, the Council of Economic Advisers, the Office of the Vice President, the Executive Residence, initiatives on IT reform and program reform and various administrative functions.
- \$93.5 million for the Office of Management and Budget, equal to the budget request and \$4 million above the fiscal year 2014 enacted level.
- \$366.8 million for the Office of National Drug Control Policy (ONDCP), \$153,000 above the fiscal year 2014 enacted level and \$55.4 million above the budget request. The High Intensity Drug Trafficking Areas (HIDTA) Program is funded at last year's level of \$238.5 million and the Drug-Free Communities program is funded at last year's level of \$92 million.

US Postal Service (USPS): The bill includes \$70.4 million for mail for the blind and overseas voters. The bill also provides \$15.3 million for the Postal Regulatory Commission and \$243.9 million for the USPS Inspector General, as requested. A provision is included maintaining the six-day delivery mandate carried in annual appropriations bills since 1981.

Department of the Treasury Headquarters: The bill provides \$316.7 million for Departmental Offices, for oversight and management of the Department of the Treasury and \$7.4 million for oversight and implementation of the RESTORE Act. The bill also provides the President's

requests of \$2.7 million for capital investments and \$348.2 million for the Fiscal Service, and \$100 million for the Alcohol and Tobacco Tax and Trade Bureau.

Other Independent Agencies

The bill provides the requested level for the following agencies: Election Assistance Commission, Federal Labor Relations Authority, Office of Government Ethics, Office of Personnel Management, Office of Special Counsel, Administrative Conference of the United States, Federal Election Commission, the Morris K. Udall and Stewart L. Udall Foundation, the National Credit Union Administration, the Recovery Accountability and Transparency Board, the United States Tax Court and the Selective Service System.

The bill provides funding at the fiscal year 2014 enacted level for the Harry S. Truman Scholarship Foundation.

The bill provides funding above the request and last year's enacted level for the Merit Systems Protection Board (more than \$2.4 million above the request and more than \$4.8 million above the fiscal year 2014 enacted level), which has experienced a dramatic and unprecedented caseload.

Miscellaneous

Federal Employee Cost-of-Living Adjustment (COLA): The bill does not contradict the President's proposal for a one percent pay increase to take effect Jan. 1, 2015.

Reforms

Information Technology (IT) Reform: Two provisions are included relating to IT reform. The first would extend Chief Information Officer (CIO) authority to include oversight of the budget for IT spending. The second would create a pilot program to expand access for new companies to federal contracting.

Contractor reporting of waste, fraud and abuse: A provision is included ensuring that contractors are not prevented from reporting waste, fraud or abuse by signing confidentiality agreements that would prohibit such disclosure.

Agency reporting of first-class travel: A provision is included requiring submission of a report as required under Federal Travel Regulations prior to conducting travel other than coach-class.

Federal policy regarding discrimination by contractors based on sexual orientation or gender identity: A provision is included requiring the President to establish a policy prohibiting federal contractors from discriminating on the basis of sexual orientation or gender identity in their employment practices.

Improving oversight using agency IG management challenges: A provision is included applicable to all FSGG agencies requiring that fiscal year 2015 budget justifications include a separate table on key management challenges identified by agency's IG and an explanation of how the budget request addresses the challenges.

Portraits: A provision is included prohibiting funds for the painting of a portrait of an employee of the federal government including the President, the Vice President, a Member of Congress, the head of an executive branch agency or the head of an office of the legislative branch. This provision was included in the fiscal year 2014 Omnibus.

Improving IRS response to payroll tax provider fraud: A bill directive is continued for IRS to provide address change notification and give special consideration to offers-in-compromise in these cases.

Ensuring proper handling of applications for tax exempt status: Report directives are included relating to guidance, staff training, internal controls and management oversight.

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