



U.S. Senate Committee on Appropriations

PRESS RELEASE

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SUMMARY: FISCAL YEAR 2014 FINANCIAL SERVICES AND GENERAL GOVERNMENT APPROPRIATIONS BILL *Full Committee Mark*

	Budget Authority Only	Total Resources
FY 2013 Enacted: ¹	\$21.415 billion	\$42.535 billion
Subcommittee Mark	\$23.190 billion	\$44.304 billion

¹ Excludes \$811 million in emergency funding provided by the Disaster Relief Appropriations Act, 2013 (P.L. 113-2)

Washington, DC - Overall, the fiscal year 2014 Financial Services and General Government Appropriations bill includes proposed budget authority of \$23.189 billion, \$1.774 billion more than the 2013 enacted level. Total funding is \$44.304 billion. Excluding disaster funding, the total funding level is an increase of \$1.769 billion, or 4.2 percent, above the equivalent 2013 enacted level.

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

"While it has been challenging to make decisions in the face of many competing worthwhile demands, I'm proud of the bill we've written, which reflects the key priorities of this subcommittee. This bill protects American families from fraud and from dangerous consumer products; it safeguards our financial system from abusive and illicit practices; it helps create jobs by supporting Americans in starting, building, and growing small businesses, and by providing seed financing for community development; and it promotes the appropriate balance between anti-terrorism efforts and privacy and civil liberties by increasing funding for the Privacy and Civil Liberties Oversight Board. I am grateful for the tremendous work begun earlier this year by our colleague, Senator Frank Lautenberg, who chaired the Subcommittee until his passing. This bill respects and honors his wonderful contributions."

Senator Barbara A. Mikulski (D-Md.), Chairwoman of the Appropriations Committee, issued the following statement:

"The Financial Services Bill is so important to protecting consumers from unfair practices and unsafe products. I'm proud of the bipartisan work of Senator Udall and Senator Johanns, our newest Subcommittee Chairman and Ranking Member. Their bill funds so many important

consumer protection agencies. These agencies work to keep our markets honest and fair in order to ensure that Americans are not victims of scams or schemes. They fight scammers aiming to defraud Americans of their hard earned savings or harm them with unsafe products. This bill creates and sustains jobs through the Small Business Administration and the Community Development Financial Institutions Fund.

“I want to thank the Subcommittee for including my suggestions for common-sense reforms to protect small businesses from becoming victims of tax theft. I generated these reforms because small businesses in Maryland were scammed by fraudulent payroll services that took tax money from the small businesses, changed their addresses with the IRS, then took the tax money and ran -- leaving the businesses with unknown, outstanding, and substantial liabilities to the IRS.

“When I looked into this problem I found it’s not just a Maryland problem. Scammers work all over the country to defraud honest small businesses. My reforms are simple and straightforward, and cut through the red-tape to make sure businesses that have been scammed by fraudulent tax preparers are not doubly victimized by the IRS. My reforms require the IRS to notify businesses when their tax preparer tries to change their business address with the IRS, and requires the IRS to do more to help victims of tax fraud work out settlements. I thank Senators Udall and Johanns for working with me on these reforms.

“I’m not just the Chairwoman of the Appropriations Committee. I’m the Senator for Maryland. There are 130,000 civil servants living in Maryland and they’re facing furloughs, hiring freezes, downsizing, and outsourcing. They are on the front lines every day working hard for America at agencies such as NIH, FDA, Social Security, Goddard Space Flight Center, and NOAA. They keep our country safe, care for our veterans, make sure the promise of Social Security is fulfilled, and keep our democracy great. I am not against privatization when it’s based on thoughtful consideration, but I am against arbitrary quotas and stacking the deck against federal employees. That’s why I’m proud that the Financial Services bill makes smart reforms to personnel policies, and prevents arbitrary quotas or stacking the deck against federal employees in the contracting process.

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

- Protecting investors from fraud and manipulation of financial markets;
- Safeguarding our financial system from abusive and illicit practices such as money laundering and deciphering complex tax code provisions so that a taxpayer may accurately file a return;
- Promoting a fair, safe, and robust marketplace by preventing and enforcing against fraud, unfair business practices, and unreasonable risks of injury or death from consumer products and by promoting rapid a communications network;
- Creating jobs by supporting Americans in starting, building, and growing small businesses and by providing seed financing for community development; and
- Ensuring the appropriate balance between anti-terrorism efforts, and 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 \$315 million for the CFTC. This funding level is \$110 million above the fiscal year 2013 enacted level of \$205 million. These resources will ensure that needed staffing and sophisticated technology 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 \$1.674 billion to help the SEC fulfill its mandate to protect investors, maintain fair, honest, and efficient stock and securities markets, and promote capital formation. This funding level is \$353 million above the fiscal year 2013 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 \$112 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. This funding level is \$1.4 million above the fiscal year 2013 enacted level.

Ensuring Fair Administration of the Tax Code

Internal Revenue Service: 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 \$12.07 billion for the Internal Revenue Service. This is an increase of \$276.5 million above the fiscal year 2013 enacted level. The IRS has endured drastic funding reductions in each of the past three fiscal years, compromising its capacity to be responsive to taxpayers and to pursue tax cheats. Funding in this bill will begin to restore needed resources to help the IRS perform its functions.

The Senate takes a constructive approach to supporting the IRS's capacity to meet its mission. Cutting resources (as the House has recommended) would be counterproductive to helping the IRS chart a course of corrective action to remedy the serious shortcomings in its management and internal controls as recently identified by its Inspector General. Moreover, it is counterintuitive to shortchange the very agency responsible for collecting 92 percent of the revenues needed for the operations of our Federal Government, with a return on investment of \$4 for every \$1 spent.

Protecting the public and consumers

Consumer Product Safety Commission (CPSC): To help protect the public against risks of injury from consumer products, the bill provides \$117 million, as requested, for the CPSC. This is \$2.7 million more than the fiscal year 2013 enacted level. 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. Finally, CPSC will be able to continue interagency research on nanotechnology to study exposure and potential health risks of nanomaterials in consumer products.

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 \$301 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, yet represents a \$10 million decrease to the fiscal year 2013 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 \$359.3 million for the FCC, an increase of \$19.5 million to the fiscal year 2013 enacted level, to carry out this mission, while at the same time, ensuring 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 \$949 million for the SBA, including support for \$36.5 billion in lending to small businesses. The bill also provides \$211.5 million for entrepreneurial development grants, which is 13 percent higher than the House level for these key programs that provide technical assistance, training, and business

planning guidance for starting and growing small businesses. Finally, the bill includes \$191.1 million to support disaster lending to businesses of all sizes, homeowners, and renters recovering after major disasters, such as Hurricane Sandy.

Community Development Financial Institutions Fund (CDFI): Investing in our communities is more critical than ever as our economy works to recover. The CDFI Fund has a 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. This level of funding is \$9.4 million above the fiscal year 2013 enacted level, and additional funding will support Treasury's efforts to promote CDFI expansion into underserved communities, especially in rural areas. The bill also authorizes 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 \$4.1 million for the PCLOB to help ensure that federal laws and policies related to terrorism appropriately consider privacy and civil liberties. These resources, \$3.2 million above the fiscal year 2013 enacted level, will enable the newly-reconstituted PCLOB to hire staff and pursue its mission without delay.

HIGHLIGHTS OF OTHER KEY FUNDING ITEMS

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 supervising offenders living in our communities. The bill provides \$6.676 billion in discretionary funding, an increase of \$148 million or 2.2 percent above the fiscal year 2013 enacted level. Since July 2011, the courts have been forced to downsize by nearly 2,100 employees due to budget constraints, a 10 percent loss of staff. And during fiscal year 2013, the Judiciary could lose an additional 1,000 court staff. Current staffing levels are equivalent to that of December 1999. This level of funding ensures that staffing and resources will be available for court offices, probation, and pretrial services offices. It restores severe cuts to Federal Defender offices and ensures that they are adequately staffed.

Inspectors General: Throughout the Federal Government agency Inspectors General 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 fully and currently informed of weaknesses, egregious and flagrant problems, and recommendations for corrective action. The bill provides funding for various Inspectors General as follows:

- Treasury Inspector General: \$32 million, an increase of \$2.4 million;
- Treasury Inspector General for Tax Administration: \$156.3 million, an increase of \$4.98 million;

- General Services Administration Inspector General: \$62.9 million, an increase of \$5 million;
- National Archives Inspector General: \$4.13 million, an increase of \$38 thousand;
- Office of Personnel Management Inspector General: \$26 million, an increase of \$1.7 million.

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

National Archives and Records Administration: The bill includes \$369.98 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 FOIA disputes, and coordinating controlled unclassified information. This is \$3.8 million below the fiscal year 2013 funding level and \$2 million above the request. The bill designates \$5 million for the National Historical Publications and Records Commission, a grant-making agency whose only focus is the documentary heritage of the United States.

Office of Special Counsel (OSC): The bill provides \$20.64 million for the OSC, the independent investigative and prosecutorial agency tasked to safeguard the merit system by protecting federal employees and applicants from prohibited personnel practices, especially reprisal for whistleblowing. The funding level is \$1.7 million above the fiscal year 2013 level. OSC administers the Hatch Act, pursues prohibited personnel practices, and handles claims of service members under the Uniformed Services Employment & Reemployment Rights Act. The increased resources will help the OSC address its expanded responsibilities under the Whistleblower Protection Enhancement Act enacted last November.

District of Columbia: The bill recommends \$675 million in special Federal payments for over a dozen distinct purposes relating to the District of Columbia. This is \$703,000 above the fiscal year 2013 enacted funding. Of the total, \$551 million are for the salaries and expenses of the local courts (\$232 million, an increase of \$9 million above the President's request); defender services (\$92 million, the same as the budget request); and pre-trial and post-conviction offender supervision (\$228 million, the same as the budget request). All these accounts are fully dependent on Federal funds for their operations and independent of the local government.

The remaining \$124 million (18 percent of the total) is designated for the District government. Of this \$124 million, \$77 million is for education-related functions (\$42 million for elementary and secondary school improvement and \$35 million for the D.C. Tuition Assistance Grants for post-secondary education). The bill recommends \$14.5 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.

Senate bill as compared to House bill

The House FSGG bill funds accounts under a spending cap of \$17 billion. This is \$6 billion (or 26 percent) below the Senate guidance level of \$23.031 billion (not including the SBA disaster funding above the cap).

Helping taxpayers voluntarily comply and pursuing tax cheats. The Senate bill recommends \$12.07 billion for the Internal Revenue Service. The House bill includes a total of \$8.965 billion for the four IRS accounts, a reduction of

- \$2.8 billion (24%) below fiscal year 2013 funding of \$11.793 billion
- \$3.9 billion (30%) below the President's request of \$12.861 billion
- \$3.1 billion (26%) below the Senate level

To put this in historical perspective, and not adjusted for inflation, the proposed House level is nearly \$1 billion below the fiscal year 2003 enacted level for the IRS of \$9.8 billion.

Protecting investors, market users, and integrity of markets from unscrupulous practices.

Securities and Exchange Commission (SEC) and the Commodity Futures Trading Commission (CFTC): The Senate bill fully funds both the SEC and the CFTC at the requested levels. Five years ago, millions of Americans lost their homes, their savings, and their jobs due to the economic collapse set in motion by excesses on Wall Street. Congress enacted important protections to strengthen oversight and prevent the problems that led to the crisis. The agencies charged with implementing the law need the tools to do the job right. Putting a regulatory framework in place that will keep our financial system more safe and sound demands reliable and responsible funding. The House proposal for the SEC provides \$1.4 billion, only \$50 million above the fiscal year 2013 enacted level and \$303 million below the budget request of \$1.674 billion. The House also bars the SEC from using its statutorily prescribed reserve fund. For the CFTC, the House Committee bill allows \$194.55 million. This represents a cut of \$10.3 million below the fiscal year 2013 enacted level. If enacted, the House funding levels would pose considerable constraints on the ability of these vital watchdogs to protect our markets, impeding the ability to conduct the critical examinations, surveillance, and law enforcement activities that the law intends.

Helping Federal Agencies meet their missions. The Senate bill fully funds the requested GSA Federal Buildings Fund capital program so that agencies that are paying rent can expect to house employees in space that meets health and life safety requirements. The Senate bill provides approximately \$2.119 billion for construction and repair of federal buildings. The House bill cuts the President's request for construction and repair of federal buildings by more than \$1.2 billion (or 57 percent). The House also cuts the amount of funds available for rental of space of federal facilities by more than \$687 million (almost 13 percent), compared to the President's request, leaving the Federal Government liable for lawsuits due to breach of contract. In addition, the House eliminates funding for allowances and office staff for former presidents (\$3.7 million). Finally, in addition to cuts to other GSA programs, the House bill includes detailed and onerous reporting requirements and funding limitations.

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