Subcommittee Markup – Fiscal Year 2015 Financial Services and General Government Appropriations Bill
June 18, 2014
Opening Statement As Prepared

Welcome to the mark up of the fiscal year 2015 Financial Services and General Government bill. As you know, this Subcommittee has jurisdiction over a diverse group of agencies and activities including financial regulators, tax collection, the White House, the Federal courts, DC, GSA and the Small Business Administration.

The bill we are considering today provides $21.3 billion in discretionary funding which is $566 million or 2.6 percent less than fiscal year 2014 and $2.3 billion or 9.6 percent below the request. The Subcommittee's allocation is a reduction, but one that is necessary to live within the discretionary budget cap provided in the Ryan-Murray agreement. The allocation is sufficient to fund priority programs while reducing funding for activities that are not essential to the operations of the Federal government or that have a history of wasting taxpayer resources.

One of the main priorities of the bill is funding for law enforcement activities. The bill provides increased funding over the fiscal year 2014 level for several law enforcement activities. The High Intensity Drug Trafficking Areas program receives a $6.5 million increase. The Drug Free Communities program gets a $3 million increase, and Treasury's Terrorism and Financial Intelligence activities, which develop and enforce sanctions programs, receive an $18 million increase. In addition, ample funding is provided for the operations of the Federal and DC courts, as well as for the supervision of offenders and defendants living in our communities.

Another priority for the bill is supporting small businesses and assisting in private sector job creation. The bill provides $195 million for SBA's business loan programs to support $18.5 billion in 7(a) lending and $7.5 billion in 504 lending. The bill also provides increases over the current year for Small Business Development Centers, Women's Business Centers and Treasury's Community Development Financial Institutions Fund program. In addition, the bill requires certain regulatory agencies to report to the Committee on their efforts to eliminate duplicative, outdated and burdensome regulations.

In order to live within our allocation, we had to reduce funding in some areas. We eliminate 9 programs, such as the Christopher Columbus Foundation and the Election Assistance Commission, that are no longer necessary or are not critical to the operations of the Federal government. We reduce funding for more than a dozen agencies and programs that can operate with a little less, like the Bureau of the Fiscal Service, the Federal Trade Commission and the Federal Communications Commission.

For GSA, we reduce the funding in the Federal Buildings Fund by $240 million and continue requiring them to regularly report on their spending and the state of their building portfolio. The bill provides GSA with enough funds to operate their current building inventory and provides funding for 3 land port of entry construction projects. We also continue to push GSA to reduce surplus and vacant space by designating funding specifically for consolidation projects and property disposal projects and requiring GSA to prove that the projects funded in these programs will save funding in the long run.

In order to increase transparency and accountability of agencies created by Dodd-Frank, the bill makes the Consumer Financial Protection Bureau and the Office of Financial Research subject to the appropriations process and requires reports on their activities. Dodd-Frank created these agencies and purposefully put their funding outside of an annual review by the Congress. This bill corrects that flaw.

The bill drops language that has been included in the bill for several decades requiring the Postal Service to deliver the mail on Saturdays. The Post Master General, the President, and the House authorizing committee have asked us to drop this language. GAO says that the Postal Service is "facing a deteriorating financial situation in which it does not have sufficient revenues to cover its expenses and financial obligation". CBO estimates that dropping this requirement will save the Postal Service $1.2 billion in fiscal year 2015 and over $13 billion over the next decade. In addition, a survey conducted by the Postal Service found that 80 percent of Americans support ending Saturday delivery. I know this is a controversial topic and I am sure there will be more discussions on it as the bill moves forward.

Finally, I would like to discuss the IRS. The Committee remains troubled by their activities including the inappropriate singling out of certain tax-exempt groups based on their political beliefs, wasteful spending on conferences and videos, and providing bonuses to staff without evaluating their conduct or tax compliance. While last year's bill includes some important spending and targeting reforms, we think more needs to be done to rebuild the confidence of the American people and cannot agree to the requested increase in funding. The bill provides the IRS with $10.95 billion, which is $341 million below the current level and $1.5 billion below the request. This funds the IRS below their fiscal year 2008 level. In addition, the Committee includes language which:

- Prohibits funds for employee bonuses and awards for IRS employees that do not consider the conduct and tax compliance of such employee,
- Prohibits funds for targeting groups for regulatory scrutiny based on their ideological beliefs or for exercising their First Amendment rights,
- Prohibits funds for inappropriate conferences and videos,
- Requires a report on the amount of official time used by IRS employees for union activities,
- Prohibits the White House from ordering the IRS to determine the tax-exempt status of an organization, and
- Requires extensive reporting on IRS spending.

Language is also included prohibiting funds for Treasury to implement the proposed or a revised regulation regarding the standards and definitions used to determine the tax exempt status under section 501(c)(4) of the Internal Revenue Code. I believe that the Administration should wait until the investigations into the inappropriate singling out of certain tax-exempt groups based on their political beliefs are completed before proposing to make any regulatory changes regarding section 501(c)(4). The resources used to promulgate this proposed rule could be better spent responding to taxpayers' correspondence and phone calls.

I also continue to be concerned with the IRS' role in implementation of the Affordable Care Act and the individual mandate, in particular. At a time when the IRS has demonstrated little ability to either self-police or self-correct, the IRS has even more authority over Americans' health coverage. I find this expansion of IRS authority to be unacceptable and, therefore, the bill prohibits funding to implement the individual mandate and prohibits transfers from the Department of Health and Human Services to fund the IRS' implementation of the Affordable Care Act.

I want to thank all of the Subcommittee Members for their input into the bill and their participation in our 10 hearings this year – 2 of which were with the IRS Commissioner. I also want to thank Chairman Rogers for his assistance in moving the bill.

I also want to recognize Mr. Pastor who has announced his retirement at the end of this Congress. We appreciate your many years of service to the Committee and the Congress. You will be missed and we wish you good luck.

To conclude, I would like to thank Ranking Member Jose Serrano. I appreciate Mr. Serrano's approach to the Committee's work and his desire to get back to regular order. His input has improved the bill. I know that he believes there should be additional funds in the bill and I look forward to working closely with him and all Members of the Subcommittee as the bill moves forward.

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