



Consumer Federation of America

June 11, 2014

Re: Support DeLauro-Waters-Himes Amendment to Agriculture Appropriations Bill

Dear Representative,

This week the House is expected to consider the Agriculture Appropriations bill (H.R. 4800) that dangerously underfunds the Commodity Futures Trading Commission (CFTC). The bill not only funds the agency at a level \$62 million (or 22 percent) below President Obama's budget request, it also imposes spending restrictions that require the agency to devote almost a quarter of its budget to information technology (IT) improvements. Such a severe spending restriction will inevitably result in forced cuts to other vital CFTC responsibilities. Reps. DeLauro, Waters, and Himes have introduced an amendment to the bill, which would reduce the amount of restricted funds to current levels. This would provide the agency with much needed flexibility to deploy its resources in a manner that best fulfills its mission. We urge you to vote yes on their amendment.

The CFTC is a critically important agency and is in desperate need of additional funding. The agency is tasked with overseeing and regulating commodities and derivatives markets so as to protect the public from fraud, manipulation, abusive practices and risks to the financial system. As we learned in the recent financial crisis, derivatives can be dangerous financial instruments that amplify and spread risk throughout the financial system and broader economy. It was for that reason that Congress in the Dodd-Frank Act gave the CFTC new authorities to police the derivatives marketplace. To implement its new responsibilities, the CFTC needs more resources. President Obama requested that Congress provide the CFTC \$280 million. Even that amount is likely insufficient, as the President and the CFTC itself have made clear repeatedly that this agency needs more than \$300 million to perform its congressionally mandated job most effectively. Even in light of current budget constraints, \$280 million should be the bare minimum appropriated to the agency.

The amount that is appropriated to the CFTC in H.R. 4800 cuts President Obama's requested amount by \$62 million to \$218 million. With such limited resources, it is doubtful that the agency will be able to perform its core functions in a way that best serves the public. This amount of funding is likely going to cripple the agency from fulfilling its rulemaking mandates under the Dodd-Frank Act, undertaking examinations of market participants, and enforcing its rules to ensure transparent, open, competitive and financially sound markets. Indeed, regulated entities are also likely to suffer from the delays that will inevitably result from such severe underfunding.

Adding insult to injury, the CFTC-related funding provisions restrict more than \$52 million of the CFTC's budget to IT improvements. That is the equivalent of cutting the CFTC's non-IT budget by \$15 million, which means other necessary responsibilities, including rulemakings, examinations, and enforcement, would be compromised. That further funding reduction for core

agency activities would expose market participants, consumers, and the financial system to unnecessary risk.

The amendment that Reps. DeLauro, Waters, and Himes have introduced would reduce the amount of restricted IT funds from \$52 million to \$35 million. This would maintain the amount of restricted IT funds at current levels. Importantly, the amendment does not cut the amount of money that the CFTC can allocate for IT purposes; if it deems it appropriate to dedicate more than \$35 million, it can. Thus, the amendment only provides the agency flexibility to deploy its resources in a manner that is most appropriate to carrying out its mission.

We oppose any efforts at undermining this small but important agency. The CFTC-related provisions of H.R. 4800 are designed to set the CFTC up to fail by providing it grossly insufficient funding and restricting the use of funding so that vital aspects of the agency's mission are hindered. Reps. DeLauro, Waters, and Himes' amendment mitigates some of the damage that those provisions inflict. We therefore urge you to vote yes on their amendment.

Sincerely,

A handwritten signature in cursive script that reads "Micah Hauptman".

Micah Hauptman
Financial Services Counsel