



Chairman Robert Aderholt

*Subcommittee on Agriculture, Rural Development, Food and Drug Administration, and Related Agencies
House Committee on Appropriations*

**Commodity Futures Trading Commission (CFTC)
Budget Hearing for FY 2017
Opening Statement As Prepared
February 10, 2016**

Good afternoon. Welcome to the Agriculture Appropriations Subcommittee's first hearing for fiscal year 2017.

Chairman Massad, thank you for being with us today. We look forward to discussing the CFTC's FY 2017 Budget Request of \$330 million and other matters related to the Commission. The CFTC's budget has been a topic of much talk over the past few years, fueled by significant annual budget requests. The White House stated yesterday that it supports a doubling of the CFTC's budget to \$500 million by FY 2021. This proposal is within the context of CFTC having already received significant increases of more than 123 percent since the Financial Crisis. For FY 2017, if fully funded, this request would increase the CFTC's budget 195% since the Financial Crisis of 2008. The agency has more than doubled in size in a matter of a few years. The President's goal of quadrupling the agency in just over a decade ignores our nation's crippling \$19 trillion debt. As I mentioned last year during our annual budget hearing, the continued pattern of submitting excessive budget requests seems to be a political maneuver to "move the goalposts".

These are the kinds of statistics that this Committee examines when determining where to invest additional funding.

The Subcommittee's jurisdiction covers a number of agencies including the CFTC, the Food and Drug Administration (FDA), and the majority of the U.S. Department of Agriculture (USDA). USDA alone is asking for almost \$800 million in increases, and the FDA is asking for another increase this year. I want to emphasize that nearly every agency under this Subcommittee can justify why an increase is necessary. For FY 2016, this Subcommittee had to consider additional funding increases for the CFTC in light of other critical needs such as the burgeoning humanitarian and refugee crisis in the Middle East and around the world, the needs of the FDA to implement the Food Safety Modernization Act, providing funding to combat an outbreak of Highly Pathogenic Avian Influenza, and keeping the lights on for families in rural housing through the USDA's Rental Assistance Program. Each of these areas deserved a hard look for increases and when compared to years past, these were the final, tough decisions the Committee made.

This being said, it should be noted that the CFTC has made some improvements in how it regulates the market and removed some uncertainty for market end-users. This includes your ongoing work on the Swap Dealer de Minimis rule and moving forward on cross-border equivalency. Since your time as Chairman, you have addressed a slew of unresolved regulatory issues left in the wake of Dodd-Frank enactment. However, there is still progress that needs to be made. I am appreciative of the cooperation between you and your team and our staffs in providing updates and working with us to resolve critical issues.

With that said, there are still many issues that need a closer look including this budget request, various regulatory issues, and CFTC management issues. You also mention cybersecurity in your testimony- I agree, this is an important issue, and this Committee has provided \$282 million since FY 2011 specifically for information technology. I was a little disappointed to see the President did not request money for this set-aside. Under this budget request, CFTC spending will increase 32 percent. This is the eighth consecutive, double-digit increase requested since 2008.

We will touch on a recent ruling, requested by this Subcommittee, from the Government Accountability Office (GAO) which resulted in a potential violation of the Anti-Deficiency Act. This pertains to an accounting issue that culminated in the agency's financial auditor retracting 10 years' worth of financial statements. Congress had to fix this issue in the FY 2016 omnibus that resulted from action taken by prior CFTC Chairmen.

At our annual CFTC hearing in 2013, this Subcommittee originally raised the issue of CFTC's leasing practices and costs. What it discovered is what led to the investigation by the agency's Inspector General, the GAO's own leasing audit, and the recent GAO legal opinion showing CFTC potentially violated the Anti-Deficiency Act. In addition, this Subcommittee has noted for years that the agency's leases are significantly higher than what they should be and have resulted in excessive costs. The CFTC's inspector general confirmed these suspicions a few years ago. Since Dodd-Frank, the agency's number of personnel increased by 18% while annual leasing costs increased by a staggering 74% - an additional \$9.3 million per year in leasing costs. These leases were negotiated based upon funding assumptions rather than actual appropriations. This Subcommittee requested the initial review by the CFTC's Inspector General of the agency's leasing costs and followed up with a review by the Government Accountability Office. The bottom line in this one case and in future examples is for agencies to be great stewards of limited resources.

Finally, we will discuss various rulemakings and other regulatory issues raised by our Members. I cannot agree more with the statement in the beginning of your testimony – a statement I wished we heard more of from this Administration – “sensible regulation is essential.” How to define “sensible” within the context of the current or future regulations is often up for debate.

Whether the Commission needs more money or not, may in fact be a valid question, and my goal remains to get past the rhetoric and into the nuts and bolts of the agency's needs.

Have these budget increases actually resulted in preventing another financial crisis? The implication by some is that more money for this agency will prevent another meltdown. What

metrics prove this theory? These are all questions we must ask as we look at this budget request. CFTC has received some of the largest increases across the federal government at a time of fiscal belt-tightening.

Before we proceed, I would like to take a few minutes to share the themes I have set for this Subcommittee this year. In summary, they are “outcomes, vibrancy, support, and protection.”

More specifically, they are: 1) Increasing Oversight, Efficiency, and Need for Effective Outcomes; 2) Keeping Rural America Vibrant; 3) Supporting American Farmers, Ranchers and Producers; and 3) Protecting the Health of People, Plants, & Animals.

Theme #1 builds off of our oversight activities over the past several years. It is about streamlining, strengthening, and simplifying programs; improving accountability, supporting effective programs for which the government has a clear and unique role, ensuring appropriate staff levels, and preventive burdensome regulation. For CFTC, this ensures that money is being spent properly on leasing costs, and the limits unionization has placed on its ability to hire more staff.

Theme #2 is about making smart investments in vulnerable populations and critical utility infrastructure, assisting rural businesses with unique economic challenges, and prioritizing funds that help grow economies and jobs. I want us to provide relief to financial end-users and make sure families can stay in their homes.

Theme #3 is about the constituents that we represent. This includes providing opportunities to them through domestic and international markets, ensuring free and fair markets, supporting science and research, and ensuring the safety net is there for those who need it most.

Theme #4 is about ensuring a safe and healthy food supply, controlling and eradicating plants and animal pests that threaten our industry, delivering nutrition assistance to vulnerable populations, and efficient use of funds for nutrition research and education. Many of the end users are producers of our abundant food and drug supply.

Our Subcommittee touches the lives of every American in some regard, and I’m grateful to be the Chairman of such an important Subcommittee. I look forward to a fulfilling year.

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