

As Prepared

**Vice-Chairman David G. Valadao
On Behalf of Chairman Robert Aderholt
Commodity Futures Trading Commission (CFTC)
Budget Hearing for FY 2018
Opening Statement
June 8th, 2017**

Welcome to the Agriculture Appropriations Subcommittee's sixth hearing for 2017 where we will examine the FY 2018 budget request for the Commodity Futures Trading Commission.

As mentioned in previous hearings, four primary goals have been established for this Subcommittee as we progress through the fiscal year 2018 appropriations process. The first goal is evaluating and accounting for taxpayer dollars to ensure efficiency and accountability; second is investing in rural infrastructure as a catalyst for growth; third is ensuring support for American farmers, ranchers and producers; and, lastly, protecting the health and safety of people, plants, and animals.

What began as a small agency nestled in the U.S. Department of Agriculture is now a quarter-of-a-billion dollar independent regulatory agency that oversees the futures, swaps, and options markets. The Commission's budget has grown 123 percent in just a few short years, and there has been a constant stream of activity related to fiscal matters at the Commission.

Acting Chairman Giancarlo, thank you for being with us today. We hope the Senate can swiftly confirm you as the permanent Chairman. As part of our question and answer session, we will discuss the President's Fiscal Year 2018 budget request of \$250 million and other matters related to the Commission. There is no doubt that your agency and its budget have been the subject of much discussion over the past few years. Many of the matters that will be discussed today occurred on someone else's watch. Frankly, the previous administration handed you an agency with a wide assortment of problems that stem from political games being played with CFTC's budget and employees.

The President's budget request clearly laid out a flat funding level of \$250 million. I will briefly acknowledge that in both your prepared testimony and your congressional justification you are requesting \$281.5 million for FY 2018. However, as in past years, this number will be considered as your annual "Passback" submission to the Office of Management and Budget and nothing more, as you are required by law. The President's budget will be the main topic of our discussion today, and in examining it we can use the detailed information provided for FY 2017 as our guide for reaching the request of \$250 million.

Some of the topics we will cover today include management and labor issues, such as the recent labor negotiation impasse that occurred between CFTC and its union. Due to what could be called a loophole in federal labor laws, CFTC is one of the few federal agencies that is required to negotiate with its union over personnel compensation and benefits. The negotiation in 2016 almost resulted in CFTC employees having to be furloughed for 17 days. This discrepancy in labor law allows employee unions or leaders in government to place civil servants at the

mercy of aggressive negotiation tactics and attempts to coerce Congress to provide more funding.

There is no guarantee that providing the CFTC an increase would further your major priorities such as improving economic analysis or the financial technology sector. Without addressing the inclusion of salaries and benefits in collective bargaining negotiations, I fear that instead an increase would simply be absorbed into maintaining the status quo. By government standards, your employees are already paid substantially higher than average and this allowed you to recruit very qualified employees. I know this did not happen under your watch, Mr. Giancarlo, but it is possible that it could happen again. I would prefer that neither you nor this committee have to deal with it.

I also know that this Committee is exhausted with rumors of furloughs at the agency. Last year during this negotiation, it was the second time in the last few years that the CFTC has said it would be forced to furlough employees unless it received more money. The first occurred in 2013. Both times a solution was clearly attainable and furloughs were unnecessary. I look forward to discussing this matter.

Additionally, I hope we get the chance to discuss other issues such as your leasing costs and plans for the remainder of the current fiscal year. The entirety of the federal government is facing fiscal challenges, and the Commission is unlikely to be exempt.

I also look forward to covering issues related to the regulations and policies coming out of the CFTC. I am optimistic about what your Commission will be able to accomplish in the years and months ahead to help out our nation's farmers, ranchers, and producers. Your recent statement regarding the future of the agency and its direction is refreshing. Finding the right mix of regulation, while still allowing our economy to grow, is new to many people who have experienced the over-regulation of the last eight years.

I am also encouraged by your recent initiative in the financial technology space to work with industry, instead of against it, to find an appropriate balance between regulation and cooperation. This subcommittee has been a big proponent of investing in information technology at your agency and has a history of including funding set-aside for this very purpose at the Commission.

One particular area of regulation that needs revising is the Swap Dealer de Minimis level. End-users that were never intended to be subject to the thousands of regulatory requirements that come with being a Swap Dealer have been anxiously awaiting the automatic 60 percent reduction in this level for years. Hopefully we can find a permanent solution to this issue.

I look forward to discussing these and other matters with you. There is a lot of work before this Congress, the Administration, and your agency to get our economy moving again. I hope you would agree that a fully functioning and thriving derivatives market can co-exist with adequate controls and without overly burdensome regulation. As this Administration begins to implement its policies and restores order at the Commission, I hope we can identify those areas that need to be addressed and begin working towards solutions.

###