

Chairman Ander Crenshaw
Subcommittee on Financial Services and General Government
House Committee on Appropriations
Fiscal Year 2015 Budget Hearing – Securities and Exchange Commission
April 1, 2014
Opening Statement As Prepared

The hearing will come to order.

I would like to welcome our witness, SEC Chair Mary Jo White. Thank you for being here today to testify before this Subcommittee.

The Securities and Exchange Commission has the uniquely important job of maintaining fair and efficient securities markets, encouraging capital formation, and protecting investors. This is not an easy task, but is a critical part of keeping our economy thriving.

For fiscal year 2015, the SEC is asking for a \$350 million, or 26 percent increase, over last year's funding level. This is an especially large increase for any agency. While the SEC is funded by fees, I believe congressional oversight over your budget is an important check on the Commission's activities. What we want from the SEC is a securities regulator who is both capable and economical. It is easy to argue that money will solve all problems, but we expect to see results before appropriating additional funding.

Last year the House included bill language fully funding the Office of Economic and Risk Analysis. I am anxious to hear how you are using that funding to hire more economists in order to increase the cost-benefit analysis performed during the course of SEC rulemakings. In addition, I am interested to hear your thoughts on the municipal advisor rule, which the SEC released earlier this year. To me, this rulemaking looks like regulatory overreach in an area that could benefit from more competition, not less.

American investors, and all those who use U.S. securities markets, deserve to know that there is a cop on the beat who is protecting our markets. The Commission has had embarrassing and damaging inspections and enforcement lapses in the past, such as the failure to catch the Madoff and Stanford Ponzi schemes; as well as lapses in management, best practices, and due diligence, such as the Constitution Center lease debacle, the improper destruction of documents, and material weaknesses in the Commission's financial statements. With the increases that Congress has given to SEC's over the past decade, there can be no more excuses.

Chair White, your fiscal year 2015 budget request asks for increases in almost every office and division across the SEC, including an overall requested increase of 467 FTE. We have heard the claim that the SEC needs increased staffing and funding to get through all the Dodd-Frank mandated rulemakings. However, the staffing and funding levels at the SEC cannot exponentially increase forever. This is not an efficient use of your funds, nor will it protect American investors. I am eager to hear how the SEC plans to judiciously use its funding in key areas in order to best leverage its expertise and capabilities to protect our capital markets and investors, and facilitate the overall growth of capital.

Chair White, thank you again for being here today. I look forward to your testimony.

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