Views and Estimates of the Committee on Financial Services on Matters to be Set Forth in the Concurrent Resolution on the Budget for Fiscal Year 2020

Pursuant to applicable rules and laws, the Committee on Financial Services transmits to the Committee on the Budget the following views and estimates on matters within its jurisdiction or functions to be set forth in the concurrent resolution on the budget for fiscal year 2020.

A NEW DAY FOR THE AMERICAN PEOPLE

The 116th Congress has ushered in a historically diverse Congress, one that is finally beginning to resemble the rich diversity that makes this country great. It is from this diversity that Congress' priorities will return to putting consumers and investors first and protecting the most vulnerable. In particular, this Committee will return to considering policies that advance shared prosperity, ensure fair rules of the road, protect against fraud and abuse, and support our most vulnerable populations. Having been deployed successfully following the financial crisis, these policies have already been proven to lead to economic stability and opportunity. However, more needs to be done. It is vital to the health of our economy that Congress robustly funds in the Fiscal Year 2020 budget (FY 2020) the Federal government agencies responsible for running and overseeing the critical programs that benefit American families.

The American public has rejected the reckless and misguided policies championed by President Trump that have led to significant harm for lower- and middle-income Americans, and especially the most vulnerable. For example, the tax legislation passed last Congress added $1.8 trillion to the national debt and handed the wealthy and corporations a windfall while leaving hardworking taxpayers and future generations to pick up the tab. In addition, using a rarely used law, the Congressional Review Act, President Trump repealed 15 important safeguards that were put in place by the previous Administration, including a rule that preserved the constitutional rights of Americans who have been harmed by financial institutions to join together and have their day in court, and another that combated corporate corruption by requiring oil companies to disclose their payments to foreign countries. More recently, President Trump presided over the longest government shutdown in U.S. history, and in the process harmed consumers, federal employees, contractors, small businesses, and the economy.

The Committee is also concerned that President Trump's appointees have begun a deregulatory agenda that is seeking to undo many of the important reforms Congress passed following the financial crisis of 2008. At the Consumer Financial Protection Bureau, which was the centerpiece of the Dodd-Frank Wall Street Reform and Consumer Protection Act, Trump's appointees have acted to tear down the agency from the inside, declining to carry out the agency's important mission, failing to use the agency's authority to hold bad actors accountable, and allowing predatory lending and abusive practices to go unchecked.

The Committee rejects the regressive agenda advanced by the Trump Administration because it jeopardizes the economic progress realized during the previous Administration. In contrast, the Committee urges this Congress to support funding for the following policies to ensure broadly shared economic growth and opportunity, promote diversity and inclusion, and protect vulnerable families.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

The Department of Housing and Urban Development (HUD) plays a critical role in our nation's housing market and social safety net by carrying out its mission to "create strong, sustainable, inclusive communities and quality affordable homes for all." HUD programs help lift families out of poverty and homelessness, expand homeownership to underserved borrowers, bolster the economy, and ensure equal access to housing opportunities. The past two fiscal year budget requests, however, have been woefully inadequate to meet the needs of the nation's affordable housing crisis and the homelessness crisis. The FY 2020 budget should robustly fund HUD housing and community development programs to ensure that every family has access to safe, decent, and affordable housing. The Committee will also explore proposals to strengthen HUD's ability to effectively carry out its mission and to ensure accountability when administrative decisions stray from this mission.

Homeless Assistance Programs

According to the most recent HUD data, there are over 550,000 people experiencing homelessness in this country on a given night, including nearly 30 percent who are children or youth. The Committee fully supports the goal of ending homelessness and believes the FY 2020 budget should reflect this priority. HUD's homeless assistance grants play a key role in serving those who are experiencing homelessness in America. There are also various other federal programs that are targeted to people experiencing homelessness and the Committee recognizes the critical role of the U.S. Interagency Council on Homelessness (USICH) in coordinating across the different federal agencies and programs to effectively implement a federal strategy to end homelessness in America. The Committee supports robust funding for HUD's homeless assistance grants in FY 2020, as well as continued funding for the USICH. The Committee will also consider proposals to expand and better target funding for families and individuals who are homeless and who are at risk of homelessness.

Rental Assistance Programs

HUD's rental assistance programs are responsible for providing stable housing for over 10 million individuals in nearly 5 million rental units across the country. Without this important federal assistance, millions of current and future households would be severely rent-burdened or homeless. According to the Center on Budget and Policy Priorities, federal rental assistance has kept 4.1 million people, including 1.4 million children, out of poverty. In particular, public housing is home to 1.1 million families, with nearly sixty percent of families headed by a person who is elderly, disabled, or both, and more than forty percent of public housing families having school-aged children in the home. The Committee recognizes the importance of these programs and supports robust funding to ensure they have enough resources to help families in need. The Committee also rejects proposals that increase burdens on HUD-assisted families by imposing arbitrary time limits on their tenancy or unduly increasing rents.

The Federal Housing Administration

The Federal Housing Administration (FHA) continues to play a vital role in promoting long-term stability in the housing market and expanding access to homeownership for creditworthy borrowers, especially first-time homebuyers, low- and moderate-income households, and minority households. Despite the strong financial health of FHA, certain budgetary restrictions have prevented FHA from investing in much needed technology upgrades to its systems supporting origination, servicing, default, and claims. According to HUD, FHA's outdated systems are putting the Mutual Mortgage Insurance Fund at significant risk and hampering FHA's ability to effectively partner with the industry. The HUD Inspector General has also raised concerns that FHA's outdated systems are resulting in poor performance, high operation and maintenance costs, and increased susceptibility to security breaches. The Committee will consider legislation to allow FHA to invest in its technology infrastructure.

The Committee is also concerned with FHA's current practice of charging annual premiums for the life of the loan while private mortgage insurers cancel premiums once the outstanding principal balance reaches 78 percent of the original home value, and is examining steps to address these premiums.

Lastly, HUD Housing Counseling Assistance providers help expand homeownership by educating prospective homebuyers and prevent foreclosures by providing mitigation services. Housing counseling helps keep families in homes, protect the FHA Mutual Mortgage Insurance Fund, and stabilize communities. The FY2020 budget should increase funding from current levels for Housing Counseling Assistance to meet needs all across the country.

Government National Mortgage Association

The Government National Mortgage Association (Ginnie Mae) plays a critical role in providing liquidity for government backed mortgages, including FHA, VA, and USDA-backed mortgages. Since the 2008 financial crisis, Ginnie Mae's issuer base has substantially shifted to include a much larger share of nonbanks, which present a new set of risks for Ginnie Mae to manage. The Committee will continue to monitor Ginnie Mae's actions to manage these risks. The Committee supports additional funding for Ginnie Mae in FY 2020, and will consider whether to provide additional authority to enhance loss mitigation options for borrowers in a rising interest rate environment. The Committee is also concerned that FHA multifamily risk share loans no longer have access to financing through the FHA's partnership with the Federal Financing Bank after the Trump Administration discontinued this partnership. The Committee will examine whether to take steps to renew this partnership.

Housing and Community Development Programs

HUD programs that support housing and community development, such as the Community Development Block Grant (CDBG) program, the HOME Investment Partnerships program (HOME), and the National Housing Trust Fund (HTF), play a key role in addressing the lack of supply of affordable housing, particularly for the lowest income families. They have also proven to be effective in leveraging private investment and supporting local economies. For example, CDBG leverages $4.07 in private funding for every $1.00 of CDBG funding invested and has created or retained over 387,000 jobs between FY 2015 and FY 2016 alone, benefiting over 42 million people through affordable housing and public services. The HOME program has also supported nearly 1.6 million jobs and generated $105 billion in local income since its inception, while building over 1.3 million units of affordable housing since 1992. The Committee supports robust funding in the FY 2020 budget to carry out these programs fully, and will consider legislation to ensure effective public-private partnerships and address the severe lack of affordable housing across the country.

Fair Housing

HUD plays a central role in fighting discrimination in housing and promoting fair housing practices, primarily through its implementation and enforcement of the Fair Housing Act. In particular, the Fair Housing Act requires that recipients of federal housing funding take steps to "affirmatively further fair housing" (AFFH). Unfortunately, the AFFH provision was largely dormant for years due to ineffective implementation. For example, a GAO report from 2010 highlighted several weaknesses and inadequacies in HUD's implementation of AFFH. Under the previous Administration, HUD finalized a new AFFH rule that provided greater clarity to jurisdictions on how to identify and combat barriers to fair housing opportunity that often restrict the development of affordable housing. The rule also provided jurisdictions with better data to help them analyze local housing needs and ultimately equip them to make smarter local planning decisions. The Trump Administration's decision to halt implementation of this important rule harms HUD's ability to implement this key mandate under the Fair Housing Act and its ability to allocate federal housing funding. The Committee will take steps to ensure that HUD is adequately enforcing the Fair Housing Act.

Native American Housing

The Committee supports the fundamental recognition of tribal self-determination under the Native American Housing Assistance and Self-Determination Act of 1996 (NAHASDA) as well as robust funding for the NAHASDA programs. The Committee will also reauthorize and strengthen NAHASDA programs.

USDA'S RURAL HOUSING PROGRAMS

The United States Department of Agriculture's (USDA's) Rural Housing Service (RHS) plays a distinct and critical role in the Federal government's housing assistance strategy, and in the housing market overall. RHS programs help address unique housing challenges that rural residents and communities face, including the prevalence of substandard housing conditions, the challenges of farm workers remaining stably housed despite the seasonal nature of their work, and the lack of access to affordable mortgage credit in some rural areas. Unfortunately, due to the lack of funding and lack of strategy from USDA, hundreds of thousands of USDA-backed multifamily programs are projected to exit the programs that keep the units affordable for low-income residents in the coming decades. Further, housing advocates have sued USDA alleging misuse of limited funding available to address the preservation of units or displacement of tenants. The Committee supports robust funding for RHS to carry out its programs fully and will consider proposals to preserve RHS-subsidized properties, avoid resident displacement, and hold USDA accountable in its management of these programs.

GOVERNMENT SPONSORED ENTERPRISES

The Committee believes that a robust mortgage market is required for a healthy, growing middle class and broad economic growth. The secondary mortgage market plays a significant role in ensuring the health of the financial system, and efforts to reform that market should: maintain affordable, long-term fixed-rate mortgage products such as the 30-year pre-payable fixed rate mortgage; protect taxpayers by paying for an explicit government guarantee; provide stability and liquidity to the market, and prevent disruptions during a transition to a new finance system; support a broad-based strategy for promoting access to affordable housing, including affordable rental housing; and, ensure that financial institutions of all sizes can equally participate in the market.

The Committee supports the actions taken by the Federal Housing Finance Agency (FHFA), as conservator of Fannie Mae and Freddie Mac, that expand responsible access to sustainable homeownership and affordable rental housing while still protecting the taxpayer, including the continued contributions to the Housing Trust Fund (HTF) and Capital Magnet Fund (CMF).

TERRORISM RISK INSURANCE PROGRAM

In the aftermath of the terrorist attacks on September 11, 2001, the market for terrorism risk insurance experienced significant disruption as insurers and reinsurers pulled back from offering this coverage. Without coverage, businesses, venues, universities, and other important economic drivers were left unprotected in the event of another attack. Congress responded by passing the Terrorism Risk Insurance Act of 2002 (TRIA), establishing a government risk-sharing program at no cost to taxpayers. This program ensures that affordable terrorism insurance coverage is broadly available. The Committee will reauthorize TRIA beyond its current expiration on December 31, 2020.

NATIONAL FLOOD INSURANCE PROGRAM

The National Flood Insurance Program (NFIP), which provides flood insurance to over five million homeowners, renters, and businesses, is set to expire on May 31, 2019. The last long-term authorization of the NFIP expired on September 30, 2017. Ever since, Congress has been passing short-term extensions without a comprehensive plan to provide certainty to the market, keep flood insurance affordable, or deal with the lack of stable funding for mapping or mitigation. The Committee believes that the NFIP must be reauthorized for the long term with a plan to keep coverage affordable and available, to adapt to a changing climate, and to keep our communities resilient in the face of increasing flood risks.

Further, although Congress recently forgave $16 billion of the NFIP's debt, the remaining $20.5 billion in debt has been ignored and continues to burden policyholders with approximately $400 million in interest payments every year. Meanwhile, nearly 65 percent of NFIP premiums and fees are spent on losses and debt reduction, including interest payments. The Committee believes that these costs contribute to affordability challenges for policyholders and will examine steps to address this issue.

The Committee also believes that flood mapping must be improved in part by providing funding for upgraded technology. Finally, mitigation, which saves $4 for every $1 spent, should be encouraged whenever it is a viable and cost-effective option.

OFFICES OF MINORITY AND WOMEN INCLUSION

Since our nation's founding, the diversity of the American experience has been cited by numerous historians, authors, and economists as one of the country's greatest assets. This principle of "diversity as an asset" was recognized nearly 75 years ago by President Franklin D. Roosevelt who, in an Executive Order banning discrimination in the defense industry, asserted "the firm belief that the democratic way of life within the Nation can be defended successfully only with the help and support of all groups within its borders." While President Roosevelt sought to ban discrimination in the defense industry as a means of bolstering national security, in the decades since, researchers and academics have recognized the value of diversity to promote innovative decision-making and combat the problem of "group-think."

Section 342 of the Dodd-Frank Act established Offices of Minority and Women Inclusion (OMWIs) in most of the federal financial agencies—the Department of the Treasury, Federal Deposit Insurance Corporation (FDIC), each of the Federal Reserve banks, the Federal Reserve Board of Governors, National Credit Union Administration (NCUA), Office of the Comptroller of the Currency (OCC), Securities and Exchange Commission (SEC), and Consumer Financial Protection Bureau (Consumer Bureau)—that are responsible for all matters relating to diversity in management, employment, and business activities. Section 1116 of the Housing and Economic Recovery Act of 2008 created an OMWI with similar authorities at the Federal Housing Finance Agency (FHFA).

The Committee supports robust funding for each OMWI to carry out its programs that ensure: transparency from the top-down; a diverse talent pipeline for current and future employment opportunities within the agencies; sufficient training to increase cultural awareness and inclusiveness in the agencies; and effective supplier diversity initiatives to secure the fair inclusion of minority-owned and women-owned businesses. As the American population becomes increasingly more racially and ethnically diverse, it is vital that the federal financial services agencies attract, hire, develop, and retain a highly-qualified and diverse workforce and operate in a manner that promotes an inclusive and non-discriminatory workplace.

COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS (CDFI) FUND AND THE CAPITAL MAGNET FUND

The Committee supports robust funding of the CDFI Fund to fully carry out its programs in FY 2020, and rejects efforts to eliminate funding for CDFI Fund's discretionary grant and direct loan programs.

The CDFI Fund has had a growing impact across the country by giving private institutions access to the capital needed to extend credit and provide financial services to communities, especially those in lower-income and traditionally underserved areas. For example, the Bank Enterprise Award (BEA) program incentivizes banks to make investments in the most severely distressed communities throughout the country, by providing monetary awards to banks that have increased investments in census tracts where the unemployment rate is 150% higher than the national rate and where approximately one-third of residents' incomes are less than the poverty level. According to data released by the Department of Treasury in 2016, the BEA Program awarded more than $18.6 million to organizations that increased their loans and investments in distressed communities by $308.2 million, producing a significant return on investment.

The Committee also supports funding Section 1206 of the Dodd-Frank Act, which directs the CDFI Fund to make grants to certified institutions, including nonprofits, banks and credit unions, for loan loss reserve funds in order to defray the costs of establishing small dollar loan programs. Section 1206 was enacted to increase consumer access to mainstream financial institutions and to provide more affordable and safe alternatives to high-cost payday loans. Although $10 million was requested for the program in the FY 2017 budget, the program has not been funded since its creation under the Dodd-Frank Act.

The Committee also supports the CDFI Capital Magnet Fund (CMF), which is funded by allocations from Fannie Mae and Freddie Mac and administered by the CDFI Fund. This program awards grants to finance affordable housing and community revitalization efforts that benefit low-income people and communities nationwide.

SUPPORTING SMALL BUSINESS INVESTMENTS

The Committee supports reauthorizing and funding the successful State Small Business Credit Initiative (SSBCI), which Congress created as part of the Small Business Jobs Act of 2010. The program expired in 2016, but in the five years it operated new financing to small businesses totaling $10.7 billion with only $1.2 billion of federal funding. According to Treasury, the program helped create or save more than 240,000 jobs. In addition to authorizing a second round of funding for the program, the Committee will consider ways to target SSBCI-supported loans or investments to businesses in low- and moderate-income communities.

CONSUMER FINANCIAL PROTECTION BUREAU

The Committee strongly supports the mission and independent funding of the Consumer Financial Protection Bureau (Consumer Bureau), which was created under the Dodd-Frank Act, to better protect consumers from unfair, deceptive or abusive acts or practices, and to promote fair and transparent markets for the provision of consumer financial products and services.

Since the Consumer Bureau was established, it has implemented new rules for mortgage markets and prepaid cards, released comprehensive studies on private education lending and credit reporting, among other topics, and successfully recovered over $12 billion for more than 31 million consumers harmed by predatory and illegal financial practices. The Consumer Bureau has also established a transparent and robust consumer complaint mechanism, which has received over 1.5 million complaints. To date, an impressive 97 percent of the complaints that were sent to companies for review have received timely responses, which underscores the tremendous value the database is providing to consumers.

Despite these successes, the Committee is concerned by the actions taken after the Trump Administration's appointees took over the leadership of the Consumer Bureau in November 2017. For example, enforcement activity against bad actors sharply decreased, fair lending efforts were diminished, and student lending concerns were suppressed. Notably, plans were made to shrink the size of the agency, including proposing that Congress eliminate its independent funding.

Furthermore, the Consumer Bureau has adopted a misguided policy to not supervise financial institutions for compliance with the Military Lending Act, weakening oversight Congress intended to protect active-duty servicemembers. The Consumer Bureau has also proposed to significantly weaken the payday lending rule, including by rescinding its ability-to-repay provision, thereby increasing consumers' risk of predatory lending practices.

Given the Consumer Bureau's statutory mission to protect American consumers from unlawful and predatory lending practices, the Committee remains vigilant in its commitment to preserve and implement robust safeguards for consumers, as well as ensuring the Consumer Bureau fulfills its mission. The Committee will also seek to protect the Consumer Bureau's independent funding to ensure not only that consumers are protected, but to also reduce the risk to taxpayers from another financial crisis.

SECURITIES AND EXCHANGE COMMISSION

The Committee supports robust funding for the FY 2020 budget of the Securities and Exchange Commission (SEC) so that it is able to fulfil fully its three-part mission to: (1) protect investors; (2) maintain fair, orderly, and efficient markets; and (3) facilitate capital formation. Pursuant to that mission, the SEC oversees $82 trillion a year in securities trading and more than 26,000 market participants that employ over one million people in the United States. These market participants include investment advisers, mutual funds, broker-dealers, national securities exchanges, credit rating agencies, clearing agencies, and self-regulatory organizations like the Securities Information Processors, the Public Company Accounting Oversight Board, the Financial Industry Regulatory Authority, the Municipal Securities Rulemaking Board, the Securities Investor Protection Corporation, and the Financial Accounting Standards Board. The SEC also reviews the disclosures and financial statements of over 8,000 reporting companies, including approximately 4,300 exchange-listed public companies with an approximate aggregate market capitalization of $30 trillion.

Since 2017, the SEC has sought to fulfill its broad and complex mission with flat funding of approximately $1.6 billion, despite increases in market complexity and the number of regulated entities. To manage cost increases over two fiscal years of flat funding, the SEC imposed a strict hiring freeze, which the SEC estimates resulted in a 9 percent loss of its workforce by the end of FY 2018. The Committee believes that independence from the annual Congressional Appropriations process may provide the SEC with advantages in better managing its staffing needs.

The Committee urges the SEC to prioritize its enforcement and examinations activities, and to complete the remaining Dodd-Frank Act rulemakings. The SEC is responsible for prosecuting violations of the securities laws and holding violators accountable in cases involving everything from corporate disclosure violations to fraudulent sales of complex financial products. The Committee will continue to demand that the SEC increase its enforcement efforts, including against illegal initial coin offerings and virtual currency investment scams, and against traders that engage in abusive and manipulative practices at the expense of retail investors.

In addition, the SEC must vigorously police the markets through regular compliance checks, including annual examinations of registered investment advisers, which have grown steadily over the past decade. In FY 2018, the SEC staff examined only 17 percent of registered investment advisers.

The SEC must also complete its rulemaking obligations under the Dodd-Frank Act, including establishing a comprehensive regulatory regime for security-based swaps, enhanced investor disclosures, and executive compensation rules for public companies and SEC-regulated entities. The Committee urges the SEC to finalize these long-overdue rules. The Committee also encourages the SEC to put retail investors first and revise its proposed regulations governing the standards of care owed by broker-dealers when providing retail investors with personalized investment recommendations.

Troublingly, the Trump Administration has consistently supported the elimination of the SEC's Reserve Fund, which provides the SEC with up to $50 million annually to support long term information technology (IT) initiatives and respond to unforeseen events, like the 2016 breach of its Electronic Data Gathering, Analysis, and Retrieval (EDGAR) system for public company filings. Eliminating the Reserve Fund would force the SEC to choose between funding its cybersecurity efforts or syphoning resources from other underfunded programs, such as investment adviser examinations. It would also hamstring the SEC's ability to keep pace with ever-evolving threats to our financial infrastructure.

FINANCIAL STABILITY OVERSIGHT COUNCIL & OFFICE OF FINANCIAL RESEARCH

In the years leading up to the financial crisis, the American regulatory and supervisory framework did not keep up with the risks posed to our country's financial stability caused by the increasing size, complexity, interconnectedness, and globalization of large financial institutions. The Financial Stability Oversight Council (FSOC) and the Office of Financial Research (OFR) were established under Title I of the Dodd-Frank Act to close these regulatory gaps and serve as an early warning system for emerging threats to financial stability.

The Committee believes the FSOC's functions and its supervisory tools are vital to safeguarding the U.S. financial system. Along with promoting market discipline and responding to emerging threats, the FSOC, consisting of the federal financial regulatory agencies, is tasked with identifying elevated risks to the economy due to risky business practices at both bank and nonbank institutions.

The Committee also supports the OFR, which was created to provide insights into the shadow banking system and support the work of the FSOC. The OFR's data collection ensures that regulators' assessments of systemic threats, and decisions about any steps to mitigate them, reflect the deepest body of research and analysis of the financial sector possible.

The Committee is concerned by the Trump Administration's efforts to significantly shrink the OFR and undermine the FSOC. The Committee supports the preservation of both the OFR's and FSOC's independence from the annual Congressional appropriations process and notes that their budgets are offset by a fee imposed on systemically important financial institutions (SIFIs), and do not affect the U.S. deficit.

ENHANCED PRUDENTIAL STANDARDS TO PREVENT FUTURE BAILOUTS

The financial crisis demonstrated that several large, interconnected financial institutions could pose an existential threat to the American financial system. These institutions' size, complexity, interconnectedness, and global scale forced the Federal government to expend enormous resources to prevent their failures in order to avoid an international economic collapse.

The Dodd-Frank Act instructed regulators to limit the risks these firms pose to the economy. For example, the law requires that the largest banks and systemically important financial firms be subject to more stringent rules for capital, leverage, liquidity, and risk management. It also subjects these firms to regular, forward-looking stress testing requirements to ensure these large firms are better prepared for eventual economic downturns or unexpected shocks to the system. In fact, banks in the United States have added more than $750 billion in capital to absorb potential losses and, because of these safeguards, are much less reliant on short-term funding, which disappeared in the crisis. Furthermore, the Volcker Rule now prohibits banks from proprietary trading, limiting the practice of allowing banks to gamble with their customers' and the taxpayers' money.

The Committee remains focused on ensuring rigorous oversight of large financial institutions, ensuring they can never again threaten our economy or the taxpayer. Furthermore, the Committee remains vigilant in its efforts to oversee the regulators of these financial institutions and encourage them to maintain and strengthen prudential safeguards that protect the U.S. economy from another costly financial crisis. The Committee also encourages these regulators to utilize their full supervisory and enforcement tool kit to hold megabanks and other institutions, and their senior executives accountable when they break the law.

ORDERLY LIQUIDATION AUTHORITY

Because not all threats to economic stability can be foreseen and there are critical shortcomings with the Bankruptcy Code, the Dodd-Frank Act provides financial regulators with additional authorities to resolve systemically important financial institutions (SIFIs) in an orderly fashion – known as the Orderly Liquidation Authority (OLA). Under OLA, financial regulators are provided certain mechanisms, primarily the temporary use of government funds to resolve an institution in order to prevent contagion or an economic catastrophe, and all funds would be recouped from fees imposed on the failed firm or other SIFIs to ensure no cost to the American taxpayer.

While proposals to enhance the Bankruptcy Code to better handle a resolution of large, complex financial firms warrant further scrutiny and analysis of their efficacy and impact, they are not a substitute to the OLA. The Committee strongly supports the Dodd-Frank Act's OLA provision and opposes any effort calling for its repeal. The Committee notes that the Trump Administration's Treasury Department, "recommends retaining OLA as an emergency tool for use under only extraordinary circumstances. While bankruptcy must be the presumptive option, the bankruptcy of large, complex financial institutions may not be feasible in some circumstances, including when there is insufficient private financing."

INTERNATIONAL FINANCIAL INSTITUTIONS

The Committee believes sustained international economic cooperation is the most promising path to ensure national security, prosperity and well-being. The Committee regrets the fact that the Treasury Department is supporting fewer multilateral institutions and programs than any previous administration of the past 30 years.

The advantages of global cooperation to U.S. interests stand in stark contrast to the costs of going it alone. The costs of going it alone can be measured by the financing leverage that the United States gives up when the United States cuts multilateral funding, such as with International Fund for Agricultural Development (IFAD), where every dollar contributed by the United States delivers nearly 80 dollars of assistance to developing countries. Harder to quantify are the potentially wide-ranging effects of not having the United States at the table to help shape multilateral strategies, standards, and priorities on issues that implicate a wide range of US economic, security, and foreign policy interests. The United States needs to maintain its leadership position in the international financial institutions if they are to be effective vehicles for supporting U.S. interests and responsive to U.S. calls for reform.

The multilateral development banks (MDBs), including the World Bank and the regional development banks, play a leading role in efforts to promote growth and alleviate poverty around the globe. The Committee believes that the MDBs are directed at some of the central challenges faced by the United States—strategic, economic, political and moral—and, in many ways, they are often the most effective means for responding to these challenges. The United States has also often looked to the MDBs to meet strategic objectives in countries and regions at critical moments, and the degree to which the MDBs support U.S. interests depends upon the strength of our roles within these institutions. U.S. support for the MDBs also leverages limited U.S. resources with the broader resources of the MDBs, which are funded by other member nations. The Committee believes it is in the national and economic interest of the United States that the MDBs remain strong, credible, and effective, and supports funding U.S. commitments to these institutions, including U.S. arrears.

The Committee also supports a Congressional authorization for U.S. participation in general capital increases for the International Bank for Reconstruction and Development and the International Finance Corporation (IFC) in the FY 2020 budget. The Committee will consider such a request in the context of certain additional reforms that should accompany such a large expansion of the World Bank's capital base, including an examination of financial transfers between International Development Agency (IDA) and the IFC with respect to both transparency and development impact. The Committee will also examine the degree to which IDA's bond issuances affect the ability of IDA to offer grants and highly concessional loans to the world's poorest countries.

The Committee also expects to authorize the United States' participation in the first capital increase for the North American Development Bank (NADB) during the FY 2020. The NADB is an important development institution funded and governed equally by the United States and Mexico. As a valued and trusted institution on both sides of the border, the NADB can continue to help mitigate high poverty rates and security challenges along the U.S.-Mexico border. Strengthening the NADB would be an important demonstration of the United States' shared commitment with Mexico to build a stable and prosperous border region.

THE COMMITTEE ON FOREIGN INVESTMENT IN THE UNITED STATES

The Committee will monitor implementation of the Foreign Investment Risk Review Modernization Act of 2018 (FIRRMA) and actions taken by the Committee on Foreign Investment in the United States (CFIUS) to identify and address foreign investments that pose threats to national security. The Committee recognizes that a successful implementation of FIRRMA requires that Congress and Treasury allocate significantly more funding than in previous years given the additional workload of CFIUS. The Committee will closely monitor CFIUS' progress in implementing FIRRMA-related rulemakings and the effectiveness of pilot projects authorized by the legislation.

EXPORT-IMPORT BANK

For 85 years, the Export-Import Bank of the United States (EXIM) has been the official export credit agency of the United States, which provides export financing through its loan, guarantee, and insurance programs to help U.S. exporters compete in the global market while supporting jobs in the United States. EXIM assumes credit and country risks that the private sector is unable or unwilling to accept so that U.S. businesses can compete on an equal footing against foreign competitors who have access to generous export financing through their own government's export credit agencies.

When fully operational, EXIM operates on a self-sustaining financial basis, which means that it is able to fund its own administrative expenses entirely through fees it charges borrowers for its services. After paying these operational and program costs, EXIM contributes its remaining revenues to the Treasury. Over the last 10 years, EXIM financed more than $255 billion in U.S. exports, supported more than 1.5 million American jobs, and remitted more than $3.4 billion in deficit-reducing receipts to the Treasury.

In December 2015, an overwhelming majority of members in both parties voted to renew EXIM's operating charter through September 30, 2019. The reauthorization legislation mandated a number of important reforms, including a provision to boost the share of financing for small businesses and reforms to ensure that EXIM maintains its fiscal soundness, including through measures to better mitigate risk, increase loan loss reserves, and review fraud controls.

Despite long-standing, bipartisan Congressional support for EXIM, the Senate has been unable to confirm the directors of the EXIM's board, thereby denying the board the quorum it needs to approve transactions over $10 million. Without the ability to consider the full range of transactions pending approval, EXIM has reported that $40 billion worth of transactions, which would support an estimated 250,000 jobs, continue to languish in its approval pipeline.

Last fiscal year, EXIM authorized only $3.3 billion in financing and supported an estimated 33,000 American jobs. By contrast, in 2014, when the Bank was last fully functioning, EXIM authorized $20 billion in financing, supporting nearly 165,000 jobs.

Without the ability to operate at full capacity, EXIM's ability to send deficit-reducing receipts to the Treasury also will continue to fall. In fact, the absence of a board quorum already resulted in EXIM remitting $0 back to the Treasury in both FY 2017 and FY 2018.

Failure to restore EXIM to full functionality undermines the U.S. government's efforts to support American jobs, maintain the vitality of critical industry sectors in the United States, and thwart the movement of manufacturing production overseas. The Committee will consider legislation to reauthorize the EXIM.

FINANCIAL CRIMES ENFORCEMENT NETWORK (FINCEN)

The Committee supports robust funding in the FY 2020 budget for Treasury's Financial Crimes Enforcement Network (FinCEN) to support fully U.S. efforts to curtail illicit finance networks. FinCEN implements and enforces the Bank Secrecy Act (BSA), which is the country's primary anti-money laundering and counter-terrorism financing law. However, loopholes in FinCEN's regulations exempt high-risk entities, including those in the luxury real estate sector, from maintaining even the most basic BSA program requirements. Also of concern are the legal obstacles to collecting, maintaining, and analyzing information on the beneficial owners of companies formed in this country, which expose the U.S. financial system to significant risk.

The Committee also urges FinCEN to address and provide regulated entities guidance on illicit financing risks posed by a constantly changing threat environment, including human trafficking, lone-actor terrorism, and vulnerabilities from emerging technologies such as virtual currencies. FinCEN must take steps, including the provision of clear guidance, to ensure that legitimate actors remain able to access the financial system, and thereby reverse a trend among depository institutions to "de-risk" or end account services for whole categories of customers.

OFFICE OF FOREIGN ASSETS CONTROL

The Committee sees an increasingly important role for the Treasury Department's Office of Foreign Assets Control (OFAC) and its administration of sanctions against countries, regimes, terrorists, drug traffickers, proliferators of weapons of mass destruction, and other threats to America's national security. The Committee recognizes that the situation with North Korea presents an urgent and dangerous risk to bilateral and regional peace and security, and thus, sanctions coupled with aggressive multilateral engagement are critical to a peaceful resolution and the ultimate denuclearization of the Korean Peninsula. In particular, the Committee recognizes that sanctions on Russia as a consequence for its active interference in the most recent American Presidential elections and its unlawful annexation of Crimea are an essential tool to holding the

Russian government accountable. The Committee supports robust funding for OFAC in the FY 2020 budget to carry out its functions and strengthen existing sanctions regimes.

OFFICES OF INSPECTOR GENERAL

The Committee supports robust funding for FY 2020 for the federal inspectors general to carry out their functions, whose offices are essential to maintaining the functions of our federal agencies by shining a light on waste, fraud and abuse. Over the course of the next fiscal year, the Committee expects inspectors general to do important work, including: 1) ensuring that the Consumer Bureau is fulfilling its statutory mandate to protect consumers; 2) investigating reports that Treasury officials broke security protocols by sending and receiving email messages to and from private Gmail and Hotmail accounts created by Russian officials; 3) examining claims that internal chaos and dysfunction have compromised FinCEN's operation and, thereby, have negatively affected national security; 4) monitoring HUD's administration of disaster recovery assistance to victims of the 2017 hurricane season and 2017–2018 California wildfires; and, 5) assessing the efficacy of federal financial regulators amid reported significant decreases in employee morale and related agency workforce attrition.