



Congressman José E. Serrano

Chairman, House Appropriations Subcommittee on Financial Services and General Government

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Opening Statement of Chairman José E. Serrano Subcommittee Markup of the FY 2008 Financial Services and General Government Appropriations Bill

Today the subcommittee will mark up the fiscal year 2008 bill. I'm pleased to present the first bill for this new subcommittee's consideration.

This is my first time as Chairman and so far it has been an honor and a privilege. This Subcommittee held multiple hearings this spring to explore the issues facing agencies funded through this bill. As the hearings progressed a common theme emerged in my mind for improving these agencies. It became clear that this Subcommittee needed to work to bring government closer to the people, to better fit its services to their needs. The American people expect and deserve the best services their government can offer.

For example, with respect to the Internal Revenue Service, we as a Subcommittee addressed the fact that the IRS needs to be fair and even-handed in whom it audits. We also ensured that the IRS works to provide real assistance to the taxpayer who cannot afford the services of an expensive accountant. We want the Election Assistance Commission to help promote the use of voting machines in student and school elections as an educational tool because these are our future voters. We felt that government must do more to protect our consumers and so we have directed the Federal Trade Commission to examine identify theft with an eye toward ending this hurtful crime. We directed the Consumer Product Safety Commission to strengthen its consumer product monitoring capabilities. We have also increased funding for the Community Development Financial Institutions Fund to help expand the availability of credit, capital and financial services to underserved communities throughout the nation.

I feel that through the funding initiatives and Congressional guidance contained in this bill, government will be more responsive and more proactive on behalf of the American people whom it serves.

The subcommittee's current allocation is \$21.028 billion. Under the terms of the budget resolution, that allocation will be increased by \$406 million when we report this bill to account for Internal Revenue Service tax enforcement funding. This means that our total budget allocation will be \$21.434 billion, which is the amount provided in this mark.

This funding level is tight. While the bill is \$1.9 billion above the fiscal year 2007 level, it is \$243 million below the President's budget request. It was a challenge to reduce funding from the requested level for two reasons.

First, most of this bill – over 80 percent – funds basic administrative accounts, such as the salaries of Treasury employees who are managing the nation's finances. These accounts cannot be reduced without reducing the most basic government services.

Second, there were a number of holes in the President's budget that needed to be filled. This bill increases funding for programs where we believe money will be well spent and will benefit disadvantaged communities and small businesses. These are important priorities that needed to be increased from the President's request and that are provided for within our allocation.

To summarize, this bill includes \$12.3 billion for the Department of the Treasury. Within this amount, \$11.1 billion is for the IRS, a \$550 million increase above fiscal year 2007 and \$52 million above the President's request. This increase includes more money than requested for taxpayer services and the IRS Taxpayer Advocate's office. The bill also includes \$100 million for the Community Development Financial Institutions Fund program to increase economic development and financial opportunities for people living in disadvantaged communities.

The bill includes \$722 million for the Executive Office of the President, of which \$460 million is directed to the Office of National Drug Control Policy and its programs. This includes increases for the Drug-free Communities grants program and the High Intensity Drug Trafficking Areas program.

This mark rejects the 31 percent increase to the National Youth Anti-drug Media Campaign requested in the President's budget. Recent studies have called into question the effectiveness of the Campaign, and it does not make any sense to give this program the substantial increase requested in light of these questions. The recommendation reduces funding for the Campaign by \$5 million from last year, to \$94 million.

The Judicial branch is funded at \$6.3 billion in this bill, which is \$278 million above 2007 but \$254 million below the request. While this is a reduction to the requested level, we believe that the amount in the bill will be sufficient to fund all necessary operations and staffing levels for the Judiciary.

Programs related to the District of Columbia would receive \$668 million, including \$329 million for the District of Columbia Court system. Within this figure, the bill assumes an increase in the reimbursement for attorneys who defend indigent clients so that their compensation rate is closer to the rate for defense attorneys practicing before Federal courts.

The bill also includes funding for the DC public schools, the Tuition Assistance Grant program, the water and sewer authority, construction of a forensic lab, and other items requested by the DC government.

I also want to advise the subcommittee that the mark includes general provisions for DC that are fewer in number and that have been changed based on our discussions with the DC

government. My basic principal in this bill is that the Federal government should not dictate to the city how to manage its own affairs or spend its own money. Therefore, you will find that we have removed or changed riders that have been in past bills that closely prescribed to the city what it should or should not do. In some cases, I would actually like to go further than this bill goes, but I consider the changes we made to be first steps toward eliminating some of the restrictions Congress has placed on the District.

The recommended bill includes funding for numerous independent agencies. Some, such as the General Services Administration and the Office of Personnel Management, have significant funding and support agencies government-wide in their day-to-day operations.

Other agencies are smaller but equally important. For example, the Election Assistance Commission deals with issues that are extraordinarily important to the Nation and its ability to have reliable, secure, and accessible elections. This bill includes \$300 million for payments to States to help them meet the requirements of the Help America Vote Act of 2002.

The bill also includes funds for important regulatory agencies, namely the Securities and Exchange Commission, the Federal Trade Commission, the Consumer Product Safety Commission, and the Federal Communications Commission. We have provided a total of \$78 million in increases over 2007 for these agencies, and we are recommending funding to ensure that they have the ability to oversee, investigate, and take necessary actions relating to their respective missions. For example, the Federal Trade Commission would receive \$36 million above this year's level and \$7 million above the request to enhance consumer protection activities, including investigations of sub-prime lending and identity theft, and to keep the marketplace free from anticompetitive business practices.

Another important agency in this bill is the Small Business Administration. The bill includes \$502 million for the SBA, including \$100 million for Small Business Development Centers, which is \$12 million above the current year. The bill allows \$17.5 billion in lending for the 7(a) loan guarantee program, which should be more than adequate to meet loan demand. The bill also includes \$17 million for the microloan program, including funds for the subsidy cost of these loans. The Administration proposed to terminate both microloan technical assistance and the loan subsidy, and this bill rejects those proposals.

The recommendation also provides funding for SBA programs that target businesses in disadvantaged or low-income communities, such as the HUBZone program and the 7(j) program, which provides assistance relating to accounting practices or bidding on Federal contracts.

This bill also includes numerous general provisions that apply to funds in the Act or government-wide. The mark includes some changes in these provisions from previous bills. It includes, for example, some changes to the provision on public-private competition – known to some as A-76 or outsourcing – that will make it a stronger provision with regard to protections for Federal employees.

This bill will not make everyone happy, and it does not even do all that I want to do. We've had to make many compromises in order to ensure that this bill will make it through the process and to the President's desk. However, the bill is a good first step toward making

some important changes to funding and policies. I encourage everyone to recognize that this bill is part of a process that will take time to complete; we will not be able to do everything in our first year.

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Congressman José E. Serrano has represented the Bronx in Congress since 1990.