

House Appropriations Committee

Chairman Rodney Frelinghuysen

Website address: <http://appropriations.house.gov/>

FY 2017 Omnibus Summary – Financial Services and General Government Appropriations

Legislation will increase accountability at the IRS, target funds to the judiciary and law enforcement, and invest in programs to boost economic opportunity

The Financial Services and General Government portion of the Omnibus includes a total of \$21.5 billion in funding – \$2 billion below the fiscal year 2016 enacted level and \$2.6 billion below President Obama’s budget request.

The legislation targets resources to programs that will help boost economic growth and opportunity, protect consumers and investors, promote an efficient federal court system, and stop financial crime. To make these investments within a tight budget, the legislation reduces funding for lower-priority or underperforming programs and agencies. Several other policy provisions are also included to promote good government and stop bureaucratic over-reach that can slow economic growth.

Bill Highlights:

Internal Revenue Service (IRS) – The bill provides \$11.2 billion for the IRS – freezing the agency at the fiscal year 2016 enacted level and \$1 billion below the previous Administration’s budget request. This holds the agency’s budget to below the 2008 level, but provides sufficient resources to perform its core duties.

For example, the bill maintains the current level – \$2.1 billion – for Taxpayer Services of which an additional \$290 million is provided to improve customer service – such as phone call and correspondence response times – fraud prevention, and cybersecurity.

The IRS has been plagued in recent years by the inappropriate actions of its employees and political leadership, resulting in the waste of taxpayer dollars and in unjust treatment and targeting of certain ideological groups. To address concerns related to these transgressions, the bill includes:

- A prohibition on a proposed regulation related to political activities and the tax-exempt status of 501(c)(4) organizations. The proposed regulation could jeopardize the tax-exempt status of many nonprofit organizations and inhibit citizens from exercising their right to freedom of speech;

- A prohibition on funds for bonuses or to rehire former employees unless employee conduct and tax compliance is given consideration;
- A prohibition on funds for the IRS to target groups for regulatory scrutiny based on their ideological beliefs;
- A prohibition on funds for the IRS to target individuals for exercising their First Amendment rights;
- A prohibition on funds for the production of inappropriate videos and conferences;
- A prohibition on funds for the White House to order the IRS to determine the tax-exempt status of an organization; and
- A requirement for extensive reporting on IRS spending.

Judiciary – Included in the bill is \$7.4 billion for the federal courts – an increase of \$156 million above the fiscal year 2016 enacted level. This includes operational funding for federal court activities, to improve public safety through the supervision of offenders and defendants, to bolster the security of courtrooms and facilities, and to improve the speed and efficiency of processing federal cases.

Small Business Administration (SBA) – The bill contains \$887 million for the SBA to help promote opportunities for American small businesses to begin, grow, and thrive. This includes full funding – \$157 million – to support \$27.5 billion in 7(a) and \$7.5 billion in 504 small business loans.

Also included is full funding (\$186 million) for disaster loan implementation to allow for quick loan processing turnaround when unexpected natural disasters strike, and full funding (\$12.3 million) for veterans programs. In addition, the legislation provides funding above the President’s request for Small Business Development Centers (\$125 million), and Women’s Business Centers (\$18 million).

General Services Administration (GSA) – The bill provides \$8.8 billion out of the Federal Buildings Fund for the GSA, a reduction of \$1.35 billion below the fiscal year 2016 enacted level. Savings and reductions were made primarily within GSA’s new construction account. In addition, the bill helps to save taxpayer dollars and reduce the federal footprint by providing funds for space consolidation and property disposal.

In addition, the bill continues strong oversight measures over the GSA, including requiring the agency to provide reports on its spending and the status of GSA’s facilities portfolio.

Securities and Exchange Commission (SEC) – Included in the bill is \$1.6 billion for the Securities and Exchange Commission (SEC), which freezes the SEC at the fiscal year 2016 enacted level and is \$176 million below the President’s budget request. The bill focuses this funding on critical information technology initiatives and its economics division which reviews SEC rulemakings. The bill rescinds \$25 million from the SEC’s “reserve fund” – a slush fund created under Dodd-Frank from which the SEC can freely spend without congressional oversight.

In addition, the legislation contains policy provisions and reporting requirements to improve transparency, accountability, and fairness. For example, the bill requires the OMB to report to Congress on the cost and regulatory burdens of the Dodd-Frank Act, and prohibits the agency from requiring the disclosure of political contributions in SEC filings.

Federal Communications Commission (FCC) – The bill contains \$340 million for the FCC’s salaries and expenses rejecting the previous Administration’s proposed increases for the agency.

Executive Office of the President (EOP) – The legislation contains \$709 million for the EOP, which is \$17 million above the fiscal year 2016 enacted level. The bill denies the President’s proposed cuts of \$80 million to drug control efforts, including the High-Intensity Drug Trafficking Areas (HIDTA) and Drug-Free Communities programs, and instead increases funding for these programs by \$9 million above the fiscal year 2016 enacted level. The bill also includes a requirement that the Office of Management and Budget release information on the expected costs of Executive Orders and Presidential Memorandums.

District of Columbia – The bill contains a \$756 million federal payment to the District of Columbia –which is \$26 million above the fiscal year 2016 enacted level and \$7 million below the previous Administration’s request. Within this amount, the bill targets resources on public safety and security costs, and other essential services.

The bill includes \$45 million for DC school improvements, including scholarships to low-income students in DC to attend private schools, and reauthorizes the programs contained in the Scholarships for Opportunity and Results Act (SOAR) through fiscal year 2019.

In addition, the legislation maintains provisions prohibiting federal and local funds from being used for abortion or to further marijuana legalization and it maintains a prohibition on federal funds from being used for needle exchanges in the District of Columbia. The bill continues to appropriate the District’s local funds.

Other Legislative Provisions – The legislation contains several policy provisions, including:

- A prohibition against the use of funds for abortion in the Federal Employee Health Benefits program;
- A prohibition on funding to require that entities applying for or conducting work under federal contracts disclose campaign contributions;
- A prohibition on funds for a pay increase for the Vice President and other senior political appointees; and
- A prohibition on funding to implement an Executive Order on management with certain exceptions.

Finally, the bill includes a provision to reauthorize the school voucher program (SOAR Act) through calendar year 2019.

For the full Committee Report on the Financial Services portion of the Omnibus, including a detailed funding table, please visit:

<https://rules.house.gov/sites/republicans.rules.house.gov/files/115/OMNI/DIVISION%20E-%20FSGG%20SOM%20OCR%20FY17.pdf>

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