

**Center for Digital Democracy
Center for Responsible Lending
Consumer Action
Consumer Federation of America
Consumers Union
DEMOS
Empire Justice Center
National Association of Consumer Advocates
National Consumer Law Center
National Fair Housing Alliance
NEDAP
Public Citizen
U.S. PIRG**

April 18, 2012

**OPPOSE FSC PROPOSAL TO ELIMINATE BUDGETARY INDEPENDENCE OF
THE CONSUMER FINANCIAL PROTECTION BUREAU**

Dear Members of the Committee on Financial Services,

We, the undersigned consumer, community and civil rights groups, all members of Americans for Financial Reform, strongly urges you to oppose any amendments that are proposed to weaken the structure, powers or funding of the Consumer Financial Protection Bureau. Currently, Subtitle C, Section 331 of the **“Budget reconciliation legislative recommendations of the Committee on Financial Services”** would eliminate the **Consumer Financial Protection Bureau’s (CFPB) independence by proposing to make it the only bank regulatory agency placed under the appropriations process. Were it to be approved, the proposal would also cut CFPB’s statutory funding from up to approximately \$548 million in FY 2012 and \$598 million in FY 2013 to a proposed authorization of just \$200 million for each of FY 2012 and FY 2013.**

We urge all members of Congress to oppose this budget proposal and similar proposals to dramatically undermine the CFPB’s ability to protect consumers, even as the agency is opening its doors.

Funding the CFPB through appropriations would saddle Americans with the cost of supporting the agency and allow big banks to thwart its funding through a politicized appropriations process that other bank regulators are insulated from for good reason. As with every other banking regulatory agency, the CFPB is not currently subject to the appropriations process. It receives funding through the Federal Reserve. This was done by Congress to ensure that the CFPB’s

independence was not compromised by overwhelming political pressure from the financial services industry.

The CFPB was a cornerstone of the Wall Street Reform and Consumer Protection Act of 2010 designed to prevent future financial collapses. Its structure was carefully balanced and it was placed under a number of oversight mechanisms. The CFPB has testified on numerous occasions before the committee about its successful efforts to implement the law's mandates as required by law. It has testified on its efforts to protect consumers and also on its other primary goals, including to eliminate outmoded regulations, promote fair competition and "encourage markets for consumer financial products and services that operate transparently and efficiently and to facilitate access and innovation."

The CFPB is already under sufficient oversight. First, unlike other banking agencies, which can set their own budgets, the CFPB's independent budget authority is capped at a maximum amount by law and additional funds must be sought through the appropriations process. Second, the CFPB is currently the only federal agency that can have its rules overturned by other agencies, although Bureau opponents want to go further by giving bank regulators broader "veto" power over CFPB actions. Third, the CFPB's rulemaking is subject to additional review for its effect on small business.

Given these and other unprecedented limits in the Dodd-Frank Act on the CFPB's ability to act to protect consumers, and other oversight mechanisms already enacted, placing the CFPB under the appropriations process would be a serious mistake that would harm consumers, harm fair-dealing firms and harm the economy. If adopted, the current proposal would result in weakening the CFPB and adversely affecting its ability to curb the kinds of financial abuses that have cost American consumers billions of dollars already, resulting in the nation's worst financial crisis since the Great Depression.

Sincerely,

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