Consumer Federation of America
1620 I Street, N.W., Suite 200 * Washington, DC 20006

June 15, 2011

RE: APPROPRIATIONS CUTS WOULD HANDCUFF NEW CONSUMER COP ON THE BEAT AND BE A BOON FOR BIG BANKS

Dear Representative:

The Consumer Federation of America strongly urges opposition to provisions in the fiscal year 2012 appropriations bill that dramatically cut funding for the much-needed Consumer Financial Protection Bureau (CFPB) and expose the Bureau to overwhelming political pressure from big banks during the appropriations process. Section 101 of the bill would limit CFPB funding that is transferred from the Federal Reserve to $200 million in fiscal year 2012, a reduction of almost 50 percent in the Bureau's proposed $329.045 million budget next year. It would also prohibit the Federal Reserve from transferring <u>any</u> funds to the bureau beginning in fiscal year 2013, after which the CFPB would be funded entirely from taxpayer appropriations.

This proposal would inflict a devastating blow to efforts in the Dodd-Frank Act to overhaul a federal financial regulatory structure that failed so spectacularly to protect consumers and the economy:

- **Reducing CFPB funding by almost half in fiscal year 2012 would cripple the agency's ability to protect Americans from financial tricks and traps,** just as the CFPB is about to open its doors.

- **Subjecting the CFPB to appropriations will increase taxpayer costs and allow big banks to thwart funding.** As with every other banking agency, the CFPB is not subject to the appropriations process. (It receives non-taxpayer 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. Moreover, unlike other banking agencies, which can set their own budgets, the CFPB's budget is capped at a maximum amount by law.

- **Restrictions on CFPB funding in this bill are explicitly prohibited by the Dodd-Frank Act**, which says that CFPB funds provided by the Federal Reserve "are not subject to review by the Committees on Appropriations" (Section 1017(a)(2)(C)).

We strongly urge your opposition to this bill. By slashing funding for the CFPB and requiring that taxpayers fund the CFPB through appropriations, this legislation would simultaneously hobble the CFPB and saddle Americans with the cost of funding the agency. Once again, House leaders seem intent on guaranteeing that the CFPB will be a weak and timid agency, without the will or ability to curb the kind of financial abuses that caused the nation's worst financial crisis since the Great Depression.

Sincerely,

Travis Plunkett

Travis Plunkett
Legislative Director