



April 11, 2019

The Honorable John Kennedy
Chairman
Subcommittee on Financial Services
and General Government
Washington, DC 20510

The Honorable Chris Coons
Ranking Member
Subcommittee on Financial Services
and General Government
Washington, DC 20510

Dear Chairman Kennedy and Ranking Member Coons,

In anticipation of the Senate Appropriations Subcommittee on Financial Services and General Government's upcoming hearing on the financial regulatory agencies under its jurisdiction, NTEU would like to present our views on those agencies where we represent their employees.

The **Securities & Exchange Commission** (SEC) has important duties in protecting investors and maintaining market fairness and NTEU is very proud to represent the employees of the SEC.

The Administration has requested an appropriation of \$1.746 billion for the SEC. American investors benefit from the highly skilled employees at SEC and NTEU believes this level of funding is insufficient to recruit and retain the workforce skill levels needed at the agency. SEC competes with high paying Wall Street firms for the best and the brightest in their profession. For 2019, SEC management has proposed for merit and cost of living one the lowest pay adjustments in the history of SEC's pay system, with only a 0.5% increase for merit pay.

Therefore, NTEU believes an increase in funding is required. For each \$10 million in additional funding over the Administration's request, SEC could improve compensation by 1%. It is NTEU's position that such additional funds should be applied to SEC's merit pay.

Without properly compensated SEC staff, an increasing number of Americans will be at risk of being cheated out of their retirement savings and other investments. American investors should not lose their retirement or other savings to unscrupulous firms because of an understaffed or weakened SEC.

I would remind the subcommittee that SEC funding is deficit neutral. While the appropriations process allows this subcommittee to give important oversight to the SEC, the

agency is not funded by tax revenue. Rather it is fully funded by fees paid by the industry which are adjusted to cause no negative impact on the federal budget deficit.

NTEU is also proud to represent the employees at the **Commodity Futures Trading Commission** (CFTC). Every day, the duties of the CFTC to protect consumers in the marketplace grow more complex. Having a vigorous free market requires that the “cops” detailed to that “beat” have the resources necessary to police the ever-growing marketplace and the advancing technological developments that enable both market expansion and market fraud.

For the CFTC, NTEU strongly supports the Administration’s request of \$284 million, excluding additional funding for a possible move of the New York Regional Office. This request is extremely modest. The Administration’s chosen leader of the CFTC, Chairman Giancarlo, has been very thoughtful in developing a budget for CFTC. The budget for CFTC is almost entirely salaries and expenses. Shortchanging him on his request would leave the market open to fraud and deceit.

The Administration also calls for part of this request (\$65 million) to be funded by a new user fee. It has long been NTEU’s position that CFTC should be fully funded by user fees like all of the other financial regulatory agencies we represent. Fee funding brings a needed stability and predictability to these investor protecting agencies. However, should Congress fail to authorize these fees, the budget needs of CFTC remain the same and we ask that, however funded, the full Administration request be made available to CFTC. Further, any new duties given to CFTC would require additional resources to carry out those duties.

NTEU opposes the policy riders the Administration has proposed, particularly making the **Consumer Financial Protection Bureau** (CFPB) subject to the appropriations process. This could be disruptive to the employees, who through their hard work, over \$12 billion has been returned to cheated American consumers.

Thank you for considering NTEU’s view on the important question of funding for the financial regulatory agencies. If you or your staff have any questions, please feel free to contact Kurt Vorndran in our Department of Legislation at 202.572.5560 or kurt.vorndran@nteu.org. Thank you.

Sincerely,

A handwritten signature in black ink, appearing to read "Anthony M. Reardon".

Anthony M. Reardon
National President

Cc: Members of the Subcommittee