Consumer Federation of America

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STATEMENT OF LEGISLATIVE DIRECTOR TRAVIS PLUNKETT ON HOUSE APPROPRIATIONS' CUTS TO THE CONSUMER FINANCIAL PROTECTION BUREAU

The attempted cuts to the new Consumer Financial Protection Bureau's 2012 fiscal year budget that are being marked up today by the House Appropriations Subcommittee on Financial Services and General Government are a boon for big banks. This legislation would handcuff the only financial consumer cop on the beat that Americans have ever had, by slashing funding for the CFPB and exposing the Bureau to overwhelming political pressure from big banks during the appropriations process.

This proposal would inflict a devastating blow to a law put on the books last year to reform federal regulation of financial services, which failed so spectacularly to protect consumers and the economy:

- **Reducing CFPB funding by almost half in fiscal year 2012 (to $200 million) would cripple the agency's ability to protect Americans from financial tricks and traps,** just as the CFPB is about to open its doors.

- **Funding the CFPB entirely from taxpayer-provided 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 law,** which says that CFPB funds provided by the Federal Reserve "are not subject to review by the Committees on Appropriations."

By choking off funding for the CFPB and requiring that taxpayers support the agency, this legislation would simultaneously hobble the CFPB and saddle Americans with the cost of funding the agency. **Once again, House leaders are trying to ensure 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.**

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The Consumer Federation of America is an association of nearly 300 nonprofit consumer organizations that was established in 1968 to advance the consumer interest through research, advocacy, and education.