Minority Views

The following represent the views of the Democratic Members of the Committee on the following issues consistent with the Concurrent Resolution on the Budget for Fiscal Year 2015.

March 14, 2014

Forty-seven million Americans today live in poverty. That number is simply too high. However, it is important not to confuse the continued existence of poverty with the notion that we have not made large strides over the past 50 years to alleviate it. The social safety net has proven to be a crucial tool in lowering poverty rates for many years. While all policymakers want to increase economic growth overall, it is dangerous to pretend that without effective, targeted and proven investments aimed at lower-income individuals and communities, economic growth alone will solve this persistent problem. As the American economy continues to produce jobs, 8.5 million in the past 47 months, we should continue to pursue policies that will accelerate that growth. However, we also have a responsibility not to abandon strategies and programs that have been helping millions of Americans for generations. According to studies, without the social safety net, the poverty rate in 2011 would have been nearly twice as high – 29 percent compared to 16.1 percent – as without these programs. For young people under 18, the disparity would have been 29.9 percent living in poverty, as compared to 18.2 percent. Pretending that simply cutting these programs, in some cases dramatically, will somehow magically lift people out of poverty is not historical, sensible or fair.

Of course, our willingness to make public investments happens in the context of the overall budget and budget deficit. It is important to view the current budget deficit in context. The budget President Obama inherited in 2009 reached an alarming annual deficit of $1.4 trillion that fiscal year. Since that time, the deficit has fallen rapidly and steadily. The Congressional Budget Office (CBO) projects that the deficit will shrink to $514 billion in fiscal year 2014 without any policy changes – or roughly 3 percent of GDP – which is the average size of the deficit over the past 40 years. Moreover, CBO projects the deficit to decrease further in fiscal year 2015 to $478 billion, down to 2.6 percent of GDP. The budget proposed by President Obama would go even further -- projected to reduce the deficit to 1.6 percent of GDP by the year 2024. This includes a series of substantial investments in job training, research and development, education, the expansion of the earned income tax credit and other initiatives that will help grow the economy, put people back to work and expand opportunities. It is an important priority to continue to reduce the budget deficit to a manageable level. However, the deficit is not an excuse for policymakers to abandon programs that for decades have successfully reduced poverty and expanded opportunities for the middle class and others. It is also not an excuse for policymakers to stop exploring additional ways to do so. Despite progress in some areas, there remain fundamental inequities in our economy. Dramatic disparities persist along many parts of the U.S. population. Poverty rates for African-Americans and Latinos are disproportionately and cripplingly high. Many rural communities suffer from poverty rates far higher than the national average.

The Committee on Financial Services has authority and jurisdiction over many programs that are part of our national efforts to see that economic opportunity is available to all

Americans. Those programs, and our budget recommendations, are highlighted in detail in these views. We fundamentally disagree that the goals of economic growth and helping everyone in our society, including the most vulnerable, are at odds with one another. The President's budget for fiscal year 2015 sets an important, balanced direction as we try to meet both of these goals. This committee has the capacity, and the duty, to continue pursuing budget policies that ensure economic growth, reduce economic inequality and expand opportunity for every American.

END THE SEQUESTER FOR FY 2015 AND BEYOND

The Majority passed Views and Estimates for FY 2015, but nowhere in its document does it mention the stranglehold of the budgetary "sequester." Although the Bipartisan Budget Act of 2013 largely mitigated the most devastating effects of the sequester in FY 2014 and FY 2015, it only replaced half of the discretionary cuts for 2014, just one-fifth of the scheduled cuts for FY 2015 and none of the cuts in future years. Democrats do not believe that the American people should be held hostage to an extreme ideology that jeopardizes hundreds of thousands of jobs, slows U.S. economic growth and ignores vital investments in our future. If the sequester is not ended once and for all, the Federal Government will be forced to make cuts vital services to children, seniors, people with mental illnesses, and our armed forces.

The negative effects of the sequester can be avoided in FY 2015, in part, by adopting the Administration's Opportunity, Growth and Security Initiative, a balanced plan that includes targeted spending cuts and revenue increases, such as closing unnecessary tax loopholes. We urge Congress to act now to consider this approach to reduce the level of US debt without impairing our country's job growth and recovery from the recession.

SECURITIES AND EXCHANGE COMMISSION (SEC)

Democrats continue to be concerned that the SEC has been constrained financially for the last four years even as U.S. and world capital markets have grown at an ever accelerating rate. As a result, the SEC has been unable to make investments in human capital and technology necessary to keep pace. We believe that Congress needs to fully fund the SEC at $1.7 billion in FY 2015 to bolster the strength and stability of our markets as well as carry out its role of protecting investors, including Americans saving for retirement.

The SEC's important responsibilities to oversee the markets are broad and complex, and need sufficient funding to be successfully executed. Today, the Commission oversees more than 11,000 investment advisers, almost 10,000 mutual funds, 4,450 broker-dealers, 450 transfer agents, as wells as the Public Company Accounting Oversight Board, the Financial Industry Regulatory Authority, the Municipal Securities Rulemaking Board, the Securities Investor Protection Corporation and the Financial Accounting Standards Board. The SEC also reviews the disclosures and financial statements of nearly 9,000 public companies. We further note that the resources available to the SEC to examine investment advisors generally have severely lagged the number and sophistication of these advisors, also necessitating additional resources. These areas and others continue to need adequate investment for the SEC to catch up to the markets and ensure fair, orderly and efficient markets that facilitate capital formation.

Moreover, the SEC has been implementing key provisions of both the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) and the Jumpstart Our Business Startups Act (JOBS Act), which when combined have added 100 new rulemaking responsibilities for the Commission. The Dodd-Frank Act addressed areas that were part of the 2008 financial crisis, or that were yawning gaps in the Commission's coverage of the markets and market participants. For example, the SEC now has responsibility for regulating and overseeing a major portion of the market for credit default swaps, which destabilized the markets during the crisis, more than 2,500 hedge fund and other private fund advisers, 1,000 municipal advisors, as well as enforcing new executive compensation disclosures, and protecting whistleblowers. Congress passed the JOBS Act to reduce regulatory burdens on smaller businesses when raising capital, but also provided sufficient authority for the Commission to protect investors against fraud. It is critical that the SEC be able to hire personnel with the necessary expertise, and invest in IT systems to adequately examine and oversee these important measures.

On a general level, freezing or cutting back the SEC's budget will mean it will not be able to make additional hires to bolster economic analysis and enforcement. The SEC's experience enforcing the rule of law resulted last year in $3.4 billion in disgorgement and civil penalties, as well as a new emphasis on obtaining admissions of guilt. Similarly, after the courts placed new burdens on the agency for economic analysis, the Commission adopted internal guidance based on the cost-benefit analysis principles outlined in Executive Order 12866. The SEC has complied with this guidance, which GAO describes as "the basic elements of good regulatory economic analysis," when proposing several new regulations, including those for cross-border derivatives and crowdfunding. However, if Congress fails to provide the Commission with sufficient funding, it will not be able to hire additional economists and enforcement staff, which will cripple its ability to adopt or revise rules, and ensure that our markets abide by the rule of law.

We also want to note that the SEC's budget is paid for entirely by a fee levied on securities transactions and will in no way increase the government debt.

CONSUMER FINANCIAL PROTECTION BUREAU

Attacks on the Consumer Financial Protection Bureau (CFPB) continue despite the fact that this agency has proven itself to be an effective and independent advocate for millions of Americans. The CFPB has successfully recovered $3 billion for more than nine million consumers and service members from credit card companies and debt relief services and other illegal activities that have long plagued consumers. Since opening its doors in 2011 the Bureau has already made important progress in issuing key rules that protect against irresponsible mortgage lending and protect homeowners facing foreclosure.

Regardless of the agency's successes, critics continue their attempts to stymie the agency's effectiveness by taking up legislation to make it easier for Congress to eliminate its budget, and adding costly bureaucratic layers to the agency's structure. Such measures are disingenuously taken up under the auspices of promoting Congressional oversight, even though the CFPB is, by statute, held accountable to Congress, other regulators, and the public in ways other financial regulators are not. Despite claims to support consumer protection, the Majority's budget views tout that the most recent, so called, accountability measure, H.R. 3193, would save taxpayers $6.1 billion dollars. Of course what is not stated is that these savings can only be realized as long as the Agency's operations are fully defunded for the period from 2015 to 2024.

The CFPB has made unprecedented efforts to be transparent by sharing a wealth of information on its website, and has requirements regarding input from small institutions and businesses that other financial regulators do not have. It is also subject to a GAO audit of its financial statements and an independent performance audit, and must supply semi-annual reports to Congress. Furthermore, representatives of the CFPB have testified in front of Congress 46 times to date.

The CFPB also has a dedicated Office to protect military men and women. The Committee commends the CFPB and its Office of Service Member Affairs for fast and effective work identifying abuses of military members and their families and in legal action and education to protect those Americans who protect this country.

The CFPB should continue to be fully funded so that it may thoroughly pursue its essential work on behalf of American consumers, protecting them as they navigate the financial marketplace, and ensuring continued access to credit for creditworthy borrowers.

GOVERNMENT SPONSORED ENTERPRISES

While the Majority asserts that the Government Sponsored Enterprises' (GSEs') losses are not reflected in the Administration's budget or in the U.S. Government's consolidated financial statement, this is misleading for several reasons and distracting to the need for comprehensive housing finance reform. While the Administration's budget request does not reflect the GSEs gross liabilities and assets, the budget does reflect all expected Treasury purchases of senior preferred stock in the GSEs, which represents the exposure to the taxpayers, in addition to projected dividend payments. In fact, the FY 2015 Budget projects that the GSEs will not need additional draws from the Treasury, but instead will remain profitable for the next ten years, paying in total $367 billion, which is $179 billion more than they borrowed. In addition, the US Government's consolidated financial statements include a contingent liability for the projected total costs of Treasury's preferred stock purchase. Such misleading discussion of the GSEs' proper budget treatment serves to distract from the more important need for comprehensive housing finance reform.

Contrary to the inaccurate description of PATH in the Majority Views, economists, housing advocates and industry all agree, the PATH Act is a bad bill. It ends the affordable 30-year fixed rate mortgage, making it a product only available to a tiny subset of lower-income FHA borrowers, or to the richest households getting jumbo loans. The bill removes key protections for investors but expects them to bear all mortgage credit risk. PATH is bad for community banks and credit unions by severely cutting their access to the capital markets and undermining FHA. The bill harms consumers by repealing existing predatory lending provisions. The bill abolishes the Affordable Housing Trust Fund, hurting renters, eliminating the GSEs' role in multi-family housing and making the FHA multi-family program an administrative nightmare. PATH is bad for taxpayers, codifying an implicit guarantee on our housing market that will require a future bailout. In sum, the PATH to Nowhere Act would be a disaster for the American housing market, which drives nearly 20 percent of our nation's GDP.

Democrats believe that a robust mortgage market is required for a healthy, growing middle-class and broad economic growth. The secondary market plays a significant role in ensuring the health of the market, and efforts to reform the market should: maintain the affordable 30-year fixed-rate mortgage; protect taxpayers by fully paying for an explicit government guarantee; provide stability, liquidity and prevent disruptions to the U.S. housing market during a transition to a new finance system; support affordable rental housing and the multi-family market; and ensure that all financial institutions can equally participate in the market. Congress should reject all efforts to reform our housing finance markets that do not meet these key principles.

SUPPORTING SMALL BUSINESS INVESTMENTS

Democrats support increases for the successful State Small Business Credit Initiative, which Congress created in passing the Small Business Jobs Act of 2010. The Treasury has already allocated $1.5 billion to support state programs that leverage private capital and support lending to small businesses and manufacturers. Treasury estimates that the first $271 million of federal funds alone supported lending and investments of $1.9 billion to more than 4600 small businesses, saving or creating more than 53,000 jobs. In fact, the initial $1.5 billion in funding is expected to result in as much as $15 billion in new lending to small businesses in participating states. Small businesses are the backbone of the American economy and Congress should bolster such efforts to increase jobs and promote economic growth by providing a new authorization of $1.5 billion.

VETERANS AFFAIRS SUPPORTIVE HOUSING (VASH) PROGRAM

The Administration's request of $75 million for Veterans Affairs Supportive Housing (VASH) vouchers is on par with the enacted amounts for FY2013 and FY2014. The Budget also allows HUD to allocate HUD-VASH funding to eligible, high capacity Native American Housing Block Grant recipients to specifically address needs of Native American homeless veterans on tribal lands. The HUD-VASH program has served an estimated 58,155 homeless veterans nationwide since 2008. HUD-VASH combines tenant-based voucher assistance for homeless veterans with case management and clinical services provided by the Department of Veterans Affairs (VA) at its medical centers in local communities. Public Housing Authorities (PHAs) awarded HUD-VASH vouchers develop partnerships with VA medical centers to help homeless veterans find permanent supportive housing.

HUD estimates that on any single night in 2013, there were 57,849 veterans without homes. The allocation of these vouchers is important to achieving the Administration's goal of ending homelessness among veterans.

HOUSING FOR THE ELDERLY AND DISABLED

The Section 202 Supportive Housing for the Elderly and Section 811 Supportive Housing for Persons with Disabilities programs are vital tools for providing new, and affordable, supportive housing for the elderly and persons with disabilities. Moreover, the Section 202 program is the only HUD program that currently provides housing exclusively for elderly households. The 2011 enactment of the Section 202 Supportive Housing for the Elderly Act (P.L. 111-372) streamlined HUD's administration of the Section 202 program and provided owners with additional tools to facilitate the preservation and rehabilitation of older Section 202 properties. The Frank Melville Supportive Housing Investment Act (P.L. 111-374), enacted in the same year, made similar reforms to the Section 811, Supportive Housing for Persons with Disabilities Program and authorized a new rental assistance-only demonstration program. In February 2013, HUD awarded approximately $97.8 million to carry out the demonstration, which is expected to produce approximately 3,530 new units of affordable, supportive housing for persons with disabilities.

RENTAL ASSISTANCE FOR VULNERABLE POPULATIONS

The Majority's Budget Views and Estimates state that 80 percent of HUD's FY 2015 budget will go towards renewing rental assistance for approximately 5.4 million residents in subsidized housing. We also note that according to a December 9, 2013 study by the Joint Center for Housing Studies at Harvard University, the recent economic crisis has raised barriers to homeownership and pushed the number of households paying excessive shares of income for housing to record levels. The Report concludes that the government's assistance efforts have failed to keep pace with this growing need, undermining the goal of promoting affordable housing for all. Federal rental assistance programs must be fully funded to continue to serve families who might otherwise face homelessness, many of whom are veterans, elderly, or persons with disabilities.

FEDERAL HOUSING ADMINISTRATION

We note that the Administration estimates that the FHA will end FY 2014 with a capital reserve balance of $7.8 billion and will not need a mandatory appropriation from the U.S. Treasury. The FHA has taken a number of extraordinary steps – including multiple premium increases, increases in down payment requirements for certain borrowers, eliminating the approval of loan correspondents, raising lender network requirements, re-examining reverse mortgage policies, and establishing the Office of Risk Management – to strengthen the Mutual Mortgage Insurance Fund. Additionally, FHA ended a policy whereby borrowers were permitted to stop paying annual insurance premiums when their loans amortized to a certain percentage of the original principal balance. FHA also now requires manual underwriting for loans with credit scores below 620 and debt-to-income ratios greater than 43 percent in order to ensure that such borrowers possess compensating factors that accord with FHA underwriting guidelines.

FHA continues to serve first-time homebuyers and lower income families who have the dream of homeownership. Furthermore, we note that contrary to the Majority View's characterization that FHA has expanded its mission, FHA's market share, which reached its peak at 30 percent in 2009, continues to decline steadily. Finally, it is important to note that it is the FHA's book of business in the years leading up to mid-2009 that experienced the worst delinquencies. Additionally, throughout the worst of the housing crisis, and in the years after, FHA's Multi-family portfolio remains strong.

COMMUNITY AND ECONOMIC DEVELOPMENT

The Administration's budget requests $2.8 billion for the Community Development Block Grant (CDBG) program, which is a 7.6 percent decrease from last year's funding level of $3 billion. Despite the increasing demand on state and local governments, funding for this program has been steadily decreasing since the program reached a high of $4.36 billion in FY 2003. We note that CDBG has a long and successful track record of helping hundreds of urban counties and cities meet locally identified needs. CDBG-related funding over the past decade is estimated to have sustained 400,000 jobs in local economies across the country. In 2012 alone, nearly 21,800 permanent jobs were created or retained using CDBG funds and more than 32.5 million people benefited from CDBG funded public facilities activities.

SECTION 8 HOUSING CHOICE VOUCHER PROGRAM

The Section 8 Housing Choice Voucher provides assistance to about 2 million low-income households each year. The voucher program enables over 1 million elderly or disabled individuals to afford to live independently, and also serves as a critical lifeline for families experiencing temporary financial hardship. In fact, 88 percent of voucher recipients are elderly, disabled, working (or had recently worked), or likely to be subject to a work requirement under the Temporary Assistance for Needy Families (TANF) program. In the aftermath of the financial crisis, many families are still struggling to get back on their feet again and the need for this program is great. Additionally, public housing authorities are still recovering from the harmful and arbitrary cuts resulting from sequestration. Due to drastic cuts in funding, public housing authorities stopped issuing vouchers by the thousands. These families were immediately at risk for becoming homeless. Today, there are still too many families that are in need of housing assistance, but do not benefit from the voucher program solely due to funding limitations

We also note that the majority's claim that the program's effectiveness "remains unknown" is contradicted by the Center on Budget and Policy Priorities (CBPP). According to the CBPP's research, vouchers sharply reduce homelessness and housing instability, which in turn stem the effects of a plethora of developmental, health and educational problems for children.

PUBLIC HOUSING

The Public Housing Operating Fund and the Public Housing Capital Fund are two funding streams that help Public Housing Authorities (PHAs) make up the difference between what PHAs receive in rent from tenants and the costs to operate and maintain public housing. Public housing provides affordable housing to over 1 million low-income households. The overwhelming majority of these families are elderly, disabled, and families with children.

For a number of years, the amount of appropriations provided by Congress for these programs was insufficient to fund PHAs at 100% of eligibility, which is determined by formulae. In fact, funding for these programs has been steadily declining over the past decade. This has led to a backlog of capital needs among PHAs and a decline in the public housing stock. HUD's 2011 Capital Needs Assessment found that the backlog of capital needs in public housing stood at about $20.7 billion and that annual needs were accruing at a rate of $3.4 billion per year. Lack of sufficient funding has forced PHAs to put off modest repairs and defer energy efficiency improvements, which can end up costing more federal dollars in the long run. In turn, low-income households living in public housing units are vulnerable to deteriorating living conditions and possible displacement.

Even full restoration of funding to pre-sequester levels would merely stem the growth of the backlog of public housing capital needs. Additional measures are needed to repair and maintain the existing public housing stock. We look forward to working with the Majority on possible reforms to increase the efficiency of the administration of public housing. However, we maintain that the outstanding needs that exist cannot be fully addressed by administrative reforms. We continue to advocate for funding levels that adequately meet the needs of the PHAs.

NATIVE AMERICAN HOUSING

Native Americans living on reservations experience some of the poorest housing conditions in the United States. They also face unique barriers to home ownership because of the legal status of tribal lands and the resulting implications their status has for mortgage lending. The Native American Housing Assistance and Self-Determination Act of 1996 (NAHASDA) is critical to helping Native Americans meet their need for affordable housing.

Despite the balance of unexpended Native American Housing Block Grant (NAHBG) funds, most tribes spend their money quickly. Only a small number of tribes are responsible for most of the unexpended funds. In fact, HUD reports that, as of January 2013, nearly 94 percent of all NAHBG funds allocated between the program's inception in FY1998 and FY20011 have been disbursed. HUD is also working with tribes that have large balances of unexpended funds to help them spend their funds in a more timely fashion by, among other things, providing additional technical assistance.

It is also important to note that smaller tribes, which typically receive smaller allocations of funding on a yearly basis, need the flexibility of being able to build up unexpended funds in order to allow them to save enough funds to finance major development projects. The Navajo Nation, which has accounted for about half of the unexpended funds, has had some recent changes within their leadership, and has made progress on their goal to spend down their balance within the next five years.

In sum, there are a number of coinciding explanations for the unexpended balances that exist, but lack of serious need for these funds among Native American tribes is not one of them. We agree that we should be looking to implement reforms that will help these funds meet the affordable housing needs of tribes as efficiently as possible, but we caution against measures that will undermine the clear need for housing assistance among tribes.

RURAL HOUSING

Through its Rural Housing Service (RHS), the USDA has financed over 2 million units of home ownership housing and over 500,000 units of rural rental housing along with thousands of units occupied by low-income families and the elderly that have been repaired, and rental housing for farm workers. With a network of nearly 500 field offices located in small town and farming communities, the USDA has been able to cater to the unique needs of local communities. These field offices are important resources for families seeking affordable housing, local government officials seeking financing for community facilities, and businesses seeking capital.

The proposal to transfer RHS to HUD was addressed in a 2011 hearing held by the Subcommittee on Housing and Insurance within the House Financial Services Committee. The proposal was rigorously opposed by RHS, the Rural Housing Coalition and the Housing Assistance Council. There are significant questions about HUD's ability to adequately serve rural area housing and development needs, since it does not have a comparable network of field offices that RHS has. As a result, the focus on rural housing could be diminished by shifting this mission to HUD. HUD has noted that without legislative changes, any efforts to merge the programs likely would result in a more cumbersome delivery system. The USDA has also noted that such a merger could be detrimental and result in rural areas losing a federal voice. We echo these concerns and continue to oppose this proposal to merge RHS into HUD.

HOME INVESTMENT PARTNERSHIP PROGRAM

The HOME program is the largest federal block grant to state and local governments designed exclusively to create affordable housing for low-income households. Much like the CDBG program, the HOME program is unique in that it vests significant control to local and state governments rather than imposing a one-size fits all, Washington approach. This has resulted in a remarkable record of success. The HOME program consistently creates or preserves approximately 17,870 jobs for every $1 billion in funding.

Among HUD programs, formula grants under the HOME program have experienced the steepest decline (46%) in funding since 2002. We note that despite an 18 month Congressional investigation into the management and oversight of the HOME program in 2011, including extensive document production, no material findings of mismanagement resulted.

FAIR HOUSING

The Administration requested approximately $45.6 million in Fair Housing Initiatives Program (FHIP) funds, including $1.8 million for the national Fair Housing Training Academy, which provides fair housing and civil rights training for housing industry professionals. FHIP is critical to building and sustaining inclusive communities. It is the only grant program within the federal government with a primary purpose of supporting private efforts to educate the public about fair housing rights and conduct private enforcement of the Fair Housing Act. The Administration also requested approximately $23.3 million in Fair Housing Assistance Program (FHAP) funds. FHAP is a critical component of HUD's effort to ensure the public's right to housing free from discrimination. FHAP multiplies HUD's enforcement capabilities, allowing the Department to protect fair housing rights in an efficient and effective manner.

HOUSING COUNSELING

The Administration requested $60 million for the HUD Housing Counseling program, which is a $15 million increase over FY 2014 enacted levels. Previously, we noted that the Office of Housing Counseling, which was established by the Dodd-Frank Wall Street Reform and Consumer Protection Act, covers more than simply foreclosure mitigation and avoiding predatory lending. The Office of Housing Counseling also includes informing households about their housing choices in the areas of purchasing or refinancing a home; rental housing options; reverse mortgages for seniors; loss mitigation; preventing evictions and homelessness; and moving from homelessness to a more stable housing situation.

The Administration also requests $50 million for the Neighborhood Reinvestment Corporation's National Foreclosure Mitigation Counseling program, which is a $24 million decrease from the FY2013 funding level. This major decrease in funding comes at a time when foreclosure rates are still at crisis levels.

Finally, the Administration's budget includes a new demonstration project for the Homeowners Armed with Knowledge program, which will seek to improve the availability and sustainability of homeownership for first time home buyers through counseling. While time is needed to explore the details of this proposal, we are encouraged by the focus given to this important issue.

NEIGHBORHOOD STABILIZATION PROGRAM AND PROJECT REBUILD

We note that the $1 billion authorized by the Wall Street Reform and Consumer Protection Act for the Neighborhood Stabilization Program (NSP) is critical to helping state and local governments revitalize neighborhoods impacted by the collapse of the housing market and economic crisis. The Committee believes that incentivizing states to enact legislation that will bolster the efficacy of existing land banks and other public land disposition entities would strengthen the outcomes of the program.

We note that Project Rebuild is an essential component of President Obama's American Jobs Act. It would create jobs, stabilize communities, and bolster the housing market. Project Rebuild represents the next phase of the Neighborhood Stabilization Program (NSP). It would invest $15 billion to rehabilitate hundreds of thousands of distressed properties in communities across the country. In addition to rehabilitating residential properties, like NSP, Project Rebuild also would include abandoned and foreclosed commercial properties. We further note that the Majority Views unjustifiably states that Project Rebuild is a new and untested proposal. Due to the success of NSP, we already know that Project Rebuild will work. Estimates project that Project Rebuild will support approximately 191,000 jobs.

NATIONAL HOUSING TRUST FUND

The National Housing Trust Fund was designed to provide a permanent source of funding for the development, rehabilitation, and preservation of affordable rental housing for extremely low- and very low-income residents. Unlike other federal housing programs, such as the HOME Investment Partnership, 90 percent of funding must be used primarily for the production of affordable rental housing and 75 percent must be used exclusively for the benefit of extremely low-income households.

The need for a National Housing Trust Fund continues to be great. In February 2013, the National Low Income Housing Coalition (NLIHC), relying on data from the 2011 American Community Survey found that there were only 57 affordable and available units for every 100 very low-income renters, and just 30 such units for every 100 extremely low-income families. The Administration has estimated that a fully capitalized Housing Trust Fund would generate approximately 16,000 affordable housing units and help to offset the harmful effects of budget cuts to other affordable housing programs. In March 2013, another NLIHC report entitled "Out of Reach 2013" found that the need for affordable housing among extremely low-income (ELI) households grows each year. In 2010, the need for affordable housing available to ELI households was at 6.8 million, and in 2011, that number rose to 7.1 million.

NATIONAL FLOOD INSURANCE PROGRAM

We note that the House passed bi-partisan legislation to reform certain changes made to the National Flood Insurance Program (NFIP) as a result of the Biggert-Waters Flood Insurance Reform Act of 2012. We note that this legislation included a number of important reforms to ensure the affordability of flood insurance. Although the changes enacted in the Biggert-Waters Act were designed to make the program more actuarially sound by, for example phasing out subsidized rates and increasing premiums, the improper implementation of these reforms by the Federal Emergency Management Administration (FEMA) led to unintended consequences that stalled the real estate market, forced families out of their homes, and left thousands with skyrocketing premiums.

The Committee notes that on March 4, 2014 the U.S. House of Representatives passed, under suspension of the rules, H.R. 3370, the Homeowner Flood Insurance Affordability Act of 2014, by a vote of 306 to 91. This legislation is critical to addressing affordability issues facing thousands of homeowners across our country. Due to FEMA's improper implementation of the Biggert-Waters Act, families were suffering from unintended consequences. The legislation provides relief to families that experienced dramatic increases in flood insurance premiums, communities that experienced depressed home prices, and homeowners left with the inability to buy or sell their home. The Committee will continue to monitor FEMA's implementation of H.R. 3370 and the NFIP to ensure the continued availability and affordability of flood insurance.

TERRORISM RISK INSURANCE

Unless Congress takes immediate action, the Terrorism Risk Insurance Act, known as TRIA, will expire, jeopardizing hundreds of thousands of jobs, halting development and slowing US economic growth. If TRIA is not reauthorized, terrorism insurance, which most commercial lenders require, will be unavailable or unaffordable.

Without the required coverage, real estate development will stall, causing thousands of jobs to be lost. Recent history suggests this is not mere speculation but fact. Following the tragic attacks of September 11, 2001, insurers excluded terrorism coverage or offered it at prohibitively high costs. The lack of availability of this coverage stalled economic activity, including lending for new construction and contributed to massive job losses. According to a study by the Real Estate Roundtable, in the 14 months between the 2001 attacks and the enactment of TRIA, over $15 billion in real estate-related transactions were stalled or canceled because of a lack of terrorism risk insurance. The White House Council of Economic Advisors also found there was an immediate and direct loss of 300,000 jobs in that same period from deferred construction.

The Committee urges Congress to act now and reauthorize this important program, quickly, cleanly, and for the long-term, so that working-class families continue to have jobs available and our economy continues to grow."

ORDERLY LIQUIDATION AUTHORITY

The Majority recommends the repeal of the regulators' authority to shut down a failing systemically significant financial firm when that failure would threaten the financial stability of the US. The Majority erroneously concludes that this resolution authority enshrines too-big-to-fail, when in fact Dodd-Frank provides all the tools necessary to end it. Working with financial institutions, regulators have already taken steps towards establishing resolution plans in advance of another crisis. Republicans claim that repealing the Orderly Liquidation Authority would achieve savings of $3.4 billion in FY 2012-13, $13.6 billion in FY 2012-17, and $22 billion in FY 2012-22, but this is entirely a budget gimmick which ignores that any cost of liquidation would be recovered from megabanks on behalf of taxpayers. The last financial crisis cost the United States an estimated $12 trillion in economic growth. Repealing the Orderly Liquidation Authority exposes the economy to additional uncertainty and instability, inviting a crisis whose cost would likely be an order of magnitude much greater than any claimed savings.

OFFICES OF MINORITY AND WOMEN INCLUSION

Most of the federal financial agencies were required under Section 342 of the Dodd-Frank Act to establish Offices of Minority and Women Inclusion (OMWIs) which, among other things, are responsible for developing standards for equal employment opportunity and the racial, ethnic, and gender diversity of the workforce and senior management within each of the agencies in which they are located. The population in our country is becoming increasingly more racially and ethnically diverse. For this reason, it is a critically important that the agencies have designated well-trained staff in and sufficient resources for the OMWIs to ensure that our financial agencies are able to attract, retain, and promote an inclusive and diverse workforce. Equal employment opportunity is no longer vital just because it is the right thing to do but it is necessary for these agencies to be positioned to understand the financial needs of and implement regulations and guidance for traditionally underserved communities and populations. We urge these regulatory agencies to allocate adequate resources to devising and implementing new and creative ways to recruit and retain a diverse workforce. Doing so will help combat the challenges identified in past years and foster a diverse and inclusive workforce.

FEDERAL RESERVE SYSTEM

The actions undertaken by the Federal Reserve have played an essential role in stabilizing the financial system in the wake of the worst financial crisis since the Great Depression and addressing the anemic growth and ongoing unemployment crisis that continues to plague millions of Americans.

The Majority's budget views fail to acknowledge the Federal Reserve's laudable and sustained attention to putting our economy on more stable footing, choosing instead to focus on whether the Federal Reserve will cease remitting profits back to the U.S. Treasury. In doing so, the Majority presents a misleading picture of projected future deposits of earnings from the Federal Reserve, citing only the worst case scenarios conducted by Fed researchers. The Majority views do not discuss the median expected outcome, nor do the views include a balanced discussion of the risks associated with reporting numbers that may paint a more positive outlook.

Furthermore, the majority's views miss the larger point, specifically, that deposits from the earnings of the Federal Reserve System are ancillary to the conduct of monetary policy. The Federal Open Market Committee (FOMC) should continue to set policy based on whether macroeconomic conditions require it to act in a manner consistent with its statutory mandate "to promote effectively the goals of maximum employment, stable prices and moderate long-term interest rates." The Federal Reserve should continue its focus on how best to meet its statutory objectives, rather than basing decisions on whether policy would maximize income for the Treasury.

FINANCIAL STABILITY OVERSIGHT COUNCIL & OFFICE OF FINANCIAL RESEARCH

The Office of Financial Research (OFR) is an office created by the Dodd-Frank Wall Street Reform and Consumer Protection Act and housed within the Treasury Department. Its primary function is to support the Financial Stability Oversight Council (FSOC) in fulfilling its duties of identifying and responding to risks and emerging threats to the financial stability of the United States. The budgets of the OFR and the FSOC do not affect the deficit because they are offset by a fee on systemically significant financial institutions.

While the Government Accountability Office (GAO) raised concerns about OFR's operational progress and the effectiveness of its tools and metrics, the OFR continues to grow its organization and build on GAO's recommendations. In its 2013 report, OFR discusses its efforts to develop new analytical tools and refine existing ones to assess and monitor threats to financial stability. For example, the OFR's Financial Stability Monitor provides a snapshot or "heatmap" of several financial stability indicators.

The FSOC and OFR are central to the overarching objectives of the Dodd-Frank Act, and they must be given the opportunity to refine their research, rulemaking, and deliberative process. In the years leading up to the financial crisis of 2008, the regulatory and supervisory framework did not keep up with the changes in size, complexity, interconnectedness and globalization that created the growing risks to financial stability. The FSOC and OFR are important to ensure regulators are working together to monitor systemic risk. Similar councils are being formed in Europe, and if given time, they should all work effectively together to ensure the global financial system is not threatened as it was in 2008.

EXPORT-IMPORT BANK

The Export-Import Bank of the United States (Ex-Im Bank) is the official export credit agency of the United States. The mission of Ex-Im Bank is to enable U.S. companies – large and small – to turn export opportunities into real sales that help maintain and create U.S. jobs that contribute to a stronger national economy. In FY 2013 Ex-Im Bank supported an estimated $37.4 billion in U.S. export sales and approximately 205,000 jobs across the country. Last year, 89 percent of the banks' total 3,842 transactions increased growth opportunities for small businesses. Further, one in five authorizations went to support minority- or woman-owned businesses.

Since FY 2008, Ex-Im Bank has operated on a self-sustaining financial basis, which means that the Bank is able to cover its own administrative, program and reserve expenses entirely through fees it charges for its services. In addition to offsetting the costs of its own operating expenses through the fees it collects, the Bank also generates excess funds that it sends each year to the Treasury. Last year after covering operating expenses and loan loss reserves, the Bank contributed $1.1 billion to the U.S. Treasury for the purpose of reducing the federal deficit. Ex-Im Bank's current default rate is extremely low, at 0.3% as of December 2013, and in the last three fiscal years, Ex-Im Bank has recovered more than it paid in claims.

Ex-Im Bank plays an increasingly important role in keeping U.S. businesses and their workers competitive as exports continue to comprise a growing share of the global economy, and changes included in the bipartisan 2012 reauthorization have made the bank even stronger. Moreover, in response to recommendations by the Bank's Inspector General, Ex-Im Bank has conducted stress tests of its portfolio and publishes the results of these scenarios in its quarterly default rate reports. Further, Ex-Im Bank's annual report shows that it has reserves adequate to cover likely losses even in the most extreme stress scenarios. To ensure American remains competitive in the global marketplace, Congress should swiftly move to reauthorize the Bank's charter which expires on September 30, 2014.

MULTILATERAL DEVELOPMENT BANKS

The multilateral development banks (MDBs), including the World Bank and the regional development banks, play a leading role in efforts to promote growth and alleviate poverty around the globe. We believe it is in the interest of the U.S. that the MDBs remain strong, credible and effective, and we support funding all U.S. commitments to these institutions, including paying U.S. arrears. Continued U.S. support will ensure our ability to influence and lead policy directions at the MDBs as well as prioritize global humanitarian initiatives in areas we deem critical, including consolidating new democracies, reducing poverty, and improving governance.

We support the principle that transparency and democratic participation in development decisions contributes to project quality and improved development outcomes. We support independent and effective accountability mechanisms at each of the development banks, and are particularly concerned that the Inter-American Development Bank does not currently have a credible, independent mechanism in place.

INTERNATIONAL DEVELOPMENT ASSOCIATION

The World Bank's International Development Association (IDA) is the premier provider of multilateral development assistance for the world's poorest countries. We support IDA's contribution to the vitality of international development efforts, as well as the important role IDA plays in disaster reconstruction and recovery, famine relief, counter-cyclical lending during crises and in post-conflict countries.

IDA's strong leveraging of other donor contributions, coupled with internal World Bank resources, make it an effective organization in which to invest limited U.S. development resources. Every $1 contribution from the U.S. leverages almost $12 in contributions from other donors and internal World Bank resources. U.S. contributions to the landmark 2005 debt relief effort, the Multilateral Debt Relief Initiative, are also channeled through our annual contributions to IDA.

We strongly support meeting current U.S. commitments to IDA, as well as funding to clear U.S. arrears. Treasury and the World Bank should be mindful that Democratic support for the past two IDA replenishments was based in large part on the Bank's stated commitment to suspend the Employing Workers Indicator of its annual "Doing Business" report and to develop a Worker Protection Indicator. Given the lack of progress in developing a Worker Protection Indicator, the Committee now believes the Employing Workers Indicator should be permanently eliminated from the Report.

INTERNATIONAL MONETARY FUND

In December 2010, the International Monetary Fund (IMF) Board of Governors agreed to double the current IMF quota to ensure the IMF has adequate resources relative to its role in the global economy and implement IMF Board governance reforms that give poor countries a greater voice at the IMF. Congressional approval would not increase total U.S. obligations to the IMF; rather the U.S. would transfer a portion of its existing commitment from one IMF lending window, the New Arrangements to Borrow (NAB), to the quota, or general fund. U.S. Congressional approval is critical in that failure to approve the U.S. portion of the quota deal prevents the entire package from moving forward.

Expanding the size of the IMF will ensure the IMF has adequate resources to play its central role in helping to resolve and prevent the spread of international economic and financial crises, and we strongly support U.S. approval of the quota package. It is worth noting that this quota package will restore the primary role of quotas in IMF financing, where the U.S. has the largest say. This includes the power to veto decisions that require the support of members holding 85 percent of the voting power, as well as the U.S. retaining its seat on the 24-member IMF Executive Board.

Failure to act will force the IMF to rely increasingly on bilateral resources borrowed from other countries such as China, which then increases the influence of these countries in ways that may not be shared by the U.S.

HAITI

We continue to be concerned about the dire situation facing the people of Haiti. We strongly support the Inter-American Development Bank's annual transfer of net income to the Haiti grant facility. We support efforts aimed at helping Haiti remain free of multilateral debt as well as build a capacity to manage future bilateral debt, including institutional capacity and debt management systems. We urge the Administration to work with our multilateral partners to assure that aid is better coordinated and prioritized in Haiti, with strengthened systems of accountability and oversight. We support the efforts of the World Bank and the Inter-American Development Bank to balance reconstruction needs with long-term economic development. In addition to reconstruction work focusing on housing and access to electricity, we urge the multilateral development institutions to support government efforts to reconstruct critical infrastructure, promote inclusive growth, build human capital and strengthen governance and accountability.

Views & Estimates – Committee on Financial Services re: Budget for FY 2015

Maxine Waters

Carolyn B. Maloney

Wm. Lacy Clay

[illegible]

Ed Perlmutter Colo #7

Keith Ellison MN-5

[illegible]

Patrick Murphy

[illegible]

Bill Foster

Stephen Lynch

John Carney

Denny Heck

[illegible]

[illegible]

[illegible]

Joyce Beatty

[illegible]

Gregory Meeks

Michael E. Capuano

Emanuel Cleaver

Al Green

Rubén Hinojosa

[illegible]

Views & Estimates – Committee on Financial Services re: Budget for FY 2015