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# **Financial Services and General Government (FSGG) FY2016 Appropriations: Overview**

**(name redacted)**

Acting Section Research Manager

October 8, 2015

**Congressional Research Service**

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R44133

## Summary

The Financial Services and General Government (FSGG) appropriations bill includes funding for the Department of the Treasury, the Executive Office of the President (EOP), the judiciary, the District of Columbia, and more than two dozen independent agencies. In its current form, it has existed since the 2007 reorganization of the House and Senate Committees on Appropriations. The House and Senate FSGG bills fund the same agencies, with one exception. The Commodities and Futures Trading Commission (CFTC) is funded through the Agriculture appropriations bill in the House and the FSGG bill in the Senate.

On February 2, 2015, President Obama submitted his FY2016 budget request. The request included a total of \$46.8 billion for agencies funded through the FSGG appropriations bill, including \$322 million for the CFTC.

On July 9, 2015, the House Committee on Appropriations reported a Financial Services and General Government Appropriations Act, 2016 (H.R. 2995, H.Rept. 114-194). Total FY2016 funding in the reported bill would be \$41.6 billion, with another \$245 million for the CFTC included in the Agriculture appropriations bill (H.R. 3049, H.Rept. 114-205), which was reported on July 14, 2015. The combined total of \$41.8 billion would be about \$4.9 billion below the President's FY2016 request.

On July 30, 2015, the Senate Committee on Appropriations reported the Financial Services and General Government Act, 2016 (S. 1910, S.Rept. 114-97). S. 1910 would appropriate \$42.1 billion for FY2016, about \$4.7 billion below the President's request.

On September 30, 2015, H.R. 719, a continuing resolution (CR) for FY2016, was signed into law by the President (P.L. 114-53). The CR generally provides budget authority for FY2015 projects and activities at the rate they were funded during that fiscal year. Most projects and activities funded in the CR are subject to an across-the-board decrease of less than 1% (0.2108%). The FSGG section of the CR also includes a small number of provisions that designate exceptions to the formula and purpose for which any referenced funding is extended (referred to as *anomalies*).

Although financial services are a major focus of the bills, FSGG appropriations bills do not include many financial regulatory agencies, which are funded outside of the appropriations process. Both H.R. 2995 and S. 1910 include language that would alter the appropriations status of the Consumer Financial Protection Bureau (CFPB), changing its primary funding source to the FSGG bill instead of unappropriated funds provided through the Federal Reserve. The Senate committee FSGG bill also includes the text of S. 1484, a broad financial regulatory reform package that was previously reported by the Senate Banking Committee, but has not been considered by the full Senate.

## **Contents**

Introduction .....	1
Administration and Congressional Action.....	1
Continuing Resolution .....	2
Committee Structure and Scope .....	4
Financial Regulatory Agencies and FSGG Appropriations .....	5
CRS FSGG Appropriations Experts .....	6

## **Tables**

Table 1. Status of FY2016 Financial Services and General Government Appropriations .....	3
Table 2. Financial Services and General Government Appropriations, FY2015-FY2016 .....	4
Table 3. Financial Services and General Provisions Government-Wide Appropriations Experts.....	6

## **Contacts**

Author Contact Information .....	7
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## Introduction

The Financial Services and General Government (FSGG) appropriations bill includes funding for the Department of the Treasury (Title I), the Executive Office of the President (EOP, Title II), the judiciary (Title III),<sup>1</sup> the District of Columbia (Title IV),<sup>2</sup> and more than two dozen independent agencies (Title V). The bill typically funds mandatory retirement accounts in Title VI, which also contains additional provisions applying to the FSGG bill. Title VII contains general provisions applying government-wide.

In its current form, the FSGG bill has existed since the 2007 reorganization of the House and Senate Committees on Appropriations. The House and Senate FSGG bills fund the same agencies, with one exception. The Commodities and Futures Trading Commission (CFTC) is funded through the Agriculture appropriations bill in the House and the FSGG bill in the Senate. Although financial services are a major focus of the bills, FSGG appropriations bills do not include many financial regulatory agencies, which are instead funded outside of the appropriations process.

## Administration and Congressional Action

On February 2, 2015, President Obama submitted his FY2016 budget request,<sup>3</sup> which included a total of \$46.8 billion for agencies funded through the FSGG appropriations bill, including \$322 million for the Commodity Futures Trading Commission (CFTC).<sup>4</sup>

On July 9, 2015, the House Committee on Appropriations (hereinafter “the House committee”) reported the Financial Services and General Government Appropriations Act, 2016 (H.R. 2995, H.Rept. 114-194).<sup>5</sup> H.R. 2995 as reported would provide \$41.6 billion for agencies funded through the House FSGG Appropriations Subcommittee bill. The House FY2016 Agriculture appropriations bill (H.R. 3049, H.Rept. 114-205) would provide \$245 million for the CFTC.<sup>6</sup> Total FY2016 funding in the House would be \$41.8 billion, about \$4.9 billion below the President’s FY2016 request.

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<sup>1</sup> See CRS Report R44078, *Judiciary Appropriations FY2016*, by (name redacted) .

<sup>2</sup> See CRS Report R44030, *FY2016 Appropriations: District of Columbia*, by (name redacted)

<sup>3</sup> Office of Management and Budget (OMB), *Budget of the United States Government, Fiscal Year 2016* (Washington, DC: GPO, 2015). In addition to the primary budget document, OMB also releases portions entitled *Analytical Perspectives*, *Historical Tables*, and *Appendix*. Citations to the primary budget document will take the form of “*Budget of the United States, FY2016*,” followed by the appropriate page number; citations to the other documents will take the form of, for example, “*Analytical Perspectives, Budget of the United States, FY2015*,” followed by page numbers. Current and past year’s budget documents can be found at <http://www.whitehouse.gov/omb/budget>.

<sup>4</sup> The President’s budget does provide totals broken down by congressional appropriations bills. The \$46.8 billion total is as calculated by the Senate Committee on Appropriations. The Commodities Futures Trading Commission (CFTC) is funded in the House through the Agriculture appropriations bill and in the Senate through the Financial Services and General Government (FSGG) bill.

<sup>5</sup> U.S. Congress, House Committee on Appropriations, *Financial Services And General Government Appropriations Bill, 2016*, report to accompany H.R. 2995, 114<sup>th</sup> Cong., 1<sup>st</sup> sess., H.Rept. 114-94 (Washington: GPO, 2015).

<sup>6</sup> U.S. Congress, House Committee on Appropriations, *Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Bill, 2016*, report to accompany H.R. 3049, 114<sup>th</sup> Cong., 1<sup>st</sup> sess., H.Rept. 114-205 (Washington: GPO, 2015).

On July 30, 2015, the Senate Committee on Appropriations reported the Financial Services and General Government Act, 2016 (S. 1910, S.Rept. 114-97). S. 1910 would appropriate \$42.1 billion for FY2016, about \$4.7 billion below the President's request.

## Continuing Resolution<sup>7</sup>

On September 30, 2015, H.R. 719, a continuing resolution (CR) for FY2016, was signed into law by the President (P.L. 114-53). The CR generally provides budget authority for FY2015 projects and activities at the rate they were funded during that fiscal year. Most projects and activities funded in the CR are subject to an across-the-board decrease of less than 1% (0.2108%). The FSGG section of the CR also includes a small number of provisions that designate exceptions to the formula and purpose for which any referenced funding is extended (referred to as *anomalies*). The FSGG anomalies included in P.L. 114-53 are as follows:

- **Section 124—District of Columbia Local Funds.**<sup>8</sup> This section provides the authority for the District of Columbia to expend local funds (from local tax revenues and other non-federal sources) for programs and activities funded in FY2015 at the rate set forth in the DC FY2016 Budget Request Act of 2015.<sup>9</sup>
- **Section 125—Recovery Board:**<sup>10</sup> Section 125 provides that no funds are included in the CR for the Recovery Accountability and Transparency Board, which was established by the American Recovery and Reinvestment Act<sup>11</sup> (ARRA) to provide oversight and transparency in the expenditure of ARRA funds. The board was funded through the Financial Services and General Government appropriations bill for the first time in FY2012. Before then, the board was funded by now exhausted ARRA appropriations. The board received appropriations of \$20 million for FY2014 and \$18 million for FY2015 but was slated to sunset on September 30, 2015. Neither the House nor the Senate FY2016 FSGG appropriations bill contains funding for the board.
- **Section 126—Small Business Administration:**<sup>12</sup> This provision authorizes the apportionment of appropriations that are provided by the CR up to the rate that is necessary to allow the Small Business Administration (SBA) to continue issuing general business loans under the 7(a) loan guaranty program if “increased demand for commitments” exceeds the program’s fiscal year authorization ceiling, which is currently \$23.5 billion. On July 23, 2015, for just the second time since the agency began operations in 1953, the SBA suspended the consideration of 7(a) loan guaranty program applications because the demand for 7(a) loans was projected to exceed the program’s then-\$18.75 billion FY2015 authorization ceiling. The SBA resumed issuing 7(a) loans on July 28, 2015,

<sup>7</sup> See CRS Report R44214, *Overview of the FY2016 Continuing Resolution (H.R. 719)*, by (name redacted) .

<sup>8</sup> This section was authored by (name redacted) analyst in Federalism and Economic Development Policy, fedactedj@crs.loc.gov-.....

<sup>9</sup> For further information about the purposes and amounts that are the basis for this alternative formula, see CRS Report R44030, *FY2016 Appropriations: District of Columbia*, by (name redacted)

<sup>10</sup> This section authored by (name redacted) specialist in American National Government, fedactedj@crs.loc.gov-.....

<sup>11</sup> P.L. 111-5.

<sup>12</sup> This section was authored by (name redacted), senior specialist in American National Government, fedactedj@crs.loc.gov-.....; and (name redacted) analyst in Public Finance, fedactedj@crs.loc.gov-.....

following enactment of the Veterans Entrepreneurship Act of 2015,<sup>13</sup> which increased the 7(a) loan guaranty program's FY2015 authorization ceiling to \$23.5 billion. Previous CRs had increased the 7(a) loan program's authorization ceiling to a specified amount to reduce the likelihood that the demand for commitments would exceed the ceiling. For example, the Continuing Appropriations Resolution, 2015 (P.L. 113-164) increased the ceiling from \$17.5 billion to \$18.5 billion, and the Consolidated and Further Continuing Appropriations Act, 2015 (P.L. 113-235) increased the ceiling to \$18.75 billion. This appears to be the first time that a CR anomaly has not specified a ceiling amount.<sup>14</sup>

- **Section 127—Internet Tax Freedom Act:**<sup>15</sup> Section 127 extends a moratorium preventing state and local governments from taxing Internet access or imposing multiple or discriminatory taxes on electronic commerce, originally enacted as the Internet Tax Freedom Act<sup>16</sup> (ITFA) in 1998. The act included a grandfather clause allowing state and local governments to continue taxing Internet access, provided the tax had been imposed and enforced before October 1, 1998. Under the moratorium, state and local governments cannot impose their sales taxes on the monthly payments that consumers make to their Internet service providers. The 113<sup>th</sup> Congress enacted multiple extensions of ITFA. The Internet tax moratorium and grandfather clause were set to expire on November 1, 2014, but the Continuing Appropriations Act, 2014 (P.L. 113-46) extended them through December 11, 2014. P.L. 113-235 further extended these provisions through September 30, 2015.<sup>17</sup>

**Table 1** reflects the status of FSGG appropriations measures at key points in the appropriations process. **Table 2** lists FSGG agencies' enacted amounts for FY2015, the President's FY2016 request, and the FY2016 amounts from H.R. 2995 as reported by the House Committee on Appropriations and the FY2016 amounts from S. 1910 as reported by the Senate Committee on Appropriations.

**Table 1. Status of FY2016 Financial Services and General Government Appropriations**

Subcommittee Markup		House Report	House Passage	Senate Report	Senate Passage	Conference Report	Final Adoption		Public Law
House	Senate						House	Senate	
6/11/15	7/21/15	H.Rept. 114-194 7/9/15	—	S.Rept. 114-97 7/30/15	—	—	—	—	—

**Source:** Prepared by the Congressional Research Service (CRS).

<sup>13</sup> P.L. 114-38.

<sup>14</sup> For additional information and analysis, see CRS Report R41146, *Small Business Administration 7(a) Loan Guaranty Program*, by (name redacted) .

<sup>15</sup> This section was authored by (name redacted), CRS Research Assistant, {redacted}@crs.loc.gov7-.....

<sup>16</sup> P.L. 105-277, Title IX.

<sup>17</sup> For additional information and analysis, see CRS Report R43772, *The Internet Tax Freedom Act: In Brief*, by (name redacted) .

**Table 2. Financial Services and General Government Appropriations, FY2015-FY2016**

(in millions of nominal dollars)

Agency	FY2015 Enacted	FY2016 Request	FY2016 House Committee	FY2016 Senate Committee	FY2016 Enacted
Department of the Treasury	\$11,522	\$13,456	\$10,758	\$11,139	–
Executive Office of the President	689	630	676	677	–
The Judiciary	7,117	7,387	7,335	7,285	–
District of Columbia	680	760	678	689	–
Independent Agencies	2,204	3,597	1,431	13,51	–
Mandatory Retirement Accounts (Title VI)	20,980	20,961	20,961	20,961	–
<b>Total</b>	<b>\$43,191</b>	<b>\$46,789</b>	<b>\$41,842</b>	<b>\$42,102</b>	–

**Sources:** H.R. 2995, H.Rept. 114-194, S. 1910, and S.Rept. 114-97.

**Notes:** Totals for each column include funding for the Commodity Futures Trading Commission (CFTC). The CFTC is funded in the House through the Agriculture appropriations bill and in the Senate through the FSGG bill. Figures include rescissions and offsetting collections. The mandatory spending for the President's salary is contained in Title VI whereas the rest of presidential spending is in Title II. The mandatory retirement accounts include funding for judiciary retirement accounts. Totals may not sum due to rounding. Dollar amounts are not adjusted for inflation.

## Committee Structure and Scope

The House and Senate Committees on Appropriations reorganized their subcommittee structures in early 2007. Each chamber created a new Financial Services and General Government Subcommittee. In the House, the jurisdiction of the FSGG Subcommittee comprised primarily agencies that had been under the jurisdiction of the Subcommittee on Transportation, Treasury, Housing and Urban Development, the Judiciary, the District of Columbia, and Independent Agencies, commonly referred to as “TTHUD.”<sup>18</sup> In addition, the House FSGG Subcommittee was assigned four independent agencies that had been under the jurisdiction of the Science, State, Justice, Commerce, and Related Agencies Subcommittee: the Federal Communications Commission (FCC), the Federal Trade Commission (FTC), the Securities and Exchange Commission (SEC), and the Small Business Administration (SBA).

In the Senate, the jurisdiction of the new FSGG Subcommittee was a combination of agencies from the jurisdiction of three previously existing subcommittees. The District of Columbia, which had its own subcommittee in the 109<sup>th</sup> Congress, was placed under the purview of the FSGG Subcommittee, as were four independent agencies that had been under the jurisdiction of the Commerce, Justice, Science, and Related Agencies Subcommittee: the FCC, FTC, SEC, and

<sup>18</sup> The agencies previously under the jurisdiction of the Transportation, Treasury, Housing and Urban Development, the Judiciary, the District of Columbia, and Independent Agencies (TTHUD) Subcommittee that did not become part of the FSGG Subcommittee were the Department of Transportation (DOT), the Department of Housing and Urban Development (HUD), the Architectural and Transportation Barriers Compliance Board, the Federal Maritime Commission, the National Transportation Safety Board, the Neighborhood Reinvestment Corporation, and the United States Interagency Council on Homelessness.



SBA. In addition, most of the agencies that had been under the jurisdiction of the TTHUD Subcommittee were assigned to the FSGG Subcommittee.<sup>19</sup> As a result of this reorganization, the House and Senate FSGG Subcommittees have nearly identical jurisdictions, except that the CFTC is under the jurisdiction of the FSGG Subcommittee in the Senate and the Agriculture Subcommittee in the House.

## Financial Regulatory Agencies and FSGG Appropriations

Although financial services are a focus of the FSGG bill, the bill does not actually include funding for the regulation of much of the financial services industry. Financial services as an industry is often subdivided into banking, insurance, and securities.<sup>20</sup> Federal regulation of the banking industry is divided among the Federal Reserve, the Federal Deposit Insurance Corporation (FDIC), the Office of Comptroller of the Currency (OCC), and the Bureau of Consumer Financial Protection (generally known as the Consumer Financial Protection Bureau, or CFPB). In addition, credit unions, which operate similarly to many banks, are regulated by the National Credit Union Administration (NCUA). None of these agencies receives its primary funding through the appropriations process, with only the FDIC inspector general and a small program operated by the NCUA currently funded in the FSGG bill.

Insurance generally is regulated at the state level with some oversight at the holding company level by the Federal Reserve. There is a relatively small Federal Insurance Office (FIO) inside of Treasury, which is funded through the Departmental Offices account, but FIO has no regulatory authority.<sup>21</sup>

Federal securities regulation is divided between the SEC and the CFTC, both of which are funded through appropriations. The CFTC funding is a relatively straightforward appropriation from the general fund, whereas the SEC funding is provided by the FSGG bill, but then offset through fees collected by the SEC.

Although funding for many financial regulatory agencies may not be provided by the FSGG bill, legislative provisions that would affect some of these agencies have often been included. Both House and Senate bills would change the funding procedure for the CFPB, with future funding to be provided by congressional appropriations rather than the current situation in which primary CFPB funding is provided through unappropriated funds transferred from the Federal Reserve.<sup>22</sup> The Senate bill also includes the full text of S. 1484, a broad financial regulatory reform bill that was previously reported by the Senate Committee on Banking, Housing, and Urban Affairs. Many provisions of S. 1484 amend the Dodd-Frank Act<sup>23</sup> and some have proven controversial in the past.<sup>24</sup>

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<sup>19</sup> The agencies that did not transfer from TTHUD to FSGG were DOT, HUD, the Architectural and Transportation Barriers Compliance Board, the Federal Maritime Commission, the National Transportation Safety Board, the Neighborhood Reinvestment Corporation, and the United States Interagency Council on Homelessness.

<sup>20</sup> For a more complete discussion regarding the funding of financial regulators see, CRS Report R43391, *Independence of Federal Financial Regulators*, by (name redacted), (name redacted), and (name redacted)

<sup>21</sup> For more information, see CRS Report R44046, *Insurance Regulation: Background, Overview, and Legislation in the 114th Congress*, by (name redacted)

<sup>22</sup> The Dodd-Frank Act (P.L. 111-203), which created the CFPB, provided that additional funding could be requested by the CFPB and provided through the appropriations process, but this has not occurred.

<sup>23</sup> P.L. 111-203, see CRS Report R41350, *The Dodd-Frank Wall Street Reform and Consumer Protection Act*: (continued...)



## CRS FSGG Appropriations Experts

**Table 3** below lists various departments and agencies funded through FSGG appropriations and the names and contact information for the CRS expert(s) on these departments and agencies.

**Table 3. Financial Services and General Provisions Government-Wide Appropriations Experts**

Area of Expertise	Name	Phone	Email
Coordinator	(name redacted)	7-....	/redacted/@crs.loc.gov
Department of the Treasury	(name redacted)	7-....	/redacted/@crs.loc.gov
Executive Office of the President	(name redacted)	7-....	/redacted/@crs.loc.gov
Judiciary	Matt Glassman	7-....	/redacted/@crs.loc.gov
District of Columbia	(name redacted)	7-....	/redacted/@crs.loc.gov
Commodities Futures Trading Commission	(name redacted)	7-....	/redacted/@crs.loc.gov
Consumer Product Safety Commission	(name redacted)	7-....	/redacted/@crs.loc.gov
Cuba	Mark Sullivan	7-....	/redacted/@crs.loc.gov
Federal Communications Commission	Patty Figliola	7-....	/redacted/@crs.loc.gov
Federal Deposit Insurance Corporation: OIG	(name redacted)	7-....	/redacted/@crs.loc.gov
Federal Election Commission	(name redacted)	7-....	/redacted/@crs.loc.gov
Federal Labor Relations Authority	David Bradley	7-....	/redacted/@crs.loc.gov
Federal Trade Commission	(name redacted)	7-....	/redacted/@crs.loc.gov
General Services Administration	(name redacted)	7-....	/redacted/@crs.loc.gov
Government-wide General Provisions	Barbara Schwemle	7-....	/redacted/@crs.loc.gov
Internal Revenue Service	(name redacted)	7-....	/redacted/@crs.loc.gov
Merit Systems Protection Board	Barbara Schwemle	7-....	/redacted/@crs.loc.gov
National Archives and Records Administration	(name redacted)	7-....	/redacted/@crs.loc.gov
National Credit Union Administration	Darryl Getter	7-....	/redacted/@crs.loc.gov
Office of Personnel Management	Barbara Schwemle	7-....	/redacted/@crs.loc.gov
Office of Special Counsel	Barbara Schwemle	7-....	/redacted/@crs.loc.gov
Securities and Exchange Commission	(name redacted)	7-....	/redacted/@crs.loc.gov
Small Business Administration	Robert Dilger	7-....	/redacted/@crs.loc.gov
U.S. Postal Service	Michelle Christensen	7-....	/redacted/@crs.loc.gov

(...continued)

*Background and Summary*, coordinated by (name redacted)

<sup>24</sup> For more information on S. 1484, see CRS Insight IN10278, *Financial Regulatory Improvement Act Included in Senate Appropriations Bill*, by (name redacted), (name redacted), and (name redacted)

## **Author Contact Information**

(name redacted)  
Acting Section Research Manager  
[redacted]@crs.loc.gov7-....

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