



Congressman Jim Jordan (R-OH), RSC Chairman
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Repeal the Office of Financial Research

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Background: On September 23, 2011, Congressman Francisco “Quico” Canseco (R-Texas) introduced H.R. 3044, to amend the Dodd-Frank Wall Street Reform and Consumer Protection Act and repeal the Office of Financial Research. The Office of Financial Research (OFR) was created because of a misguided notion that collecting unlimited sensitive financial data and having it analyzed by bureaucrats would somehow accurately and consistently identify systemic risk in our nation’s financial markets. Moreover, the OFR is not subject to the oversight of the annual Congressional appropriations process, thereby lacking accountability and transparency.

What We Know:

- **What the Bill Will Do:** Amend Dodd-Frank by repealing the Office of Financial Research, a wasteful and unneeded government agency.
- **How Much this Will Save:** President Obama’s FY2012 budget estimates that the OFR will require \$74.4 million to carry out its functions. Over a two year period, the OFR is estimated to spend over \$100 million.
- **Why this is Wasteful:** There are very few constraints on the agency’s budget. OFR operates outside the normal appropriations process used by Congress. Two years after Dodd-Frank, the OFR will be able to collect assessments on financial institutions with \$50 billion+ in assets. The only limit to the agency’s annual funding is that its assessment schedule receives “approval by the Council.” This lack of Congressional oversight would allow the agency to conduct itself outside of the checks and balances of our government.
- **Potential Security Threat:** The OFR would become a prime target for hackers across the globe. If any of these hackers is successful in breaching the security software of the agency, they will find a treasure trove of information that would allow them to manipulate markets and threaten the stability of financial institutions. Clearly, any potential benefit of this agency would be severely outweighed by the costs of such a successful hacking attempt.
- **Government Gone Wild:** The OFR can hire as many employees as it wishes and pay whatever salaries it wants, as Dodd-Frank did not limit the number of employees the OFR can hire and allows salaries to be set at any level. Over a two year period, the OFR will have spent \$100 million without a director as President Obama has yet to nominate one. Additionally, the OFR has the ability to subpoena “all necessary data” from financial institutions.

Conclusion: Repealing the Office of Financial Research would eliminate government waste and avoid the continuation of an unnecessary agency that has been endowed with vast power and very little accountability.

MEMBER ACTION ITEM: All RSC Members are encouraged to support H.R. 3044. Please contact Brian O’Shea with Rep. Canseco at brian.oshea@mail.house.gov to cosponsor this legislation.

If you would like to participate in the RSC Repeal Task Force, please email cyrus.artz@mail.house.gov

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