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House Financial Services Approves \$1 Billion in Budget Reconciliation Savings Targeting PCAOB, Consumer Bureau

Measure Would Fold Auditing Regulator into SEC, Reduce CFPB's Annual Budget by 60%

After a markup that lasted 10 hours and concluded at 8:30 pm Wednesday evening (April 30), the House Financial Services Committee voted 30-22 along party lines to adopt its reconciliation instructions from the House Budget Committee, rejecting dozens of Democratic amendments and approving major changes to the federal accounting regulator and the Consumer Financial Protection Bureau (CFPB). The committee's action fulfilled its obligation to contribute \$1 billion in budget savings over 10 years to House Republicans' multiple-trillion-dollar budget-reconciliation effort, which would extend the 2017 tax cuts along with many other provisions.

The committee's markup page is posted [here](#). Attached with this alert, please find PDFs of the substitute amendment adopted by the committee and a letter sent to the committee by PCAOB Chair Erica Y. Williams.

Statements

In his opening [statement](#), Chairman French Hill (R-AR) said that "for as long as I can remember, members of Congress have talked about managing the nation's fiscal situation so that they could pass off a healthy nation for their 'children and grandchildren.' I have some bad news; the kids grew up and they are us. The crisis is no longer theoretical, off in some distant future. Past Congresses failed to make the tough decisions, and so now the crisis is here... Post-COVID, we had an opportunity to rein in federal spending and promote pro-growth policies. Instead, the previous administration believed it was the heir to FDR's legacy and piled trillions of dollars of spending and debt onto the public ledgers. They did this, ironically, perhaps, by using the very same process we're using today to try to undo the damage – reconciliation. So, we are here today to finally do the difficult work of extricating our nation from this fiscal predicament." Hill said the committee "will do its part to reduce the deficit and decrease direct spending, so that Congress can enact pro-growth tax policies. I am eager to get to work and finally tackle these issues."

In her statement, Ranking Member Maxine Waters (D-CA) noted this week's economic indicators, such as the U.S. economy "shrinking" by 0.3 percent last quarter, and polling showing 59 percent of Americans think President Trump is worsening U.S. economic conditions and 70 percent are "bracing for a recession." Waters said that "unlike some, I'm not afraid to hear from my own constituents over the April recess I held for town halls, and the message was clear: Trump's administration is a disaster, and enough is enough, now is the time for Congress to step up. Instead, committee Republicans are co-signing this destruction and helping Trump and co-President Elon Musk dismantle the agencies responsible for helping bring down costs, including the Consumer Financial Protection Bureau."

Waters said the CFPB's budget would be "slashed... by 70 percent" under today's measures. "This is ridiculous, because the Bureau has saved American consumers \$21 billion... that big banks and predatory lenders swindle out of them, from cracking down on illegal junk fees; tackling discrimination in housing and protecting servicemembers and students from scams." Waters said, "The Republican attack on the CFPB is about tax breaks for the billionaires who put Trump in office, just like Republicans who will be cutting Medicaid to lower taxes for Mark Zuckerberg. We're cutting our financial regulators to help out Jeff Bezos. It would be comical if it wasn't true." Waters said that in March, she introduced a resolution of inquiry to investigate the CFPB shutdown. "Unfortunately, House Republicans were so scared to hold Trump accountable that they changed the rules, and Chairman Hill won't bring up my resolution today."

Waters said Republicans “are also pushing to gut the Financial Stability Oversight Council, and Treasury’s Office of Financial Research – agencies designed to prevent another financial crisis like in 2008. They are eliminating funding for affordable housing construction despite a national homelessness crisis... they’re eliminating another agency that doesn’t cost taxpayers anything: the Public Company Accounting Oversight Board, which oversees auditors to prevent fraud like Enron, and ensures that companies controlled by Chinese Communist Party are on the up and up.”

Budget Reconciliation Measures

After dispensing with a number of minority amendments offered throughout the day, the committee, by a vote of 30-22, voted to approve its measure providing for reconciliation pursuant to H. Con. Res. 14, the Concurrent Resolution on the Budget for Fiscal Year 2025, which together raise the committee’s target of \$1 billion in budget savings. The reconciliation changes would:

- 1) Eliminate the nonprofit Public Company Accounting Oversight Board’s (PCAOB) authority to independently collect and spend accounting support fees, and instead direct that such fees be remitted to the Treasury. The Securities and Exchange Commission (SEC) would continue these responsibilities and further fee collection would be discontinued, and any unused balances would be transferred to the Treasury. Chairman Hill said that “Audit oversight will continue without disruption.”
- 2) Modify the CFPB’s authority to draw funds from the Federal Reserve to a maximum of 5 percent (down from 12 percent) of the Fed’s total operating expenses for fiscal 2009, a cut to the CFPB’s annual budget of about 60 percent. The bill also requires the CFPB to return to the Treasury’s general fund any civil penalties remaining in the CFPB’s Civil Penalty Fund (CPF) that remain after payments to direct victims. Hill said the bill sets the CFPB’s funding “at no more than \$249 million for 2025, with a modest annual adjustment for inflation, going forward. Additionally, we’re reining in the CFPB’s ability to carry over unused funds.”
- 3) Rescind any remaining unobligated balances of the Department of Housing and Urban Development’s (HUD) Green and Resilient Retrofit Program, created under Section 30002 of the 2022 Inflation Reduction Act. “Once direct victims are fully compensated, remaining funds will be transferred to the Treasury general fund, where they can serve the broader interests of the American people,” Hill said,
- 4) Cap assessments collected by the Office of Financial Research (OFR), limiting them to the average actual budgetary expenses of the Financial Stability Oversight Council (FSOC) over the preceding three fiscal years. “Any surplus... will be returned to the Treasury to deliver on President Trump’s agenda,” Hill said.

Ranking Member Waters and other Democrats frequently used filibuster-type tactics to delay the markup, such as speaking at length on most amendments, calling for quorum votes and offering motions. At one point as the committee considered a cryptocurrency-related amendment, Waters spent a half-hour reading aloud the text of a *New York Times* article about President Trump’s family company’s investments in digital assets.

In her letter, PCAOB Chair Eric Y. Williams urged the committee to rethink its changes to the Board, saying, “The unique experience and expertise built up by the PCAOB over decades cannot simply be cut-and-pasted into the SEC without significant risk to investors, at a time when markets are already volatile.” She said the bill’s approach “has several possible consequential unintended legal implications.”

Amendments

The extensive length of Wednesday’s markup was largely due to a stream of 30-plus amendments offered by Democrats on an array of topics, most of them related to the bill but others touching upon unrelated areas like

cryptocurrency and the Fed's independence. A comprehensive list of amendments considered by the committee, with vote tallies and links to their text, is posted [here](#). A number of amendments were aimed at the PCAOB section, attempting to preserve dedicated funding for auditor oversight and delaying the measure's transition of the PCAOB's duties to the SEC.

In many cases as they urged votes against the amendments, Republicans said Democrats' proposals addressed policy matters that were not germane to a budget-reconciliation bill focused on savings. Among others, the committee rejected amendments:

- By Ranking Member Waters, to renew funding for emergency housing vouchers.
- By Nydia Velazquez (D-NY), to preserve multifamily housing programs
- By Nikema Williams (D-GA), to provide more funding for HOME and CDGB programs
- By Sam Liccardo (D-CA), to require a HUD study on the impact of the changes in the measure.
- By Rep. Liccardo, requiring the HUD secretary to deliver findings on the bill's impact on utility costs.
- By Brittany Pettersen (D-CO), to reallocate excess funds from the Military Lending Act.
- By Ranking Member Waters, to protect veterans from financial scams.
- By Stephen Lynch (D-MA), to maintain the CFPB's independent funding structure.
- By Bill Foster (D-IL), to protect financial data privacy.
- By Rep. Foster, to ensure the CFPB has adequate resources to monitor emerging technologies.
- By Rep. Foster, to provide the CFPB with adequate resources to maintain its consumer complaint database.
- By Rep. Liccardo, requiring the CFPB director to determine if the bill will impact those harmed by corporate malfeasance.
- By Jim Himes (D-CT), to ensure veterans are still eligible for compensation from the civil penalty fund.
- By Nikema Williams (D-GA), to prohibit the White House from approving the CFPB's budget.
- By Ayanna Pressley (D-MA), to ensure the CFPB remains fully funded.
- By Rep. Pressley, to change the CFPB's funding structure to allow the agency to collect quarterly risk-based assessments from companies that were found to have violated a consumer finance law after Jan. 1, 2010, not to exceed 12% of the Federal Reserve's operating expenses.
- By Janelle Bynum (D-OR), requiring CFPB to retain current funding levels to protect student borrowers.
- By Rep. Bynum, to protect funding for implementing guidance on how payment consumer protections apply to new and emerging digital platforms.

- By Rep. Bynum, to prohibit CFPB rollbacks and funding cuts from taking effect until the Treasury certifies within 30 days that fees and other financing costs will be reduced for every consumer financial product.
- By Rep. Bynum, to delay transfer of the PCAOB until the SEC can certify that retirement savers will not be exposed to greater financial reporting risks;
- By Rep. Bynum, to require the Federal Reserve Board of Governors to conduct a study on the impacts United States tariffs have on the cost of goods and services.
- By Rep. Pressley, to conduct a study to evaluate the damage caused by DOGE cuts.
- By Rep. Pressley, to evaluate the impact of DOGE's cuts on data privacy.
- By Ranking Member Waters, to investigate government officials who are promoting cryptocurrency.
- By Ranking Member Waters, to monitor financial stability concerns from introducing stablecoins.
- By Rep. Foster, to conduct a study of mechanisms executive branch officials use to publish market data.
- By Juan Vargas (D-CA), to conduct a study on the independence of the Federal Reserve.
- By Rashida Tlaib (D-MI), creating exceptions to the reconciliation package's benefits.
- By Rep. Pettersen, to prevent the bill from taking effect if it cuts Medicaid.
- By Rep. Liccardo, to conduct a study on tariffs' impacts on the financial system.
- By Rep. Lynch, to investigate conflicts of interest regarding cryptocurrency.
- By Ranking Member Waters, to maintain the PCAOB.

If you have questions, please contact [Will Heyniger](#) or [Bob Schellhas](#) at Washington Council Ernst & Young.

Hyperlinks embedded in this alert:

- Committee markup page: <https://financialservices.house.gov/calendar/eventsingle.aspx?EventID=409698>
- Chairman Hill's opening statement: <https://financialservices.house.gov/news/documentsingle.aspx?DocumentID=409709>
- Amendments list: <https://financialservices.house.gov/calendar/eventsingle.aspx?EventID=409698>

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